Trade Facilitation in the EAC

Issues and Options

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PACT EAC PROJECT

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Introduction

Trade facilitation, in its most simple terms refers to the simplification of customs procedures affecting the movement of goods across borders as well as improvements in trade related infrastructure.

Trade facilitation has been at first disused during the Singapore ministerial conference (MC1) as part of the "Singapore issues". Trade facilitation is now an ongoing negotiation within the WTO, launched in July 2004 at the Honk-Kong conference (MC6) since the General Council's decision on the Doha Agenda work programme (i.e. "July package"). One of the important outcomes for trade facilitation of the "July package" is the annex D of this package[1]. Under this mandate, Members have to clarify and improve GATT articles V (freedom of transit), VIII (Fees and Formalities connected with Importation and Exportation), and X (Publication and Administration of Trade Regulations). The outcome of trade facilitation negotiation (if any) would be a mandatory minimum measures to be implemented by all the WTO Members. Meanwhile, developing countries are encouraged to implement trade facilitation measures on their own, with possible support and expertise from international institutions.

Within the East African Community (EAC), trade facilitation refers to easing trade within the member states of the EAC (Rwanda, Burundi, Tanzania, Kenya, and Uganda) while simultaneously allowing for increased trade to take place among the external trade partners outside the EAC. Hence, trade facilitation in this context primarily involves addressing the customs and infrastructural deficits that impede trade follows within and outside of the EAC. These include but are not limited to issues such as border posts, customs procedures, ports, railways, and other facilitators of trade. The main policy discussions up for review regarding trade facilitation within the World Trade Organization (WTO) encompassed the following procedures:

- Publication and prior availability of information of incoming goods
- Advance rulings
- Enhance impartiality, non-discrimination and transparency of goods
- Disciplines on fees and charges involving imports and exports of goods and services
- Release/ clearances of goods
- Border agency co-operation
- Streamlining import/ export formalities and procedures
- Consularization

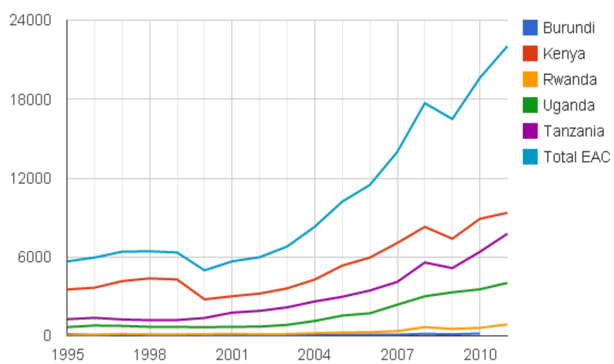
Before understanding the potential costs and benefits of trade facilitation to the EAC, it is firstly important to fully delve into a comprehensive analysis of the trade flows that currently exist. This analysis arrives in the form of trade patterns and flows among member states and external partners to the EAC. It is in lieu of these trends and statistics that the importance of trade facilitation will be fully understood.

[1] Text of the July package

Trade within the East African Community

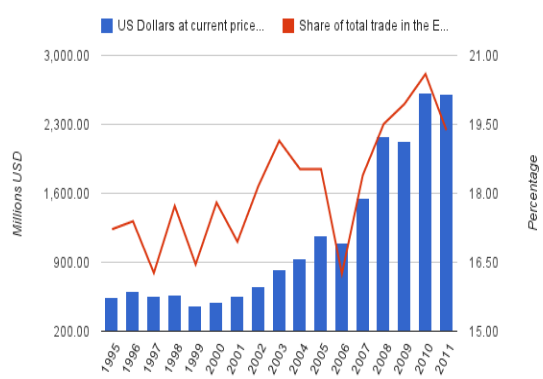
Since its reinstatement in 2000, the EAC has played a vital role in improving market access, trade flows and increasing the level of co-operation among member states. Prior to this, the level of trade that had taken place among member states to the EAC had been primarily confined to exporting outside of the EAC. However, the enactment of the EAC protocol enabled for smoother trade to take place among each of the member states. These trends are demonstrated below:

Figure 1: EAC Exports (USD million)



Source: UNCTADstats at unctadstats.unctad.org

Figure 2: Total Trade in the EAC



Source: UNCTADstats at unctadstats.unctad.org

As demonstrated in the above graphs, exports have played an important role in the trade flows of the EAC. However, as the second graph illustrates, the role of intra-regional trade has also significantly increased since the EAC enactment. Thus, trade facilitation on an intra-regional scale will also pave the way for improved trade to take place among members to the EAC. This in turn encourages the development of small and medium scale enterprises, greater manufacturing output, higher levels of competition, and increased job creation, and resultantly poverty reduction to all members within the EAC. In turn, this would also render the economies of the EAC more diversified and therefore as less susceptible to external shocks and price fluctuations to the prices of their commodities. Despite the mentioned improvements in regional trade flows, the EAC still suffers from numerous bottlenecks that delay, impede, and sometimes prevent greater trade from taking place among all the members in the community, especially for landlocked countries like Burundi, Rwanda and Uganda.

