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TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

EAST AFRICAN COMMUNITY (EAC)

This report, prepared for the third 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 its trade policies and practices.

Any technical questions arising from this report may be addressed to Mr. Jacques Degbelo (tel: 022 739 5583), Ms. Denby Probst (tel: 022 739 5847), Mr. Michael Kolie (tel: 022 739 5931), Mr. Rosen Marinov (tel: 022 739 6391), Mr. Xinyi Li (tel: 022 739 5579), Mr. Nelnan Koumtingue (tel: 022 739 6252) and Ms. Mena Hassan (tel: 022 739 6522).

Document WT/TPR/G/384 contains the policy statements submitted by Burundi, Kenya, Rwanda, Tanzania and Uganda.

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SUMMARY

1. The East African Community (EAC) consists of Burundi, Kenya, Rwanda, Tanzania, Uganda, and South Sudan (which is not yet a WTO Member). Agriculture remains the key driver of the economies of the EAC countries but the services sector is the main contributor to their GDP. In fact, most of the populations (about 80%) live in rural areas and depend on agriculture for their livelihood. High costs of doing business limit the importance of manufacturing to these economies, while recent oil discoveries, mainly in Kenya and Uganda, are expected to boost the economic development of the countries. Nonetheless, EAC countries face various socio-economic challenges despite their favourable conditions for agriculture, their important sources of renewable energy, and their total population of over 168.2 million. With the exception of Kenya, they all remain least developed countries (LDCs) and are yet to significantly diversify their economies.

2. During the period under review, the EAC WTO Members recorded strong GDP growth driven by increased public investments in transport and energy infrastructures, favourable weather conditions and strategic policy interventions. Agricultural production was boosted and, driven by buoyant tourism activities, the services sector also recorded a good performance. Individually, performance was mixed. Kenya's good economic performance helped it to acquire the status of lower-middle-income country in 2014, according to the World Bank's classification. Rwanda's strong and continuous economic growth has also been accompanied by steady improvements in many of its social indicators. However, the economy of Burundi has been severely affected by its political crisis since 2015, although recovery signs were noticeable in 2016 and 2017.

3. Ongoing reform efforts by EAC countries aim at establishing a monetary union by 2024. Indeed, in 2013, they adopted the East African Monetary Union Protocol (EAMU Protocol), on top of the macroeconomic convergence framework in place since 2007. Price stability is the primary objective of monetary policies in all EAC WTO Members. However, core macroeconomic policies are not yet harmonized and remain country specific. Inflation, highly volatile during the review period, is driven mainly by international food and oil prices. As a consequence, agricultural performance, especially domestic food supply, is also a determinant of inflation. Regarding fiscal matters, notwithstanding reforms undertaken, domestic resources mobilization remained insufficient to match increased public expenditures, mainly on ongoing infrastructure projects, which translate into continued fiscal deficits.

4. The ratio of EAC WTO Members' trade (including intra-EAC trade) in goods and services to GDP remains moderate, at about 50%. The low intra-EAC trade in goods (at around 10% of the total merchandise trade of the Community over the review period) reflects, *inter alia*, informal (unrecorded) cross-border trade; poor infrastructure; and non-tariff barriers including cumbersome administrative procedures. In other words, nearly 90% of the EAC's trade in good takes place outside the region, with imports originating mainly from China, India, the European Union and the United Arab Emirates, which are also among the main export markets. Common Market for Eastern and Southern Africa (COMESA) and Southern African Development Community (SADC) countries (excluding EAC member States) are also important destinations.

5. Overlapping membership of regional economic communities by individual EAC countries, notably COMESA and SADC, remains a challenge and further complicates the national trade regimes. In June 2015, negotiations were concluded for a Tripartite (COMESA-EAC-SADC) Free Trade Agreement (FTA) in Goods, with a view to rationalizing the integration process in the region. Negotiations on trade in services and on other trade-related areas (including competition policy, intellectual property rights) are expected to start after the launch of the FTA on trade in goods.

6. Under the U.S. African Growth and Opportunity Act (AGOA), Kenya, Rwanda, Tanzania, and Uganda benefit from duty-free and quota-free access for a range of products, including selected agricultural and textile products. Kenya, Tanzania, and Uganda are also eligible for preferences under the "wearing apparel" provisions of the AGOA. The negotiations on an Economic Partnership Agreement (EPA) with the European Union were concluded in October 2014. As at December 2017, the EPA was ratified by Kenya and signed by Rwanda. Under the Everything but Arms initiative of the European Union, all EAC countries, except Kenya, are eligible for preferences.

7. The EAC seeks to promote the Community as a single investment area; its Treaty calls for the harmonization and rationalization of investment incentives, including those relating to taxation of industries. However, the legal and institutional frameworks for investment remain country-specific.

8. The national investment codes are generally liberal, with no major restrictions on foreign presence. Local and foreign investors receive the same treatment in terms of incentives.

9. Under the WTO Trade Facilitation Agreement (TFA), Kenya, Rwanda, and Uganda have deposited their instruments of acceptance. All EAC WTO Members have notified their Category A commitments. A Regional Trade Facilitation Sub-Committee was established in 2015 to coordinate the implementation of the TFA and other trade facilitation measures decided at the regional level. EAC countries continue to fulfil their notification obligations at various degrees. However, there are several areas where notifications remain outstanding.

10. Customs procedures are carried out by licensed customs clearing agents. Pre-shipment or destination inspections for customs valuation purposes are not required in any EAC country. However, pre-shipment inspection for conformity assessment purposes is required for certain goods in Burundi and Kenya. Although some customs procedures and documentation requirements continue to be country-specific, and national customs continue to use different computer systems, noticeable progress has been made towards full harmonization, in accordance with the provisions of the EAC Customs Management Act, 2004 (as amended in 2009), and the EAC Customs Management Regulations, 2010.

11. A regional Authorized Economic Operator (AEO) programme was introduced in 2016. All imports into the EAC and intra-EAC transfers of goods are cleared under the EAC's single customs territory (SCT) model. Under the SCT, imports are declared only at the country of destination, and are released at the first point of entry; the goods are then moved under a single bond to the final destination. Customs valuation is broadly based on the provisions of the WTO Agreement on Implementation of Article VII of GATT 1994. However, national customs administrations encounter implementation difficulties.

12. Since the last Review of EAC members, the CET average rate slightly increased from 12.7% in 2011 to 12.9% in 2018. Three tariff bands (zero, 10%, and 25%) apply to most imports; higher rates, ranging from 35% to 100%, and alternate duties apply to a list of "sensitive" items. As a consequence, the *ad valorem* CET rates exceed a number of corresponding *ad valorem* rates bound by Burundi, Kenya and Rwanda. Moreover, for some lines, applied alternate tariffs may exceed bound *ad valorem* rates. Bindings cover 22.4% of all Burundi's tariff lines, 16.1% of Kenya's, 100% of Rwanda's, 14% of Tanzania's, and 16.5% of Uganda's. In accordance with the provisions of the EAC Customs Management Act, 2004, and the EAC Customs Management (Duty Remission) Regulations, 2008, the national duty and tax exemption and concession schemes are mostly harmonized in the EAC. The schemes, including ad hoc duty and tax exemptions, have led to significant revenue forgone by EAC countries.

13. Fees on some services and documents issued by Customs have been harmonized. A development levy of 1.5% on a list of products from non-EAC countries is also collected. Various other duties and charges are levied individually by EAC countries.

14. All EAC members apply internal taxes (VAT and excise duties), whose regimes are not yet harmonized. VAT applies to goods and services, including imports, at standard rates ranging from 16% in Kenya to 20% in Tanzania. Reduced rates are in place in Kenya (12%) and Uganda (6%). Exports are zero-rated under the national VAT regimes. Excise duties are levied on a list of products at rates which are determined by individual EAC members.

15. No contingency measures have so far been imposed by EAC countries. They are governed by the EAC Customs Union (Anti-Dumping Measures) Regulations, 2004; the EAC Customs Union (Subsidies and Countervailing Measures) Regulations, 2004; and the EAC Customs Union (Safeguard Measures) Regulations, 2004. EAC members may initiate investigations and reviews against each other. However, this has never happened. Kenya also has national legislation on trade remedies.

16. The export regime, including procedures and documentation requirements, is not yet fully harmonized. All EAC countries apply export taxes on raw hides and skins. In addition, export duties

and taxes are collected on specified items by Burundi (minerals); Kenya (wet blue leather, crust leather, and raw macadamia nuts); Tanzania (raw cashew nuts, wet blue leather, and fish and fish products); and by Uganda (raw tobacco, fish and fish products, and coffee). In general, these measures are meant to encourage domestic value addition. A number of export promotion instruments are harmonized within the EAC. These include: manufacturing under bond, export processing zones, and duty remission schemes. Goods benefiting from any of these schemes are destined primarily for export, and manufacturers are required to sell at least 80% of their products outside the EAC.

17. Standards and technical regulations regimes remain country-specific to a large extent. However, harmonization efforts are ongoing at the regional level, and the East African Standards Committee (EASC) oversees the development of new standards and the harmonization of the existing ones. As at 30 September 2018, the EAC catalogue included 1,526 standards, of which 1,007 were international. On SPS, harmonized measures and procedures have been developed for plants; mammals, birds and bees; fish and fishery products; and food safety. In general, EAC countries continue to experience challenges in the harmonization of their regimes on SPS-related measures, standards and technical regulations, particularly with regards to the mutual recognition of inspection certificates, and this contributes to further increasing trade costs in the region. During the review period, several measures were notified by EAC countries in the areas of SPS and TBT.

18. None of the EAC countries has notified a state-trading enterprise pursuant to Article XVII:4(a) of GATT 1994 and paragraph 1 of the Understanding on the Interpretation of Article XVII. However, state-owned enterprises remain an important feature of the economies. Competition is regulated at both regional and national levels. The EAC's Competition Act was adopted in 2006, and came into force in 2014. Its implementation agency, the EAC Competition Authority, deals with all competition issues having cross-border effects. In principle, domestic competition issues remain under the jurisdiction of national competition laws and institutions. Uganda does not have a formal regime on competition, and Burundi and Rwanda are yet to establish their competition authorities.

19. Intellectual Property Right (IPR) issues are not harmonized in the EAC, but efforts are being made at regional level to assist EAC member States to implement the TRIPS Agreement with a view to promoting copyright and cultural industries, traditional knowledge, geographical indications, and technology transfer. Furthermore, a regional IP Protocol and Policy were adopted by the Council of Ministers in 2013 to maximize the benefits of TRIPS flexibilities. The protection of IPR remains a challenge for individual EAC countries. While the framework for IPR protection is yet to be fully established in Burundi, in Kenya for example, a well-established Anti-Counterfeit Agency is tasked with combatting counterfeiting, trade in counterfeit goods and other related dealings; and anti-counterfeit legislation is being amended to increase the penalties, and broaden the scope to include unbranded goods and labels. At the regional level, actions are being initiated to fight counterfeit and pirated products. An EAC Anti-Counterfeit Bill is being drafted to provide a legal framework for EAC members to prohibit trade in counterfeit goods.

20. Sectoral policies are not harmonized within the EAC, but countries are making joint efforts under several regional initiatives, mainly on agriculture and services, their main economic sectors. Agriculture plays a key role in the economies of all EAC member States, in terms of contribution to GDP, livelihood, and foreign exchange earnings; one of the agriculture policy priority is to achieve food security. Its contribution to GDP ranged from around 25% in Uganda to around 42% in Burundi. Agricultural exports are dominated by coffee, cut flowers, tea, tobacco, fish and vegetables.

21. With high costs of doing business due, *inter alia*, to high regulatory burden and increased import competition, manufacturing is characterized by limited value addition. It is highly concentrated in agro-processing activities, and is dominated by micro, small and medium enterprises. Costly and unreliable energy supply is also a major impediment to the development of manufacturing within the EAC. In a move to attract foreign investment, including in the manufacturing sector, the EAC countries provide, *inter alia*, corporate income tax incentives, and remission of customs duties and VAT.

22. The services sector constitutes the main contributor to GDP in all EAC countries. However, its potential remains untapped. Under the GATS, EAC countries have individually undertaken commitments, generally on a few service categories. Under the EAC Common Market Protocol, the member States are committed to liberalizing a list of services in, *inter alia*, finance, transport, communication, tourism, and business services across all modes of supply. The number of

subsectors covered by the commitments range from 59 in Tanzania to 101 in Rwanda. Countries are also committed to refraining from introducing any new restrictions on the provision of services.

1 ECONOMIC ENVIRONMENT

1.1 Main Features of the Community

1.1. The East African Community (EAC) is comprised of Burundi, Kenya, Rwanda, Tanzania, Uganda, and South Sudan. South Sudan, the last country to join the EAC in April 2016, is not yet a WTO Member. The five EAC WTO Members cover a land area of 1.8 million km^2, and had a population estimated at 179.2 million in 2017 (Table 1.1).[1] Tanzania accounts for over half of the Community's land area and a third of its population. Kenya, the largest economy in terms of gross domestic production (GDP), accounts for about a third of the land area and a similar share of the population. The Community's population has a relatively young age structure. The population is increasing at an average annual rate of 3%, and is projected to double every 23 years.

Table 1.1 Selected indicators, 2011-17

	2011	2012	2013	2014	2015	2016	2017
Population (million)	144.7	149.1	153.7	158.3	163.1	168.2	179.2
Urban (million)	33.6	35.4	37.3	39.2	41.2	43.3	45.6
Density (per km^2)	84.8	87.4	90.1	92.8	95.6	98.5	101.4
Annual %age change	3.1	3.1	3.0	3.0	3.0	3.0	3.0
Life expectancy	61.2	62.0	62.6	63.2	63.8	64.2	..
GDP at market price (USD billion, current prices)	106.1	123.6	135.3	148.2	145.6	155.0	170.9
GDP per capita (USD, current prices)	733.4	828.8	880.4	936.1	894.1	923.0	988.0
Real GDP per capita (constant 2010 USD prices)	737.8	750.4	770.1	792.0	815.2	838.1	858.3
Real GDP (constant 2010 USD billion)	106.8	111.9	118.4	125.4	132.9	140.8	148.4
Annual %age change	7.4	4.8	5.8	5.9	6.0	5.9	5.4
Share of GDP at current basic prices							
Agriculture	30.0	30.6	30.6	30.2	31.3	32.4	34.2
Mining and quarrying	2.5	2.5	2.2	2.0	2.1	2.3	2.2
Manufacturing	10.7	10.1	9.5	8.8	8.6	8.3	7.8
Electricity and water supply	1.8	2.1	2.1	2.2	2.3	2.4	2.3
Construction	7.2	6.8	7.9	8.7	8.9	9.0	9.3
Services incl. FISIM[a]	47.8	47.9	47.7	48.1	46.9	45.7	44.2
Exports of goods and services (USD billion)	22.1	25.6	25.3	26.7	26.7	25.1	25.1
Imports of goods and services (USD billion)	38.7	41.8	43.1	46.0	40.6	36.9	39.0
Trade in goods and services (%age of GDP)	57.2	54.6	50.5	49.1	46.2	40.0	37.5

.. Not available.

a FISIM: Financial Intermediation Services Indirectly Measured.

Note: Aggregate figures do not include South Sudan.

Source: Member states' statistics offices; and World Bank's World Development Indicators. Viewed at: http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators#.

1.2. EAC WTO Members had a combined GDP estimated at USD 170.9 billion in 2017. Kenya, Tanzania, and Uganda are by far the largest economies of the Community; they accounted for about 46.4%, 30.5% and 16.0% of this total, respectively. Rwanda accounted for 5.3%, and Burundi, 1.8%. All countries except Kenya are in the low-income group, according to the World Bank's 2018 country classifications by income level.[2] Kenya is in the lower-middle-income group. The average

[1] EAC's total population, including South Sudan, was estimated at 186 million in 2017 (World Bank's World Development Indicators).

[2] Low-income economies are defined as those with a gross national income (GNI) per capita of USD 1,005 or less. Lower-middle-income economies are those with a GNI per capita of between USD 1,006 and USD 3,955. World Bank. Viewed at: https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups.

GDP per capita of the EAC countries (excluding South Sudan) was estimated at USD 988 in 2017, with those of Kenya and Tanzania being higher.

1.3. Agriculture and services remain the two main drivers of EAC economies. The services sector is the largest contributor, accounting on average for about 47% of the GDP over the review period, followed by agriculture (between 30% and 34.2%). However, about 80% of the population lives in rural areas and depends on agriculture for their livelihood. The contribution of the manufacturing sector declined slightly during the review period, to 7.8% in 2017 (Table 1.1).

1.4. The EAC aims at "a prosperous, competitive, secure and politically united" region, through the successive establishment of a customs union, a common market, and a monetary union.[3] This vision is operationalized through five-year development strategies. During the review period, the implementation of the 4th EAC Development Strategy focused on the consolidation of the customs union and the establishment of the common market (Section 2.2).[4]

1.5. The adoption of the East African Monetary Union Protocol (EAMU Protocol) in 2013 is another milestone in the region's integration process. The Protocol lays the groundwork for the establishment of a monetary union by 2024. A centrepiece of this framework is the creation of a common currency, to be managed by a supranational central bank. As a prerequisite, EAC countries adopted a macroeconomic convergence framework in 2007, with the following primary criteria: a ceiling of 8% on headline inflation rates; a ceiling of 3% on fiscal deficit-to-GDP ratios (including grants); a ceiling of 50% on gross public debt-to-GDP ratios; and a floor of 4.5 months of imports for the levels of foreign exchange reserves. These criteria are supplemented by indicative criteria, consisting of: a ceiling on core inflation rates (5%); a ceiling on fiscal deficits, excluding grants (6% of GDP); and a floor on tax-to-GDP ratios (25%). According to the EAC Secretariat, given the significant infrastructure projects in EAC countries, most of them are not likely to meet the threshold of 3% on the fiscal deficit including grants. The relative performances of EAC member States are available in section 1 of annexes 1-5.

1.6. Efforts are ongoing with a view to strengthening financial operations within the region. The African Development Bank is funding the EAC Payment and Settlement Systems Integration Project (EAC-PSSIP). The objective of the Project is to contribute to the modernization, harmonization and cross-border interoperability of payment and settlement systems for commercial, securities market and retail transactions across the EAC. A cross-border payment system was launched in 2013, allowing traders in the Community to conduct real-time transactions in their local currencies. In 2018, the East African Legislative Assembly passed the East African Monetary Institute Bill, establishing the EAC Monetary Institute as a transitional institution in charge of carrying out the preparatory work for the monetary union.

1.7. Adopted in March 2016, EAC Vision 2050 provides a long-term perspective on transforming the region into an upper middle-income economy.[5] The 5th EAC Development Strategy is the translation of this Vision in the medium term (2016-2021). It targets the movement to the lower-middle-income group by the economies by 2021 through, *inter alia*, the consolidation the customs union; the enhancement of the free movement of factors of production; industrial development; and improvements in agricultural productivity, value addition, and trade.

1.2 Recent Economic Developments

1.8. EAC countries' economic performance was relatively strong during the review period (Table 1.1). With a few exceptions, all countries consistently recorded annual real GDP growth rates exceeding 5% over the 2011-2017 period, supported by public investment in infrastructure, favourable commodity and oil prices, and driven largely by the services sector[6] (see country

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[3] Treaty for the Establishment of the East African Community.

