



EAST AFRICAN COMMUNITY

EAST AFRICAN LEGISLATIVE ASSEMBLY

Official Report of the Proceedings of the East African Legislative Assembly

49TH SITTING – FIRST ASSEMBLY: SECOND MEETING - FOURTH SESSION

Wednesday, 9 March 2005

The East African Legislative Assembly met at 2.30 p.m. at the Chamber of the Assembly, Ngorongoro Wing, Sixth Floor, AICC Complex in Arusha

PRAYER

[The Speaker, Hon. Abdulrahman Kinana in the Chair]

The Assembly was called to Order.

PAPERS

The following Papers were laid on the Table: -

(By Mr John Koech, Member of the Council of Ministers, Kenya)

The Annual Reports of the Activities of the East African Community for the periods July 2001 – June 2002 and July 2002 – June 2003

“The Launching of the East African Community Customs Union operations on 1 January 2005 has come with a public outcry of increased importation costs by traders of second-hand clothes popularly known as “mitumba” in Tanzania and Kenya;

a) Is the sudden claimed increased import cost anything to do with the implementation of the East African Community Customs Union?

QUESTIONS FOR ORAL ANSWER

QUESTION NO. REF:
EALA/PQ/OA/027/2005

Mr George Nangale (Tanzania)
asked the Chairperson of the Council of Ministers of the EAC_

b) If the answer to (a) above is yes, then how? Can the Minister explain?

c) What are the plans to sensitise stakeholders in East Africa on the implications of the East African Community Customs Union implementation process,

including increased or reduced costs of imports?"

Mr John Koech (Member of the Council of Ministers, Kenya): Mr. Speaker, sir, I beg to answer: The answer to (a) is yes!

(b) The coming into force of the East African Community Customs Union Protocol brought changes in the tax structures of some products imported from other countries due to the implementation of the EAC Common External Tariff. One of the items affected by the application of the Common External Tariff is second-hand cloths, also known as *mitumba* here in Tanzania and Kenya or *mivumba* in Uganda.

Mitumba is classified under HS Code 6309/000 and attracts a duty rate of 75.525 per Kg or 50 per cent, whichever is higher. Tanzania used to charge 25 per cent on CIF value, Kenya 35 per cent and Uganda 15 per cent before the coming into force of the Customs Union Protocol. During the process of the Customs Union negotiations, and in particular for this product, the Partner States expressed their serious concern on the influx of *mitumba* at the expense of locally produced textiles. It was therefore agreed that in order to protect and enhance local textile manufacturers and cotton growers from unfair competition, it is important that *mitumba* should be highly taxed. In light of that agreement, the Sixth Council of Ministers meeting held from 24 -29 November 2003 decided that *mitumba* should be one of the sensitive products which will attract duty over and above the maximum common external rate of 25 per cent.

(c) The Directorate of Customs and Trade in collaboration with the

East African Business Council, national customs authorities and co-ordinating ministries held meetings with the shareholders with a view to sensitising them on the East African Customs Union. They have had meetings in all the three Capitals of Dar es Salaam, Zanzibar, Mombasa, Nairobi and Kampala. The purpose of these meeting was to disseminate information and sensitise stakeholders on operationalisation of the Customs Union; get feedback on the implementation process of the Customs Union since its implementation on 1 January 2005; identify operational and institutional hindrances to the implementation process; develop a common approach to address the issues identified and finally build partnership between the Directorate of Customs and Trade and the Business Community.

Mr. Nangale: Hon. Speaker, with the good answers from the minister, could the minister also clarify whether second-hand products of any sort are classified as sensitive products, for instance the ICT products. We all know that in the developed world a lot of second-hand computers and ICT products are being dumped into developing countries including East Africa. Do you regard these products as sensitive, and therefore putting up the tariffs on them as far as the Customs Union is concerned?

