

Decision adopted by the EAC Sectoral Council on Trade, Industry, Finance and Investment

1. Decision on Finance in FY 2013/13

- ✓ Uganda list of tariff lines for stay of application of Common External Tariff (CET)
- ✓ EAC Secretariat directed to expedite the gazettelement of the 17 companies as requested by Rwanda. (Utexrwa included)
- ✓ The Sector Council adopted the new list of companies and their raw materials and industrial inputs for EAC duty remission facility

2. Adopted decisions related to Customs;

a) Background: Findings on plastic products manufactured in EAC

- ✓ Most plastic products produced in Partner States fall under HS Codes 39.17 – 39.26. Other related Products fall under 94.01, 94.03, 96.08 and 64.02:
- ✓ The main raw material fall under HS 39.01 -39.06 which are sourced from outside EAC:
- ✓ Plastic products qualify under the criterion of change of Tariff Heading under the EAC Rules of Origin; and
- ✓ It was not possible to ascertain whether the products qualify under the value addition and material content criteria because the requisite data was not readily available by the respective firms.

Sector Council adopted the following decisions

- ✓ Plastic products manufactured in the EAC qualify for Community preferential tariff treatment under change in tariff heading criterion Rule 4(i)(b)(iii); and
- ✓ Directed the Partner States to grant Community tariff preferences to Plastic products upon fulfillment of the Rules of Origin

b) Report on Sugar manufactured in EAC

Background: Approval of verification findings

- ✓ The consignments of sugar from Kakira Sugar Limited and Sugar Corporation of Uganda Limited (SCOUL), Lugazi currently being held at Busia border station by KRA should be released under the Community tariff treatment.

- ✓ Samples should be drawn from sugar from Mayuge Sugar Limited and Uganda Crop Limited held at the border for testing and sugar should be released by KRA against a bond security;
- ✓ The testing of sugar in respect of (ii) above should commence on 6th May 2013;
- ✓ the experts carrying out the verification exercises should take into account supply and demand of the product under review of the Partner State;
- ✓ In future such disputes should be handled as per the rules of origin where the consignment is released after executing a bond as the confirmation of origin is verified;
- ✓ In future, similar comparative analysis should be contracted to Laboratories with accreditation in analysis;
- ✓ The committee on customs appointed an operational taskforce coordinated by the Secretariat to respond, advise and resolve operational customs issues that may arise from time to time in the implementation of the regional customs instruments. The Secretariat develop Terms of Reference of the subcommittee and circulate to the Partner States within two weeks;
- ✓ Partner States should avoid taking unilateral decisions on the matters which fall within the mandate of the Council particularly in respect of remission and exemption of imported goods.

Sector Council adopted the following decisions

- ✓ Approved the Committee on Customs which has been appointed as a task force to respond, advise and resolve on operational customs issues that may arise from time to time in the implementation of the regional customs instruments;
- ✓ directed the Partner States not to take unilateral decisions on the matters which fall within the mandate of the Council particularly in respect of duty remission and exemption of duties on imported goods, instead, Partner States should abide by the Protocol on the establishment of the EAC Customs Union.
- ✓ Directed partner States to abide by the EAC Rules of Origin such that the goods being queried are released against a security awaiting the verification process

c) Considered results from the on-going review of the Rules of Origin

Background:

- ✓ Certificates of Origin should be issued by Customs as earlier directed by the Council since they are responsible for determining preferential treatment of goods in the EAC. This would also enable coordination of cross-border activities related to the Rules of Origin;
- ✓ The revised Rules of Origin are comprehensive and requires wider consultation and input from the stakeholders before adoption. There is need also to sensitize the stakeholders on the proposed changes on the Rules of Origin before implementation;
- ✓ There is need to develop online - issuance of certificates of Origin and this should be linked to the Customs business systems under the interconnectivity programme

Sector Council adopted the following decisions

- ✓ Directed EAC Secretariat to develop online - issuance of certificates of Origin under the interconnectivity program by end of September 2013.
- ✓ Directed EAC Secretariat to conduct wider consultations on the revised Rules of Origin and obtain input from the stakeholders by end of September 2013, before adoption.

