



Keeping you in the loop

The East African Community (EAC) Gazette 2021

The East African Community Council of Ministers ('Council') in its pre budget meetings held in May 2021 approved several measures on customs duty rates and remission of duty on inputs imported for manufacture of goods. The changes were adopted by the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) and published in the EAC Gazette Notice dated 30 June 2021.

The approved measures are generally geared towards promoting industrialization, protecting local industries, encouraging local investments, creating incentives in the agricultural and manufacturing sectors and promoting local production of Covid-19 personal protective equipment. We have summarized notable measures contained in the EAC Gazette Notice applicable to Kenya and analysed the impact of these changes on the affected parties. The changes contained in the Gazette Notice are effective 1 July 2021.

Measure Specific to Kenya

Stay of Application of the Common External Tariff (CET)

The EAC Council of Ministers has granted stay of application of the CET on certain items to allow Kenya apply higher import duty rates (generally) for a period of one year. The affected products include, inter alia, textile products, footwear, agricultural products, soaps, detergents, confectionery, iron and steel products, meat products, lubricants, vegetable oil, furniture, wooden products and light aircraft. The extensive list of products is attached hereto in Appendix I.

Our view

In his budget speech, the Cabinet Secretary for the National Treasury noted with concern the proliferation of cheap imports into the region. In this regard, the EAC Council of Ministers ("Council") granted a stay of application of the CET rates to largely increase the import duty rate on certain goods in a bid to protect locally manufactured goods from unfair competition arising from cheap imports.

Over the years, the Council has granted Kenya a stay of application of the CET rates on iron and steel products, wood products, textile products and paper and paperboard products in a bid to promote local manufacture of these products. This year, the Council has largely extended the stay of application of the CET rates on the foregoing products and introduced new items including agricultural products, confectionery, meat products, soaps and lubricants.

The stay of application of the CET rates on agricultural products is a welcome move that is expected to promote growth of agriculture which is a key source of income for a majority of Kenyans in the rural areas .

This measure seems to be a deliberate effort by the Government to boost demand of locally grown agricultural products and encourage commercial farming as one of the 4 pillars of the big 4 agenda.

Extension of stay of application of the CET on goods imported from COMESA and SADC

The Council has extended the stay of application of the CET on originating goods imported from the Common Market for Eastern and Southern Africa (COMESA) into the Republics of Burundi, Rwanda, Uganda, and Kenya to 30 June 2022. Similarly, the Council has extended the stay of application of the EAC CET on originating goods imported from the Southern African Development Community (SADC) into Tanzania to 30 June 2022.

Our view

The application of preferential rates on goods imported from COMESA and SADC is provided for under Section 112 of the East African Community Customs Management Act (EACCMA) which also provides for a validity period of up to 31 December 2019. In the past, the East African Legislative Assembly extended the validity period with the last extension having been done in March 2016.

However, SCTIFI, during a meeting held on 31 May 2019 observed that the extension was no longer necessary since the negotiations for the Tripartite Free Trade Area (TFTA) and African Continental Free Trade Area (AfCFTA) were ongoing and recommended deletion of Section 112(2). Instead of approving an extension under Section 112(2) of the EACCMA, the Council granted a stay of application of the CET on goods originating from COMESA and SADC for the period between 1 January 2020 to 30 June 2021 to allow the Partner States import goods at 0% import duty.

The timely extension of the stay of application of the CET to 30 June 2022 will enable importers of goods into the EAC to seamlessly enjoy preferential tariff rates on goods imported from COMESA and SADC without disruptions as was the case in 2020.



