



**EAST AFRICAN COMMUNITY**

**1<sup>ST</sup> MEETING OF THE 3<sup>RD</sup> SESSION OF THE  
3<sup>RD</sup> EAST AFRICAN LEGISLATIVE ASSEMBLY**

**Dar es Salaam, Tanzania  
27<sup>th</sup> August -4<sup>th</sup> September 2014**

**ANSWERS  
TO PRIORITY QUESTIONS**

**3<sup>rd</sup> September 2014**

**1.0. QUESTION: RE: EALA/PQ/OA/3/51/2014 (By Hon. Maryam Ussi Yahya)**

***There have been great strides seeking to boost transport and transit routes within the EAC region. Among the developments is the focus on the EA Railways Master Plan by the Community.***

- (a) Could the Chairperson of the Council of Ministers inform this August House the developments so far made in the various routes envisaged by the Master Plan?***
- (b) Specifically with regard to the Railway line between the Republic of Uganda and the United Republic of Tanzania, What are the challenges if any? How does Council seek to address them?***

**Madam Speaker,**

The EAC Secretariat and the AfDB signed a grant Agreement in December, 2012 for an amount of US\$ 1.2 million to cover the cost of conducting a study on the Railways Sector Enhancement Project. The Project aims at unpacking the East African Railways Master Plan and preparing bankable projects for investments and policy related documents to assist in the reforming of the railways sector in the region. A consultancy firm CPCS of Canada has been procured to undertake the consultancy on the project.

**i) Project Description**

The study consists of Feasibility and legal and regulatory harmonization studies including Environment Impact Assessment (EIA) and social impact analysis for:

- a) Establishment of a Railway Coordination Office (Rail Unit) within EAC Secretariat;
- b) Preparation of investment package including pre-and feasibility studies of 21 Regional Railways main links; and
- c) Policy Program for Improved Sub-regional Rail Traffic including harmonization of Legal and Regulatory Framework

**ii) Current Status of the Study**

The EAC Secretariat signed a consultancy contract with CPCS International on 3<sup>rd</sup> February, 2014 for contract sum of US\$ 1,528,000 (the difference with the grant component covered by counterpart resources from Partner States) for the Study. The Study, which will take 18 months, will involve consultations with relevant organizations, data collection and analysis, economic modeling and environmental screening of proposed links contained in the Master Plan. It will also develop a framework for harmonization of railway regulations in the region and propose an appropriate institutional arrangement for regional railways development.

The Inception Report was submitted on 20<sup>th</sup> March, 2014 and was reviewed by the Task Force on 14<sup>th</sup> – 15<sup>th</sup> April, 2014 with recommendations from the Partner States experts.

The Specific routes that are the subject of the Pre-feasibility study are listed below.

**Madam Speaker,**

Specifically with regard to the Railway line between the Republic of Uganda and the United Republic of Tanzania, there are no specific challenges on the rail linkage between Tanzania and Uganda other than the link Arusha-Musoma which may have environmental challenges due to Ngorongoro and Serengeti Conservation and National Parks respectively. Due to Uganda's substantial reliance on Mombasa Port for its external trade, the railways development linking Tanzania and Uganda had not featured prominently between the States as a priority. This situation changed in 2007 when electoral challenges in Kenya disrupted Uganda's access to the sea through the Port of Mombasa. Railways development between Tanzania and Uganda is, therefore, prioritized currently.

**Madam Speaker,**

There are 3 options being considered to link The United Republic of Tanzania with the Republic of Uganda. Option 1 is an indirect linkage while Options 2 and 3 are direct linkages.

