

East African Business Council



EABC e-Newsletter August 31st, 2006

EABC - The Voice of the Private Sector in East Africa

In this Issue:

- Council Of Ministers meeting ends
- EABC Monitoring Mechanism Report ready
- Tanzania withdraws new Visa requirement for EAC Partners
- EABC /EALA to meet
- Members News
- Upcoming events

VISION STATEMENT

To be an effective change agent for fostering an enabling business environment for a diversified, competitive, export-led, integrated and sustainable economy

MISSION STATEMENT

To promote the Private Sector's regional and global competitiveness in trade and investment

East African Business Council,
Arusha International Conference Centre (AICC),
5th floor, Room 517, Ngorongoro Wing
P.O. Box 2617 Arusha, Tanzania
Tel: +255 27 250 9997
Email: bobi@eabc-online.com
Fax: +255 27 250 9997
Web: www.eabc-online.com

COUNCIL OF MINISTERS MEETING ENDS

...NTBs Monitoring Mechanism report adopted

The Customs Union will need further deepening and its prevailing problems such as NTBs halted even as the region forges ahead on negotiations of the Common Market, Chairman of the EAC Council of Ministers, Hon John Arap Koech has said. Speaking at the close of the week-long Council of Ministers meeting in Arusha last week, Hon Koech re-stated the commitment of the Council towards ensuring realization of the EAC regional integration process.



Hon John Arap Koech

The Council also undertook to prioritize EAC programmes as a step forward in enhancing the Customs Union which is on the second year of implementation. In attendance were Hon Andrew Chenge, Minister for EAC (Tanzania) and Hon Eriya Kategaya, first deputy Prime Minister (Uganda), in charge of EAC affairs and delegations from the three Partner States. The Council has adopted the EAC Monitoring Mechanism on NTBs which is a collaborative effort between EABC and the EAC.

Another noteworthy achievement of the meeting is the adoption of the EAC manual on the rules of origin. This will set in place institutionalization of the EAC Certificates of Origin which currently lacks forcing the business community to rely on the COMESA Certificates of Origin. The business community will also benefit from the decision by the Kenya Airports Authority to stop forthwith the imposition of demurrage charges on transit goods after 21 days at the Mombasa port. However, the business community will still have to wait a little longer for resolution of the Uganda List – deferred to give Partner States more time for consultation. Other issues generating heated discussions were on the enlargement of the EAC Secretariat and staff emoluments.

The recently adopted roadmap towards establishment of an EAC Common Market suggests that negotiations which commenced on July 1, 2006, will run through to Dec 2008. The commencement of these negotiations inevitably coincides with the EAC's on-going Customs Union. At the same time, the Council of Ministers is seeking the go-ahead from the Chairman of the Summit, His Excellency President Mwai Kibaki and his fellow EAC Heads of States with respect to the launch of the consultative process on Political Federation on 13 October, 2006.

REVENUE AUTHORITIES ROOT FOR INTERCONNECTIVITY

Partner States' Revenue Authorities are gearing up for a joint electronic interconnectivity process which begins in



September, Uganda Revenue Authority's (URA) Senior Assistant Commissioner Richard Kamajugo has said. If

successful, the project will be rolled out in all border posts within the next five years and is expected to revamp the entry points turning them into 'seamless borders'.

Mr Kamajugo said the success of interconnectivity will reduce the high transportation costs currently faced by business people in the region. *"we expect costs to come down by half, and there will be reduction in physical controls"*, Kamajugo said during the E.A Legislative Assembly public hearing in Kampala.

Currently, Kenya uses SIMBA system while Uganda and Tanzania use asycuda++ system. Tests show that the two are compatible. The World bank and USAID are financing the feasibility studies to the tune of over 200 million dollars. Already a "One Stop Joint Border Control" Project at Malaba Border post to harmonise customs, and cargo tracking communications is currently underway.

The Pilot project serves as a model for other Northern Corridor border crossings in East & Central Africa Corridor.

TEMPORARY PERMIT FOR EAC WITHDRAWN

Tanzania is to withdraw the Temporary Work permit on East African citizens entering the country for business. This follows requests by the Partner States' during the Council of Ministers' meeting. The recently introduced business visa by Tanzania authorities for foreigners coming to trade in the country is seen to be reversing gains and denting the spirit of integration since it also bands EAC citizens in the same category. The visa is a single entry permit and costs USD 100 per entry.

In July, EALA legislators and an EABC representative visited the border towns and received requests for such a waiver to enable business people carry out their transactions.