Mr Koech: Mr Speaker, when we look at this question of *mitumba*, you know we are talking about encouraging the growing of cotton and encouraging the manufacturing of textiles industries within the Community, so I think this clause comes basically on second-hand clothes, especially in view of ensuring that we protect our textiles industries in the East African region. So, Mr Speaker I do not think the question of

these other articles arises. In any case I do not think it can bring a lot of uproar the way those ones are giving us a lot of concern – *(Interruption)*. Just a second, you know there are a lot of consultations, even as we continue *(the Minister consults with officials of EAC Secretariat)*

Your question was on second-hand clothes and you have raised a valid issue about these other second hand products but these other products are not classified as sensitive products and I do not think there is so much change in the set because we do not have any products of such nature which we produce in East Africa.

Mr. Calist Mwatela (Kenya): Mr. Speaker, first I would like to thank the minister for his good answer. Mr Minister, considering that the second-hand clothes have been of utmost importance to the poor people of East Africa, and in appreciation of the fact that we would want the region to be encouraged to grow its own textiles industry, what measures is the Council taking to facilitate low cost of production of textiles so that our poor people can afford clothes?

Mr Koech: Now while appreciating the predicament of the hon. Member – *(Laughter)* - the second-hand clothes has served a useful purpose to cloth our poor populations. I think we need to make some sacrifice which will serve our long-term interest. I think encouraging cotton production in this region and also manufacturing of textiles is long overdue, and I think discouraging *mitumba* is one step forward to ensure that the textile industry is brought back. I believe that all our Partner States are also going to have agricultural policies which will be able to encourage the production of cotton and also the manufacturing of

the textile goods. The field is already well laid by the Customs Union; they have got the necessary incentives and so they should take up this good environment to start on growing of more cotton and also the processing of textile goods.

Mr. Yonasani Kanyomozi: Mr Speaker, arising out of the Council's concern about the welfare of the ordinary people of our region, is the Council considering the ability of showing the ordinary people the real meaning of opening up of borders under the Customs Union, especially allowing what was normally called the informal trade to go on at the borders without hindrance?

Mr Koech: Mr Speaker, I think it is incumbent upon all of us, including the Members of this august House, to sensitise our people for the good of the Customs Union and also the Council will always continue to ensure that the informal trade between the borders is carried out unhindered. We are in the initial stages of the implementation of the Customs Union and so many things need to be done. We need to join our hands together. In fact this morning I was very grateful to the Members for wanting to also be part and parcel of those who are going to sensitise East Africans that the Customs Union is going to produce some good fruits as far as the economic development of this region is concerned.

QUESTION REF. NO:
EALA/PQ/OA//028/2005

Mr. George Nangale (Tanzania):
asked the Chairperson of the Council of Ministers of the EAC_

The East African Community Customs Union Act of 2004 provides for inward and outward commodity processing;

- a) Does outward processing in this regard include processing of seed cotton produced in one Partner State and then ginned in another country or another Partner State?
- b) Does inward processing in this regard include processing of mineral products imported from other countries into a Partner State or imported from a Partner State?

Mr John Koech (Member of the Council of Ministers, Kenya): Mr Speaker, I beg to reply: In accordance with Section 171 of the East African Community Customs Management Act, 2004, inward processing refers to a Customs procedure under which certain goods can be brought in a Partner State conditionally, exempted from duty on the basis that such goods are intended for manufacturing, processing or repair and subsequent exportation. Outward processing refers to the Customs procedure under which goods that are in free circulation in Partner States may be temporarily exported for manufacturing, processing or repair outside the Partner State and then re-imported.

(a) Seed cotton produced in one Partner State can be exported into another country for processing and re-imported into the Partner State so long as the exporter satisfies the conditions imposed by the Commissioner of Customs as specified in the outward processing regulations.

(b) Mineral products imported from other countries into a Partner State also qualify for inward processing as long as the importer satisfies the condition

imposed by the Commissioner of Customs as specified under the inward processing regulations. A good example of inward/outward processing is raw coffee imported from Uganda and processed at BUCOF Coffee factory in Bukoba, Tanzania. For Uganda, this is outward processing and for Tanzania, inward processing. Customs regulations for inward/outward processing are being finalised by the Working Group, a team of experts, and they will be ready by April this year.