[4] EAC (2011), *4th EAC Development Strategy (2011/12–2015/16), Deepening and Accelerating Integration*. Arusha, August 2011. Viewed at: https://www.eac.int/documents/category/strategy.

[5] EAC (2016), *EAC Vision 2050 – Regional Vision for Socio-Economic Transformation and Development.* Arusha, Tanzania, February 2016. Viewed at: https://www.eac.int/index.php?option=com_documentmananger&task=download.document&file=bWFpbl9kb2N1bWVudHNfcGRmX0NYYkVheGJrY2FuSnNIQkVNdU93VkRNRUFDIFZpc2lvbnMgMjA1MA==&counter=43.

[6] EAC (2018), *Draft EAC Trade and Investment Report 2016 – Linking EAC to the Global Economy.* EAC Secretariat, Arusha.

annexes). Economic growth in Burundi remained subdued from 2015-2017, with some signs of steady recovery.

1.9. Headline inflation rates were relatively high in 2011 and 2012, and reached double digits in all EAC countries, reflecting mainly weather-related food price hikes and the persistence of the 2011 global food and fuel price shocks. A coordinated tightening of the monetary policy by central banks, together with improved food supply and stable international oil prices, contributed to bringing inflation rates below the 8% ceiling. Inflation rates remained subdued in subsequent years, except for 2017 in Burundi.

1.10. Fiscal deficits (including grants) were generally above the 3%-of-GDP ceiling adopted in the macroeconomic convergence framework. These deficits were partly due to weak domestic resource mobilization (in Burundi and Kenya) and high public investment spending. Domestic savings levels were generally low and remained relatively stable, resulting in increasing current account deficits. In response, countries resorted to a mix of domestic and external borrowing, leading to rising levels of external debt.

1.11. Price stability is the primary objective of monetary policies in the EAC countries. To achieve it, Kenya and Uganda have put in place inflation targeting frameworks, while the other economies are targeting monetary aggregates. However, all central banks have agreed to converge towards a price-based monetary policy framework by December 2018. Other harmonization efforts include the Forecasting and Policy Analysis System (FPAS), which is being developed to facilitate the adoption of a forward-looking interest rate-based monetary policy framework. Initiatives are also in place to harmonize the reserve requirement regimes.

1.12. The EAC countries currently maintain different national currencies with different exchange rate regimes, but aspire to establish a single currency by 2024. According to the International Monetary Fund's (IMF) classification, the *de jure* exchange rate regimes of all EAC WTO Members are classified as floating.[7] The widening of current account deficits, together with inflationary pressures arising from weather-related shocks, caused significant exchange rate depreciations in 2015 and 2016. Central banks actively intervened in the foreign exchange market to stabilize currencies, leading the IMF to move the *de facto* exchange rate regimes of most of the countries to a less flexible category. Since end-2016, the *de facto* exchange rate regime has been classified, retroactively, as floating in Uganda, stabilized in Kenya and Tanzania (from floating), and crawl-like in Burundi and Rwanda (from stabilized or managed).

1.3 Developments in Trade and Investment

1.3.1 Trends and patterns in merchandise and services trade

1.13. After several years of steady increases in the first years of the launch of the customs union, intra-EAC trade in goods has stabilized at around 10% of the total merchandise trade of the Community over the review period (Table A1.1). On average, EAC countries source 6% of their total imports from the region, and supply 20% of their total exports to the region. The major factors behind this low level of intra-EAC trade include informal (unrecorded) cross-border trade; and natural and non-tariff barriers to trade, mainly poor infrastructure, although this is being addressed by most countries; sanitary and phytosanitary measures; technical barriers to trade; similarities in the production of a limited number of identical manufactured goods (e.g. cement, petroleum, textiles, sugar, confectionery, beer, salt, fats and oils, iron and steel products, paper, plastics and pharmaceuticals) for which the production capacities have recently increased in most countries; and the use of different currencies.

1.14. The lack of statistical data on cross-border trade (largely informal within the EAC), prolonged droughts in the region during the review period, and duty and tax exemptions (granted on an MFN basis) on inputs, have also played their part.[8]

[7] IMF Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER) online. Viewed at: https://www.elibrary-areaer.imf.org/Pages/Home.aspx.

[8] EAC (2018), *Draft EAC Trade and Investment Report 2016 – Linking EAC to the Global Economy*. EAC Secretariat, Arusha.

1.15. The ratio of EAC countries' trade (including intra-EAC trade) in goods and services to GDP remains moderate, at about 50%. It declined noticeably from 57.2% in 2011 to 37.5% in 2017 (Table 1.1). Despite significant disparities between EAC countries in their individual trade performances (Table A1.1), the ratio declined for all of them, except Rwanda. Merchandise trade remains important to the Community, accounting for over 70% of its total trade (in goods and services) throughout the review period.[9]

1.16. Extra-EAC trade in goods continues to display a deficit, with exports generally covering less than 50% of imports (Table 1.2). The deficit recently narrowed from USD 25.3 billion in 2015 to USD 19.2 billion in 2017 as a result of falls in global prices of crude oil. Exports are dominated by commodities for which EAC countries are price takers: tea; coffee; cut flowers; and non-monetary gold. Imports are dominated by manufactured products, including fuels, chemicals (e.g. medicaments, fertilizers), and machinery and transport equipment (Tables A1.2 and A1.3).

1.17. In 2017, Kenya and Uganda are the major players in intra-EAC trade. Major traded goods across the region include agricultural products (e.g. sugar, maize, and vegetable and animal oils) and manufactured products (e.g. cement, steel and steel products, plastics and pharmaceuticals).[10]

1.18. The relative importance of extra-EAC trade partners has not significantly changed since 2011. The EAC has continually sourced its imports from Asian countries (almost 50% in 2017 up from 40.5% in 2011), mainly China and India. The European Union and the United Arab Emirates are other major suppliers. The European Union remains the EAC's main export market, but its share has declined in favour of countries such as India (Table 1.2). Moreover, despite the downward trend in their share of exports from the EAC, COMESA and SADC countries (excluding EAC member States) remain important destinations, accounting for about 21% of the total in 2017(Table 1.2).

Table 1.2 Extra-EAC trade by major trading partners, 2011-17[a]

(USD billion and %)

	2011	2012	2013	2014	2015	2016	2017
Total imports (USD billion)	**32.0**	**34.3**	**35.3**	**37.1**	**37.2**	**27.7**	**30.7**
	(% of total extra-EAC imports)						
China	10.6	12.0	13.1	16.2	17.3	22.8	21.3
India	13.5	13.6	20.2	19.3	14.3	16.5	11.9
EU-28	15.5	14.5	13.6	13.1	11.9	14.5	12.9
United Arab Emirates	12.5	9.9	8.8	7.9	6.5	7.7	8.9
Japan	4.8	4.9	5.3	5.2	4.6	5.5	5.3
South Africa	6.7	6.0	5.3	4.5	4.0	4.5	6.4
Saudi Arabia	3.9	4.2	2.5	3.0	18.4	4.3	6.5
United States	3.3	3.5	3.1	6.5	4.7	3.1	2.9
Indonesia	3.1	3.3	2.4	2.3	2.2	2.6	3.0
Malaysia	0.8	0.7	0.8	1.6	0.9	1.6	1.3
Other	25.4	27.5	24.9	20.2	15.2	17.0	19.6
Memo:							
Asia	40.5	40.9	49.7	51.3	45.1	55.0	48.9
Africa	10.3	9.2	8.3	7.1	6.4	8.1	10.4
COMESA and SADC[a]	9.7	8.9	7.9	6.9	6.3	7.7	10.1
Total exports (USD billion)[b]	**10.8**	**11.9**	**10.9**	**12.9**	**11.9**	**11.3**	**11.5**
	(% of total extra-EAC exports)						
EU-28	23.5	22.0	20.6	20.0	20.3	20.7	20.5
Switzerland	11.7	9.0	6.8	2.4	2.7	8.2	3.4
Dem. Rep. of the Congo	5.4	6.1	8.3	7.2	7.3	8.0	7.4
India	3.1	4.9	8.0	10.8	10.6	7.7	9.5
United Arab Emirates	4.7	6.1	5.4	3.6	5.0	7.6	9.5
South Africa	8.4	8.7	7.5	12.1	6.1	6.4	6.5
United States	3.6	3.6	4.2	5.1	4.7	4.9	5.5
China	7.1	5.3	3.9	6.6	6.1	4.3	2.4
Pakistan	2.3	2.7	2.7	2.1	3.2	3.7	5.8
South Sudan	0.0	0.2	3.4	4.0	3.7	3.5	4.0
Other	30.1	31.5	29.2	26.2	30.1	24.9	25.5

[9] WTO, World Trade Statistical Review, 2017. Viewed at: https://www.wto.org/english/res_e/statis_e/wts2017_e/wts17_toc_e.htm.
[10] WTO Secretariat's calculations, based on data provided by the authorities and the UNSD Comtrade database.

	2011	2012	2013	2014	2015	2016	2017
Memo:							
Asia	21.4	21.3	23.4	27.2	28.1	23.9	26.8
Africa	29.9	30.3	33.1	35.5	29.8	28.4	28.4
COMESA and SADC[a]	27.1	27.1	25.9	27.0	22.4	22.2	21.4

a Excluding EAC member States.
b Including re-exports.

Source: WTO Secretariat's calculations, based on data provided by the authorities; and UNSD Comtrade.

1.19. The EAC is a net exporter of services, and its surplus has continued to grow: in 2017, it had a services trade surplus of USD 2.8 billion, with exports of USD 11.2 billion and imports of USD 8.4 billion (Table 1.3), mainly driven by Tanzania and Kenya, while the other countries registered a deficit (see annexes 1-5). The EAC's services trade, both exports and imports, was concentrated in transport (28% and 42%, respectively), travel (41% and 19%, respectively), and other business services (5% and 16%, respectively) in 2016; this did not change significantly during the review period.

Table 1.3 EAC trade in services, 2011-17[a]

(USD billion and %)

	2011	2012	2013	2014	2015	2016	2017
EAC imports (USD billion)	**7.6**	**8.0**	**8.0**	**9.6**	**9.7**	**8.2**	**8.4**
	(% of total EAC imports)						
Burundi	2.8	2.7	3.0	2.8	2.4	2.6	2.7
Kenya	28.0	30.0	27.8	34.8	34.3	33.1	36.8
Rwanda	8.1	6.5	7.4	7.0	11.3	13.2	12.2
Tanzania	28.9	29.6	31.3	27.7	27.6	27.1	24.0
Uganda	32.2	31.2	30.5	27.8	24.6	24.0	24.3
By main categories							
Transport	49.1	50.7	50.1	45.7	43.3	41.4	41.5
Travel	21.2	21.7	20.0	16.8	19.4	19.0	19.1
Construction services	3.6	3.8	6.3	5.4	5.7	7.2	6.0
Insurance and pension services	3.8	3.7	3.4	3.4	3.3	2.7	2.3
Other business services	12.9	12.3	15.2	17.2	16.2	17.2	15.8
EAC exports (USD billion)	**8.8**	**10.5**	**11.1**	**11.3**	**11.0**	**10.6**	**11.2**
	(% of total EAC exports)						
Burundi	1.3	0.9	1.1	0.6	0.5	0.7	0.6
Kenya	46.8	47.5	46.1	44.6	42.2	39.3	41.5
Rwanda	5.8	4.9	5.2	5.3	7.4	7.9	8.9
Tanzania	26.0	26.5	28.7	30.1	31.1	34.1	34.4
Uganda	20.1	20.2	18.9	19.4	18.7	18.0	14.6
By main categories							
Transport	28.3	28.8	30.4	29.1	29.2	26.9	27.9
Travel	39.5	38.7	35.9	36.3	36.7	42.0	40.7
Financial services	2.2	2.5	2.6	2.1	2.4	3.2	4.2
Telecommunication, computer, and information services	6.2	5.8	6.3	7.9	6.3	5.1	4.9
Other business services	4.8	5.9	7.1	8.1	6.4	5.5	5.5

a Based on Balance of Payments, covering both intra-and extra trade.

Source: IMF online database. Viewed at: http://data.imf.org, and information provided by the authorities.

1.3.2 Trends and patterns in foreign direct investment (FDI)

1.20. Foreign direct investment (FDI) remains an important source of external financing in EAC countries. Between 2011 and 2016, FDI inflows into the region increased more than twofold, to USD 7.5 billion (Table 1.4). A peak of USD 8.5 billion was recorded in 2014, reflecting Kenya's Standard Gauge Railway investment project (Annex 2, Section 4). Investment inflows are largely channelled to the manufacturing and construction sectors. Tanzania is by far the first destination of FDI inflows within the EAC, reflecting its booming gas industry; it accounted for 64.8% of FDI inflows in 2014. China is the main source of FDI flows into the EAC.

1.21. In contrast to global FDI inflows to the region, cross-border investments in the EAC were relatively stagnant until 2016, before a significant decrease in 2017 (Table 1.4). Kenya is the major source of intra-EAC investment, accounting for 75.3% of all cross-border investments in 2014. In

2016, Uganda and Burundi emerged as major players, contributing 34% and 14.5%, respectively, to cross-border investments. There is a strong temporal variation in the destination of these investments; the largest recipient of intra-EAC investment flows was Tanzania in 2014, Kenya in 2015, Rwanda and Uganda in 2016 and 2017.

Table 1.4 Total FDI inflows and intra-EAC FDI, 2011-17

	2011	2012	2013	2014	2015	2016	2017
Global FDI inflows							
Total (USD million)	2,567.0	3,425.0	3,650.0	8,494.4	7,221.2	7,528.3	6,164.2
Share, by destination (%)							
Burundi	0.1	0.0	0.2	0.0	0.0	0.2	1.1
Kenya	13.1	7.6	14.1	10.3	30.3	24.2	11.6
Rwanda	4.1	4.7	3.0	4.2	14.8	8.0	18.6
Tanzania	47.9	52.6	51.3	64.8	47.8	47.4	54.8
Uganda	34.8	35.2	31.4	20.7	7.2	20.3	14.8
Intra-EAC FDI flows							
Total (USD million)	234.9	217.2	236.6	207.7	237.8	254.1	153.3
Share, by origin (%)							
Burundi	0.6	1.6	0.2	4.9	0.1	14.5	..
Kenya	75	73.9	57.8	75.3	30.6	46.2	48.0
Rwanda	5	2.8	3.3	0.7	52.2	1.3	2.7
Tanzania	19.4	13.3	37.9	4.5	8.3	3.9	19.1
Uganda	0	8.4	0.8	14.6	8.8	34.0	32.9
Share, by destination (%)							
Burundi	13.2	1.9	13.1	0.7	0	1	..
Kenya	0.3	14.5	28.1	0.4	55.6	2.3	12.8
Rwanda	23.4	3.7	5.3	12.6	12.8	48.2	33.8
Tanzania	21.4	46.2	24.9	50.1	23.3	2.2	17.1
Uganda	41.8	33.6	28.6	36.2	8.3	46.3	36.2

.. Not available.

Source: EAC (2018), Draft EAC Trade and Investment Report 2016 – Linking EAC to the Global Economy. EAC Secretariat, Arusha.

1.22. According to the authorities, the operationalization of regional arrangements, such as the Continental Free Trade Area and the EAC-COMESA-SADC Tripartite, could expand the prospects for investment inflows in the region.

2 TRADE AND INVESTMENT REGIMES

2.1 General Framework

2.1. The EAC is comprised of Burundi, Kenya, Rwanda, Tanzania, Uganda, and of South Sudan since April 2016.[1] The Treaty for the Establishment of the East African Community (EAC Treaty) entered into force in July 2000[2], and its last amendment took place in 2007. The broad objective of the Community is to develop policies and programmes aimed at widening and deepening cooperation among its member countries in the following areas: political, economic, social, cultural, research and technology, defence, security, and legal and judicial affairs. This is to be achieved through the progressive establishment of a customs union, a common market, a monetary union, and a political federation.

2.2. The executive arm of the EAC comprises: the Summit (of Heads of States or governments), in charge of setting the broad vision for the Community; the Council of Ministers, acting as the decision-making organ; the Coordinating Committee (composed of permanent secretaries); and sectoral committees, which are technical in nature and in charge of sectoral matters. Sectoral councils are set up by the Council of Ministers. They oversee the proper implementation of the EAC sectoral programmes. Trade-related matters are under the purview of the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI). The SCTIFI is responsible for making decisions and recommendations to the Council of Ministers on trade policy issues, such as customs tariff, trade remedies, duty remissions, elimination of non-tariff barriers (NTBs), export promotion, competition, SME development, trade in services, trade relations with external parties, industrial development, and investment promotion. Based in Arusha (Tanzania), the EAC Secretariat ensures the implementation of regulations and directives adopted by the Council of Ministers. The EAC also relies on a number of specialized institutions to carry out its mandate.[3]

2.3. The East African Court of Justice (EACJ) is the judicial arm of the Community. With its ten judges, it has jurisdiction over the interpretation and application of the EAC Treaty. Since its establishment in 2001, the Court has been operating on an *ad hoc* basis at its temporary headquarters in Arusha, and the judges convene only as needed. According to the EAC Secretariat, a final decision is to be made by the Council of Ministers for permanent services of the EACJ. As at end-2017, about 175 cases were brought before the Court[4]; none was trade-related, as the Treaty has no direct trade-related provisions. A protocol on the extended jurisdiction of the Court has been signed by the Summit, to enable the Court to handle trade-related issues. However, it is still undergoing the ratification process.

2.4. The East African Legislative Assembly (EALA), with nine elected members per country, is the legislative body of the Community. Its core mandate is to legislate on all matters relating to the operationalization of the Treaty. The legal framework of the EAC consists of the Treaty and its protocols, and several pieces of legislation (Table 2.1). Bills can be introduced in the Assembly by a member of the EALA, an EALA committee, or the Council of Ministers. After a bill is passed into law by the EALA, it must be signed by EAC Heads of States before it is gazetted. If a Head of State refuses to sign; the bill shall be referred to the Assembly, with a request that the bill, or a particular provision thereof, be reconsidered. However, if a Head of State withholds signature to a re-submitted bill, the bill shall lapse. Members of the 4th EALA were sworn in, in December 2017, for a five-year (renewable) term.

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[1] Somalia applied to join the Community in 2012, and reapplied in 2017.

[2] The EAC Treaty, available at: https://www.eac.int/documents/category/key-documents.

[3] These are: the East African Court of Justice (EACJ); the East African Development Bank (EADB); the Lake Victoria Basin Commission (LVBC); the Lake Victoria Fisheries Organization (LVFO); the Inter-University Council for East Africa (IUCEA); the Civil Aviation Safety and Security Oversight Agency (CASSOA); the East African Health Research Commission (EAHRC); the East African Kiswahili Commission (EAKC); and the East African Science and Technology Commission (EASTECO).

[4] The EACJ. Information viewed online at: http://eacj.org/.