Duty Remission under Section 140 of the EACCMA, 2004

Measure

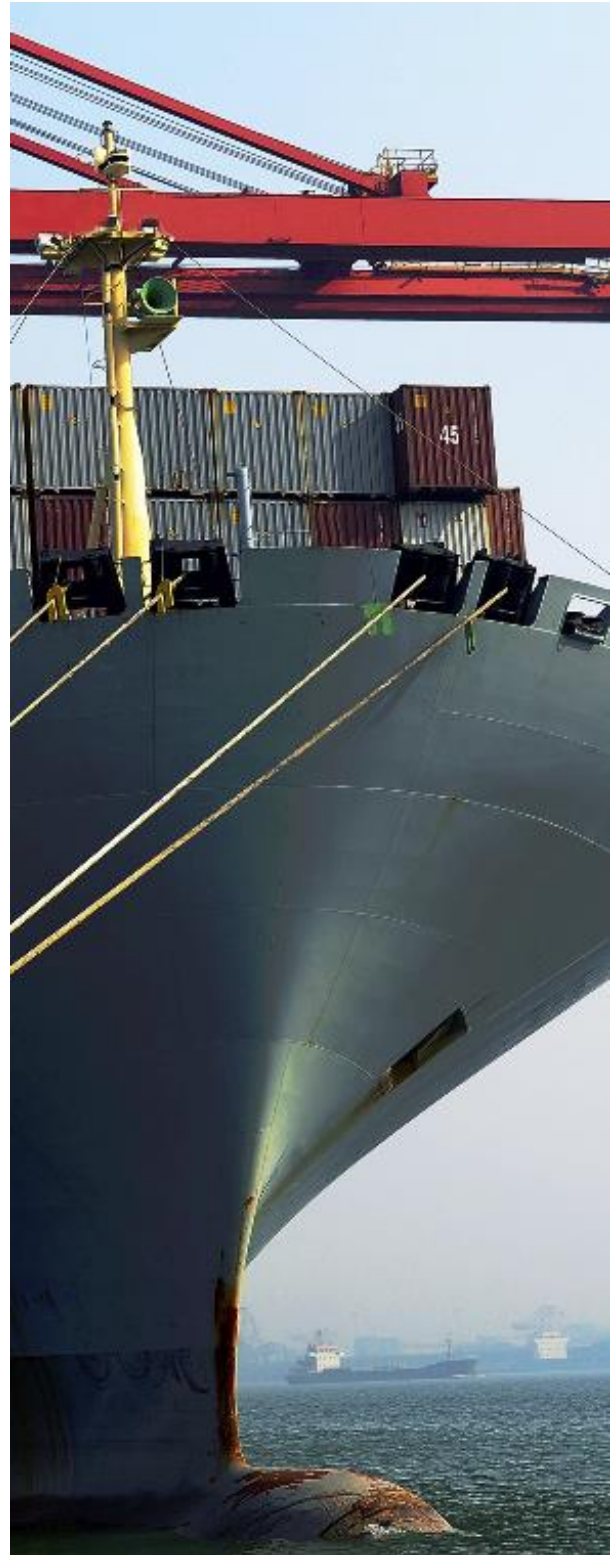
The Council has approved remission of duty on the following goods when imported by gazetted manufacturers in Kenya for a period of one year:

- a) Inputs for manufacture/assembly of mobile phones at 0%;
- b) Aerosol cans at 0% instead of 10%;
- c) Wheat at 10% instead of 35%;
- d) Raw materials and inputs used to manufacture essential medical products and supplies including masks, sanitizers, coveralls, face shields and ventilators at 0%;
- e) Bars and rods of tariff code 7213.99.00 at 0% instead of 25% or USD 200/MT;
- f) Inputs of tariff codes 2517.49.00, 7210.61.00 and 3906.90.00 used in the manufacture of roofing tiles at 0%;
- g) Various inputs used in the manufacture of energy saving stoves at 0%;
- h) Inputs used for manufacture of radiators of tariff codes 7409.11.00,7409.19.00,7409.21.00,7409.29.00, 7410.11.00 and 7410.12.00 at 0% instead of 10%;
- i) Recliner mechanism of tariff code 9401.90.00 used for manufacture of automotive seats at 0% instead of 25%; and
- j) Woven fabrics of tariff codes 5211.39.00, 5211.42.00, 5211.43.00, 5407.42.00, 5408.10.00, 5408.22.00, 5408.24.00, 5801.22.00, 5801.26.00 and 5804.10.00 at 10%.

The Council has further extended the stay of application of the conditions contained in legal notice no EAC/39/2013 of 30th June 2013 on duty remission for motor cycles assembly for one year. This legal notice allows for duty remission for assemblers of Completely Knocked Down Kits (CKD) motor cycles who procure or manufacture the following specified parts within the EAC: main frame, suspension, or a combination of seat and seat frame, mudguard, wheel rim, break gear and exhaust pipe.

Our view

The EAC duty remission scheme allows for importation of inputs used for manufacture of goods in the EAC at reduced import duty rates. The Council has granted duty remission on the above mentioned goods to allow gazetted manufacturers import the inputs at reduced costs in a bid to shield the manufacturers from unfair competition from cheap imports.