The main channel where most forms of trade takes place arrives through roads, railways, ports, and air- freights. Within the EAC, trade primarily takes place through the Northern and Central Corridors. The Northern Corridor, for its part accounts for 75% of the EAC trade volume as Kenya, Uganda, Rwanda, and Burundi channel their trade through these routes. The Northern Corridor originates from the Mombasa port in Kenya and also serves as a trading route for the above mentioned countries. The Central corridor on the other hand accounts for 25% of the other trade that flows within the EAC. This corridor however is also the main trade and transit route for goods from Tanzania, Burundi, and Rwanda.

Challenges to Trade facilitation in EAC

- **The state of roads in the EAC**

Road transportation is the main conduit for trade among the member states of the EAC. However, it is not the cheaper way of transporting goods, but it is the less uncertain, and this is why it is the most utilised. The overuse of roads for trade puts pressure maintenance levels needed for roads and limits trade growth potential.

- **The state of railroads in the EAC**

They are numerous railway lines in the Northern Corridor although rails are meant to be less expensive than roads on average.

However, lack of predictability on time schedules, low quality in service and the treatment of the cargo makes them less attractive. These limitations plus low investment in the Tanzania Railways Limited company has resulted in a total 30% decline in usage.

Less than 4% of traffic moves by rail due to numerous delays, breakdowns, service disruptions. This all arises due to poor management, underinvestment in infrastructure and flawed rail concessions (U.S. international trade commission, 2012) seeking to attract private investment.

- **Shipping though ports in the EAC**

Ports in the EAC are mostly unreliable, with poor infrastructures and huge clearance time (time needed for clearance at Dar es Salaam represent more than half of a typical container's transit time). On average, Burundi and Tanzania have longer port delay than other EAC countries. While transportation through lake's rail-port network has the potential to be efficient and less expensive, outdated ports and railroads, and an aged fleet prevent the EAC from such benefits.

- **Air-freight in the EAC**

Air freights operate under insufficient capacity and often pose numerous transactional risks. For instance, the main air freight passage trade transactions primarily flow through despite the fact that there are 378 airports within the region. Of the 378, only 10 have paved runways capable of handling commercial flights.

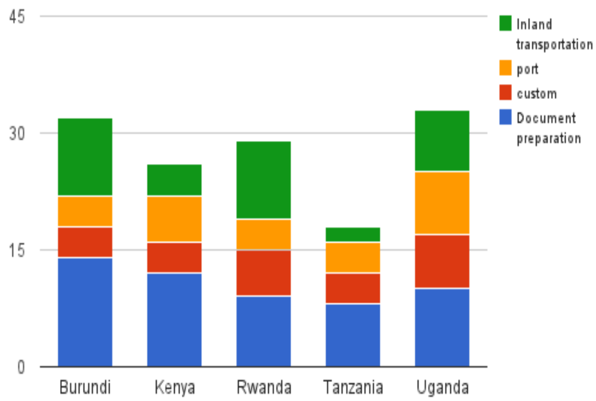
- **Crossing borders in the EAC**

In spite of the given infrastructural deficits, procedural and institutional bottlenecks surrounding issues such as customs fees, unclear and burdensome procedures also serve as severe impediments to regional trade within the EAC. Such obstacles include the large numbers of documents and inspections required of different transporters and traders when passing through borders. As a result, this delays clearance times affecting both imports and exports flows outside and inside the region. The clearance times in East Africa are seven times less predictable than in any other region of the world. This increases the risks associated with trade in the EAC, particularly with goods that are perishable.

The following graphs and tables illustrate the impacts of regional obstacles to trade within the EAC in terms of days of delay for each member of the EAC. It is not surprising that Tanzania and Kenya have the lowest delays because unlike the others, these two countries are not landlocked. Meanwhile goods moving to/from Burundi Rwanda and Uganda must pass through at least one of the EAC country, resulting in an addition of national obstacles.

