



# EAST AFRICAN COMMUNITY

*One People, One Destiny*

# The geography of trade and supply chain reconfiguration: Implications for trade, global value chains and maritime transport : Perspective of the East African Community

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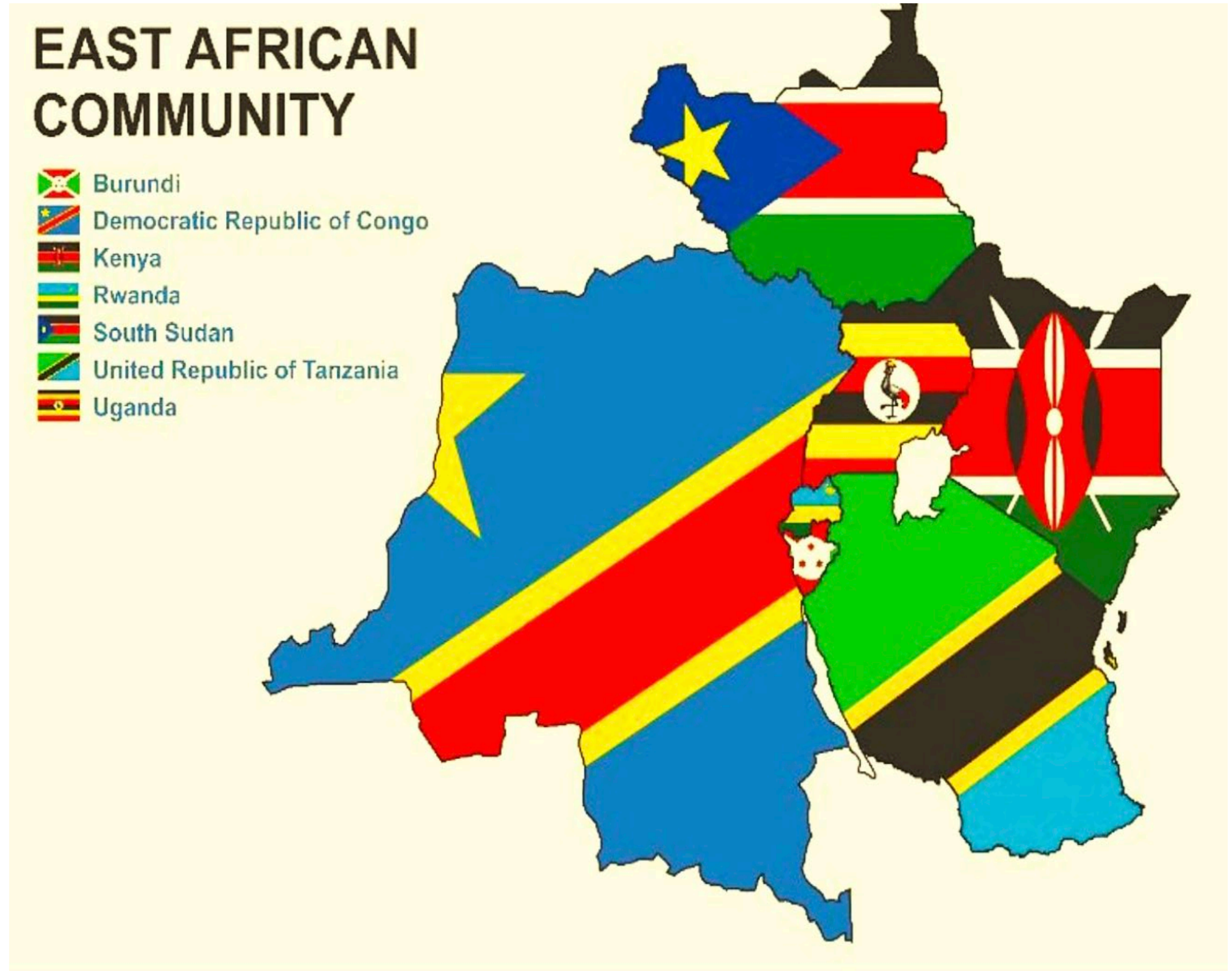
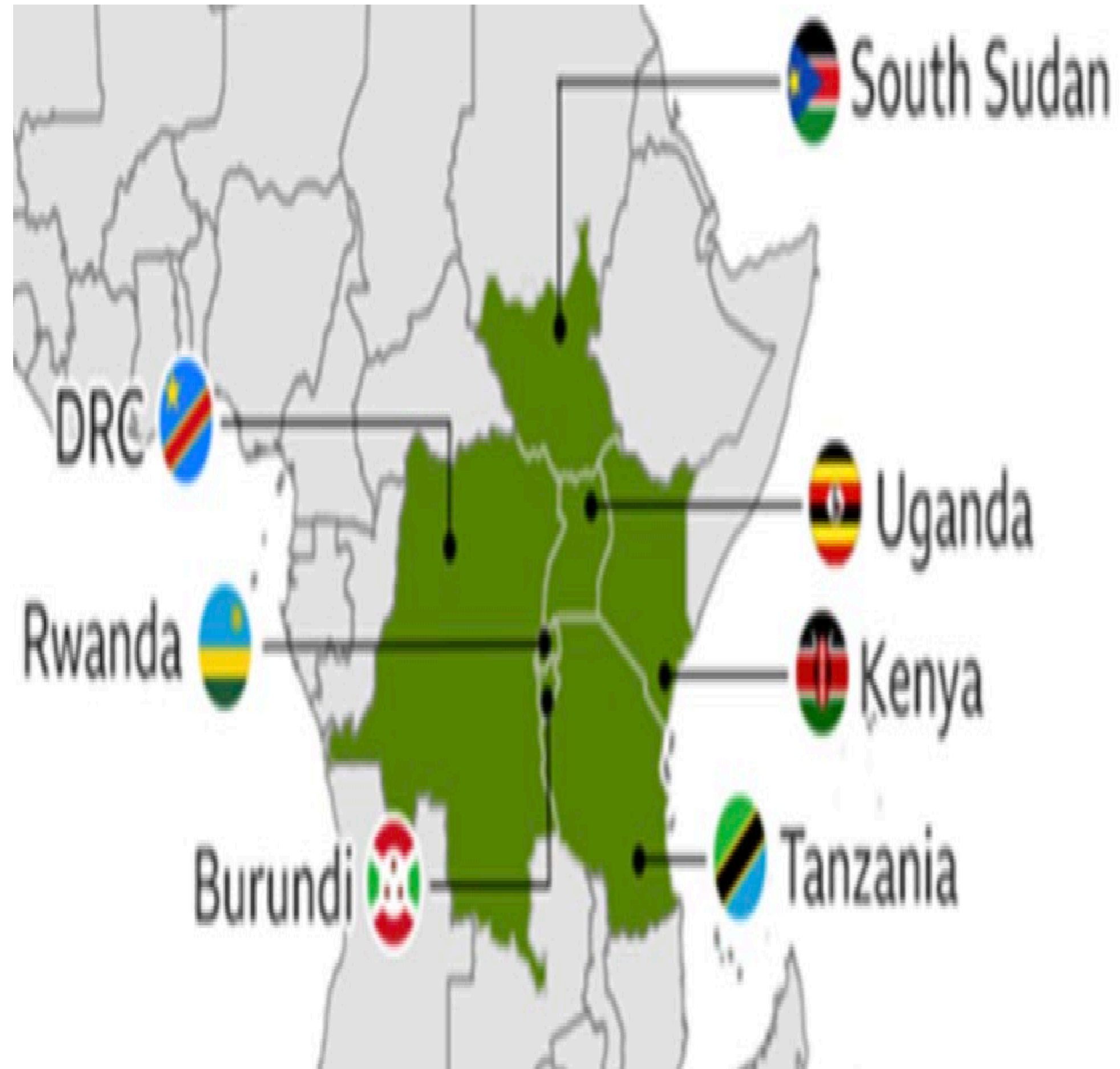