Appendix I - Stay of Application of the Common External Tariff (CET)

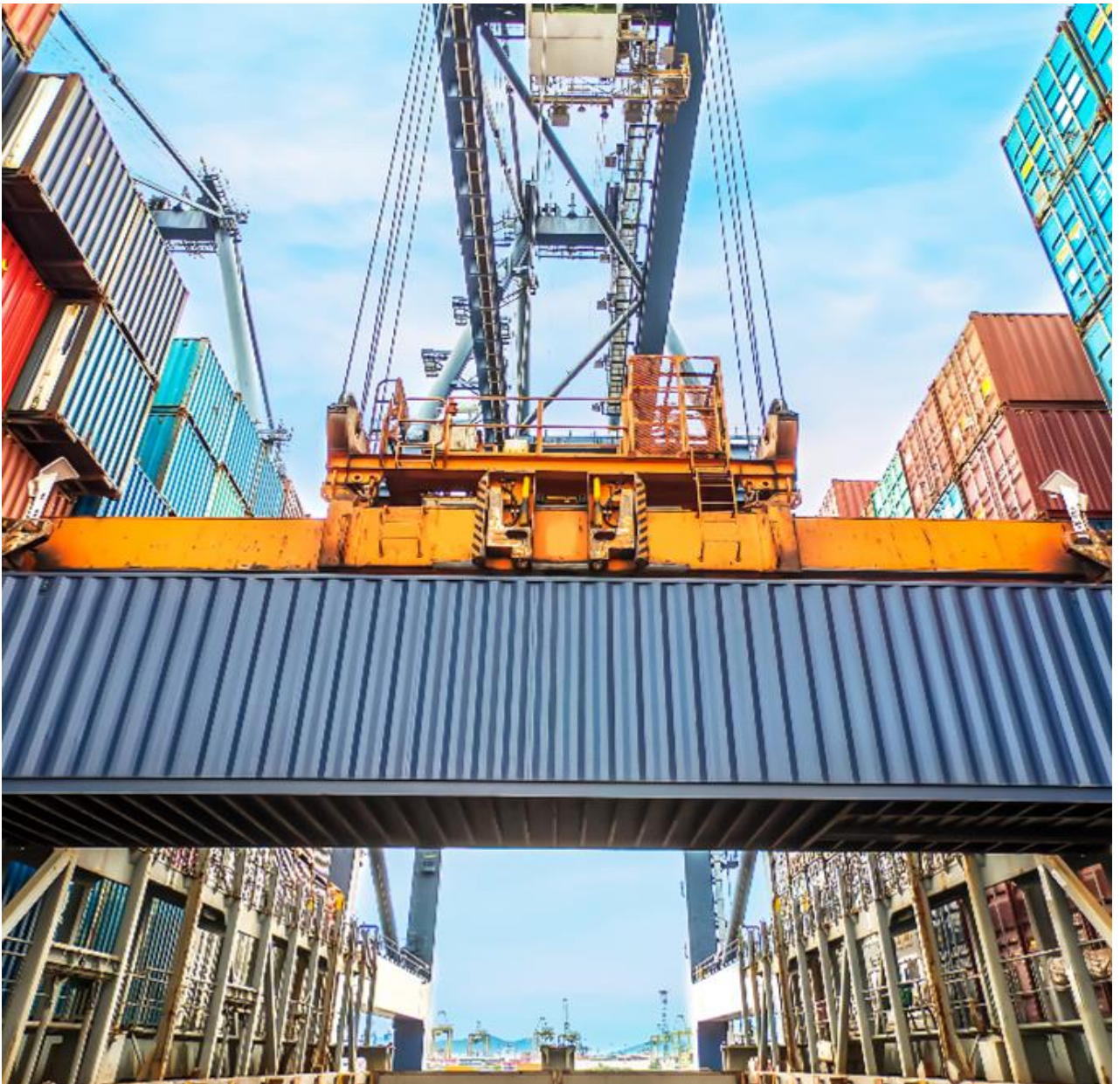
#	Tariff code/heading	Product description	CET rate	Rate applicable for 1 year
1	6309.00.10	Worn items of clothing	35% or USD 0.40/KG	35% or USD 0.20/KG
2	0701.90.00 0710.10.00 2004.10.00 2005.20.00	Cooked potatoes, fresh or chilled, other than seed	25%	30%
3	2005.59.00	Other vegetables prepared or preserved	25%	25% or USD 400/MT
4	2005.40.00	Peas (<i>Pisum sativum</i>)	25%	25% or USD 250/MT
5	2005.80.00	Sweet corn (<i>Zea mays</i> var. <i>saccharate</i>)	25%	25% or USD 250/MT
6	2002.10.00	Tomatoes, whole or in pieces	25%	25% or USD 250/MT
7	0207.11.00	Processed chicken meat and edible offal of poultry of heading 01.05, fresh, chilled or frozen-- Not cut in pieces	25%	30%
8	0207.12.00	Meat and edible offal of poultry of heading 01.05, fresh, chilled or frozen—Not cut in pieces, frozen	25%	30%
9	0207.13.00	Meat and edible offal of poultry of heading 01.05, fresh, chilled or frozen—Cuts and offal, fresh or chilled	25%	30%
10	0207.14.00	Meat and edible offal of poultry of heading 01.05, fresh, chilled or frozen—Cuts and offal, frozen	25%	30%
11	2008.11.00	Peanut butter	25%	30%
12	1806	Chocolate and other food preparations containing cocoa	25%	30%
13	0405	Butter and other fats and oils derived from milk; dairy spreads	25%	30%
14	1006	Rice	75% or USD 345/MT	35% or USD 200/MT
15	3402.20.00	Detergent powder	25%	30% or USD 300/MT
16	3401.19.00	Laundry soaps	25%	30% or USD 300/MT
17	3401.11.00	Bathing bar soap/toilet soap	25%	30% or USD 300/MT
18	3401.20.10	Soap noodles	25%	30% or USD 300/MT
19	7311.00.00	Liquid Gas Cylinders (LPG)	25%	0%
20	1704.10.00	Chewing gum	25%	30%
