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TRADE POLICY REVIEW

Report by the Secretariat

EAST AFRICAN COMMUNITY

Revision

This report, prepared for the second joint Trade Policy Review of the East African Community (EAC), has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from the EAC members on their trade policies and practices.

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Document WT/TPR/G/271 contains the policy statements submitted by Burundi, Kenya, Rwanda, Tanzania and Uganda.

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SUMMARY

1. Agriculture is at the core of economic developments in the East African Community (EAC). Its good performance, underpinned by favourable weather conditions and rising global demand for its exports in recent years, helped EAC countries to register positive economic developments from 2006 to 2007 and to recover relatively well from the global economic and financial crisis. However, low resilience, together with traditional farming practices and a narrow export base, have led to a significant economic slowdown in the region, in the wake of the global economic and financial crisis in 2008. Low tourist arrivals have also played a part, as the industry is crucial for Kenya (the only non-LDC in the region) and Tanzania, the two largest economies in the EAC.

2. Macroeconomic policies remain country specific. In general, narrow fiscal space, due to a large (untaxed) informal sector, ad hoc exemptions, and low capacity for efficient collection of internal taxes, is the main factor behind the fiscal deficits that have prevailed in the region over the review period. To a large extent, inflation has been imported due to the surge of international prices of commodities, mainly petroleum products.

3. Regional trade flows have increased significantly since 2006, thanks to continuous regional integration efforts, including recent steps towards the EAC customs union and its single market. Additional efforts, such as investment in infrastructure and streamlining administrative procedures, are expected to generate greater and more sustainable benefits. Intra-EAC investments have also risen since 2006; Kenya has been the most active EAC intra-regional investor.

4. EAC countries are all eligible for the GSP Schemes of developed and certain developing countries. Under the U.S. African Growth and Opportunity Act (AGOA), EAC countries benefit from duty-free and quota-free access to the U.S. market for a range of products until 2015. In their trade relations with the EU, EAC countries are granted preferences under the initialled Framework Economic Partnership Agreement (EPA), and under the Everything but Arms (EBA) initiative for those listed as LDCs (i.e. all but Kenya). The negotiations for a comprehensive EPA are ongoing.

5. At the time of the last Review of the EAC, its original members, Kenya, Tanzania, and Uganda, were implementing the Common External Tariff (CET), launched in 2005. Burundi and Rwanda acceded to the EAC in 2007, and began implementing the CET in 2009. This enlargement has not yet been notified to the WTO. Serious impediments to the full and smooth implementation of the EAC Customs Union include 35 NTBs, which were identified by the EAC Secretariat and are being eliminated for the full operationalization of the FTA component of the community.

6. A number of legal documents have been adopted at the EAC level with a view to fully harmonizing members' trade policies *vis-à-vis* third countries. However, multiple memberships of regional economic communities by individual EAC countries remain among the main impediments to full harmonization, and further complicate trade-related procedures in the region; the recent launch of negotiations under the COMESA-EAC-SADC Tripartite Forum appears to be geared at rationalizing the integration process in the region.

7. Efforts are under way in EAC countries to streamline customs procedures and documentation requirements; regional priorities highlight the full harmonization of customs-related issues. Pre-shipment inspection is still required by Burundi. On certain products, Kenya and Tanzania require pre-shipment inspection by selected companies on TBT and SPS grounds. EAC countries continue to use different customs systems: Burundi, Rwanda, Tanzania, and Uganda use ASYCUDA, while Kenya uses the SIMBA 2005 system; the two systems are somewhat interconnected. The EAC provisions on customs valuation have been aligned to the WTO Agreement on Implementation of

Article VII of GATT 1994. However, national customs administrations encounter implementation difficulties. Appeal mechanisms for customs-related disputes are at the national level.

8. Since the last Review of the EAC, the CET average rate has decreased from 12.9% to 12.7%. Three tariff bands (zero, 10%, and 25%) apply to the large majority of imports; higher rates, ranging from 35% to 100%, and alternate duties apply to 58 tariff lines of "sensitive" items. As a consequence, for some lines, applied alternate tariffs may exceed bound *ad valorem* rates. Bindings cover 21.6% of all Burundi's tariff lines, 15% of Kenya's, 100% of Rwanda's, 13.5% of Tanzania's, and 15.9% of Uganda's. In the cases of Burundi and Rwanda, CET *ad valorem* rates on certain products are higher than bound levels. Duty and tax exemption, and concession schemes are being harmonized within the EAC framework. The schemes, including ad hoc duty and tax exemptions, have led to significant revenue forgone in the region.

9. No contingency measures have so far been imposed by EAC countries. However, efforts are being made to establish trade remedies committees. EAC countries do not maintain quantitative restrictions and, in consequence, do not require import licencing to administer such measures.

10. All EAC members have notification authorities and enquiry points under the WTO SPS and TBT Agreements. Capacity weaknesses are still noticeable in standards development and implementation, and there are challenges for some export products to comply with technical regulations in international markets. While technical regulations issues remain country-specific, some 1,200 (voluntary) standards have been harmonized for uniform application by EAC members. Regulations regarding production and trade in genetically modified organisms (GMOs) are still at an early stage. Kenya is the only EAC country with a full GMO- related institutional framework.

11. National export regimes are yet to be fully harmonized. Harmonized export promotion instruments include mainly: manufacturing under bond, export processing zones, and duty remission schemes. Under these schemes, manufacturers are required to sell at least 80% of their products outside the EAC. The effectiveness of export promotion instruments in the community is yet to be assessed.

12. Export taxes continue to be applied by some EAC countries: in 2006, Kenya and Tanzania increased their export taxes on hides and skins from 20% to 40% of the f.o.b. value. Tanzania maintains an export tax of either 15% of the f.o.b. value, or US$160/tonne on raw cashew nuts. Uganda maintains a cess of 1% on exports of coffee, 2% on cotton, and US$0.8/kg on raw hides and skins.

13. In general, open tendering is the rule in public procurement by EAC countries. Except for Uganda, where the Public Procurement and Disposal of Public Assets Act of 2003 was amended, all EAC countries have brought new procurement law into operation. Competition issues are not yet regulated at the regional level; at national level, only Kenya and Tanzania have fully functioning competition laws and institutions.

14. The EAC Regional IP Protocol and Policy on the utilization of Public Health-Related WTO-TRIPS flexibilities was adopted in 2011. It aims at maximizing the benefits of TRIPS flexibilities, through harmonization of EAC countries' policies on IPRs to facilitate manufacturing and importation of essential medicines. Efforts are being made in Kenya and Uganda to adopt stand-alone legislation on geographical indications. In Rwanda, a new Act (Law on the Protection of Intellectual Property) entered into force in 2009, while Burundi is revising its legal provisions on patents and copyrights. In general, some improvements have been made in recent years regarding the enforcement of IPRs laws.

15. Sectoral policies are yet to be harmonized within the EAC. Agriculture is at the core of poverty alleviation and is an important source of foreign exchange for EAC countries. Food security remains the main objective of national agriculture policies, although public support to the sector remains low, compared with actual needs. Government intervention for regulation purposes remains somewhat excessive and distortive. Tariffs are the main trade policy instrument in the sector.

16. Mining is relatively marginal in the region, except in Tanzania, where it has boomed in terms of both exploration and extraction for over a decade, and in Uganda, where commercially viable petroleum deposits have been discovered. During the review period, the mining regime in Tanzania underwent legal reforms, with increases in royalties and taxes aimed at maximizing the contribution of the sector to the economy.

17. The contribution of manufacturing to GDP remains relatively low, at less than 10% in general. Low productivity (underpinned by lack of innovation), the high cost of inputs (including unreliable and expensive power supply), and the unskilled labour force are, *inter alia*, the main reasons behind the sector's poor performance. Various programmes are in place at national levels to promote the sector. However, making the general business environment more conducive to investments continues to be a challenge.

18. The services sector constitutes the main economic activity. However, its potential for overall economic development remains untapped. The wave of liberalization of telecommunication services, together with the rise of mobile banking services, has helped to boost the subsector. In most EAC countries, improvements in transport services and in regulating banking services remain a challenge.

19. EAC countries have taken steps towards mainstreaming trade into their national development strategies. They have individually and collectively benefited from aid for trade. Nonetheless, they need more assistance to address the bottlenecks that hinder their efforts to make trade contribute significantly to their economic development.

I. ECONOMIC ENVIRONMENT

(1) MAIN FEATURES OF THE ECONOMY

1. The five countries of the East African Community (EAC), Burundi, Kenya, Rwanda, Tanzania, and Uganda, cover a total land area of approximately 1.7 million square kilometres (Table I.1). In 2010, their combined population was estimated at 138 million, with Tanzania and Kenya accounting for approximately 30% each. Annual growth of the EAC population has remained stable, at 2.9% on average, since 2006.

Table I.1
Selected socio-economic indicators, 2005-10

	2005	2006	2007	2008	2009	2010
Area ('000 km2)	1,705	1,705	1,705	1,705	1,705	1,705
Population (million)	119	123	126	130	134	138
Urban (million)	23	24	25	26	27	28
Density (per km2)	70.0	72.0	74.1	76.2	78.5	80.8
Growth rate (per year)	2.8	2.9	2.9	2.9	2.9	2.9
Life expectancy	50.0	50.6	51.3	52.0	52.7	53.4
GDP at market price (US$ billion, current prices)	46.4	51.9	62.5	73.5	75.1	79.9
GDP per capita (US$, current prices)	389	423	495	565	561	580
Real GDP (constant 2000 US$ billion)	41.4	44.5	47.7	50.4	52.9	56.1
Percentage change from previous year	6.6	7.5	7.2	5.7	5.0	6.1
GDP per capita	347	362	377	388	395	407
Percentage change from previous year	3.7	4.5	4.2	2.7	2.0	3.0
Share of GDP (%, current prices)[a]						
Agriculture	28.0	25.5	24.0	24.3	25.2	23.6
Mining and quarrying	1.7	1.2	1.4	1.4	1.3	1.4
Manufacturing	7.5	8.6	8.6	8.8	8.8	9.0
Electricity and water supply	2.5	2.2	2.2	2.4	2.4	2.5
Construction	9.2	6.7	6.9	7.1	7.2	7.4
Services	44.1	47.3	48.0	47.0	46.3	47.0
Less: financial services indirectly measured	-1.2	-1.1	-1.2	-1.2	-1.4	-1.2
Taxes less subsidies on products	8.1	9.6	10.1	10.1	10.2	10.3
Exports of goods and services (nominal US$ billion)	10.2	11.5	14.0	17.7	16.5	19.6
Imports of goods and services (nominal US$ billion)	14.3	17.4	21.6	28.5	26.1	30.9
Trade in goods and services (% of GDP)	52.8	55.8	57.0	62.9	56.7	63.2

a Burundi is not included in the calculations. Kenya is not taken into account in calculations for 2005, due to lack of data.

Source: Banque de la Republique du Burundi. Viewed at: http://www.brb.bi; Kenya National Bureau of Statistics. Viewed at: http://www.knbs.or.ke; National Institute of Statistics of Rwanda (NISR). Viewed at: http://statistics.gov.rw/#; The Ministry of Finance's The Economic Survey 2010. Viewed at: http://www.mof.go.tz; Uganda Bureau of Statistics' Statistical Abstract reports 2010 and 2011. Viewed at: www.ubos.org; IMF BoP database. Viewed at: http://elibrary-data.imf.org/; and World Bank's World Development Indicators. Viewed at: http://databank.worldbank.org/ddp/home.do.

2. EAC countries differ in terms of level of development, economic structure, and social indicators. Kenya has the largest economy with a nominal GDP of US$32 billion in 2010, i.e. over 40% of the region's total; while Burundi's nominal GDP represented only 1.7%, with a nominal GDP of US$1.4 billion. Kenya is the only EAC country not listed as a least-developed country (LDC). Nonetheless, human development indicators remain similar within the EAC, and are among the lowest

in the world. The share of the population living below the poverty line in 2006 was 35.7% (the lowest) in Tanzania and 68% (the highest) in Burundi.[1]

3. In general, the economies of EAC countries are not diversified. The services sector accounts for the largest share of GDP, and has been growing strongly, particularly through increases in tourism, transport, and telecommunications. Except for Burundi, the services sector accounts for over 40% of EAC members' economies. Nevertheless, agriculture remains a leading economic activity within the region. It provides a livelihood for about 80% of the population (see Annexes 1-5). Frequent unfavourable weather conditions have been the main factor underpinning the EAC's recent poor agricultural performance. Mining activities are generally marginal in the EAC countries, with the exception of Tanzania, which has considerable mineral reserves and has attracted large foreign investments during recent years, and Uganda, since the recent discovery of its petroleum deposits (Annexes 4 and 5).

4. The informal sector plays an important role in all EAC countries. It provides jobs for over 75% of the population in Burundi, Kenya, Rwanda, and Uganda; and accounts for approximately 20% of their GDP.

5. In their efforts to pave the way for the establishment of a Monetary Union, the EAC countries agreed on macroeconomic convergence criteria for 2007-10. The primary criteria included (a) an overall budget deficit (excluding grants) to GDP ratio of not more than 6%, and an overall budget deficit to GDP (including grants) of not more than 3%; (b) an annual average inflation rate not exceeding 5%; and (c) external reserves of more than four months of imports of goods and non-factor services. The secondary criteria include eight qualitative and quantitative indicators covering issues such as achieving sustainable and stable exchange rates, real GDP growth, and their financial situation.

6. According to the EAC's integration plan, the region is scheduled to have a single currency by the end of 2012. However, the April 2012 Summit noted that the deadline may not be met, due to challenges in the implementation of the Customs Union and Common Market protocols, and the unresolved issue of macroeconomic convergence. In addition, following the recent debt crisis, the issue of enforcing a suitable EAC debt-management framework has been proposed as a prerequisite for a sustainable monetary union.

(2) RECENT ECONOMIC DEVELOPMENTS

7. During the review period (2006-2011), GDP growth in the EAC was erratic. Growth rates were high in 2006 and 2007 (7.5% and 7.2% respectively), mainly due to buoyant agriculture and services sectors, but external and internal shocks undermined performance in 2008 and 2009, before a noticeable improvement in 2010 (Table I.1). The 7% annual growth rate target was reached sporadically over the six years to 2011 by all members (Annexes 1-5). Macroeconomic policies continue to be conducted independently by each EAC country; fiscal policies appear to be the main tool used to influence economic activities. Monetary policies by central banks aim at containing inflation and exchange rate variability, which threaten the long-term sustainability of EAC countries' economic performance, including trade and investment.

8. In general, all EAC countries are suffering from supply-side constraints. Efforts to address this challenge should focus mainly on improving their business climate, including stable and reliable political governance, with a view to attracting investments.

[1] EAC Development Strategy (2011-16), January 2011, Arusha.

9. Fiscal imbalances remain a concern in most EAC countries. While Kenya and Uganda have relatively low fiscal deficits, the other members have run up large deficits, in some years in excess of 10% of GDP. In general, tax revenues are low, due to the considerable size of informal activities.

10. Although price stability is an explicit objective of monetary policies in EAC countries, they have witnessed inflationary pressures since 2006. These were caused mostly by rising energy and food prices in the world market; along with unfavourable weather conditions in the region. As a result, inflation in Burundi, Kenya, Tanzania, and Rwanda surged significantly during 2008, and somewhat in 2009, before stabilizing to single-digit levels over the last three years. Even Uganda, which had maintained relatively low inflation during the past decade, experienced high rates (in double digits) in 2008 and 2009. The financing of government deficits by central banks also contributed to the high inflation rates.

11. In general, EAC countries operate flexible exchange rate systems aimed at maintaining competitiveness and judicious levels of international reserves to cushion against exogenous shocks. The central banks intervene in the foreign exchange market, when necessary, to limit exchange rate volatility.

12. The overall balance-of-payments (BOP) situation has recently deteriorated in all EAC countries, as a consequence of widening current account deficits, attributed mainly to higher bills for food and oil imports. Between 2007 and 2008, the BOP in Kenya and Tanzania moved from a surplus to a deficit, while Uganda's surplus shrank; and the BOP of Burundi and Rwanda worsened. Official reserves have averaged five months of imports within the EAC members.

13. In general, the economic outlook is positive (Annexes 1-5).

14. Increased public investments in infrastructure, full implementation of the set of macroeconomic and sectoral reforms, together with regional integration, are expected to reduce costs of doing business, and improve the productivity of individual EAC economies. The fast expansion of the services sector will continue to drive overall economic performance. The average rate of GDP growth is expected to increase in the short and medium-term, at an annual rate of over 5%.

15. A major collective risk for the economies of the EAC would be incomplete implementation of regional regulations and disciplines. This would lead to more complex procedures, and limit the effectiveness of the regional market. In addition, as Kenya is the EAC's major economic and financial centre, there is a risk of economic slowdown if the 2013 elections result in political instability. Weather conditions also constitute a risk for most EAC countries, since their agriculture is in large part rain fed.

