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Commentary



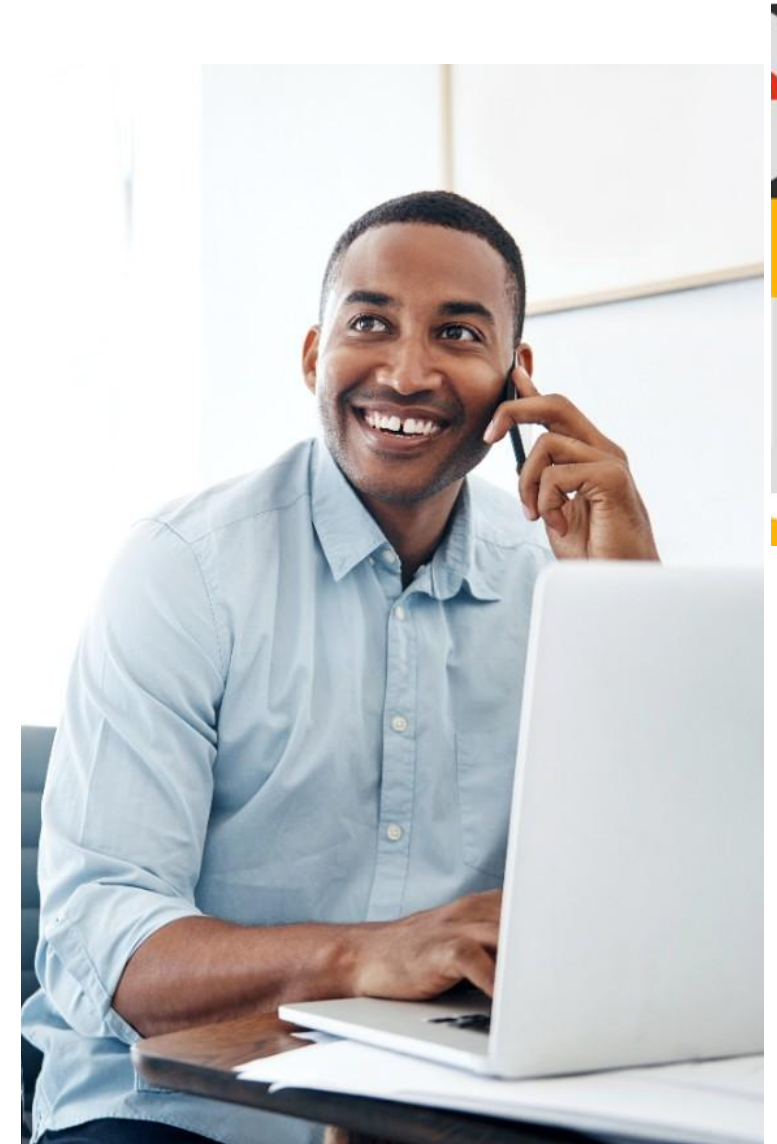
Commentary

On 12 May 2023, the East African Community Pre-Budget Consultative Meeting of the Ministers for Finance took place in Arusha. Changes to the East African Community Customs Management Act of 2004 ('EACCMA'), as well as the Common External Tariff (CET) rates for the year 2023/24 were proposed and agreed in this meeting. The proposals aim to accelerate economic recovery, mitigate climate change and enhance productive sectors for improved livelihoods.

For domestic manufacturers a number of supportive measures were announced specifically to reduce cost of production, protect and promote local industries and create employment by way of duty remission on inputs and stay of applications. The proposals also include measures to protect consumer welfare by reducing import duties on specified items.

In a bid to encourage manufacturing of capital goods in the country, there are notable proposals for duty remissions on inputs/raw materials used to manufacture capital goods/equipment. This is in line with other tax proposals aimed at boosting local manufacturing , for example, the extension of VAT deferment to locally manufactured goods.