# Presentation Outline

- I. About East African Community(EAC)
- II. East African Community (EAC) trade routes and Trading patterns
- III. **Global Supply Chain Disruption,**
- IV. Trade facilitation
- V. Lessons learnt
- VI. Areas on coordinated efforts



# I. About East African Community( EAC)



# I. About EAC Count

## In Brief

The East African Community (EAC) is a regional intergovernmental organisation of 7 Partner States: The Democratic Republic of the Congo, the Republics of Burundi, Kenya, Rwanda, South Sudan, Uganda, and the United Republic of Tanzania, with its headquarters in Arusha, Tanzania.

## Vision

*The vision of EAC is to be a prosperous, competitive, secure, stable and politically united East Africa.*

## Mission

The mission of the Community is to widen and deepen economic, political, social and cultural integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investments.

## Values

Underpinning the EAC is our commitment to our values:

- Professionalism
- Accountability
- Transparency
- Teamwork
- Unity in Diversity
- Allegiance to EAC Ideals

## Quick Figures

- **Surface Area:** 4.8 million square kilometres
- **Population : 300 Million**
- **GDP:** US\$ 305.3 billion (EAC Statistics for 2021)
- **70% of EAC Population is Youth**

## II. EAC CUSTOMS UNION

### ❖ Since January 2005, the EAC has been in a Customs Union

#### ➤ **The Single Customs Territory (SCT)**

- reducing time from 21 days to 4 days for both the Northern Corridor and Central corridor

### ❖ Within the EAC Customs Union:

#### ➤ Common Customs law

- The East African Community Customs Management Act

#### ➤ Elimination of customs duties and other charges of equivalent effect imposed on imports;

- Removal of internal tariffs imposed on goods by each country

#### ➤ Elimination of non-tariff barriers to trade among the Partner States; and

- Removal of all restrictions (Non tariff) to trade within the region

#### ➤ Adoption of a Common External Tariff in respect of all goods imported into the Partner States from foreign countries by all.