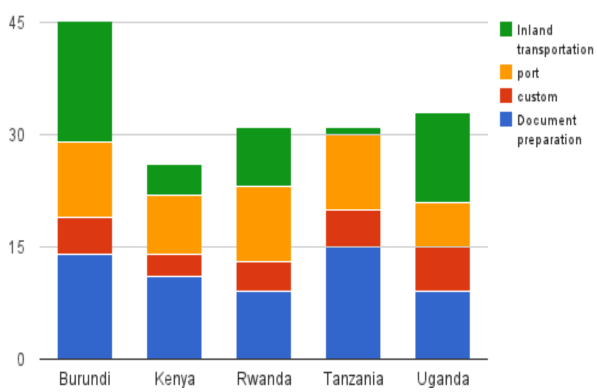
The reason why imports take more time than exports is based on a mercantilist vision: exports are a good thing and imports a bad thing. Therefore, exports are promoted, not taxed, and less controlled unlike imports which are taxed, controlled and exposed to longer clearance procedure. In addition there are more documents needed to import than for export[2].

Figure 3: Delays in imports (days)



Source: World Bank Doing Business databank (May 2013)

Figure 4: Delays in Imports (days)



Source: World Bank Doing Business databank (May 2013)

Consequences on trade: transaction costs

While there is a growing trend of trade within the EAC countries, all the above-mentioned existing obstacles to trade are creating additional transaction costs undermining trade between those countries and overall with other countries. Those costs hinder the export capacity of the EAC SMEs and ultimately affect their competitiveness. It therefore constitutes an unnecessary burden to the EAC firm's prices for exports and to consumers' and firms' purchases of imported goods and inputs.

Consequently, the poor state of transportation infrastructures, long and unexpected procedures, and custom formalities (e.g. inspections, clearance…) involve higher transaction costs[3]. Those additional transaction costs afforded by traders can be classified into four categories: costs due to **lack of information**, **fees and charges** (official and non-official), **delays**, and **uncertainty**.

- ### Lack of information

One of the first reason of those high transaction cost is the lack of information about the EAC Custom Union (EACCU) rules. The EACCU protocol defines precise laws, regulation and rules for trade, which are unfortunately not easily accessible to the interested stakeholder (e.g. traders). While Article X, GATT 1994 imposes "prompt publication" of this kind of documents, we observe delays and problems. For instance, laws are officially published in the EAC Gazette, but "who have access to this Gazette?" asks Edward Kafeero, Head of Trade Policy and Law

[2] e.g. certificate of conformity, confirmation receipt of payment for custom related fees, custom release order, delivery and disposal order, cargo release order, insurance certificate, technical standards certificate, import licence, pre-shipment inspection clean report of findings, gate pass, and so forth (Doing Business databank)

[3] In economics, transaction costs are not only valued in monetary terms: it may also involve time, procedures, search and information costs, and bargaining costs.

Department in Uganda (Kafeero, 2008). Although the Gazette is available on the Internet since 2010, every trader has no Internet access, or does not ever know the existence of the Gazette. In this regard, a more reliable online publication and dissemination system needs to be consolidated.

Moreover, English is the official language of the EAC, as mentioned in the article 137 of the EAC treaty, while most of people in the EAC cannot speak nor read English. Kiswahili is indeed the *lingua franca* of the community and French is the official language of Burundi (Kafeero, 2008). As a result, most of the few available publications are not understandable by all.

- **Fees, charges and formalities**

Fees, charges and formalities are borne by traders for transporting their merchandises through borders, for statistical services, certificates, licensing, exchange control, documentation, inspections etc…

Among those transaction costs, there are official fees and charges for custom revenue, license and so forth which are justifiable according to Article VIII, GATT 1994 and which do not necessarily constitute a hindrance for trade (Kafeero, 2008).

But EAC is also a victim of unethical practices that had lead to high "non-official fees" and charges for traders at various levels of the trade and supply chain, despite the commitment of the community into the World Custom Organisation (WCO) Arusha Declaration (and revised Arusha declaration). Such "non-official fees" constitute an additional unnecessary burden to the EAC traders' competiveness.

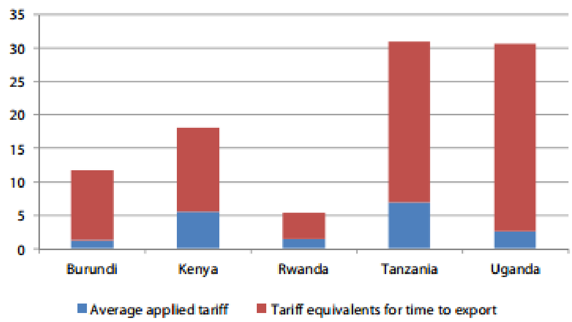
- **Costs of delays**

Transportation across the EAC's (inner and external) borders and during the transportation process suffers from delay due to poor quality of infrastructures. As a result, goods transported through the EAC are overpriced and thus less competitive.

