Daily News 21/05/2012 — EACM TCCIA Ar' CBusiness &Finance

Study spotlights EA common market treaty

By DAILY NEWS Reporter

THE Tanzania Chamber of Commerce Industry and Agriculture (TCCIA) Arusha Branch has launched a study for effective and efficient implementation of the East African Common Market Protocol so as to improve Tanzania business performance and competitiveness.

Making the announcement yesterday, Mr Adolf Olomi, the Chairperson of TCCIA Arusha said the project would look at challenges and opportunities in the implementation of the protocol and Tanzania's role in creating attractive environment for increased private sector activity within the country and in cross border trade.

"We are looking at what can be done to increase gains while minimising disadvantages from the arrangement," he said adding that the study, would develop a comprehensive policy paper that could spur Tanzania's greater and effective participation in the implementation of the market arrangement.

Mr Olomi disclosed that BEST-AC has financed the project and is offering technical assistance to ensure the project is successful.

BEST AC assists business membership organizations to create a better business environment with grants, capacity building and technical assistance so as to enable successful dialogue with the government.

TCCIA Arusha chairman said the research will also scrutinise the comparative advantages that Tanzania needs to capitalise on and point out opportunities available for the country in effectively facilitating the development of the EAC economies.

"It will identify opportunities available for Tanzania and the challenges in the common market arrangement, asses the country's quality of business environment for international trading competitiveness and identify key sectors for integration and cooperation," Mr Olomi said.

Despite the existence of the protocol since 2010, few enterprises were aware of its content, Mr Olomi said.

"The purpose of the protocol is to remove trade obstacles and focus on greater integration as a common market but unfortunately some organisations and business sectors don't have common understanding on what their role should be and thus fail to benefit," he said.

Consultants hired by TCCIA shared an inception report yesterday with a cross section of stakeholders who are expected to provide information for the study.

In the project, Round Table Africa is providing expertise, advice, and specialist skills to TCCIA Arusha with the aim of improving the project performance and maximising its success. Three firms have been hired to undertake the study. Africa Source Investment Trade & Environment Management looks at the agribusiness, Sokanida Resources LTD is working on tourism while MBD & Alpha Associate Company is working on manufacturing.

Ms Fina Felix, Executive Secretary, TCCIA Arusha expressed gratitude to BEST-AC for supporting private sector organisations (PSOs) like TCCIA with grants and technical assistance.

The East African Community (EAC) Common Market Protocol entered into force on 1st July, 2010 following ratification by all the five Partner States: Burundi, Kenya, Rwanda, Tanzania and Uganda.

The Citizen 4/4/2012 EAC protocal

CHALLENGES Integration has deepened inspite of hurdles

TCCIA - Arusha

Passenger and cargo transportation sector helps in speeding up economic growth. Trade barriers, like weighbrigdes, are still a big problem in the East African economic region despite deepening of integration. PHOTO | FILE

Trade barriers stall EAC growth: report

The effects include delay in clearing imports, added costs for transit and loss of business time

By The Citizen Reporter

Arusha. Four countries of Kenya, Tanzania, Uganda and Burundi in the East African bloc display the highest form of bureaucratic bottlenecks to the movement of goods and services, a new report shows.

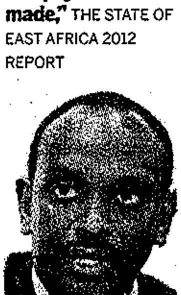
Rwanda is the only country that does not impose arbitrary administrative and technical requirements that act as obstacles to trade, reveals 'The State of East Africa 2012' report.

It is noted in the survey that integration of EAC has deepened although the challenges facing the bloc are increasing.

The impediments to trade, technically referred to as non-tariff barriers, seek to meet an agreed regulatory objective such as food or product safety, safeguard national security and avoid revenue loss.

And "while there may be consensus that existing barriers should be abolished, this does not mean that there is agreement on how to meet legitimate regulatory objectives in a less trade-restrictive manner," the report says.

> **"In 55 per cent of the cases where truck drivers were stopped by traffic officers a non-official payment was made,"** THE STATE OF EAST AFRICA 2012 REPORT



The effect of these barriers is delay in clearing imports and varied application of tariff duties, added costs for transit including customs bonds, delay in transport and bribes and loss of business time.

