THE EAST AFRICAN COMMUNITY

SINGLE CUSTOMS TERRITORY

OUTLINE

- ❑Background for launching SCT
- ❑Key features of SCT
- ❑Challenges
- ❑ Way Forward

Background of SCT

2004

Signing of the Customs Union Protocol

2005

Implementations To Establishment Customs Union

2010

Establishment of EAC Common Market

2012

Summit Decision to implement the SCT

2013

Implementation of the SCT at tripartite level

2014

Full implementation of SCT

A SINGLE CUSTOMS is….

A stage towards full attainment of the Customs Union achievable by:

- ✓ **the removal of restrictive regulations and / or**
- ✓ **minimization of internal border controls on goods moving between the Partner States with an ultimate realization of free circulation of goods**

WHY THE SINGLE CUSTOMS TERRITORY?

Challenges of Customs Union

1 - Application of Law

Difference in application of

Customs Laws & instruments

2 - Duplicated Procedures

Multiple Customs declarations

At internal borders

3 – Security Bonds

Multiple Security

Bond regimes

4 - Varying Valuation

Application of varying

Valuation approaches

5 - Enforcement

Weak

Enforcement Mechanisms

Challenges of Customs Union…

6 – Non tariff Barriers

Multiple road blocks along

Transit corridor

7 – Cargo Flow

Restricted

Flow of cargo

8 – Congestion

At the ports

9 – Complex clearance

Complex

Clearance procedures

Objectives of SCT

- Seamless flow of goods to enhance intra EAC trade
- Lowering clearance costs of goods within the region
- Shifting from physical controls to electronic clearance processes
- Coordination between agencies responsible for clearance of goods

Objectives continued…

- Enhanced compliance through a regional wide mechanism
- Building a foundation for EAC Common Market and internal single market
- Realizing economies of scale and optimal use of resources in clearance of goods
- Supportive institutional and legal framework

Benefits of the

SINGLE CUSTOMS TERRITORY

Benefits of SCT

- Reduces the cost of doing business by eliminating duplication of processes.
- Reduces administrative costs and regulatory requirements.
- Reduces the risks associated with non-compliance on the transit of goods;

Benefits of SCT…

More benefits

- Enhances trade in locally produced goods particularly agricultural goods
- Efficient revenue management
- Prevention of smuggling at a regional level;

- Enhances application of Information Technology and data collection at the regional level.
- Synergy through shared resources and utilization of economies of scale.
- Springboard for free movement of other factors of production
- Attraction of foreign, domestic and cross border investment

How SCT Operates

Goods imported into the Customs Union are entered only once in the country of destination and released at the first port of entry to the destination Partner State

Duty paid goods don’t change destination into another Partner State except where permission is granted by both Partner States.

Duty paid goods released to the destination Partner State for home use are subjected to Customs control through the Electronic Cargo Trucking System (ECTS).

Taxes are collected at the first point of entry

Customs declarations are made once at the destination country hence only one declaration is used to clear cargo.

