The EAC Common External Tariff (CET) , that currently relies on 3 bands (0%, 10%, and 25%, applicable respectively to raw materials, intermediate and final goods), will be soon expanded with a further (4th) band that will hit with a 35% ad valorem customs duty the imports in the EAC of a series of goods from non-member States. Precisely, the 35% duty rate will be applicable to dairy and meat products, cereals, cotton and textiles, iron and steel, edible oils, beverages and spirits, furniture, leather products, fresh-cut flowers, fruits and nuts, sugar and confectionery, coffee, tea and spices, textiles and garments, head gears, ceramic products and paints.

The introduction of a 35% tariff rate in the EAC CET was proposed for the first time by Uganda to the EAC Secretariat on 27th September 2018 in relation to a total of 227 products that were indicated as available or produced in adequate quantities in the EAC. The Uganda's proposal also advocated the introduction of an additional 5th band for products imported in the EAC that had minimal levels of transformation and value addition, with a view of aligning the structure of the EAC CET to those adopted by most Customs Unions in Africa (ECOWAS, UEMOA and CEMAC all adopt a 5-band structure in their CETs). However, the EAC partner States never reached an agreement on this substantial revision of the EAC CET.

In 2020, the East African Business Council (EABC), the umbrella body of the Private Sector in the EAC, brushed up the proposal of introducing a fourth band to the EAC CET, proposing the adoption of 32.50% as a maximum rate. In the end of 2021, the EABC revised its proposal, by urging the EAC Partner States to adopt a 35% maximum tariff rate with the purpose of discriminating the import of the above products from countries outside the EAC, in an attempt to stimulate their production in the region and therefore promote the industrialization in the area, strengthening the development of regional value chains with regard to the targeted products.

The decision of adopting a 4th 35% band to the EAC CET has been taken by the EAC Ministers in charge of trade and finance on Thursday, May 5, who decided that its implementation will commence on July 1.

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PRESS RELEASE

EAC MINISTERS ADOPT 35% AS THE EAC CET 4TH BAND

***East African Community Headquarters, Arusha, Tanzania, 6th May 2022*: Eas** African Community (EAC) Ministers / Cabinet Secretary in charge of Trade anc Finance have adopted 35% as the 4th Band of the EAC Common External Tarif (CET).

The Ministers, during a retreat on the comprehensive review of the CET, held on 5t May 2022, in Mombasa, Kenya, decided that implementation of the reviewed EAC CET shall commence on 1st July, 2022.

The meeting further agreed on flexibility in implementation of the revised CET particularly on products currently affected by the current global economic realities.

The Chairperson of the EAC Council of Ministers, Hon. Betty Maina, who is also the Cabinet Secretary, Ministry of Trade, Industrialization and Enterprise Development Kenya, hailed the move, dubbing it beneficial to the promotion of industrialization anc in safeguarding consumer welfare on products where the region is net importing.

“The reviewed CET will address the requests for stays of application, which distort the EAC CET,” she said.

The meeting further directed EAC Partner States to identify products which are affected by the current global trade disruptions for consideration during the Pre-Budge Consultations meeting scheduled for 9th to 13th May, 2022.

In his remarks, EAC Secretary General Hon. (Dr.) Peter Mathuki,termed this as a positive step towards the promotion of industrial sectors and realization of the benefits of the African Continental Free Trade Area (AfCFTA).

“The move is set to spur intra-regional trade by encouraging local manufacturing, value addition and industrialization,” said Dr. Mathuki.

The Secretary General said the CET is one of the key instruments under the Customs Union pillar which justifies regional integration through uniform treatment of goods imported from third parties.

Among the tariff lines in this 4th band include; dairy and meat products, cereals, cotton and textiles, iron and steel, edible oils and beverages & spirits.
In addition; furniture, leather products, fresh-cut flowers, fruits and nuts, sugar and confectionery, coffee, tea and spices, textiles and garmets, head gears, ceramic products and paints, among others.

The meeting was informed that the maximum tariff band at 35% was the most appropriate rate, as in the long run, it has the most positive impact to regional growth. They noted that in its application, a welfare loss is expected, but would be cured from generated added employment opportunities from the switch of local production.

The meeting, held in a hybrid format was attended by attended by the respective Ministers and Principal / Permanent Secretaries from the Partner States.

The Republic of Burundi was represented by Hon. Marie Chantal Nijimbere, Minister of Trade, Transport, Industry & Tourism; the United Republic of Tanzania was represented by Hon. (Dr). Mwigulu Lameck Nchemba, Minister of Finance and Planning; the Republic of Uganda was represented by Hon. Francis Mwebesa ; the Republic of Rwanda was represented by Hon. Beata Habyarimana.

In addition, the EAC Deputy Secretary General Eng. Stephen Mlote was in attendance, while the private sector was represented by the Executive Director of the East African Business Council (EABC) Mr. John Bosco Kalisa.

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