(3) TRADE AND INVESTMENT PERFORMANCE

(i) Trade in goods and services

(a) Intra-EAC trade

16. The value of intra-EAC trade increased steadily between 2006 and 2010, from US$1.6 billion to US$3.8 billion (Table I.2). In addition, its share in total EAC trade improved from 7.8% to 11.4%, with significant differences in country-specific figures. This is attributed, in part, to diversion of trade towards the regional bloc. However, intra-EAC trade performance continues to suffer from poor infrastructural services, mainly physical infrastructure (roads and rail), and the high cost of energy, resulting in high costs of doing business. In addition, the use of different currencies remains a factor

explaining the poor intra-EAC trade performance, while negotiations towards a monetary union are ongoing.

17. Intra-EAC imports recorded a steady growth between 2006 and 2010. Uganda is the main regional importer (36.9% of intra-EAC imports in 2010) (Table I.2). Intra-EAC imports include industrial and agricultural products, and natural resources. Total intra-EAC exports also increased during the review period. Kenya is by far the leading exporter to other EAC countries (with 57.2% of the total in 2010); it also accounted for an average share of over 40% of total intra-EAC trade during the review period. In addition, Kenya has maintained a trade surplus with its EAC partners during the period, due to the relative development of its production systems and its trade promotion structure (Annex 2).

Table I.2
Total intra-EAC trade, 2005-10
(US$ million)

Country	Imports					
	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Burundi	..	61.2	79.6	84.9	86.8	89.2
Kenya	59.5	76.7	188.0	181.0	162.5	256.8
Rwanda	139.8	139.8	201.9	303.3	363.5	344.6
Tanzania	175.9	220.6	110.1	425.3	316.9	295.9
Uganda	550.8	429.7	526.5	566.8	547.0	576.5
Total	**786.2**	**727.0**	**824.6**	**1,173.1**	**1,476.7**	**1,563.0**
	Exports					
Burundi		27.0	15.4	10.7	14.2	16.0
Kenya	831.2	641.0	830.4	1,036.6	1,169.5	1,280.0
Rwanda	..	36.6	45.1	43.4	93.2	50.4
Tanzania	142.0	147.4	169.4	310.5	285.0	462.7
Uganda	87.9	101.8	148.8	195.2	398.8	428.6
Total	**1,061.1**	**890**	**1,148.6**	**1,542.2**	**1,960.6**	**2,237.7**
	Total EAC trade value					
Burundi	..	88.2	95.0	95.6	101.0	105.2
Kenya	890.7	717.7	1,018.4	1,217.6	1,332	1,536.8
Rwanda	..	176.4	247.0	46.7	456.6	395.0
Tanzania	317.9	368.0	279.5	735.8	601.9	758.6
Uganda	638.7	531.4	675.3	762.0	945.7	1,005.1
Total	**1,847.3**	**1,617.1**	**1,973.2**	**2,715.4**	**3,437.3**	**3,800.7**

.. Not available.

Source: Information provided by the EAC Secretariat.

(b) EAC trade with the rest of the world

18. Total EAC trade with the rest of the world continues to be dominated by imports (averaging 75% of total trade since 2006), originating mainly from the EU, United States, and African countries. The value of EAC trade with the rest of the world fell from US$31 billion in 2008 to US$28.8 billion in 2009, as a consequence of the global economic crisis on both imports and exports. However, the recovery in the global economy, with favourable commodity prices in 2010, provided an appropriate environment for export growth. The rebound of output growth in EAC countries, with massive investments in infrastructure, also led to increased imports of capital goods.

(ii) Performance in investments

19. Efforts are under way in EAC countries to strengthen and stabilize national investment policies. Administrative, regulatory, and legal frameworks, are being improved to create an investor-enabling environment. Furthermore, all five countries have established investment promotion authorities responsible for promoting domestic and foreign investments.

20. In general, EAC countries consider public private partnerships (PPPs) as an important process in establishing a sound business climate. These platforms have been initiated in most EAC countries to promote partnerships between the Government and private sector.

21. Performance in attracting investments from the rest of the world varies: Uganda and Tanzania performed relatively well during the review period, due to increased investments in capital-intensive sectors, such as mining and oil exploration (Annexes 1-5).

22. Kenya is the major source of intra-EAC investment flows; and Uganda and Tanzania are the main destinations. Total intra-EAC investments surged from some US$83 million in 2007 to over US$530 million in 2008. The main drivers were major investments by Kenya in steel manufacturing, poultry farming, construction of commercial buildings, manufacture of implements, and construction of tourist lodges in Tanzania. However, due to external challenges (volatility of international oil prices, the global financial crisis), total intra-EAC investment flows decreased sharply to US$317 million and US$195 million, in 2009 and 2010 respectively. Services, including ICT and finance, are also gaining importance in intra-EAC investments.

II. TRADE AND INVESTMENT REGIMES

(1) OVERVIEW

23. The East African Community (EAC) originally comprised Kenya, Tanzania, and Uganda. Burundi and Rwanda acceded to the EAC Treaty on 18 June 2007 and became full members with effect from 1 July 2007. The EAC aims at economic, social, and political integration.[2]

24. The integration process is guided by the Treaty for the Establishment of the East African Community (EAC). According to the Treaty, the objectives of the Community are to develop policies and programmes aimed at widening and deepening cooperation among the member states in political, economic, social, and cultural fields, research and technology, defence, security, and legal and judicial affairs, for their mutual benefit. Specific objectives include: (a) promoting sustainable growth and equitable development for its members, including rational use of the region's natural resources and protection of the environment; (b) strengthening and consolidating the long-standing political, economic, social, cultural, and traditional ties of its members; (c) enhancing the participation of the private sector and civil society; (d) mainstreaming gender in all its programmes and enhancing the role of women in development; (e) promoting good governance, including adherence to the principles of democratic rules of law, accountability, transparency, social justice, equal opportunities, and gender equality; and (f) facilitating peace and stability within the region.

25. The EAC's medium-term development strategies serve as tools for operationalizing the Treaty. The first Development Strategy (1997-2000), focused on re-launching the EAC; the second (2001-2005) focused mainly on the establishment of the EAC Customs Union; the third (2006-2010) prioritized the establishment of the EAC Common Market; and the fourth, current strategy, (July 2011 to June 2016, in line with EAC's budgeting cycle) focuses mainly on implementation of the EAC Common Market and establishment of the EAC Monetary Union.

26. The 2011-2016 Development Strategy identifies seven priority areas to be addressed, with a view to implementing the common market, consolidating the Customs Union, and enhancing productive capacity and competitiveness: (a) cooperation between the EAC and other major partners such as the EU, United States; (b) the political, economic, social, and environmental situation of the region; (c) the relationship of the EAC with the emerging economies; (d) the African Union integration agenda and governance framework; (e) the EAC/COMESA/SADC tripartite arrangement; (f) the legal and institutional framework; and (g) trade arrangements involving EAC members and common trade policy measures. In addition, the strategy considers trade as one of the fundamental pillars for promoting economic growth and development among member states. It focuses mainly on improving market access and competitiveness through trade facilitation reforms, and export development programmes. Under the 2006-2010 Development Strategy, the trade development objectives were, *inter alia*, to establish the Customs Union with the Common External Tariff (CET), eliminate internal tariffs, remove NTBs, and adopt common rules of origin.

27. Article 5(2) of the Treaty provides for a Customs Union, a Common Market, subsequently a Monetary Union and ultimately a Political Federation. The Customs Union is the entry point for the EAC integration process: the EAC Customs Union protocol was signed in March 2004 and entered into force on 1 January 2005.

28. Since January 2005, the CET has been fully operational for Kenya, Tanzania, and Uganda.[3] Burundi and Rwanda started its implementation in January 2009. EAC enlargement to include

[2] See WT/TPR/S/171/Rev.1, for details of the background of the EAC.

Burundi and Rwanda is yet to be notified to the WTO. According to the EAC Secretariat, the region has faced challenges in implementing the CET, due to membership in multiple agreements. Efforts to address these challenges are being considered under the EAC/COMESA/SADC tripartite negotiations.

29. Operationalization of the Customs Union is guided by a number of legal instruments. The EAC Customs Management Act, the most functional instrument since 2005, aims at regulating the uniform application of day-to-day customs operations.

30. Since the last TPR of the EAC, the institutional framework has not changed fundamentally. The organs comprise: the Summit of Heads of State and/or Government; the Council of Ministers; the Coordination Committee; the Sectoral Committees; the East African Court of Justice; the East African Legislative Assembly; and the Secretariat. The amendment of the Treaty establishing the EAC in December 2006, reconstituted the EAC Court of Justice in 2007 with two divisions: a First Instance Division and an Appellate Division.

31. The EAC has the following autonomous institutions: Lake Victoria Basin Commission; the East African Development Bank (EADB); Lake Victoria Fisheries Organization (LVFO); the Inter-University Council for East Africa (IUCEA); and the Civil Aviation Safety and Security Oversight Agency (CASSOA).

32. Under the Customs Union Protocol, each member is free to negotiate bilateral trade agreements, subject to notification to the other members. Such agreements should not be in conflict with the provisions of the Customs Protocol.

33. All EAC countries are also members of two or more regional economic communities. This overlapping membership poses certain difficulties, due mainly to differences in rules of origin, and intra-regional trade liberalization mechanisms under the various agreements.

34. EAC members are also eligible for non-reciprocal preferential treatment under the Generalized System of Preferences (GSP); and the U.S. African Growth and Opportunity Act (AGOA). As least-developed countries (LDCs), Burundi, Rwanda, Tanzania, and Uganda are eligible for the Everything-but-Arms (EBA) initiative of the EU.

(2) THE EAC IN PRACTICE

35. The programme for gradual elimination of internal tariffs, adopted in 2005, was completed in January 2010. EAC members adopted an asymmetrical tariff reduction approach with a transitional period of five years, in order to account for the differences in the size and structure of their economies. All of Kenya's imports from Tanzania and Uganda attracted zero tariffs, while exports from Kenya to Tanzania and Uganda were categorized into two lists. Category A goods benefited from duty-free status within the community, while category B products (880 importable goods from Kenya to Tanzania and 443 from Kenya to Uganda) were subject to duties until 2010. There are no longer any internal tariffs on intra-EAC trade.

36. Burundi and Rwanda started implementing the provisions of the Customs Union from July 2009. Tariffs on trade between Kenya and Burundi and between Kenya and Rwanda had already been eliminated under the Common Market for Eastern and Southern Africa (COMESA).

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[3] See WT/TPR/S/171/Rev.1

37. Non-tariff barriers (NTBs) remain major impediments to trade and business development in the EAC. NTBs affecting intra-EAC trade include non-harmonized technical regulations, sanitary and phytosanitary requirements, customs procedures and documentation, rules of origin, and police road blocks.

38. National monitoring committees (NMCs) have been established in all EAC member states to monitor progress on the elimination of NTBs. NMCs report quarterly to the EAC Sectoral Committee on Trade, Industry and Investment, which is responsible for resolving outstanding NTBs. Issues that are not resolved at this level are referred to the EAC council.[4]

39. According to the EAC Customs Protocol, member states must agree to eliminate remaining NTBs and refrain from imposing new ones.[5] In December 2008, the EAC Secretariat identified 35 NTBs for elimination (Table II.1); they were organized into four categories:

– Category A for NTBs with low political and economic complexity and a low impact on EAC trade: immediate action is required for this category, and consensus is reached in the EAC Council;
– Category B for NTBs with low political and economic complexity and a high impact on EAC trade: NTBs in this category are listed for removal within 1-6 months, and consensus exists in the Council but no agreement on its implementation;
– Category C for NTBs with high political and economic complexity and a high impact on EAC trade: these measures are to be eliminated over 6-12 months, and political consensus is still required at the EAC Council;
– Category D for NTBs with high political and economic complexity and a low impact on EAC trade: actions for these measures may take more than 12 months, and political consensus is required.

Table II.1
Classification of EAC NTBs

Category	NTMs notified to EAC Secretariat	A	B	C	D
Government participation	1	-	-	1	-
Customs and administrative entry procedures	12	7	4	-	1
Technical barriers to trade	4	1	-	2	1
Sanitary and phytosanitary measures	5	3	1	1	-
Specific limitations	..	..	..	..	..
Charges on imports	2	2	..	..	..
Other NTBs (business licensing, roadblocks)	11	6	1	2	2
Total	**35**	**19**	**6**	**6**	**4**

- Nil.

.. Not available.

Source: EAC Secretariat (2008), Arusha, *EAC Time-Bound Programme for elimination of identified non-tariff barriers.*

40. The action agenda is prioritized according to the degree of difficulty in achieving a consensus and the quantitative impact on intra-regional trade flows. In practice, there has been very little

[4] EAC Secretariat (2008).

[5] The working definition of NTBs within the EAC is "quantitative restrictions and specific limitations that act as obstacles to trade"(other than tariffs) that may be embedded in government laws, regulations, and practices at the national and local level.

progress in tackling NTBs. This calls for a shift from identifying and discussing NTBs to implementing regulatory reforms and reducing trade restrictive measures.[6] A legally binding mechanism with sanctions for non-compliance would help to fully exploit economies of scale related to economic integration.

41. Firms within the EAC, as members of COMESA or SADC, may participate in the COMESA-SADC online mechanism for reporting, monitoring, and eliminating NTBs.[7]

42. Under the EAC Customs Management Act, only the country in which imported goods are finally consumed has the mandate to collect the import duty. This has prompted the formulation of a model for collection of customs revenue at the entry point into the community, to share among the EAC countries. According to the EAC Secretariat, implementation of this model is among the priorities in the Development Strategy 2011-2016.

43. EAC countries are in the process of harmonizing their cargo-tracking systems, which would enhance trade facilitation and exchange of information. It is set to ensure that duties and taxes collected at a port of entry serve as a guarantee for goods in transit, and are then allocated to the country of destination. This system should provide the required security for the national customs authorities, and remove the burden of additional costs from importers. However, country-specific customs bond guarantees continue to be applied, which is an additional cost to doing business. Kenya is already implementing the harmonized tracking system while Uganda, Tanzania, and Rwanda are in the process of establishing it. The EAC is exploring entry into partnership with commercial banks to develop new products allowing the transfer of duties and taxes from the country of customs declaration to relevant customs authorities. The Tanzania Revenue Authority was designated to implement the pilot programme at the port of Dar es Salaam, which handles imports to the landlocked cities of Bujumbura (Burundi) and Kigali (Rwanda).[8]

44. The EAC Common Market Protocol, signed in November 2009, became effective in July 2010. The protocol provides for various rights and freedoms including free movement of goods, capital, services, and labour. The protocol also provides for the right of establishment and permanent residence. Chapter 29 of the Common Market Protocol provides for the protection of cross-border investments. While the full implementation of the Customs Union continues to be a challenge, additional commitments under the Common Market Protocol are to be addressed progressively, by 2015.

(3) PARTICIPATION IN TRADE ARRANGEMENTS

45. All EAC countries are members of the African Union (AU). Kenya and Uganda are members of the Inter-Governmental Authority on Development (IGAD); Burundi, Kenya, Rwanda, and Uganda are members of the Common Market for Eastern and Southern Africa (COMESA); and Tanzania belongs to the Southern African Development Community (SADC). Kenya and Tanzania also participate in the Indian Ocean Rim-Association for Regional Cooperation (IOR-ARC).[9] Burundi and Rwanda similarly participate in the Economic Community of Great Lakes Countries

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[6] Kirk,(2010).

[7] Trade agents within COMESA/SADC countries have the possibility to report online any NTB at: www.tradebarriers.org.

[8] *Trade Watch*, Volume 10 Issue 1. Viewed at: http://tmagazine.ey.com/wp-content/uploads/2011/03/7130932.pdf.

[9] WTO document WT/TPR/S/171/Rev.1.

(CEPGL). EAC countries also benefit from non-reciprocal preferential treatment from many trading partners under the Generalized System of Preferences.

46. Tanzania is the only EAC country signatory to the Agreement on the Global System of Trade Preferences (GSTP) among Developing Countries.

47. The use of trade preferences by EAC countries remains limited. In the main, this reflects severe supply-side constraints in EAC countries, but some features of the preference schemes limit their impact. Various studies note that trade preferences often exclude, or include on a limited basis, products in which developing countries have the greatest comparative advantages (such as agricultural goods; processed products, in particular textiles, clothing and footwear). Burdensome rules of origin (e.g. a high value-added criterion) could serve as a deterrent to small countries with limited technological capacity, and may cause difficulties in meeting the documentation requirements; and stringent technical regulations and SPS measures may add to these difficulties. In addition, these preferences may be considered uncertain as they can be revoked or modified unilaterally, and the provisions for graduating countries out of particular sectors could weaken the incentive for large-scale investment in the activities concerned. Uncertainty is increased by the inclusion of various non-trade (political, labour, social, and environmental) concerns as conditions for accessing all or certain aspects of the available preferences. Furthermore, even without these constraints, liberalization of preferential markets (including through the increasing number of regional trade agreements or multilaterally) continues to erode existing preferences.

48. The EAC countries are currently involved in trade negotiations under the COMESA-EAC-SADC tripartite FTA negotiations, the EAC-EU EPA negotiations, and the WTO negotiations under the Doha Development Agenda (DDA). They concluded the Trade and Investment Framework Agreement (TIFA) with the United States in July 2008.

