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EAST AFRICAN COMMUNITY  
EAST AFRICAN LEGISLATIVE ASSEMBLY

REPORT OF THE COMMITTEE ON COMMUNICATION, TRADE AND  
INVESTMENT ON THE STATUS OF IMPLEMENTATION OF THE SINGLE  
CUSTOMS TERRITORY IN THE EAC PARTNER STATES

18<sup>TH</sup> - 23<sup>RD</sup> NOVEMBER, 2018

 <b>THE NATIONAL ASSEMBLY</b> PAPERS LAID	
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## ACRONYMS

<b>ASYCUDA</b>	Automated System for Customs Data
<b>CIF</b>	Cost, Insurance and Freight
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>COO</b>	Certificate of Origin
<b>EAC</b>	East African Community
<b>EALA</b>	East African Legislative Assembly
<b>ICDN</b>	Inland Container Depot, Nairobi
<b>ICT</b>	Information and Communication Technologies
<b>KEBS</b>	Kenya Bureau of Standards
<b>RCTGS</b>	Regional Customs Transit Guarantee Scheme
<b>RECTS</b>	Regional Electronic Cargo Tracking System
<b>KRA</b>	Kenya Revenue Authority
<b>OBR</b>	Office Burundais des Recettes
<b>OSBP</b>	One Stop Border Post
<b>SCT</b>	Single Customs Territory
<b>SGR</b>	Standard Gauge Railway
<b>TRA</b>	Tanzania Revenue Authority
<b>UNBS</b>	Uganda National Bureau of Standards
<b>URA</b>	Uganda Revenue Authority

## TABLE OF CONTENTS

ACRONYMS .....	2
1.0 INTRODUCTION .....	4
2.0 BACKGROUND .....	5
3.0 OBJECTIVES OF THE OVERSIGHT ACTIVITY .....	7
4.0 METHODOLOGY .....	7
5.0 FINDINGS AND OBSERVATIONS .....	8
5.1 The Destination Model of the Single Customs Territory .....	8
5.2 The objectives of the Single Customs Territory .....	8
5.3 Progress in the Implementation of the Single Customs Territory .....	9
5.4 Achievements/Benefits of the Single Customs Territory .....	10
5.5 Challenges in the implementation of the SCT .....	12
5.5.1 Republic of Burundi .....	12
5.5.2 Republic of Kenya .....	13
5.5.3 Republic of Rwanda .....	15
5.5.4 Republic of South Sudan .....	16
5.5.5 Republic of Uganda .....	17
5.5.6 United Republic of Tanzania .....	19
5.6.0 Operation of Visited One Stop Border Posts (OSBPs) .....	20
5.6.1 Rusumo One Stop Border Post .....	21
5.6.2 Elegu/Nimule OSBP .....	23
5.6.2.1 Challenges .....	23
5.6.3 Malaba OSBP .....	24
5.6.3.1 Benefits of Malaba OSBP .....	24
5.6.3.2 Challenges .....	25
5.6.4 Kobcro OSBP .....	26
6.0 GENERAL OBSERVATIONS .....	27
7.0 SPECIFIC RECOMMENDATIONS .....	30
8.0 GENERAL RECOMMENDATIONS .....	33

## 1.0 INTRODUCTION

The East African Legislative Assembly (EALA) is the Legislative Organ of the EAC established under the Treaty for the Establishment of the East African Community. Under Article 49 of the Treaty for the Establishment of the East African Community, the Assembly is mandated to exercise both legislative and oversight functions over all matters within the scope of the EAC. For the effective discharge of its mandate, and in pursuance of the provisions of Article 49 of the Treaty, the Assembly created Committees to oversight on its behalf the implementation and performance of EAC Projects and Programs.

The Committee on Communication, Trade and Investments (CTI) is among the 7 Standing Committees of the Assembly which under Rule 81 of the Rules of Procedure of the Assembly is mandated, among others: -

- i) to assess and evaluate activities of the Community;
- ii) to examine policy matters affecting their subject areas; and
- iii) to report to the Assembly on their functions.

Pursuant to the above provisions of the Treaty and the Rules of Procedure of the Assembly, the Committee on CTI undertook an oversight activity to assess the status of implementation of the Single Customs Territory, and some aspects of the Common Market Protocol (freedom of movement of persons, labour and services) in the EAC Partner States from 18<sup>th</sup> – 23<sup>rd</sup> November 2018.

The Committee reconstituted itself into Sub-Committees with each group headed by a team leader to undertake the oversight activity as indicated below:

- i) Sub-Committee A - Republic of Burundi
  - a. Hon. Kasamba Mathias – Team Leader
  - b. Hon. Burikukiye Marie Claire
  - c. Hon. Nsavyimana Sophie
- ii) Sub-Committee B - Republic of Kenya
  - a. Hon. Dr. Woda Odok Jeremiah – Team Leader
  - b. Hon. Aburi Mpuru Lawrence
  - c. Hon. Sergon Jematiah Florence
- iii) Sub-Committee C - Republic of Rwanda
  - a. Hon. Mbugua Nganga Simon – Team Leader
  - b. Hon. Bahati Alex
  - c. Hon. Rutazana Francine

- iv) Sub-Committee D - Republic of South Sudan
  - a. Hon. Gai Deng Nhial Deng – Team Leader
  - b. Hon. Eng. Mnyaa Mohammed Habib
  - c. Hon. Thoar Gatpan Gideon
  
- v) Sub-Committee E - Republic of Uganda
  - a. Hon. Musamali Mwasa Paul – Team Leader
  - b. Hon. Rurakamvye Pierre Claver
  - c. Hon. Fred Mbidde Mukasa
  
- vi) Sub-Committee F - United Republic of Tanzania
  - a. Hon. Barimuyabo Jean Claude – Team Leader
  - b. Hon. Lugiko Happiness Elias
  - c. Hon. Eng. Maassay Pamela Simon

## **2.0 BACKGROUND**

The Treaty for the Establishment of the East African Community was signed in November 1999 and entered into force in July 2000. According to Article 5(2) of the Treaty, the Partner States undertook to establish a Customs Union, a Common Market, a Monetary Union and ultimately a Political Federation in order to enhance their economic, social, cultural and political development and integration for their mutual benefit.

The Protocol on the Establishment of the EAC Customs Union was concluded in 2004 and implementation commenced in January 2005. The implementation of the Customs Union was envisaged to be progressive for a period of five years. In this regard, in April 2012, the Summit in principle adopted the Destination Model of clearance of goods where assessment and collection of revenue is at the first point of entry and revenues are remitted to the destination Partner States; furthermore a High Level Task Force (HLTF) was established to develop key pre-conditions for implementing the destination model. This framework covers the key preconditions.

In the first chapter of the framework, the introduction, objectives, features, principles and benefits are covered. The second chapter contains pillars of a Single Customs Territory namely, free movement of goods, revenue management and legal and institutional framework. The third chapter is the roadmap to guide the implementation of SCT.

In November 2013, the Summit of the EAC Heads of State adopted the framework on the Single Customs Territory. Consequently, the Summit directed that the SCT commences on 1<sup>st</sup> January, 2014 and that all operational requirements be finalized by June 2014.