Mr. Nangale: Thank you hon. Speaker, I have two supplementary questions. Since export of seed cotton was banned in Tanzania for the reason that the germinating seeds after ginning might end up in a different zone where they are not desired, could the Minister clarify how could seed cotton can be processed outside a specific region and that region still retains control over the seeds that will come out of that ginning process?

The second supplementary question: We know that for many years Tanzanite has been mined in Tanzania and somewhat processed in a neighbouring country, does the minister now clarify whether we can legally process Tanzanite from Tanzania in a neighbouring country? – *(interjections)*

The Minister has said that some inward/outward processing could be allowed so long as all the regulations are adhered to. Could he now clarify whether it is possible, for example, for Tanzanite which is mined in Tanzania to be legally processed in a neighbouring country where it has been the case before but illegally?

Mr. Koech: You mean it was done illegally before? So, you want me to

say that the Customs Union has legalised the illegal things? *(Laughter)*

Mr. Speaker, on the first question, I am afraid I need to do a little bit of more consultations to find out the position of the seeds. I do not have the answer right now. Maybe we can be able to give the hon. Member a written answer to that question.

For the other question, Mr Speaker, we have said that the regulations are being worked out. You know we are very young as a Customs Union. So, the regulations are still being worked out; they will be ready by April and when these regulations are worked out, it will take care of the questions you have raised because it will be looked into in the light of the regulations which the experts are now working on. And if they satisfy the regulations, I do not see any difficulty in making the illegal to be legal.

QUESTION NO. REF:
EALA/PQ/OA/029/2005

Mr. George Nangale (Tanzania)
asked the Chairperson of the Council of Ministers of the EAC_-

It has recently been announced in the press that trials for genetically modified seeds such as cotton are soon to begin in East Africa this year;

- a) Has there been any regional consultation on the part of the governments in regard to the impact of genetically modified products on the existing agricultural industry and the public health status?
- b) If the answer to (a) is no, can the Minister tell the House; in which manner do the governments of East Africa

perceive the implications of the use of genetically modified seeds and food, considering that there has been wide outcry on its use in other parts of the world?

Mr. Koech: Mr. Speaker, there have been consultations among the three governments on this matter. It seems there are divergent views from the three governments. Therefore the Committee on Agriculture and Food Security has recommended to the governments of the three Partner States to clarify and concretise their national positions. This will be discussed at the next committee meeting which is scheduled for 13 – 15 June 2005 in Kampala, Uganda.

Dr. Harrison Mwakyembe (Tanzania): Mr. Speaker, the perceived implications of consuming genetically modified foods relates to the health and general welfare of the people of East Africa. Would the hon. Minister agree with me that any decision to use genetically modified products in East Africa should first be thoroughly discussed by the people of East Africa and not only be confined to the bureaucrats of the three governments so that we democratically arrive at an informed common stand which is acceptable to all?

Mr. Koech: Mr Speaker, I do agree with the sentiments of the hon. Member. Every time I am in London or America and I am given some beef, I always get worried whether it is from the genetically modified category. It is true that this issue should be taken seriously, but as I said in my answer, there is a Committee working on that programme and I believe that they will have to take cognisance of the international rules on the safety of any genetically modified foods. There are

some international conventions which bring in the safety nets to control the genetically modified organisms. I think some countries have already signed a protocol for that. So I think these issues would be handled in a very serious way because I also believe that our governments are also very serious in taking care of the lives of their own people. So, let us wait, and when the discussions are being done, maybe you can also bring in your input. If there is some expert advice from the national Assemblies, it can come to discussions, and nothing is completed even if they become law. Things can always be modified according to the new scientific discoveries. So, I do believe that our countries are very concerned about the lives of our people and everything will be done to ensure that these safety nets are put in place. Thank you.

ADJOURNMENT

The Speaker: Hon. Members, we have come to the conclusion of our business for this Second Meeting of the Fourth Session of this Assembly. I wish to thank you all for your co-operation and wish you a safe journey home. I now adjourn this Assembly until we meet again on 24 May 2005.

*The House rose at 2.55 p.m. and
adjourned until 2.30 p.m. on Tuesday,
24 May 2005*