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EACCMA Proposed Amendments



Listed below are the proposed amendments to the EACCMA:

1. Amendment has been made on item 27 to the General Exemption Schedule (Fifth Schedule) to the EACCMA, replacing the previous term "Plastic Bag Bio Digesters" with the revised term "Biogas Digesters." This modification extends the import duty exemption to encompass all Biogas Digesters.
2. Tariff line 8703.80.00 (with a rate of 25%) related to "Other vehicles, with only electric motor for propulsion" has been split in order to provide a tariff line for unassembled vehicles. The revised tariff line for unassembled vehicles will now be subject to a duty rate of 0%. This measure is designed with the aim of fostering the growth of assembly operations for such vehicles within the region.
3. A proposal has been put forth to synchronize the classification of heading 76.12 with that of 73.10 by introducing a new subheading, namely 7612.90.10. The purpose of this introduction is to establish a reduced duty rate of 10% instead of the current rate of 25% for imported aerosol cans made of base metal, aiming to alleviate the burden on such imports. However, it should be noted that subheading 7612.90.10 already exists and is subject to a duty rate of 0%. Therefore, it is recommended that a re-evaluation be conducted to ensure that the intended objective is achieved.



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Common External Tariff Amendments



The proposed changes to the Common External Tariff for the year 2023/2024

The proposed changes in the Common External Tariff ("CET")	Item	HS Code	Old rate	New rate	Intention/Objective
Stay of application (Increase) for one year	Other paper, paperboard, cellulose wadding and webs of cellulose fibers	4811.90.00	10%	25%	To protect local manufacturers of POS and Thermal paper rolls used in issuing EFD receipts and to reduce costs of these inputs used by local manufacturers
	Cotton grey fabric	5208.11.00; 5208.12.00; 5208.13.00; 5208.19.00; 5209.11.00; 5209.12.00; 5209.19.00; 5210.11.00; 5210.19.00; 5211.11.00; 5211.12.00; 5211.19.00; 5212.11.00; and 5212.21.00	25%	25% or USD 0.25 per meter whichever is higher	To protect local manufacturer and encourage production of cotton grey fabric in the country, employment creation and increase Government revenue



The proposed changes to the Common External Tariff for the year 2023/2024

The proposed changes in the Common External Tariff ("CET")	Item	HS Code	Old rate	New rate	Intention/Objective
Stay of application (Decrease) for one year	Imported Vitenge	5208.51.10; 5208.52.10; 5209.51.10; 5210.51.10; 5211.51.10; 5212.15.10; 5212.25.10; 5513.41.10; and 5514.41.10	50%	35%	To protect consumer welfare
	Smart cards	8523.52.00	25%	0%	In order to facilitate issuance of National Identification Cards imported by National Identification Authority (NIDA)
	Buses for transportation of more than 25 persons	8702.10.99 and 8702.20.99	25%	0%	To de-congest the city and ease the transportation system within the country



The proposed changes to the Common External Tariff for the year 2023/2024

The proposed changes in the Common External Tariff ("CET")	Item	HS Code	Old rate	New rate	Intention/Objective
Duty remission for one year	Inputs/raw materials used to manufacture capital goods/equipment	72.14; 72.15; 72.16; 32.08; 73.07; 83.11; 85.44; 68.06; 74.19; 72.08; 73.06; 73.12; 73.15; 73.18; 84.82; 84.83; 72.22; 73.04; 84.81; 84.84; 7325; 40.10; and 76.06	10%, 25%, or 35%	0%	This measure is intended to reduce cost of production and encourage production of capital goods/equipment in the country
1	Inputs used to manufacture wiring harnesses for vehicles and motorcycles	8538.90.00; 4016.99.00; 8205.59.00; 8536.10.00; 8536.69.00; 8536.90.00; 8547.20.00; 3926.90.90; 3917.32.00; and 8544.30.00	10% or 25%	0%	To reduce cost of production and encourage domestic investment in production of wiring harnesses for vehicles and motorcycles