Under Article 104 of the Treaty, the Partner States agreed to adopt measures to achieve free movement of persons, labor and services and to ensure the enjoyment of the right of establishment and residence of their citizens within the Community.

In order to ease facilitation of citizen's enjoyment of the aforementioned rights and freedoms, the Partner States concluded the Protocol for Establishment of the East African Community Common Market. The Protocol came into forth with effect from 1<sup>st</sup> July 2010 upon ratification by all the Partner States. Article 5 of the protocol provides for the scope of the protocol in the implementation of the Common Market and strategies for realisation of the rights and freedoms of citizens; ease of cross border movement of persons and adaption of integrated border management; removal of restrictions on movement of labor; services and the right of establishment and residence.

For the purpose of identifying the citizens of Partner's States, and pursuant to Article 8 of the Protocol, Partner States agreed to establish a common standard system of issuing identification documents to their nationals. In accordance with Article 9, citizens are expected to use a valid common standard travel document and Partner States who so wish, to use machine readable and electronic national identity cards as travel documents may do so.

The freedom of movement of workers is catered for under Article 10, where Partner States guarantee free movement of workers who are citizens of other Partner States within their territories. The article also provides for entitlement of workers concerning application for employment, free movement in Partner States, conclude contracts of employment, and enjoy rights and freedoms of association.

### 3.0 OBJECTIVES OF THE OVERSIGHT ACTIVITY

The overall objective of the oversight activity was to assess the status of implementation of the EAC Single Customs Territory while the specific objectives included, but were not limited to the following:

- i) To assess the progress of the implementation of the Single Customs Territory(SCT) in each Partner State;
- ii) To find out the general and specific benefits of the SCT;
- iii) To find out how the SCT has improved the process of clearing goods in the region;
- iv) To identify the challenges in the implementation of the SCT;
- v) To assess the existing opportunities;
- vi) Follow up on the on-spot assessment of the EAC central and northern corridor by the Assembly.
- vii) The Committee also wanted to assess the status of implementation of the specific provisions of freedom of movement of persons labour under the Common Market Protocol ( work permits and visas); and
- viii) To make recommendations.

### 4.0 METHODOLOGY

To carry out the oversight activity the following method was adopted:-

- a) the Committee was divided into six working groups covering the six Partner States simultaneously with each group comprising three Members.
- b) the Committee interacted with stakeholders from the following institutions/bodies:
  - i) Ministries/Departments responsible for EAC Affairs, Immigration, Customs, Trade and Labour.
  - ii) Revenue Authorities.
  - iii) Staff and Stakeholders at OSBPs, the Kenya Ports Authority and Tanzania Ports Authority.
  - iv) Clearing Agent Associations.
  - v) Federation of East African Freight Forwarders associations.
  - vi) Transporters.
  - vii) Oil Marketers.
  - viii) Traders and Manufacturers.
- c) The Committee also carried out on-spot visits to the Ports of Mombasa and Dar es Salaam as well as the following selected OSBPs: Malaba, Elegu/Nimule, Kobero/Kanyara, and Rusumo.

## **5.0 FINDINGS AND OBSERVATIONS**

During the oversight activity, the Committee interacted with a number of stakeholders as highlighted in the methodology and the following findings and observations were made in respect of the objectives of the Oversight activity:

### **5.1 The Destination Model of the Single Customs Territory**

A Single Customs Territory (SCT) is a stage in the full attainment of the Customs Union achievable through removal of trade restrictions including minimization of internal border controls on goods moving between Partner States. Therefore, the main objective of adopting the SCT was to achieve free movement of goods in the Customs Territory in order to reduce the cost of doing business.

The EAC Partner States adopted "The Destination Model of clearance of goods". The following are the key features of this model:

- i. Goods are cleared at the first point of entry.
- ii. One Customs declaration is made at the destination country.
- iii. Taxes are paid at the point of destination when goods are still at the first point of entry.
- iv. Goods are moved under a single regional guarantee bond from the port to destination.
- v. Interconnected customs systems.
- vi. Regional Electronic Cargo Tracking.
- vii. Minimized internal controls / checks

### **5.2 The objectives of the Single Customs Territory**

The implementation of the Single Customs Territory was aimed at achieving the following objectives:

- i. Seamless flow of goods to enhance intra EAC trade.
- ii. Lowering clearance costs of goods within the EAC region.
- iii. Shifting of physical controls to electronic clearance processes.
- iv. Coordination between agencies responsible for clearance of goods.
- v. Compliance through a regional wide mechanism.
- vi. Building a foundation for EAC common market and internal single market.



### 5.3 Progress in the Implementation of the Single Customs Territory

The implementation of the SCT and Road map in both corridors was done at different stages. The Committee was informed that:

- a) In 2012, the Summit of the Heads of State of the EAC adopted the Destination Model.
- b) In 2013, the Summit took a decision to fast-track the implementation of the SCT.
- c) In 2013, the EAC Partner States commenced with Preparations-Processes, System, and Mutual recognition.
- d) In October 2013, the Single Customs Territory piloted with movement of Fuel cargo.
- e) In February 2014, the Uganda Revenue Authority deployed staff in Kenya i.e. Mombasa, Nairobi, Eldoret, Kisumu & Nakuru, and later Nairobi.
- f) In February 2014, there was a Full roll out of Fuel cargo & Subsequent phases.
- g) By July 2014 all cargo to Rwanda, maritime or intra trade was cleared under the Single Customs Territory procedure.
- h) Full roll out of all cargo to Rwanda both Maritime and Intra trade was by June 2015.
- i) In April 2016, there was a Roll out of motorvehicle units.
- j) July 2017 preliminary preparations for implementation of SCT for exports for both corridors commenced. By August 2018 pilot movement commenced at northern corridor and by September 2018 all exports from Rwanda in the northern corridor are cleared under the SCT procedures.
- k) In 2017, the Uganda Revenue Authority staff were deployed in Tanzania.
- l) It is expected that by January 2019 exports from Rwanda in the central corridor will be handled under the SCT procedure.

The Committee was further informed that the EAC Partner States are currently doing System re-engineering and will soon roll out of the following:

- i. Re – export regime.
- ii. Transit regime for cargo to non-EAC destinations.

- iii. Simplified import and export module for cross border trade.
- iv. Exports and transfers that have export levy.
- v. Inter-face with South Sudan Customs.

However air cargo is not provided for in the SCT because of the closeness of our airports. The time cargo takes to move from port to port is so short, probably even faster than document clearance under the SCT take.

#### **5.4 Achievements/Benefits of the Single Customs Territory**

The Committee noted that the implementation of the EAC Single Customs Territory has registered the following achievements/benefits:

- i. The Revenue Authorities and Ports Authorities of the EAC Partner States receive pre-arrival information on time.
- ii. It has led to a reduced cost of doing Business because it minimized duplication of processes e.g.:
  - a. For each transaction, there is a single agent, single declaration, single verification, and a single bond(RCTG), etc
  - b. Single Lodgment of Customs Declarations at first Point of Entry leading to removal of multiple customs entries.
  - c. Single entry for bulk consignments.
  - d. Reduced paper usage.
- iii. Advance payment of taxes and other fees at Country of Destination;
- iv. Elimination of Multiple guarantee Bonds (Single Regional Bond-RCTG)
- v. Reduced clearance times:
  - a. For dry cargo - from 18-22 days in 2012/2013 to 4-6 days in 2017/18 from Mombasa to Kampala.
  - b. For wet cargo (fuel) - from 3-6 days in FY 2012/13 to 8-14 hours in 2017/18 from Mombasa to Kampala.
- vi. Verification of goods is done once for goods subject to verification.
- vii. Improved Turn-around time for transporters.
- viii. Uganda and Rwanda mutually recognize Clearing Agents in the EAC under SCT.