Because this overprice causes similar impact than protectionism measures, economists in their studies quantify this overprice as a "tariff equivalent" (Hummels, 2007) which varies depending on the different products, according to their time-sensitivity. As perishable products are very time-sensitive, their value will greatly be affected by the necessary time to reach their destination. Time sensitive products include of course food and pharmaceutical products, which may be a matter of safety, but also fashion clothing which are a matter of a different order. This is also true for products that are inputs for lean production (just in time delivery system), which are very important in the food, pharmaceutical and textile value chains. Thus, the EAC countries do not have a competitive advantage for trading time-sensitive products and are reduced to trade low value-added imperishable goods (e.g. tin, coffee, tea, gold, precious metal ore…)

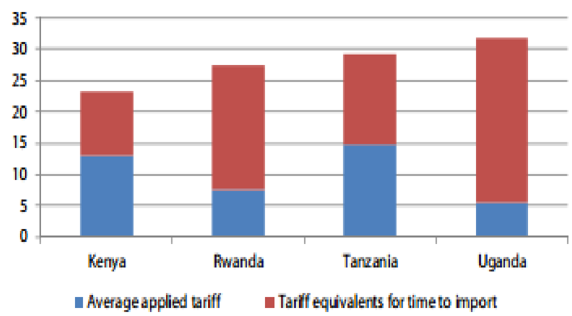
In any case, delay in the EAC artificially increase the value of those goods in such a way that "tariff equivalent" calculated in the EAC are way higher than average applied tariffs. For example, figures below show how time-in-trade tariffs can imply more than 6 times higher costs for importers and exporters than applied tariffs in the EAC. These costs will ultimately create disincentives to trade and reduces income gathering by customs authorities due to inefficiencies and low volumes.

Figure 5: Exports - Tariff equivalent for time in trade vs. average applied tariff



Source: U.S. international trade commission (2012)

Figure 6: Imports - Tariff equivalent for time in trade vs. average applied tariff



Source: U.S. international trade commission (2012)

- **Costs of uncertainty**

One other worrying consequence of poor infrastructure is the uncertainty which it leads to. If EAC firms cannot easily predict cash flows on delivery (most of the time, delivery are paid only when goods are delivered), they may abandon their access to markets, for fear of not being paid in time, while negotiating access to market is a very difficult process.

For example, an average container needs 25 days to move from Mombasa port through Kenya and Uganda to Rwanda with 5% chances for more than 40 days, which leads to high inventory costs for purchasers and potential deterioration of certain goods. This kind of risk that entrepreneurs in the EAC undertake has a good chance to discourage production of time sensitive products. Although there is no need to specify that goods can be damaged during the process, become unusable, and thus a direct economic loss for firms.

Trade facilitation implementation costs

Commitment into trade facilitation may be expensive for countries and involve many resources in the implementation process. There is some reluctance of developing countries to implement trade facilitation measures (also initially expressed during WTO negotiations for trade facilitation), fearing important investments in physical infrastructure, lack of technical capacity, and absence of trained human resources, and electronic means. In an experts study (Duval, 2006), six types of implementation costs have been listed:

- *Regulatory/Legislative Costs:* creating new legislation requires expertise and time.
- *Institutional Costs:* trade facilitation measures may require new institutions, additional units in existing institutions.
- *Human Resources (HR) Training Costs:* government officials have to be well trained for an efficient implementation of the trade facilitation measures.
- *Equipment/Infrastructure Costs:* new/additional equipment may be needed, as well as its effectiveness may be ensured.
- *Political Costs:* measures may be resisted by staffs within relevant institutions; or by policy

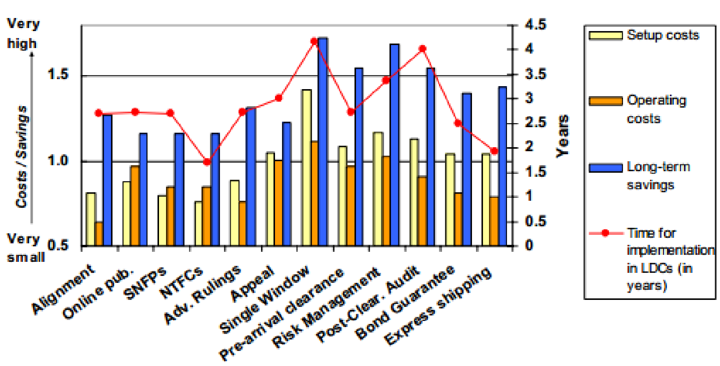
makers because of fears of loosing political support they need.