(i) The WTO

49. The EAC members are neither signatories nor observers to any of the WTO plurilateral agreements. They have not been involved directly, either as complainant or defendant, in any WTO dispute settlement proceedings. However, Kenya and Tanzania have participated, as third parties, in the disputes brought separately by Australia, Brazil, and Thailand, on "European Communities-export subsidies on sugar".[10] The five EAC countries accord at least MFN treatment to all their trading partners.

50. The priority areas for the EAC countries in the DDA include: improved market access for their agricultural products through bound duty-free and quota-free access, and the removal of other non-tariff barriers, export subsidies, and domestic support; reduction of high tariffs and tariff escalation on products of interest to developing countries and LDCs; greater opportunities in services, particularly through the movement of natural persons, including less skilled labour; extension of geographical indications' coverage beyond wines and spirits, in order to maintain the identity of indigenous export products; strengthening of S&D provisions; and the provision of meaningful technical assistance, including in capacity building, which will allow DCs and LDCs to participate fully and effectively in all negotiations, to address supply-side constraints, and ultimately to take advantage of the opportunities offered by the multilateral trading system.

51. The position of the EAC is that, a truly developmental outcome of the DDA must support poverty-reducing economic growth, and provide space for DCs and LDCs to pursue appropriate

[10] WTO documents WT/DS265/R, WT/DS266/R, and WT/DS283/R, 15 October 2004.

national policies that enhance welfare and foster economic development. The results of the negotiations must also strengthen and support the regional integration initiatives in the EAC countries and other regional trading arrangements on the African continent.

(ii) The COMESA-EAC-SADC Tripartite Forum

52. The COMESA-EAC-SADC tripartite arrangement was initiated in 2005 with the main objective of rationalizing the integration processes in the Southern and Eastern African region, in line with the African Union Action Plan for the harmonization of Regional Economic Communities throughout the continent. This is being achieved through initiatives aimed at harmonizing the policies and programmes of the three regional economic communities (RECs) in the areas of trade, customs, and infrastructure development.[11]

53. The Tripartite Free Trade Area initiative is working towards establishing a free trade area and subsequently a customs union. The initiative comprises a larger trade area of 28 countries with a combined population of some 527 million.

54. The second COMESA-EAC-SADC Tripartite Summit of Heads of State and Government, held in Johannesburg in June 2011, launched the negotiations for the establishment of the Tripartite Free Trade Area, and adopted the roadmap, as well as negotiating principles, processes, and institutional framework.

55. The Tripartite Free Trade Area negotiations will be in two phases. The first phase, with a timeline of 36 months for completion, will cover: tariff liberalization; rules of origin; dispute resolution; customs procedures, and simplification of customs documentation; transit procedures; non-tariff barriers; trade remedies; technical barriers to trade; and sanitary and phytosanitary measures. Movement of business persons will also be dealt with during the first phase, on a parallel and separate track. The second phase will cover: trade in services; intellectual property rights; competition policy; and trade development and competitiveness. No timeframe has been indicated for the second phase.

56. The Tripartite Trade Negotiation Forum (TTNF), which is charged with the negotiations, has met several times, and has adopted a Work Plan for Trade in Goods. According to the EAC Secretariat, the TTNF has established working groups on: customs cooperation; documentation procedures and transit instruments; technical barriers to trade, including standards and metrology, sanitary and phytosanitary measures and other NTBs; and rules of origin.

57. According to the EAC Secretariat, a comprehensive list of priority infrastructure projects for the region and an administrative and institutional arrangement have been finalized for mobilization of resources. These projects include energy, transport (all modes), and telecom sectors. A project Preparatory Implementation Unit has been established in addition to an Investment Committee.

58. Once in place, the Tripartite Forum is expected to address challenges related to overlapping membership through harmonized regimes for the three RECs.

(iii) Relations with the European Union

59. EAC members are among the 79 African, Caribbean and Pacific (ACP) states with which the European Union concluded the Cotonou Agreement on 23 June 2000, to replace the

[11] See http://www.comesa-eac-sadc-tripartite.org/.

Lomé convention, which was the basis for ACP-EU development cooperation since 1975. Until 31 December 2007, the EU, by way of a waiver, granted duty-free entry for non-agricultural products and most agricultural products originating in ACP countries (excluding South Africa), on a non-reciprocal basis.[12]

60. The EAC countries and the EU initialled an interim framework agreement (FEPA) on 27 November 2007. The negotiations for a comprehensive EPA are ongoing. Access to the EU market is on the basis of the initialled FEPA until finalization of the EPA. The EU Everything-but-Arms Initiative provides for duty-free and quota-free access for all products (excluding arms and ammunitions) originating in LDCs, i.e. including all EAC countries except Kenya.

(iv) Relations with the United States

61. All EAC countries are eligible for trade preferences under the U.S. African Growth and Opportunity Act (AGOA) initiative. The Act originally covering October 2000 to September 2008, was amended in July 2004 extending it until 2015 (AGOA III). At the same time, a special dispensation relating to apparel was extended to 2012.

62. Eligible countries qualify for duty-free and quota-free access under the AGOA for a range of products, including selected agricultural and textile products (except for "wearing apparel"). To be eligible, African countries must make progress in: establishing a market-based economy; developing the rule of law and political pluralism; eliminating discriminatory barriers to U.S. trade and investment; protecting intellectual property; combating corruption; protecting human and worker rights; and removing practices of child labour.[13]

63. Eligibility for the wearing apparel provisions is governed by a separate set of conditions and associated rules of origin.[14] To export apparel (and certain textile items) to the United States under the AGOA, countries must implement a "visa system" that ensures compliance with the required rules of origin. Kenya, Rwanda, Tanzania, and Uganda are currently eligible for these preferences (Annexes 1-5). The Africa Investment Incentive Act of 2006, (AGOA IV), which amended the textile and apparel provisions of the AGOA provides duty-free and quota-free treatment for eligible apparel articles made in qualifying sub-Saharan African countries until 2015.

64. In July 2008, the EAC signed a Trade and Investment Framework Agreement (TIFA) with the U.S. The purpose of the TIFA is to strengthen the U.S.-EAC trade and investment relationship, expand and diversify bilateral trade, and improve the business climate between U.S. and EAC firms. The TIFA establishes regular, high-level talks on all trade and investment topics, including the AGOA, the WTO Doha Round, trade facilitation issues, and trade capacity building assistance.[15]

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[12] WTO Members agreed to a derogation from the EU's obligations under Article I:1 of the GATT 1994 (on MFN treatment) from 1 March 2000 to 31 December 2007 (WTO document WT/MIN(01)/15, 14 November 2001).

[13] African Growth and Opportunity Act online information. Viewed at: http://www.agoa.gov/index.html.

[14] Under the AGOA amendments, the waiver from the normal rules of origin for wearing apparel, as applicable to "lesser developed beneficiary countries", was extended from September 2004 to September 2007.

[15] Office of the U.S. Trade Representative. Viewed at: http://www.ustr.gov/countries-regions/africa/regional-economic-communities-rec/east-african-community.

65. The EAC-U.S. Council was established in 2010, to operationalize trade and investment relations under the TIFA. The Council is responsible for, *inter alia*, monitoring trade and investment relations between the EAC and the United States; tackling all the unnecessary impediments to trade and investment between them; and identifying trade and investment opportunities for both parties.

III. COMMON TRADE POLICY MEASURES

(1) MEASURES DIRECTLY AFFECTING IMPORTS

(i) Customs procedures and documentation

66. According to the EAC Customs Union Protocol, customs formalities in the member states should be based on standardized and harmonized documentation and procedures. However, in practice, customs procedures and documentation requirements have not been fully harmonized. Pre-shipment inspection is still required by Burundi and Tanzania and, on certain products, Kenya requires pre-shipment inspection by selected companies, on TBT and SPS grounds.

67. According to the EAC Secretariat, actions are under way to harmonize these procedures and documentation requirements. An EAC Customs Procedure Manual has been adopted by the EAC Council of Ministers, and its application is to commence during 2012/13. In addition, under the EAC framework, an initiative is under way to establish a fully integrated and interconnected customs system for the whole region. Meanwhile, EAC countries continue to use different customs systems: Burundi, Rwanda, Tanzania, and Uganda use ASYCUDA, while Kenya uses SIMBA 2005. This creates some difficulties in attaining a smooth exchange of information, although an interface of the two systems is in operation under the Revenue Authorities Digital Data Exchange (RADDEx).

68. The RADDEx information exchange system between EAC customs administrations, initiated in 2007, enables the sharing of bilateral information on goods under customs control in transit to other EAC states. Due to capacity issues and resistance to change, RADDEx has only been partially implemented at some customs posts. According to the EAC Secretariat, the second phase of RADDEx is being operationalized, and should allow exchange of information through a centralized framework. Both the ASYCUDA and SIMBA systems have inbuilt risk-management modules that classify imports, depending on their risk level. In addition, a region-wide authorized economic operator system is being established to allow compliant traders better and faster clearance. In general, the risk-assessment system takes into account a number of factors, including: type of product imported; country of origin; importer's record; clearing agent; transporter; place of discharge; supplier; and frequency of importation of a product by an individual importer.

69. The EAC is currently assisting its members in developing one-stop border post (OSBP) infrastructures. These are already operating at: Malaba (Kenya/Uganda); Gatuna/Katuna (Rwanda/Uganda); and Nemba/Kasenyi (Rwanda/Burundi). According to the EAC Secretariat, they are to be operated at: Rusumo (Tanzania/Rwanda); Kobero/Kabanga (Tanzania/Burundi); Namanga (Kenya/Tanzania); Holili/Taveta (Kenya/Tanzania); Busia (Uganda/Kenya); Kagitumba/Gagitumba (Uganda/Rwanda); Mutukula (Uganda/Tanzania); and Lunga Lunga/Horo Horo (Tanzania/Kenya).

(ii) Customs valuation

70. The principles of EAC customs valuation are incorporated in the EAC Customs Management Act, 2004. They are based on the WTO Agreement on Implementation of Article VII of GATT 1994. However, implementation by individual member states poses serious challenges. Although the EAC has developed a customs valuation manual to enable uniform interpretation and application of Community customs valuation provisions, valuation procedures have not been fully harmonized in practice. The EAC Secretariat is planning to establish a regional electronic valuation database by June 2013 to address valuation challenges.

71. The appeal mechanism relating to customs, including valuation, is at the national level (Annexes 1-5). Under the EAC Customs Management Act, an importer affected by a decision or omission of the customs administration, in relation to valuation or any other matter, has the right of appeal. The objection must be lodged with the Commissioner within 30 days, and if the Commissioner does not respond, the appeal will be presumed as allowed. An importer who is dissatisfied with the decision of the Commissioner may appeal to the Tax Tribunal.[16]

(iii) Rules of origin

72. The EAC rules of origin are set out in Annex III to the Protocol on the establishment of the Customs Union. Goods are defined as originating in the country where they are wholly produced or undergo substantial transformation. Substantial transformation is where the imported content of the goods is no more than 60% of the c.i.f. value of materials used in their production, or the value-added resulting from the production process accounts for at least 35% of the ex-factory cost of the goods, or there is change in tariff heading. In addition, in order to qualify as originating in the region, goods must be consigned directly from a member state.

73. The Annex also provides for a model certificate of origin. The EAC certificate of origin was launched in 2007. However, the diversity of issuing authorities in some countries affects the effectiveness of EAC rules of origin. Simplified certificates of origin (for use by small-scale cross-border traders) were also adopted in 2007 for goods valued at less than US$2,000. However, implementation of the issuance procedures has been slow in some member states.

(iv) Tariffs, and other duties and charges

(a) MFN applied tariff structure

74. The EAC CET is broadly set according to category of goods: raw materials and capital goods generally attract the zero rate, intermediate goods 10%, and finished goods 25%; higher rates, ranging from 35% to 100%, apply to 58 tariff lines of sensitive items. On request, a waiver may be granted by the Council for a limited period.[17]

75. The 2011 CET contains 5,274 lines at the HS eight-digit level, of which 99.8% carry *ad valorem* duties (Tables III.1 and AIII.1); the other lines carry mixed tariffs. There are no seasonal or variable tariffs, or tariff quotas. Some 37.4% of tariff lines are duty free (Chart III.1). The sensitive tariff lines cover, *inter alia,* dairy products, wheat, rice, maize, and sugar (Table III.2)

[16] EAC Secretariat (2010).
[17] EAC CET. Viewed at: http://www.scribd.com/doc/91254153/EAC-CET-Tariff-Handbook-1.

Table III.1
Structure of MFN tariff in the East African Community (EAC), 2011
(%)

		MFN applied		Final bound[a]				
		2006[b]	2011	Kenya	Burundi	Tanzania	Rwanda	Uganda
1.	Bound tariff lines (% of all tariff lines)	..	..	15.0	22.4	13.5	100.0	15.9
2.	Simple average tariff rate	12.9	12.7	95.3	66.5	120.0	89.2	73.2
	Agricultural products (WTO def.)	19.7	20.2	100.0	94.2	120.0	73.9	77.4
	Non-agricultural products (WTO def.)	11.8	11.5	55.9	25.1	120.0	91.5	50.5
	Agriculture, hunting, forestry and fishing (ISIC 1)	17.3	17.7	96.3	98.7	120.0	83.8	74.6
	Mining and quarrying (ISIC 2)	5.3	4.8	U[f]	U[f]	U[f]	100.0	U[f]
	Manufacturing (ISIC 3)	12.7	12.5	94.9	58.8	120.0	89.3	72.6
3.	Duty-free tariff lines (% of all lines)	36.2	37.4	0.0	0.7	0.0	0.9	0.0
4.	Simple average rate of dutiable lines	20.2	20.2	95.3	68.7	120.0	89.9	73.2
5.	Tariff quotas (% of all lines)	0	0.0	0.0	0.0	0.0	0.0	0.0
6.	Non-*ad valorem* tariffs (% of all lines)	0.2	0.2	0.0	0.0	0.0	0.0	0.0
7.	Non-*ad valorem* tariffs with no AVEs (% of all lines)	0.2	0.2	0.0	0.0	0.0	0.0	0.0
8.	Domestic tariff "spikes" (% of all lines)[c]	0.8	0.9	0.0	0.0	0.0	0.0	0.0
9.	International tariff "peaks" (% of all lines)[d]	41.1	40.5	15.0	19.0	13.5	97.0	15.9
10.	Overall standard deviation of applied rates	11.9	12.0	14.5	41.8	0.0	24.3	13.1
11.	"Nuisance" applied rates (% of all lines)[e]	0	0.0	0.0	0.0	0.0	0.0	0.0

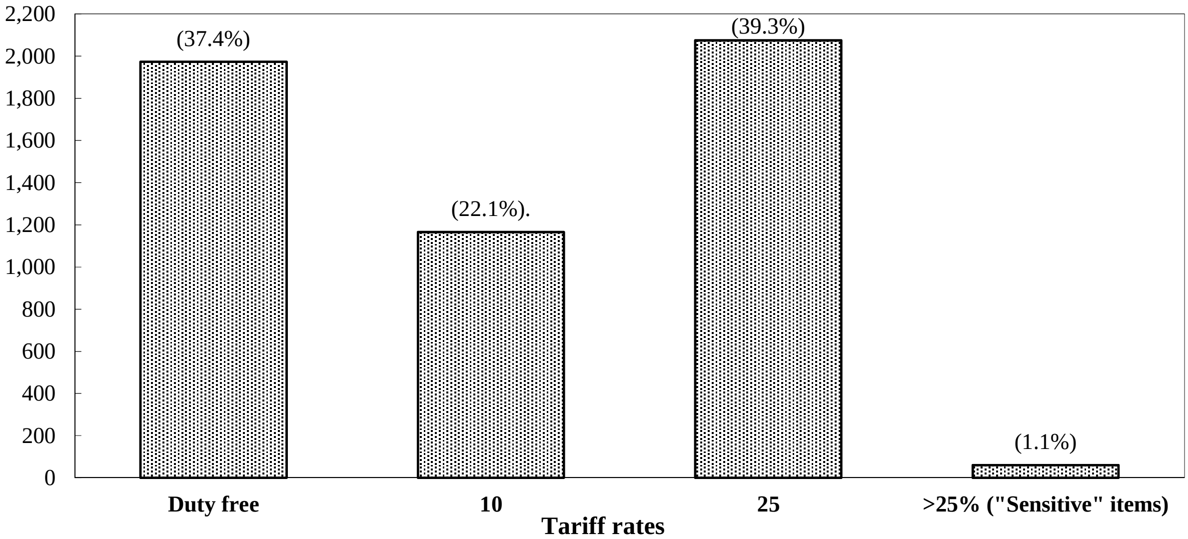
.. Not available.

a Calculations of bound averages are based on the following number of bound tariff lines (including partially bound): Kenya - 789; Burundi - 1,179; Tanzania 714; Rwanda - 5274; and Uganda – 839.
b Based on WTO (2006), *Trade Policy Review: East African Community*.
c Domestic tariff spikes are defined as those exceeding three times the overall simple average applied rate (indicator 4).
d International tariff peaks are defined as those exceeding 15%.
e Nuisance rates are those greater than zero, but less than or equal to 2%.
f Unbound.