- ix. Information sharing amongst the Revenue Authorities in EAC Partner States.
- x. It has reduced administrative costs and regulatory requirements.
- xi. It has enhanced trade in locally produced goods particularly agricultural goods from areas of surplus to areas of deficit (under the intra-regional transfers), though a few challenges still exist between some borders.
- xii. It has led to the creation of an efficient mechanism of revenue management. For example, prevention of smuggling at a regional level, and reduced risks associated with non-compliance on the transit of goods.
- xiii. Improved relations among the EAC Partner States.
- xiv. It has led to growth in trade volumes. For example, the CIF of goods imported into the Republic of Rwanda since 2014 after the rollout of the SCT has more than doubled.
- xv. Reduction in freight costs; a 40"ft Container freight cost was reduced from \$6000 to \$4000 in northern corridor and \$5500 to \$3500 in central corridor.
- xvi. Improved border security due to information sharing and joint regular surveillance by the enforcement teams.
- xvii. The completion of SGR from Mombasa to Nairobi has seen the extension of the Mombasa Port to Inland Container Depot, Nairobi ICDN where transit containers can be cleared and picked up by importers. The cost of moving a 1x40 feet and 1x20 foot container from Mombasa to Nairobi ICD is 300US Dollars and 250US Dollars respectively. This has reduced pick up distance and transport cost since importers can now use trucks from this point [ICDN] at a much lower rate to any destination within the partner states.
- xviii. Introduction of electronic scanners at Malaba and Busia by URA has improved Time release since less time is spent at verification bays. This has not only improved efficiency in the verification process but also improved compliance levels by both Importers and customs agents.
- xix. Integration of the Management Information Systems (MIS) for COMESA RCTG in Asycuda system has created ease in the validation of transit entries electronically, thus improving the retirement of Bonds.

## **5.5 Challenges in the implementation of the SCT**

Despite the remarkable achievement/benefits so far registered, the implementation of the Single Customs Territory is not without challenges. The following specific challenges were noted in each of the EAC Partner States:

### **5.5.1 Republic of Burundi**

- i. Unstable and unreliable internet connectivity. However, the delegation was informed that Burundi got support from COMESA and is going to address this issue in the near future.
- ii. Tanzania systematically gives a visa not exceeding one month stay. Any overstay in Tanzania is charged at 600 US dollars. This practice is obviously contrary to the Common Market Protocol which provides for 6 months stay for people who travel for visit purposes.
- iii. The design of the two OSBPs leaves a space which is located in Burundi and occupied by people who are citizens of Burundi. Apparently, none of the immigration officials from either OSBP regulates the movement of people and goods in the said space which possess a security risk.
- iv. The delegation noted that there was a list of limited products which are subject to mandatory testing by Burundi standards officials (BBN).
- v. The cargo tracking system operated by COTECNA is not interconnected to the electronic tracking at the Port of Dar es Salaam. It just covers trucks moving from Kobero to Bujumbura, and does not include goods in transit.
- vi. On the way to Bujumbura, the delegation noted more than 7 police stops (some police check-points had closed when the delegation passed there late in the evening) which actually constitutes Non-Tariff Barriers (NTBs). 3 out of the 7 are in the Muyinga Province alone, the first one being established at less than 2 Km from the exit gate of the Kobero OSBP.
- vii. The roads joining Kobero OSBP to Bujumbura capital city are too narrow to allow ease of movement of trucks. This problem is causing roads accidents and loss of goods.
- viii. Lack of weighbridges. While the weighbridges serve the purpose of protection of roads and preventing accidents due to overloading, Burundi has no weighbridge from Kobero to Bujumbura, the capital city.
- ix. Interface of the different Customs software systems operated by the Partner states is still problematic in respect of data transmission. However, the representative of OBR informed the committee that the relevant officials operating the systems keep in touch through phone calls and what's up messages to assist services users.

- x. Customs clearing agents reported cases where they are requested to print, scan and send exit notes in Kenya and Uganda which adds to the cost and time of doing business. In this respect, the representative of OBR informed the committee that all exit notes are automatically shared between customs officials and that there is no need for printing hard copies of them.
- xi. Trucks carrying goods for which, under the relevant customs regimes, taxes have not been paid are subject to offloading and reloading at the Port of Dar es Salaam where they also have to pay storage charges; thus, adding to time and cost of doing business.
- xii. Transporters reported the challenge of non-harmonised weighing systems of the Partner states which is causing penalties and adding to the costs of doing business. As they explained, there is a difference between weighing axle by axle and Gross Vehicle Mass (GVM). While the GVM remains the same all along the journey, weighing axle by axle leads to penalties for overload due to movement of goods inside the trucks or change in temperature (for trucks carrying fuel) and yet the truck is transporting the same approved cargo (whose GVM has not changed).
- xiii. Limited staffing at the borders.
- xiv. Limited storage capacity in Kobero.
- xv. Lack of accommodation for staff at the OSBP.
- xvi. There is no sharing of costs of electricity and water for Ruhwa and Gasenyi/Nemba OSBPs. However, Burundi is committed to imitate bilateral agreement to address this issue.

### **5.5.2 Republic of Kenya**

The following challenges were noted:

- i. Failure of Partner States to recognise the Mutual Recognition of Clearing Agents in the EAC. Some EAC Partner States have failed to implement what was agreed to in the Single Customs Territory framework. It was noted that the Uganda Revenue Authority allows Agents from the EAC Partner States to access their systems, but Ugandan Agents are not allowed to access systems by the Kenya Revenue Authority.
- ii. Insufficient seals for the Regional Electronic Tracking Systems (RECTs) which hampers tracking of goods within the region.
- iii. There is lack of interface between TRA's and KRA's electronic cargo tracking systems.