- The Community adopted and implements a four band tariff structure (0%, 10%, 25% and 35%)

#### ➤ Simplification of customs documentation and procedures

- **Integrated border management:** 13 One Stop Border Posts ( OSBP);

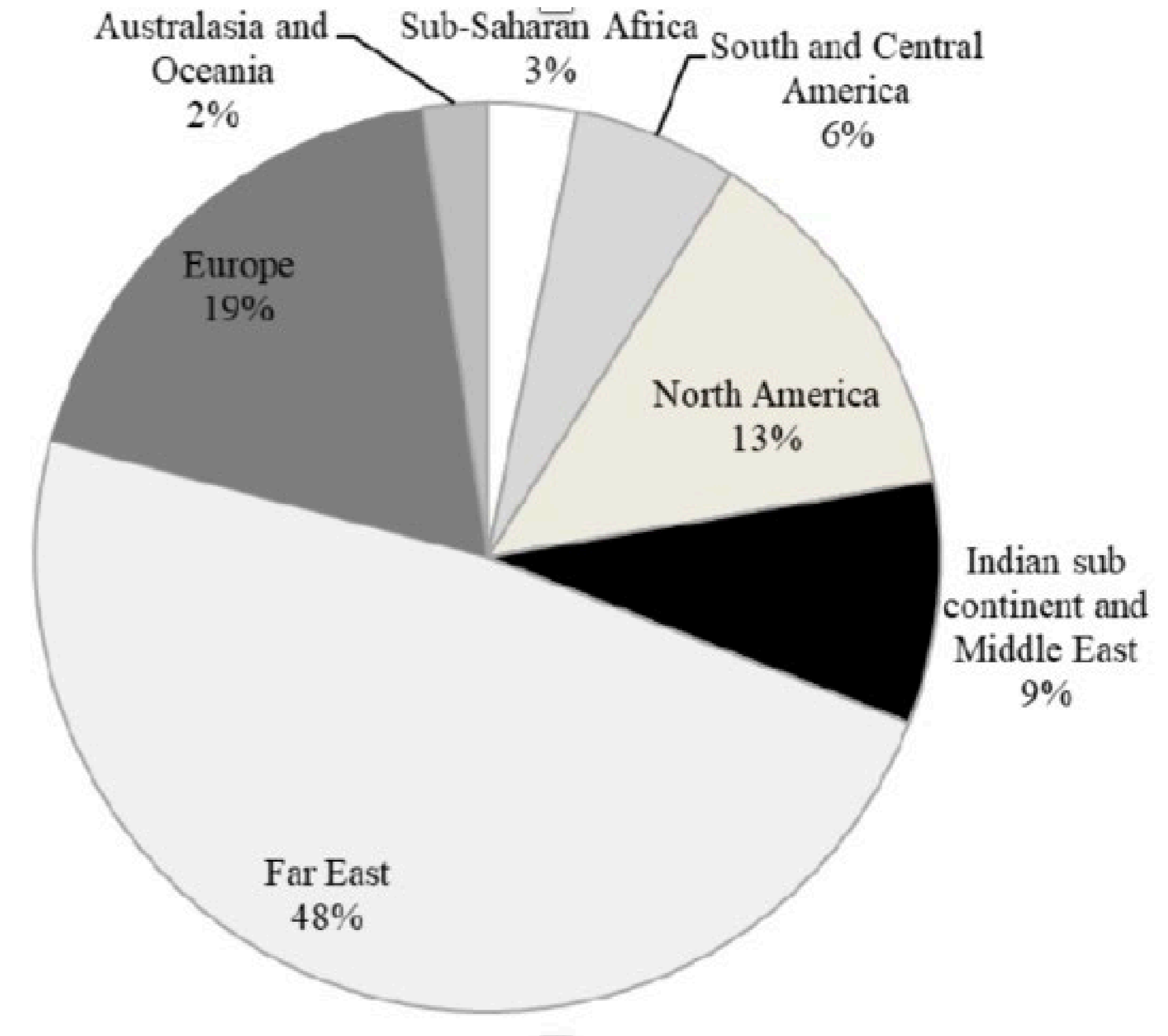
- interconnectivity of customs and port systems;

- **Electronic Cargo tracking System: single Administration declaration across borders**



## II. EAC trading Partners

- Trade with the EU which is EAC's major trading partner. the EU exports to the EAC bloc during 2020 stood at \$ 4.5 billion.
- U.S. Market – less trade due to distance and the resulting costs as well as challenges in meeting standards
- Trade with China, Turkey – cheaper imports, their quest for raw materials from Africa
- Trend of shifting trade to other key partners: Middle East (geographical proximity compared to other markets outside Africa)
- Increasing trade in light manufactured goods with African countries



# II.EAC Trade Routes & Trading Patterns

Predominantly trade is in commodities and finished goods from the world through the Indian Ocean eastwards and Raw materials westwards for export / processing.