Option 1: A railway link connecting from Isaka to Kigali and connecting the proposed Kampala-Kasese Standard Gauge railway line through Kabale and Bihanga. Uganda and Rwanda are in the process of jointly procuring a consultant to undertake engineering designs;

- Option 2: An exclusive railway link to have a branchline from the Isaka-Kigali main line via Biharamulo-Bukoba-Masaka to connect with the proposed Kampala- Kasese line. This link is a subject of the CPCS Pre-feasibility Study discussed above as link No. 8.
- Option 3: This will be a multi-modal a railway from Tanga-Arusha-Musoma and marine linkage through Lake Victoria. In respect to this option detailed design studies for upgrading Tanga-Arusha to standard gauge and construction process of new standard gauge railway from Arusha – Musoma are ongoing.

**2.0. QUESTION: RE: EALA/PQ/OA/3/54/2014 (By Hon. Angela Charles Kizigha)**

***The East African (EAC) Partner States have been involved in the Negotiations with the European Union (EU) on the Economic Partnership Agreements (EPAs), the Community is aware that there are outstanding and contentious issues contained in these negotiation.***

***Could the Chair of Council inform this August House, What the state of play of the EPA Negotiations between EU and EAC?***

**Madam Speaker,**

Since January 2014, three negotiating sessions have been held between the East African Community and the European Union, with one at the Ministerial level and two at the level of Senior Officials/Permanent Secretaries. These meetings resulted into :-

- (a) The finalization of the outstanding issues in Dispute Settlement and Institutional Arrangements;
- (b) The finalization of the outstanding issues in the Rules of Origin text and Annex on Product Specific Rules; and
- (c) Agreement on the Most Favoured Nation Treatment Clause.

The following are the five outstanding issues remaining in the negotiations:-

- (a) Duties and Taxes on Exports;
- (b) Agriculture –Export Subsidies;
- (c) Relations with the Cotonou Agreement;
- (d) Good Governance in the Tax Area; and
- (e) Consequences from Customs Union Agreements concluded with the European Union.

**Madam Speaker,**

Regarding the outstanding issues in the EAC-EU EPA negotiations I wish to inform this august House as follows :-

(a) Duties and Taxes on Exports

EAC is of view that refraining from imposing export taxes to products destined for the EU market, a treatment that would not be extended to other countries since there is no agreement to that effect, would lead to EAC violating the WTO principle of MFN. Further, there are no clear disciplines on duties and taxes in exports under the WTO.

Therefore EAC would like to maintain the policy space to impose export taxes as these may be necessary to foster development of domestic industry, maintain currency value stability, or when EAC has special needs with regard to revenue, food security or environmental protection.

(b) Agriculture – Export Subsidies

EAC has underlined its concerns to the EU of the negative impacts of EU subsidies on trade and agricultural production and requests the EU to exclude EAC countries as destinations for all agricultural products benefiting from all forms of export support to agriculture. Further, EAC is negotiating for a provision for the Parties to discuss any concerns about potential trade impact of the domestic policy measures in agriculture, with a view to addressing the concerns accordingly.

(c) Relations with the Cotonou Agreement

EAC does not accept the EU proposal to cross reference the EPA to the Cotonou Agreement Articles: 11(b) (on countering the proliferation of weapons of mass destruction); 96 (on human rights, democratic principles and the rule of law) and 97 (on corruption). EAC is of the view that the issues in these articles are not directly related to trade. Further, the cross-referenced issues have been dealt with substantively in the EAC Partner States' domestic laws and international and regional instruments and therefore there is no need to include them in the EPA.

(d) Good Governance in the Tax Area

EAC has declined to negotiate this issue as it is of the view that this is dealt with in the Partner States' domestic laws and in other international instruments.

(e) Consequences from Customs Union Agreements concluded with the EU

EU is of the view that a joint declaration on this subject should be included in the EPA. The EAC does not agree to this issue as this implies EAC committing to negotiating FTA Agreements with countries that EU has a Customs Union with.