Table 2.1 The legal framework of the EAC

Act	Status
Treaty and Protocols	
Treaty for the Establishment of the EAC	Signed in 1999, in force since 2000
Protocol on the Establishment of the EAC Customs Union	Signed in November 2004, in force since January 2005
Protocol on the Establishment of the EAC Common Market	Signed in November 2009, in force since July 2010
Protocol for the Establishment of the EAC Monetary Union	Signed in November 2013, in force since 2014
Legislation	
The EAC Customs Management Act, 2004	Last amendment in 2012, in force
The EAC Elimination of Non-Tariff Barriers Act, 2017	In force
The EAC One Stop Border Posts Act, 2016	In force
The EAC Vehicle Load Control Act, 2013	In force
The EAC Civil Aviation Safety and Security Oversight Agency Act, 2009	In force
The EAC Competition Act, 2006	Last amendment in 2009, in force since December 2014
The EAC Trade Negotiations Act, 2008	In force (in the process of being repealed)
The EAC Standardization Quality Assurance Metrology and Testing Act, 2006	In force

Source: Information provided by the EAC Secretariat.

2.5. In matters related to trade with third parties, EAC countries negotiate in principle as a bloc. Under the Customs Union Protocol, a member may separately negotiate bilateral trade agreements, subject to notification to the other members. Such agreements should not conflict with the provisions of the Customs Protocol. In principle, pursuant to the Trade Negotiations Act, 2008, negotiations are led by a Joint Trade Negotiations Commission. However, according to the authorities, the Act has never been operationalized. In 2014, the EAC Trade Negotiations (Repeal) Bill, 2014 was drafted by the Sectoral Council on Legal and Judicial Affairs, and submitted to the EALA for deliberations. In 2018, the Repeal Bill was referred to the Committee on Communication, Trade and Investment.

2.6. The 2016 EAC Trade Negotiations Framework (TNF) is the main reference for trade negotiations with third parties.[5] Its goal is to ensure that the Community's interests are properly considered in trade negotiations. Under the TNF, EAC's priority areas in trade negotiations include: the elimination of trade barriers related to customs, SPS and TBT issues; rules of origins that promote industrialization and value addition within the EAC; and the pursuit of tariff liberalization while ensuring the protection of "sensitive" sectors, infant industries and SMEs.

2.7. The 2016 EAC Model Regional Investment Treaty is the main reference for investment negotiations with third parties. The aim of the Treaty is to serve as: a template for investment negotiations of the EAC and/or individual EAC member States with third countries or a bloc of countries; and an instrument to guide the EAC's negotiating position.

2.8. Private sector interests and concerns are conveyed to the EAC's policy making sphere mainly through the East African Business Council (EABC). Established in 1997, the EABC is composed of about 170 associations, government agencies and corporations from the Community. It has observer status at the EAC, and can participate in activities and meetings at the EAC Secretariat.

2.9. EAC institutions are financed mainly through annual contributions from member countries and support from development partners.

2.2 The EAC in practice

2.10. The ultimate goal of the EAC is the establishment of a political federation among its member countries. A number of milestones have been achieved since its establishment in 2000. The customs union was launched in 2005, and a common external tariff (CET) was implemented in 2010 (WTO, 2012). EAC countries have been consolidating their free trade area through several reform steps,

[5] EAC (2016), *The East African Community Trade Negotiations Framework.* February 2016.

including the interconnectivity of their customs systems, the adoption of an Authorized Economic Operator (AEO) system, and the establishment of one-stop border posts (Section 3.1.1).

2.11. To dismantle NTBs (the major impediments to intra-EAC trade), a mechanism was put in place in 2007 (Box 2.1). As at May 2018, about 127 NTBs (out of the 133 identified) had been eliminated through the mechanism. Reported NTBs are mainly: customs and administrative documentation and procedures; inspection requirements; police road blocks/check points; transit procedures; and standards. It was reported that about 30% of the NTBs were dismantled within three months from the date of their notification, while another 30% were dismantled after more than a year.

Box 2.1 The EAC mechanism for the elimination of NTBs

Under the EAC Customs Union Protocol, member countries agreed to remove all existing NTBs to intra-EAC trade, and to refrain from imposing new ones. In order to facilitate the removal of NTBs within the EAC, an NTB elimination mechanism was adopted by the Council of Ministers in 2009. At the institutional level, the mechanism comprises the EAC NTB Monitoring Committee and National Monitoring Committees (NMCs). NMCs meet quarterly to discuss progress in the elimination of barriers.

Companies that face trade barriers in their operations can report them directly to their NMC through an online or SMS-based platform. If the complaint is found to concern a valid NTB, the NMC can pursue its elimination through one of the following three channels[6]:

a. Mutual agreement: the concerned NMCs can hold discussions and agree on a strategy to eliminate the reported barrier. The strategy typically includes an assessment of the measure and a timeline for its elimination;
b. The EAC Time-Bound Programme for the Elimination of Identified/Reported NTBs: upon a written notification from a reporting country, the NMC of the responsible country investigates the impact of the barrier, and identifies the required timeframe and potential challenges to its elimination;
c. Referral to the Council of Ministers: if NMCs fail to reach an agreement, the case can be referred to the Council of Ministers. The Council shall consider the matter and issue a directive, decision or recommendation with regard to the elimination of the NTB in question, or refer the matter to the EAC Committee on Trade Remedies. Any person aggrieved by a directive, decision or recommendation of the Council or a decision of the Committee on Trade Remedies may refer such matter to the EACJ.

The NTB elimination mechanism was reinforced with the enactment of the EAC Elimination of Non-Tariff Barriers Act in 2017. The Act contains a list of measures identified as NTBs, but also provides for the Council of Ministers to add any activity identified as such.
Under the COMESA-EAC-SADC Tripartite FTA, a regional platform for the elimination of NTBs was established in 2008.[7]

2.12. The Protocol on the Establishment of the EAC Common Market (CM Protocol) was signed in 2009 and became operational in July 2010. The main objective is to establish a single market across member countries. The CM Protocol provides for five freedoms (free movement of people, goods, services, labour, and capital), and two rights (rights of residence and establishment). It contains detailed provisions on the freedoms and rights, and on the removal of restrictions on the cross-border provision of services.

2.13. In November 2013, EAC members took a step further with the signing of the Protocol on the Establishment of the EAC Monetary Union (MU Protocol), which entered into force in 2014. The Protocol lays out the framework for the harmonization of monetary and fiscal policies, with a view to converging toward a single currency within ten years.

2.3 Participation in the WTO

2.14. With the exception of South Sudan, all EAC countries are original WTO Members. South Sudan has the status of Observer. The EAC Treaty was notified to the WTO in October 2000 under the Enabling Clause. All EAC WTO Members except Kenya have least developed country (LDC) status, and are therefore eligible for the WTO's Enhanced Integrated Framework (EIF) initiative. None of the EAC members is either a signatory or an observer to any of the WTO plurilateral agreements. All EAC WTO Members except Burundi have accepted the 2005 Protocol Amending the TRIPS

[6] The East African Community Elimination of Non-Tariff Barriers Act, 2017.
[7] The regional platform for reporting NTBs is available at: http://www.tradebarriers.org/.

Agreement. They accord at least the most-favoured-nation (MFN) treatment to all their trading partners.

2.15. Under the WTO Trade Facilitation Agreement (TFA), all EAC WTO Members have notified their Category A commitments. Kenya, Rwanda, and Uganda have deposited their instruments of acceptance of the Agreement. In 2015, the EAC countries established a Regional Trade Facilitation Sub-Committee, which reports to the Sectoral Committee on Trade and, subsequently, the SCTIFI. Its main mandate is to coordinate the implementation of the WTO TFA and other trade facilitation measures decided at the regional level, including ensuring the convergence of national implementation plans, and to mobilize resources. A regional TFA implementation plan was adopted in 2016.

2.16. At the WTO, EAC countries participate in, and align their positions with, those of the following negotiating groups: African, Caribbean and Pacific (ACP) countries; the African Group; the G-90; and "W52" sponsors. All of them except Kenya are members of the LDC Group. Kenya, Tanzania and Uganda are members of the G-33 (also called the "Friends of Special Products in Agriculture"). In addition, Kenya is a member of the "Paragraph 6 countries", and Tanzania, a member of the G-20.[8] None of the EAC countries has been involved directly in the WTO dispute settlement mechanism, either as a complainant or a defendant. However, Kenya and Tanzania have participated, as third parties, in disputes brought separately by Australia, Brazil, and Thailand, on "European Communities - Export Subsidies on Sugar".[9]

2.17. EAC WTO Members' trade policies were jointly reviewed under the Trade Policies Review Mechanism in 2005 and 2012. They have individually established Permanent Missions to the WTO.

2.18. EAC countries also face challenges to the development of their trade in areas such as trade facilitation, trade policy and regulations, corridors and transit procedures, export development and promotion, transport infrastructure development, energy, access to credit, and skills development. To meet these challenges, a regional Aid for Trade (AfT) strategy was adopted in 2017.[10] The main expected outcome from the strategy is the expansion and diversification of trade in value-added products and services, and more investment inflows. In practice, AfT flows in the region have been increasing, and are accounting for a growing share of its official development assistance. In 2015, EAC countries received a total of about EUR 810 million in AfT, compared to EUR 610 million in 2012.[11] Tanzania and Kenya are the two largest recipients. The support is mostly concentrated in trade-related infrastructure, trade facilitation, and capacity building.

2.19. EAC countries continue to fulfil their notification obligations at the WTO, although to various degrees (see Annexes). Participation in trade-related technical assistance activities fluctuated, between 22 in 2011 to only 3 in 2016.

2.4 Trade Agreements and Arrangements

2.4.1 The COMESA-EAC-SADC Tripartite Forum

2.20. EAC countries are engaged in the establishment of a tripartite free trade area (FTA) involving members of the Common Market for Eastern and Southern Africa (COMESA) and the South African Development Community (SADC) (COMESA-EAC-SADC Tripartite FTA). The FTA covers 26 African countries that account for about 57% of the continent's population and 58% of its GDP. It is part of an overarching project aimed at establishing a continental FTA, and ultimately the African Economic Community.[12]

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[8] The G-20 negotiation group is a coalition of developing countries pressing for ambitious reforms of agriculture in developed countries with some flexibility for developing countries.

[9] Documents WT/DS265/R, WT/DS266/R, and WT/DS283/R, 15 October 2004.

[10] EAC (2017), *EAC Aid for Trade Strategy 2017-2021*.

[11] European Commission (2017), *Aid for Trade Report 2017. Review of progress by the EU and its Member States.* Viewed at: https://ec.europa.eu/europeaid/sites/devco/files/report-aid-for-traid-2017-final-with-stories_en_0.pdf.

[12] All EAC countries have signed and ratified the Treaty Establishing the African Economic Community (Abuja Treaty), adopted in June 1991.

2.21. Negotiations for the Tripartite FTA were launched in 2011, and are to be conducted in two phases. A first phase of the negotiations on trade in goods was concluded with the signing and the official launch of the Tripartite FTA Trade in Goods in June 2015.[13] The Agreement provides for the liberalization of all tariff lines, with some exceptions. Between 60% and 80% of tariff lines, depending on the country, are to be liberalized upon the entry into force of the Agreement. The remaining portion is to be liberalized over a period of five to eight years. Although the Agreement has been signed, annexes relating to tariff schedules and rules of origin are still under negotiation. The Agreement will enter into force after the completion of the negotiations on these annexes, and the ratification by at least 14 parties. Negotiations on trade in services and other trade-related areas (competition policy, intellectual property rights) are expected to start after the launch of the FTA on trade in goods.

2.22. NTBs are seen as the main impediment to trade within the region, and each of the three regional blocs has in place procedures for their reporting, monitoring and elimination.[14] The Agreement provides for the harmonization of these procedures under a single mechanism, i.e. the Tripartite NTBs Reporting, Resolving and Monitoring Mechanism.[15] Through a web-based platform, stakeholders from the three communities can report and monitor the resolution of barriers encountered in the conduct of their business. As of September 2017, there were 79 active complaints, of which 42 were by stakeholders from EAC countries against measures taken by other EAC members.

2.23. The full implementation of the Tripartite FTA is projected to increase intra-regional trade.[16] Manufacturing, including food processing, is the sector that would benefit the most from the FTA.

2.4.2 Relations with the European Union

2.24. The European Union is a major trading partner for EAC countries (see Section 1.3). Exports to the European Union are dominated by coffee, cut flowers, tea, tobacco, fish and vegetables. Imports are composed mainly of machinery and mechanical appliances, equipment and parts, vehicles and pharmaceutical products. In addition, a large share of FDI inflows to the EAC originates in the European Union.

2.25. Negotiations for an Economic Partnership Agreement (EPA) between the European Union and the EAC started in 2007 and were concluded in October 2014. Under the EPA, EAC exports are granted duty-free and quota-free access to the EU market. EAC countries are committed to liberalize about 82.6% (in value) of their imports from the European Union upon entry into force of the Agreement, and to gradually liberalize the remainder over a period of 15 years. The Agreement contains safeguarding clauses. It also lays the groundwork for further talks on trade in services, competition, intellectual property rights, and public procurement. As of December 2017, the Agreement was ratified by Kenya and signed by Rwanda.[17] In the meantime, all EAC countries except Kenya (see annex on Kenya) benefit from duty-free and quota-free access to the EU market under the Everything But Arms (EBA) initiative available to LDCs.

2.4.3 Relations with the United States

2.26. All EAC countries are eligible for trade preferences under the U.S. African Growth and Opportunity Act (AGOA), duty-free and quota-free access for a range of products, including selected agricultural and textile products. Kenya, Rwanda, Tanzania, and Uganda are also eligible for preferences under the "wearing apparel" provisions of the AGOA.[18]

[13] Sharm El Sheikh Declaration Launching the COMESA-EAC-SADC Tripartite Free Trade Area.

[14] The elimination of NTBs is provided for by Article 6 of the SADC Protocol, Article 49 of the COMESA Treaty, and Article 75 of the EAC Treaty.

[15] The mechanism is available at: http://www.tradebarriers.org.

[16] Mold, A. and Mukwaya, R. (2015), *The Effects of the Tripartite Free Trade Area: Towards a New Economic Geography in Southern, Eastern and Northern Africa?* CREDIT Research Paper No. 15/04. Viewed at: https://www.nottingham.ac.uk/credit/documents/papers/2015/15-04.pdf [November 2018].

[17] http://www.europarl.europa.eu/legislative-train/theme-a-balanced-and-progressive-trade-policy-to-harness-globalisation/file-epa-with-east-africa.

[18] To export apparel (and certain textile items) to the United States under the AGOA, countries must, *inter alia*, implement a "visa system" that ensures compliance with the required rules of origin.

2.27. Cooperation on investment matters has led to the signing of the Trade and Investment Framework Agreement (TIFA) in 2008. The Agreement aims to strengthen bilateral trade and investment relationships, and improve the business climate. A joint Council was established in 2010 to operationalize trade and investment relations under the TIFA. It 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.

2.28. Cooperation in the areas of trade facilitation, SPS, and TBT is governed by an agreement signed in February 2015.[19] The agreement provides for cooperation and capacity building on customs issues, including the implementation of the WTO TFA; food safety, and plant and animal health; and technical regulations, standards, testing and certification.

2.29. In practice, Kenya is the main trader under the AGOA among the EAC countries. Its exports under the AGOA were worth USD 394 million in 2016, compared with USD 43 million for the rest of EAC countries. Kenya, Uganda and Tanzania remain eligible for all AGOA benefits. With the exception of apparel products, Rwanda remains eligible for duty-free benefits under the AGOA.

2.4.4 Other agreements and arrangements

2.30. All EAC countries are members of the African Union (AU). Negotiations for the African Continental Free Trade Area (AfCFTA) were launched in June 2015, and a consolidated text (the Protocol on Trade in Goods; the Protocol on Trade in Services; the Protocol on Rules; and the Procedures on the Settlement of Disputes) was adopted in March 2018. As at August 2018, 49 member States had signed the AfCFTA, and 6, including Kenya and Rwanda, had ratified it.

2.31. EAC countries are, individually, members of other arrangements, such as the Inter-Governmental Authority on Development (IGAD), COMESA, the SADC, the Indian Ocean Rim-Association for Regional Cooperation (IOR-ARC), and the Economic Community of Great Lakes Countries (CEPGL) (see Annexes 1-5).

2.32. In general, EAC countries are eligible for non-reciprocal preferential treatment by many trading partners under their Generalized System of Preferences (GSP) regimes (see country annexes).

2.5 Investment Regime

2.33. There is no investment agreement between EAC members, although their objective is to promote the Community as a single investment area. Under the EAC Treaty, members are to "harmonise and rationalise investment incentives, including those relating to taxation of industries". The CM Protocol provides for freedom of movement of goods, labour, services, and capital. Its provisions on investment call for the protection and harmonization of tax regulations. According to the authorities, a Policy on EAC Domestic Tax Harmonization was developed and endorsed by the finance ministers during the 8th Meeting of the Sectoral Council on Finance and Economic Affairs held in May 2018. Detailed harmonization proposals for VAT and excise taxes rates were being developed for consideration by the finance ministers in November 2018.

2.34. The 2006 EAC Model Investment Code remains the reference guide for the design of national investment policies and laws. However, it does not have any binding effect on countries. It provides for national treatment of, and non-discrimination against, foreign investors. Furthermore, it also provides for the free transfer of assets, and protection from uncompensated expropriation.

2.35. EAC countries can negotiate and enter investment treaties with third countries. A Model Investment Treaty was adopted in 2016, with the objective of guiding, and serving as a template for, negotiations.

2.36. Double taxation remains a major hurdle for cross-border investment flows. Investment income generated from cross-border operations are taxed not only in the country of generation, but also in the country of residence of the taxpayer. An Agreement on the Avoidance of Double Taxation

[19] US-EAC Cooperation Agreement on Trade Facilitation, SPS, and TBT.

was signed in November 2011, but the ratification process is ongoing.[20] The ratification process is slow due to fears of loss of revenue and tax evasion. As at December 2017, Kenya, Rwanda and Uganda had ratified the Agreement.

[20] EAC (2016), *The Double Taxation Avoidance Agreement of the East African Community Handbook.*

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures and documentation

3.1. Customs procedures and documentations are not yet fully harmonized within the EAC (see annexes). They are governed mainly by national legislations, the provisions of the EAC Customs Management Act, 2004 (as amended in 2009), and the EAC Customs Management Regulations, 2010.

3.2. Within the EAC, national customs use different computer systems. ASYCUDA World is in place in Rwanda, Uganda and Burundi. In 2017, Kenya replaced its Simba system with the Integrated Customs Management System (iCMS). Tanzania also replaced ASYCUDA++ with the Tanzania Customs Integrated System (TANCIS). The use of these different systems is potentially a source of delays in cargo clearance, mainly for transit goods. During the review period, the EAC countries have taken steps to interconnect their systems in order to facilitate the flow of information between customs authorities.

3.3. In line with the Customs Management Act, only licensed vessels are allowed to carry goods subject to customs control. Licences are issued by the customs authorities, are renewable annually, and are subject to a renewal fee of USD 400. Licensed vessels can operate freely within the Community.

3.4. None of EAC countries have recourse to pre-shipment or destination inspections for customs valuation purposes. Pre-shipment inspection for conformity assessment purposes is required for certain goods in Burundi and Kenya (see country annexes).