## Trade routes

### 1. Northern Northern

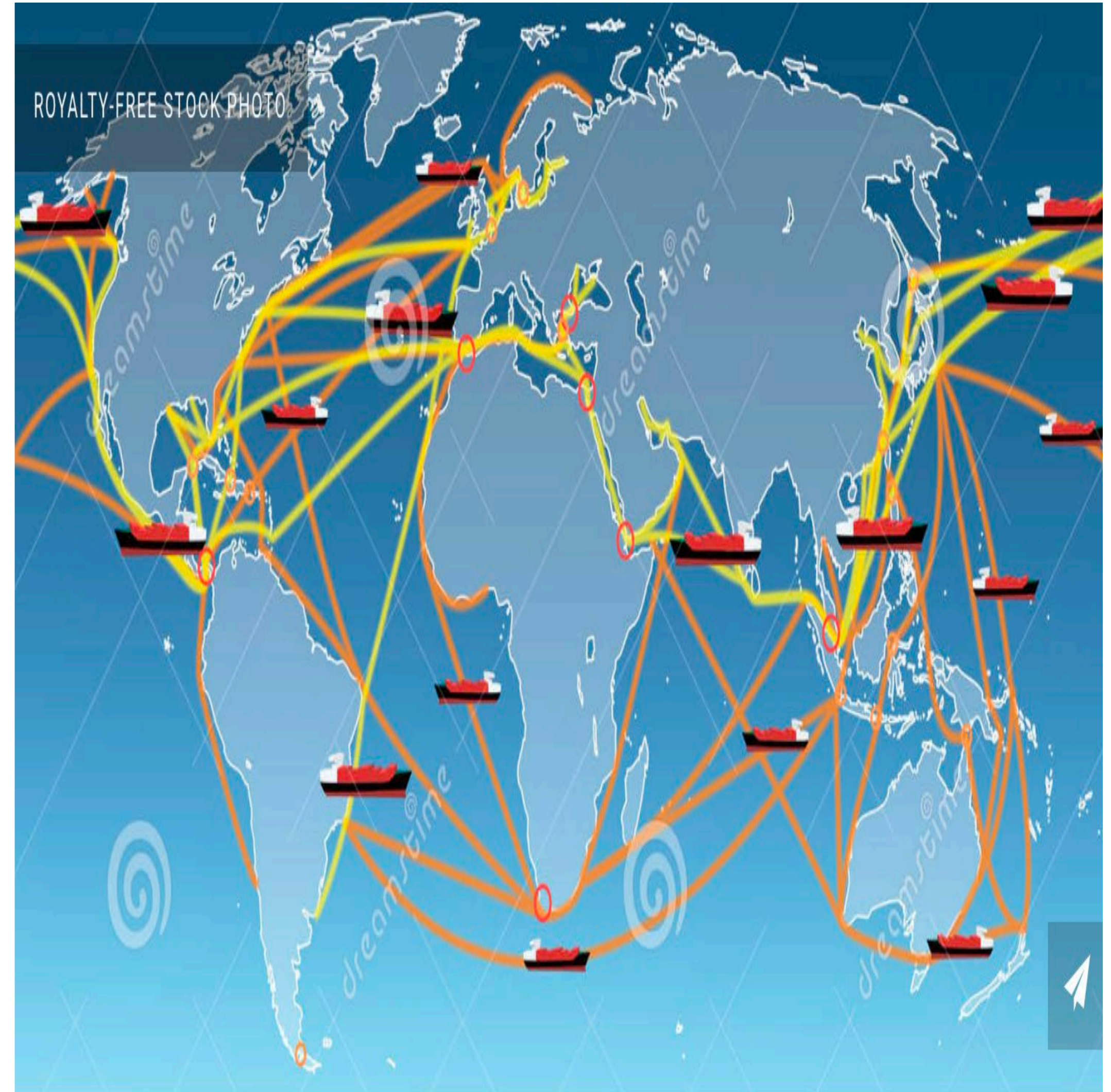
- Mombasa (Kenya), Kampala(Uganda),Kigali(Rwanda), Bujumbura (Burundi) and DRC