- iv. Abrupt changes of customs procedures resulting into imposition of trade bans and other non-tariff barriers without involving the key stakeholders.
- v. Lack of uniformity in the implementation of Single Customs Territory amongst Partner States.
- vi. Integration of OBR/KRA business Systems to address transmission challenges. This requires bilateral consultation to resolve maritime and some Intra Transfers because OBR Declarations appear in French Exports under SCT.
- vii. Indirect Exports through Bonded facilities and transit sheds for consolidation and fumigation. This will require disarming of RECTS.
- viii. Exports from Kenya through Partner States are not covered by Bond hence exposure to possible diversion.
- ix. Implementation of new COMESA Bond Management System. This is tied to new ICMS system.
- x. Use of different Computer systems. While Uganda, Burundi, Rwanda and Kenya were using the Asycuda World and SIMBA, Tanzania was still using Tancis. It is a challenge because the systems do not communicate to each other and therefore make running business very difficult.
- xi. For intra transfers, the challenge of proliferation of contraband products continues to pose compliance challenges due to concealment in empty trucks and buses.
- xii. Porosity of Borders: The development of border points is not properly done. An example is the Suam Border that runs for over 400 kms without any sort of development. It is noted that borders can be used to carryout illegal activities. The EAC needs to undertake proper border management and should be vigilant not to allow their borders to be used as a conduit for contrabands

### 5.5.3 Republic of Rwanda

During our meeting with stakeholders in the Republic of Rwanda, they noted that the implementation of the SCT has not been without challenges. The following were highlighted:

- i. System interconnectivity and procedure alignment. The Revenue Authorities use different electronic cargo tracking software that wasn't aligned. This makes it difficult to coordinate and share information on time.
- ii. Inadequate resources to deploy staff in all Partner State export zones.
- iii. Lack of mutual recognition of customs clearing agents by governments and port authorities.
- iv. Delays in bond validation/retirement.
- v. Lack of harmonized regulatory standards across the EAC Partner States.
- vi. Requirement of working visas within the private sector in some EAC Partner States.
- vii. Freight & Forwarding agents informed the meeting that when they pass Holili border post, the Regional Transit Bond meant for clearance of goods under SCT is not applicable yet, the route is within the EAC region. This route is preferred because it is almost 200 kilometers less than the traditional Northern Corridor route. However, efforts are being made to have the route mapped and included in the Single Customs Territory operations.
- viii. Agents raised an issue of lack of mutual recognition of Clearing Agents in Partner States. Single Customs Territory, meant that the job of clearing goods left the destination country and moved to the entry port. It was envisaged that licensed Customs Agents from destination countries would be allowed to clear goods in any customs business system of partner states or entry into ports of Partner States to clear cargo. This has not been the case. The cost and or the regulations are so prohibitive to make it possible for an agent to operate in another country.
- ix. Although it is assumed that implementation of the SCT both in the Northern Corridor and Central Corridor is the same, according to clearing agents, treatment is not similar. Freight Forwarders want the EAC Secretariat to do a study and provide a log of what each corridor offers so that they make informed decisions before choice of route. For example, whereas cargo was electronically monitored in the Northern Corridor, it wasn't the case in the Central Corridor.
- x. Freight & Forwarding Agents asked the committee to urge Partner States to reign in on shipping liners with some form of regulation. Shippers do not recognize local insurance companies. Therefore, for a

container to leave the port, an Agent has to deposit with the shipping company between \$3500 - \$4000 for a 40"ft container and \$1500 - \$2500 for a 20"ft container. The promise is to reimburse the money once an agent brings back the container to the port. This money, most times is not immediately refunded even after containers are back to the port. There is no 'Body' that regulates Shippers locally.

- xi. Traders informed the committee that they were facing challenges when exporting locally processed goods because of standards. Agro Processed goods from Rwanda to the united republic of Tanzania take so long at the border to an extent that it was becoming a trade barrier. An officer from the Rwanda standards board informed the meeting that as standards bodies in the EAC they had a regional forum where they discussed their challenges and had gone a long way to harmonize their operations. The difference he said was the level of enforcement. He further informed the meeting that there was an EAC standards mark though countries were taking long to appreciate it into their systems.
- xii. Customs Clearing Agents informed the members of the committee that at a time when the EAC secretariat and Partner States were negotiating the SCT, they only negotiated on their behalf as government bodies but never put in consideration the views of the stakeholders. For example an agreement was reached to have Revenue Officers deployed in partner states ports but the arrangement excludes Clearing Agents, Insurance Agents, and all these are left to fend for themselves.

#### **5.5.4 Republic of South Sudan**

It was noted that the Republic of South Sudan was admitted into the EAC in 2017, at a time when other Partner States had made significant progress in the implementation of the Single Customs Territory. However, efforts are being made to bring the Republic of South Sudan on board, though with a number of challenges as noted below:

- i) Lack of adequate infrastructure at the borders.
- ii) Lack of enforcement instruments to sustain the SCT operationalization.
- iii) Poor network and ICT development.
- iv) Insufficient knowledge about the operations and benefits of SCT by the stakeholders.
- v) Inadequate laws in relation to the administration of Customs.
- vi) Limited functional structures within the Customs Administration and defined departments.
- vii) Limited information and documentation that are not disseminated to the respective implementers.



- viii) Limited manpower with inadequate capacity in regard to the SCT and its operations.
- ix) Instability and internal problems within the country also slowed down the implementation.
- x) Limited support from the top management within the customs to embrace change.
- xi) Poor trade regimes and lack of harmonized taxation policies/laws.
- xii) Powers given to South Sudan Clearing Agents as per the Customs Management Act of South Sudan 2012, has partly fueled collusion between them and business people.
- xiii) Persistent power outages within the Country.

#### **5.5.5 Republic of Uganda**

The following were highlighted as the challenges faced by stakeholders in Uganda in the implementation of the SCT:

- i. Use of independent processing systems by each Partner State. This has reportedly led to data migration failures to different Partner States processing systems hence need for adoption of single system.
- ii. The different pace of SCT implementation was reported to undermine the progress made by Uganda.
- iii. No free movement of labor. For example, URA staff deployed in other EAC Partners States still have to continue renewing with immigration monthly or should have work permits), hence a need to legalize their deployments in Partner States.
- iv. It was noted that the SCT is yet to achieve full coverage (staff deployments) in Partners States. For Example, the United Republic of Tanzania and that of Kenya have not yet deployed their staff in Uganda at all, while other Uganda Government agencies are still grappling with manpower challenges to deploy.
- v. Inadequate facilities especially in terms of office space at Mombasa to facilitate physical examination of all cargo. This leads to verification at destination countries
- vi. Intermittent Internet breakdown is a critical challenge that slows down processing systems and hence affecting clearance time.
- vii. Working for long hours by staff deployed in Partner States due to understaffing leads to errors some times.

- viii. The customs officials are still exposed to some risks like transit cargo diversion due to pending implementation of some clearance regimes e.g Transit, Temporary export permits.
- ix. Null-paying items unable to declare for direct home consumption at first port of entry.
- x. Un-harmonized collection of Road User Charges in all Partner States.
- xi. Non-Tariff Barriers still exist along the northern corridor especially as evidenced by the numerous road blocks manned by the Police and other security personnel.
- xii. Lack of accommodation for staff at the Malaba OSBP.
- xiii. Mutual recognition of Clearing Agents in each Partner state is not balanced. From day one, it was agreed that no players in the partner states will be disadvantaged along the way. Willing players were to be allowed access to systems to be able to handle cargo destined anywhere in the partner states. Unfortunately Kenya is not granting these rights to other partner states yet Uganda has recognized many Agents from Kenya.
- xiv. The Clearing and Forwarding Agents and traders reported that they are forced to operate two Tracking systems one administered by KRA and a regional One-RECTS for goods transiting coastwise through Kenya. The KRA vendor seals come at a cost while the RECTS one is absolutely free of charge.
- xv. KRA does not respect the guidelines as set by SCT, they always want to manage all cargo at the port and refuse to relinquish power to other Revenue Authorities. Since they man all gates/exit points at the port, they keep impounding trucks and subjecting them to checks even after they have been released by other Revenue Authorities.
- xvi. Lack of Recognition of other revenue Authorities by KRA. Should they [KRA] get interested in any Transit container, they will seize, Threaten and even extort money from Importers with total disregard of the revenue authorities of other partner states. They also intercept cargo at will even if it has been released to proceed by other revenue authorities.
- xvii. Some Shipping lines in Kenya who have liaison offices in Uganda are still hesitant to recognize Agents operating in Uganda and therefore, opening up accounts for Container deposit and payment of Delivery orders and other related charges crucial for release of cargo at the port

is still an issue since these shipping lines or their Agents prefer to deal with the Kenyan Agents.