21	1704.90.00	Other sugar confectionery (sweets)	25%	30%
22	1905.31.00	Sweet biscuits	25%	30% or USD 525/MT
23	2103.20.00	Tomato sauce	25%	25% or USD 250/MT
24	2103.90.00	Sauces and preparations therefor; mixed condiments and mixed seasonings; mustard flour & meal & prepared mustard	25%	25% or USD 500/MT
25	1901.90.90	Other food preparations of flour, groats, meal, starch	25%	25% or USD 250/MT
26	1904.10.00	Prepared foods obtained by the swelling or roasting of cereals or cereal products.	25%	30%
27	2710.19.51	Lubricants in liquid form	25%	30%
28	2710.19.52	Lubricating greases	25%	30%
29	2710.19.56	Non-lubricant oils (cutting oils, coolant, anti-rust, brake fluids and similar oils)	10%	25%
30	8311.10.00	Coated electrodes of base metal for electric arc-welding	25%	25% or USD 250/MT
31	3605.00.00	Safety matches	25%	25% or USD 1.35/KG
32	1507.90.00	Refined soya bean oil	25%	25% or USD 500/MT
33	1511.90.30	RDB palm olein	25%	25% or USD 500/MT
34	1511.90.40	RDB palm stearine	10%	25% or USD 500/MT
35	1511.90.90	Other refined palm oil	25%	25% or USD 500/MT
36	1512.19.00	Sunflower oil	25%	25% or USD 500/MT
37	7317.00.00	Nails, tacks, and drawing pins, corrugated nails staple other than those of heading 83.05 and similar articles of iron or steel, whether or not with heads of other materials	25%	30% or USD 350/MT
38	1517.90.00	Margarine; edible mixtures	25%	25% or USD 500/MT
39	3903.20.00	Styrene acrylic	0%	10%
40	3905.91.00	Polymers of vinyl acetate or of other vinyl esters, in primary forms; other vinyl polymers in primary forms -Others: Copolymer.	0%	10%
41	4410	Particle board, Oriented Strand Board (OSB) and other similar boards	25%	25% or USD 130/MT