Note: The 2011 tariff is based on HS07 nomenclature consisting of 5,274 tariff lines (at 8-digit level). For mixed-duty rates (11 tariff lines), calculations include the *ad valorem* part. (No duty rates were provided for three tariff lines.)

Source: WTO Secretariat calculations, based on data provided by the EAC Secretariat, and WTO CTS database.

Chart III. 1
Distribution of MFN applied tariff rates, 2011



Note : **Figures in parentheses denote the share of total lines. Percentages do not add up to 100% due to missing duty rates for three tariff lines, which account for 0.06% of total lines.**

Source: **WTO Secretariat calculations, based on data provided by the EAC Secretariat.**

Table III.2
Sensitive products subject to high tariffs, 2011

	HS code	Description	MFN duty
		Milk and cream not concentrated nor containing added sugar	
1	0401.1000	Of a fat content, by weight, not exceeding1%	60%
2	0401.2000	Of a fat content, by weight, exceeding 1% but not exceeding 6%	60%
3	0401.3000	Of a fat content, by weight, exceeding 6%	60%
		Milk and cream concentrated or containing added sugar	
4	0402.1000	In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5%	60%
5	0402.2110	Specially prepared for infants	60%
6	0402.2190	Other	60%
7	0402.2910	Specially prepared for infants	60%
8	0402.2990	Other	60%
9	0402.9110	Specially prepared for infants	60%
10	0402.9190	Other	60%
11	0402.9910	Specially prepared for infants	60%
12	0402.9990	Other	60%
		Wheat and meslin other than durum wheat	
13	1001.9020	Hard wheat	35%
14	1001.9090	Other	35%
15	1005.9000	Maize (corn) other than seed	50%
16	1006.1000	Rice in the husk (paddy or rough)	75% or US$200/MT whichever is higher

Table III.2 (cont'd)

	HS code	Description	MFN duty
17	1006.2000	Husked (brown) rice	75% or US$200/MT whichever is higher
18	1006.3000	Semi-milled or wholly milled rice, whether or not polished or glazed	75% or US$200/MT whichever is higher
19	1006.4000	Broken rice	75% or US$200/MT whichever is higher
20	1101.0000	Wheat or meslin flour	60%
21	1102.2000	Maize (corn) flour	50%
		Cane sugar	
22	1701.1110	Jaggery	35%
23	1701.1190	Other	100% or US$200/MT whichever is higher
		Beet sugar	
24	1701.1210	Jaggery	35%
25	1701.1290	Other	100% or US$200/MT whichever is higher
26	1701.9100	Other sugar containing added flavouring or colouring matter	100% or US$200/MT whichever is higher
27	1701.9910	Other sugar for industrial use	100% or US$200/MT whichever is higher
28	1701.9990	Other sugar	100% or US$200/MT whichever is higher
29	2402.2010	Cigarettes not exceeding 72 mm in length including the filter tip	35%
30	2402.2090	Other	35%
31	2403.1000	Smoking tobacco, whether or not containing tobacco substitutes	35%
32	2523.2900	Portland cement other than white	55%
33	3605.0000	Matches, other than pyrotechnic articles of heading 36.04	50%
34	5208.5110	Khanga, Kikoi, and Kitenge	50%
35	5208.5210	Khanga, Kikoi, and Kitenge	50%
36	5209.5110	Khanga, Kikoi, and Kitenge	50%
37	5210.5110	Khanga, Kikoi, and Kitenge	50%
38	5211.5110	Khanga, Kikoi, and Kitenge	50%
39	5212.1510	Khanga, Kikoi, and Kitenge	50%
40	5212.2510	Khanga, Kikoi, and Kitenge	50%
41	5513.4110	Khanga, Kikoi, and Kitenge	50%
42	5514.4110	Khanga, Kikoi, and Kitenge	50%
43	6211.4210	Khanga, Kikoi, and Kitenge	50%
44	6211.4310	Khanga, Kikoi, and Kitenge	50%
45	6211.4910	Khanga, Kikoi, and Kitenge	50%
46	6302.2100	Bed linen, printed, other than knitted or crocheted, of cotton	50%
47	6302.3100	Bed linen, not printed, other than knitted or crocheted, of cotton	50%
48	6302.5100	Table linen, other than knitted or crocheted, of cotton	50%
49	6302.9100	Other toilet linen and kitchen linen than of terry towelling, of cotton	50%
50	6305.1000	of jute or of other textile bast fibres of heading 53.03	35%
51	6309.0000	Worn clothing and other worn articles	45% or US$0.3/kg whichever is higher
52	8309.1000	Crown corks	40%
53	8506.1000	Manganese dioxide	35%
54	8506.3000	Mercuric oxide	35%
55	8506.4000	Silver oxide	35%
56	8506.5000	Lithium	35%
57	8506.6000	Air-zinc	35%
58	8506.8000	Other primary cells and primary batteries	35%

Source: EAC Secretariat.

76. The EAC tariff is based on the 2007 version of the Harmonized Commodity and Coding System (HS). Tariffs are applied on the c.i.f. value of imports at the point of entry to the customs union. Few changes have been introduced to the EAC CET since the last TPR of the EAC.

77. The average applied MFN tariff decreased slightly from 12.9% in 2006 to 12.7% in 2011. This was mainly due to reviews of the CET that affected lines with higher rates more than those with lower rates, and the conversion to HS 2007. The coefficient of variation, at 0.94, indicates moderate tariff dispersion. Non-agricultural products (WTO definition) attract an average CET of 11.5%, while the average on agricultural goods remains relatively high, and has risen from 19.7% to 20.2%. Using the ISIC (Revision 2) definition of sectors, agriculture (including hunting, forestry, and fishing) has the highest tariff rates, followed by manufacturing, and mining and quarrying (Table III.3).

Table III.3
EAC tariff summary, 2011

	Number of lines	Average (%)	Range (%)	Standard deviation	Duty free (%)
Total	5,274	12.7	0-100	12.0	37.4
HS 01-24	764	22.4	0-100	12.4	8.9
HS 25-97	4,510	11.0	0-55	11.2	42.2
By WTO category					
WTO agricultural products	706	20.2	0-100	14.1	16.4
Animals and products thereof	95	23.2	0-25	6.5	7.4
Dairy products	24	45.4	25-60	17.3	0.0
Fruit, vegetables, and plants	187	21.6	0-25	8.0	9.6
Coffee and tea	24	19.6	0-25	9.7	16.7
Cereals and preparations	90	23.4	0-75	15.4	10.0
Oils seeds, fats, oil and their products	77	11.8	0-25	9.0	23.4
Sugars and confectionary	19	39.5	10-100	37.1	0.0
Beverages, spirits and tobacco	51	25.3	10-35	3.2	0.0
Cotton	5	0.0	0-0	0.0	100.0
Other agricultural products, n.e.s.	134	10.5	0-25	10.5	41.0
WTO non-agricultural products	4,568	11.5	0-55	11.3	40.6
Fish and fishery products	125	24.5	10-25	2.6	0.0
Minerals and metals	932	10.7	0-55	10.1	35.7
Chemicals and photographic supplies	888	4.4	0-25	8.5	74.7
Wood, pulp, paper and furniture	269	15.9	0-25	10.8	25.7
Textiles	604	19.7	0-50	9.6	7.1
Clothing	222	25.3	25-50	2.9	0.0
Leather, rubber, footwear and travel goods	162	12.7	0-25	9.3	21.0
Non-electric machinery	534	3.4	0-25	6.5	74.2
Electric machinery	251	10.8	0-35	10.2	34.7
Transport equipment	158	7.3	0-25	9.9	58.2
Non-agricultural products, n.e.s.	395	14.8	0-50	11.3	30.1
Petroleum	28	4.5	0-25	8.1	71.4
By ISIC sector[a]					
ISIC 1 - Agriculture, hunting and fishing	294	17.7	0-75	12.4	25.2
ISIC 2 - Mining and quarrying	99	4.8	0-25	7.7	65.7
ISIC 3 - Manufacturing	4,880	12.5	0-100	12.0	37.6

Table III.3 (cont'd)

	Number of lines	Average (%)	Range (%)	Standard deviation	Duty free (%)
By stage of processing					
First stage of processing	639	13.7	0-75	13.1	39.9
Semi-processed products	1,744	9.9	0-100	11.9	46.6
Fully processed products	2,891	14.1	0-60	11.6	31.3

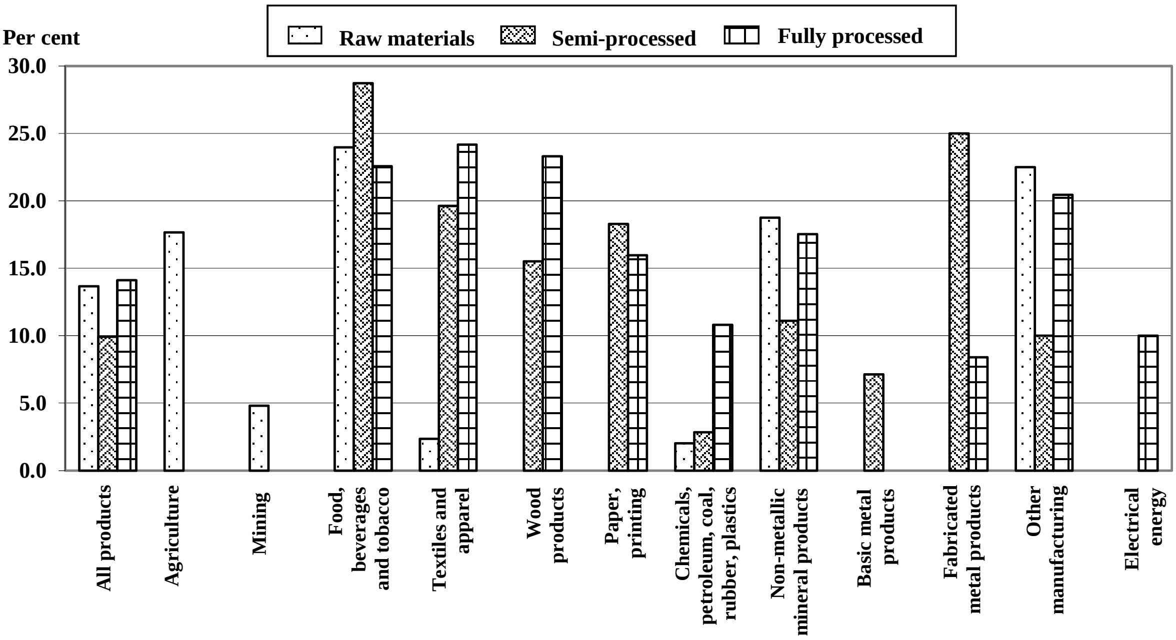
a International Standard Industrial Classification (Rev.2). Electricity, gas and water are excluded (1 tariff line).

Note: Calculations for averages are based on the EAC CET line level (8-digit level). For mixed-duty rates (11 tariff lines), calculations include the *ad valorem* part used for the analysis. No duty rates are provided for three tariff lines.

Source: WTO Secretariat calculations, based on data provided by the EAC Secretariat.

78. In aggregate, the EAC's tariff shows mixed escalation: negative from the first stage of processing (average tariff of 13.7%) to semi-finished products (9.9%), and positive to fully processed goods (14.1%). Further disaggregation of the tariff at ISIC (Revision 2) two-digit level shows positive escalation in textiles and apparel; wood products; chemicals, including petroleum, coal, rubber and plastics. All the other industries show mixed escalation (Chart III.2).

Chart III.2
Tariff escalation by ISIC 2-digit industry, 2011



***Source*: WTO Secretariat estimates, based on information provided by the EAC Secretariat.**

79. The EAC member states have bound their tariffs individually at various levels and coverage (Table III.1 and Annexes 1-5). For 11 lines, applied mixed tariffs may exceed bound *ad valorem* rates, depending on the unit import price of the product (Table III.4).

Table III.4
Products for which applied MFN rates may be higher than the final bound rates, 2011

HS code	Description	Applied MFN tariff (higher rates applies in all cases)	Bound rates (%)				
			Burundi	Kenya	Rwanda	Tanzania	Uganda
10061000	Rice in the husk (paddy or rough)	75% or $200/MT	100	100	80	120	80
10062000	Husked (brown) rice	75% or $200/MT	100	100	80	120	80
10063000	Semi-milled or wholly milled rice, whether or not polished or glazed	75% or $200/MT	100	100	80	120	80
10064000	Broken rice	75% or $200/MT	100	100	80	120	80
17011190	Cane sugar: other than Jaggery	100 % or $200/MT	100	100	80	120	80
17011290	Beet sugar: other than Jaggery	100 % or $ 200/MT	100	100	80	120	80
17019100	Other than raw sugar: containing added flavouring or colouring matter	100 % or $ 200/MT	100	100	80	120	80
17019910	Other than raw sugar: sugar for industrial use	100 % or $200/MT	100	100	80	120	80
17019990	Other than raw sugar: other not including sugar for industrial use	100 % or $200/MT	100	100	80	120	80
63051000	Sacks and bags: – of jute or of other textile bast fibres of heading 53.03	45% or US$0.45 per bag	U	U	100	U	U
63090000	Worn clothing and other worn articles	35% or US$ 0.2 per kg	U	U	100	U	U

Note: U = Unbound.

Source: WTO Secretariat estimates, based on information provided by the EAC Secretariat, and CTS, WTO database.

(b) Tariff preferences

80. In accordance with Article 10 of the Protocol on the Establishment of the EAC Customs Union, all members have eliminated tariffs on intra-EAC trade, since 2010.

81. EAC members also grant tariff preferences on a reciprocal basis under trade agreements in which they participate individually. Consequently, tariff preferences may differ from one country to another. The main preferences are those accorded by Tanzania to imports from other SADC countries; and by Burundi, Kenya, Rwanda, and Uganda to imports from other COMESA states. Burundi, Kenya, and Rwanda participate in the free trade area under COMESA, while Uganda is still under the preferential trade regime and has attained 80% reduction of tariffs on goods originating in other COMESA countries that are outside EAC. All imports from SADC to Tanzania are duty free.

(c) Tariff and tax exemptions and concessions

82. Under the Customs Union Protocol, EAC members have agreed to harmonize their duty and tax exemption and concession schemes. The exemption regime is provided for by the EAC Customs Management Act.

83. Country-specific waivers are granted by the EAC Council on a case-by-case basis, on justification of any injury or threat of injury (Table III.5). Approval is by consensus. In addition, a duty remission scheme (DRS) allows manufacturers of designated goods to import inputs under preferential tariff conditions. Imported inputs that have benefited from the DRS include, sugar for industrial use, paper for exercise books and text books, CKDs for assembly of bicycles and motor cycles, and items for manufacture of goods for export (Annexes 1-5).

Table III.5
EAC exemptions to the common tariff regime, 2011

	HS code	Description of goods	Waiver
1.	1101.00.00	Wheat flour	Burundi and Rwanda to apply import duty rate at 35% for one year.
2.	8701.20.90	Road tractors for semi- trailers	Burundi, Rwanda, Tanzania and Uganda to apply import duty rate at 0% for one year.
3.	8704.22.90	Motor vehicles for transport of goods with gross vehicle weight exceeding 5 tonnes but not exceeding 20 tonnes	Burundi, and Uganda to apply import duty rate at 10% for one year.
4.	8704.23.90	Motor vehicles for transport of goods with gross vehicle weight exceeding 20 tonnes	Burundi, and Uganda to apply import duty rate at 0% for one year.
5.	1006.10.00	Rice in the husk	Rwanda to apply import duty rate at 30% for one year.
6.	8704.22.90	Trucks of carrying capacity of 5 tonnes and above	Rwanda to apply import duty rate at 10% for one year.
7.	8704.23.90	Trucks of carrying capacity of over 20 tonnes	Rwanda to apply import duty rate at 0% for one year.
8.	1001.90.90	Wheat grain	Rwanda to apply import duty rate at 0% for one year.
9.	..	Construction materials imported by registered investors with projects of at least US$1.8 million Construction materials for registered investors with projects of at least US$1.8 million	Rwanda to stay application of the import duty rates in the EAC CET and apply import duty rate of 5% on construction materials imported by registered investors with projects of at least US$1.8 million for a period of one year.
10.	7413.00.90	Other stranded wire, cables plaited bands and their like	Rwanda to apply import duty rate at 10% instead of 25% for one year.
11.	1001.90.20	Hard wheat (wheat grain)	Tanzania and Uganda to apply import duty rate at 0% for one year.
	1001.90-90	Other	
12.	8702.10.99 8702.90.99	Motor vehicles for the transport of more than 25 persons	Tanzania to apply import duty rate at 10% for one year.
13.	8704.22.90	Motor vehicles for the transport of goods with gross vehicle weight exceeding 5 tonnes but not exceeding 20 tonnes	Tanzania to apply import duty rate at 10% for one year.
14.	8704.23.90	Motor vehicles for the transport of goods with gross vehicle weight exceeding 20 tonnes	Tanzania to apply import duty rate at 0% for one year.
15.	8201.30.00	Hoes	Uganda to apply import duty rate at 0% for one year
16.	7308.90.90	Road guard rails	Uganda to apply import duty rate at 10% for one year
	7326.20.00	Gabions and gabion mattresses	
17.	7217.20.00	Galvanized wire	Duty rate on galvanized wire increased from 0% to 10%
18.	7614.10.00 7614.90.00	Aluminium conductors and cables	Uganda and Rwanda to apply 10% instead of 25% for one year
19.	7413.00.90	Other electrical wires	Uganda to apply 10% instead of 25% for one year
20.	1006.10.00	Rice in the husk	
	1006.20.00	Husked (brown) rice	Kenya to stay application of EAC CET on rice and apply 35% instead of 75% or US$200/MT for one year
	1006.30.00	Semi-milled or wholly milled rice	
	1006.40.00	Broken rice	
21.		Exemption of Armed Forces Canteen Organization (AFCO)	Exemption regime extended for Tanzania Armed Forces Canteen Organization (AFCO) for one year

.. Not available.