- xviii. Anti-counterfeit Agency of Kenya has been seen to intercept transit cargo subjecting the Importers to off load the contents and once the cargo is offloaded, it does not fit back in as was before and this translates into extra costs of transport.
- xix. The COMESA Regional Customs Transit Guarantee (RCTG) is costly compared to the Local bonds traders used to execute (0.5% (Fixed) compared to 0.3 - 0.25% (Negotiable) of the premium). This has increased the cost of doing business in the EAC region. Besides, this monopoly has left no room for negotiation.
- xx. Different Agencies at the Port who do manual intervention of containers do not do joint verification and this leads to delays in cargo/container off take to either be loaded onto a ship or evacuated out of port.
- xxi. Slow weighing process at most weighbridges in Uganda causes delays to truck turn-around because there are no weigh-in-motion facilities notably at Malaba, Busitema and Magamaga.

#### **5.5.6 United Republic of Tanzania**

During a meeting with stakeholders at the Tanzania Ports Authority in Dar es Salaam, challenges were noted:

- i. The export of goods is not yet integrated in the Single Customs System because it is not yet fully developed to cater for that. It was reported that the system has started in the Northern Corridor as a pilot.
- ii. Regulation 106 of the East Africa Customs Management Regulation 2010, empowers Commissioners of Customs to order some consignments to be escorted from the Port to the border at the expenses of the transporters. They requested that where the Commissioner orders for escort, it should be at the expenses of the Commissioner. Commissioners can order escort on the following goods to avoid dumping: vitenge (African Fabric); sugar; cooking oil; batteries; hard drinks and spirits for making hard drinks;
- iii. Stakeholders expressed concern about system failures and breakdowns. They said sometimes they are forced to wait up to two weeks.
- iv. The use of different systems in the Community has its own challenges: Tanzania uses TANCIS, Kenya uses Simba net while Burundi, Rwanda and Uganda use ASCYUDA. It was explained that TANCIS has more features because it include information on vessels while ASCUDA

records only cargoes; sometimes the systems faces interfacing problems.

- v. It was reported that some systems takes up to 11 characters while others take up to 10 characters. This causes problem in clearing goods because documents lack some characters.
- vi. There are many weigh bridges along the road from Dar es Salaam to Kobero (seven, and more were being constructed) which affects the turnaround time for trucks.

While the Customs officers from the Republics of Burundi, Uganda and Rwanda deployed at the Port of Dar es Salaam noted that there is cordial relations with their Tanzanian counterparts, they highlighted the following challenges:

- i. The office space is too small to accommodate the officers deployed by Partner States: Burundi has 8 officers sharing one office while Rwanda has 11 officers sharing a small office which is partitioned in three rooms. It was reported that they are promised that in February 2019 they would shift to the new TRA building which is more spacious.
- ii. Delay in getting working permits. It was reported by officers from the Republic of Burundi that they submitted applications for work permits for six officers in January, 2018, and they were not issued with any by the time of this activity which was more than ten months.
- iii. Clearing Agents from other Partner States are not allowed to access the Dar es Salaam Port. The government officials in Dodoma informed the Committee that under the EAC Common Market Protocol, Tanzania and Kenya did not open up clearing and forwarding services, and that the EAC Single Custom Territory Framework did not include access to Ports by Agents from other Partner States. However, they noted that this matter was still under consideration by the Partner States.
- iv. Lack of back-up or alternative system to be used when the main system fails.

#### **5.6.0 Operations of the Visited One Stop Border Posts (OSBPs)**

The Committee made on-Spot Visits to Rusumo OSBP, Malaba OSBP, Kobero OSBP and Elegu/Nimule OSBP. The Committee interacted with officials from Immigration, Customs, Police, Standards Board, Environmental Agency, Clearing Agents, Insurance Agents, Truck Drivers and Business Community.

### 5.6.1 Rusumo One Stop Border Post

The Committee was informed that:

- i. There is cordial working relationship between officials from Rwanda and Tanzania.
- ii. Rusumo handles an average of 500 – 600 passengers crossing daily. Traffic reaches peak time when cross border passenger buses arrive. But with the operationalization of the OSBP there is seamless flow of traffic. The maximum time a passenger spends at the border is 20 minutes or 30 if he has luggage to be cleared with customs.
- iii. Documents required for passengers to cross the border either way are Passports, '*laissez Passer*' for Rwanda and Temporary Permits for Tanzania. National Identity Cards are not acceptable as travel documents, however border communities are allowed to cross into either countries territory using a Special Border Pass, but this expires after one day.
- iv. Rusumo handles about 170 trucks per day importing goods into Rwanda and 10 trucks for Export daily.
- v. Clearance of goods had reduced to 20 minutes. Once a clearing agent presents a C2 form (Cargo Manifest) to customs, cargo will be released for onward movement to destination. However customs was facing challenges of trucks with valid C2's staying at the border longer for non-payment of Road toll fees, charged at 152 US dollars per truck.
- vi. The above is caused by transporters/owners of goods who mistrust drivers. They allege drivers are not reliable handling cash. However some are ignorant of the requirement of the fees.
- vii. For goods that originate within the EAC, there is an Intra Region Unit in Kigali that handles their taxation. Once such goods reach the border, they are verified and released for onward movement to pay taxes in Kigali.
- viii. People who purchase goods across the border for household consumption are exempted from taxation. They only charge those that import for commercial purposes.
- ix. Operation of the OSBP in particular required high levels of integrity, communication, sharing information and trust between border officers of partner states. Otherwise criminals escaping from a country can take advantage of the seamless flow of traffic across borders to move into another country undetected.

