Import regulations for bringing electric cooking devices into Africa

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Contents

1 Introduction

It is acknowledged that OEMs of small domestic appliances have concerns about the complexity and potentially onerous nature of differing customs requirements when considering exporting to East Africa. The work undertaken and highlighted below, seeks to identify some of the regulatory requirements of importing into those countries and whether any common market arrangements exist that would simplify the process. The focus for this work has been on importing small domestic appliances, categorised through the harmonized System as HS 8516 50 – microwave ovens, and HS 8516 60 – other ovens, cookers, cooking plates, boiling rings, grillers and roasters; of a kind used for domestic purposes (excluding microwaves). HS stands for Harmonized System. It was developed by the WCO (World Customs Organization) as a multipurpose international product nomenclature that describes the type of good that is shipped. Today, customs officers must use HS code to clear every commodity that enters or crosses any international borders.

2 Findings

Clear and concise information has been difficult to come by, and there is no obvious central resource where the relevant information can be found for each individual country. However, there is regional integration for certain countries in East Africa through The East African Community (EAC), a regional intergovernmental organisation of 6 Partner States: the Republics of Burundi, Kenya, Rwanda, South Sudan, the United Republic of Tanzania, and the Republic of Uganda, with its headquarters in Arusha, Tanzania. The following article provides some useful context and background: Headwinds toward East African regional integration: Will this time be different?

The EAC is home to 177 million citizens, of which over 22% is urban population. With a land area of 2.5 million square kilometres and a combined Gross Domestic Product of US$ 193 billion (EAC Statistics for 2019).

The work of the EAC is guided by its Treaty which established the Community. It was signed on 30 November 1999 and entered into force on 7 July 2000 following its ratification by the original three Partner States - Kenya, Tanzania and Uganda. The Republic of Rwanda and the Republic of Burundi acceded to the EAC Treaty on 18 June 2007 and became full Members of the Community with effect from 1 July 2007. The Republic of South Sudan acceded to the Treaty on 15 April 2016 and become a full Member on 15 August 2016.

As one of the fastest growing regional economic blocs in the world, the EAC is widening and deepening co-operation among the Partner States in various key spheres for their mutual benefit. These spheres include political, economic and social.

At the moment, the regional integration process is in full swing as reflected by the encouraging progress of the East African Customs Union, the establishment of the Common Market in 2010 and the implementation of the East African Monetary Union Protocol.

3 EAC Customs Union

The Customs Union is the first Regional Integration milestone and critical foundation of the East African Community (EAC), which has been in force since 2005, as defined in Article 75 of the Treaty for the Establishment of the East African Community.

It means that the EAC Partner States have agreed to establish free trade (or zero duty imposed) on goods and services amongst themselves and agreed on a common external tariff (CET), whereby imports from countries outside the EAC zone are subjected to the same tariff when sold to any EAC Partner State.

Goods moving freely within the EAC must comply with the EAC Rules of Origin and with certain provisions of the Protocol for the Establishment of the East African Community Customs Union.

The Partner States have established a three-band common external tariff with a minimum rate of 0%, a middle rate of 10% and a maximum rate of 25% in respect of all products imported into the Community. ***With regard to imports of small domestic appliances within the categories HS8516 50 and HS 516 60, the middle rate of 10% is applied in all EAC countries*.**

4 EAC Common Market

The Common Market is the second Regional Integration milestone of the East African Community (EAC), which has been in force since 2010, in line with the provisions of the EAC Treaty. It follows the Customs Union, which became fully-fledged in January 2010.

To accelerate economic growth and development, it means that the EAC Partner States maintain a liberal stance towards the four Freedoms of movement for all the factors of production and two Rights between themselves. These Freedoms and Rights include:

- Free Movement of Goods
- Free Movement of Persons
- Free Movement of Labour / Workers
- Right of Establishment
- Right of Residence
- Free Movement of Services
- Free Movement of Capital

Underlying the EAC Common Market are operational principles of the Community, namely:

- Non-discrimination of nationals of other Partner States on grounds of nationality;
- Equal treatment to nationals of other Partner States;
- Ensure transparency in matters concerning the other Partner States; and
- Share information for the smooth implementation of the Protocol.