In Tanzania, for instance, on average a truck driver is stopped twice by traffic police, three times by weighbridges, once at a traffic police checkpoint and four times at the Tanzania Revenue Authority in a single trip.

"In 55 per cent of the cases where truck drivers were stopped by traffic officers a non-official payment was made," notes the report to be officially launched by EAC Secretary General Richard Sezibera.

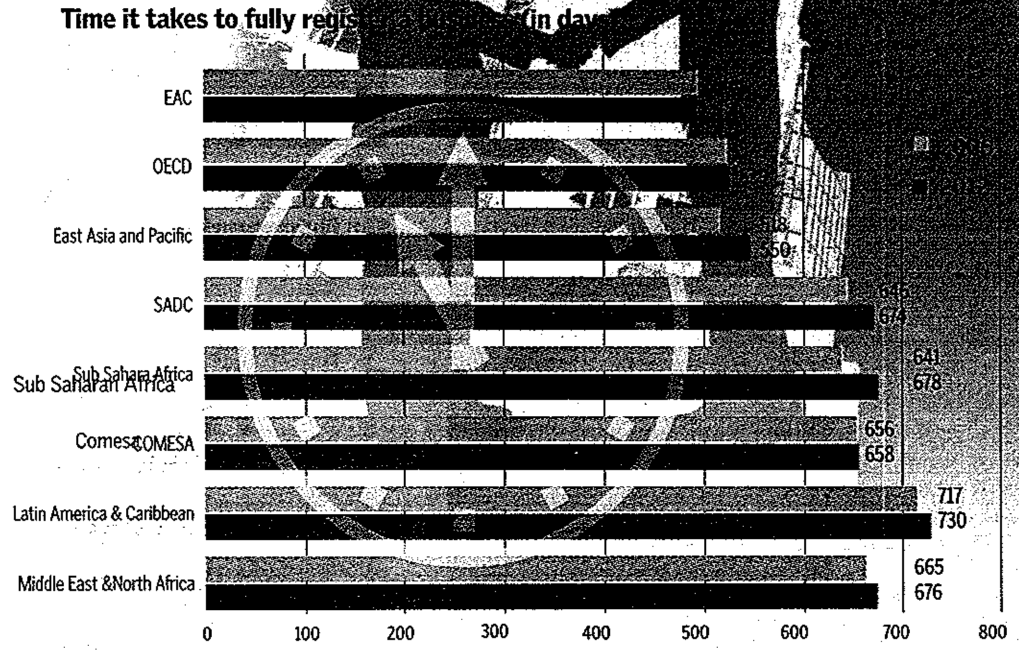
Following such barriers, Uganda, Rwanda, Burundi, Tanzania and Kenya, in that order, have been most affected, although the EAC states are currently establishing computerised systems. This, the report prepared by Society for International Development (SID), says will ensure efficiency and root out corruption that remains rampant in the several partner states.

But the overarching message of the report is that since it was rekindled more than a decade ago, the EAC integration process has deepened.

Doing Business   The E African   Pg 28

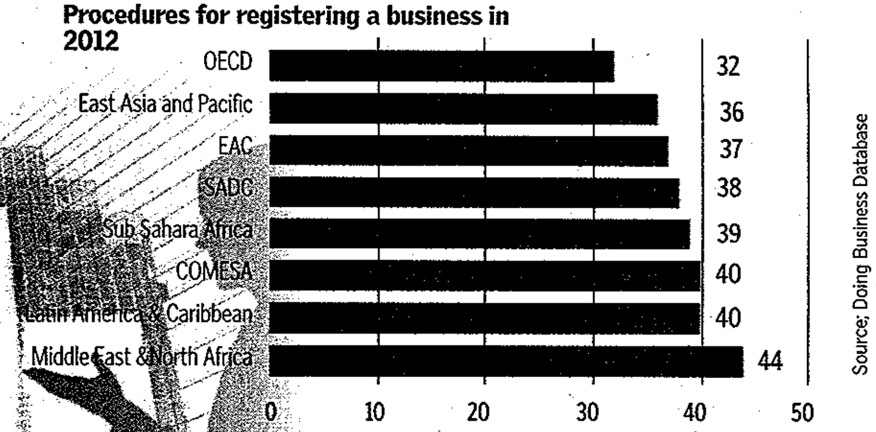
It's now easier to start a business in EA

Over the past six years, starting a business in the EAC has become less complicated, with fewer procedures and lower costs compared with other regions, where many more steps are required and at a much higher cost.