EABC EXECUTIVE MEETS

EABC's Executive Committee Members met yesterday in Dar es Salaam for their 30th Executive Committee under the Chairmanship of Mr. Abid Alam.



The Committee listened to and reviewed reports of the

last quarter and plans for the coming period. It also considered the Finance & Administration report, and provided input into the draft consultancy study report on Industrialization & Competitiveness which was recently carried out.

The Committee further appealed to Partner States to stick to the tenets of the Protocol on Customs Union following recent reports that certain companies were seeking for tax waivers from EAC governments thus contradicting the CET Protocol requirements. Tanzania government is understood to possibly grant NIDA Textile Mills a waiver.

EABC Monitoring Mechanism report Adopted

The Council of Ministers has adopted the Monitoring Mechanism on NTBs officially.

The report is a joint initiative of EABC and EAC Secretariats. The Monitoring Mechanism hopes to facilitate the process of identifying, reporting and monitoring the elimination of current and future NTBs within the EAC Partner States, so as to consolidate the economic integration process under the EAC Customs Union.

The EAC NTBs Monitoring forms are both in Kiswahili and English to facilitate easy understanding of the truck drivers and small traders crossing the border.

To view the report, please visit <http://www.eabc-online.com/lw/ntbs.php?lobbywork=nontariffbarriers>

EABC /EALA SET TO CHART WAY FORWARD

EABC and East Africa Legislative members (EALA) are set to meet in Arusha in September to work out modalities for Private Sector's involvement in Legislative procedures at the EAC. The Assembly has so far passed two laws that are directly related to the Private Sector. These are the EAC Customs Management Act 2005, for the management of the operations of the Customs Union and the EAC Standardization, Quality, Metrology and (SQMT) Testing Bill.

Last month, EALA and EABC participated in a visit to the border and entry points in East Africa. For more information, contact Charles Mndeme at charles@eabc-online.com

KENYA

KQ CLINCHES PAN AFRICAN PLATFORM DEAL

Kenya Airways is the official carrier of the 2006 AfriCities conference being held in Nairobi on 18th to 24th September 2006. This follows an agreement signed between the airline and Government of Kenya who are hosting the summit, a statement pasted on the airlines website has said. The AfriCities Summit is a Pan-African platform of political dialogue on decentralization in Africa. This year's theme is "building local coalition for the implementation of millennium development goals in African governments".

This event is held every three years. Previous summits have been held in Abidjan (Cote D' Ivoire) in 1998, Windhoek (Namibia) in 2000 and Yaounde (Cameroon) in 2003.

TANZANIA

EABC MEMBERS AMONGST TOP MOST COMPETITIVE COMPANIES

Three EABC members are in the list of top Tanzanian industries said to be competitive in the COMESA region. Aluminium Africa, Jiemel Industries and Sumaria Group of Companies are among the top companies gearing up for competition in the wider market.

According to findings contained in the "**Study of the Post-Effects of Tanzania's withdrawal from Comesa on Tanzania Business Developments with Comesa Member States**" commissioned by CTI, EABC and TPSF, the competitiveness of Tanzanian industries in the region is being hampered by the high cost of utilities; water, telecommunication and electricity tariffs, taxes and high interest rates. The study suggests that the government needs to address the problems facing industry, such as taxes, electricity costs, transport and trade policies.

UGANDA

BIDCO PLANT A WELCOME INVESTMENT

BIDCO Refineries Limited is to establish a US\$30m bio-diesel factory, according to the company's Chief Executive Officer, Vimal Shah (pictured). Last week, President Yoweri Museveni held a meeting with BIDCO officials during which he was also briefed on the progress of the palm plantation in Kalangala district and the vegetable oil plant in Jinja.



President Museveni welcomed the investment proposal and assured the delegation that the government would provide incentives such as tax exemptions to encourage the production of bio-diesel. BIDCO has invested over US\$45m (about Ush83b) in a project that produces about \$20m worth of palm oil per year.

The firm commissioned a \$140m plantation on Bugala Island in Kalangala and opened a \$25m refinery in Jinja in 2005.

UPCOMING EVENTS

Please contact the Secretariat for information on the following upcoming events.

- Labour and Employment Meeting – Sept 7, 2006
- Mission to Rwanda and Burundi – Sept 11-16, 2006
- Trade and Investment Promotion Meeting – Sept 21, 2006

EABC PICTORIAL NEWS



Former EABC Chairman Hirji Shah receives a plaque from Ms Sofia Svingby of International Council of Sweden (NIR) in Kampala recently. EABC works closely with NIR in addressing various cross-cutting private sector issues in East Africa and Sweden.

Contact EABC

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