d) On Customs Valuation

Background:

Development of the Regional Product Identification Bulletin for products posing a great challenge on Customs valuation; Harmonization of the test values for used motor vehicles; Updated data base on valuation of used motor vehicles; Development of a Regional Electronic Customs Valuation database; Submission from the Republic of Rwanda on products challenging customs valuation like sugar, used clothes and shoes;

Sector Council adopted the following decisions

- ✓ Directed the Directorate of Customs of EAC Secretariat to issue an administrative ruling under the section 122 of the CMA to cater for valuation of used items by end of July 2013

- ✓ Directed the Secretariat to expedite the comprehensive study and strategy on the sugar industry in EAC by December 2013.

e) On procedures and Facilitation

Background

The legal framework, a provision on Single Window Systems is included in border One Stop Border Post (OSBP) Bill which was passed by EALA in April 2013.

Sector Council adopted the following decisions

- ✓ Adopted the Terms of Reference for the study on Single Window Strategy and Framework and
- ✓ Directed the EAC Secretariat to finalize the study on Single Window Strategy and Framework within 12 months.

f) On Interconnectivity of Custom Systems

Background

EAC Secretariat is wishing to develop the regional customs interconnectivity and data exchange platform to include other customs processes such as valuation data, transit bond management, risk management, cargo monitoring, sharing of trade documentation which are currently not available in the Revenue Authorities Digital Data Exchange (RADDEx) system functionality.

Sector Council adopted the following decisions

- ✓ Directed the Secretariat to develop a framework for interfacing the ECTS of Partner States and submit the same to the Committee on Customs by October 2013.
- ✓ Directed EAC Secretariat to engage COMESA and SADC who are already developing the ECTS to create synergies with the work being undertaken by the EAC

g) Duty remissions on Motor Vehicle Assemblers

Background

EAC experts deliberated on the development of motor vehicle assemblers' regulations and developed criteria for items to be included in or excluded from CKD, the level and condition of breakdown of CKD kits for motor vehicles.

Sector Council adopted the following decisions

- ✓ Directed EAC Secretariat to undertake a comprehensive regional study by Dec 2013; to validate the list of items for inclusion and exclusion from the CKD kits for vehicles assembly and body building materials for trailers and submit the list for approval; and
- ✓ Directed the EAC Secretariat to involve the assemblers of motor vehicles in undertaking the study
- ✓ Took note that the level of breakdown of CKD kits will also be considered along with the comprehensive regional study findings.

h) Duty Remission

Background

EAC Secretariat is considering amendment of the EAC Duty Remission Regulations, 2008.

Sector Council adopted the following decisions

- ✓ The adoption of the amendments has been deferred to October 2013 to enable further consultations.

i) On national exemption laws that affect the EAC exemption regime

Background

During the Sectoral Council on Trade, Industry, Finance and Investment took note and adopted the decisions of Ministers for Finance on National and Regional Legislation with Respect to Trade Policy. The Sectoral Council took note that there is need to harmonize legislation at national level to ensure that it is consistent with regional legislation. Some of these laws and policies in Partner States, the meeting noted, provide discretionary powers for exemptions and prohibitions contrary to the regional legislation. The meeting urged the Partner States to make their submissions of national legislation and policies that are inconsistent with the EAC CET and EAC CMA to enable the Secretariat commence development of a harmonized EAC trade policy

Sector Council adopted the following decisions

- ✓ Directed Partner States to align the incentives granted by Investment Promotion Agencies and other agencies to conform with the EAC CMA

3. On Trade in Services

Background

- ✓ The meeting recalled that during the SCTIFI meeting held on 2nd November 2012, the SCTIFI established a Technical Working Group (TWG) on Trade in Services to review comments from the Partner States on the Technical Paper on the Analysis of Issues regarding Linking or Delinking of the Schedule on Free Movement of Services and the Schedule on Free Movement of Workers in the EAC
- ✓ The first and second meetings were held March 26th -28th and May 13th – 17th respectively. During the meeting, the Partner States presented their Reports of the national consultations on the inconsistencies, technical errors and legal discrepancies in the Schedule on the Free Movement of Services and the Schedule on Free Movement of Workers as well as the definitions to be developed in the CMP.

