

EXPERIENCE IN CROSS-BORDER ELECTRONIC DATA EXCHANGE IN EAST AFRICAN COMMUNITY (EAC) SINGLE CUSTOMS TERRITORY (SCT)

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Introduction

Background for initiating cross-border electronic data exchange in EAC SCT

Current model and documents/data for cross-border electronic data exchange in EAC SCT

Challenges and difficulties faced in implementing cross-border electronic data exchange in EAC SCT

Future plans for EAC SCT

When you think about SCT what comes to your mind?



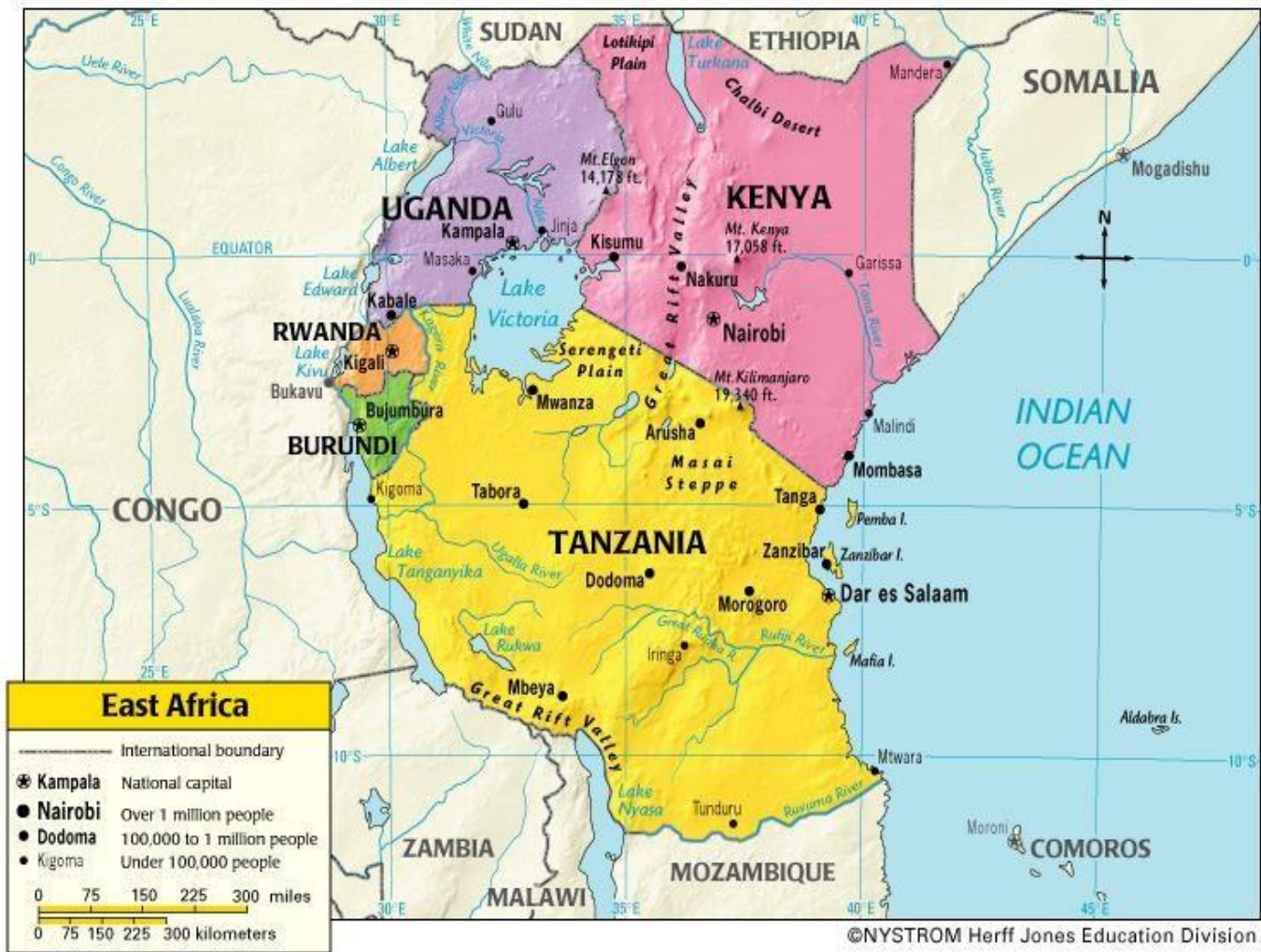
Introduction

- ✓ A Single Customs Territory is a stage towards full attainment of the Customs Union achievable by:
 - Removal of restrictive regulations and/ or
 - Minimization of internal border controls on goods moving between the Partner States with ultimate realization of free circulation of goods.
- ✓ EAC SCT covers Partner States namely **Burundi, Kenya, Rwanda, Tanzania and Uganda.**
- ✓ Partner States Customs officers
- ✓ Ports of Entry

Objectives of EAC SCT

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

MAP OF EAC REGION





Features of SCT