3.5. A regional AEO programme was introduced in 2016. Under the programme, any individual or business entity involved in international trade may benefit from faster customs clearance procedures, if recognized as a low-risk company by customs authorities. Customs declarations from traders and manufacturers with AEO status are given priority throughout the whole clearance process.[1] AEO clearing and forwarding agents are accorded priority treatment in the cargo clearance chain, and a waiver for the bond requirement. Benefits for AEO transporters include priority clearance at the borders, and an exemption from the mandatory use of the electronic cargo tracking system. Participation in the programme is free of charge, and AEO status is granted for three years, renewable. The programme was introduced in 2012 on a pilot basis, and was fully rolled out in 2015 in all EAC countries. There are currently 82 regional operators.

3.6. Up until 2017, EAC countries were using different cargo tracking systems, which resulted in cargos being traced only up to border points; delays at border points; increased costs for traders; and an increased risk of cargo theft or diversion of goods in transit. In 2017, Kenya, Uganda and Rwanda jointly launched an electronic cargo tracking system along the northern corridor, from the port of Mombasa to Kampala and Kigali. The system is free of charge. Tanzania is in the process of having the system extended to the central corridor by June 2019.

3.7. EAC countries have improved the procedures for goods in transit, through the implementation, in 2015, of a single regional bond system. However, requirements vary from country to country.

3.8. The EAC's single customs territory (SCT) model relies on three pillars: free circulation of goods; a revenue management system; and an adequate legal and institutional framework (Box 3.1). The SCT was rolled out in July 2014. According to the authorities, all imports into the EAC and intra-EAC transfers of goods are cleared under the SCT, and its extension to the export regime is under consideration.

[1] The benefits include: the automatic processing of the customs declaration, exemption from the physical examination of goods (except for risk-based interventions), expedited payment of refund claims, priority treatment in the cargo clearance chain, and waiver of the bond requirement.

Box 3.1 Main principles governing the EAC's SCT

The EAC's single customs territory rests on three pillars: ensuring the free circulation of goods, establishing a revenue management system, and an adequate legal and institutional framework. The free circulation of goods is based on the following principles:

a. Imports into the EAC: they are subject to the CET. Imports are declared only at the country of destination, and are released at the first point of entry; the goods are then moved under a single bond to the final destination. Unlike the previous system, where transit goods and goods for warehousing enter as such in each country, they are now declared only once and are covered by a single regional bond system;
b. Intra-EAC transfer of goods: duty-paid goods continue to be subject to customs duties when transferred to another EAC country. Locally-produced goods are subjected to applicable domestic taxes and levies when transferred to another member country;
c. Exports to markets outside the EAC: they are covered by a single regional bond guarantee. Depending on the level of risk, they are monitored through an electronic cargo tracking system; and
d. Port and border operations: the activities of agencies involved in the clearance of cargo at ports and borders are to be centralized through a single window system at designated one-stop border posts.

Each revenue authority has its own distinctive revenue management system. Taxes and duties are assessed and paid at destination Partner States.

Source: EAC (2014), Single Customs Territory Procedures Manual. Arusha, July 2014.

3.9. The establishment of one-stop border posts is another key step in the operationalization of the customs union. The EAC One-Stop Border Posts Act was enacted in 2016, and provides for the establishment and implementation of one-stop border posts at common borders. The objective is to improve the efficiency of the movement of goods, persons and services within the Community. About 15 posts have been designated as one-stop border posts. Border controls in these posts continue to be carried out according to national laws. However, officers are encouraged to proceed to simultaneous processing of documents, joint inspections and verifications. Although the legislation has not yet entered into force, countries have been operating these border posts based on bilateral agreements that are consistent with the legislation. According to the authorities, ten one-stop border posts are functional. The major challenge is interconnectivity between the respective systems of the Partner States.

3.10. The steps taken to operationalize the SCT have contributed to reducing delays in cargo clearance. For instance, on the Northern Corridor, the turnaround time of goods transiting from Mombasa to Kampala has been reduced from 18 days to 4, and goods from Mombasa to Kigali, from 21 days to 6.[2] Similarly, on the Central Corridor, the turnaround time between the port of Dar es Salaam and Kigali (or Bujumbura) has been reduced from over 20 days to 6.

3.11. Customs procedures are to be carried out by licensed customs clearing agents, who are licensed by the customs commissioner. Licences are valid for one calendar year, and are subject to an application fee of USD 10 and an annual fee of USD 400. Customs clearing agents may apply for a licence valid only nationwide or in any other EAC country.

3.12. Kenya, Rwanda and Uganda have ratified the WTO TFA; the other EAC countries have not yet done so. All the countries have notified their category A commitments under the Agreement, and have adopted a regional action plan for its implementation.

3.13. All EAC countries are members of the World Customs Organization. Kenya, Rwanda and Uganda have ratified the International Convention on the Simplification and Harmonization of Customs Procedures (revised Kyoto Convention).

3.1.2 Customs valuation

3.14. Customs valuation is broadly based on the provisions of the Agreement on Implementation of Article VII of the GATT 1994 (WTO Customs Valuation Agreement (WTO CVA)).[3] According to the authorities, the transaction value is primarily used for the determination of the customs value of

[2] EALA online information. Viewed at: http://www.eala.org/uploads/14_May_2015.pdf.
[3] EAC Customs Management Act of 2004, Section 122 and Fourth Schedule.

goods. A customs valuation manual was developed in 2012 to help ensure a uniform interpretation and application of customs valuation provisions.[4] The authorities indicated that no products were subject to minimum values.

3.15. The EAC Secretariat has developed some guidelines for high-risk products that might pose valuation challenges. These guidelines ("Product Identification Bulletins") provide further details, on the products, including possible countries of origin as well as their past f.o.b. values. Declared product values that do not fall within "acceptable ranges" under the guidelines are subject to further research by customs.

3.16. The valuation of used motor vehicles is one of the areas where many EAC countries face challenges in implementing the WTO CVA. Methods based on domestic retail prices are typically used. The customs value is then determined by applying the depreciation rate approved by the authorities. The lack of uniformity in the depreciation schedules and the assessment of the age of the car (year of manufacture vs. date of first registration) seem to cause distortions in intra-community trade in used cars. In 2015, the Council of Ministers adopted new rules that reduce the depreciation rates by five percentage points, effectively increasing dutiable values of vehicles. Under the new rules, depreciation rates for motor vehicles range from 20% (for vehicles of one year old) to 80% (for vehicles that are ten years old or over). The determination of the domestic retail value may vary from country to country.

3.1.3 Rules of origin

3.17. EAC preferential rules of origin are provided for in Article 14 of the Customs Union Protocol. They were reviewed in 2015, with a view to boosting intra-community trade.[5] Goods are defined as originating in the country where they are wholly produced or undergo substantial work or processing. Origin criteria for substantial work or processing are defined at product level.[6]

3.18. The principle of absorption is allowed under the new rules of origin. Under the principle, a product with originating status, used as a raw material in the manufacture of another product, is treated as an originating material. Non-originating materials used in its manufacture are not taken into account when determining the origin of the new product. Cumulation of origin is allowed, except for "sensitive" items (Schedule 2 of the EAC CET). Furthermore, a set of originating and non-originating products can be conferred with originating status if the value of the non-originating products does not exceed 15% of the *ex-works* price of the set.

3.19. The legislation also provides for a model certificate of origin. Certificates of origin are valid for six months from the date of issuance; the related fees are not harmonized across countries. A simplified procedure is available for small traders engaged in cross-border trade. For consignments worth USD 2,000 or less, traders can obtain an EAC Simplified Certificate of Origin at the border, free of charge.

3.20. EAC countries are currently negotiating preferential rules of origin with COMESA and the SADC, under the Tripartite FTA. According to the authorities, as of September 2018, rules of origin have been adopted on 3,267 tariff lines (at six-digit level based on HS 2017) of the total tariff lines (5,387), and negotiations are still ongoing.

3.21. EAC countries are also applying preferential rules of origin under their individual preferential trade agreements (see country annexes).

3.1.4 Tariffs

3.22. Pursuant to Article 12 of the Customs Union Protocol, the Council of Ministers may review the CET structure and approve measures to remedy any adverse effects that any of the EAC countries may experience due to the implementation of the CET. Any customs exemption, duty remission, or other type of concession must be in accordance with the Protocol and the East African Community

[4] EAC (2012) *EAC Customs Valuation Manual - A Guide to the Customs Valuation of Imported Goods in the East African Community.* Arusha, April. Viewed at: http://pdf.usaid.gov/pdf_docs/PA00JZ31.pdf [15 January 2018].

[5] East African Community Customs Union (Rules of Origin) Rules, 2015.

[6] Part 1 of the First Schedule.

Customs Management Act (EACCMA), 2004.[7,8] According to the authorities, the review of the current EAC CET is underway, and it is planned to be finalized in 2019.

3.23. In 2016, EAC customs duties and taxes (including VAT and excise duties) accounted for over 38% of total tax revenue, with the largest source being VAT on imports (13% of total tax revenue).[9] Customs tariffs accounted for approximately 8% of fiscal receipts in 2016.

3.1.4.1 The applied MFN tariff

3.24. All EAC countries apply the CET to imports from non-member States. However, country-specific deviations from the CET are allowed (Section 3.1.4.3). The EAC CET is based on the HS 2017 version of the Harmonized Commodity Description and Coding System (HS). Tariff rates are mostly *ad valorem,* and are applied on the c.i.f. value of imports. The 2018 tariff consists of 5,685 lines at the HS eight-digit level, of which 99% carry *ad valorem* duties. Some 55 tariff lines (1% of the total) carry mixed duties. There are no seasonal or variable tariffs, or tariff quotas.

3.25. The EAC CET comprises: zero on raw materials and capital goods; 10% on intermediate goods; 25% on finished goods; and rates above 25% on some items deemed sensitive. The sensitive items specified in Schedule 2 of the EAC CET are, in principle, goods where EAC member States see potential for local production and trade.[10] In the 2018 tariff schedule, the sensitive items, consisting of some 63 tariff lines, cover, *inter alia*, dairy products, wheat, rice, sugar, woven fabrics, and worn clothing (Table 3.1 and Table A3.1). According to the authorities, these products are considered sensitive, especially with regards to promoting local productive capacities and taking into account environmental purposes.

3.26. Since the previous Review in 2012, changes to the CET have included: cement, from 55% to 25% due to a shortage in the region; dairy products such as yogurt and cheese, from 25% to 60%; wheat or meslin flour, from 60% to 50%; and worn clothing, from USD 0.2/kg to USD 0.4/kg.

Table 3.1 Summary table on sensitive items subject to high tariffs, 2011 and 2018

Product description	2011 CET rate	2018 CET rate
Milk and cream	60	60
Buttermilk, curdled milk and cream, yogurt, etc	60	60
Cheese and curd	25[a]	60
Wheat and meslin	35	35
Rice	75% or USD 200/Mt[b]	75% or USD 345/Mt[b]
Wheat or meslin flour	60	50
Maize (corn) flour	50	50
Cane and beet sugar	30%; 100% or USD 200/Mt[b]	100% or USD 460/Mt[b]
Cigarettes containing tobacco	35	35
Portland cement other than white	55	25[a]
Matches	50	25[a]
Woven fabrics of cotton: Khanga, Kikoi and Kitenge	50	50
Track suits, ski suits and swimwear; women's or girls' other garments related to Khanga, Kikoi and Kitenge	50	50
Bed, table, toilet and kitchen linens of cotton	50	50
Worn clothing and other worn articles	35% or USD 0.20/kg[b]	35% or USD 0.40/kg[b]
Sacks and bags, of a kind used for the packing of goods	45% or USD 0.45 per bag[b]	25[a]

[7] The EAC CET schedule and its Gazette were viewed at: https://www.eac.int/.
[8] Recent EAC Gazette Notices related to duty concessions include: No. 8 of 30 June 2017; No. 9 of 14 July 2017; No. 11 of 10 September 2017; and No. 1 of 3 January 2018.
[9] EAC (2017), *EAC trade and investment report, 2016*".
[10] Shepherd, B.; de Melo, J.; and Sen, R. (2017); *Reform of the EAC Common External Tariff: Evidence from Trade Costs.* International Growth Centre, November. Viewed at https://www.theigc.org/wp-content/uploads/2017/11/Sheperd-et-al-2017-policy-paper1.pdf.

Product description	2011 CET rate	2018 CET rate
Crown corks	40	25[a]
Manganese dioxide, mercuric oxide, silver oxide, lithium, air-zinc, and other primary cells and primary batteries	35	35

a These items have been added or removed since 2017.
b Whichever is higher.

Source: EAC Secretariat, CET schedules, 2007 and 2017 versions.

3.27. The 2018 simple average applied MFN tariff is 12.9%, slightly up from 12.7% in 2011 (Table 3.2). The coefficient of variation of 0.95 (up from 0.94 in 2011) indicates moderate tariff dispersion, with rates ranging from zero to 100%, including the *ad valorem* part of mixed rates. The highest *ad valorem* rate (60%) applies to 16 tariff lines, for dairy products; and the mixed tariff rate, including the *ad valorem* rate of 100%, applies to cane and beet sugar.

Table 3.2 Structure of the CET, 2011 and 2018

	2011[a]	2018
Simple average tariff rate	12.7	12.9
WTO agricultural products	20.2	20.7
WTO non-agricultural products	11.5	11.7
Agriculture, hunting, forestry and fishing (ISIC 1)	17.7	18.1
Mining and quarrying (ISIC 2)	4.8	4.7
Manufacturing (ISIC 3)	12.5	12.7
Duty-free tariff lines (% of all tariff lines)	37.4	37.4
Simple average rate of dutiable lines only	20.2	20.7
Tariff quotas (% of all tariff lines)	0.0	0.0
Non-*ad valorem* tariffs (% of all tariff lines)	0.2	1.0
Non-*ad valorem* tariffs with no *ad valorem* equivalents (% of all tariff lines)	0.2	1.0
Domestic tariff "peaks" (% of all tariff lines)[b]	0.9	0.8
International tariff "peaks" (% of all tariff lines)[c]	40.5	42.2
Overall standard deviation of applied rates	12.0	12.3
Coefficient of variation	0.94	0.95
"Nuisance" applied rates (% of all tariff lines)[d]	0.0	0.0

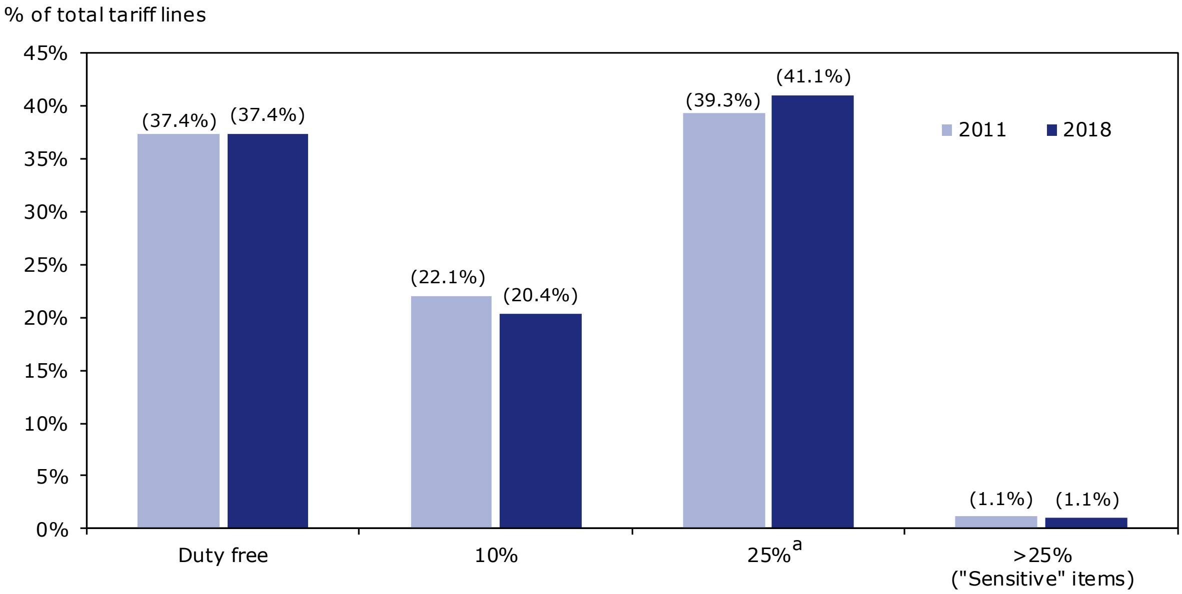
Note: Fiscal year runs from 1 July to 30 June.
2011 tariff is based on HS07 nomenclature consisting of 5,274 tariff lines (at 8-digit tariff line level).
2018 tariff is based on HS17 nomenclature consisting of 5,685 tariff lines (at 8-digit tariff line level).
For mixed duties, the *ad-valorem* components are used for the calculations.

a WTO (2012), *Trade Policy Review: East African Community (EAC) Countries*. Geneva, November.
b Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.
c International tariff peaks are defined as those exceeding 15%.
d Nuisance rates are those greater than zero, but less than or equal to 2%.

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

3.28. Overall, the distribution of the EAC CET structure has not changed considerably since the last Review. The modal rate is 25%, applying to over 40% of all tariff lines (Chart 3.1). Some 37% of all tariff lines are duty-free, and 20% carry the rate of 10%. The proportion of duty-free lines in 2018 remains the same as in 2011; duty-free items include fruit and spore seeds (HS 12), vegetable oils (HS 15), chemicals (HS28 and 29), and machinery and mechanical appliances (HS 84). The number of non-*ad valorem* tariff lines increased from 13 (0.2% of total lines) in 2011 to 55 (1.0% of total lines) in 2018 (Table 3.2), as a result of, *inter alia*, shifts from *ad valorem* (e.g. the rate of 10%) to mixed tariffs, mainly on steel products (HS 72) (Table A3.2). The increasing number of tariff lines with non-*ad valorem* rates adds to the complexity of the tariff structure. According to the authorities, tariff lines with non-*ad valorem* rates are meant to protect against adverse effects of undervaluation due to complexities in the valuation of products.

Chart 3.1 Distribution of CET applied tariffs, 2011 and 2018



a Including the *ad valorem* part of mixed duties in 2018.

Note: Figures in parentheses indicate the share of total lines.

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

3.29. Agriculture remains the most tariff-protected sector: the average applied tariff on agricultural products (WTO definition) is 20.7%, whereas the corresponding average for non-agricultural products stands at 11.7% (Table 3.2 and Table 3.3). Animals and animal products, cereals, sugar, beverages, dairy products, fish products, fruits and vegetables, and clothing are the product groups with high import duties of over 20%. Furthermore, some product groups such as sugar, chemicals, non-electric machinery, petroleum, and transport equipment display higher coefficients of variation, implying larger tariff dispersion within these product categories.