Sector Council adopted the following decisions

- ✓ Directed the Partner States to introduce proposals for amendment of the relevant Articles on trade in services and free movement of workers in the CMP in accordance with Article 53 of the CMP
- ✓ Directed EAC Secretariat to finalize the review of the Monitoring and Evaluation Framework for implementation of the CMP by September 2013
- ✓ Directed Partner States to identify challenges encountered in the implementation of the CMP and report to SCTIFI through EAC Secretariat by September 2013
- ✓ Directed Partner States to expedite the review and approximation of national laws impacting on the CMP and report to SCTIFI
- ✓ Directed EAC Secretariat to provide status of the review of national laws impacting on the CMP and report to SCTIFI

4. **Progress on** elimination of the NTBs

Background

The meeting was informed that the 10th EAC Regional Forum on NTBs was held on 6th – 9th March 2013 in Bujumbura, Burundi. The meeting considered the reports of the National Monitoring on Non Tariff Barriers and updated the EAC Time Bound Programme on elimination of identified NTBs

Sector Council adopted the following decisions

- ✓ Directed Partner States' NMCs to submit their quarterly reports to EAC Secretariat;
- ✓ Directed Partner States to eliminate the outstanding NTBs in the EAC Time Bound Program and not introduce new NTBs; and
- ✓ Encouraged Partner States to engage in bilateral dialogue to resolve NTBs.

5. Progress report on industrialization and SME activities

Background

The meeting was informed that following the approval of the EAC Action Plan for the implementation of the Industrialization Policy by the Council at its 26th meeting in Nairobi, Kenya, the Secretariat in collaboration with the East Africa Business Council (EABC) have initiated a joint program of activities aimed at involving private sector and other stakeholders in the manufacturing and technology sectors in the implementation of the Action Plan

Sector Council adopted the following decisions

- ✓ The Sectoral Council on Trade, Industry, Finance and Investment took note of the concept note of the proposed Manufacturing and Technology Promotion Forum.

6. Progress on AGOA;

Background

The meeting was informed that an experts meeting was convened on 13 -15 May 2013 in Kampala, Uganda to prepare for the 12th AGOA Forum 2013. The 12th AGOA Forum which was scheduled to be held on June 27th to July 1st 2013 in Addis Ababa, Ethiopia may be shifted to mid-August 2013 under the theme "Trade and Technology for sustained change". The experts meeting also developed an EAC position paper for the 12th AGOA Forum 2013.

Sector Council adopted the following decisions

- ✓ took note of the EAC Position paper for the 12th AGOA Forum;
- ✓ Directed the Partner States to submit comments on the draft position paper by 30th June 2013; and
- ✓ Directed the Secretariat to incorporate the comments and finalize the position paper.
- ✓ **CONSIDERATION OF THE REPORT OF THE EAST AFRICAN STANDARDS COMMITTEE**

7. Consideration of the report of the **East African Standards Committee**

Background

- ✓ The meeting was informed that at its 16th Meeting held on 7th to 8th June 2013 in Arusha, the East African Standards Committee considered and adopted the report the Standards Technical sub –committee on Standards development.
- ✓ The Committee approved 20 Draft East African Standards. The list of titles of the final East African draft standards.
- ✓ The Committee considered and approved the 38 International Standardization Organization(ISO) Standards for endorsement as East African Standards and for adoption at the national level in accordance with the Procedures.

Sector Council adopted the following decisions

- ✓ Recommended to the Council to consider the 20 draft East African Standards for declaration as East African Standards; and
- ✓ Recommended to the Council to consider the 38 ISO Standards for endorsement as East African Standards and for adoption at the national level in accordance with the Procedures.