5 EAC and the EU

The East African Community (Burundi, Kenya, Rwanda, Tanzania, and Uganda) finalised the negotiations for an Economic Partnership Agreement (EPA) with the EU on 16 October 2014.

Kenya and Rwanda signed the EPA in September 2016, and Kenya has ratified it. For the EPA to enter into force, the three remaining EAC members need to sign and ratify the agreement. South Sudan became the sixth member of the EAC in September 2016.

The European Commission submitted a proposal for conclusion, signature and provisional application of the full EPA with the East African Community to the Council in February 2016. The countries in the East African Community are members of the WTO with the exception of South Sudan.

The EU-EAC EPA covers trade in goods and development cooperation, and its main features are highlighted below. The agreement provides for further negotiations on services and trade-related rules in the future.

5.1 Main features of the agreement

- Immediate duty-free quota-free access to the EU market for all EAC exports;
- Partial and gradual ("asymmetric") opening of the EAC market to imports from the EU, taking full account of the differences in levels of development between the EAC and the EU;
- Ban on unjustified or discriminatory restrictions on imports and exports, which contributes to the EAC's efforts to eradicate non-tariff barriers (NTBs) in intra-EAC trade;
- Trade defence provisions including safeguards allowing each side to reintroduce duties if imports from the other side disturb or threaten to disturb its economy, as well as special safeguard conditions to protect EAC infant industry;
- Rules of Origin, defining which products are eligible for trade preferences under the EPA, fully take into account EAC specificities and the needs of its sectors and industries;
- Customs-related provisions aiming to facilitate trade between EAC countries and the EU, to promote better customs legislation and procedures, and to provide support to the EAC's customs administrations;
- Rules for dispute settlement;

5.2 To what extent does the EPA eliminate existing custom duties?

The EAC has committed to liberalise the equivalent of 82.6% of imports from the EU by value. Under the EAC Customs Union, more than half of these imports are already imported duty free, not only from the EU but from the entire world. The remainder will be progressively liberalised within 15 years from the moment the EPA enters into force. 2.9% of it will be liberalised only within 25 years.

The EAC decided to exclude from liberalisation various agricultural products, wines and spirits, chemicals, plastics, wood based paper, textiles and clothing, footwear, ceramic products, glassware, articles of base metal and vehicles. It is my understanding that small domestic appliances are not to be excluded.

The liberalisation on EAC imports resulting from the EPA will therefore be entirely manageable and spread over a long period of time. There is no risk either of EAC markets being "flooded" by EU products.

5.3 Taxes and duties

Country	Customs Duty	VAT	Excise Tax (EXT)/ Surtax (SRT)	Destination Inspection Fee (DIF) /Import Declaration Fee (IDF) / Withholding Tax (WT)	Railways Development Levy (RDL) / Infrastructure Levy (IL)
Kenya	10%	14% of duty paid value	Nil	3.5% of dutiable value (IDF)	2% of dutiable value (RDL)
Tanzania	10%	18% of duty paid value	25% of duty paid value (EXT)	1.2% of the FOB value (DIF)	1.5% of dutiable value (RDL)
Uganda	10%	18% of duty paid value	Nil	6% of dutiable value (WT)	1.5% of dutiable value (IL)

		(solar cookers exempt)			
Ethiopia	30%	15% of duty paid value	10% of duty paid value (SRT)	3% of dutiable value (WT)	Nil

6 Organisations contacted as part of this research:

East Africa Association

Kenya National Chamber of Commerce and Industry

East African Chamber

Institute of Dircetors

East African European Chamber of Commerce

East African Business Council

Ethiopian Investment Commission

Zambia Development Agency

If you would like to know more about the MECS programme and discuss how we can work with you, contact Dr Nick Rousseau on n.rousseau@lboro.ac.uk.