The proposed changes to the Common External Tariff for the year 2023/2024

The proposed changes in the Common External Tariff ("CET")	Item	HS Code	Old rate	New rate	Intention/Objective
Duty remission for one year - cont'	Cane sugar (imported under a permit issued by the Tanzania Sugar Board)	1701.14.90	100% or USD 460/MT whichever is higher	35%	To cover the sugar production gap in the country
Duty remission with no timeframe limit	Inputs used to manufacture tyres	7217.30.10	25%	0%	This measure is intended to reduce cost of production
	Inputs used to manufacture wire products, needles, springs, rope, pins, nails, electric cables	7217.10.00; 7217.20.00; 7217.30.90; and 7217.90.00	25%	10%	

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The proposed changes to the Common External Tariff for the year 2023/2024

The proposed changes in the Common External Tariff ("CET")	Item	HS Code	Old rate	New rate	Intention/Objective
Items moved to the fourth band	Footwear; grains and vegetables like almonds, hazelnuts, macadamia nuts, cucumbers and gherkins; live animals like cows, goats, sheep; coffins; fish; cassava and natural honey	4421.20.00; 6402.19.00; 6403.19.00; 6403.51.00; 6404.19.00; 6404.20.00; 6405.20.00; 6405.90.00; 0802.11.00; 0802.22.00; 0802.61.00; 2001.10.00; 0102.29.00; 0102.39.00; 0102.90.90; 0103.91.00; 0103.92.00; 0104.10.90; 0104.20.90; 0407.21.00; 0409.00.00; 0714.10.00; and Chapter 3	10% or 25%	35%	To protect local manufacturers of these products in the region



The proposed changes to the Common External Tariff for the year 2023/2024



The proposed changes in the Common External Tariff ("CET")	Item	HS Code	Old rate	New rate	Intention/Objective
Increase in duty with no timeframe limit	Wire of iron or non-alloy steel	72.17	0% or 10%	25%	This measure is intended to protect local manufacturer in the region
Introduction of new HS Codes	Other refined sugar (for industrial use)	1701.99.20	N/A	100% or \$ 460/MT	To reduce the cost of this input used by local manufacturers

The proposed measures that were taken into effect in the financial year 2022/23 which continue to be implemented in 2023/24



Proposed Common External Tariff ("CET") changes	Item	HS Code	Old rate	New rate	Intention/Objective
Duty Remission	Organic surface-active agents	3402.31.00; 3402.39.00; and 3402.49.00	10%	0%	To reduce the cost of inputs for detergents and liquid soaps manufacturers in the country
	Raw material used in leather processing	3208.20.10; 3208.20.20; 3208.90.20; and 3210.00.10	25% or 10%	0%	To promote growth of local leather industries
	Raw materials used to manufacture different types of fertilizers for fertilizer manufacturers	2710.99.00; 2528.00.00; 3505.20.00	25% or 10%	0%	To promote growth of local manufacturers of fertilizers

The proposed measures that were taken into effect in the financial year 2022/23 which continue to be implemented in 2023/24

Proposed Common External Tariff ("CET") changes	Item	HS Code	Old rate	New rate	Intention/Objective
Duty Remission - cont'	Packaging materials for processed tea for local manufacturers of tea (blenders)	4819.20.90; 5407.44.00; 3923.29.00	25%	0%	To promote growth of local manufacturers of tea in the country
	CKD for Three-Wheel Motorcycle excluding Chassis and its components	8704.21.90	25%	10%	To reduce cost of production for local manufacturers of Three-Wheel Motorcycles used for cargo transportation
	Inputs used to manufacture toughened glass	7005.10.00; 7005.21.00; 7005.29.00; and 7005.30.00	10%	0%	This measure is intended to reduce costs of these inputs used by local manufacturer of toughened glass

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The proposed measures that were taken into effect in the financial year 2022/23 which continue to be implemented in 2023/24