### 2. Central Corridors.

- Dar es Salaam (Tanzania), Kigali(Rwanda), Bujumbura (Burundi) and DRC

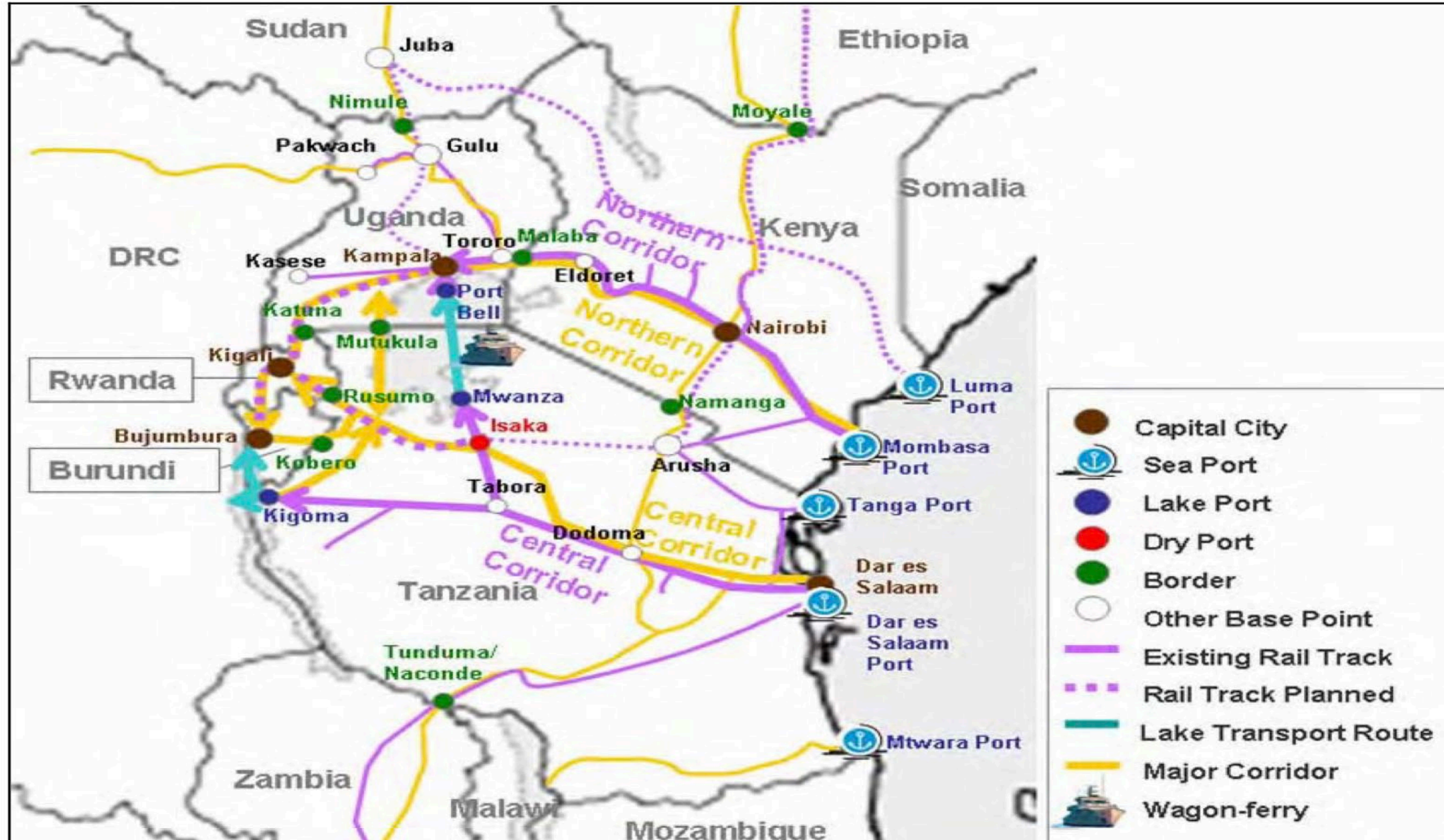
### 3. Southern corridor

- Dar es Salaam (Tanzania) to Malawi ( Connecting EAC with other Regional Economic Blocs)
- at least 80% of the trade volume is through these routes
- mechanisms are in place and improvements made to ensure efficient movement of trade, any shocks and effects in maritime logistics impact EAC region.





# II. EAC Road, Rail & Maritime Network



# III. GLOBAL SUPPLY CHAIN DISRUPTION

- **Covid 19:** Lockdown and imposed unprecedented containment measures caused disruption to maritime mobility, across all categories of commercial shipping such as container, bulk (dry and wet) and passenger liners.
- **Ukraine & Russia War:** Reports indicate that this has led to global sea exports of grain declining by 3.8% in and fertiliser by 7%. Black Sea ports which account for over 90% of Ukrainian overseas grain and fertilizer shipments dropped to almost zero.
- **Prices and shipping costs:** Between February and May 2022, the price of transportation of dry bulk goods rose by around 60%.
- **Access to global value chain:** difficulties to penetrate global value chains (GVCs) while consolidating the gains by regional integration processes. Investing more in regional value chains (RVCs) could yield compounding benefits
- **Internal Disputes:** trade is impacted by civil wars. RSS & DRC civil unrest has had devastating effects to geography of trade.
- **Persistent Non Tariff Barrier:** poor infrastructure, conflicting policies, unharmonized standards (1,266 international adopted).

# IV. MITIGATIONS

- **COVID 19 Administrative Guidelines**: In April 2020, the EAC released administrative guidelines to facilitate the movement of goods and services
- **Multi Sectoral Coordination**: Common Approach to mitigate the pandemic; joint COVID-19 research; sharing information across member states; and providing a contingency fund to address gaps in prevention. (EAC Covid 19 coordination committee)
- **Cargo and Drivers tracking system**: EAC adopted EACPass to facilitates the travel industry keeping people safe in the wake of pandemic. It integrated all East African Community Countries Negative test results for covid-19 and those vaccinated supporting those traveling across the regional.
- **Capacity Enhancement for NTFCs**: Partners including the United Nations Conference on Trade and Development (UNCTAD), supported the national trade facilitation committees (NTFCs) improve their skills and work more effectively and offered a ground-breaking online training (more than 130 NTFCs) from EAC Countries benefited.
- **Trade Information Portals**; UNCTAD and ITC and TMEA, have been very instrumental in supporting the region establishment of Trade portals to enhance integrated and standardised information-sharing platforms to decrease the response time to crisis while promoting trade.