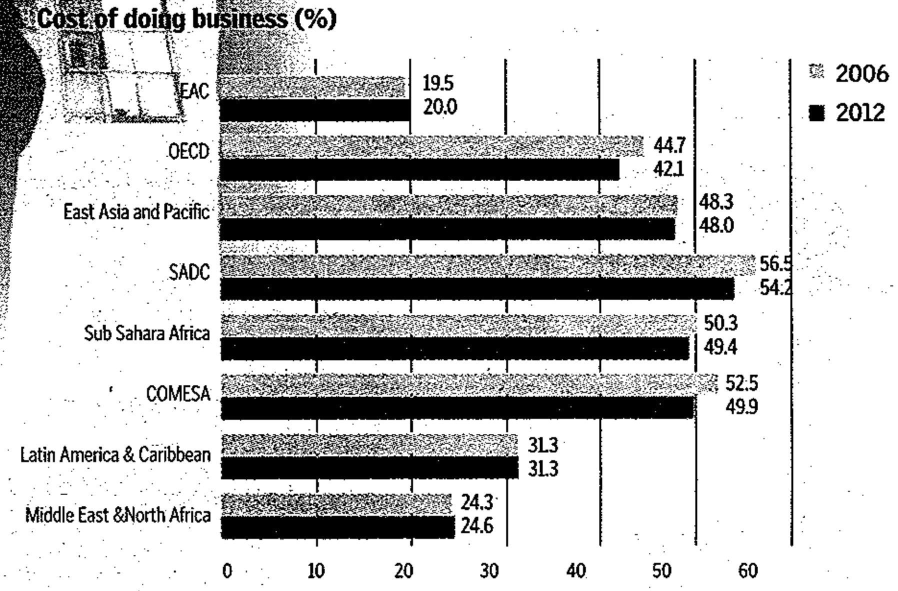


It takes an average business contractor in East Africa one year and four months to fully register a business, a figure that has remained constant for the past six years. Around the world, the time it takes to register a business has been increasing over the past six years.

The EAC's performance has been boosted by Rwanda's success in streamlining the costs and procedures of getting a business off the ground.



EAC is ranked second globally after OECD in the least number of procedures a business contractor has to go through before getting the certification license. The Middle East and North Africa have the highest number of procedures at 44.



The cost of doing business in EAC is lower when compared with other regions. The Middle East comes in second, then North Africa, followed by Latin America and the Caribbean.

According to the World Bank's *Doing Business in The East African Community* report, the EAC registered the highest number of economic reforms in 2011.

EAC improves business environment

GUARDIAN 12/4

GUARDIAN 12/4/2012 EAC

12 EAC

By Lusekelo Philemon, Bujumbura

A newly released 'Doing Business for East African Community Report 2012' has revealed that the business environment for entrepreneurs in all five economies improved in 2010-2011, as the countries implemented critical regulatory reforms.

The IFC and World Bank report, which was officially launched by the First Burundian Vice President, Therence Sinunguruza here, compares business regulations and identifies good practices across the EAC in the 11 areas covered by the World Bank Group's annual Doing Business report.

Commenting on the report, EAC secretary general, Dr Richard Sezibera commended the move, saying: "Though, that all done well will amount to nothing without speed."

"It is therefore imperative that we inject a sense of urgency in accelerating reforms in business taxation, harmonising our commercial laws, building the foundations for an EAC e-registry, strengthening the quality and cost-effectiveness of our regulatory proposals and procedures, and supporting the implementation of the common market protocol, through the publication of a common market scorecard."

He added: "If we succeed in doing this, I am very certain that we shall be able to transform this market into one of the most thriving globally."

Dr Sezibera further stated: Let me sound a warning; going by this year's results, I see both our reform potential and average showing signs of dropping."