#	Tariff code/heading	Product description	CET rate	Rate applicable for 1 year
42	4411	MDF boards	25%	25% or USD 150/MT
43	4412.10.00 4412.31.00 4412.33.00 4412.34.00 4412.39.00	Plywood	25%	25% or 200/M ³
44	4412.94.00 4412.99.00	Blockboard, laminboard and battenboard	25%	25% or USD 225/MT
45	4805.19.00	Other uncoated paper and paper board in rolls or sheets, not further worked or processed weighing 150g	10%	25%
46	4819.20.10	Skillets, free hinge lid packets	10%	25%
47	Chapter 61 and 62 excluding kitenge, khanga and kikois of tariff codes 6211.42.10 6211.43.10 and 6211.49.10	Articles of apparel and clothing accessories	25%	30%
48	6405.10.00	Shoes with uppers of leather	25%	25% or USD 1.5 per pair
49	6405.20.00 6405.90.00	Footwear with uppers of textile materials	25%	25% or USD 1 per pair
50	6401.10.00	Waterproof footwear with outer soles and uppers of rubber or of plastics, the uppers of which are neither fixed to the sole nor assembled by stitching, riveting, nailing, screwing, plugging or similar processes. Footwear incorporating a protective metal toecap	25%	25% or USD 1 per pair
51	6401.92.00	Safety gumboots and similar articles	25%	25% or USD 1 per pair
52	6401.99.00	Waterproof footwear with outer soles and uppers of rubber or of plastics, the uppers of which are neither fixed to the sole nor assembled by stitching, riveting, nailing, screwing, plugging or similar processes. Covering the ankle but not covering the knee.	25%	25% or USD 1 per pair
53	6402.19.00	Other sports footwear (other than ski-boots, cross-country ski footwear and snowboard boots)	25%	25% or USD 1 per pair
54	6402.20.00	Other footwear with outer soles and uppers of rubber or plastics. full plastic footwear	25%	25% or USD 1 per pair
55	6402.91.00	Footwear with upper straps or thongs assembled to the sole by means of plugs slippers, Flip Flops and the like.	25%	25% or USD 1 per pair
56	6402.99.00	Other footwear with outer soles and uppers of rubber or Plastics covering the ankle	25%	25% or USD 1 per pair
57	6403.20.00	Footwear with outer soles of leather, and uppers which consist of leather straps across the instep and around the big toe	25%	25% or USD 1.5 per pair
58	6403.40.00	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather – incorporating a metal toecap	25%	25% or USD 1.5 per pair
59	7209.16.00 7209.17.00 7209.18.00 7209.26.00 7209.27.00 7209.28.00 7209.90.00	Flat-rolled products of iron or non-alloy steel of a width of 600 mm or more, cold-rolled (cold-reduced), not clad, plated or coated.	10%	10% or USD 125/MT
60	7210.30.00	Flat-rolled products of iron or non-alloy steel electrolytically plated or coated with zinc/aluminium (metal coating)	25%	25% or USD 250/MT
61	7210.61.00	Flat-rolled products of iron or non-alloy steel plated or coated with aluminium-zinc alloys	25%	25% or USD 250/MT
62	7210.41.00	Flat-rolled products of iron or non-alloy steel; otherwise plated or coated with zinc – Corrugated	25%	25% or USD 275/MT
63	7210.49.00	Flat-rolled products of iron or non-alloy steel; otherwise plated or coated with zinc - (Metal coated – corrugated, cut, profiled sheets) Other - (Coils (G.I))	25%	25% or USD 275/MT
64	7210.69.00	Flat-rolled products of iron or non-alloy steel - other plated or coated with aluminium	25%	25% or USD 275/MT