- x. Clearing Agents informed the committee that the time of clearing goods had reduced tremendously but the challenge that still kept cargo at the border was failure to pay Road Toll charges.
- xi. Traders in agricultural products had challenges acquiring phytosanitary certificates. Whereas farm produce is available in markets near the border, Rusumo does not have laboratories for carrying out tests.
- xii. Traders have a challenge of retesting products that had already been certified. This was faced by mainly Rwandan exporters of Milk and milk products and other processed foods. Officials from the Tanzania bureau of standards do not recognize certification from the Rwanda Standards board. These multiple tests the traders complained, constitute an NTB.
- xiii. The Business Community was facing challenges paying government dues in the United Republic of Tanzania. Whereas it's a requirement that one must have a Tax Identification Number (TIN) to pay any form of tax, foreign nationals especially small enterprise traders dealing in farm produce found it difficult to have TIN numbers. This resulted into most of them becoming victims of fraud when paying through local agents who have TIN numbers.
- xiv. Rusumo border post is a twenty four hour duty station, but the business community finds it is a challenge, because whereas immigration and customs services are open on twenty four hour basis service providers close early. For example for any customs clearance, payments are made at the bank, yet banks on the Tanzanian side of the border close at 6.00 PM, in Rwanda closing time is 10.00 PM.
- xv. Truck drivers informed the committee that after adoption of the Single Customs Territory, they were given timelines for transiting through respective Partner States. From Dar es Salam to Rusumo, a truck is supposed to take only four days. However drivers said this was almost unrealistic because the part of the road from Nyakanazi to Rusumo a distance of slightly over 100 kilometers was in bad shape. Yet if you exceed the days allotted, a penalty of 40,000 shillings is charged.
- xvi. In Rwanda Transit period is 3 days to Goma and 4 days if exiting at Bukavu. The transit bond is automated and automatically gets retired in case the truck has not exited. The Agent in this case is notified and a search mounted. If a truck is found broken down the bond is re-opened. This bond has a maximum 15 days window to operate.

### **5.6.2 Elegu/Nimule OSBP**

- i. The Elegu-Nimule (Uganda – South Sudan) One Stop Border Post (OSBP) aims at reducing by 30 per cent the time it takes to cross the border; thereby; easing trade and the movement of people.
- ii. One the Ugandan side the newly commissioned Elegu one stop border post was declared fit for occupation on the 15<sup>th</sup> day of November, 2018 by the contractor, Seyani Brothers and this was handed over to the main user that is the Uganda Revenue Authority. This border post is expected to facilitate trade between Uganda, South Sudan and the East African region.
- iii. The \$6.6 million Elegu border post was funded by Trade Mark East Africa and the Department for International Development (DFID). While the Governments of Canada and Uganda financed the integrated border management system (IBM) and the land acquisition and VAT payments for the project, respectively.
- iv. As the main gateway into South Sudan from the port of Mombasa, the Nimule-Elegu border post is of strategic importance to the EAC region however, construction on the South Sudan (Nimule) is still at the ground clearing stage, and laying of foundation is yet to start.
- v. The delays in construction of Nimule OSBP was attributed to insufficient quality and quantity of technical equipment, poor design, swamp, and complication in land acquisition. This has led to additional time being granted to the contractor.
- vi. Nimule takes an average of four days to process imports. This delay imposes serious costs on traders. These time delays can be attributed to inadequate border infrastructure, complicated procedures based on centralized control, and multiple border organisations working in isolation.

#### **5.6.2.1 Challenges**

It was noted that the Elegu-Nimule OSBP is faced with the following challenges:

- i) The route has been used for human trafficking by citizens of EAC and other regions , because they find it convenient and easy to cross
- ii) Both sides charge 50\$ visa fee for both their citizens Ugandans and South Sudanese
- iii) Lack of harmonized payment systems the mode of payment in Uganda is through the bank while for South Sudan is on a cash basis;
- iv) Limited awareness about the operations of the OSBP;

- v) Porous and illegal routes along the border which makes it easy of criminals to cross on either side of the border;
- vi) Limited officers especially at Nimule;
- vii) Lack of interconnectivity of the systems since South Sudan is not yet Automated;
- viii) Delays in completing phase one of the Nimule OSBP infrastructure due to poor project planning, engineering design, land acquisition and slow pace of the contractor due to insufficient machinery;
- ix) No space is provided for the local traders within the community to carry out their trade, e.g. currency traders
- x) Smuggling of illicit goods such as alcohol (Uganda Waragi) and khat (Miraa) which is done through buses licensed to carry passengers. These products are prohibited in South Sudan, but not in Uganda.
- xi) The Committee witnessed 25 trucks that were impounded loaded with absenia and teak logs from South Sudan destined for India. It was noted that the growing illicit trade in these items cannot happen without the involvement and permission by government officials from within the Republic of South Sudan and those in other Partner States in the Northern Corridor.

### **5.6.3 Malaba OSBP**

- i. Malaba OSBP is the major (biggest) inland entry port on the northern corridor. Handles over 80% of cargo destined to inland (to Uganda), and in transit to Rwanda, Burundi DRC and South Sudan.
- ii. All border agencies and other Port Health fully occupied Malaba OSBP building in 2015.
- iii. With the opening up of new factories (National Cement Factory, Hima Cement Factory, Dong song and Sino Mbale Industrial parks) in Eastern Region - requiring large volumes of raw materials, it is anticipated traffic inflow is expected to increase by 2019

#### **5.6.3.1 Benefits of Malaba OSBP**

The Committee was informed that, following the establishment of the Malaba OSBP, the following benefits have been realized:

- i. More effective and efficient use of resources;
- ii. Better co-ordination and co-operation between government agencies and the trade community;
- iii. Improved trader compliance;



- iv. Better risk management and enhanced security they carry out Joint operations;
- v. Increased integrity and transparency;
- vi. Increased revenue yields
- vii. Reduced smuggling (large scale)
- viii. Outstanding reduced
- ix. Investigation made easy on both side
- x. Improvement in infrastructure
- xi. Information sharing
- xii. Relations has improved
- xiii. Damages reduced due to joint handling
- xiv. Turnaround time reduced, traffic flow was 180,000 trucks per annum but now it is 324,000
- xv. Diversion of goods reduced since system is checked by the 2 authorities
- xvi. Close working relationship with other agencies within the same country
- xvii. Monitoring of activities by the lead agency
- xviii. Decongestion of the border since it takes less time to clear. Previously it was taking 10 minutes but currently it takes 5 minutes.

#### **5.6.3.2 Challenges**

The following challenges were being faced at Malaba OSBP:

- i. Incomplete infrastructure within OSBP (Outgoing road, Receiving/incoming barrier, sighting booth and canopy) Uganda has started fixing the road but cannot be used unless Kenya does the same.
- ii. Difference in standards between KEBS and UNBS (Sugar and oil from Uganda has been declared unfit for human consumption where UNBS has passed it).
- iii. Lack of simplified regime in SIMBA System on the Kenyan side to correspond to the one in ASYCUDA.
- iv. Online Certificate of origin issued by Uganda and Rwanda are under Single Window Environment, but Kenya issuing manual hence unable to authenticate COO from Uganda.

- v. Small yard in Kenya which cannot accommodate all the cargo or trucks from Uganda.
- vi. Disparity of internal tax rates like VAT which encourages smuggling.
- vii. Lack of scanner on Kenyan side.
- viii. Lack of integration between ASYCUDA and SIMBA systems.
- ix. Lack of staff accommodation in OSBP.
- x. Export permit acquisition docs not favour small cross border trade of animals since permits are acquired centrally.
- xi. Porous border still encouraging smuggling.
- xii. Few staff for government agencies to operate 24/7.
- xiii. Absence of port health personnel from MOH.
- xiv. Domestic prohibited imports are sometimes not prohibited in the partner states e.g. used fridges which are prohibited in Uganda and not so in Kenya.
- xv. Yellow fever card not implemented in Uganda.
- xvi. Need for humane treatment of persons found to have illegally settled or crossed to Kenya e.g. minors, disabled and elderly.