He called upon stakeholders including member countries to re-energise momentum to cooperate in the delivery of best practices and register stronger results.

The EAC boss also asked countries to inculcate a habit of learning from each other's best practices, to accelerate the necessary reforms to improve the business climate.

He however revealed that each country has individually excelled in initiating and sustaining reform measures, citing Rwanda as ranking 8th globally in the starting a business indicator, Kenya being ranked 8th in the getting credit indicator, while Burundi was one of the most active economies globally in implementing reforms in the year under review, with four reforms across different areas of measurement.

"And though still low, to start a business in EAC now requires 10 procedures and costs an average of 55 percent of income per capita – compared to 12 procedures and a cost of 140 percent of income per capita 7 years ago," he pointed out.

Presenting the report, Alfred K'ombudo said: "This report, shows that the five countries of the EAC implemented a combined 10 regulatory reforms across nine areas measured."

The report finds that Burundi is among the top ten most improved economies worldwide in 2010-2011, with four regulatory reforms: dealing with construction permits, protecting investors, paying taxes, and resolving insolvency.

Rwanda, the top performer in the region, made the most progress over the past six years. Worldwide, it made the second-most progress. Over that period, Rwanda implemented 22 reforms, making it easier to do business across nine areas of regulation.

Additionally, the economy has undertaken ambitious land and judicial reforms, introduced new corporate, insolvency, civil procedure, and secured transactions laws. Rwanda has also streamlined and remodeled institutions and processes for starting a business, registering property, trading across borders, and enforcing a contract through the courts.

If each member country were to adopt the region's best practice for each indicator measured by Doing Business, East Africa would rank 19 on the ease of doing business, comparable to Germany, rather than 115.

Over the past seven years, regulatory reforms in the EAC have focused on simplifying regulatory processes — such as trading across borders and starting a business.

Air transport / Tourism TATO E.African 12/Mar 12

FUNDING BLOC'S AVIATION SERVICES

EAC considers ticket surcharge

Aviation agency hopes to raise $14m in four years from the charge

By ADAM IHUCHA
Special Correspondent

The East African Community is considering imposing a $0.70 surcharge on air tickets to fund the bloc's industry regulator.

Established in June 2007, the Civil Aviation Safety and Security Oversight Agency (Cassoa) is responsible for overseeing the development of a safe and secure civil aviation in the region.

The cash-strapped agency is now piling pressure on EAC to enforce the surcharge will substitute an erratic equal partner states contribution funding model, which countries have failed to honour it, thus crippling Cassoa's activities.

For example, in the 2010/2011 financial year, the agency expected $570,000 from each country but received just over $200,000.

The EAC is deliberating a $0.7 air ticket surcharge per disembarking passenger. Picture: File

The blueprint of the bid is now under deliberation at the EAC Sectoral Council on Transport, Communication and Meteorology.

Cassoa hopes to generate $14.102 million in four years from the surcharge.

If the proposal goes through, each of the five EAC partner states' contribution will be based on the level of aviation activities in their countries — measured by the number of air passengers flying in.

This means Kenya and Tanzania, which have the most vibrant aviation industries will jointly pay $12 million.

Kenya, which is projected to receive 9.9 million air passengers will pay $6.9 million and Tanzania $5.1 million from 7.4 million passengers.

Uganda, which is expected to handle 2.1 million passengers will pay $1.5 million, while Rwanda, which is expected to get 0.3 million passengers will be required to remit $0.25 million and Burundi $0.21 from 0.3 million passengers in four years' time.

However, consumers say the $0.70 extra charge per passenger will make East Africa an expensive destination, thus causing it to lose a share of its tourism market to competitors.

"It also reflects our poor planning. It is unfair to establish an institution and expect consumers to fund it," says Mustafa Akuunay, the executive secretary of Tanzania Association of Tour operators.

But Cassoa executive director Mtesigwa Maugo, argues that the region will not lose out as other countries have also imposed a surcharge to fund their civil authorities.

"In some cases it includes a fuel surcharge which has greater impact on ticket costs than our $0.70 for a disembarking passenger," Mr Maugo said. "If we don't implement international aviation standards in the region, we risk failing to get access to potential foreign markets which will hurt our efforts of marketing the region as a single destination," he said.