- Goods are cleared at the first point of entry.
- One Customs declaration is made at the destination country.
- Taxes are paid at the point of destination when goods are still at the first point of entry.
- Goods are moved under a single regional guarantee bond from the port to destination.
- Goods in transit/transfer are monitored by electronic cargo tracking system.
- Interconnected customs systems.
- Minimized internal controls / checks.

Background for initiating cross-border electronic data exchange in EAC SCT

Members of the business community are engaged in cross-border trade within the East African Community countries although businesses are severely hampered by inefficient trade facilitation systems.

The EAC Partner States have embarked on implementing the Single Customs Territory (SCT) whose framework was adopted by the EAC Summit of Heads of States in November 2013. The Summit directed that the SCT commences on 1st January 2014 and that all operational requirements be finalized by June 2014

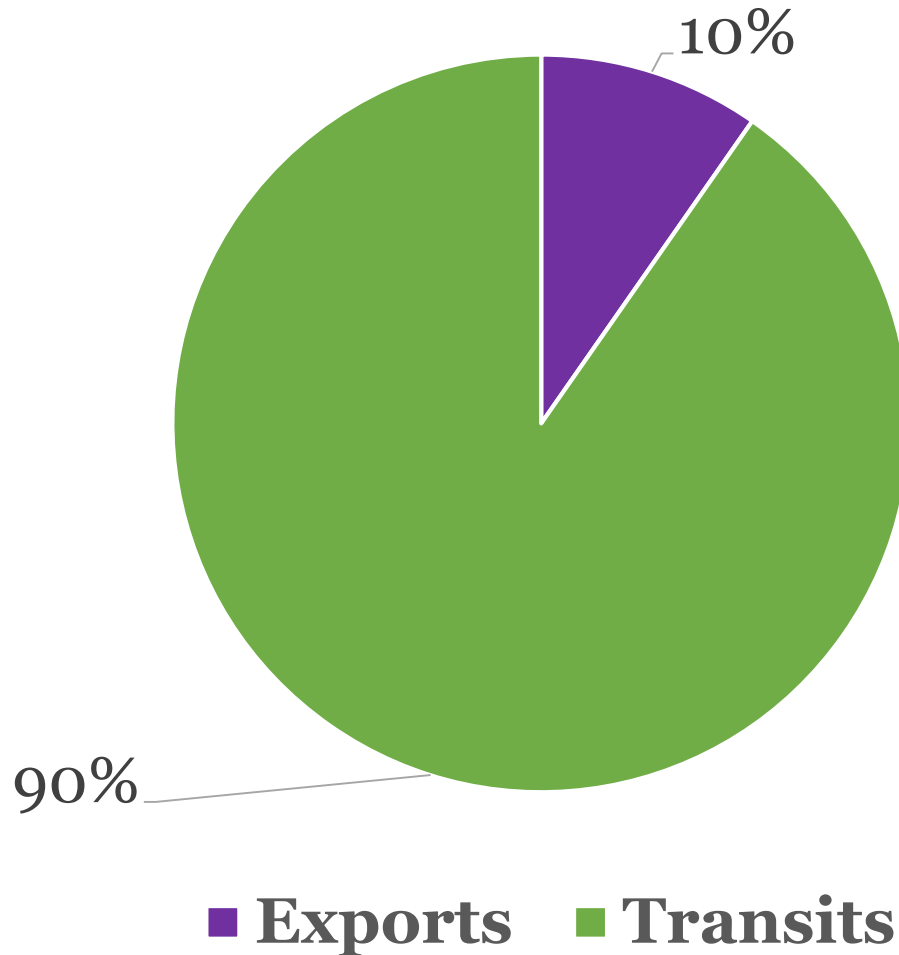
Current model and documents/data for cross-border electronic data exchange in EAC SCT