- *<u>Recurring/Operating Costs</u>:* Costs associated with maintaining the new/additional systems associated with the trade facilitation measure.

According to the same study, implementation of trade facilitation measures may involve start-up costs for the government agencies, but the operating costs are normally not burdening and can be absorbed through time. Moreover, these implementations allow a reduction of government expenditures (thanks to better transaction efficiency) and widely benefit to traders (i.e. SMEs). Whereas costs can vary substantially depending on the measure implemented and of the country development, trade facilitation measures lead to significant welfare and competitiveness gains (Duval, 2006).

Some measures (e.g. risk assessment, audit-based controls, and special procedures for authorised persons) may be complex and costly but the long-term benefits and savings outweigh setup and operating costs, as shows the graphic below.

Figure 7: Costs in implementation of trade facilitation measures



Source: Duval (2006)

This graphic also shows that the trade facilitation measures with the lower cost and the highest relative benefice is the adoption and use of the international trade facilitation standards (i.e. alignment of policies and procedures). The most expansive measures, in addition to financial issues, may require many time and skills therefore require high-qualified resources, electronic means and technical assistance to be implemented.

Regarding aforementioned implementation costs, the main cost feared while implementing those measures by government is the political cost of introducing sustainable and lasting reforms. Change indeed, is often perceived negatively in the short terms, which is also the centre of interest of politicians. However in the case of trade facilitation there are significant arguments regarding the positive impact of these measures for internal markets, export performance, and lower transactions costs for local producers and traders.

Trade facilitation potential and opportunities for the EAC

Protectionism wears many masks. One against which the EAC should fight (though trade facilitation) is one which was not wanted. As it is explain above (sections I and II), the EAC trade performance is definitively not at his maximum potential because of what one can call “involuntary protectionism”.

As R. B. Zoellick, the former president of the World Bank said, a full range of capacity building and financing programs are already available for governments and also a full range of development banks “stand ready […] to assist developing countries through the process of full and effective implementation of the [WTO] agreement" (Zoellick, 2012).

Trade facilitation offers a development dividend for all countries

Trade facilitation is capable of increase the EAC countries capacity to trade, and therefore to compete in international markets. As long as trade is hampered as described along this document, trade cannot claim to be fair and balanced. There is huge room for improvement in trade, which could allow improvement in GDP growth, poverty reduction, FDI, trade variety, tariff collection and welfare. There is a deep need to reduce time and costs of transportation goods in the EAC.

According to a study (Djankov, 2006), it has been estimated that an additional day of delay reduce trade volume for at least 1% and that 1 day of reduction in delay amounts to reducing the distance of 70km. To another study (Minor and Tsigas, 2008), if there is a reduction of 50% in time needed for exports and imports, the GDP would rise by 2.2% and 4.2% respectively. But if each country does the same improvement in the same time, individual benefits would be lower. Therefore, taking the lead in trade facilitation would allow the leaders to reap more benefits from trade. Reversely, if other countries take the lead, other regions would lose competitiveness.

A lot has already been done and many ongoing projects are taking place in the EAC (East African Community, 2012; IMF, 2011), with the help of numerous institutions (Trademark East Africa, UNCTAD, ITC, Word Bank, AfDB, European Commission…) but still there is room where improvement can be done.

Recommendations

Trade facilitation's targets can at first be found in the Protocol on the Establishment of the East African Customs Union (Part C: Customs administration) and help can be found in some institutions to focus proper aim (WCO, WTO, UN handbooks…). For instance, use of the current WTO Trade Facilitation negotiations could be a good platform to facilitate internal reform. In this regard, it could be advisable to undertake an internal analysis on what procedures do work and which are burdensome.

One can count two main areas where improvement would generate great benefit from reductions in terms of delays, costs and uncertainty:

- **Easing trade policies and procedures**

Legislation and publication: Legal framework if well designed and deemed as reliable (with transparent and enforceable rules) can be a way of promoting trade. Hence, trade legislation should be clear and easy to understand i.e. must include a proper structure, use clear language and understandable by all, and be easily accessible in electronic and/or paper[4]. Government agencies should also make sure to repeal outdated or irrelevant provisions and to clarify ambiguous. Another good practice is to let some time before actually implementing new procedures allowing traders to be in a good standing and to adjust their business with those procedures ones (United Nations, 2002).