**Madam Speaker,**

Allow me to apprise this august House of some of EAC's interests in the EPA negotiations as follows :-

- (a) EAC has ensured that the EPA is structured to reflect a number of key principles, which include:
  - (i) strengthening regional integration in the EAC;
  - (ii) an asymmetric approach with respect to liberalization of trade and in the application of trade-related measures and trade defence instruments;
  - (iii) allowing the EAC Partner States to maintain regional preferences with other African countries and regions;
  - (iv) contributing to addressing the production, supply and trading capacity of EAC Partner States.
  
- (b) The EAC Partner States have successfully negotiated for policy flexibility for revision of the tariff lines committed for liberalization under the EPA in the context of preserving the prospect for the wider African regional integration processes (i.e. the COMESA-EAC-SADC Tripartite FTA and Continental FTA).
  
- (c) The EPA also contains provisions on trade defence instruments that would give EAC the opportunity to impose measures in cases where EU imports were to increase in such quantities that they would threaten domestic producers and industry. These include:
  - (i) bilateral and multilateral safeguards (including pre-emptive safeguards – where in exceptional circumstances require immediate action, i.e. for food security);
  - (ii) Infant industry protection measures i.e. EAC can impose non-tariff measures or re-introduce Most Favored Nation (MFN) tariff for up to

a period of 10 years with the possibility of a 5 year extension; and antidumping and countervailing measures.

- (d) Further, EAC and EU reached agreement on development cooperation that would support the region to address a number of supply-side constraints and also provide adjustment measures (i.e. creation of a compensatory framework) that would mitigate against any negative consequences that may arise from the implementation of the EPA (i.e. revenue loss, job loss).
- (e) In addition, EAC and EU have agreed to review the Agreement after every 5 years.

**Madam Speaker,**

For purposes of the way forward, EAC has requested for a meeting with EU in mid September 2014 at the level of Ministers to finalize the outstanding issues in the EPA negotiations.



**3.0. QUESTION: RE: EALA/PQ/OA/3/55/2014 (By Hon. Charles Makongoro)**

***Given that the Treaty establishing the East African Community envisages the development of Kiswahili as the Lingua Franca of the Community under Article 137. Conversely, the Council of Ministers has set the budget for the establishment of Kiswahili Commission which has been approved by EALA for the financial year 2014/2015 at its 6<sup>th</sup> meeting of the 2<sup>nd</sup> Session.***

***Could the Chairperson of the Council of Ministers inform this August House on the;***

- (i) Progress made to kick-start the operationalization of the Kiswahili Commission.***
- (ii) Progress made to introduce the East African Kiswahili Commission Bill to this August House.***
- (iii) Measures taken so far to ensure the fast tracking of the operationalisation of the Kiswahili Commission.***

**Madam Speaker,**

I am pleased to report to this August House that the process of operationalizing the East African Commission which will be hosted by The United Republic of Tanzania in Zanzibar, is in advanced stages. The Protocol was ratified by all Partner States and is in force. Negotiations of the Headquarters Agreement between the Community and The United Republic of Tanzania for hosting the EA Kiswahili Commission were concluded in December 2013 in Zanzibar. A budget provision of US\$ 722,102 for the initial operationalization of the EA Kiswahili Commission was included in the approved EAC budget for Financial Year 2014/15 to cater for recruitment of the initial staff to kick start the Commission. The process of recruitment of the initial staff in accordance with the approved structure of the Commission has also been initiated.

**Hon. Speaker,**

The draft Bill for the Establishment of the EA Kiswahili Commission was prepared and presented to the 28<sup>th</sup> Extraordinary Council of Ministers which decided that it should be considered by the Sectoral Council on Education, Science and Technology, Culture and Sports before it is submitted to EALA for debate. I wish to report that the Bill will be presented to the 12<sup>th</sup> Sectoral Council on Education,

Science and Technology, Culture and Sports in October 2014 and will thereafter be tabled in this august House for consideration.

**Hon. Speaker,**

I wish to inform this august House that all undertakings towards operationalization of the East African Kiswahili Commission during Financial Year 2014/2015 are on course.