#### **5.6.4 Kobero OSBP**

In addition to the challenges affecting the implementation of the SCT in Burundi as highlighted in Section 5.5.1, the Committee was informed that the following specific challenges were being faced at Kobero OSBP:

- i. Lack of appropriate testing equipment and facilities which necessitates the customs officials to send samples to Bujumbura City.
- ii. Limited staff especially for the standards and phytosanitary departments.
- iii. Lack of enough parking facility to accommodate goods and motor vehicles
- iv. Lack of storage and quarantine space for goods and phytosanitary products.

- v. Non-harmonised working hours between Kabanga (Tanzanian side of the OSBP) and Kobero (Burundian side of the OBSP); both sides do not operate 24 hours.
- vi. Lack of accommodation for staff of the OSBP and truck drivers who enter the OSBP after closing hours.

## **6.0 GENERAL OBSERVATIONS**

- i. The continued variation in domestic tax regimes among the EAC Partner States is a big deterrent to intra-trade in the region. For example, while Uganda and Tanzania charge 18% VAT, on Kenya charges 16% VAT. This disparity is partly responsible for the persistent smuggling and dumping of goods across and into Partner States.
- ii. It was noted that EAC Partner States are at different levels of implementation of the Single Customs Territory. This was partly attributed to the variation in the political will as well as the differing political and development priorities of the EAC Partner States.
- iii. It was also noted that a lack of harmonisation of standards in the EAC has continued to affect the full implementation of the Customs Union. Some Partner States do not honour the Certificate of Origin (COO) for goods originating from other Partner States. For example, the non-recognition of COO by Tanzania for Kenyan goods has continued to persist despite the intervention of the EAC Secretariat, and bilateral meetings between Kenya and Tanzania.
- iv. Whereas Article 24 of the Protocol on the Establishment of the EAC Customs Union established an East African Committee on Trade Remedies, to this date, this committee has not been constituted. The absence of a disputes resolution mechanism leaves the manufacturers, traders, transporters and other players in the trade industry at the mercy and exploitation of some Partner States, especially the non-compliant ones.
- v. The non-implementation of the Protocols ratified by the EAC Partner States has continued to affect the integration process. Partner States have continued not to follow and implement the Protocols and laws they have passed. In particular, the issue of work permits. Partner States agreed to stop charging for work permits for East African citizens, however this has continued to be charged by some Partner States. Some Partner States have continued to issue stringent requirements for

issuance of work permits, and in some cases denying citizens of other EAC work permits.

- vi. It was noted that the Republic of Kenya, gives work permits free of charge to all EAC citizens. A citizen from any of the EAC Partner States only has to apply and register for record purposes. The issuance of a permit takes up to one month.
- vii. Whereas the Summit of the EAC Heads of State gave two years for the roll out of the new E-passports, this may not be possible given the slow pace of implementation of this directive. While the Republic of Kenya started the issuance of E-passports in 2016, the rest of the Partner States have just begun the issuance of the same.
- viii. Relatedly, the Committee noted that the Republic of South Sudan charges EAC citizens USD50 for entry visas yet other Partner States waived the visa requirement for EAC citizens. On the same note Kenya and Uganda also charges South Sudanese citizens \$50.00 for an entry visa.
- ix. The Committee also noted that the enforcement of the regulations and commitments made by the EAC Partner States under the Single Customs Territory has been frustrated by some Partner States, thus affecting its full implementation. Apparently, there are no sanctions against Partner States who violate or fail to comply with these requirements.
- x. Non-Tariff Barriers continue to hamper the full implementation of the Single Customs Territory. For example, there are very many road blocks along the Northern Corridor manned by the Police and other security personnel who, often extort money from traders/transporters and also cause unnecessary delays.
- xi. It was noted that the effective implementation of the Regional Electronic Cargo Tracking System (RECTS) is being hampered by the inadequacy of seals. Currently, in the Northern Corridor, the Revenue Authorities can manage to procure only 20% of the required seals due to inadequate funding by their respective governments.
- xii. While the EAC Organs and Institutions continue to make important decisions for furthering the Integration agenda, some of the key

continued to deliberately or inadvertently frustrate the implementation process. The Committee was surprised to note that a very senior Immigration officer in Kenya was not aware that the Republic of South Sudan is a member of the EAC.

- xiii. The Committee was informed that Kenya Revenue Authority often levies fines or overcharges business people whenever they are unable to evacuate goods in time due to systems failure. The Committee considers this unfair and therefore, a bad practice.
- xiv. The Committee was further informed that TRA subjects goods from the Republic of Kenya to 100% verification which takes up to three days whereas goods from Tanzania are not subjected to the same procedure. This reflects lack of trust between the Partner States.
- xv. It was noted that while Uganda Revenue Authority has continually brought to the attention of Kenya Revenue Authority the concerns of Ugandan businessmen, transporters, clearing and Forwarding Agents, no action has been taken to address them. The Committee considers this unfair and against the spirit of integration.
- xvi. While under Article 81 of the Treaty for the Establishment of the East African Community the Partner States committed themselves to ensuring cooperation in standardisation, quality assurance, metrology and testing, to-date, no policy or even protocol has been concluded on Standardisation, Quality Assurance, Metrology and Testing for goods and services produced and traded in the Community. This vacuum undermines the full implementation of the Customs Union.
- xvii. It was noted that the Uganda Revenue Authority took the initiative to professionalize the Clearing Industry by setting competence tests among other requirements for Agents to qualify for a License, but the same is not happening in other Partner States yet they enjoy the rights of mutual recognition without having to sit for the same tests. Other partner states need to follow suit and also reciprocate by availing the same rights to Ugandan Agents in order to create a fair play ground.
- xviii. The Committee failed to get an explanation from the Tanzanian officials as to why the recommendations and issues noted during the on-spot assessment of the central corridor in February 2018 were not implemented.

- xix. The Committee noted that the report of the Assembly on the On-Spot Assessment of the EAC Central and Northern Corridor Projects and Institutions in February 2018 was not transmitted to all key stakeholders by the Ministries responsible for EAC Affairs in the Partner States.

## **7.0 SPECIFIC RECOMMENDATIONS**

In view of the aforementioned challenges in the implementation of the Single Customs Territory and observations made, the Committee would like to make the following recommendations:

1. The Council of Ministers should expeditiously constitute and ensure the operationalisation of the East African Committee on Trade Remedies by December 2019.
2. The Assembly tasks the EAC secretariat to do a study and establish the different levels of implementation of the SCT in the northern and central corridor with a view of harmonizing the level and scale of work.
3. The Committee urges the Assembly, the Council of Ministers and the EAC Secretariat to scale up the level of sensitization of all the relevant stakeholders responsible for the implementation of Community decisions and furtherance of the EAC Integration agenda.
4. Urge the Council of Ministers, Revenue Authority bodies of the Republic of Kenya and the United Republic of Tanzania to fast track the inclusion of the Holili -Taveta border into the operations of the SCT. This will save costs for traders who import through the Port of Mombasa but seek a shorter and cost effective route to Rwanda or Burundi.
5. The transit period from the Port of Dar es Salam to Rusumo be extended by one extra day from 4 - 5 days till when the road works between the border and Nyakanazi are completed. This will go a long way to help transporters who often face penalties for delays on the route.
6. Urge the Council of Ministers to expedite the integration of the Republic of South Sudan into the EAC Single Customs Territory and to direct the Republic of South Sudan to fast-track the necessary legal and institutional reforms for this purpose.