8. Progress on EPA Negotiations

Sector Council adopted the following decisions

- ✓ took note of the progress made in the EAC-EU EPA negotiations;
- ✓ Adopted EAC's positions on the new issues submitted by the EU in 6.2 (i) above;
- ✓ Directed Partner States to update their respective development matrices for submission to the Secretariat for incorporation into the EPA Development Matrix;
- ✓ Directed the Secretariat to propose to the EU that the next EAC-EU Technical Officials Negotiations and Senior Officials Negotiations be held during the week of 15th – 19th July 2013 in the EAC region;
- ✓ Directed the Secretariat to communicate to the EU that the meeting in July 2013 will be the final Senior Officials Meeting and all outstanding issues thereafter be referred to the Ministers;

- ✓ Agreed to engage with key EU Member States at a political level on the outstanding issues;
- ✓ Directed the Secretariat to prepare a strategy paper to be used for briefing the EAC Ministers prior to their engagement with the EU; and
- ✓ Directed the Republics of Uganda and Rwanda to submit to the Secretariat by 17th June 2013, their financial reports and supporting documents on the use of the EAC-SIDA EPA funds as well as remit any balance of funds to the Secretariat.

9. Progress on EAC-US Trade and Investment Partnership Negotiations

Background

The meeting was informed that the following meetings on the EAC-U.S. Trade and Investment Partnership have been convened since the last SCTIFI meeting held on 2nd November 2012:

- ✓ EAC Experts Preparatory Meeting held on 15th to 16th April 2013 in Arusha, Tanzania
- ✓ EAC–U.S. Technical Officials meeting on the Trade and Investment Partnership on 17th to 20th April 2013 in Arusha, Tanzania.

During the EAC Experts Preparatory Meeting held on 15th – 16th April 2013, the Secretariat informed the meeting that it had faced challenges in mobilizing resources for the study on the EAC – U.S. Trade and Investment Partnership. The meeting was informed that the Secretariat is in discussions with DANIDA who are interested in supporting EAC to develop a trade and investment negotiation framework to guide the region in its engagement with third parties.

The EAC – U.S. Technical Officials agreed on the following next steps

- ✓ By 10th June 2013, both Parties to liaise with their respective private sectors to highlight additional opportunities/ events for the Commercial Dialogue.
- ✓ By 17th June 2013, based on the enquires and clarification made on the U.S. Model Investment Treaty, the Parties agreed that:
- ✓ EAC will share with the U.S.:
 - a) comments and observations on the U.S. Model
 - b) laws and regulations, which may be derogated under non – conforming measures

- ✓ U.S. will share with the EAC:
 - a) laws and regulations, which may be derogated under non – conforming measures
 - b) Written clarifications on the interpretation of some of the terms used in the Model as requested by the EAC.
- ✓ By 17th June 2013, both Parties agree to conclude correspondences through the appropriate channels with a view to coming to a common understanding regarding issues raised in the discussion on the U.S. Model Trade Facilitation Agreement and other details and topics related to the next U.S.-EAC Trade Ministerial on the margins of the AGOA Forum in Ethiopia.
- ✓ By 2nd August 2013, both Parties agreed to further explore development of a joint mechanism on trade capacity building programming and reporting.
- ✓ The next EAC- U.S. Trade Ministerial Meeting will be held on the margins of the AGOA Forum in Ethiopia to review the progress made on the Trade and Investment Partnership

Sector Council adopted the following decisions

- ✓ Took note of the progress made in the EAC-U.S. Trade and Investment Partnership;
- ✓ Directed the Secretariat to expeditiously commission and finalize the study by October 2013;
- ✓ Approved the proposal by the U.S. to expand the Trade and Investment Partnership to include a component on SPS and TBT;
- ✓ Requested the Ministers to attend the EAC – U.S. Ministerial Meeting on the Trade and Investment Partnership in August 2013 on the sidelines of the AGOA Forum;
- ✓ Directed the Secretariat to convey to the U.S. that the EAC-U.S. Ministerial meeting to be held on the sidelines of the AGOA Forum will be an informal meeting and not a negotiation session;