#	Tariff code/heading	Product description	CET rate	Rate applicable for 1 year
65	7210.70.00	Flat-rolled products of iron or non-alloy steel painted, varnished or coated with plastics	25%	25% or USD 275/MT
66	7210.90.00	Other flat-rolled products of iron or non-alloy	25%	25% or USD 275/MT
67	7211.23.00	Flat-rolled products of iron or non alloy steel, of a width of less than 600 mm, not clad, plated or coated - Not further worked than cold-rolled (cold-reduced) Containing by weight less than 0.25% of carbon	10%	10% or USD 125/MT
68	7211.29.00	Flat-rolled products of iron or non alloy steel, of a width of less than 600 mm, not clad, plated or coated - Not further worked than cold-rolled (cold-reduced) - Other	25%	25% or USD 125/MT
69	7211.90.00	Other flat-rolled products of iron or non alloy steel, of a width of less than 600mm, not clad, plated or coated	10%	10% or USD 125/MT
70	7212.20.00	Flat-rolled products of iron or non alloy steel, of a width of less than 600 mm, clad, plated or coated - electrolytically plated or coated with zinc (Metal)	10%	10% or USD 125/MT
71	7212.30.00	Flat-rolled products of iron or non alloy steel, of a width of less than 600 mm, clad, plated or coated - Otherwise plated or coated with zinc	25% or USD 200/MT	25% or USD 250/MT
72	7212.40.00	Flat-rolled products of iron or non alloy steel, of a width of less than 600 mm, clad, plated or coated- Painted, varnished or coated with plastics	25% or USD 200/MT	30% or USD 300/MT
73	7212.50.00	Flat-rolled products of iron or non alloy steel, of a width of less than 600mm, clad, plated or coated - Otherwise plated or coated	25% or USD 200/MT	30% or USD 300/MT
74	7212.60.00	Flat-rolled products of iron or non alloy steel, of a width of less than 600 mm, clad, plated or coated - Clad	10%	25% or USD 250/MT
75	7216.31.00, 7216.32.10, 7216.33.10, 7216.40.10	Angles, shapes and sections of iron or non-alloy steel - U, I, H, L or T sections of a height greater than 80mm but less than 100mm	0%	25% or USD 275/MT
76	7217.10.00	Wire of iron or nonalloy steel - Not plated or coated, whether or not polished	10%	25% or USD 250/MT
77	7222	Bars and rods of stainless steel; angles, shapes and sections of stainless steel.	10%	25% or USD 250/MT
78	7225.50.00	Flat-rolled products of other alloy steel, of a width of 600 mm or more - Other, not further worked than cold-rolled (cold-reduced)	10%	25% or USD 275/MT
79	7225.91.00	Flat-rolled products of other alloy steel, of a width of 600 mm or more - Electrolytically plated or coated with zinc (Metal Coated)	10%	25% or USD 250/MT
80	7225.92.00	Flat-rolled products of other alloy steel, of a width of 600 mm or more - Otherwise plated or coated with zinc (Metal Coated)	10%	25% or USD 250/MT
81	7225.99.00	Other Flat-rolled products of other alloy steel, of a width of 600 mm or more	10%	25% or USD 275/MT
82	7226.92.00	Flat-rolled products of other alloy steel, of a width of less than 600 mm - Not further worked than cold-rolled (cold-reduced)	10%	10% or USD 125/MT
83	7226.99.00	Flat-rolled products of other alloy steel, of a width of less than 600 mm - Other	10%	10% or USD 125/MT
84	7306.30.00	Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel - Other, welded, of circular cross-section, of iron or non-alloy steel	25%	25% or USD 200/MT
85	7306.40.00	Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel - Other, welded, of circular cross-section of stainless steel	25%	25% or USD 200/MT
86	7306.50.00	Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel - Other, welded, of circular cross-section, of other alloy steel	25%	25% or USD 250/MT
87	7306.61.00	Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel - Of square or rectangular cross-section	25%	25% or USD 250/MT
88	7306.69.00	Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel - Of other non-circular cross section	25%	25% or USD 250/MT
89	7306.90.00	Other Tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed) of iron or steel.	25%	25% or USD 250/MT
90	7217.30.10	Wire of iron or non-alloy steel of a kind used in the manufacture of tyres	10%	25% or USD 275/MT
91	7308.10.00	Bridges and bridge sections	25%	25% or USD 250/MT
92	7308.20.00	Towers and lattice masts	25%	25% or USD 250/MT
93	7308.30.00	Doors, windows and their frames and thresholds for doors	25%	25% or USD 250/MT
94	7308.40.00	Equipment for scaffolding, shuttering, propping or pitpropping	25%	25% or USD 250/MT