- ✓ EAC partner states have adopted a destination model of cargo clearance in which assessment, collection of taxes and other levies is done at the first point of entry while the goods are still at the first point of entry.
- ✓ Assessment and payment of duties is done at the destination Partner State while goods are still at the first point of entry.
- ✓ SCT has been implemented to facilitate faster clearance and improvement in cargo movement along the two corridors (Northern and Central).
- ✓ The Customs Administrations in the destination countries retain the control of assessment and collection of taxes and levies.
- ✓ The legal instrument for SCT is East African Community Management Act (EACCMA, 2004).

SCT TRANSACTIONS -OVERVIEW

Exports and Transit through SCT from July 2018 to date

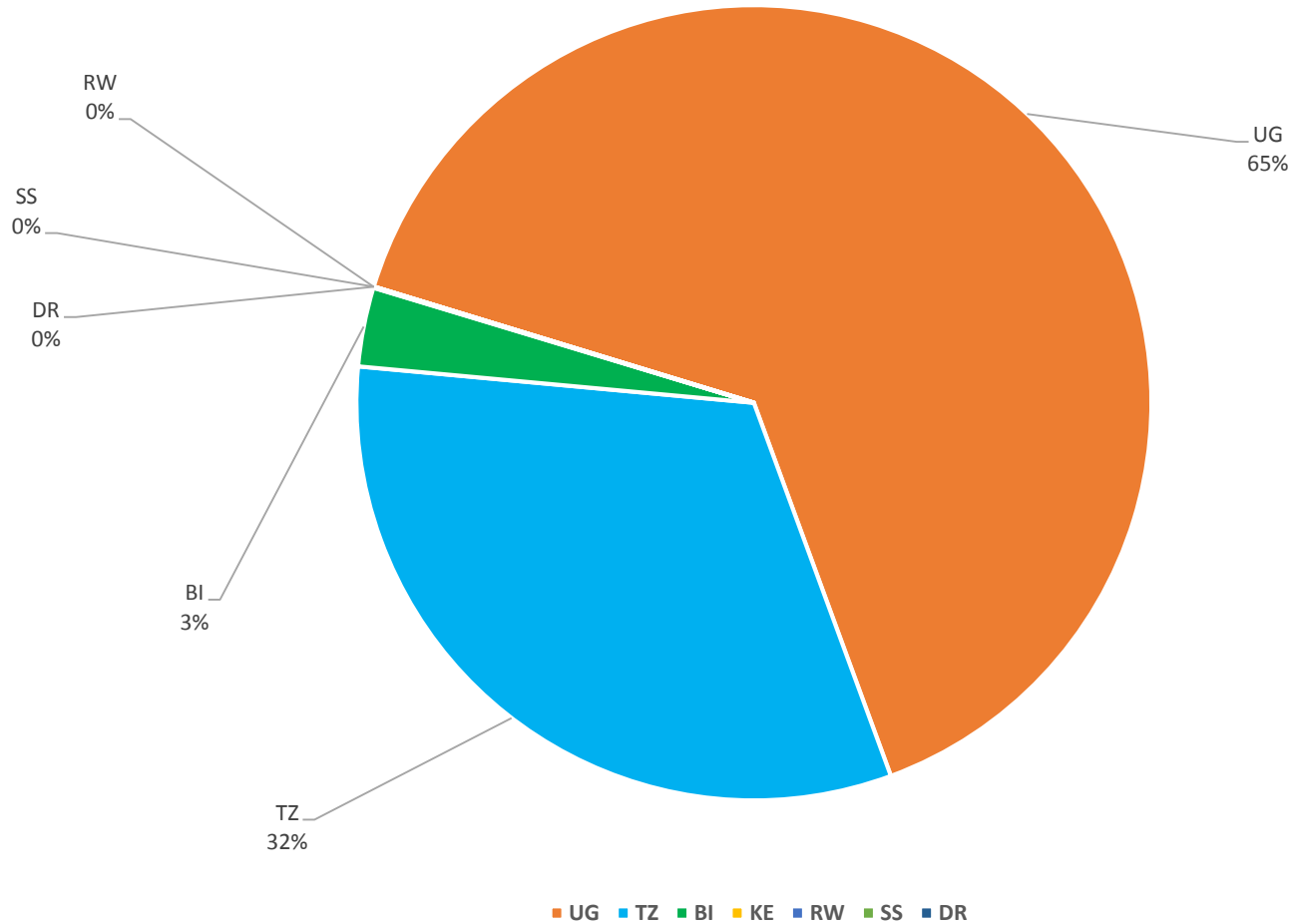
Transits vs Exports by CIF Value



SCT TRANSACTIONS -OVERVIEW

Exports and Transit through SCT from July 2018 to date

Kenyan Exports by CIF

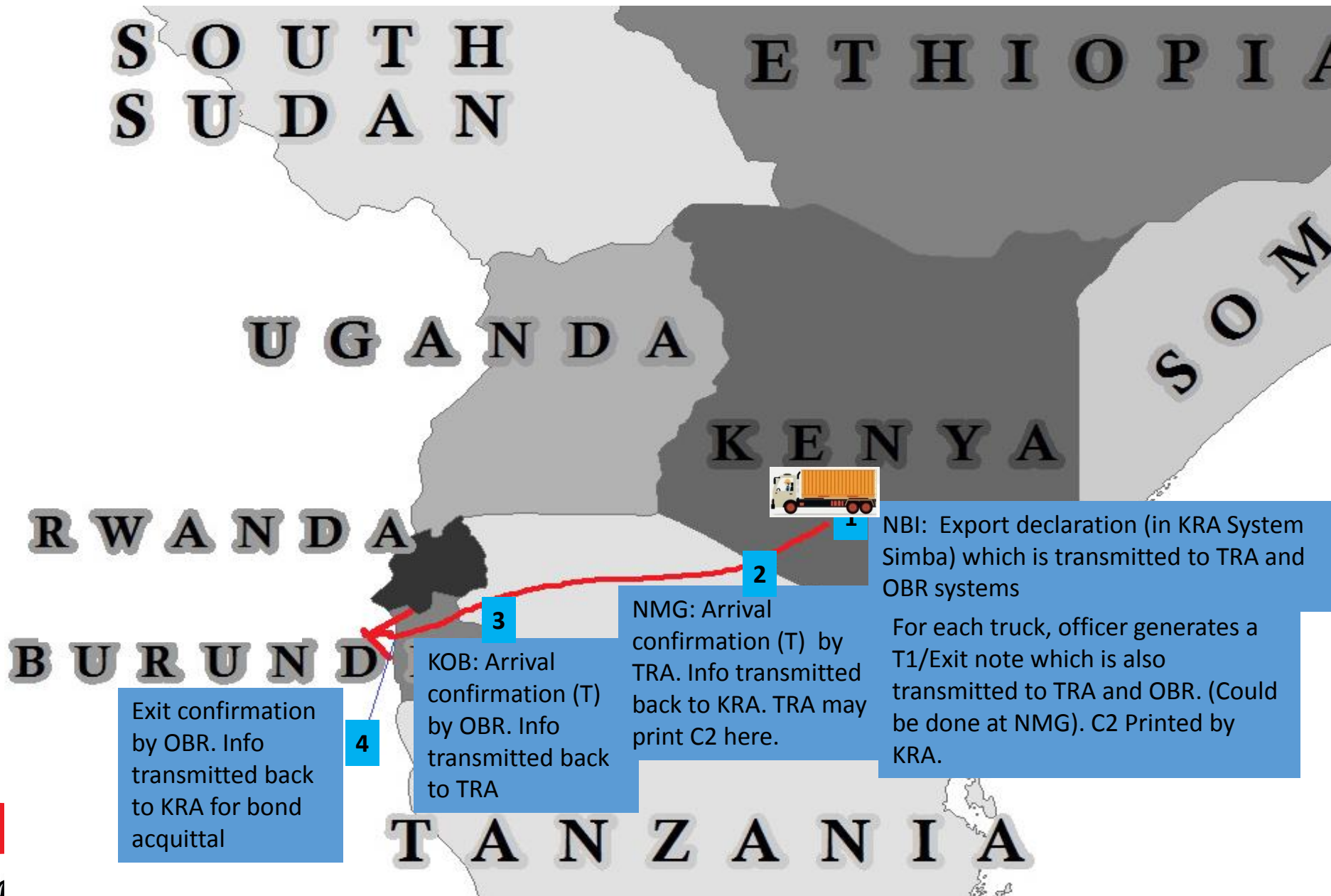


SCT TRANSACTIONS -OVERVIEW

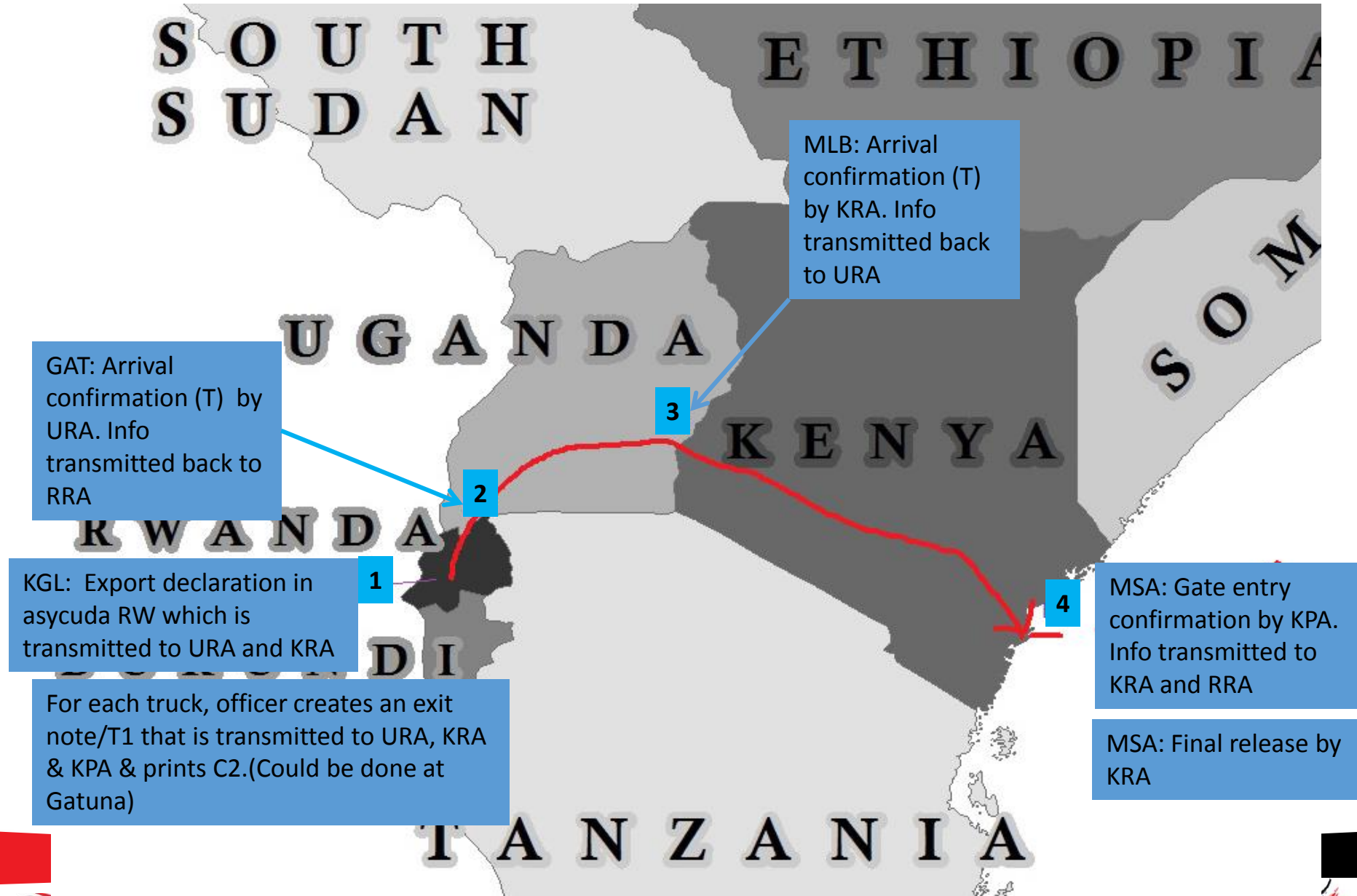
Exports and Transit through SCT from July 2018 to date