## V. LESSONS LEARNED

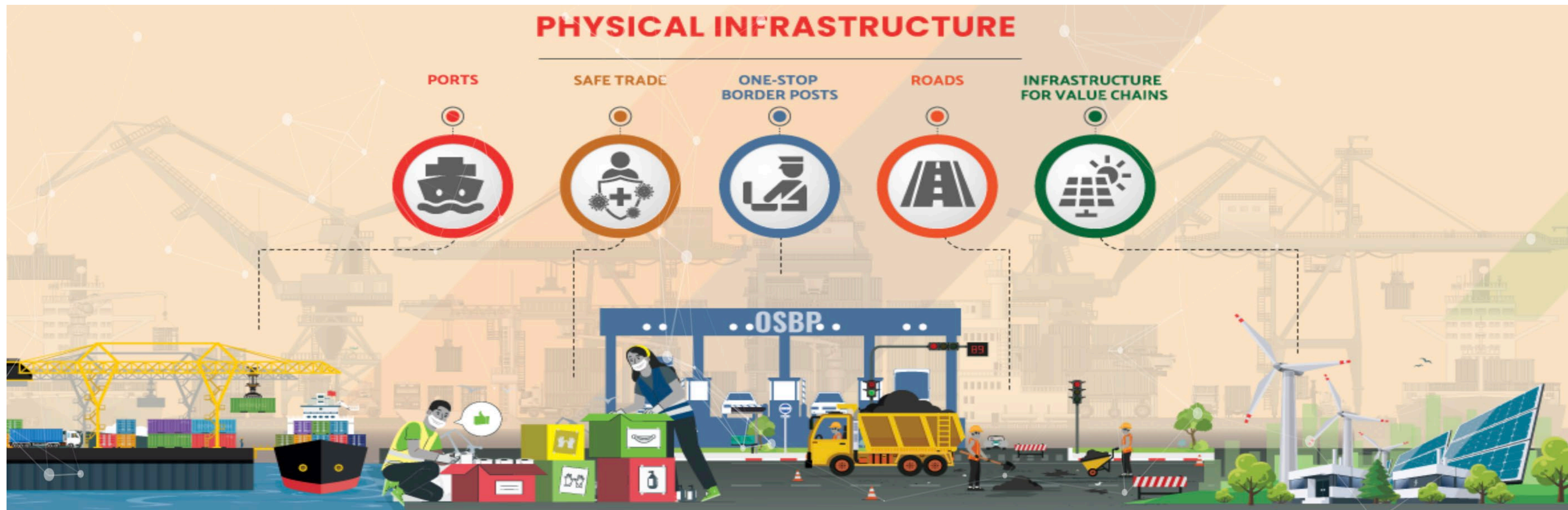
- **Preparedness**: A post Covid 19 strategy and other pandemics has been developed to keep the region on standby to deal with such pandemics including(ebola, floods etc)
- **Use of technology**: the region accelerated the digital transformation in mitigating the economic slowdown, sustaining wellbeing, and speeding up recovery for the benefit of businesses and individuals. Online trading became paramount. automation of processes (tracking, paperless etc.)
- **Provision for emergency financing**. Setting aside an emergency funding pot to reduce reliance on development partners. Over-reliance on partners slowed down the coordination of the response in most region. A transparent institutional framework that is accountable for the funds is useful.
- **adoption of smart corridors**: these would simplify transport and clearance process along the transport corridors by providing data interface that enables a single submission and synchronized acquitals.

## V. LESSONS LEARNT

- **Building on existing projects and innovations.** Building on existing structures used such interconnectivity of IT systems: to enhance information exchange, and business continuity. Customs systems Interfaces (ASCYUDA World, TANCIS and iCMS with Port Systems) was paramount to facilitate faster clearance.
- **Use and adaption of new Technologies.** Countries were able to adopt new technologies in manufacturing, screening, information sharing, use of risk management
- **Incentives to trade** (essential goods production) to promote self sufficiency in production

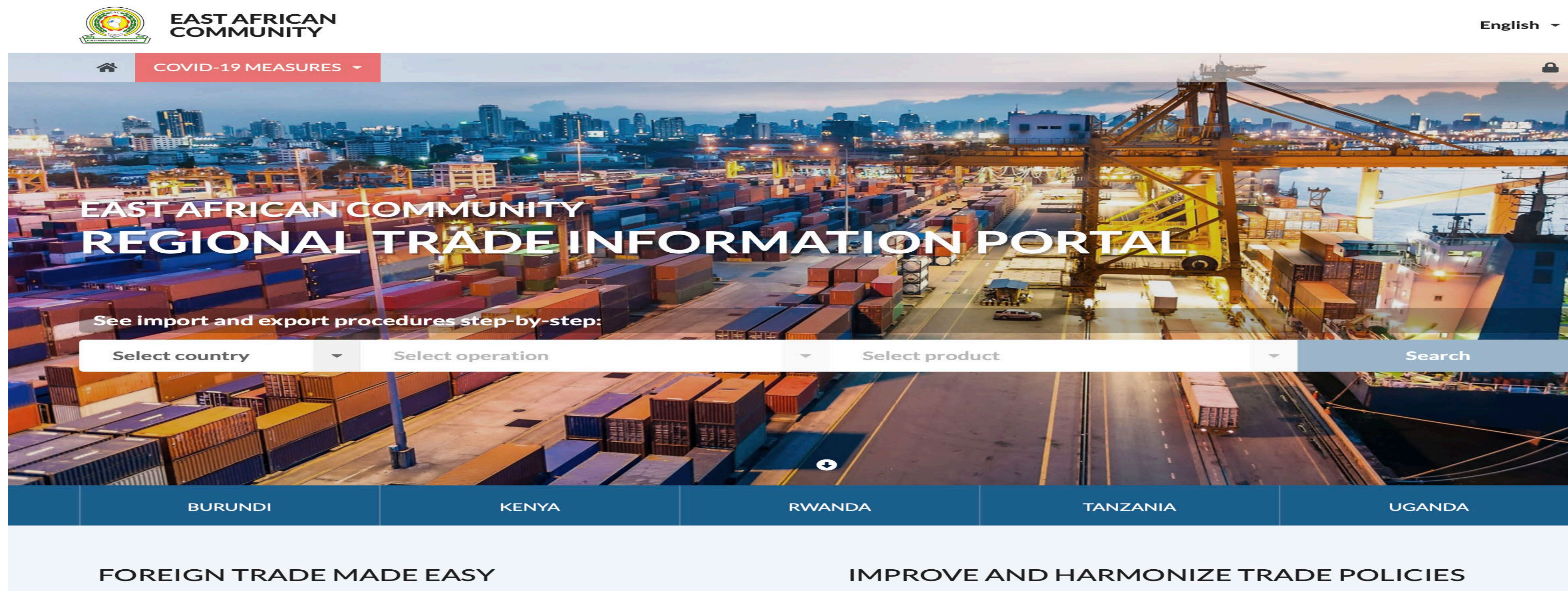
# VI. TRADE FACILITATION INITIATIVES

- **Investment in Infrastructure and Corridor Development** : Port upgrading for quick turnaround time for ships; building roads, railways, OSBPs (15 OSBPs in EAC) enabling free flow of trade to and from the hinterland along the Central and Northern Corridors; installation of air navigation systems; development of common policies with respect to infrastructure.



