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PRIVATE SECTOR POSITION ON KEY POLICY PRIORITIES AND ACTIVITIES FOR FY
2024/2025 IN THE EAC REGION.

PRESENTED TO

EAC-EABC TECHNICAL WORKING GROUP MEETING
11TH -12TH MARCH 2024, RADSON BLU HOTEL, NAIROBI, KENYA

BY

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PRIVATE SECTOR FOUNDATION UGANDA (PSFU)

Introduction

Dear members, we bring you greetings from Private Sector Foundation of Uganda (PSFU). The private sector highly appreciates your tireless efforts and leadership in promoting Uganda's private sector growth and competitiveness through the services provided by the East African Business Council (EABC)

Private Sector Foundation Uganda (PSFU) is the apex body for the private sector in Uganda. PSFU has a membership of over 330 business associations and corporate bodies that represent the interests of over 3 million business establishments (Micro, Small, Medium, and Large Enterprises) in Uganda clustered into 12 sectors of the economy. The 12 sectors represented at PSFU include Manufacturing; Trade and Commerce; Agriculture, Agribusiness and Forestry; Professional Services; Transport and Logistics; Tourism and Hospitality; Finance, Banking and Insurance; Minerals, Energy, Oil, Gas and Extractives; Construction and Real Estate; Human Resource (Skills, Health, and Education); Culture and Creative Arts.

The main mandate of PSFU is to sustain dialogue with the Government and development partners on the requisite business environment that supports the private sector to create wealth leading to the provision of more employment opportunities through evidence-based advocacy. PSFU also offers Business development support for MSMEs i.e., product development, standards improvement, market access, technology acquisition and application and skills training among others.

PSFU takes this opportunity to appreciate the EAC and EABC, specifically the EAC-EABC Technical Working Group (TWG) for the ongoing efforts in receiving and synthesizing the issues we communicate regarding the Private Sector's Position on Policy Priorities and Key Activities. We value the guidance provided in suggesting appropriate solutions to the issues we raise and commend the diligent efforts in following up on implementation and agreed interventions. Following consultations with the private sector fraternity, we would like to submit the following as Uganda's Private Sector Position on the Policy priorities and key activities for 2024.

S/N	Issue	Current Status	Proposal
1	Kenya's Failure to Renew Import Permits of Uganda's Milk Exporters to Kenya	<p>The failure by the Kenya Dairy Board (KDB) to renew over 80 import permits for Ugandan companies producing powdered milk to Kenya since March 2023. Within this period, the price of milk per litre has reduced by over 300% from Ushs 1500/= in March 2023 to Ushs 500/= in February 2024¹.</p> <p>Over the years, Kenya has been changing its positions on trade with Uganda on different products like eggs by introducing an import levy of Ksh72</p>	<p>The PSFU prays that EABC engages the two governments of Uganda and Kenya to agree on a certain repercussion if any of the countries restrict the entry of products from any of the partner states.</p> <p>The PSFU prays that the EAC Secretariat be held accountable for such arbitrary bad trade</p>

¹ The East African May, 20 – 26, 2023: How Kenya's political games are hurting EAC Common Market Pp. 4-5.

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		<p>(\$0.6) and the equivalent of Ushs 2500 per tray of eggs², reduction in the import of Ugandan sugar by 79% from the initially agreed 90,000 tons to 18,923 tons of sugar and complete stop on import of sugarcane, restricted import of Ugandan maize to Kenya in 2021 where aflatoxins were given as a justification.</p> <p>Uganda's farmers believe this is a very unfair practice and do not put into consideration the value chain disruptions and consequently the losses it is creating.</p>	<p>practices in the community and intervenes promptly whenever they occur.</p>
2	<p>Low Prices of tea at the Mombasa tea Auction</p> <p>The world tea market has been faced with a significant drop in effective demand largely arising from political and economic crisis in the major tea consuming countries</p>	<p>By February 2024, over 33% of teas offered on the weekly tea auction at Mombasa remained unsold and among these is the 10 to 15% of the teas from Uganda.</p> <p>Uganda and Tanzania being the lowest quality producers in East Africa, have had the biggest sales price discounts to the current levels which are significantly below the cost of production. The latest Mombasa weekly auction (sale 09) which closed on 27th February 2024, Uganda averaged \$0.84 per kilogram³ of tea down from an average of US\$ 2.17 for Kenya, 3.12 for Rwanda and 1.85 for Burundi per kilo in the same auction sale.</p>	<p>The PSFU proposes that Engagement with Kenya government on tea marketing practices for Uganda teas. On a specific note, the insurance bond imposed by Kenya government on foreign teas makes Uganda teas less desirable by tea buyers. All teas in Kenya should be treated as regional teas.</p>
3	<p>Trade between Uganda and Rwanda (Non - issuance of import licenses by the Rwanda</p>	<p>Ever since November 2022 when the distribution partners for Uganda Breweries Limited (UBL) products in Rwanda products (ERI Rwanda limited, SOCODIP Ltd and Crane Imports and distributors ltd) applied for import</p>	<p>a. All the food being exported both regionally and internally markets should be accompanied with Certificated of Origin</p>