Proposed Common External Tariff ("CET") changes	Item	HS Code	Old rate	New rate	Intention/Objective
Duty Remission - cont'	Inputs used to manufacture Glass Reinforced Plastic pipes. (Polyester Film 50mm & 200mm; Tissue Mat 30gr; Chopped Strand Mat/Knitted glass Mat; Mesh cloth liner; Sand holding cloth (Polyester Mesh); Direct Roving (2400 TEX); Direct Roving (600 TEX); Chop Roving; Surface Liner; Rubber Oring; Rubber Gasket; and Resin Cystitis)	3920.61.10; 7019.39.00; 7019.31.00; 6006.90.00; 7019.12.00; 3920.10.10; 4016.93.00; and 3907.91.00	25% or 10%	0%	To promote local manufacturers of glass reinforced plastic pipes and create more employment in the country
1	Raw materials used to manufacture food flavors	1901.90.10; 3302.10.00; and 3505.10.00	10%	0%	This measure aims at promoting growth of local manufacturers of food flavors



The proposed measures that were taken into effect in the financial year 2022/23 which continue to be implemented in 2023/24

Proposed Common External Tariff ("CET") changes	Item	HS Code	Old rate	New rate	Intention/Objective
Duty Remission - cont'	Inputs used to manufacture essential medical products and supplies for fighting COVID-19 including masks, sanitizers, coveralls, face shields and ventilators		25% or 10%	0%	To continue promoting domestic production of items for fighting COVID-19 pandemic
	Imported wheat grain	1001.99.10 and 1001.99.90	35%	10%	To reduce the cost of production for manufacturers of wheat flour in the country
	Printed Aluminum Barrier Laminates (ABL)	3920.10.90	25%	0%	To promote competitiveness of domestic industries of toothpaste
	Refined Bleached Deodorized (RBD) Palm Stearin	1511.90.40	10%	0%	To promote the domestic manufacturers of soaps



The proposed measures that were taken into effect in the financial year 2022/23 which continue to be implemented in 2023/24

Proposed Common External Tariff ("CET") changes	Item	HS Code	Old rate	New rate	Intention/Objective
Duty Remission - cont'	Inputs used by domestic processors of cotton lint	3920.30.90; 6305.39.00; and 7217.90.00	25%	0%	To promote cotton processing in the country
	Sacks and bags of polymers of ethylene as inputs used by domestic processors of cashew nuts	3923.21.00	25%	0%	To promote growth of the domestic cashew nuts processing industry in the country
	Corks and stoppers used as inputs by domestic manufacturers of local wines	4503.10.00	10%	0%	To promote the growth of grapes farming and wine industries in the country
	Packaging materials for processed coffee	7310.21.00; 6305.10.00; 3923.50.10; 3923.50.90 and 3920.30.90	25%	0%	To promote domestic coffee processors in the country
	Packaging materials for seeds used by local producers of agricultural seeds	3923.29.00; 6305.10.00; 4819.40.00; 7310.29.90; 6305.33.00; 6305.20.00; 6304.91.90 and 7607.19.90	25%	0%	To reduce the cost of packaging materials for domestic producers of agricultural seeds

The proposed measures that were taken into effect in the financial year 2022/23 which continue to be implemented in 2023/24



Proposed Common External Tariff ("CET") changes	Item	HS Code	Old rate	New rate	Intention/Objective
Duty Remission - cont'	Other packing containers, including record sleeves as inputs used by domestic manufacturers of UHT milk	4819.50.00	25%	0%	To promote growth of domestic Milk processing industry

The proposed measures that were taken into effect in the financial year 2022/23 which continue to be implemented in 2023/24

Proposed Common External Tariff ("CET") changes	Item	HS Code	Old rate	New rate	Intention/Objective
Stay of Application (Increase)	Cotton yarns	52.05; 52.06; and 52.07 except subheading 5205.23.00	10%	25%	There is a great potential of producing cotton yarns in the country by increasing value addition of cotton and enhance cotton to cloth (C2C) strategy
	Baby diapers	9619.00.90	25%	35%	This measure is intended to protect local manufacturer of baby diapers as they have production capacity to meet the demand in the country, employment creation and increase Government revenue
	Horticultural products	0604.20.00; 0604.90.00; 0808.10.00; and 0808.30.00	25%	35%	The measure is intended to protect producers of these products



The proposed measures that were taken into effect in the financial year 2022/23 which continue to be implemented in 2023/24