[4] E.g. gazettes, library, bookshops, notices, circulars, press advertisements, seminars and through the Internet

Collaboration and coordination: During the WTO Trade Facilitation Symposium last November, the policy analyst Dickson Poloji expressed the need of cooperation while saying that "The speed of the swarm of locusts is determined by the lowest locust" (Poloji, 2012). This is especially true for landlocked locusts. Cooperation between EAC countries can improve the trade performances of the region.

Public/private: a close consultation may foster the understanding of the legal framework by exporters and importers. For instance, Hong Kong has established an interactive Voice Response Phone System allowing importers and exporters to listen to pre-recorded information (ibid.). Workshops may also be implemented.

Private: Government can ease or create meetings installations allowing SMEs' traders to meet and exchange experiences, best practices (Hajidimitriou and Azaria, 2006).

Public: as trade transcend many areas, national ministries and departments should work together in order to avoid overlaps, contradictions and redundancies in the legal framework. Efforts can also be done to align formalities, documents procedures, and operations at borders posts. This collaboration can form of a National Trade Facilitation as "a working committee or advisory committee, with representatives from the relevant government agencies and the trading community" (United Nations, 2002).

Formalities, documents, procedures and operation required should also be standardised and harmonised between countries regarding the relevant international conventions, standards and practices.[5]

Trade controls and enforcement: Customs regulation should be simplified, especially in the EAC (Poloji, 2012). Releasing such a burden for exporters and importers potentially can greatly improve trade performance of the region. Considering the number of documents needed for trading within the EAC, setting up an electronic single window system[6] and One Stop Border Posts (OSBP), as it is already in place between Tanzania and Rwanda, could perform this release. Improving customs official technical capacity in handling electronic processes may also improve effectively customs procedures and ensure documental traceability. Relevant body may also authorise traders to issue non-preferential certificate of origin, and limit requests for original or copies of trade documents (ibid.). The creation of an EAC passport could also greatly help with migration issues at border posts. EAC countries may also consider expand current Free Trade Zones (Exports Processing Zones) or create new ones focusing exclusively on services (e.g. packaging, telecommunications, back office service and logistics).

Despite the endorsement of the Arusha declaration, and the launching of the East African Association of Anti-Corruption Authority (on November 2007), more efforts needs to be done to reduce bribery, superfluous inspections and roadblocks, clearance process, and overzealous behaviour among customs officials. There is a

[5] Harmonized Commodity Description and Coding System (HS code); WTO Agreement on Customs Value (ACV); revised International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention); revised Arusha Declaration on Customs Integrity; WCO Framework of Standards to Secure and Facilitate Global Trade (SAFE) program (IMF, 2011)

[6] Enables traders to submit regulatory documents at a single location and/or single entity

need for automation, modernisation, audits, investigations, salaries improvement, and instauration of codes of conduct in customs.

- **Upgrading the logistic network**

Roads: Improving roads and roads maintenance would improve volume and variety of trade by improving fuel efficiency, life of tires, speed, and by reducing damages on vehicles.

Railroads: Generally speaking, railroads lower the cost of trading, and increase the volumes which are traded. Doubling railroads' length in a region would lead to an increase in investments by 32% and would also foster competition. Railroad upgrade is even more important for landlocked countries where inland transportation takes longer time while going through a transit country. Moreover, freight-trains give off between 75 and 85% less greenhouse gas than trucks, and allow lesser road congestion, accidents and expenses for road maintenance.

Ports: According to several studies, 10% of improvement in ports will increase export by 9.2% and imports by 3.1%. A decrease in shipping costs by 12% equals to reduce the distance by 5,000 miles. Trade facilitations policies should focus on berthing facilities, wharves, and cranes which are the primary determinants of port operations.

Air-freight: Air liberalisation and bilateral air services agreements allow better air connectivity (e.g. lower costs for moving goods) and greater trade. A deeper implementation of the Yamoussoukro Decision concerning the Liberalisation of Access to Air Transport Markets in Africa (1999) and the Protocol for the creation of the East African Community Civil Aviation Safety and Security Oversight Agency of 2007 could contribute to this goal, especially in relation to cargo.

Concluding remarks

Regarding the EAC trade performance, while many recent progresses have been done, there is a lot of room to continue those efforts and to facilitate trade effectively for exporters and importers of the EAC.