Source: *EAC Gazette,* June 2011. Viewed at: http://www.kra.go.ke/customs/pdf/EAC-GAZETTE-30TH-JUNE-2011.pdf.

(d) Other duties and charges

84. EAC members have bound other duties and charges individually (Annexes 1-5). The EAC Customs Management Act provides for other duties and charges applicable on imports. These include overtime fees, fees for cautionary visits, licence fees, and fees for services to the public (Table III.6).[18]

Table III.6
Customs service fees

Service or certificate	Fees
Certification of a copy of any document	US$5.00
Issuance of a landing certificate, for each original entry in which goods are entered	US$10.00
Transhipment	US$10.00
Transfer of ownership	US$10.00
Issuance of certificate of weight for a consignment	US$5.00
Approval of alterations in the marks, numbers or other particulars in any document submitted to Customs, other than an inward manifest	US$5.00
Cancellation of entries	US$10.00
Issuance or certification of any other certificate or document issued by Customs	US$3.00
Amendment of an inward report	US$10.00

Source: EAC Customs Management Regulations, 2010. Viewed at: http://www.eac.int/legal/index. php?option=com _docman&task=doc_details&gid=153&Itemid=227.

(v) Internal taxes

85. Under the EAC Common Market Protocol, EAC member states undertake to progressively harmonize their tax policies and laws on domestic taxes, with a view to removing tax distortions, and facilitating the free movement of goods, services, and capital, and the promotion of investments within the Community.

86. Individual countries' internal tax systems, especially tax bases and rates, may distort cross-border transactions, capital flows, and the regional labour division. Mainly in cases where taxes (or tax subsidies) are used as strategic instruments to strengthen the national position "in international competition on location advantages" within the regional community.[19]

87. There are substantial differences in, *inter alia*, the definitions of tax bases and rates in the EAC countries, as well as in experience of VAT use. While Kenya introduced VAT in 1990, Tanzania in 1996, and Uganda in 1998, Rwanda and Burundi adopted the VAT system only in 2009. Nonetheless, with the exception of Kenya, which charges VAT at 16% on most goods and services, and a reduced rate of 12% on electricity and fuel, all other EAC members use a standard rate of 18%; Tanzania reduced its VAT rate from 20% to 18% in 2009. In all the EAC member states exports are zero rated for VAT.

88. National legal frameworks for excise duties vary significantly within EAC (Annexes 1-5).

89. Following a 2008 study on tax harmonization, specific recommendations included: the strict reduction of the zero-rated transactions to exports, the harmonization and reduction of exempt

[18] EAC Customs Management Regulations, 2010. Viewed at: http://www.eac.int/legal/index.php?option=com_docman&task=doc_details&gid=153&Itemid=227.
[19] EAC Secretariat (2009).

transactions, the application of harmonized rules and practices for VAT refunds, and the harmonization of the tax bases. According to the EAC Secretariat, a tax harmonization programme has been initiated in the region. In addition, an agreement on avoidance of double taxation was signed by all EAC countries in 2010, and is currently under the ratification process. To facilitate exchange of information, revenue authorities have signed a memorandum of understanding on exchange of information on tax matters.

(vi) Contingency measures

90. The Protocol on Establishment of the EAC Customs Union provides for anti-dumping, countervailing and safeguard measures. However no cases have been reported since the last Review of the EAC.

91. Provisions on contingency measures are laid down in Articles 16 to 20 and Article 24 of the Protocol on the Establishment of the East African Customs Union. Article 20 of the Customs Union Protocol calls upon member states to cooperate in the detection and investigation of dumping, subsidies, and sudden surge in imports, and in the imposition of measures to curb such practices.

92. The Protocol also provides for the establishment of an East African Community Committee on Trade Remedies, which is yet to be established. According to the EAC Secretariat, the Committee is to be operationalized by 2013; it will handle, *inter alia*, anti-dumping, subsidies, and non-tariff barriers. The Committee is to determine its own procedures and have the following functions: initiation of investigations, through the investigating authorities of member states; determination on investigations; recommendation of provisional measures to where a preliminary affirmative determination is made; and annual review of the implementation of measures.

93. Dumping is prohibited if it causes or threatens to cause material injury to an established industry in a member state; materially retards the establishment of a domestic industry; or frustrates the benefits expected from the removal or absence of duties and quantitative trade restrictions between the member states. Provisions on the implementation of anti-dumping measures are laid down in Annex IV to the Customs Union Protocol.

94. EAC countries may impose countervailing measures for the purpose of offsetting the effect of subsidies. The countervailing duty shall be equal to the amount of the subsidy estimated to have been granted on the production or export of the good.

95. Safeguard measures may be applied by EAC members where there is a sudden surge in imports of a product, under conditions that cause or threaten to cause serious injury to domestic producers.

(vii) Import prohibitions, restrictions, and licensing

96. Prohibited imports under the Second Schedule to the EAC Customs Management Act, include: pornographic material, narcotic drugs, hazardous wastes and their disposal, used tyres, and various agricultural and industrial chemicals. In addition, the Act allows EAC member states to maintain national import prohibitions in force for a transitional period. The Second Schedule requires an import permit for 31 product groups, including arms and ammunition, worked and unworked ivory,

ozone-depleting substances, genetically modified products, non-indigenous species of fish, historical artefacts, and endangered species of wild flora and fauna in accordance with CITES.[20]

(viii) Standards and other technical requirements

97. Article 13 of the Protocol on the Establishment of the East African Customs Union urges member states to remove all non-tariff barriers (NTBs), with immediate effect, and not to impose any new ones. Furthermore, EAC member states have formulated a mechanism for identifying and monitoring the elimination of NTBs, including standards and technical requirements (see section 2). Substantial progress still needs to be achieved in this direction.

98. Some 1,200 voluntary standards have been harmonized for uniform application by EAC members. A comprehensive list of the up-to-date East African standards is contained in the Catalogue of East African Standards.[21] The entries are arranged according to International Classification for Standards (ICS) subjects.[22]

99. The East African Standards Committee (EASC) develops new standards or harmonizes existing ones; it is composed of representatives of the national Quality System Institutions and of the private sector. It has four functioning technical subcommittees on: standards, quality assurance, metrology, and testing. According to the EAC Secretariat, there is a proposal to establish a subcommittee on technical regulations.

100. According to the EAC Standardisation, Quality Assurance, Metrology and Testing Act (SQMT) Act 2006, "where a member state intends to develop and implement a national technical regulation relating to a product that does not fall within the scope of a compulsory standard, the member state shall notify the Secretariat and the other member states of the national technical regulation at least 60 days before the national technical regulation comes into force. Member states shall base their national technical regulations on East African Standards, where these exist, in order to lead to the declaration of the technical regulations as compulsory standards."

101. The procedures and mechanisms by which the EASC and the EAC member states are to harmonize existing standards, and develop and publish new standards were codified and published in 2005. A proposal for a standard harmonization (or standard development) project may be made to the EASC, through any EAC country's National Standards Body. A standard development process refers to a proposal, at regional level, for a new standard, a new part or revision of an existing standard, or a technical specification.

102. The EASC is in charge of approving the standard project and allocating it to a National Standard Body, which will act as the focal point for the specific project. The draft harmonized standard is circulated by the designated focal point to all EAC countries' standards bodies for comments. The draft harmonized standard (or proposed standard) is notified to the WTO and available for public comments for 60 days. Standards are approved by the EASC, then forwarded to the EAC Council of Ministers to be declared as East African standards. Newly harmonized standards

[20] EAC Customs Management Act, 2004, Second and Third Schedules.

[21] Catalogue of East African Standards. Viewed at: http://eac-quality.net/fileadmin/eac_quality/user_documents/3_pdf/EAS_CATALOGUE_2007.pdf.

[22] Catalogue of East African Standards. Viewed at: http://eac-quality.net/fileadmin/eac_quality/user_documents/3_pdf/EAS_CATALOGUE_2007.pdf.

(or developed standards) are gazetted; their number, title and scope are posted on the EAC web-portal for public information, and copies are available from the National Standards Bodies, on demand.[23]

103. According to the EAC SQMT Act 2006, development of standards and technical regulations in the EAC should seek to respond to regulatory needs (e.g. security, safety, and environment considerations); market requirements; scientific and technological development; national Government and EAC Council of Ministers' priorities; and export promotion needs.

104. A formal review of each EAC Standard is to be conducted at regular intervals, by the responsible Technical Committee, to determine its continued applicability or, if necessary, the need to amend, revise, or withdraw it.

105. The EAC Council of Ministers is responsible for the final declaration of East African Standards. Under the SQMT Act, the member states are required to adopt the approved text as a national standard within six months, and withdraw any existing national standard with similar scope and purpose.

106. Accreditation in EAC is covered in Sections (10) and (11) of the Act. It prescribes accreditation structures at national and regional levels. The East African Accreditation Board (EAAB) is mandated to promote, facilitate and coordinate accreditation activities. However, Kenya is the only EAC member with an internationally recognized accreditation body (see Annex 2).

107. Recognition of certification marks among EAC countries on regionally traded goods is proving difficult to implement. National quality institutions may verify the quality of such goods in certain circumstances. According to the EAC Secretariat, a regional regulation to further promote the recognition of certification marks within the region, has been approved by the Council of Ministers, and was expected to commence in mid-2012.

(ix) Sanitary and phytosanitary measures

108. Article 108 of the Treaty for the Establishment of the East African Community, and Article 38 of the Protocol on the Establishment of the East African Community Customs Union provide for the development of EAC harmonized SPS measures. The objectives of the protocol include: establishment of a framework to guide the development, adoption, enforcement, and harmonization of sanitary and phytosanitary measures within the Community in accordance with provisions of the WTO-SPS Agreement; provision of a framework for operation and implementation of the EAC-harmonized sanitary and phytosanitary measures; establishment of pest-free areas, and promotion of safe trade in agricultural products within the region and with others.

109. In practice, there is no formal structure for the application of SPS measures at the regional level.

110. The decision to develop the EAC protocol on SPS was adopted during the first meeting of the EAC Sectoral Council on Agriculture and Food security, held in September 2006.

111. The EAC SPS protocol was developed with a view to protecting human, animal, and plant life and health; and promoting trade in agri-food products. It emphasizes the need to define procedures for conformity assessment, establish mutual recognition, and determine equivalences across EAC

[23] See www.eac-quality.net.

member states. The protocol encompasses harmonized SPS measures for plants; for mammals, birds and bees; for fish and fishery products; and on food safety.

112. At its 20th meeting in 2010, the EAC Council of Ministers adopted the EAC SPS protocol and referred it to the Sectoral Council on Legal and Judicial Affairs for legal input.[24] In addition, the Council decided to expand the scope of responsibility of the current EAC Standards Committee to include bodies involved in developing SPS standards.

113. Full adoption and enforcement of harmonized SPS measures will rationalize the development of agriculture production, improve quality, and enhance trade within the EAC region and with other trading partners.

(2) MEASURES DIRECTLY AFFECTING EXPORTS

(i) Documentation, taxation, and restrictions

114. Customs documentation requirements for exports have not yet been fully harmonized within the EAC. The number of documents required varies from five in Tanzania to nine in Burundi.

115. Part A of the Third Schedule of the EAC Customs Management Act covers prohibited exports. It refers to export prohibitions decided on and enforced by individual member states when necessary. Export authorization is required for products listed in Part B of the Third Schedule. Items on this list include: waste and scrap of ferrous cast iron, timber from wood grown in EAC member states, fresh unprocessed fish (Nile perch and tilapia), cloves, wood charcoal, used automobile batteries, lead scrap, crude and refined lead, and all forms of scrap metal. In addition, EAC members may individually impose export authorization requirements, under national legislation in force on 1 January 2005.

(ii) Export assistance

116. The common export assistance regime has progressed since the last Review of the EAC. The first strategy, for the period 2006-2010 in which a road map was developed, was aimed at creating a sound environment for EAC export diversification. A Joint Export Promotion and Investment Strategy, covering 2012-2016, is being formulated. A regional Committee on Trade and industry, and a Committee on Investment are in charge of monitoring export promotion and investment issues, respectively.

117. The Customs Management Act (CMA) and the Protocol on the Establishment of the East African Customs Union provide for manufacturing under bond, export processing zones, and duty drawback schemes. Pursuant to Article 25 (3) of the Protocol, the sale of goods in the customs territory, under any of these schemes, is subject to authorization by a competent authority and limited to 20% of the company's annual production.

118. Section 140 of the EAC CMA provides for duty remission on goods imported for the manufacture of export products. Duty remission regulations and a duty remission manual were adopted in 2008 and 2010 respectively. The scheme allows for remission of tariffs on raw materials used in the manufacture of goods for export. Manufacturers of goods produced using inputs imported in under the duty remission scheme are required to sell at least 80% of their production outside the

[24] *EAC Gazette*, August 2011. Viewed at: http://www.eac.int/customs/index.php?option=com_docman&task=doc_details&gid=135&Itemid=106.

EAC. Prior to full implementation of the Customs Union the rule applied only to goods sold outside the national border of the member states.

119. According to the EAC Secretariat, there are administrative challenges in monitoring and enforcing the exemption regime to ensure that goods are exported and those sold within the region attract full duties. No evaluation of the scheme has been undertaken.

120. The EAC Secretariat has enacted EPZ regulations intended to ensure uniformity in the implementation of the Customs Union EPZ provisions, and to ensure, to the extent possible, that the process is transparent, accountable, fair and predictable. An EAC member that does not have national legislation on EPZs must undertake, before applying the EAC regulations, to enact national legislation to implement them. Members must undertake to align national legislation with the provisions of the regulations.[25] The EAC Model Export Processing Zones Operational Manual, adopted in November 2011, provides for exemptions from duties and taxes on specific imports for exclusive use in eligible business activities. The manual encourages EAC members to develop a harmonized list of exemptions under these regulations. According to the EAC Secretariat, the harmonized list of exemptions is being finalized.

121. The Africa Trade Insurance Agency (ATIA), established by African states with technical and financial support from the World Bank, is a multilateral developmental financial institution dedicated to providing credit and political-risk insurance and other financial products to promote trade and investment in Africa. The participating countries include EAC member states. The ATIA's main objective is to facilitate access to, and improve the terms of trade finance for participating countries. The beneficiaries of the ATIA include foreign companies exporting goods or services to participating countries, companies from participating countries that are exporting goods or services, and banks engaged in export credit.

(3) MEASURES AFFECTING PRODUCTION AND TRADE

(i) Competition policy and regulatory issues

122. Article 21 of the Customs Union Protocol obliges EAC members to prohibit any practice that adversely affects free trade, including any agreement, undertaking or concerted practice that has as its objective or effect the prevention, restriction or distortion of competition within the Community. The Article is to be implemented in accordance with the EAC competition policy and law.

123. The EAC competition policy was adopted in 2004, and the EAC Competition Act was enacted in 2006. The Act contains provisions on, *inter alia*, abuse of market dominance, mergers and acquisitions, consumer welfare, member states' subsidies, and prohibits anti-competitive concerted practices.

124. The Act provides for the establishment of an East African Competition Authority composed of five Commissioners (one from each member state), and with power to: investigate and compel evidence, hold hearings, issue legally binding decisions, and impose remedies. The EAC Competition Authority and competition institutions in member states are to cooperate in the implementation of the EAC Competition Act. In particular, national competition authorities may assist in investigations and enforcement of the decisions of the EAC Competition Authority.

[25] EAC Customs Union (Export Processing Zones) regulations.

125. Implementation of the Common Market, which began in 2010, revealed a legal gap in the regulation of companies whose activities have cross-border effects. Articles 33 to 36 of the Common Market Protocol oblige member states to, among other things, prohibit any practices that adversely affect free trade, including restrictive trade agreements and concerted practices, concentrations that create or strengthen dominant position, and abuse of dominance by undertakings. Member states should also ensure consumer protection.

126. Chapter V of the EAC Competition Act deals with subsidies in EAC member states. Subject to the provisions of the Act, a member may grant a subsidy to any sector, if it is in the public interest to do so. However, before granting a subsidy, the member must notify it to the EAC Competition Authority. The Authority considers whether the subsidy is within the list of exemptions, and communicates its decision to the member. Aggrieved members may challenge the Authority's decisions in the East African Court of Justice. If the Court determines that the subsidy is illegal, the member state must recover the subsidy from its recipient.

