



Working to advance the status of Women

A QUICK GUIDE TO THE EAC CUSTOMS UNION PROTOCOL

Background

The East African Community (EAC) Customs Union Protocol came into effect throughout the EAC territory in July 2009, having been ratified by Partner States Kenya, Tanzania and Uganda in 2004, and later by Rwanda and Burundi in 2008. The creation of the EAC Customs Union is the first stage in the four-step EAC regional integration process. When fully implemented, the customs union will consolidate East Africa into a single trading bloc with uniform policies, resulting in a larger economy. By working together to actualise the customs union, Partner States will deepen EAC cooperation, allowing their citizens to reap the benefits of accelerated economic growth and social development.

What is a Customs Union?

- A customs union, also referred to as a trading bloc, is formed when two or more neighbouring countries agree to a common external trade policy while granting free trade amongst them.
- Partner states agree to enhance trade by eliminating internal tariffs and non-tariff barriers in order to form a large single market and investment area.
- Import duty is not charged on goods traded amongst the partner states in addition to elimination of all barriers to trade and same rates of import duty are charged on goods from other parties.
- The final result is an area where goods move freely but it is protected from the rest of the world.

Key aspects of the EAC Customs Union

1. A Common External Tariff (CET) on imports from third countries;
2. Duty-free trade and quota free movement of tradable goods between the member states; and
3. Common customs procedures.

Scope of the EAC Customs Union

The scope of the EAC Customs Union covers activities undertaken in cooperation among the Partner States in the fields of customs management and trade liberalization. These fields include: Harmonization and simplification of trade and customs regulations, procedures and documentation; promotion of exports and offering remedies.

Objectives of the Customs Union

Article 3 of the EAC Customs Union Protocol indicates the objectives as:

1. Formation of a single customs territory.
2. Elimination of internal tariffs and non-tariff barriers.
3. Harmonization of external tariffs.
4. To further liberalise intra-regional trade in goods on the basis of mutually beneficial trade arrangements among Partner States.
5. To promote efficiency in production within the Community; To enhance domestic, cross-border and foreign investment in the Community.

Benefits of the Customs Union

The EAC Customs Union will assist to level the playing field for the region's producers by imposing uniform competition policy and law, customs procedures and external tariffs on goods imported from third countries.

Expected Results of the Customs Union

1. Increased competition in the market, leading to cheaper consumer goods and increased choice of products;
2. Increased market size to 130 million people, leading to economies of scale in production resulting in cheaper goods;
3. A single, bigger economy which is more attractive to investors;
4. Easier cross-border trade resulting from harmonised trade policies across all Partner States; and
5. Enhanced trade due to removal of tariff and non-tariff barriers.

What are the barriers experienced by Women Cross Border Traders while undertaking cross border trade?

A study conducted by the Eastern African sub regional Support Initiative for the Advancement of Women (EASSI) revealed the following:

- Majority of the women practicing cross border trade have low literacy levels. They entirely depend on brokers/agents to transact business and clear goods on their behalf.
- Though currently the clearing procedures have been simplified most of the women traders are still using middlemen incurring unwarranted costs.
- The women traders face challenges in accessing finance to initiate and even expand their businesses to take advantage of the benefits of the Customs Union.
- Even with small quantities of goods small women traders are still use “panya” routes, which are risky and expensive. It is expensive to pay the smugglers who illegally move goods across the borders.
- Loss of goods to the smugglers - sometimes they steal some of the goods and later sell them.
- Lack access to information related to trade, both domestic and regional.
- Despite the fact that the EAC Customs Union has been in existence and operational for over almost 12 years many women cross border traders are not aware of it.
- Some goods have to undergo sanitary and photo-sanitary (SPS) testing. Most women traders do not have the capacity to ensure their goods meet the set minimum conditions.
- Poor sanitation at all border points with some lacking toilets

Recommendations

A study (Barriers Faced by Women) that was commissioned by the East African Business Council (EABC) and the East Africa Women in Business Platform (EAWiBP) in April 2013 recommends the following:

1. Commit resources at the EAC level for implementation of regional trade facilitation and promotion programmes targeting women-owned businesses.
2. Mainstream gender concerns (thereby promote gender equality) in legislative, policy and regulatory frameworks both at national and regional level. This should include campaigns on the importance of gender equality and equity and showcasing business women talents and success stories.
3. Promote more interfacing between governments and women entrepreneurs (through regional and national associations) to better address issues that promote their productivity.

4. Establish business incubation centers at the national and regional levels.
5. Facilitate acquisition and knowledge transfer of modern technology and methods for women-owned businesses to improve efficiency of operations and consequently reduce costs.
6. Create awareness on the benefits of registration and promote simplification and harmonisation of the process.
7. Establish a regional financial facility to supply tailored financial products and services to women-owned businesses for increased access to credit at affordable interest rates.
8. Implement business development skills programmes targeting women business entrepreneurs focusing on amongst others; product development, financial literacy, management and governance as well as financial literacy. Training needs of these women entrepreneurs should be ascertained before designing these programmes.
9. Facilitate regional business women exchanges, trade fairs, exhibition, mentoring and networking programmes.
10. Promote women-owned business in supply chains and in public-private dialogues;
11. Create awareness the trade regime and regulatory framework at national and EAC level especially on; EAC Simplified;
12. Trade Regime, taxation, product standards (including Sanitary and Phyto-sanitary requirements)

Sources

1. **The EAC Common Market Protocol**
2. **Simplified Version of the EAC Common Market Protocol, 2012 by EASSI**
3. **Barriers Faced by Women - A study by the East African Business Council and The East African Women in Business Platform**

FOR MORE INFORMATION

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