According to an expert study (Duval, 2006), there are six trade facilitation measures to prioritise, regarding their costs and related benefits:

- Alignment, HS nomenclature, use of international standards of/for trade documents
- Establishment of enquiry points and single focal points for trade facilitation issues
- Online publication of trade regulations and procedures in local language and English
- Implementation of risk management systems
- Establishment of national trade facilitation committee
- Provision of advanced and binding rulings on tariff classification, valuation, and origin

Meanwhile, one should keep in mind that trade facilitation measures are very country specific (Hallaert and al., 2011) and that trade facilitation measures cannot solely facilitate trade. Trade performances are the result of trade facilitation, but also of industrial policies (taxes, labour market regulation and labour productivity), trade policies (trade regime and applied tariffs), macroeconomic policies (exchange rate, inflation rate…), other infrastructures (like electricity reliability), political will and many more reasons.

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Appendix 1

Trade Facilitation in the EAC: Summary Table

<table>
<tr><th colspan="2">CATEGORY</th><th>ISSUES AND CHALLENGES</th><th>OPTIONS AND OPPORTUNITIES</th><th>GENERAL COMMENTS</th></tr>
<tr><td rowspan="4">Infrastructures</td><td>Roads</td><td>While it is not the cheapest way of transporting goods, roads are the main conduct for trade in the EAC.</td><td>Improve road quality and maintenance can increase security (then reliability) of transportation, fuel efficiency, life of tires, speed, and reduce damages on vehicles.</td><td rowspan="8">Upgrading transportation increase volume and variety of transportations.

Lower costs of delays foster competitiveness

Better reliability strengthen business relationships

Investments from coastal countries are essential for landlocked ones

Effective trade facilitation measures are very country specific and require a detailed analysis to prioritise implementation

Trade facilitation performance progresses are relative to that of other countries

Trade facilitation measures alone cannot lead to easy trade</td></tr>
<tr><td>Railroads</td><td>Poor infrastructures lead to unpredictability, delays, breakdowns and disruptions. Railroads represent less than 4% of trade transportation.</td><td>Cheapest transportation and therefore potentially the most effective and nature-friendly. There is a need for extended rail length, and better maintenance.</td></tr>
<tr><td>Ports</td><td>Inevitable passage for external trade, this transportation is cheap and widely used. Aged fleet, poor infrastructures slow goods flows.</td><td>Trade facilitations policies should focus on berthing facilities, wharves, and cranes which are the primary determinants of port operations. It would allow faster goods flows and clearance time at ports customs.</td></tr>
<tr><td>Airfreight</td><td>Work on insufficient capacities. Although it is the most expensive way of transportation, it may be essential for trading time-sensitive products (medicines, food, fresh flowers…)</td><td>Investments whereas non-priority can improve trade diversification, allowing to export and import time-sensitive goods in a reliable way.</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td rowspan="3">Trade procedures and administration</td><td>Legislation and document publication</td><td rowspan="2">Numerous documents are required for traders, numerous inspections, repeated burdensome procedures, and roadblocks impede and delay trade</td><td>Publications should be clear, easily understandable by all (proper language), and accessible for each trader. Cooperation is needed at the national level (implementation of National Trade Facilitation Body) to avoid contradictions, redundancies and overlaps…</td></tr>
<tr><td>Custom clearance</td><td>… and at the regional level (need to standardise and to harmonise customs procedures). The single window system may be implemented in order to reduce the number of documents required for trading, as well as One Stop Border Stops in order to halve clearance time.</td></tr>
<tr><td>Corruption</td><td>high “non-official fees” and charges may be required for traders at various levels of the trade and supply chain to accelerate trade and clearance procedures</td><td>Need to strengthen anti-corruption measures (regulatory framework, automation, modernisation, human resource management…)</td></tr>
</table>

Appendix 2

EAC in the logistic performance index (World Bank, 2012)

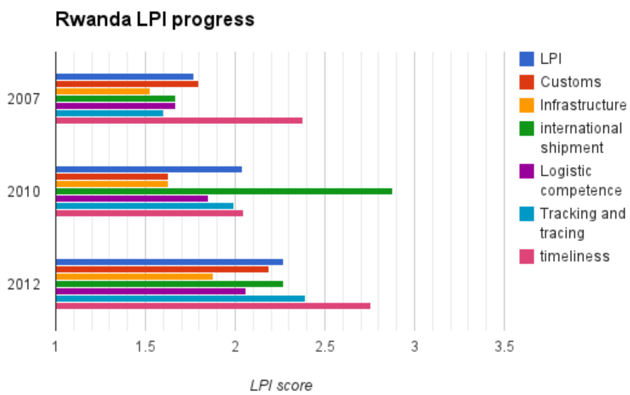
	EXPORT TIME AND COSTS					
	Port and airport supply chain			Land supply chain		
	Distance (kilometres)	Lead Time (days)	Cost (US$ per container)	Distance (kilometres)	Lead Time (days)	Cost (US$ per container)
Burundi	2	6	4	300	1	1,5
Kenya	132	2	1,455	478	8	1,651
Rwanda	-	-	-	-	-	-
Tanzania*	300	3.16	2	1,062	4	5
Uganda	612.37*	5.48*	2,466*	3,5	7	5
	IMPORT TIME AND COSTS					
	Port and airport supply chain			Land supply chain		
	Distance (kilometres)	Lead Time (days)	Cost (US$ per container)	Distance (kilometres)	Lead Time (days)	Cost (US$ per container)
Burundi	2	18	5	300	2	4
Kenya	253	4	3,203	889	7	2,289
Rwanda	-	-	-	-	-	-
Tanzania*	300	7.07	3	774.6	3.17	3,162
Uganda	3,5	81	5	1,250*	13.23*	3,162*