#	Tariff code/heading	Product description	CET rate	Rate applicable for 1 year
95	7308.90.91	Road guard rails	10%	25% or USD 250/MT
96	7308.90.99	Other (Structural Steelwork)	25%	25% or USD 250/MT
97	7318.11.00	Coach screws	10%	30% or USD 350/MT
98	7318.12.00	Other wood screws	10%	30% or USD 350/MT
99	7318.13.00	Screw hooks and screw rings	10%	30% or USD 350/MT
100	7318.19.00	Other threaded articles	10%	30% or USD 350/MT
101	7318.23.00	Rivets	10%	30% or USD 350/MT
102	7318.29.00	Other non threaded articles	10%	30% or USD 350/MT
103	7320.10.00	Leaf-springs and leaves of iron and steel	25%	25% or USD 250/MT
104	7318.14.00	Self tapping screws	10%	30% or USD 350/MT
105	7318.15.00	Other screws and bolts, with or without nuts or washers	25%	30% or USD 350/MT
106	7318.16.00	Nuts	10%	30% or USD 350/MT
107	7321.19.00, 7321.89.00	Stove, range, grates, cookers (including those with subsidiary boilers for central heating), barbecues, braziers, gas rings, plate warmers and similar non-electric domestic appliances, and part thereof, of iron or steel - Other, including appliances for solid fuel	10%	25%
108	7323.10.00	Iron or steel wool; pot scourers and scouring or polishing pads, gloves and the like	25%	25% or USD 250/MT
109	7326.90.90	Other articles of iron or steel.	25%	25% or USD 250/MT
110	8304.00.00	Filing cabinets	25%	25% or USD 250/MT
111	9403.30.00	Wooden furniture of a kind used in offices	25%	35%
112	9403.40.00	Wooden furniture of a kind used in the kitchen	25%	35%
113	9403.50.00	Wooden furniture of a kind used in the bedroom	25%	35%
114	9403.60.00	Other wooden furniture	25%	35%
115	9403.10.00	Metal furniture of a kind used in offices	25%	35%
116	9403.20.00	Other metal furniture	25%	35%
117	2007.99.00, 2007.10.00	Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes, obtained by cooking, whether or not containing added sugar or other sweetening matter - Other	25%	25% or USD 250/MT
118	9406.90.90	Prefabricated buildings - Other than of wood	25%	30% or USD 350/MT
119	6907	Ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing; finishing ceramics.	25%	30% or USD 1.75/SQM
120	6404.11.00	Sports footwear, tennis shoes, basketball shoes, gym shoes, training shoes and the like	25%	25% or USD 1 per pair
121	6403.12.00	Ski Boots, cross country ski footwear and snowboard boots	25%	25% or USD 1 per pair
122	4202	Trunks, suit-cases, vanity-cases, executive-cases, brief-cases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; travelling-bags, insulated food or beverages bags, toilet bags, rucksacks, handbags, shopping-bags, wallets, purses, map-cases, cigarette-cases, tobacco-pouches, tool bags, sports bags, bottle-cases, jewellery boxes, powder-boxes, cutlery cases and similar containers, of leather or of composition leather, of sheeting of plastics, of textile materials, of vulcanised fibre or of paperboard, or wholly or mainly covered with such materials or with paper.	25%	30%
123	6403.19.00	Other Sportswear	25%	25% or USD 1 per pair
124	6403.51.00	Other footwear with outer soles of leather - Covering ankle	25%	25% or USD 1.5 per pair
125	6403.59.00	Other footwear with outer soles of leather - Other	25%	25% or USD 1.5 per pair
126	6403.91.00	Other footwear covering the ankle	25%	25% or USD 1.5 per pair
127	6403.99.00	Other footwear - Other	25%	25% or USD 1.5 per pair
128	6404.19.00	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials - Other	25%	25% or USD 1 per pair
129	6404.20.00	Footwear; tennis shoes, basketball shoes, gym shoes,	25%	25% or USD 1.5 per pair
130	8802.11.00	Helicopters of unladen weight of below 2000kgs	0%	25%
131	8802.12.00	Helicopters of unladen weight of above 2000kgs	0%	25%
132	8802.20.00	Aeroplanes and other aircraft, of an unladen weight not exceeding 2,000 kg	0%	25%
133	7217.20.00	Wire of iron or non alloy steel - Plated or coated with zinc	10%	25% or USD 250/MT

#	Tariff code/heading	Product description	CET rate	Rate applicable for 1 year
134	8544	Insulated (including enameled or anodized) wire, cable (including co-axial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled. Excluding cables of tariff code 8544.70.00	25%	30%
135	8536.50.00	Other switches for a volt not exceeding 1,000 volts	10%	30%
136	8507.10.00, 8507.20.00	Lead-acid batteries	25%	30%
137	7615.10.00	Aluminium Sufurias, Kettles, Milk Can	25%	30%
138	7313.00.00	Barbed wire of iron or steel; twisted hoop or single flat wire, barbed or not, and loosely twisted double wire, of a kind used for fencing, of iron or steel.	25%	30% or USD 300/MT
139	7314.31.00	Cloth (including endless bands), grill, netting and fencing, of iron or steel wire; expanded metal of iron or steel--- Plated or coated with zinc	25%	30% or USD 300/MT
140	7221.00.00	Bars and rods, hotrolled, in irregularly wound coils, of stainless steel.	10%	25% or USD 250/MT
141	7225.30.00	- Other, not further worked than hot-rolled, in coils	10%	0%



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