Proposed Common External Tariff ("CET") changes	Item	HS Code	Old rate	New rate	Intention/Objective
Stay of Application (Increase) - cont'	Cocoa powder, not containing added sugar or other sweetening matter	1805.00.00	0%	10%	To promote domestic cocoa seeds production and enhance value addition in the country
	Iron and steel products	7209.16.00; 7209.17.00; 7209.18.00; 7209.26.00; 7209.27.00; 7209.28.00; 7209.90.00; 7211.23.00; 7211.90.00; 7226.92.00; and 7225.50.00	10%	Higher of 10% or USD 125/MT	To protect iron and steel manufacturers in the country
	Flat-rolled products of iron or non-alloy steel	7210.30.00; 7210.49.00; 7210.61.00; 7210.69.00; 7210.70.00; 7210.90.00; and 7212.30.00	25% or USD 200/MT whichever is higher	Higher of 25% or USD 250/MT	To protect local manufacturers in the country
	Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, clad.	7212.60.00	10%	10% or USD 250/MT whichever is higher	To protect iron and steel manufacturers in the country

The proposed measures that were taken into effect in the financial year 2022/23 which continue to be implemented in 2023/24

Proposed Common External Tariff ("CET") changes	Item	HS Code	Old rate	New rate	Intention/Objective
Stay of Application (Increase) - cont'	Safety matches	3605.00.00	25%	Higher of 25% or USD 1.35/kg	To protect the domestic manufacturers of safety matches
	Mineral water	2201.10.00	25%	60%	To protect domestic producers of mineral water
	Crude vegetable oils	1507.10.00; 1508.10.00; 1513.11.00; 1513.21.00; 1514.11.00; 1514.91.00; and 1515.11.00	0%	10%	To promote domestic production of vegetable oils



The proposed measures that were taken into effect in the financial year 2022/23 which continue to be implemented in 2023/24

Proposed Common External Tariff ("CET") changes	Item	HS Code	Old rate	New rate	Intention/Objective
Stay of Application (Increase) - cont'	Gypsum Powder	2520.20.00	0%	10%	To protect the gypsum powder producers in the country
	Iron and steel reinforcement bars and hollow profiles	7213.10.00; 7213.20.00; 7213.99.00; 7306.30.00; 7306.50.00; 7306.61.00; 7306.69.00; and 7306.90.00	25% or USD 200/MT whichever is higher	25% or USD 250/MT whichever is higher	To protect iron and steel manufacturers in the country
	Flat-rolled products of other alloy steel, of a width of 600 mm or more	7225.91.00; 7225.92.00; and 7225.99.00	25%	25% or USD 250/MT	To protect manufacturers of iron and steel products in the country, employment creation and increase Government revenue

The proposed measures that were taken into effect in the financial year 2022/23 which continue to be implemented in 2023/24



Proposed Common External Tariff ("CET") changes	Item	HS Code	Old rate	New rate	Intention/Objective
Stay of Application (Decrease)	Cash registers and Other Electronic Fiscal Device (EFD) Machines and Point of Sale (POS)	8470.50.00 and 8470.90.00	10%	0%	To encourage the use of electronic devices for accounting of Government revenues
	New pneumatic tyres of rubber, of a kind used on motorcycles	4011.40.00	25%	10%	This measure is intended to encourage domestic investment in production of pneumatic tyres in the country
	Milk cans	7310.10.00 and 7310.29.90	25%	0%	To provide relief for the dairy sector in the country
	Refined vegetable oils	1507.90.00; 1508.90.00; 15.09; 1510.10.00; 1510.90.00; 1511.90.30; 1511.90.90; 1512.19.00; 1512.29.00; 1513.19.00; 1513.29.00; 1514.19.00; 1514.99.00; 1515.19.00; 1515.29.00; 1515.50.00; and 1515.90.00	35%	25% or USD 500/MT, whichever is higher	To protect and promote the processing of vegetable oils in the country using locally grown seeds and imported crude palm oil, as well as employment creation




Please let us know if you would like to discuss further...

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