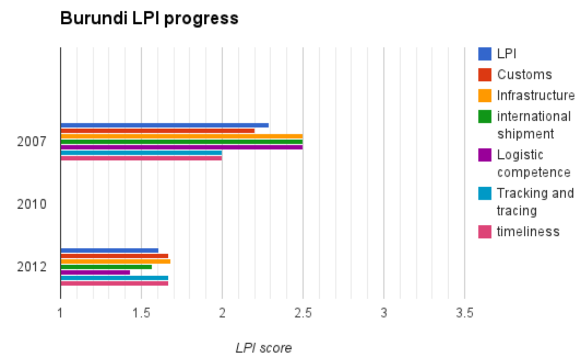
** For 2010 data*

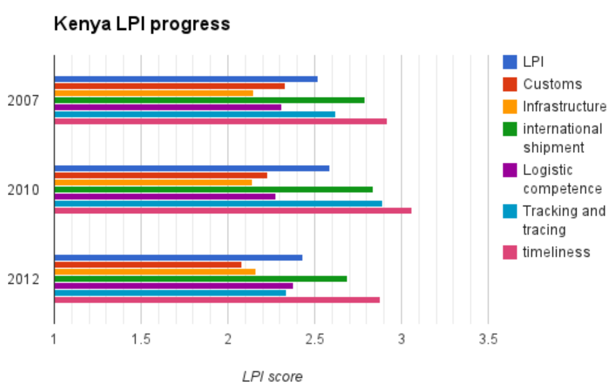
	Shipments meeting quality criteria	Number of agencies		Number of forms		Clearance time		Physical inspection	Multiple inspection
	% of shipments	imports	exports	imports	exports	Without physical inspection	With physical inspection	% of import shipments	% of shipments physically inspected
Burundi	40	3	2	4	3	4	5	50	3
Kenya	88	3	3	4	3	2	5	25	2
Rwanda	-	-	-	-	-	-	-	-	-
Tanzania	68*	4*	4*	4.67*	3.67*	3.27*	3.11*	7*	1*
Uganda	88	10	5	1	1	4	10	75	35

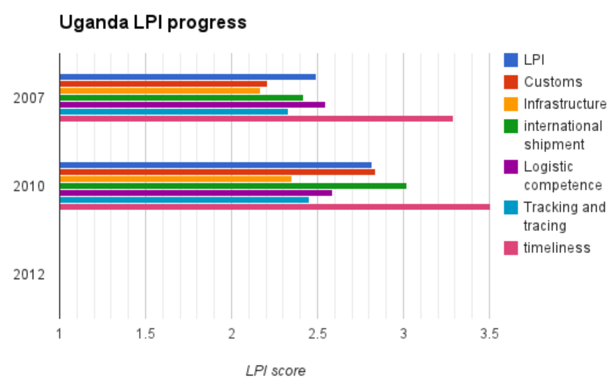
Appendix 3

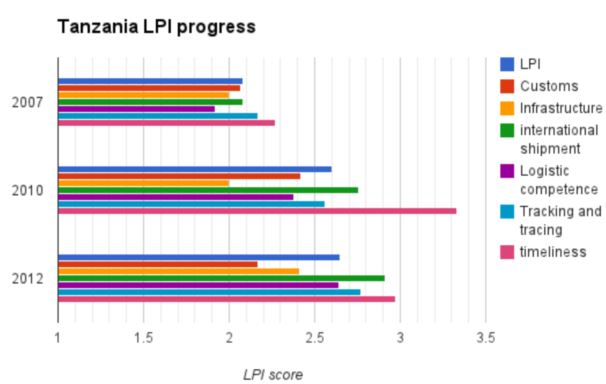
EAC in the Logistics Performance Index











Sources: World Bank LPI 2007, 2010 and 2012.