# VI. TRADE FACILITATION INITIATIVES

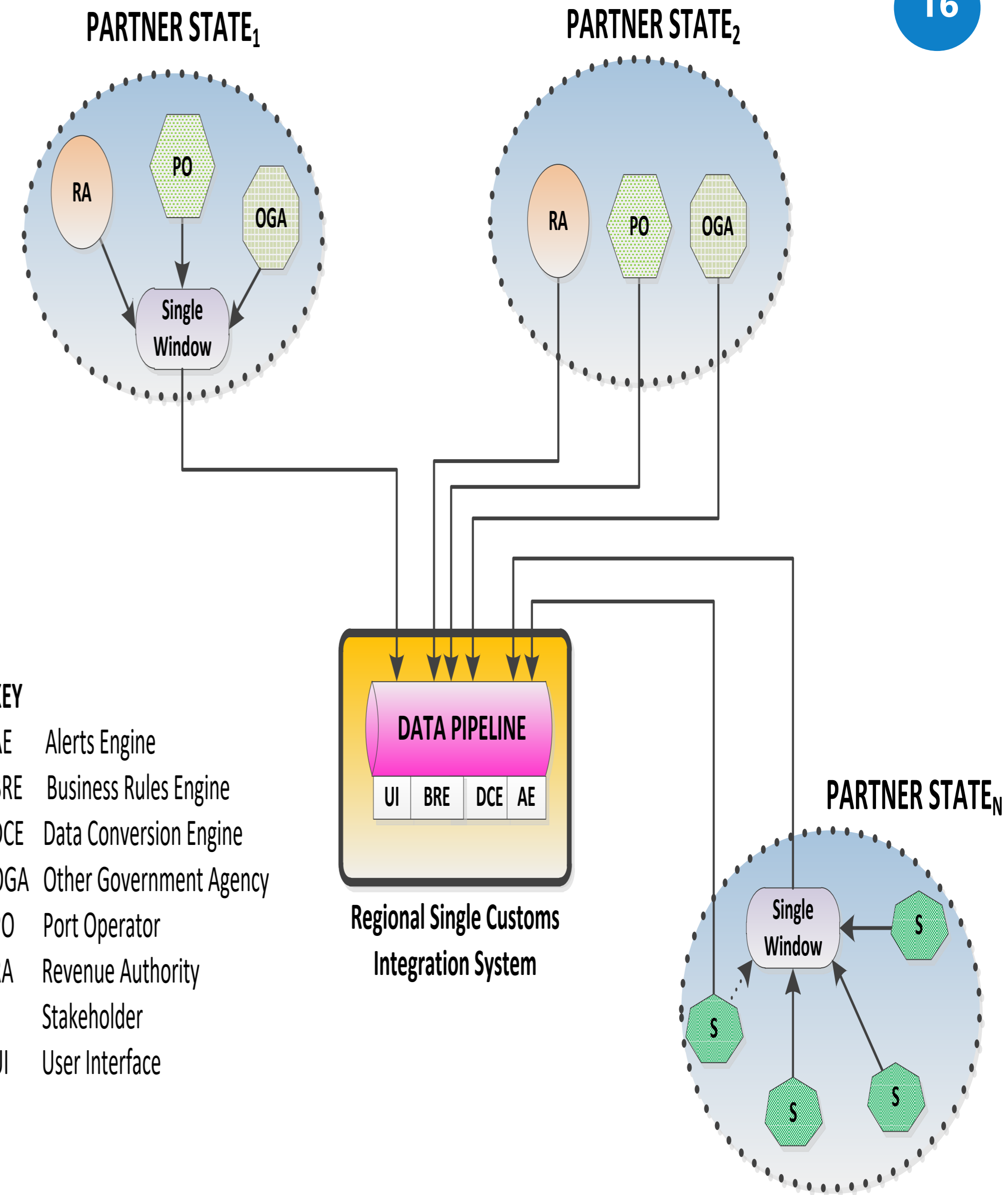
- **EAC TRADE PORTAL** has been developed in English & French to ease availability of trade information <https://tradehelpdesk.eac.int> National Trade Portals can be accessed from the EAC TRADE PORTAL



# VI. TRADE FACILITATION

➤ **Single Customs Territory (SCT)** - the removal of restrictive regulations and / or minimization internal border controls on goods moving between the EAC (Trade Facilitation) with ultimate realization of free circulation of goods. Information exchange through the SCT centralised platform has made it easier for PSs to share information.

SCT results - the turnaround time of trucks. From Port of Dar es Salaam to Kigali/Bujumbura 21 days to 4days and Port of Mombasa to Kampala from 18 days to 4 days and to Kigali/Bujumbura has reduced from 21 days to 4 days along the Northern Corridor.