- The value of transits to Uganda and Exports under SCT stands at 90% and 10% respectively.
- Kenya's Exports to Uganda under SCT constitute 65% of total exports and 32% and 3% respectively to Tanzania Burundi. Export to Rwanda, south Sudan and DRC stands about 0.004% of the total exports.
- The CIF Value of transits to Uganda amounted to Ksh 324,272 Million. These goods were mostly petroleum goods, machinery products, motor vehicles, plastics and articles of steel and iron. The top 20 imports contributed 89% of the total transits.

Example 1: KE Exports to DRC



Example 2: RW Export to China Thro' MSA



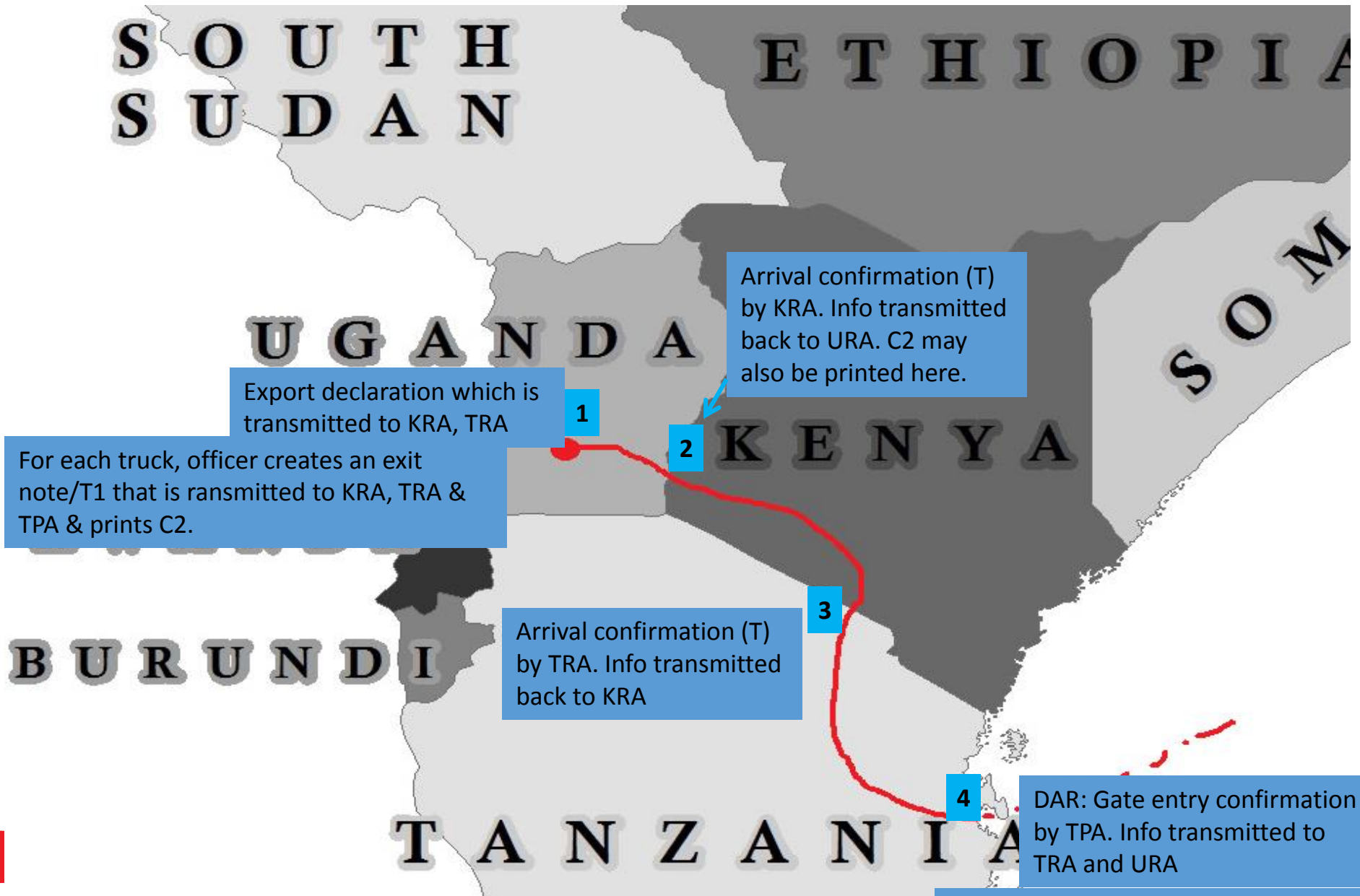
Prerequisite documents:

Document	Prepared by
Export Entry	Exporting EAC partner State
Exit Note / T1	Exporting EAC partner State
RCTG Bond	Exporting EAC partner State
RECTS Seal	Exporting EAC partner State
Border Exit Confirmation	Exporting EAC partner State

KRA Process:

Document	Prepared by
Arrival Confirmation	KRA Border Officer
C2 Generation	KRA Border Officer
Final Border Exit	KRA Exports Officer (Mombasa Port)

Example 3: UG Exports to China Thro' Dar



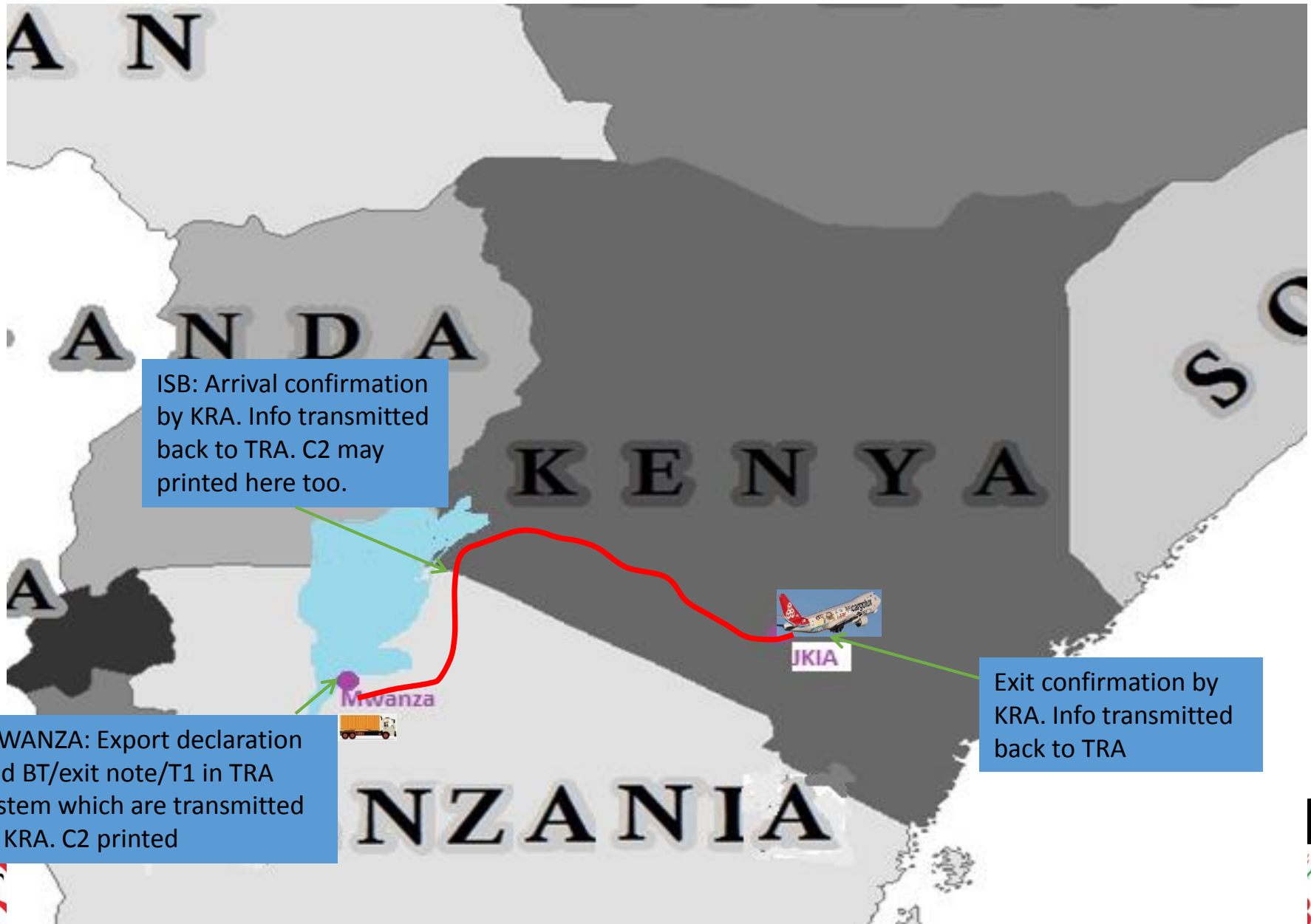
Prerequisite documents:

Document	Prepared by
Export Entry	Exporting EAC partner State
Exit Note / T1	Exporting EAC partner State
RCTG Bond	Exporting EAC partner State
RECTS Seal	Exporting EAC partner State
Border Exit Confirmation	Exporting EAC partner State

KRA Process:

Document	Prepared by
Arrival Confirmation	KRA Officer at Entry Border
C2 Generation	KRA Officer at Entry Border
Border Exit	KRA Officer at Exit Border (Land Border)

Example 4: Tanzania Fish Exports to Europe (Mwanza Thro' Sirali/Isebania & JKIA)



Prerequisite documents:

Document	Prepared by
Export Entry	Exporting EAC partner State
Exit Note / T1	Exporting EAC partner State
RCTG Bond	Exporting EAC partner State
RECTS Seal	Exporting EAC partner State
Border Exit Confirmation	Exporting EAC partner State

KRA Process:

Document	Prepared by
Arrival Confirmation	KRA Officer at Entry Border (Isebania)
C2 Generation	KRA Officer at Entry Border
Border Exit	KRA Officer at Exit Border (Airport)

Benefits of EAC SCT

- ✓ Reduces the cost of doing business by eliminating duplication of processes.
- ✓ Reduced turn around time (from 18-22 to 4-6 days from Mombasa/Kampala and from 22 – 6 to 8 days from Mombasa/ Kigali)
- ✓ Reduces administrative costs and regulatory requirements.
- ✓ Enhances trade in locally produced goods particularly agricultural goods
- ✓ Prevention of smuggling at a regional level;
- ✓ Efficient revenue management;
- ✓ Enhances application of Information Technology and data collection at the regional level

Challenges and difficulties faced in implementing cross-border electronic data exchange in EAC SCT

1. Lack of shared Pin data base
2. Data transmission challenges between all Revenue and port Authorities
3. Fears and concerns of Clearing agents of Tanzania and Kenya of losing business and employment
4. Incomplete system interfaces
5. Assess rights to systems due to different PIN/ TIN lengths
6. Small businesses are not very compliant
7. Financial Constraints
8. Change Management for all stakeholders

Future plans for EAC SCT

- ✓ Capacity Building and Change Management for all Revenue Authorities staff, Clearing Agents and Partner Government Agencies
- ✓ Roll out SCT for Air Cargo
- ✓ System integration after Kenya implements integrated Customs Management System (iCMS)
- ✓ Deployment of KRA staff to Uganda to facilitate operations

Thank
you

