

# Enable Tanzania to enjoy EAC benefits, leaders told

By Felix Lazaro  
BusinessWeek Reporter

Dar es Salaam. Three key sectors in Tanzania are yet to find the right footing in implementation of Custom Union (CU) seven years down the line, according to Tanzania Chamber of Commerce Industry and Agriculture –Arusha.

Agriculture, manufacturing and tourism sectors so far have not been able to take advantage of the implementation of one of the main instruments of CU - the East Africa Common Market Protocol (EACMP) due to some consistent challenges that need urgent address.

TCCIA-Arusha is undertaking a research into the challenges and opportunities in the implementation of EACMP and Tanzania's role in creating an attractive environment for increased private sector activity within and across the borders. BEST AC has funded the research.

EACMP entered into force on 1st July 2010, following ratification by all five Partner States: Burundi, Kenya, Rwanda, Tanzania and Uganda.

According to the research's inception report, generally the three sectors are not benefiting adequately in the implementation of EACMP despite the immense potential for greater gains. Policy failure is one of the root causes of the failure to benefit.

The inception report in its evaluation of the instruments of CU since it became operational in 2005 notes some achievements including the establishment of EAC Custom management regulations and duty remission administration under Custom Management Act and the completion of application of Inter-

nal Tariffs.

Some agreed policy changes to suit the economic environment have been made real including designation of 58 goods as sensitive products, and setting of ad valorem tariffs ranging from 35 per cent to 100 per cent and harmonization of about 1100 standards.

The inception report raises some issues of concerns. According to the report business community in Tanzania is yet to adequately benefit from the EACMP because a number of issues have been left unresolved.

Tanzania Chamber of Commerce Industries and Agriculture (TCCIA) Arusha chairperson Mr Adolf Olomi says implementation of the Customs Union has not been attained fully because some leaders are still ignorant of the EACMP and lack commitment despite having the authority to oversee its realization.

"Sometimes some leaders are influenced by their emotions in the making of decision about East African Common Market Protocol issues...they do not make decisions according to laws and regulations governing the regional operations," said Mr Olomi.

The importance of the EACMP is yet to be understood by majority Tanzanians because leaders, overseeing the implementation, do not take time to understand the protocol and in turn educate the masses including businesspeople about it, Mr Olomi said.

Concerning rules of origin, he said there has been some commendable achievements including the simplification of the originality of the products to facilitate small business people to engage in cross border trade.

However, after completion of eliminating the internal tariffs for



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the EAC, the region was yet to be a single custom territory, which applies to the region that reaches a full-fledged Custom Union, he said.

"We expect that the research results will act as the supporting factor for fixing the problems facing the implementation of Custom Union," said Mr Olomi.

Mr Olomi said the research out-

comes would help TCCIA advocate to policymakers, EAC leaders and other players to overcome the problems. It will also help them to increase the knowledge about these challenges and hence can be used to share knowledge among the business community and EAC member residents and leaders involved in the implementation of the protocol.

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EACMP: more challenges

\*The Custom Management Act has shown weaknesses in its administration since there is conflict between regional and national levels, appeal system is not working properly and there is limited capacity in human resources.

\* There is no clear understanding, interpretation, and appreciation of EAC rule of origin particularly by producers selling in the regional markets.

\*Lack of uniformity application of the Common External Tariffs (CET) by partner states who take advantage of protecting their country interest hence affects the implementation of fully-fledged custom union.

\*On the side of eliminating the Internal Tariffs after the exercise was completed for Uganda and Tanzania, yet other member countries are still imposing duty on products originating from any EAC, which qualify for the regional rule of origin.

\*Restriction still exists despite the period of protection granted under the principal of asymmetry lapsing and some industries are still experiencing negative protection for example soap and detergents industries, margarine and milk industries, which make them uncompetitive with Kenyan industries.

Make manufacturing sector work

Mr A.D.Massaga of Alpha Associates and MBD Consultants says, among other things, if the following is considered it can up Tanzania's stakes to take advantage of EACMP implementation.

\*Reduction of existing economic imbalance; increase manufacturing Industry base in order to have balanced players in the field to create strong competitiveness. (e.g. Tanzania has two pharmaceutical Industries while Kenya has more than ten pharmaceuticals manufacturing Industries)

\*We must be innovative; our private sector needs assistance on this technical aspect;

\*Some firms produce for local market only, though some of their products can compete internationally;

\*We don't see any serious progressive move towards preparing our manufacturing sector, instead we promote more and attract for external investors even where Tanzanians can do well



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