127. Under Article 16, EAC members should not grant any subsidy that distorts or threatens to distort competition within the Community. In addition, a member should not grant any subsidy, *inter alia*, for the promotion of exports or imports between EAC member states, or on the basis of nationality or residence of persons or country of origin of goods or services.

128. To date, the EAC Competition Act has not been operationalized. According to the EAC Secretariat, effective implementation of the EAC Competition Act faces a number of challenges, including the lack of competition laws and institutions in some member states, and technical capacity issues at national and regional levels. In addition, key national and regional stakeholders need to be sensitized on the benefits of competition policies, including laws. Currently, only Kenya and Tanzania have fully functioning national competition laws and institutions. Sensitization workshops targeting key policy-makers were carried out in 2009, in Burundi, Rwanda, and Uganda.

(ii) Intellectual property rights

129. Article 103 of the EAC Treaty and Article 43 of the EAC Common Market Protocol set out the framework for regional cooperation in and harmonization of IPRs' policies. Significant progress has been made since the last TPR of the EAC. A draft EAC Regional IP Protocol and Policy on the utilization of Public Health-Related WTO-TRIPS flexibilities was adopted by the Sectoral Council of Ministers of Health in March 2011, and is expected to be finalized in 2013. This initiative aims at maximizing the benefits of TRIPS flexibilities, through harmonization of EAC countries' policies on IPRs, to facilitate the manufacture and imports of essential medicines. A Technical Committee on TRIPS and Access to Medicines (TECTAM) is already in place to oversee the implementation of this initiative.

130. The main challenge to development of the policy and protocol has been the low level of awareness, by key stakeholders within the EAC, of the role of intellectual property in development, and in particular the importance of the WTO TRIPS flexibilities in facilitating local manufacturing capacity within the region.

131. Efforts are being made at the regional level to fight counterfeit and pirated products. The EAC Anti-Counterfeiting Bill is being finalized.

IV. TRADE POLICIES BY SECTOR

(1) AGRICULTURE

132. With about 80% of the EAC population living in rural areas and depending on agriculture for their livelihood, agriculture is vital for the region. However, its contribution to the EAC economies continues to decline, while services and manufacturing are becoming increasingly important (Annexes 1-5).

133. Crop production systems vary significantly within the EAC. Agriculture is dominated by smallholders, mixed farming of livestock, food crops, cash crops, fishing, and aquaculture. The major food crops are maize, rice, potatoes, bananas, cassava, beans, vegetables, wheat, sorghum, millet and pulses, some of which are also sold and could be regarded as cash crops. However, some highly mechanized undertakings produce mainly cash crops for export; these include tea, cotton, coffee, pyrethrum, sugar, sisal, horticultural crops, oil-crops, cloves, tobacco, coconut and cashew nuts. Forestry products include fruits, honey, herbal medicine, timber and wood for fuel.

134. The livestock subsector consists of cattle, sheep, goats and camels, mainly for meat and milk production, as well as pigs and poultry for white meat and eggs, and hides and skins for export and industrial processing. Fish and fishery products include assorted fresh water fish harvested from rivers, dams, lakes, and ponds, and marine fish from the Indian Ocean.

135. The main constraints for agriculture within the EAC include lack of access to appropriate technologies, high cost of inputs, frequent drought, pests and diseases, and market instabilities.[26] In addition, it suffers from the high cost of credit, inadequate extension services, inadequate funding for research, low levels of transfer of technology, low productivity and inadequate marketing systems, and lack of rural infrastructure, including roads. The Treaty for the Establishment of the EAC made agriculture and food security a key area for cooperation. The main regional initiatives are the Agriculture and Rural Development Policy, Agriculture and Rural Development Strategy, and the EAC Food Security Action Plan (2010-15).

136. The EAC Agriculture and Rural Development Policy was developed as an initial step towards operationalizing the agriculture-related provision of the Treaty. The Strategy outlines the various actions identified for accelerating development of the sector, which include: improving food security; accelerating irrigation development; strengthening early warning systems against climatic hazards; strengthening agricultural research and training; and improving trade infrastructure and utilities. In animal production, the policy aims at, *inter alia*, developing a common regulatory framework to monitor livestock production, trade in livestock products and inputs, and animal diseases and pests control; and promoting value addition.

137. The EAC Food Security Action Plan identifies the main constraints to food security in EAC countries, and provides for implementation and coordination arrangements; monitoring and evaluation; and resource mobilization for its implementation. The plan highlights the need for: adopting harmonized SPS measures to tackle the frequent bans on food imports in intra-EAC trade, as these measures separate surplus food production from the deficit markets; improving infrastructures in rural areas; and developing insurance instruments for agriculture. The plan is scheduled for implementation during 2011 to 2015, guided by the Sectoral Council of Ministers Responsible for Agriculture and Food Security.

[26] EAC Agriculture and Rural Development Policy, November 2006.

138. National ministries responsible for agriculture, food security, and respective sectoral ministries, will be charged with implementing the Plan. An Inter-Ministerial Coordination Team, comprising the relevant ministries will be established, where they do not already exist, to ensure close supervision. It may include stakeholders, active NGOs, and private sector representatives.

139. According to the EAC Secretariat, the Plan will be financed by a number of sources, including EAC development partners, climate change adaptation funds, private-sector investors, and financial institutions such as commercial banks, development finance institutions (DFIs) and micro-finance facilities. A financial resource mobilization plan will be prepared by EAC Secretariat in collaboration with member states to attract funds.

140. According to the Action Plan, all food-security actions in the EAC should take into account in-built gender and HIV/AIDS considerations.

141. On 3 April 2006, EAC countries signed a Regional Protocol on Environment and Natural Resources Management, which aims to coordinate member states' actions to prevent environmental degradation. The institutional setting to implement the protocol comprises the Sectoral Council on Environment and Natural Resources, supported by its Sectoral Committee, and six expert working groups on: terrestrial ecosystems; aquatic ecosystems; policy, legal and institutional framework; pollution issues; bio-safety; and climate change.

142. In practice, formulation of agricultural policies in the EAC remains largely the jurisdiction of domestic authorities. Agricultural products attract higher tariff protection than non-agricultural goods (Table AIV.1).

(2) SERVICES

143. The EAC Common Market Protocol (CMP) provides for free movement of services in the region. Under Article 23 (1), "liberalization shall be progressive and in accordance with the negotiated Schedules of Specific Commitments as provided in Annex V of the Protocol." The Annex on Mutual Recognition of Academic and Professional Qualifications was adopted. Bilateral MoUs have been concluded by lawyers, medical boards, architects and accountants in EAC countries.

144. The Schedule of Specific Commitments follows the positive list approach under the GATS and covers market access and national treatment according to each of the four modes of supply.

145. The first round of service liberalization focused on seven core service sectors (Table IV.1). According to the EAC Secretariat, negotiations on the remaining sectors and subsectors are ongoing.

Table IV.1
Summary of services commitments under the EAC Common Market framework

Services sector	BU	KE	RW	UG	TZ
Communication	6	17	21	21	17
Business	31	15	32	33	7
Distribution	3	3	4	4	2
Education	4	4	5	5	4
Financial	9	12	15	11	16
Tourism and travel-related	4	3	4	4	4
Transport	17	9	20	20	9
Total commitments (out of 160)	**74**	**63**	**101**	**98**	**59**

Source: Information provided by the EAC Secretariat.

V. AID FOR TRADE

(1) OVERVIEW

146. Four of the EAC countries are classified as LDCs (Burundi, Rwanda, Tanzania, and Uganda), while Kenya is a developing country. As the EAC engages in deeper, more ambitious integration, aid for trade continues to play an important supporting role through addressing the fundamental and structural bottlenecks hindering the region from maximizing the potential for trade to contribute to economic development. To this end, all the EAC countries are making efforts towards mainstreaming trade in their various National Development Plans (Annexes 1-5, Chapter II). They have taken measures at varying levels to manage aid for trade. For the EAC LDCs, the Enhanced Integrated Framework provides the institutional framework.

147. In Burundi, aid coordination has tended to be very fragmented and scattered. According to their nature, issues are addressed by the Ministries in charge of finance, planning, trade, foreign relations, and the interior. The wide range of aid coordination entities has often led to jurisdictional conflicts and a lack of efficiency. In 2007, the Government and the development partners therefore agreed to set up the National Aid Coordination Committee (CNCA) with a permanent secretariat. The CNCA and the partners, in their turn, established what they called the "Partner Coordination Group" to coordinate the activities of the donors via the Poverty Reduction Strategy Paper (PRSP) and the Strategic Framework for Peacebuilding (CSCP). The Coordination Group set up 13 sectoral groups, of which four are responsible for trade-related issues: the sectoral group for private sector development, the sectoral group for agricultural and rural development, the sectoral group for infrastructure development, and the sectoral group for regional integration.

148. In Kenya, Coordination Group meetings, chaired by the Minister of Finance, have provided regular opportunities since 2004, for the Government and development partners to discuss matters of mutual concern. The Development Partners Coordination Group (DPCG), chaired by the World Bank, meets each month. The Harmonization, Alignment, and Coordination Group (HACG), which includes the ministries of Finance, and of Planning and National Development, actively promotes dialogue with donors at the national level. Other coordination mechanisms include: the Government Coordination Group (GCG) and Sector Working Groups (SWGs). About 17 donors, providing some 90% of total official development assistance (ODA) to Kenya, have joined together to formulate the Kenya Joint Assistance Strategy. Sixteen sector donor groups coordinate dialogue and programme support at the sectorial level. Three-quarters of these are currently involved in developing sector-wide approaches with government counterparts. The aim is to further reduce duplication and waste. Donors actively involved in private-sector development formed the Private Sector Donor Group (PSDG), which meets regularly to discuss and review new and existing programmes under the Kenya Private Sector Development Strategy (PSDS), aimed at: improving Kenya's business environment; accelerating institutional transformation; facilitating growth through greater expansion of trade; improving the productivity of enterprises; and supporting entrepreneurship and indigenous enterprise development.

149. Rwanda and its development partners have put in place the Development Partners Coordination Group, composed of Government of Rwanda representatives (Secretaries General and Directors of Planning), heads of bilateral and multilateral donor agencies, as well as representatives of civil society and the private sector. Meetings of the Group are co-chaired by the Secretary General and Secretary to the Treasury of the Ministry of Finance and Economic Planning, and the UN Resident Coordinator, on behalf of development partners. The Development Partners Working Group, the highest level coordination structure in Rwanda, meets every two months, and holds an

annual two-day retreat. The Budget Support Harmonization Group, which consists of all partners that are providing budget or balance-of-payments support, is a technical working group operating under the Partnership Framework for Harmonization and Alignment of Budget Support. It discusses broad issues (including trade) relevant to the efficiency and effectiveness of budget support programmes. It meets quarterly. The Private Sector Cluster is a technical working forum through which the Trade Ministry and stakeholders meet to discuss the implementation of the strategic plan and development programmes for the private sector. It meets once a month and focuses on trade matters.

150. In Tanzania, the National Implementation Unit of the EIF provides a framework for managing aid for trade. The Tanzanian Trade Integration Strategy (TTIS) is in the process of implementation. Tanzanian authorities have also prepared a roadmap for TTIS implementation in Zanzibar (based on the Zanzibar Export Development Strategy (ZEDS) 2009-2015, replacing the intended separate DTIS for Zanzibar that would have been prepared under the ongoing Window II project). Coordination of support for trade-capacity development among development partners and between the latter and the Government has improved over time and a Memorandum of Understanding has been signed with the Government on Implementation of the TTIS 2009-13.[27] In May 2012, Tanzania submitted to the Executive Secretariat of the EIF a revised Tier 1 project proposal on "Capacity Development for Mainstreaming Trade". The total project cost is around US$5 million for a period of three years. Tanzania is seeking US$1.5 million from the EIF Trust Fund, and the remaining balance will be funded by UNDP and the UN.

151. In Uganda, the Ministry of Finance provides the overall framework for coordination of aid. Dialogue between the Government and national stakeholders is through the Inter-Institutional Trade Committee (IITC), the Competitiveness Investment Climate Steering Committee, the Presidential Investors' Round Table, and the Trade Sector Review Mechanism. Donor interventions are aligned with the DTIS Action Matrix and the National Trade Sector Development Plan (NTSDP). The IITC is responsible for mainstreaming trade and trade-related matters. Uganda has significantly improved its process of trade-policy formulation and implementation, though some institutional challenges remain in relation to programme coordination and strengthening of private-sector involvement, and effectiveness of district commercial offices for which the Enhanced Integrated Framework is providing assistance. With funding from Tier 1 of the EIF Trust Fund, Uganda put in place a National Implementation Unit (NIU) in early 2010 that oversees the implementation of the EIF programme. The NIU is chaired by the Permanent Secretary of the Ministry of Tourism, Trade and Cooperatives. The NIU, under the leadership of the EIF National Focal Point, works on advancing Uganda`s trade mainstreaming. Overall, the EIF provides an opportunity to enhance trade policy formulation and to ensure that trade is mainstreamed at an operational level. Uganda is elaborating a new Poverty Reduction Strategy Paper, which will provide an opportunity to further mainstream trade into the national development strategy.

(2) RECENT AID-FOR-TRADE SUPPORT

152. During the period under review, EAC countries have benefited from over 100 WTO TRTA activities (Table V.1). These included Geneva-based Trade Policy Courses; Regional Trade Policy Courses; Geneva-based Introduction Courses; Thematic Courses (such as on SPS, intellectual property); Short Trade Policy Courses; Geneva-based Specialized Courses on various issues (such as NAMA, TBT, RTAs, agriculture, services, TRIPS, development); the WTO Mission internship; and the WTO Regional Coordinator internship; as well as the Netherlands Trainee Programme. Other activities were undertaken under the now defunct Joint Integrated Technical Assistance Programme

[27] See Tanzania Trade Integration Strategy, 2009.

(JITAP). All EAC countries have benefited from trade facilitation needs-assessments and they participate regularly in the trade facilitation meetings at the WTO under the capital-based officials programme.

Table V.1
TRTA activities, 2006 to June 2012

EAC	Participation inTRTA activities[28]
Burundi	110
Kenya	175
Rwanda	131
Tanzania	125
Uganda	174

Source: WTO Institute for Training and Technical Cooperation Database.

153. In 2005, aid for trade represented 7%, 37%, 29% 40% and 24% of total sector allocable ODA respectively for Burundi, Kenya, Rwanda, Tanzania and Uganda, against 44%, 51%, 20%, 46%, and 40% in 2010. Aid for trade has been provided increasingly to support the integration process through regional programmes. The main donors providing support to regional integration programmes in the EAC include the World Bank, DFID, and the European Union.[29]

Table V.2
Donor operations in East Africa, October 2010

World Bank	Various projects under the World Bank Regional Integration Strategy for Sub-Saharan Africa which include: East Africa Trade and Transport Facilitation Project (US$300 million); Regional Communications Infrastructure Project (US$300 million); Geo-Thermal Energy Project, financed with Global Environmental Facility (US$70 million); EAC Regional Financial Integration Project (US$40 million); Lake Victoria Environmental Management Project (US$120 million); East Africa Agricultural Productivity Programme (US$120 million); and East Africa Public Health Laboratory Networking Project (US$60 million). The World Bank is also a key partner in the Nile Basin Initiative (more than US$1 billion).
DFID	Two main projects: The Regional East Africa Programme (focusing on Capacity Development Action Plan and Support for the CES Tripartite Process) and the East Africa Transit Improvement Programme (focusing on trade facilitation). DFID is also involved in the Nile Basin Initiative.
European Union (EU)	Support is mainly on Regional Economic Integration (80% of budget). There is also the EU Horn of Africa Initiative that covers projects in the transport, energy and water sectors along the major corridors in the Horn of Africa.
UNDP	Focus of UNDP is the promotion of pro-poor growth and accountability to achieve the MDGs. UNDP is conducting a study of the benefits of regional integration on human development.

Table V.2 (cont'd)

[28] Numbers do not include the various eTraining online courses.

[29] For full details of donor operations in Africa see African Development Bank (2010), Eastern Africa Regional Integration Strategy Paper 2011–2015, Regional Departments – East (Orea/Oreb) October. Viewed at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/RISP-East%20Africa%20-%20Shortened%20Draft%20-%20Pre%20OpsCom%20Version%20-%20Revision%2028%2010%202010%20RR%20Clean.pdf; and African Development Bank (2011), Regional Integration Strategy Paper 2011 – 2015, Regional Departments – East I & East II (Orea/Oreb), September. Viewed at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/East%20Africa%20-%20Rev%20RISP%20.pdf.

AfDB	AfDB's support focuses on transport corridors, Energy, ICT, cooperation on shared water resources, trade facilitation, and climate change adaptation. Projects include: the East African Trade and Facilitation Project, Arusha Namanga, Athi River Road Development Project, Arusha-Holili and Malindi-Lunga Multinational Roads Project, Regional Power System Master Plan and Grid Code and Lake Victoria Water and Sanitation Project.
USAID	USAID two main programmes are: management of river basins and protection of biodiversity and diagnostic study on Djibouti-Ethiopia, Central and Lamu corridors.
TMEA	Support from Trade Mark East Africa is mainly on Trade Facilitation including: one stop border posts, Border Post Infrastructure, procedures audit, and EAC Customs Training Programme, Corridor Diagnostic Studies, Corridors Observatories, and EAC Capacity Building Project.
Norway	Norway's main projects are: the EAC Climate Change Initiative, and the Regional Strategy on Scaling Up Access to Modern Energy Services.
Holland	Support to Trade Mark East Africa programmes.
Denmark	Support is mainly to the Partnership Fund in Arusha (about US$30 million) and Trade Mark east Africa.
German	Support is channelled through the GTZ and KfW. Projects focus on peace and security, as well as water and sanitation.