7. Urge Government of the Republic of South Sudan to expedite the structural adjustments within the Customs and Revenue departments.
8. The EAC Secretariat should undertake various sensitization programs in the Republic of South Sudan on the EAC projects, policies, protocols, laws and regulations.
9. Urge the Council of Ministers to direct the Republic of South Sudan to expedite the construction of the Nimule OSBP.
10. The EAC Secretariat should disseminate documentation and literature on the EAC Integration to relevant stakeholders and government departments.
11. Urge the Republic of South Sudan to fast-track the attainment of a single IT platform through development Information Communications Technology solutions within the country.
12. Urge the Republic of South Sudan expedite the harmonization of its laws in the context of the EAC laws.
13. Urge the Council of Ministers to direct the Republic of South Sudan to waive the visa fees for East African citizens, and for the Republic of Uganda and the Republic of Kenya to waive visa fees for South Sudanese citizens by the close of Financial Year 2018/2019.
14. Urge the Partner States to expeditiously consider the procurement and installation of weigh-in-motion facilities to facilitate trade by reducing truck turn-around time.
15. Urge the Council of Ministers to expedite the amendment of the EAC Customs Management Regulations 2010 to facilitate the smooth operation of the Single Customs Territory.
16. Partner States should expedite their negotiations on the access to the Ports of Dar es Salaam and Mombasa of Clearing Agents from other Partner States.
17. There is a need to sensitize transporters of goods on transit on the requirements of weighbridges on the central corridor; and make sure that no transporter transiting to other partner states is stopped on more than three weighbridges.

18. Notwithstanding the provisions of Article 65 of the Treaty, there is need for the EALA Commission to develop a mechanism of enhancing feedback from the Assembly to the stakeholders on matters regarding the EAC Integration, in particular, the transmission of reports and recommendations to state and non-state actors.
19. There is need for the Government of Burundi to build/establish a public market in Kobero to facilitate exchange of goods and services by the cross-border communities.
20. Urge the Council of Ministers to follow up the issue of stay visas issued by immigration officers in all the Member States. All visas should be for 6 months as per the EAC Common Market protocol. The Council of Ministers should follow up closely this issue and report back to the House by close of 2019.



## 8.0 GENERAL RECOMMENDATIONS

The Committee would like the Assembly to consider and adopt the following recommendations:

1. Urge the EAC Partner States to increase funding to their respective Revenue Authorities to expedite the harmonisation and effective implementation the Regional Electronic Cargo Tracking system, in particular, the procurement of seals.
2. Urge the EAC Partner States to fully integrate the Regional Customs Transit Guarantee-Management Information Systems with Revenue Authorities.
3. There is need for the EAC Partner States to consider procurement of faster and quality fiber optic/internet technology to mitigate the intermittent network and reduce system down times.
4. The other EAC Partner States should reciprocate the Uganda Revenue Authority initiative of professionalizing the Clearing Industry by setting competence tests among other requirements for Agents to qualify for a License, but the same is not happening in other partner states yet they enjoy the rights of mutual recognition without having to sit for the same tests. We recommend that other Partner States follow suit and also reciprocate by availing the same rights to Ugandan Agents in order to create a fair play ground.
5. Urge the Council of Ministers to carry out a comprehensive study on the impact of the Single Customs Territory on the cost of doing business.
6. The Council of Ministers should devise a mechanism of facilitating citizens from other Partner States who may be having an expired business pass while waiting for working permit they applied for.
7. There is need to for the Partner States to harmonise the domestic taxes which include Value Added Tax (VAT), Road Maintenance Levy (RML). Harmonisation of EAC laws should be implemented as a matter of urgency.
8. The EAC should strive to issue tamper proof documents. This will assist the EAC manage foreigners and in particular those who do not have the good interests for the region at heart.

9. Officers at the One Stop Border Posts (OSBPs) should change their mind-sets and embrace the integration process as well as understand the regional laws and protocols that have been ratified. The Officers should remember that the regional laws supersede the national laws.
10. The various stakeholders should meet regularly to discuss challenges that come in the course of their work and in particular if they experience any challenges in the implementation of the EAC Laws and Protocols.
11. The Reports of the Assembly and the recommendations therein should be accorded due consideration by Partner States and communicated to all relevant stakeholders.
12. The Council of Ministers should urge the Partner States to harmonize their systems of clearing goods under the Single Customs Territory in order to solve problems of systems interface and provide back-up system in case of system breakdown.
13. There is need for Council of Ministers to thoroughly examine the trade laws in the EAC Partner States with a view of causing amendment of those laws that hamper trade and full implementation of the SCT. This is in line with article 5(2) of the Common Market Protocol. "to eliminate tariff and non-tariff, technical barriers to trade, harmonize and mutually recognize standards and implement a common trade policy for the Community".
14. The Council of Ministers should fast-track the development of a policy and protocol on Standardisation, Quality Assurance, Metrology and Testing for goods and services produced and traded in the Community in fulfilment of the provisions of Article 81 of the Treaty for Establishment of the EAC.
15. Urge the EAC Partner States to fast-track the harmonization their ICT systems to facilitate trade and allow access for clearing agents across the region.
16. The Council of Ministers should expeditiously consider the harmonization of the process of acquisition of work permits in the region and ensuring that the permit fees are fair and affordable. This will go a long way in facilitating the movement of persons and labour in the EAC.

17. Partner States to ensure interconnectivity of the immigration services to facilitate free movement of people.

18. There is need for Partner States to jointly look for technical or financial support to address common issues that still hamper efficient functioning of the SCT.

REPORT OF THE COMMITTEE ON COMMUNICATION, TRADE AND INVESTMENT  
ON THE STATUS OF THE SINGLE CUSTOMS TERRITORY IN THE EAC PARTNER  
STATES 18<sup>TH</sup> TO 23<sup>RD</sup> NOVEMBER, 2018.

1. Hon. Gai William Deng Nhail
2. Hon. Thoar Gatpan Gideon
3. Hon. Burikukiye Marie Claire
4. Hon. Rurakamvye Pierre Claver
5. Hon. Nsavyimana Sophie
6. Hon. Fred Mbidde Mukasa
7. Hon. Aburi Mpuru Lawrence
8. Hon. Serгон Jematiah Florence
9. Hon. Mbuga Nganga Simon
10. Hon. Rutazana Francine
11. Hon. Bahati Alex
12. Hon. Barimuyabo Jean Claude
13. Hon. Eng. Maassay Pamela Simon
14. Hon. Lugiko Happiness Elias
15. Hon. Eng. Mnyaa Mohammed Habib
16. Hon. Kasamba Mathias
17. Hon. Musamali Mwasa Paul
18. Hon. Dr. Woda Odok Jeremiah