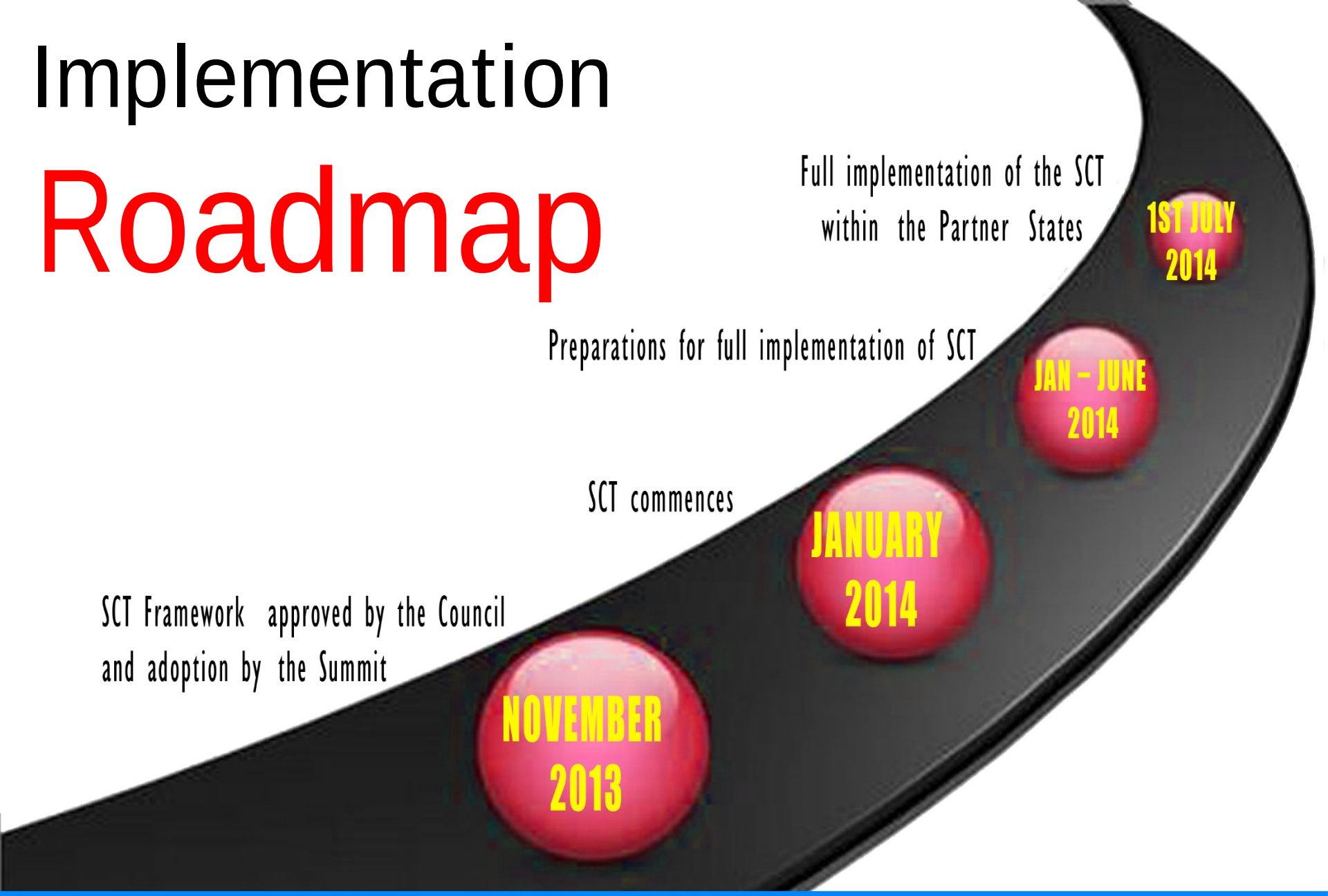
The partner states share electronic data on Manifest information, declarations ,customs releases, border exits, Arrival confirmation among others.

Fewer non-tarriff barriers e.g. fewer police roadblocks, weighbridges etc

Faster clearance of cargo

Lower cost of conducting business.

Implementation Roadmap



Ex

Experience from the

Northern Corridor

NORTHERN CORRIDOR ROADS NETWORK
UGANDA
KENYA
RWANDA
BURUNDI
THE DEMOCRATIC REPUBLIC OF CONGO
TANZANIA
L. VICTORIA
KAMPALA
KIGALI
BUJUMBURA
NAIROBI
DODOMA
Dar es Salaam
Mombasa
Kisangani
Beni
Masaka
Mbarara
Ntungamo
Kabale
Rukiruma
Goma
Kisenyi
Kindu
Bukavu
Uvira
Rufana
Gitega
Torore
Jinja
Bungoma
Malaba
Eldoret
Kisumu
Nakuru
Kericho
Kisii
Isebania
Gilgil
Machakos
Sultan Hamud
Mtito Andei
Voi
Taveta
MAP NOT DONE TO SCALE

Experience from the Northern Corridor

- Single weighing for transit cargo
- Removal of roadblocks
- Reduced turn-around time (18 → 4days for Kampala and 21 → 7 days for Kigali)
- Single customs declaration for goods destined to Uganda and Rwanda
- Reduced customs documentation
- Reduced cost of doing business
- Improved exchange of information

Critical issues to consider in data exchange across borders

- Government support
- Data compatibility
- The level of data Automation among the partner states
- Data integrity
- Stakeholder involvement and engagement
- An enabling legal framework

Challenges

- Regional Bond
- Lack of Legal instruments to back up new strategies under SCT i.e. mutual recognition of Customs Agents; deployment of staff, Laws have not been fully harmonized across partner states
- Inter-facing of systems
- Differences in processes within the different Revenue Authorities
- Different tariffs applicable in different partner states
- Some revenue authorities are not yet at the same technology level as others. They still have to build capacity

Lessons learnt

1. The need for harmonized Standards in system development across partner states
2. The need to invest in Technology and infrastructure to support and facilitate the SCT system processes
3. The need for training and human resource development (training of Customs officers and clearing agents)
4. The pace of implementation of recommendations made by the various arms needs to be at the same pace across all partner states

- Customs business systems are being inter-faced ;
- Customs – stakeholder business systems are being interfaced
- Development of regional bond is ongoing
- Legislative amendments are on-going

- All cargo to partner states to be cleared though SCT
- All partner states to fully open up operations to Clearing agents
- Revenue authorities to deploy staff on a full time basis to SCT stations in neighboring states

THANK
YOU