Table 3.3 Summary analysis of the CET, 2018

	Number of lines	Simple average (%)	Tariff range (%)	CV[a]	Share of duty free lines (%)[b]	Non-*ad valorem* lines[b]
Total	5,685	12.9	0-100	0.9	37.4	1.0
HS 01-24	977	23.0	0-100	0.5	7.7	1.3
HS 25-97	4,708	10.9	0-50	1.0	43.6	0.9
By WTO category						
WTO agricultural products	782	20.7	0-100	0.7	15.5	1.7
Animals and products thereof	116	22.6	0-25	0.3	9.5	0.0
Dairy products	21	51.7	25-60	0.3	0.0	0.0
Fruit, vegetables, and plants	212	21.8	0-25	0.4	9.0	0.0
Coffee, tea, and cocoa and cocoa preparations	24	19.6	0-25	0.5	16.7	0.0
Cereals and preparations	100	22.9	0-75	0.7	12.0	4.0
Oil seeds, fats, oils and their products	87	11.8	0-25	0.7	19.5	0.0
Sugars and confectionary	21	51.4	10-100	0.8	0.0	42.9
Beverages, spirits and tobacco	55	25.5	10-35	0.1	0.0	0.0
Cotton	5	0.0	0.0	0.0	100.0	0.0
Other agricultural products, n.e.s.	141	11.1	0-25	0.9	37.6	0.0
WTO non-agricultural products	4,903	11.7	0-50	1.0	40.9	0.9
Fish and fishery products	262	24.6	0-25	0.1	0.8	0.0
Minerals and metals	933	11.2	0-25	0.9	36.1	4.2
Chemicals and photographic supplies	986	4.1	0-25	2.0	77.3	0.0
Wood, pulp, paper and furniture	299	13.4	0-25	0.8	28.4	0.0

	Number of lines	Simple average (%)	Tariff range (%)	CV[a]	Share of duty free lines (%)[b]	Non-*ad valorem* lines[b]
Textiles	606	19.6	0-50	0.5	7.4	0.5
Clothing	221	25.3	25-50	0.1	0.0	0.0
Leather, rubber, footwear and travel goods	157	12.9	0-25	0.7	21.0	0.0
Non-electric machinery	545	3.4	0-25	2.0	74.7	0.0
Electric machinery	251	11.0	0-35	0.9	35.1	0.0
Transport equipment	190	8.6	0-25	1.3	55.8	0.0
Non-agricultural products, n.e.s.	424	15.6	0-25	0.7	28.5	0.0
Petroleum	29	4.3	0-25	1.8	72.4	0.0
By ISIC sector[c]						
Agriculture, hunting and fishing	402	18.1	0-75	0.7	22.9	0.2
Mining and quarrying	98	4.7	0-25	1.6	66.3	0.0
Manufacturing	5,184	12.7	0-100	1.0	38.0	1.0
By stage of processing						
First stage of processing	785	14.9	0-75	0.9	35.3	0.9
Semi-processed products	1,859	9.9	0-100	1.3	48.0	2.6
Fully processed products	3,041	14.3	0-60	0.8	31.5	0.0

a Coefficient of variation.
b Share of duty-free and share of non-*ad valorem* in the total number of tariff lines of the product group.
c International Standard Industrial Classification (Rev.2). Electricity, gas and water are excluded (1 tariff line).

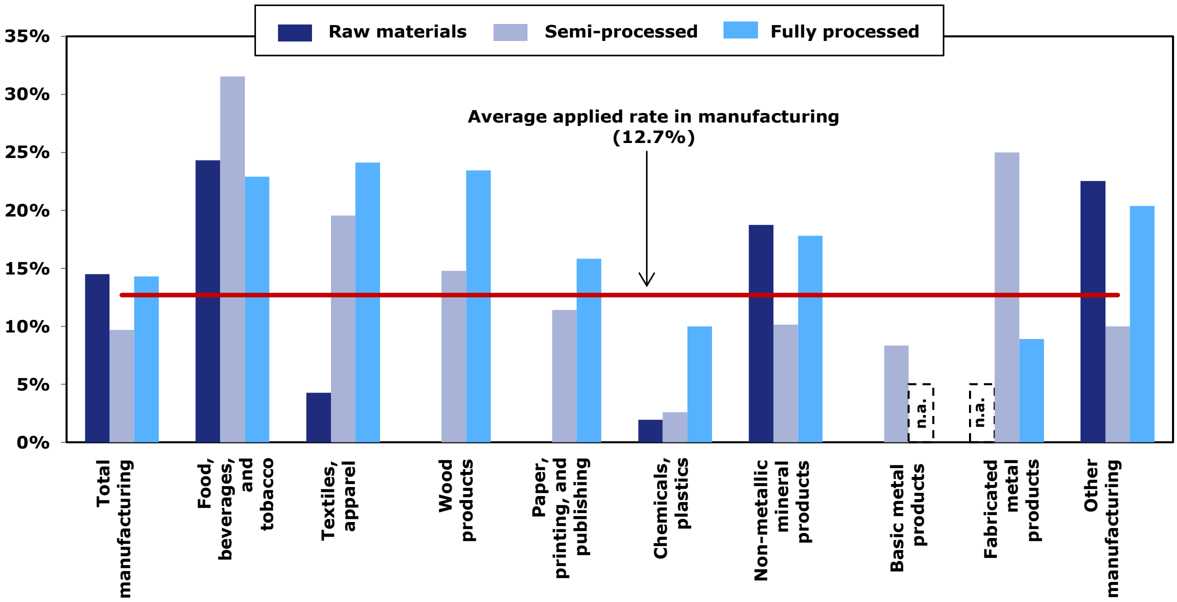
Note: The 2018 tariff schedule is based on the HS17 nomenclature consisting of 5,685 tariff lines (at the 8-digit tariff line level).

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

3.30. In aggregate, the applied MFN tariff structure displays mixed escalation: the average tariff in 2018 is estimated at 14.9% on raw materials; 9.9% on semi-processed products, and 14.3% on fully processed products (Table 3.3). The high overall tariff protection of raw materials may discourage investment in the processing industries, due to high duties on imported inputs adding to production costs; this may eventually reduce the competitiveness with respect to identical imported semi-processed products. As a consequence, EAC member States have applied a number of duty and tax concessions (Section 3.1.4.4).

3.31. At a more disaggregated level, positive escalation (indicating higher rates of effective protection for more processed products) seems to exist mainly in some industries such as: textiles and apparel; wood products; paper, printing, and publishing; and chemicals and plastics (Chart 3.2). The high tariff protection of certain finished products may act as a disincentive to increase international competitiveness of the finished products. Besides, the positive escalation and the effective rate of protection may be more evident if duty concessions were taken into account.

Chart 3.2 Tariff escalation by manufacturing sector (ISIC 2-digit level), 2018



n.a. Not applicable.

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

3.1.4.2 WTO tariff bindings

3.32. EAC member States have separately bound their tariffs at the WTO. Their schedules of concessions were transposed into the HS 2012 version and certified in 2017 and 2018 as part of the transposition exercise undertaken by the WTO Secretariat.[11]

3.33. Bindings vary considerably in terms of coverage of tariff lines and levels of bound rates (Table 3.4): while Rwanda has bound 100% of its tariff lines, other EAC member States have bound less than 25% of them. The overall average bound tariff for all goods differs from one member State to another, from the lowest rate of 68.3% in Burundi to the highest rate of 120% in Tanzania. No tariff quotas are included in the commitments. The large gap between the bound and applied MFN rates and the absence of bindings for over 70% of tariff lines (except Rwanda) leaves EAC members great flexibility to increase MFN duties, thus reducing the predictability of the tariff regime.

3.34. Although the CET rates are, in most cases, considerably lower than bound rates, they exceed the corresponding bound rates for some tariff lines (Table 3.4; see Annexes 1-5 for further details).

Table 3.4 WTO tariff bindings by EAC members

	Burundi	Kenya	Rwanda	Tanzania	Uganda
Bound tariff lines (% of all tariff lines)	**22.4**	**16.1**	**100.0**	**14.0**	**16.5**
Simple average tariff rate[a]	**68.3**	**94.0**	**89.4**	**120.0**	**72.8**
WTO agricultural products	95.1	100.0	74.6	120.0	77.1
WTO non-agricultural products	25.6	58.8	91.7	120.0	51.1
Agriculture, hunting, forestry and fishing (ISIC 1)	98.6	95.0	84.9	120.0	73.6
Mining and quarrying (ISIC 2)	U[b]	U[b]	100.0	U[b]	U[b]
Manufacturing (ISIC 3)	59.4	93.5	89.5	120.0	72.3
Range of bound rates (%)	**0-100**	**18-100**	**0-100**	**120.0**	**40-80**
Duty-free tariff lines (% of all tariff lines)	**0.7**	**0.0**	**1.0**	**0.0**	**0.0**

[11] Documents G/MA/330, 19 October 2016; Burundi (G/MA/TAR/RS/516), 27 February 2018; Kenya (G/MA/TAR/RS/528), 27 March 2018; Rwanda (WT/Let/1323), 1 December 2017; Tanzania (WT/Let/1299), 17 November 2017; and Uganda (WT/Let/1302), 20 November 2017.

	Burundi	Kenya	Rwanda	Tanzania	Uganda
Number of lines for which the applied customs duties exceed the bound rates, of which[c,d]:	**390 (13)**	**20 (19)**	**342 (44)**	**(13)**	**(13)**
WTO agricultural products	43 (13)	(19)	57 (13)	(13)	(13)
WTO non-agricultural products	347	1	285 (31)	0	0

Note: The final bound rates (HS 2012 nomenclature) are aligned with the 2018 applied tariff schedule (HS 2017 nomenclature) by the Secretariat for the purpose of tariff analysis.

a Calculations on bound averages are based on the following number of bound tariff lines (including partially bound): Burundi - 1,272; Kenya - 913; Rwanda - 5,685; Tanzania - 795; and Uganda- 938.
b Unbound.
c Country-specific tariff waivers (i.e. temporary tariff deviation from the CET) are taken into account in calculations.
d Figures in parenthesis are number of tariff lines with mixed duty tariffs; applied mixed tariffs may exceed bound *ad valorem* rates, depending on the unit import price of the product. For example, in case of Kenya, 19 out of 20 tariff lines are mixed duty tariffs.

Source: WTO Secretariat calculations, based on data provided by the EAC Secretariat and WTO Consolidated Tariff Schedules (CTS) database.

3.1.4.3 Tariff exemptions and reductions

3.35. Pursuant to Article 33 of the Protocol, EAC members have agreed to harmonize their duty and tax exemption and concession schemes. These measures are regulated by the Fifth Schedule of the EAC Customs Management Act, 2004, as amended.[12] Furthermore, the EAC member States also provide a variety of duty and tax concessions under already-harmonized schemes, such as the temporary admission of goods/inward processing, duty drawback, rebates, remission or refund.

3.36. In addition to goods imported by, or on behalf of, privileged persons and institutions (Part A - Specific Exemption), a general duty exemption applies to goods such as[13]: containers and pallets; fish, crustaceans and molluscs; mosquito nets and materials for the manufacture of mosquito nets; seeds for sowing; fertilizers; horticulture, agriculture or floriculture inputs; items imported for use in licensed hospitals; educational articles; inputs for use in the manufacture of agricultural equipment; hotel equipment; refrigerated trucks and refrigerated trailers; insulated tankers; computer software; specialized solar and wind energy equipment; and woven fabrics for the manufacture of textile materials.[14]

3.37. Moreover, EAC members are allowed to eliminate, reduce, or sometimes increase tariffs, for a temporary period, on both sensitive and non-sensitive products, through concession schemes such as the "stay application" scheme and the "duty remission" scheme.[15]

3.38. Under the "stay application" scheme, the Council of Ministers may allow member countries to deviate from the CET rates for a period of one year. Country-specific waivers are granted by the Council on a case-by-case basis, on justification of any injury or threat of injury, upon request from the member State. Approval should be by consensus.[16] The number of tariff lines under the scheme varies significantly in terms of coverage and margins of temporary changes to the rates (Table 3.5; see Annexes 1-5 for further details).[17] The Council has approved a wide range of items (over 400 tariff lines) for Rwanda, whereas other EAC countries utilize the scheme at relatively low levels (Table 3.5). Rwanda and Uganda have increased the number of tariff lines with temporary reduced rates (lower than the CET rates), while other EAC countries have applied either higher rates or mixed tariffs. Moreover, Rwanda applies tariff quotas on sugar products (HS 1701.12.90, HS 1701.14.90, HS 1701.91.00, and HS 1701.99.90) on a temporary basis.

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[12] Recent EAC Gazette Notices relating to amendments to the Fifth Schedule (Exemption Regime) include: No. 8 of 30 June 2011; No. 10 of 30 June 2012; No. 10 of 30 June 2013; No. 8 of 20 June 2014; No. 9 of 19 June 2015; No. 5 of 30 June 2016; and No. 8 of 30 June 2017.
[13] EAC CM Protocol, Fifth Schedule, Part B.
[14] Information compiled by the WTO Secretariat, based on the Fifth Schedule of the EAC Customs Management Act, 2004 and its amendments issued in EAC Gazettes (see footnote 13).
[15] Articles 12(3) and 39(c) of the Protocol on the Establishment of the EAC Customs Union for the "stay application" scheme; and Section 140 of the EACCMA 2004 for the "duty remission" scheme.
[16] WTO (2012), *Trade Policy Review: The East African Community (EAC) Countries*. Geneva, November.
[17] EAC Gazette Notice No. 8 of 30 June 2017 is currently in effect since 1 July 2017.

3.39. There is a Duty Remission Committee in each EAC country, established the East African Community Customs Management (Duty Remission) Regulations, 2008. The Committee receives, vets and processes applications for remission.

Table 3.5 Tariff lines (at the 8-digit level) with national rates different from the CET rates, 2018

	Burundi	Kenya	Rwanda	Tanzania	Uganda
Number of tariff lines	**8**	**376**	**437**	**98**	**228**
Changes to EAC CET rates					
Reduced tariff rates	5	9	417	2	41
Increased tariff rates		28	2	91	142
Different type of duty rates applied (e.g. switches from *ad valorem* to non-*ad valorem* rates)	3	339	18	5	45
By HS Section					
01 Live animals and products	0	0	0	66	66
02 Vegetable products	0	4	3	1	4
03 Fats and oils	0	6	0	5	0
04 Prepared food, beverages and tobacco	0	0	4	18	18
05 Mineral products	0	0	0	1	4
06 Chemicals and products thereof	0	1	15	1	6
07 Plastics, rubber, and articles thereof	1	3	12	1	7
08 Raw hides and skins, leather, and its products	0	0	11	0	0
09 Wood and articles of wood	0	16	2	0	0
10 Pulp of wood, paper and paperboard	0	10	1	0	12
11 Textiles and textile articles	3	265	269	3	11
12 Footwear, headgear, etc	0	3	3	0	0
13 Articles of stone, plaster, cement	0	0	0	0	11
14 Precious stones and metals, pearls	0	0	4	0	0
15 Base metals and articles thereof	0	62	46	1	58
16 Machinery, electrical equipment, etc.	0	0	54	1	9
17 Transport equipment	4	1	6	0	4
18 Precision equipment	0	0	1	0	0
20 Miscellaneous manufactured articles	0	5	6	0	18

Note: No relevant tariff lines in HS sections 19 and 21.

Source: WTO Secretariat calculations, based on data provided by EAC Secretariat; and EAC Gazette Vol. AT1-No.8, 30 June 2018.

3.40. The "duty remission" scheme (DRS) is governed by the provisions of the EAC Customs Management Act, 2004, and the EAC Customs Management (Duty Remission) Regulations, 2008. The DRS allows manufacturers to import raw materials and industrial inputs for the manufacture of goods at a duty rate of 10% or under; the final goods are meant to be sold outside the EAC. In each country, a Duty Remission Committee receives the applications, and advises on the quantities of goods on which remission may be granted. The recommendations are then submitted to the Council of Ministers for approval. If approved, a duty remission is granted for a period of 12 months from the date of its publication in the Gazette; it is renewable for 12 months.[18] As part of the conditions related to the DRS, a bond covering the applicable duty on the approved quantity is required. Manufacturers are subject to a penalty of 10% of the dutiable value if they fail to export the final goods or to use the imported goods for the intended purpose.[19] If finished products are sold in the customs territory, duties, levies other charges apply.

3.41. Items under the DRS vary, depending on each member State. In general, inputs imported under the DRS include wheat, industrial sugar, completely knocked down (CKDs) kits for motor cycles, raw materials for textiles and shoes, and paper for exercise books and text books (see Annexes 1-5 for further details). Detailed information, including specific items, tariff codes, manufacturers, rates of duty remissions, and quantities for individual EAC countries are published in the EAC Gazette.

[18] Article 6 of the EAC Customs Management (Duty Remission) Regulations, 2008.
[19] Article 7 and 8 of the EAC Customs Management (Duty Remission) Regulations, 2008.

3.1.4.4 Tariff preferences

3.42. In accordance with the Customs Union Protocol, each EAC country must grant duty-free access to imports from the other countries.

3.43. EAC members also grant tariff preferences on a reciprocal basis under trade agreements in which they engage individually. Accordingly, tariff preferences may differ from one country to another (see annexes 1-5). The main preferences are under FTA agreements (COMESA and SADC): Burundi, Kenya, Rwanda, and Uganda are under the COMESA; and Tanzania is under the SADC. Burundi, Kenya and Rwanda participate in the FTA under COMESA, while Uganda applies an 80% reduction in the CET rate to goods originating in other COMESA countries, excluding EAC members.

3.44. Moreover, the negotiations for the Economic Partnership Agreement (EPA) with the European Union were concluded on 16 October 2014. Kenya and Rwanda signed the EPA, while other EAC members are yet to do so.[20]

3.1.4.5 Other duties and charges

3.45. EAC countries have individually bound their other duties and charges at various levels and different rates (see annexes 1-5). At the Community level, fees for some services and documents issued by the customs have been harmonized (Table 3.6). In addition, a development levy of 1.5% on a list of products from non-EAC countries is imposed.

Table 3.6 Fees for services and documents

(USD)

Services or certificates	Fees
Certification of a copy of any document	5.00
Issuance of a landing certificate, for each original entry in which goods are entered	10.00
Transhipment	10.00
Transfer of ownership	10.00
Issuance of certificate of weight for a consignment	5.00
Approval of alterations to the mark, number, or other particular, in any document submitted to customs, other than an inward manifest	5.00
Cancellation of entries	10.00
Issuance of any other certificate or certification of document issued by customs	3.00
Amendment of an inward report	10.00

Source: EAC Customs Management Regulations, 2010.

3.46. The authorities indicated that EAC countries are considering the introduction of a 1% levy on extra-bloc imports, to fund the Community's budget. In addition, Rwanda and Kenya are implementing the decision, taken at the 27th AU Summit, to introduce a 0.2% levy on imports from non-African countries.

3.1.5 Internal taxes

3.47. Under the EAC CM Protocol, member States are to harmonize their tax policies and related laws. A Policy on EAC Domestic Tax Harmonization was developed and endorsed by the finance ministers during the 8th Meeting of the Sectoral Council on Finance and Economic Affairs, held in May 2018. Detailed harmonization proposals for VAT and excise taxes are currently being developed.

3.48. The rates of VAT are not harmonized across the EAC countries. They apply to goods and services, including imports, at standard rates ranging from 16% in Kenya to 20% in Tanzania, with the other countries applying 18%. Reduced rates are in place in Kenya (12%) and Uganda (6%). However, exports are zero-rated under the national VAT regimes of EAC countries (see Annexes 1-5).

[20] European Commission, *Overview of Economic Partnership Agreements*, October 2018. Viewed at: http://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144912.pdf.

3.49. Excise taxes are levied following national legislation, and are not harmonized in terms of coverage or rates (see Annexes 1-5). According to the authorities, internal taxes are payable on intra-EAC trade unless otherwise provided for by domestic legislation.