Source: African Development Bank (2010), Eastern Africa Regional Integration Strategy Paper 2011-2015, Regional Departments – East (Orea/Oreb) October. Viewed at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/RISP-East%20Africa%20-%20Shortened%20Draft%20-%20Pre%20OpsCom%20 Version%20-%20Revision %2028%2010%202010%20RR%20Clean.pdf; and African Development Bank (2011), Regional Integration Strategy Paper 2011 – 2015, Regional Departments – East I & East II (Orea/Oreb), September. Viewed at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/East%20 Africa%20-%20Rev%20RISP%20.pdf.

154. EAC countries are also beneficiaries of the North-South Corridor Initiative, a regional capacity-building project approved by the COMESA-EAC-SADC. It aims at reducing the time and costs of road and rail travel along two priority corridors: the Dar es Salaam Corridor linking the port of Dar es Salaam to the copper belt; and the North-South Corridor, which links the copper belt to the southern ports of South Africa. The Corridor, with its spurs, services eight countries – Tanzania, DR Congo, Zambia, Malawi, Botswana, Zimbabwe, Mozambique, and South Africa. The programme brings together all the ongoing initiatives taking place along the North-South Corridor (Africa's busiest in terms of freight volumes) under one umbrella, to ensure that reforms to Customs, border management, infrastructure and transport regulation are mutually reinforcing and properly sequenced. The aim is to ensure that improvements in one area are not nullified by bottlenecks in another. It was showcased at the Second Global Aid-for-Trade Review in July 2009. There is also the Northern Corridor, a regional capacity-building project anchored by the port of Mombasa. Activities around the initiative aim at facilitating trade, lowering costs for business, advancing regional integration, and improving the economic livelihood of all East Africans. Donors involved in this initiative include USAID, DFID, and JICA.[30]

155. EAC countries benefit from a series of country-specific programmes.

156. In Burundi, the resources mobilized by donors were allocated first and foremost to the reconstruction and stabilization of the country after many long years of conflict. The aid-for-trade resources are difficult to identify in the overall context of Official Development Assistance. The last CNCA report on the distribution of aid dates back to 2011 and contains data for 2009 and 2010. It points to two main sources of aid: multilateral and bilateral. A certain amount of aid was also provided by NGOs, charity organizations and private entities, but was negligible. Aid for Trade ranks third among the different headings of the Growth and Poverty Reduction Strategy Framework

[30] Viewed at: http://www.eastafricancorridors.org/cds.

(GPRSF), and represented 22% of total aid granted to Burundi in 2009, and 31% in 2010 (Table V.3). This aid is chiefly directed towards production support infrastructure, road building, agriculture and the environment, and the growth sectors.

Table V.3
Aid-for-trade commitments to Burundi, 2002-10
(US$ million, constant prices)

Sector(s)	Average 2002-2005	2006	2007	2008	2009	2010
II.1 Transport and storage	27.24	35.04	34.17	3.71	46.33	43.82
II.2 Communications	1.26	1.49	19.54	0.01	0.04	0.04
II.3 Energy	..	0.07	11.45	32.79	0.29	23.39
II.4 Banking and other financial services	1.79	8.47	3.04	6.70	31.70	3.38
II.5 Trade and other services	..	15.23	2.22	10.32	0.11	13.59
III.1.a Agriculture	17.58	43.02	16.96	29.01	37.84	110.53
III.1.b Forestry	0.00	0.00	00.01	..	0.69	0.00
III.1.c Fisheries	0.00	0.03	0.14	0.13	0.13	0.00
III.2.a Industry	3.85	2.75	1.98	6.24	0.52	0.81
III.2.b Mineral resources	..	..	2,009.50	6,501.30	2,434.70	4,185.40
III.3.a Trade policy and regulations	..	0.06	1.84	0.42	0.83	4.65
III.3.b Tourism	..	..	0.03	..	0.10	0.46
Total Aid for Trade	**51.77**	**106.20**	**97.03**	**92.28**	**133.10**	**200.74**

.. Not available.

Source: OECD-DAC, Aid activity database, Creditor Reporting System Database; and BRP (2012), Annual Report

157. Kenya's committed trade-related aid-flows increased significantly between 2005 and 2010, from about US$358.1238 to US$1.636.447 billion. A notable drop in 2008 was likely due to post-election violence. The overall increasing trend in commitments reflects increased attention to trade by Kenya's development partners. The rise in the share of aid for trade in total aid also likely reflects the strong trade focus of the Vision 2030. However, according to information from the Kenyan Authorities, ODA funds need to be disaggregated in order to facilitate identification of the resource envelope intended for aid for trade. Moreover, they recommend that disbursement of funds be effected. Kenya's main direct trade support programmes include EU support for the Kenya Investment Climate Programme (KICP) (2010-2014); DANIDA – Business Sector Development Programme (BSPS) (2011-2015); International Finance Corporation support to KICP (2008-2012); JAICA – OVOP (2009-2011); JAICA support for the Project for Capacity Building for Customs Administrations of Eastern African Region (2007-2011); Catalyst Fund (DANIDA, UNDP, EU and DFID) – support for implementation of PSD Strategy (2007-2012); DFID – PRIME (2009-2014); Trade Mark East Africa – multi-donor programme supporting Kenya's regional integration process (2010-2015); and EU-ASMEP. Under the Standards and Trade Development Facility (STDF), Kenya has benefited from, *inter alia*, project grants for the development of regional action plans to enhance veterinary capacity in East Africa (2006-08)[31], and for the establishment of a centre of phytosanitary excellence (COPE) (2008-10).[32]

[31] See STDF/PG/013. Viewed at: http://www.standardsfacility.org/en/PGProStat.htm.
[32] See STDF/PG/171. Viewed at: http://www.standardsfacility.org/en/PGProStat.htm.

Table V.4
Aid-for-trade commitments to Kenya, 2005-10
(US$ million, 2010 constant prices)

Sector(s)	2005	2006	2007	2008	2009	2010
II.1 Transport & storage	20.72	197.22	506.16	3.04	416.90	72.97
II.2 Communications	1.12	1.54	65.94	1.36	3.41	3.56
II.3 Energy	135.64	37.71	81.47	0.44	269.69	1,077.13
II.4 Banking & financial services	25.70	5.83	1.37	10.34	26.20	33.39
II.5 Business & other services	1.82	30.21	11.56	2.38	32.92	63.11
III.1.a Agriculture	94.43	172.10	115.65	56.70	160.76	344.28
III.1.b Forestry	17.79	1.40	20.52	0.73	13.24	13.39
III.1.c Fishing	0.07	0.14	0.25	0.08	0.022	13.59
III.2.a Industry	9.06	9.53	18.98	17.04	48.63	12.57
III.2.b Mineral resources & mining	0.02	..	..	0.12	..	0.06
III.3.a Trade policies & regulations	51.65	1.76	0.94	0.31	0.91	0.64
III.3.b Tourism	0.05	0.06	0.037	0.03	2.74	1.69
Total Aid for trade	**358.12**	**457.55**	**822.92**	**92.63**	**975.46**	**1,636.44**

.. Not available.

Source: OECD-DAC, Aid activity data base, Creditor Reporting System Database.

158. Rwanda received a total of US$1.12 billion in aid-for-trade commitments between 2005 and 2010; annual commitments averaged US$187 million. There was a significant increase in 2009, to US$417.34 million, followed by a fall in 2010, back to US$212.57 million. Aid-for-trade support has been concentrated in economic infrastructure and building productive capacity. Transport and storage accounted for 35% of total aid for trade, agriculture 32%, and the remainder went to energy, banking, and business. In 2009, under the Enhanced Integrated Framework, Rwanda benefited from a three-year Phase I programme (Tier I), worth US$934,400 with the objectives of building sufficient institutional and management capacity to formulate and implement trade-related strategies; and mainstreaming trade into national development strategies, policies, and plans. The Diagnostic Trade Integration Study (DTIS) was updated in 2011.[33]

159. For Tanzania, the OECD CRS Database reports that commitments more than doubled between 2005 and 2010, from about US$546.55 million to about US$1,426.70 billion. The increase especially from 2007 reflects continued trade focus in donor activity. Flows in transport and storage, as well as business and others services, grew the most. The increase of aid for trade in total aid also likely reflects the strong trade focus of the MKUKUTA (2005-2010), Tanzania's National Development Strategy, as well as the TTIS. Tanzania's main direct trade support programmes, mentioned in its TTIS, include: the DANIDA-BSPS III (2008-2011), SIDA's TRAPCA (2006-2010), EU trade support to CSOs (2008-2011); IFAD-MOVI, Rural Financial Services Programme and marketing through the Agricultural Marketing Systems Development Programme; USAID-SHOP; DFiD/World Bank/Trade Private Sector Competitiveness Programme (US$95 Million- 2001-2012); and the World Bank Multi-Donor Trust Fund on Trade and Development. Other key trade support programmes within the review period include: BEST Programme 2005-2010; EU and USA-MCA; Tax Administration Reform Multi-Donor Fund (DFID, DANIDA, EU and World Bank); Financial Sector Reform Programme 2006-2011 (DFID and World Bank); Financial Sector Deepening Trust 2005-2010 (DFID, CIDA, DANIDA, RNE, SIDA and WB/IFC); and planned Infrastructure Policy Support Programme. STDF provided a project preparation grant (PPG) to the Horticulture

[33] Rwanda, through the Ministry of Trade and Industry, has developed Tier II projects which await review and approval.

Development Council of Tanzania Support Project.[34] It also provided support to harmonize the legal, regulatory and institutional framework for a sanitary and phytosanitary (SPS) control management system in 2008.[35]

Table V.5.
Aid-for-trade commitments to Tanzania, 2005-10
(US$ million, 2010 constant prices)

Sector(s)	2005	2006	2007	2008	2009	2010
II.1 Transport & storage	195.17	93.18	233.79	615.85	215.48	689.91
II.2 Communications	2.17	16.37	5.08	5.23	79.34	8.05
II.3 Energy	5.48	16.60	123.21	444.33	101.28	386.84
II.4 Banking & financial services	45.84	17.75	9.93	44.42	20.30	150.80
II.5 Business & other services	4.03	0.29	21.70	116.02	42.04	26.57
III.1.a Agriculture	197.44	159.88	97.83	99.75	246.29	144.52
III.1.b Forestry	0.22	13.63	6.65	..	7.07	6.65
III.1.c Fishing	0.19	0.20	0.39	0.43	0.26	0.06
III.2.a Industry	83.28	56.43	10.50	9.82	23.34	6.96
III.2.b Mineral resources & mining	0.15	0.04	0.04	5.20	51.66	0.09
III.3.a Trade policies & regulations	9.41	2.61	2.65	1.46	1.01	6.18
III.3.b Tourism	3.10	0.01	0.03	0.03	0.37	0.00
Total Aid for trade	**546.55**	**377.06**	**511.86**	**1,342.58**	**788.50**	**1,426.69**

.. Not available.

Source: OECD-DAC, Aid activity data base, Creditor Reporting System Database.

Table V.6
Aid-for-trade commitments to Rwanda, 2005-10
(US$ million at 2009 current prices)

Sector(s)	2005	2006	2007	2008	2009	2010
II.1 Transport & storage	40.78	62.06	21.36	0.35	83.42	75.75
II.2 Communications	0.28	1.16	4.34	27.17	1.91	2.08
II.3 Energy	33.80	13.04	33.39	31.55	157.26	15.31
II.4 Banking & financial services	1.46	0.64	4.10	7.16	12.92	14.18
II.5 Business & other services	2.47	0.21	1.64	11.04	10.97	12.64
III.1.a Agriculture	31.32	27.95	20.15	83.82	123.25	69.16
III.1.b Forestry	0.07	0.03	0.02	0.68	1.69	9.34
III.1.c Fishing	0.03	0.00	0.02	..	0.01	0.08
III.2.a Industry	0.18	4.05	16.41	7.97	16.91	2.87
III.2.b Mineral resources & mining	..	..	..	0.36	0.01	0.02
III.3.a Trade policies & regulations	0.00	0.07	0.38	0.43	8.93	6.26
III.3.b Tourism	0.01	..	..	..	..	4.81
Total Aid for trade	**110.45**	**109.25**	**101.84**	**170.57**	**417.34**	**212.57**

.. Not available.

Source: OECD-DAC, Aid activity data base, Creditor Reporting System Database.

160. Uganda's aid for trade grew to an estimated US$749 million in 2010, equivalent to 40% of ODA. The largest share of disbursements was directed towards transport and storage, with most of the remainder targeting energy and agriculture. The growth of flows into economic infrastructure

[34] Viewed in document STDF/PPG/126. Viewed at: http://www.standardfacility.org/en/PGPpg Stat.htm.
[35] Viewed in document STDF/PPG/268. Viewed at: http://www.standardfacility.org/en/PGPpg Stat.htm.

(transport, communications, and energy), reflects the shifting nature of aid priorities as well as recognition of Uganda's deep infrastructural constraints. Uganda's main direct trade support programmes during the review period include: the EU funded Uganda Programme for Trade Opportunities and Policy (UPTOP); Trade Capacity Enhancement Project (TRACE) under EIF funding; Economic Partnership Agreement Trade and Private Sector Support Project (EPA TAPSS); Quality Standards and Infrastructure Programme (QUISP) funded by the Swedish Development Agency; Competitiveness and Investment Climate Strategy (CICS) funded by various donors; and the World Bank Private Sector Competitiveness Project (PSCP II).

Table V.7
Aid-for-trade commitments to Uganda, 2005-10
(US$ million at 2009 current prices)

Sector(s)	2005	2006	2007	2008	2009	2010
II.1 Transport & storage	160.96	86.26	90.79	108.48	473.92	304.46
II.2 Communications	0.62	0.32	10.27	0.98	7.70	1.52
II.3 Energy	15.01	6.62	498.45	32.89	176.58	118.84
II.4 Banking & financial services	1.80	6.58	26.56	19.20	17.14	46.36
II.5 Business & other services	4.89	3.00	20.22	5.57	5.27	8.57
III.1.a Agriculture	25.97	50.45	121.50	76.37	234.23	226.34
III.1.b Forestry	0.08	0.04	11.29	14.43	19.51	0.70
III.1.c Fishing	0.19	0.05	0.25	0.17	0.01	..
III.2.a Industry	7.32	18.57	4.39	26.79	3.75	30.57
III.2.b Mineral resources & mining	7.89	..	0.03	4.58	15.68	1.87
III.3.a Trade policies & regulations	4.70	0.70	2.01	9.05	17.51	10.46
III.3.b Tourism	0.05	0.01	0.04	0.07	..	0.04
Total Aid for trade	**229.55**	**172.65**	**785.86**	**298.64**	**971.37**	**749.79**

.. Not available.

Source: OECD-DAC, Aid activity data base, Creditor Reporting System Database.

(3) AID-FOR-TRADE NEEDS

161. Aid for Trade in the East African Community needs to address various constraints to the development of EAC internal and external trade. These constraints include trade policy development, trade capacity development, supportive infrastructure, trade facilitation, and adjustment assistance. Aid for trade can play a key role in overcoming these challenges by contributing to improved competitiveness and increased productive capacity; and to trade-driven economic growth and wealth creation, especially for the poorest.

162. Specific challenges to the development of EAC countries' trade include limited capacity for diversification and low value-addition in production; increased use of non-tariff barriers (NTBs) in export markets; lack of competitiveness, due to inefficient trade facilitation infrastructure; limited availability of affordable trade finance; limited negotiation capacity, and uncoordinated negotiation processes; erosion of preferences; unconducive licensing and regulatory framework, and limited ability for exporters to meet international standards, including SPS requirements; high transportation costs; inadequate logistics and ICT capacities and skills; inadequate business management skills; weak supply chains; and poorly serviced business premises (Annexes 1 and 3, Chapter III).[36]

163. The EAC countries also face various difficulties in implementing some of the WTO Agreements, in particular the Customs Valuation Agreement, as well as their obligation to make

[36] See Kenya National Trade Policy.

timely notifications. Also, for Burundi and Rwanda, tariff rates under the EAC CET exceed their WTO bound levels for several lines.[37]

164. Donor commitments on aid for trade to all the EAC countries are increasing, due to the important steps taken by the countries to mainstream trade in their development strategies. Regional dimensions also need to be considered: transborder infrastructure, customs, communications, and regulatory reforms will play a key role in consolidating regional markets, including for the benefit of those that are landlocked. This will be key to realizing economies of scale and spurring regional competitiveness and growth. Success therefore depends on advancing on both tracks, regional and national.

[37] The EAC CET was agreed by Kenya, Tanzania, and Uganda in June 2003, prior to Burundi and Rwanda joining the EAC.