² <https://www.theeastafrican.co.ke/tea/business/kenya-fresh-tax-on-uganda-eggs-sets-stage-for-trade-war-3846726>

³ <https://www.atbltd.com/Docs/averageprices>

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	Food and Drug authority).	licenses to enable them trade in Uganda Waragi, Bond7 and Gilbeys stocks, Rwanda Food and Drug authority has declined to advise on the status of the import licenses. The failure to import UBL products into Rwanda has been persistent ever since January 2023 when the Katuna Boarder was opened and this situation has heavily impacted the business operations for UBL in Rwanda.	<p>and Certificate of conformity possible with the Uganda National Bureau of Standards (UNBS) test results.</p> <p>b. An active technical working committee composed of Bureaus of Standard Customs Officials, Foreign Affairs, Ministries of Trade, Private Sector Exporters, office of the President and the from both countries to be established to meet regularly and resolve all emerging trade issues before escalation.</p> <p>c. The Partner States should expedite the finalization of the Amendment of the EAC Elimination of Non-Tariff Barriers Act, 2017 and its regulations to bring into force the Act by 1st October 2022.</p> <p>d. EAC summit heads of state should prioritize the elimination of the existing NTBs as they impend trade.</p> <p>e. EAC secretariat is kindly requested to activate the EAC disputes settlement mechanism.</p>
4	Sanitary and Phyto Sanitary Standards	The Ugandan private sector has raised concerns regarding Kenya's treatment of some of Uganda's goods. In some instances, the goods will have already been certified by the Uganda National Bureau of Standards (UNBS) but denied access into Kenyan market by	<p>a. There is need for policy harmonisation between the two Partner states. Aligning standards with internationally accepted principles and regional trade agreements within the</p>

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		the Kenya Bureau of Standards related issues.	East African Community (EAC) will make cross-border trade more efficient and foster economic integration. b. The Ugandan and Kenyan governments should initiate bilateral discussions to address concerns, clarify misunderstandings, and work towards mutually beneficial solutions, leading to more efficient resolutions.
5	Free movement of Services – Professional Services	To be competitive, the EAC requires efficient banking, insurance, accountancy, telecoms and transport and logistics services to deliver quality services at competitive rates. To enhance competition and quality of services, most of the professionals (accountants, engineers, engineers, veterinary doctors) negotiated and signed Mutual Recognition Agreements (MRA). However, these are still not enforced, and professionals continue to incur high work permit costs and regulatory barriers limiting the free movement of services.	EAC Partner States should adopt and operationalize the enforcement mechanisms of the signed MRAs.
6	Discrimination against Ugandan Truck Drivers	Ugandan truck drivers are often discriminated against by the Kenyan Authorities when they are in Kenya. These include the traffic police and at some weighbridges also while crossing the border, sometimes Ugandan trucks are delayed intentionally. This is all done yet we are in a Single Customs Territory where we are expected to have free movement of goods and services.	The Kenyan Authorities are kindly requested to implement the EACCMA rationally without any form of discrimination.

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7	Intra-cargo transportation of goods by truck drivers from other member states.	For instance, whenever Kenyan truck drivers deliver goods in Uganda, they are often involved in the internal movement of cargo to other districts in Uganda which violates the East African Customs Management Act (EACMA)	There is a need for the East African Countries to EACCMA. Authorities in the affected countries are requested to enforce the law.

Sincerely,

Stephen Asiimwe
CHIEF EXECUTIVE OFFICER



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