3.1.6 Import prohibitions, restrictions, and licensing

3.50. Imports prohibitions and restrictions are largely determined at the Community level.[21] Prohibited goods include: counterfeit goods; pornographic materials; matches containing white phosphorous; distilled beverages containing essential oils or chemical products deemed injurious to health; soaps and cosmetic products containing mercury; used tyres; plastic articles of less than 30 microns; and various agricultural and industrial chemicals. In accordance with international regulations, the importation of narcotic drugs and hazardous waste is prohibited.

3.51. Since 2011, the EAC Polythene Materials Control Act, 2011, the importation, use, sale and manufacturing of polythene have been prohibited.[22] However, to date, only Kenya, Rwanda and Uganda have banned the use of polythene. Exceptions apply to its use in the construction industry, the manufacturing of tents, industrial packaging, and medical services.

3.52. An import permit is required for a number of product categories, such as: arms and ammunition; worked and unworked ivory; genetically modified products; non-indigenous species of fish; and historical artefacts.[23] In accordance with their international obligations, the importation of ozone-depleting substances and endangered species of wild flora and fauna into any EAC member is subject to a permit.

3.1.7 Contingency measures

3.53. According to the EAC Secretariat, current EAC provisions on anti-dumping, countervailing, and safeguard measures are based on the relevant WTO agreements, and have not changed since the previous TPR. Anti-dumping measures are governed by the EAC Customs Union (Anti-Dumping Measures) Regulations, 2004. With the transition to a fully-fledged customs union, members are allowed to initiate anti-dumping investigations and reviews against each other. However, this has never happened. Kenya is the only EAC country with national legislation on trade remedies.

3.54. Countervailing measures are governed by the EAC Customs Union (Subsidies and Countervailing Measures) Regulations, 2004.

3.55. Safeguard measures are governed by the EAC Customs Union (Safeguard Measures) Regulations, 2004. Countries may resort to a safeguard measure in the case of a sudden surge in imports of a product from a trading partner (including another EAC member). Safeguard measures can be maintained for a period of one year. Their annual extension (for up to three years) is subject to approval by the Council of Ministers. Provisional safeguard measures can be taken for a period not exceeding 200 days.

3.56. The Customs Union Protocol provides for the establishment of an East African Community Committee on Trade Remedies. In addition to contingency measures, the Committee is to deal with issues relating to rules of origin and dispute settlement.

3.2 Measures Directly Affecting Exports

3.2.1 Documentation

3.57. EAC countries have not yet fully harmonized customs documentation requirements for exports.

[21] EAC Customs Management Act, 2004, Second Schedule.
[22] EAC Polythene Materials Control Act, 2011.
[23] EAC Customs Management Act, 2004, Second and Third Schedules.

3.2.2 Taxation

3.58. All EAC countries apply export taxes on specified items (see Annexes 1-5).

3.2.3 Export prohibitions, restrictions, and licensing

3.59. The Third Schedule of the EAC Customs Management Act, 2004 provides for a list of restricted and prohibited exports. In addition, on national levels, export prohibitions may apply in accordance with relevant international agreements (see Annexes 1-5).

3.2.4 Export assistance

3.60. The EAC countries have a number of export promotion tools in common, such as duty drawbacks, manufacturing under bonds, and Export Processing Zones (EPZs) (see Table 3.7). Goods benefiting from any of these schemes are destined primarily for export; their sale within the customs union is subject to the payment of applicable duties and charges. Domestic sales of goods produced by an EPZ company should not exceed 20% of its annual production.

Table 3.7 Overview of EAC's main export promotion schemes

Scheme	Description/conditions	Implementation
Duty drawback	Refund of the duty paid on imports when goods are exported to a third country	In place in Kenya, Tanzania and Uganda
Manufacturing under bond	Possibility of importing plant, machinery, equipment and raw materials tax-free when used exclusively in the manufacture of goods for export. Licence fee: USD 1,500	In place in Kenya and Uganda
EPZs	Designated customs areas where participants can import machinery, and resources used for the manufacture of export goods ,without payment of duty	In place in Burundi, Kenya and Tanzania

Source: Information provided by the EAC Secretariat.

3.61. The EAC has enacted Export Processing Zone Regulations to ensure uniformity in the implementation of the Customs Union's EPZ provisions. An EAC member that does not have national legislation on EPZs must, before applying the EAC regulations, enact national implementation legislation. Members must align national legislation with the Regulations.[24] The EAC Model Export Processing Zones Operational Manual, adopted in November 2011, provides for exemptions from duties and taxes on specific imports for the 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.

3.62. During the review period, the EAC countries implemented their second Export and Investment Promotion Strategy (EAC EIPA 2011-16).[25] Strategic objectives and interventions for export promotion include: facilitating the consolidation, expansion and diversification of export markets; expanding the export basket through the identification and promotion of new exportable products; enhancing export competitiveness through product development and value-addition; improving regional and global trade flows through a better business environment; and ensuring the implementation of key export promotion initiatives. The EAC Export Promotion Strategy 2018–23 has not yet been adopted. The EAC Secretariat indicated that its adoption should take place by the end of 2018.

3.3 Measures Affecting Production and Trade

3.3.1 Incentives

3.63. Under the EAC CM Protocol, member countries undertake to progressively harmonize their tax policies. In practice, countries are yet to do so. Corporate tax is applied at the standard rate of 30%, except in Kenya where non-resident corporations are taxed at 37.5%. The standard rate of

[24] EAC Customs Union (Export Processing Zones) Regulations.
[25] EAC (2011), *Joint EAC Export and Investment Promotion Strategy: 2011-2016.* EAC Secretariat, Arusha, Tanzania.

VAT ranges between 16% and 20% (see Section 3.1.5). In a move to attract foreign investment, the EAC countries provide tax incentives in various forms, including corporate income tax, remission of customs duties, and VAT (see Annexes 1-5). Recent estimates put the revenue foregone by Kenya, Uganda, Tanzania and Rwanda at above USD 1.5 billion a year (up from USD 2.8 billion in 2012).[26]

3.64. The 2006 EAC Model Investment Code provides for investment incentives in the context of special economic zones. The Code is not binding, but rather is intended to serve as a guide in the design of national investment codes.

3.65. A number of incentives schemes are available for businesses engaged in exports (see Section 3.2.4).

3.3.2 Standards and other technical requirements

3.66. Under the EAC Treaty, member countries are to adopt a common policy on standardization, quality assurance, metrology, and testing of goods and services produced and traded within the Community. The CM Protocol further calls on members to "harmonize and mutually recognize standards and implement a common trade policy for the Community".[27]

3.67. The Standards, Quality, Metrology and Testing (SQMT) Act, 2006 and the SQMT Protocol of 2001 constitute the main framework for the Community's evolution towards a common policy. During the review period, a number of regulations have been adopted to operationalize the SQMT Act. These relate, *inter alia*, to product certification, designation of laboratories, and enforcement of technical regulations. The implementation of the SQMT Act is hindered by a number of challenges, including limited awareness about the issue, and the lack of financial resources in some countries. According to the EAC Secretariat, the Act was reviewed in 2010, which resulted in the adoption of a Metrology Bill and a Standardization, Accreditation and Conformity Assessment (SACA) Bill.

3.68. The SQMT Act provides for the adoption and harmonization of standards by member states, the enforcement of technical regulations, the declaration and acceptance of certification marks, and the alignment of national laws and regulations. At the regional level, the institutional setting comprises: the East African Standards Committee (EASC), in charge of coordinating activities related to standardization, metrology and conformity assessment, and monitoring their implementation at national and community levels; the Liaison Office, tasked with providing administrative support to the EASC; and the East African Accreditation Board (EAAB). The EASC is responsible for developing new standards and harmonizing existing ones. It has four technical subcommittees on: standards, quality assurance, metrology, and testing. Efforts are underway to establish a "TBT-SPS Forum" to address issues including technical regulations. At national level, the institutional setting is supplemented by national standard bodies (NSBs) and bodies in charge of metrology, and accreditation.

3.69. Proposals for standards and technical regulations are received by NSBs. The proposal must be endorsed by at least two NSBs before being considered as accepted at the regional level and developed by the relevant committee or subcommittee. The "Draft EAC Standard" goes through a 60-day public comments stage.[28] The Draft is then revised accordingly and sent to the NSBs. If accepted by all the NSBs, the Draft Standard is adopted and declared an "EAC standard" by the Council of Ministers. Countries have six months to adopt the EAC standard as a national one. The maximum duration allowed for the completion of a standard project is 24 months, from the proposal stage to the time of approval. As at 30 September 2018, the EAC catalogue included 1,526 standards, of which 1,007 are international.

3.70. The Council of Ministers may declare a standard to be a technical regulation, upon recommendation by the EASC. The related notice must be published in the Gazette and in at least one newspaper of national circulation in each country before the enforcement of the regulation.

[26] Actionaid International and Tax Justice Network Africa (2016), *Still racing toward the bottom? Corporate tax incentives in East Africa.* July 2016. Viewed at: http://www.actionaid.org/sites/files/actionaid/corporate_tax_incentives_in_east_africa_to_print.pdf [15 February 2017].

[27] EAC CM Protocol, Article 5.

[28] The comments may come from stakeholders in the EAC or in any WTO Member country.

3.71. EAC countries experience some challenges in the harmonization of their regimes on standards and technical regulations, particularly with regards to the mutual recognition of inspection certificates. This forces traders to undergo repeated certification tests within the region. The priority in the harmonization process is based on goods traded in the region.

3.3.3 Sanitary and phytosanitary measures

3.72. The EAC Treaty requires the countries to harmonize sanitary and phytosanitary (SPS) measures for pest and disease control. Under the Customs Union Protocol, the EAC countries are to cooperate in several areas, including SPS measures. In this context, an SPS Protocol was developed in 2013, based on the provisions of the WTO SPS Agreement. As of December 2017, harmonized measures and procedures have been developed for plants; mammals, birds and bees; fish and fishery products; and food safety (see Table 3.8).

Table 3.8 EAC's harmonized SPS measures and procedures as of December 2017

Area	Import requirements	Export requirements
Plants	– A plant import permit from the relevant authority; – A phytosanitary certificate is required at the port of entry; – Compliance with relevant EAC quality standards	– A plant import permit from the destination country; – A phytosanitary certificate; – Inspections are carried out if required
Mammals, birds and bees	– An import permit from the veterinary administration specifying all the tests and conditions have been fulfilled; – Compliance with relevant EAC standards	– Compliance with exportation permit requirements from the relevant veterinary authorities; – Certification systems consistent with OIE guidelines
Fish and fishery products	Risk analysis to assess disease risks associated with the importation of fish and fishery products	- Control of aquatic animal feed and feed ingredients, and use of veterinary drugs; - Requirements for certification using OIE standards; - Aquatic animal health measures
Food safety	- Compliance with the requirements set out in relevant EAC standards; member States' standards; or food and feed safety measures - In the absence of relevant EAC standards and member States' standards, international food and feed safety standards, such as Codex Alimentarius, IPPC and OIE, must be used	– Compliance with EAC food and feed safety measures, standards, laws, regulations and other legal procedures

Source: EAC Harmonized Sanitary Measures and Procedures (Vols. I to IV), and information provided by the EAC Secretariat.

3.73. To date, the SPS Protocol has been ratified by Rwanda, Burundi, Kenya and Uganda. The Phytosanitary (Plant Health) Measures Act was adopted in 2016. It aims at minimizing phytosanitary risk, and facilitating the implementation of common and harmonized procedures in the areas of inspection and certification, movements of plants and plant products, and import and export requirements. The related SPS Bill was adopted by the Sectoral Council on Agriculture and Food Security in June 2017. Approval of the Bill by the Council of Ministers and its enactment into law by EALA are awaiting full ratification by all EAC member States.

3.74. A mutual recognition procedure for veterinary vaccines and pharmaceuticals was adopted in 2015, together with a harmonized registration system.

3.3.4 Competition policy and price controls

3.75. The EAC Competition Act of 2006 aims at promoting fair trade, ensuring consumer welfare, and establishing the EAC Competition Authority. Its enabling regulations were adopted in 2010. The Act applies to all economic activities and sectors having cross-border effects. Domestic activities remain under the purview of national competition laws and institutions. The Act came into force in 2014, and was amended in 2015.

3.76. The EAC Competition Authority has jurisdiction over all mergers and enforcement matters that have cross-border effects. The commissioners were sworn in in November 2016.

3.3.5 Intellectual property rights

3.77. The EAC countries have different levels of intellectual property (IP) protection. However, the CM Protocol calls on member countries to cooperate in the field of IP rights (IPRs).

3.78. The EAC Secretariat indicated that the region is seeking to undertake a comprehensive regional programme on IPR that would assist member States to implement the TRIPS Agreement in a manner that promotes the development priorities of the region in areas such as the promotion of copyright and cultural industries, traditional knowledge, geographical indications, and technology transfer.

3.79. All EAC countries are contracting parties to the World Intellectual Property Organization (WIPO). Participation in WIPO-administered treaties varies across countries (see Table 3.9).

Table 3.9 Year of entry into force of selected international IP treaties by EAC countries

International IP treaty	Burundi	Kenya	Rwanda	Tanzania	Uganda
Berne Convention for the Protection of Literary and Artistic Works	2016	1993	1984	1994	n.a.
Paris Convention for the Protection of Industrial Property	1977	1965	1984	1963	1965
Phonograms Convention	n.a.	1976	n.a.	n.a.	n.a.
International Convention for the Protection of New Varieties of Plants	n.a.	1993	n.a.	2015	n.a.
Patent Cooperation Treaty	n.a.	1994	2011	1999	1995
Madrid Agreement concerning the International Registration of Marks	n.a.	1998	n.a.	n.a.	n.a.
WIPO Copyright Treaty	2016	n.a.	n.a.	n.a.	n.a.

n.a. Not applicable.

Source: WIPO online information.

3.80. At the regional level, Kenya, Rwanda, Tanzania and Uganda are members of the African Regional Intellectual Property Organization (ARIPO), and Burundi has observer status.[29] Patents and industrial designs are protected under the Harare Protocol and its implementing regulations, to which the four EAC countries are signatories. Under the Protocol, patents are protected for a period of 20 years. Uganda and Tanzania are also parties to the Banjul Protocol (on the protection of trademarks). Tanzania is the only EAC country to have signed the newly adopted Arusha Protocol for the Protection of New Varieties of Plants.[30]

3.81. During the review period, the EAC countries have also pursued their efforts to maximize the benefits of the TRIPS flexibilities. A Regional IP Protocol and Policy on the Utilization of Public Health-Related WTO-TRIPS Flexibilities was adopted by the Council of Ministers in 2013. This initiative aims at maximizing the benefits of TRIPS flexibilities, through the harmonization of EAC countries' policies on IPRs, and facilitating the manufacturing and import of essential medicines. A Technical Committee on TRIPS and Access to Medicines (TECTAM) is in place and is in charge of overseeing the implementation of the initiative.

3.82. Under the EAC's Regional Pharmaceutical Manufacturing Plan of Action, the EAC countries are promoting the domestic production of some essential medicines.[31] The region has made progress in,

[29] ARIPO was established in 1976 under the Lusaka Agreement. Its objectives are, *inter alia*, to promote, harmonize and develop IP systems in Africa.

[30] The Arusha Protocol aims at providing member countries with a regional plant protection system that takes into account the need to provide growers and farmers with improved varieties of plants. The Protocol will enter into force 12 months after its ratification by four countries.

[31] UNCTAD (2016), *TRIPS Flexibilities and Anti-Counterfeit Legislation in Kenya and the East African Community: Implications for Generic Producers.* Viewed at: http://unctad.org/en/PublicationsLibrary/diaepcb2015d6_en.pdf.

inter alia, increasing investments in pharmaceutical production, strengthening the regulatory framework, and boosting research in pharmaceutical activities.

3.83. Counterfeiting and piracy of trademarks and copyrights remain a serious challenge to IPR protection in the region. Efforts are being made at the regional level to fight counterfeit and pirated products. An EAC Policy on Anti-Counterfeiting, which resulted in the Draft EAC Anti-Counterfeit Bill (2013) being developed. The Bill seeks to provide a legal framework for EAC members to prohibit trade in counterfeit goods.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1.1 Overview

4.1. The agricultural sector is central to the EAC economy. It is the main source of livelihood for about 80% of the rural population. In 2015, its contribution to GDP ranged from around 25% in Uganda to around 42% in Burundi. Agriculture is also a major source of foreign exchange earnings, as well as of raw materials (more than 50% of total raw materials) for the manufacturing sector.[1] Major cash crops include tea, cotton, coffee, pyrethrum, sugar cane, sisal, horticultural crops, oil-crops, cloves, tobacco, coconut and cashew nuts. EAC exports are dominated by agricultural products such as coffee, cut flowers, tea, tobacco, fish and vegetables.

4.2. Agriculture is essentially rain-fed and is dominated by smallholders. Persistent challenges to the sector include declining yields, drought, and the degradation of the ecosystem. In addition, low expenditure on agricultural research, poor infrastructure, low adoption of improved agricultural technologies, and a poor policy environment continue to keep agriculture production far below its potential.

4.1.2 Agricultural policy

4.3. At the EAC level, the Sectoral Council on Agriculture and Food Security, a body made up of agriculture ministers, is responsible for all issues related to the sector. The main objective of the EAC in the agricultural sector is to achieve food security and a greater rationalization of production. Under the EAC Treaty, member countries are called upon to increase their agricultural productivity and output to reduce hunger and poverty, and to achieve food and nutrition security in the region. To this end, the EAC Agriculture and Rural Development Policy (EAC-ARDP) constitutes the main framework for interventions in the sector. It provides for detailed actions to be implemented over the period 2005-30.

4.4. One of the key instruments developed to operationalize the EAC-ARDP was the Food Security Action Plan (FSAP), adopted by the Summit in 2011. FSAP 2011-15 served as an instrument to guide the coordination and implementation of EAC member States' joint regional food security programming activities. Key policies and strategies developed in this context include the EAC Food and Nutrition Security Policy; the EAC Food and Nutrition Security Strategy and Action Plan; the EAC Regional Strategy on Aflatoxin Prevention and Control; the Livestock Policy to enhance growth in livestock productivity and competitiveness (Section 4.1.3); the Sanitary and Phytosanitary Protocol; the EAC Fisheries and Aquaculture Strategy; and a total of 23 staple food standards.

4.5. In addition, the EAC has established two online systems (the regional Food Balance Sheet, and the Animal Resources Data Base), to facilitate information exchange, and to support evidenced-based decision-making about food stock availability and strategic investments in the livestock and fisheries sub-sectors.

4.6. A regional collaboration and harmonization framework has been established in the area of farm inputs, with a view to improving farmers' access to a wide variety of high-quality fertilizers, seeds and pesticides at affordable prices. The EAC has also developed and adopted a mutual recognition procedure for the registration of vaccines for the management of animal diseases.

4.7. The East African region is a hotspot for aflatoxins, and the control of aflatoxin contamination is a key intervention area in the implementation of the EAC Food Security Action Plan (EAC-FSP). A regional project on aflatoxin was launched in March 2014. A region-wide strategy for the prevention and control of aflatoxin was adopted in 2018.

4.8. The harmonization of the regulatory framework and procedures for fertilizers is another priority area under the EAC-FSP. According to the EAC Secretariat, a framework to guide the harmonization

[1] EAC online information. Viewed at: https://www.eac.int/agriculture/constraints-and-challenges/63-sector/agriculture-food-security [6 February 2018].

of EAC fertilizer instruments has been adopted. The process of developing the related policy and legislation will be initiated in 2018.