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APPENDIX TABLES

Table AIII.1
Applied tariff averages by HS2-digit level, 2011

HS	Description	No. of lines	Average tariff (%)	Range (%)	Standard Deviation	Duty-free lines (%)
	Total/Average	**5,273**	**12.7**	**0-100**	**12.0**	**37.4**
01	Live animals	26	18.3	0-25	11.1	26.9
02	Meat and edible meat offal	58	25.0	25	0.0	0.0
03	Fish and crustaceans, molluscs and other aquatic invertebrates	106	25.0	25	0.0	0.0
04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	31	40.8	25-60	17.4	0.0
05	Products of animal origin, not elsewhere specified or included	21	19.5	0-25	10.0	19.1
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	16	14.1	0-25	12.4	43.8
07	Edible vegetables and certain roots and tubers	58	25.0	25	0.0	0.0
08	Edible fruit and nuts; peel of citrus fruit or melons	55	24.5	10-25	2.8	0.0
09	Coffee, tea, maté and spices	31	25.0	25	0.0	0.0
10	Cereals	21	28.3	0-75	26.7	33.3
11	Products of the milling industry; malt; starches; inulin; wheat gluten	28	22.3	10-60	11.5	0.0
12	Oil seeds and oleaginous fruits; misc grains, seeds and fruit; industrial or medicinal plants; straw and fodder	39	6.7	0-10	4.7	33.3
13	Lac; gums, resins and other vegetable saps and extracts	10	0.0	0	0.0	100.0
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	5	10.0	10	0.0	0.0
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	50	13.7	0-25	10.3	26.0
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	26	25.0	25	0.0	0.0
17	Sugars and sugar confectionery	19	39.5	10-100	37.1	0.0
18	Cocoa and cocoa preparations	11	13.2	0-25	11.3	36.4
19	Preparations of cereals, flour, starch or milk; pastry cooks' products	23	21.5	0-25	7.9	8.7
20	Preparations of vegetables, fruit, nuts or other parts of plants	51	25.0	25	0.0	0.0
21	Miscellaneous edible preparations	19	21.1	10-25	6.6	0.0
22	Beverages, spirits and vinegar	26	24.4	10-25	2.9	0.0
23	Residues and waste from the food industries; prepared animal fodder	24	9.6	0-10	2.0	4.2
24	Tobacco and manufactured tobacco substitutes	10	28.0	25-35	4.6	0.0
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	69	6.9	0-55	9.5	50.7
26	Ores, slag and ash	37	0.0	0	0.0	100.0
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	65	6.0	0-25	7.7	53.9
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	166	0.7	0-25	3.3	94.6
29	Organic chemicals	337	0.0	0	0.0	100.0
30	Pharmaceutical products	32	0.8	0-25	4.4	96.9
31	Fertilizers	23	0.0	0	0.0	100.0
32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	47	6.7	0-25	10.5	68.1
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	29	16.7	0-25	11.5	31.0

Table AIII.1 (cont'd)

HS	Description	No. of lines	Average tariff (%)	Range (%)	Standard Deviation	Duty-free lines (%)
34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, dental waxes and dental preparations with a basis	24	16.3	0-25	10.8	25.0
35	Albuminoidal substances; modified starches; glues; enzymes	15	12.7	0-25	8.1	13.3
36	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	8	22.5	10-50	12.5	0.0
37	Photographic or cinematographic goods	33	9.4	0-10	2.4	6.1
38	Miscellaneous chemical products	85	5.0	0-25	8.4	67.1
39	Plastics and articles thereof	154	12.1	0-25	10.6	34.4
40	Rubber and articles thereof	88	8.2	0-25	8.1	38.6
41	Raw hides and skins (other than furskins) and leather	37	10.0	10	0.0	0.0
42	Articles of animal gut (other than silk-worm gut)	20	25.0	25	0.0	0.0
43	Furskins and artificial fur; manufactures thereof	12	9.6	0-25	9.9	41.7
44	Wood and articles of wood; wood charcoal	75	16.2	0-25	10.7	24.0
45	Cork and articles of cork	7	5.7	0-10	5.0	42.9
46	Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	11	25.0	25	0.0	0.0
47	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper and paperboard	21	0.0	0	0.0	100.0
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	114	18.9	0-25	8.9	9.7
49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	22	7.1	0-25	10.3	63.6
50	Silk	9	11.7	0-25	10.3	33.3
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	38	9.6	0-25	10.6	47.4
52	Cotton	131	20.1	0-50	10.6	3.8
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	23	10.7	0-25	10.4	39.1
54	Man-made filaments	70	17.7	10-25	7.5	0.0
55	Man-made staple fibres	109	17.1	0-50	11.1	19.3
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	33	17.4	0-25	8.0	3.0
57	Carpets and other textile floor coverings	21	25.0	25	0.0	0.0
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	40	25.0	25	0.0	0.0
59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	24	13.5	0-25	9.6	20.8
60	Knitted or crocheted fabrics	43	25.0	25	0.0	0.0
61	Articles of apparel and clothing accessories, knitted or crocheted	106	25.0	25	0.0	0.0
62	Articles of apparel and clothing accessories, not knitted or crocheted	116	25.7	25-50	4.0	0.0
63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	53	25.9	0-50	9.4	3.8
64	Footwear, gaiters and the like; parts of such articles	26	22.7	10-25	5.4	0.0
65	Headgear and parts thereof	9	17.2	0-25	9.2	11.1
66	Umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof	6	20.0	10-25	7.1	0.0
67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	8	25.0	25	0.0	0.0
68	Articles of stone, plaster, cement, asbestos, mica or similar materials	53	21.2	0-25	8.1	9.4

Table AIII.1 (cont'd)

HS	Description	No. of lines	Average tariff (%)	Range (%)	Standard Deviation	Duty-free lines (%)
69	Ceramic products	29	17.4	0-25	10.8	24.1
70	Glass and glassware	67	13.7	0-25	8.2	10.5
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	57	22.4	0-25	7.7	10.5
72	Iron and steel	168	5.9	0-25	6.5	48.2
73	Articles of iron or steel	130	14.5	0-25	10.1	21.5
74	Copper and articles thereof	52	13.2	0-25	8.2	11.5
75	Nickel and articles thereof	17	9.7	0-25	10.6	47.1
76	Aluminium and articles thereof	39	15.6	0-25	10.2	20.5
78	Lead and articles thereof	8	3.8	0-10	4.8	62.5
79	Zinc and articles thereof	9	3.3	0-10	4.7	66.7
80	Tin and articles thereof	5	4.0	0-10	4.9	60.0
81	Other base metals; cermets; articles thereof	48	0.0	0	0.0	100.0
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	66	10.5	0-25	3.4	1.5
83	Miscellaneous articles of base metal	37	17.3	10-40	8.3	0.0
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	519	3.1	0-25	6.2	75.5
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	271	11.6	0-35	10.3	32.1
86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds	23	0.0	0	0.0	100.0
87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	113	9.6	0-25	10.2	44.3
88	Aircraft, spacecraft, and parts thereof	15	0.0	0	0.0	100.0
89	Ships, boats and floating structures	18	5.6	0-25	10.4	77.8
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	150	3.4	0-25	6.7	74.7
91	Clocks and watches and parts thereof	51	25.0	25	0.0	0.0
92	Musical instruments; parts and accessories of such articles	17	10.0	10	0.0	0.0
93	Arms and ammunition; parts and accessories thereof	20	25.0	25	0.0	0.0
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates	44	22.3	0-25	7.1	6.8
95	Toys, games and sports requisites; parts and accessories thereof	31	25.0	25	0.0	0.0
96	Miscellaneous manufactured articles	49	21.7	0-25	6.6	2.0
97	Works of art, collectors' pieces and antiques	7	25.0	25	0.0	0.0

Note: Calculations for averages are based on the tariff line level 8-digit.

Source: WTO Secretariat estimates, based on data provided by the authorities.

Table AIV.1
Applied MFN tariffs, by ISIC Rev.2 category, 2011

ISIC code	Description	Number of lines	Simple average (%)	Range (%)	Standard deviation
	Total	5,274	12.7	0-100	12.0
1	Agriculture, hunting, forestry & fishing	294	17.7	0-75	12.4
11	Agriculture and hunting	223	17.8	0-75	12.8
12	Forestry and logging	21	1.9	0-10	3.9
121	Forestry	13	3.1	0-10	4.6
122	Logging	8	0.0	0.0	0.0
13	Fishing	50	23.7	0-25	5.3
1301	Ocean and coastal fishing	43	23.5	0-25	5.7
1302	Fishing n.e.c.	7	25.0	25.0	0.0
2	Mining and quarrying	99	4.8	0-25	7.7
21	Coal mining	4	2.5	0-10	4.3
22	Crude petroleum and natural gas production	4	6.3	0-25	10.8
23	Metal ore mining	23	0.0	0.0	0.0
2301	Mining of iron ores	2	0.0	0.0	0.0
2302	Non-ferrous ore mining	21	0.0	0.0	0.0
29	Other mining	68	6.5	0-25	8.2
2901	Mining of feldspar	32	4.1	0-10	4.9
2902	Mining of fertilizer and chemical minerals	12	5.0	0-10	5.0
2903	Salt mining	1	25.0	25.0	0.0
2909	Mining and quarrying n.e.c.	23	9.8	0-25	10.8
3	Manufacturing	4,880	12.5	0-100	12.0
3 - 31	- - Manufacturing (excluding food processing)	4,380	11.3	0-55	11.2
31	Manufacture of food, beverages and tobacco	500	23.6	0-100	12.8
311	Food products	405	24.6	0-100	13.4
3111	Meat products	80	23.2	0-25	5.2
3112	Dairy products	26	37.5	10-60	19.9
3113	Fruit and vegetable canning	92	25.0	25.0	0.0
3114	Fish products	80	24.4	0-25	3.9
3115	Manufacture of oil and fats (veg. and animal)	56	13.8	0-25	9.4
3116	Grain mill products	34	29.0	10-75	17.1
3117	Manufacture of bakery products	14	20.4	0-25	9.2
3118	Sugar products	10	63.0	10-100	37.6
3119	Cocoa and chocolate confectionery	13	16.2	0-25	11.5
312	Other food products and animal feeds	60	16.3	0-25	8.2
3121	Other food products	50	17.6	0-25	7.8
3122	Manufacture of animal feeds	10	9.5	0-25	6.5
313	Beverages	28	22.9	10-25	5.3
3131	Distillation of spirits and alcohol production	10	25.0	25.0	0.0
3132	Manufacture of wines	10	22.0	10-25	6.0
3133	Manufacture of malt liquors and malt	4	17.5	10-25	7.5
3134	Soft drinks and mineral waters	4	25.0	25.0	0.0
314	Tobacco manufacturing	7	29.3	25-35	5.0
32	Textile, wearing apparel and leather industries	863	21.1	0-50	8.6
321	Textiles	671	20.7	0-50	9.0
3211	Textile spinning, weaving and finishing	393	18.8	0-50	9.8
3212	Made-up textile goods except wearing apparel	56	25.8	0-50	9.2
3213	Knitted and crocheted fabrics	149	25.0	25.0	0.0
3214	Carpets and rugs	21	25.0	25.0	0.0
3215	Cordage, rope, etc	11	20.9	10-25	6.7
3219	Textiles n.e.c.	41	14.8	0-25	9.2

Table AIV.1 (cont'd)

ISIC code	Description	Number of lines	Simple average (%)	Range (%)	Standard deviation
322	Manufacture of wearing apparel, except footwear	130	25.0	0-50	4.9
323	Leather products, except footwear and wearing apparel	48	15.0	10-25	7.1
3231	Tanning and dressing of leather	28	10.0	10.0	0.0
3232	Fur dressing and dying	6	15.0	10-25	7.1
3233	Leather products except footwear	14	25.0	25.0	0.0
324	Footwear, except vulcanized rubber or plastic footwear	14	22.9	10-25	5.3
33	Wood and wood products, including furniture	101	19.5	0-25	8.9
331	Wood and wood products, except furniture	77	18.1	0-25	9.4
3311	Sawmills and wood mills	49	16.6	0-25	9.8
3312	Wooden case containers and cane ware	14	25.0	25.0	0.0
3319	Wood and cork products	14	16.1	0-25	9.5
332	Manuf. of furniture & fixtures, except primarily of metal	24	24.0	0-25	5.0
34	Paper, paper products, printing and publishing	158	15.1	0-25	11.1
341	Paper products	128	15.9	0-25	10.8
3411	Pulp, paper and paperboard	81	14.1	0-25	11.5
3412	Containers, paperboxes, paperboard	10	20.5	10-25	6.9
3419	Articles n.e.c.(stationery)	37	18.7	0-25	9.1
342	Printing and publishing and allied industries	30	11.3	0-25	11.6
35	Chemicals, petroleum, coal, rubber, plastics	1,113	5.1	0-50	8.9
351	Industrial chemicals	704	2.3	0-25	6.2
3511	Basic industrial chemicals	510	0.6	0-25	2.7
3512	Fertilizers and pesticides	33	1.7	0-25	5.0
3513	Synthetic resins, plastic materials except glass	161	7.9	0-25	9.9
352	Other chemicals, incl. pharm.	245	8.6	0-50	10.8
3521	Paints, varnishes and lacquers	16	13.8	0-25	11.7
3522	Drugs and medicines	89	0.3	0-25	2.6
3523	Soaps	31	22.7	0-25	6.1
3529	Other chemicals n.e.c.	109	10.7	0-50	10.1
353	Petroleum refineries	40	5.1	0-25	8.5
354	Manuf. of miscellaneous petroleum & coal products	15	9.3	0-25	7.5
355	Rubber products	80	12.3	0-25	8.7
3551	Tyre and tube industries	25	14.4	0-25	9.3
3559	Rubber products n.e.c.	55	11.3	0-25	8.2
356	Manufacture of plastic products n.e.c.	29	21.2	0-25	7.7
36	Non-metallic mineral products except of petrol & coal	170	16.4	0-55	10.1
361	Pottery and china	16	15.3	0-25	11.4
362	Manufacture of glass and glass products	67	14.0	0-25	8.2
369	Other non-metallic mineral products	87	18.3	0-55	10.8
3691	Structural clay products	17	16.5	0-25	10.7
3692	Cement, lime and plaster	9	18.9	0-55	15.2
3699	Non-metallic mineral products	61	18.8	0-25	10.0
37	Basic metal industries	379	6.9	0-25	8.5
371	Iron and steel basic industries	207	6.2	0-25	7.1
372	Non-ferrous metal basic industries	172	7.8	0-25	9.8
38	Fabricated metal products, machinery & equipment	1,411	8.4	0-40	10.0
381	Fabricated metal products, except machinery & equip.	229	15.2	0-40	9.1
3811	Manufacture of cutlery and hardware	72	12.8	0-25	6.1
3812	Metal furniture and fixtures	8	19.4	10-25	7.3
3813	Structural metal products	22	7.3	0-25	11.1
3819	Fabricated metal prod. except mach. & equip. n.e.c.	127	17.6	0-40	9.0
382	Non-electrical machinery incl. computers	518	3.9	0-25	7.2

Table AIV.1 (cont'd)

ISIC code	Description	Number of lines	Simple average (%)	Range (%)	Standard deviation
3821	Engines and turbines	14	1.4	0-10	3.5
3822	Agricultural machinery	34	1.8	0-25	6.1
3823	Metal and woodworking machinery	108	1.0	0-10	3.0
3824	Special industrial machinery	142	0.6	0-25	2.9
3825	Office machinery	36	4.7	0-10	5.0
3829	Non-electrical machinery and equipment, n.e.c.	184	8.6	0-25	9.2
383	Electrical machinery apparatus, appliances & supplies	274	12.0	0-35	10.5
3831	Electrical motors and apparatus	61	2.8	0-10	4.5
3832	Radio, television and communication equipment	121	12.1	0-25	9.6
3833	Electrical appliances and housewares	25	18.4	10-25	7.5
3839	Electrical apparatus n.e.c.	67	17.7	0-35	10.8
384	Transport equipment	184	6.9	0-25	9.5
3841	Ship building and repairing	22	5.5	0-25	9.6
3842	Railway and tramway	23	0.0	0.0	0.0
3843	Motor vehicles	91	9.4	0-25	10.0
3844	Motorcycles et bicycles	22	11.4	0-25	9.3
3845	Aircraft manufacture	21	0.5	0-10	2.1
3849	Other transport equipment n.e.c.	5	7.0	0-25	9.8
385	Professional and scientific equipment	206	9.0	0-25	11.0
3851	Prof., scientific, measuring equipment	103	1.2	0-25	4.7
3852	Photographic and optical goods	53	9.2	0-25	8.5
3853	Watches and clocks	50	25.0	25.0	0.0
39	Other manufacturing industries	185	20.6	0-25	7.8
3901	Jewellery and related articles	22	20.9	0-25	8.9
3902	Musical instruments	18	10.8	10-25	3.4
3903	Sporting goods	26	25.0	25.0	0.0
3909	Other manufacturing n.e.c.	119	21.0	0-25	7.7
4	Electrical energy	1	10.0	10.0	0.0

Source: WTO Secretariat calculations, based on data provided by the EAC Secretariat.