- KEY**
- AE Alerts Engine
  - BRE Business Rules Engine
  - DCE Data Conversion Engine
  - OGA Other Government Agency
  - PO Port Operator
  - RA Revenue Authority
  - S Stakeholder
  - UI User Interface



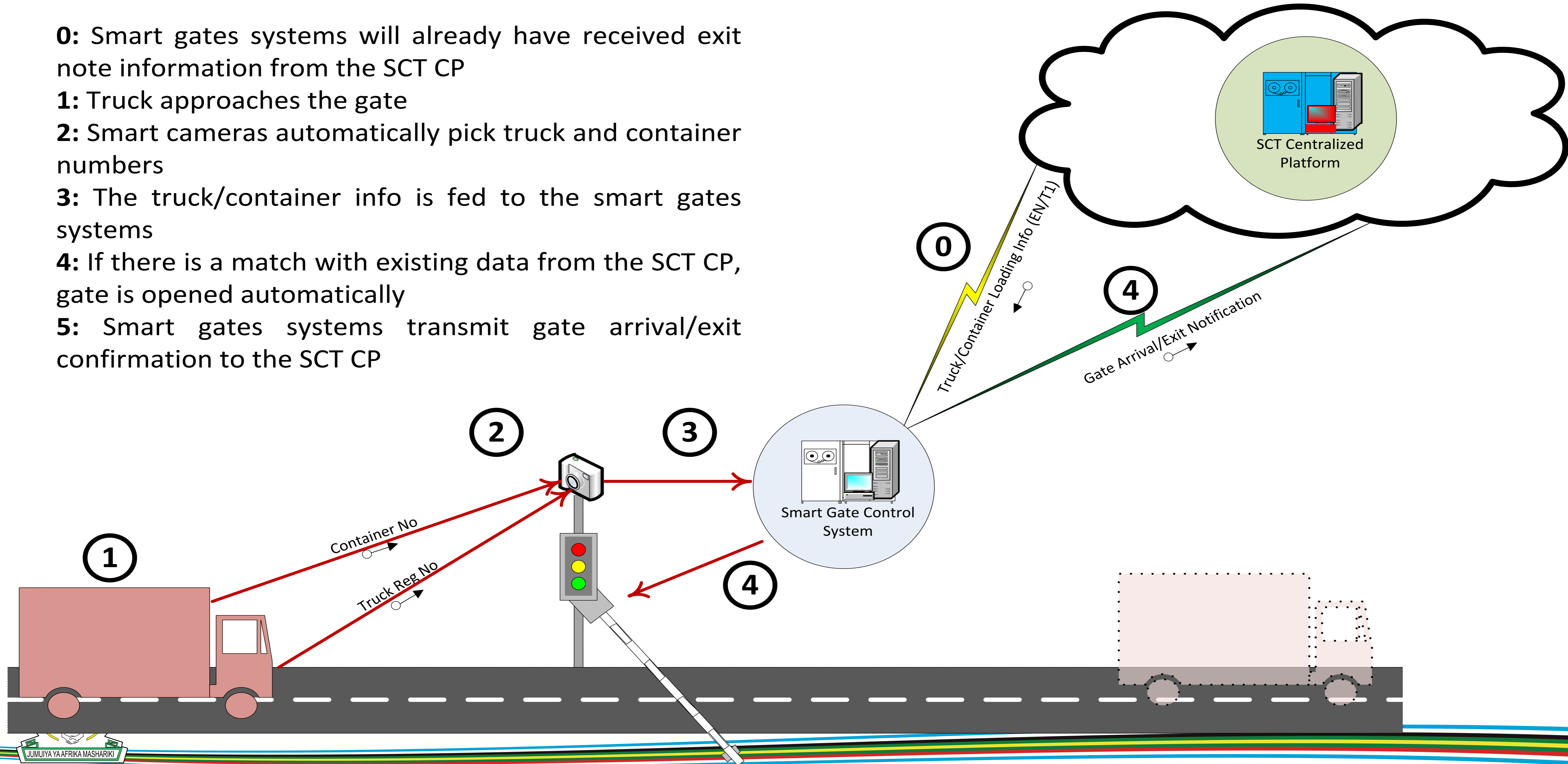


## VII. Areas on coordinated efforts

- **Community expansion**: DRC as the new kid on the bloc requires support to implement projects and programs of the Community. Including enhancement of Customs systems (ASCYUDA world), Connectivity of Trade Information Portals
- **Institutional capacity building**: of the National Trade Facilitation Committees and the EAC Sub-Committee on Trade Facilitation through the Reforms Tracker
- **ASYCUDA World for Republic of South Sudan**: South Sudan to modernize its taxation system through the adoption of the Single window system that is interoperable with other customs systems.
- **Tapping into the Benefits of AfCFTA**: enhance capacity of private sector and government Institutions on the opportunities of the continental market access
- **Installation of Smart gates**: will capture information on exit and entry of trucks across borders

# Proposed Smart Gate

- 0:** Smart gates systems will already have received exit note information from the SCT CP
- 1:** Truck approaches the gate
- 2:** Smart cameras automatically pick truck and container numbers
- 3:** The truck/container info is fed to the smart gates systems
- 4:** If there is a match with existing data from the SCT CP, gate is opened automatically
- 5:** Smart gates systems transmit gate arrival/exit confirmation to the SCT CP



**Thank you!**