4.9. Other agricultural programmes implemented during the review period include: the East African Agro-enterprises and Agro-industries Development Program, which aims at increasing the capacity and competitiveness of these businesses; and the Planning for Resilience in East Africa through Policy, Adaptation and Economic Development programme.

4.10. The EAC countries are also engaged in the Comprehensive Africa Agriculture Development Programme (CAADP), an initiative by the AU in 2003 to eliminate hunger and reduce poverty through agriculture. Under the Programme, African governments committed to raise agricultural productivity by at least 6% per year until 2015, and to increase the share of the national budget allocated to the agricultural sector to at least 10%. The EAC countries signed a CAADP Compact in June 2017 that had the following priorities: to increase regional trade and enhance the functioning of national and regional markets; to expand local agro-industry and value chain development; to increase the resilience of livelihoods and improve risk management in the agricultural sector; and to improve the management of natural resources. The related EAC Regional Agriculture Investment Plan (RAIP) was completed in January 2018.

4.11. In general, agricultural products enjoy a higher protection under the CET, with an average tariff of 20.7%, compared to an overall average of 12.9% (Table 3.2). Some agricultural products (Table 3.1) are on a "sensitive list", and are subject to even higher import duties.

4.12. Under the EAC duty exemption regime, a number of agricultural inputs can be imported duty-free. These include: seeds approved as fit for sowing; fertilizers approved by the relevant national authorities; horticulture, agriculture and floriculture inputs; and inputs for use in the manufacture of agricultural equipment.[2]

4.1.3 Livestock

4.13. The EAC's livestock population in 2015 was estimated at 57.2 million cattle, 62.3 million goats, 29 million sheep, and 7.5 million pigs. The contribution of livestock resources to agricultural GDP is estimated to range from 20% to 50%.[3]

4.14. The EAC Livestock Policy was adopted in 2016. It aims at reinvigorating the sector, and rests on four pillars: securing access to basic production inputs; building resilience to risks and shocks; enhancing growth in livestock productivity and competitiveness; and sustaining growth in livestock productivity and competitiveness.

4.15. The EAC countries have adopted a strategy for the prevention and control of transboundary animal and zoonotic diseases, with a view to managing and preventing disease outbreaks in the region. A regional emergency preparedness and response plan for the inhabitants of arid and semi-arid areas in the EAC region has also been developed.

4.16. In addition, the Reinforcing Veterinary Governance Project in the EAC aims to strengthen regional institutions to stimulate a more conducive environment for public and private investments in the livestock sector.

4.1.4 Fisheries

4.17. The EAC countries share the Lake Victoria basin, one of the largest transboundary water resources in Africa.[4] Kenya, Uganda and Tanzania share Lake Victoria. In addition to its ecological role, about 35 million people depend, directly or indirectly, on the lake's resources.[5] With annual

[2] EAC Customs Management Act, Fifth Schedule, Part B.
[3] EAC (2017), *East African Community Facts and Figures – 2016 Report.* EAC Secretariat, Arusha, Tanzania. November.
[4] The basin's area of about 194,200 km^2 is shared among the five countries: Tanzania (44%), Kenya (22%), Uganda (16%), Rwanda (11%), and Burundi (7%).
[5] AU-IBAR (2016), *Fisheries Management and Development Processes in Lake Victoria - Enhancing Regional Fisheries Management Plan.* AU-IBAR Reports.

production estimated at about 1 million tonnes, fisheries provide direct employment to about 800,000 people.

4.18. The Lake Victoria Fisheries Organization (LVFO) is responsible for the management of the lake's fisheries resources. It was established in 1994 by a convention between Kenya, Tanzania and Uganda[6], and has become a specialized institution of the EAC. Its objectives are to foster cooperation among the EAC countries, to harmonize national measures for the sustainable utilization of the resources, and to develop and adopt conservation and management measures. Fisheries management is undertaken through rounds of five-year fisheries management plans.

4.19. Illegal fishing and the lack of regulation are cited as the main challenges to sustainable fisheries in Lake Victoria. In a decade, revenues from fish exports have declined by about 30%, to USD 840 million in 2015. In 2009, the Council of Ministers launched "Operation Save the Nile Perch", an initiative aiming at recovering some species' populations.

4.2 Mining and Energy

4.2.1 Mining

4.20. The EAC region detains a great potential of minerals, such as oil, natural gas, gold, and titanium.

4.21. The EAC Treaty calls for the harmonization of countries' mining regulations, in order to ensure environmentally-friendly and sound mining practices.[7] Harmonization is a key component of the EAC's development strategy for the period 2011–16. The strategy calls upon member States to take measures to promote the development of strategic regional industries/value chains, including extractive and mineral processing, petrochemical and gas processing, and iron and steel.

4.22. At the continental level, countries are seeking to align their mineral and mining policies with the Africa Mining Vision.[8] To this end, an EAC Mining Bill was tabled before the EALA in 2016; the process is still ongoing.

4.2.2 Energy

4.23. The EAC countries are endowed with various energy resources, including wind, solar, and geothermal (see Annexes 1-5).

4.24. As at end-2014, the EAC countries (excluding South Sudan) had a combined installed capacity of 2,203 MW for hydroelectricity, and 1,619 MW for thermal electricity.[9] This installed capacity is located essentially in Kenya, Uganda and Tanzania. The electricity generated in 2014 stood at 9,352 GWH from hydro power plants and 4,222 GWH from thermal sources. There is some non-negligible generation of geothermal electricity in Kenya, and natural gas in Tanzania. Trade in electricity takes place among the EAC countries at a noticeable level, with Kenya and Uganda being large importers and exporters, and the other countries being essentially importers.

4.25. In the energy sector, the EAC countries are encouraged to "adopt policies and mechanisms to promote efficient exploitation, development, joint research and utilisation of the various energy resources available within the region".[10] To this end, the countries are implementing joint initiatives, including:

a. The Eastern Africa Power Pool (EAPP), an initiative aimed at fostering the interconnectivity of power systems in Eastern Africa, through the development of the Power Master Plan, and of market rules and operational guidelines[11];

[6] Convention for the Establishment of the Lake Victoria Fisheries Organization.
[7] EAC Treaty, Article 114.
[8] Africa Mining Vision was adopted by Heads of State at the February 2009 AU summit.
[9] EAC (2017), *EAC Facts and Figures, 2016.*
[10] EAC Treaty, Article 101.
[11] In addition to EAC countries, other members of the EAPP are: Democratic Republic of the Congo, Egypt, Ethiopia, Libya, and Sudan.

b. The East Africa Power Master Plan, which aims at achieving economies of scale through electricity interconnections and intra-EAC trade; and

c. Cross-border electrification programmes through which border towns are electrified using the nearest and most economical grid.

4.26. An Energy Security Policy Framework was adopted in 2017. It aims at providing guidance to the countries in the management and mitigation of challenges in the energy sector.

4.27. A number of policies are in place for the promotion of renewable energy. For instance, specialized solar equipment and accessories are exempted from the payment of import duties.

4.28. Since 2003, the East African Petroleum Conference and Exhibition has provided a biennial forum for promoting investment in the region's oil and gas sector; a forum for discussing policy, including the legal framework, in the energy sector; and an opportunity for stakeholders to interact with decision-makers in the region.

4.3 Manufacturing

4.29. The contribution of manufacturing to GDP in the EAC is estimated at 8.9%.[12] The sector is composed essentially of micro, small and medium enterprises (MSMEs) characterized by limited value addition, and is highly concentrated in agro-processing activities. The aim of the EAC is to promote self-sustaining and balanced industrial growth, improve the competitiveness of the industrial sector, and encourage the development of local entrepreneurs.[13] In line with these goals, a 20-year industrialization policy and strategy was adopted in November 2011. The overall objective of the East African Industrialization Strategy (2012-2032) is to enhance production and productivity, and accelerate the structural transformation of its economies. These are to be achieved through, *inter alia*, diversifying the manufacturing base and raising local value-added content of exports to at least 40% by 2032; strengthening institutional frameworks; expanding trade in manufacturing; and transforming MSMEs into viable and sustainable business entities.

4.30. Several actions have been undertaken in the framework of the Strategy. During the review period, EAC countries implemented an Industrial Upgrading and Modernization Programme (IUMP) for small and medium-sized enterprises (SMEs). The Programme has four components: reform of the institutional framework, the business environment and financial instruments; strengthening of the capacities and capabilities of technical support institutions; support of SME development, investment promotion, and improvement of competitiveness; and facilitation of the transfer of industrial technologies and best innovation practices. The EAC has also developed frameworks to promote food processing, pharmaceutical production, and value addition in the mineral resources industry.

4.31. A number of policy tools are in place to promote the manufacturing sector. Under the CET, intermediate goods attract, in principle, the 10% rate. Duty remission and export promotion schemes allow manufacturers to import their inputs tax free under certain conditions (Section 3.2.3). The 2015 revision of the EAC rules of origin lowered the threshold of local content required from 35% to 30%, thus allowing more manufactured goods to benefit from the preferential treatment.

4.32. Operational since July 2015, the East African Science and Technology Commission was established, *inter alia*, to facilitate technological innovation and the commercialization of research and development (R&D) findings.

[12] EAC (2017), *EAC Industrial Competitiveness Report 2017: Harnessing the EAC Market to Drive Industrial Competitiveness and Growth.* Viewed at: http://eabc-online.com/uploads/EAC_Industrial_Competitiveness_Report.pdf.

[13] EAC Treaty, Article 79.

4.4 Services

4.33. EAC member countries individually undertook various horizontal and sector-specific commitments under the GATS (see Annexes 1-5).[14]

4.34. In their mutual services liberalization plans, the EAC countries adopted a positive list approach, scheduling only those subsectors they were willing to open up. They committed to liberalizing these subsectors across all modes of supply by end-2015, with the number of subsectors ranging from 59 in Tanzania to 101 in Rwanda (Table 4.1). They also committed to refraining from introducing any new restrictions on the provision of services.

Table 4.1 Number of services subsectors committed by EAC members

Services (number of subsectors)[a]	Burundi	Kenya	Rwanda	Tanzania	Uganda
Business (46)	31	15	32	7	33
Communication (24)	6	17	21	17	21
Distribution (5)	3	3	4	2	4
Education (5)	4	4	5	4	5
Finance (17)	9	12	15	16	11
Tourism and travel (4)	4	3	4	4	4
Transport (35)	17	9	20	9	20
Total (136)	**74**	**63**	**101**	**59**	**98**

a Based on the Services Sectoral Classification List (W/120).

Source: EAC Common Market Protocol, Annex V.

4.4.1 Transport

4.4.1.1 Road and rail transport

4.35. EAC countries had a combined road network of 18,317 km in 2008, of which 91% was paved, with ten corridors totalling 15,800 km. The corridors are: the Northern Corridor (1,800 km); the Central Corridor (3,100 km); the Dar es Salaam Corridor (1,100 km); the Namanga Corridor (1,800 km); the Sumbawanga Corridor (1,300 km); the Sirari Corridor (1,500 km); the Coastal Corridor (1,500 km); the Mtwara Corridor (800 km); the Arusha Corridor (500 km); the Gulu Corridor (600 km); and the Lamu Port, South Sudan, Ethiopia Transport (LAPSSET - Lamu-Isiolo-Lodwar-Nadapal) Corridor, 1,700 km).

4.36. The EAC countries have a railway network of about 7,363 km. In addition, important regional-scale railway projects are ongoing. Along the Central Corridor, there is a 1,219-km railway project to connect the port of Dar es Salaam, via Isaka, to Mwanza on Lake Victoria. The railway project on the Northern Corridor (1,096 km) started in December 2014. On the LAPSSET corridor, the railway network is yet to be developed.

4.37. The EAC countries have also taken steps to harmonize their vehicle load limits, through the adoption of the EAC Vehicle Load Control Act, 2013, which came into force in 2016. Under the Act, vehicles with a weight of 3.5 tonnes or more are to be weighed at every weighing station on the EAC road network.

4.38. Adopted in 2009, the East African Railway Master Plan aims to restore some of the existing railway lines serving Tanzania, Kenya and Uganda, and extend them to Rwanda and Burundi. The USD 29 billion project is to be run by the East Africa Railway Authority. However, the Authority has not yet been established.

4.4.1.2 Water transport

4.39. The EAC countries plan to promote the coordination and harmonization of their maritime transport policies, and establish a common maritime transport policy. According to the authorities,

[14] For more details on country-specific commitment under GATS, see the I-TIP Services database. Viewed at: http://i-tip.wto.org/services/default.aspx.

the EAC does not yet have a common regional maritime transport policy, due to resource constraints. However, member States have harmonized regulatory frameworks for transport on Lake Victoria, through the Lake Victoria Transport Act, 2007.

4.4.1.3 Air transport

4.40. Under the EAC Treaty, member countries are to harmonize their policies on civil aviation, and facilitate the establishment of joint air services and the efficient use of aircraft. The Civil Aviation Safety and Security Oversight Agency was established in 2009, with the mandate of ensuring civil aviation safety and security oversight, and the harmonization of rules and regulations. Its main functions are: the harmonization of operating regulations to ensure that they meet international standards and recommended practices; the development of standardized procedures for licensing, approving, certifying and supervising civil aviation activities; and the provision of assistance to countries.

4.41. During the review period, the Agency undertook several activities, mainly providing technical support to member States in the preparation of ICAO Safety Audits and in establishing and maintaining State safety programmes. It also carried out activities related to the operation of the Centre for Aviation Medicine. In addition, it developed documents to guide EAC members on the development of regulations in technical areas such as aircraft accident and incident investigation; safety management; safety assessment of foreign aircraft; cabin safety; and dangerous goods.

4.42. The EAC countries are signatories to the 1988 Yamoussoukro Declaration, which sets out the principles for air services liberalization. They also endorsed the 1999 Yamoussoukro Decision, which allows the multilateral exchange of up to the fifth freedom of the air between the parties to the Decision using a simple notification procedure. Kenya and Rwanda are among the 23 countries that launched the Single African Air Transport Market in January 2018.

4.4.2 Tourism

4.43. The EAC region hosts several natural attractions. Kenya and Tanzania have a coastal tourism segment, while the landlocked countries have beautiful nature and wildlife. Tourism contributes significantly to the economies of Tanzania, Kenya, and Uganda (see Annexes 1-5).

4.44. Under the EAC Treaty, countries are to coordinate their tourism policies. This includes: establishing a common code of conduct for tour and travel operators, standardizing hotel classifications, and harmonizing the professional standards of agents in the industry. Common criteria for the classification of tourist accommodation establishments and restaurants have been developed by Kenya, Rwanda, Uganda and Tanzania**.**

4.45. The EAC's Sectoral Committee on Tourism and Wildlife Management is the main institution for cooperation in tourism among the member countries. Established in 2012, the East Africa Tourism Platform is the private sector body for tourism. Its goal is to promote the interest and participation of the private sector in the EAC integration process.

4.46. During the review period, the EAC countries took a number of initiatives to strengthen their tourism subsector. A single tourist visa was introduced in 2014 on a pilot basis between Kenya, Uganda, and Rwanda. Under the initiative, tourists can choose between a single country visa or an EAC tourist visa. With the latter, they are allowed to move freely between the three countries for a period of up to 90 days.

4.47. The EAC Tourism and Wildlife Management Bill has not yet been enacted. It seeks to establish a cooperative framework for the management of tourism and wildlife resources in the region. It provides for the establishment of an East African Tourism and Wildlife Management Commission to supervise, coordinate and manage all issues related to the promotion and development of the tourism and wildlife industry in the Community.[15]

[15] Tourism and Wildlife Management Bill, 2008.

4.48. Under the EAC Customs Management Act, hotel equipment imported by licensed establishments is exempted from import duties.

4.4.3 Professional services

4.49. The free movement of labour is one of the key pillars of the EAC common market. The CM Protocol contains provisions that deal with trade in services, the freedom of movement of capital, the freedom of movement of labour, the freedom of movement of persons, and the right of establishment and residence.

4.50. In practice, the free movement of workers within the EAC is restricted to selected highly-skilled workers, and craft and related trade workers. Free movement is further hindered by issues relating to, *inter alia*, the mutual recognition of professional qualifications and experience, procedures for obtaining work permits, and the inconsistent quality of training institutions.[16] The EAC member States are currently amending their respective national policies, including laws and regulations, to conform to the CM Protocol.

4.51. A Cross-Border Trade in Professional Services Bill was introduced to the EAC Parliament in 2016, and the process was still ongoing as at 30 September 2018.

4.52. The right of establishment is limited to companies and firms established in a member country, and self-employed persons (and their family).[17] A work permit is required to undertake an economic activity. Work permit fees vary from country to country.

[16] Basnett, Y. (2013), *Labour Mobility in East Africa: An Analysis of the East African Community's Common Market and the Free Movement of Workers*. Development Policy Review, Vol. 31, Issue 2, pp. 131-148.

[17] East African Community Common Market (Right of Establishment) Regulations.

5 APPENDIX TABLES

Table A1.1 EAC trade, 2011-17

(USD million and %)

	2011	2012	2013	2014	2015	2016	2017
				Total trade			
EAC	**47,457**	**51,558**	**52,241**	**55,670**	**54,206**	**43,347**	**46,696**
Intra (%)	9.8	10.4	11.5	10.2	9.4	9.9	9.7
Extra (%)	90.2	89.6	88.5	89.8	90.6	90.1	90.3
Burundi	**1,325**	**1,043**	**862**	**958**	**856**	**751**	**867**
Intra (%)	22.4	18.4	23.7	20.6	20.9	24.3	17.3
Extra (%)	77.6	81.6	76.3	79.4	79.1	75.7	82.7
Kenya	**20,418**	**22,388**	**22,243**	**24,520**	**21,987**	**19,800**	**22,438**
Intra (%)	9.0	8.8	8.0	7.5	7.7	7.7	7.6
Extra (%)	91.0	91.2	92.0	92.5	92.3	92.3	92.4
Rwanda	**1,859**	**2,277**	**2,449**	**2,658**	**2,593**	**2,619**	**2,819**
Intra (%)	24.7	25.3	22.0	31.2	21.2	22.3	19.7
Extra (%)	75.3	74.7	78.0	68.8	78.8	77.7	80.3
Tanzania	**16,064**	**17,449**	**18,462**	**19,199**	**20,976**	**12,865**	**12,075**
Intra (%)	5.3	7.9	12.0	7.6	5.9	6.0	6.1
Extra (%)	94.7	92.1	88.0	92.4	94.1	94.0	93.9
Uganda	**7,790**	**8,402**	**8,225**	**8,335**	**7,795**	**7,312**	**8,497**
Intra (%)	15.4	14.6	15.1	15.9	18.0	17.0	16.3
Extra (%)	84.6	85.4	84.9	84.1	82.0	83.0	83.7
				Imports			
EAC	**34,045**	**36,625**	**37,252**	**39,575**	**39,091**	**29,447**	**32,611**
Intra (%)	5.9	6.2	5.2	6.1	4.8	5.9	5.9
Extra (%)	94.1	93.8	94.8	93.9	95.2	94.1	94.1
Burundi	**1,128**	**798**	**646**	**802**	**730**	**628**	**725**
Intra (%)	23.8	19.9	26.6	21.0	20.7	25.0	19.1
Extra (%)	76.2	80.1	73.4	79.0	79.3	75.0	80.9
Kenya	**14,646**	**16,262**	**16,410**	**18,406**	**16,068**	**14,105**	**16,690**
Intra (%)	2.1	2.2	2.0	2.3	2.5	2.3	3.5
Extra (%)	97.9	97.8	98.0	97.7	97.5	97.7	96.5
Rwanda	**1,456**	**1,806**	**1,853**	**2,004**	**1,980**	**1,970**	**1,839**
Intra (%)	26.0	24.3	22.6	23.7	21.0	21.6	20.3
Extra (%)	74.0	75.7	77.4	76.3	79.0	78.4	79.7
Tanzania	**11,184**	**11,716**	**12,525**	**12,289**	**14,784**	**7,914**	**7,761**
Intra (%)	3.4	5.8	3.2	5.6	1.9	3.8	3.4
Extra (%)	96.6	94.2	96.8	94.4	98.1	96.2	96.6
Uganda	**5,631**	**6,044**	**5,818**	**6,074**	**5,528**	**4,829**	**5,596**
Intra (%)	12.3	10.7	10.6	11.3	11.4	11.0	10.0
Extra (%)	87.7	89.3	89.4	88.7	88.6	89.0	90.0
				Exports[a]			
EAC	**13,412**	**14,933**	**14,990**	**16,094**	**15,115**	**13,900**	**14,085**
Intra (%)	19.6	20.5	27.0	20.1	21.1	18.5	18.5
Extra (%)	80.4	79.5	73.0	79.9	78.9	81.5	81.5
Burundi	**198**	**245**	**216**	**156**	**126**	**123**	**142**
Intra (%)	14.4	13.5	15.0	18.6	21.8	20.5	7.7
Extra (%)	85.6	86.5	85.0	81.4	78.2	79.5	92.3
Kenya	**5,772**	**6,126**	**5,832**	**6,114**	**5,918**	**5,695**	**5,747**
Intra (%)	26.8	26.1	24.9	23.5	21.8	21.1	19.3
Extra (%)	73.2	73.9	75.1	76.5	78.2	78.9	80.7
Rwanda	**403**	**471**	**596**	**653**	**612**	**648**	**980**
Intra (%)	19.8	29.4	20.4	54.0	21.9	24.3	18.5
Extra (%)	80.2	70.6	79.6	46.0	78.1	75.7	81.5
Tanzania	**4,880**	**5,733**	**5,937**	**6,910**	**6,192**	**4,951**	**4,314**
Intra (%)	9.7	12.3	30.6	11.3	15.5	9.5	10.9
Extra (%)	90.3	87.7	69.4	88.7	84.5	90.5	89.1
Uganda	**2,159**	**2,357**	**2,408**	**2,262**	**2,267**	**2,482**	**2,901**
Intra (%)	23.3	24.6	26.1	28.4	34.0	28.7	28.5
Extra (%)	76.7	75.4	73.9	71.6	66.0	71.3	71.5

a Including re-exports.

Source: WTO Secretariat, based on data provided by the authorities; and UNSD Comtrade.

Table A1.2 Extra-EAC merchandise imports by group of products, 2011-17

(USD billion and %)

	2011	2012	2013	2014	2015	2016	2017
Total imports (USD billion)	**32.0**	**34.3**	**35.3**	**37.1**	**37.2**	**27.7**	**30.7**
	(% of total)						
Total primary products	41.0	40.1	40.3	36.5	40.1	29.8	35.0
Agriculture	12.2	11.6	10.7	11.0	9.5	12.8	15.7
Food	11.2	10.5	9.6	9.8	8.3	11.2	14.4
Agricultural raw material	1.0	1.2	1.1	1.2	1.2	1.6	1.3
Mining	28.8	28.5	29.6	25.5	30.7	17.0	19.3
Ores and other minerals	0.3	0.3	0.3	0.3	0.3	0.4	0.3
Non-ferrous metals	0.8	0.7	0.7	0.8	0.7	0.8	0.8
Fuels	27.8	27.5	28.6	24.4	29.7	15.8	18.2
Manufactures	56.0	58.9	59.4	63.0	59.0	69.3	64.8
Iron and steel	4.4	4.2	5.6	4.4	4.2	4.5	4.5
Chemicals	12.2	12.0	13.2	13.7	13.4	16.3	16.0
5429 - Medicaments, n.e.s.	2.0	2.0	2.2	2.8	2.9	3.3	3.2
5711 - Polyethylene	1.2	1.0	1.1	1.2	1.0	1.3	1.1
5629 - Fertilizers, n.e.s.	0.8	0.7	1.0	0.7	0.9	1.0	1.0
Other semi-manufactures	6.6	7.2	7.1	7.7	6.9	9.2	7.4
Machinery and transport equipment	27.2	29.6	26.8	30.7	28.3	31.0	29.1
Non-electrical machinery	9.6	10.1	8.3	10.0	8.8	10.5	10.3
Electrical machines	7.9	8.3	7.5	7.1	7.9	10.0	8.3
Transport equipment	9.8	11.2	10.9	13.5	11.6	10.5	10.5
Textiles	1.6	1.5	1.8	1.6	1.7	2.3	2.1
Clothing	0.5	0.5	0.6	0.6	0.5	0.7	0.9
Other consumer goods	3.5	3.8	4.2	4.3	4.1	5.2	4.9
Other	3.0	1.0	0.3	0.5	0.8	0.9	0.3

Note: SITC Rev. 3. for product groups.

Source: WTO Secretariat, based on data provided by the authorities; and the UNSD Comtrade database.

Table A1.3 Extra-EAC merchandise exports by group of products, including re-exports 2011-17

(USD billion and %)

	2011	2012	2013	2014	2015	2016	2017
Total exports (USD billion)	**10.8**	**11.9**	**10.9**	**12.9**	**11.9**	**11.3**	**11.5**
	(% of total)						
Total primary products	61.9	58.6	58.9	64.9	69.0	60.5	66.0
Agriculture	47.4	47.1	50.7	50.9	54.8	51.0	55.6
Food	38.6	38.0	42.2	43.5	47.7	42.9	47.0
0741 - Tea, whether or not flavoured	11.0	10.5	11.6	8.5	10.8	11.2	13.0
0711 - Coffee, not roasted	8.4	7.5	7.3	6.5	7.2	7.3	8.7
0577 - Edible nuts, fresh or dried	1.4	1.7	2.0	3.5	2.5	3.7	5.5
1212 - Tobacco, wholly or partly stemmed/stripped	1.6	2.1	1.6	2.1	2.2	3.7	2.0
0542 - Leguminous vegetables	0.8	1.0	1.4	1.8	2.7	2.2	1.2
0545 - Other fresh or chilled vegetables	2.0	1.8	1.8	1.5	1.5	1.3	1.2
Agricultural raw material	8.8	9.1	8.5	7.3	7.0	8.1	8.6
2927 - Cut flowers and foliage	4.3	4.1	4.5	4.4	4.1	4.6	4.8
Mining	14.4	11.5	8.2	14.0	14.3	9.6	10.4
Ores and other minerals	12.0	8.4	4.7	7.7	7.1	5.4	5.7
Non-ferrous metals	0.4	0.3	0.2	0.2	0.2	0.2	0.2
Fuels	2.1	2.7	3.2	6.1	7.0	3.9	4.5
Manufactures	19.7	21.1	21.7	24.2	17.8	19.2	16.3
Iron and steel	1.5	1.4	1.7	1.1	1.0	0.9	0.9
Chemicals	4.0	3.8	3.6	3.3	3.0	3.0	3.4
Other semi-manufactures	3.7	4.2	4.8	3.6	3.9	5.2	3.5
Machinery and transport equipment	4.9	6.2	5.4	10.0	3.4	3.7	2.2
Non-electrical machinery	1.4	2.2	2.0	1.5	1.3	1.2	0.7
Electrical machines	2.2	2.1	1.2	0.7	0.8	1.2	0.4
Transport equipment	1.3	1.9	2.2	7.8	1.3	1.3	1.1
Textiles	1.0	1.0	1.0	0.9	1.0	0.8	0.9
Clothing	2.3	2.0	2.6	2.7	2.7	3.1	3.3
Other consumer goods	2.4	2.4	2.7	2.5	2.8	2.6	2.1
Other	18.5	20.3	19.4	10.9	13.1	20.3	17.7
9710 - Gold, non-monetary	16.8	18.1	16.1	10.6	12.8	18.6	17.6

Note: SITC Rev. 3. for product groups.

Source: WTO Secretariat, based on data provided by the authorities; and the UNSD Comtrade database.

Table A3. 1 "Sensitive" products subject to high tariffs, 2017

	HS Code	Description	2017 CET rate
		Milk and cream, not concentrated or containing added sugar or other sweetening matter	
1	04011000	- Of a fat content, by weight, not exceeding 1%	60.0
2	04012000	- Of a fat content, by weight, exceeding 1% but not exceeding 6%	60.0
3	04014000	- Of a fat content, by weight, exceeding 6% but not exceeding 10%	60.0
4	04015000	- Of a fat content, by weight, exceeding 10%	60.0
		Milk and cream, concentrated or containing added sugar or other sweetening matter	
5	04021000	- In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5%	60.0
6	04022100	- - Not containing added sugar or other sweetening matter	60.0
7	04022900	- - Other	60.0
8	04029100	- - Not containing added sugar or other sweetening matter	60.0
9	04029900	- - Other	60.0
		Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream	
10	04031000	- Yogurt	60.0
11	04039000	- Other	60.0
		Cheese and curd	
12	04061000	- Fresh (unripened or uncured) cheese, including whey cheese, and curd	60.0
13	04062000	- Grated or powdered cheese, of all kinds	60.0
14	04063000	- Processed cheese, not grated or powdered	60.0
15	04064000	- Blue-veined cheese and other cheese containing veins produced by *penicillium roqueforti*	60.0
16	04069000	- Other cheese	60.0
		Wheat and meslin.	
17	10019910	--- Hard wheat	35.0
18	10019990	--- Other	35.0
19	10059000	- Other	50.0
		Rice	
20	10061000	- Rice in the husk (paddy or rough)	75% or USD 345/MT[a]
21	10062000	- Husked (brown) rice	75% or USD 345/MT[a]
22	10063000	- Semi-milled or wholly milled rice, whether or not polished or glazed	75% or USD 345/MT[a]
23	10064000	- Broken rice	75% or USD 345/MT[a]
24	11010000	Wheat or meslin flour	50.0
25	11022000	- Maize (corn) flour	50.0
		Cane or beet sugar and chemically pure sucrose, in solid form	
		- - Beet sugar	
26	17011210	--- Jaggery	100% or USD 460/MT[a]
27	17011290	--- Other	100% or USD 460/MT[a]
		- - Cane sugar, as specified	
28	17011310	--- Jaggery	100% or USD 460/MT[a]
29	17011390	--- Other	100% or USD 460/MT[a]
30	17011410	--- Jaggery	100% or USD 460/MT[a]
31	17011490	--- Other	100% or USD 460/MT[a]
		Cane or beet sugar and chemically pure sucrose, in solid form	
32	17019100	- - Containing added flavouring or colouring matter	100% or USD 460/MT[a]
33	17019910	--- Sugar for industrial use	100% or USD 460/MT[a]
34	17019990	--- Other	100% or USD 460/MT[a]

	HS Code	Description	2017 CET rate
		- Cigarettes containing tobacco	
35	24022010	---Of length not exceeding 72 mm including the filter tip	35.0
36	24022090	--- Other	35.0
		Other manufactured tobacco and manufactured tobacco substitutes	
37	24031100	- - Water pipe tobacco specified (as specified)	35.0
38	24031900	- - Other	35.0
		Woven fabrics of cotton	
39	52085110	--- Khanga, Kikoi and Kitenge	50.0
40	52085210	--- Khanga, Kikoi and Kitenge	50.0
41	52095110	--- Khanga, Kikoi and Kitenge	50.0
42	52105110	--- Khanga, Kikoi and Kitenge	50.0
43	52115110	--- Khanga, Kikoi and Kitenge	50.0
		Other woven fabrics of cotton	
44	52121510	--- Khanga, Kikoi and Kitenge	50.0
45	52122510	--- Khanga, Kikoi and Kitenge	50.0
		Woven fabrics of synthetic staple fibres	
46	55134110	--- Khanga, Kikoi and Kitenge	50.0
47	55144110	--- Khanga, Kikoi and Kitenge	50.0
		Track suits, ski suits and swimwear; other garments, women's or girls'	
48	62114210	- - Of cotton; --- Khanga, Kikoi and Kitenge	50.0
49	62114310	- - Of man-made fibres; --- Khanga, Kikoi and Kitenge	50.0
50	62114910	- - Of other textile materials; --- Khanga, Kikoi and Kitenge	50.0
		Bed linen, table linen, toilet linen and kitchen linen	
51	63022100	- - Of cotton	50.0
52	63023100	- - Of cotton	50.0
53	63025100	- - Of cotton	50.0
54	63029100	- - Of cotton	50.0
		Worn clothing and other worn articles	
55	63090010	--- Worn items of clothing	35% or USD 0.40/kg[a]
56	63090020	--- Worn items of footwear	35% or USD 0.40/kg[a]
57	63090090	--- Other worn items	35% or USD 0.40/kg[a]
		Primary cells and primary batteries	
58	85061000	- Manganese dioxide	35.0
59	85063000	- Mercuric oxide	35.0
60	85064000	- Silver oxide	35.0
61	85065000	- Lithium	35.0
62	85066000	- Air-zinc	35.0
63	85068000	- Other primary cells and primary batteries	35.0

a Whichever is the highest.

Source: EAC Secretariat, CET 2017 version.

Table A3. 2 Non-*ad valorem* tariffs, 2017

HS code	Description	2017 tariff	2011 tariff
Rice			
10061000	- Rice in the husk (paddy or rough)	75% or USD 345/Mt[a, b]	75% or USD 200/MT[a, b]
10062000	- Husked (brown) rice	75% or USD 345/Mt[a, b]	75% or USD 200/MT[a, b]
10063000	- Semi-milled or wholly milled rice, whether or not polished or glazed	75% or USD 345/Mt[a, b]	75% or USD 200/MT[a, b]
10064000	- Broken rice	75% or USD 345/Mt[a, b]	75% or USD 200/MT[a, b]
Cane or beet sugar and chemically pure sucrose, in solid form			
17011210	--- Jaggery	100% or USD 460/Mt[a,b]	35[a, b]
17011290	--- Other	100% or USD 460/Mt[a,b]	100% or USD 200/MT[a, b]
17011310	--- Jaggery	100% or USD 460/Mt[a,b]	35[a, b]
17011390	--- Other	100% or USD 460/Mt[a,b]	100% or USD 200/MT[a, b]
17011410	--- Jaggery	100% or USD 460/Mt[a,b]	35[a, b]
17011490	--- Other	100% or USD 460/Mt[a,b]	100% or USD 200/MT[a, b]
17019100	- - Containing added flavouring or colouring matter	100% or USD 460/Mt[a,b]	100% or USD 200/MT[a, b]
17019910	--- Sugar for industrial use	100% or USD 460/Mt[a,b]	100% or USD 200/MT[a, b]
17019990	--- Other	100% or USD 460/Mt[a,b]	100% or USD 200/MT[a, b]
Worn clothing and other worn articles			
63090010	--- Worn items of clothing	35% or USD 0.40/kg[a,b]	35% or USD 0.2/kg[a,b]
63090020	--- Worn items of footwear	35% or USD 0.40/kg[a,b]	35% or USD 0.2/kg[a,b]
63090090	--- Other worn items	35% or USD 0.40/kg[a,b]	35% or USD 0.2/kg[a,b]
Flat-rolled products of iron or non-alloy steel			
72104100	- - Corrugated	25% or USD 200/Mt[a]	25
72104900	- - Other	25% or USD 200/Mt[a]	25
72106100	- - Plated or coated with aluminium-zinc alloys	25% or USD 200/Mt[a]	25
72106900	- - Other	25% or USD 200/Mt[a]	25
72107000	- Painted, varnished or coated with plastics	25% or USD 200/Mt[a]	25
72109000	- Other	25% or USD 200/Mt[a]	25
72123000	- Otherwise plated or coated with zinc	25% or USD 200/Mt[a]	10
72124000	- Painted, varnished or coated with plastics	25% or USD 200/Mt[a]	10
72125000	- Otherwise plated or coated	25% or USD 200/Mt[a]	10
Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel			
72131000	- Containing indentations, ribs, grooves or other deformations	25% or USD 200/Mt[a]	10
72132000	- Other, of free-cutting steel	25% or USD 200/Mt[a]	10
72139900	- - Other	25% or USD 200/Mt[a]	0
Other bars and rods of iron or non-alloy steel			
72141000	- Forged	25% or USD 200/Mt[a]	10
72142000	- Containing indentations, ribs, grooves or other deformations	25% or USD 200/MT[a]	10
72143000	- Other, of free-cutting steel	25% or USD 200/Mt[a]	10
72149100	- - Of rectangular (other than square) cross-section	25% or USD 200/Mt[a]	10
72149900	- - Other	25% or USD 200/Mt[a]	10
Other bars and rods of iron or non-alloy steel			
72151000	- Of free-cutting steel	25% or USD 200/Mt[a]	10
72155000	- Other, not further worked than cold-formed or cold-finished	25% or USD 200/Mt[a]	10
72159000	- Other	25% or USD 200/Mt[a]	10
Angles, shapes and sections of iron or non-alloy steel			
72161000	- U, I or H sections	25% or USD 200/Mt[a]	10
72162100	- - L sections	25% or USD 200/Mt[a]	10
72162200	- - T sections	25% or USD 200/Mt[a]	10

HS code	Description	2017 tariff	2011 tariff
72165000	- Other angles, shapes and sections, not further worked than hot-rolled, hot-drawn or extruded	25% or USD 200/Mt[a]	10
72166100	- - Obtained from flat-rolled products	25% or USD 200/Mt[a]	10
72166900	- - Other	25% or USD 200/Mt[a]	10
72169100	- - Cold-formed or cold-finished from flat-rolled products	25% or USD 200/Mt[a]	10
72169900	- - Other	25% or USD 200/Mt[a]	10
Bars and rods, hot-rolled, in irregularly wound coils, of other alloy steel			
72271000	- Of high speed steel	25% or USD 200/Mt[a]	10
72272000	- Of silico-manganese steel	25% or USD 200/Mt[a]	10
72279000	- Other	25% or USD 200/Mt[a]	10
Other bars and rods of other alloy steel			
72281000	- Bars and rods, of high speed steel	25% or USD 200/Mt[a]	10
72282000	- Bars and rods, of silico-manganese steel	25% or USD 200/Mt[a]	10
72283000	- Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded	25% or USD 200/Mt[a]	10
72284000	- Other bars and rods, not further worked than forged	25% or USD 200/Mt[a]	10
72285000	- Other bars and rods, not further worked than cold-formed or cold-finished	25% or USD 200/Mt[a]	10
72286000	- Other bars and rods	25% or USD 200/Mt[a]	10
72287000	- Angles, shapes and sections	25% or USD 200/Mt[a]	10
72288000	- Hollow drill bars and rods	25% or USD 200/Mt[a]	10

a Whichever is higher.
b Sensitive items list.

Source: EAC Secretariat, CET 2017 and 2007 versions.