

**MEETING BETWEEN THE REPUBLIC OF KENYA, RWANDA AND UGANDA TO DISCUSS THE EXPORT OF
SUGAR WITHIN THE THREE COUNTRIES
KAMPALA Monday 21st July 2014**

Background:

The meeting was convened in line with the decision of the Ministers' during the 6th Northern Corridor Integration Project which recommended that a meeting of Uganda Revenue Authority (URA), Kenya Revenue Authority (KRA), Kenya Sugar Board (KSB), the Uganda Sugar Manufacturers Association (USMA) and the respective Ministries of Trade be held in Uganda by 21st July 2014 to address all the stringent requirements to export Ugandan sugar to Kenya. The meeting was attended by the representatives of the respective institutions as per the list of attendance attached.

Chairman's Remarks

The Chairman notified the members about the need to raise all the issues affecting the sugar exports to Kenya with a view of obtaining lasting solutions which will be communicated to the ministers during the next Summit.

Presentation by the USMA

The Uganda Sugar Manufacturers Association (USMA) presented that the current production capacity in Uganda is 19,800 TCD (Tons of Cane Crushed per Day) which is expected to yield 465,000 metric tons of sugar in 2014 and noted that with the current expansion program this capacity will increase to 623,700 metric tons in the near future.

The USMA further presented the following as challenges which affect the exports of sugar to Kenya.

1. The lengthy clearance and authorization process which the importers are subjected to before any importation is permitted by the KSB.
2. Several meetings between the Ugandan exporters and the KSB have been held but these have not addressed the problems.

USMA also presented that the sugar consumption in Rwanda is 50,000 metric tons per annum while the country's annual production capacity is 10,000 metric tons. USMA observed that the quantity allowed under the stay of application of CET is more than the annual deficit.

Presentation by the Kenya Sugar Board (KSB):

The KSB made a presentation on the three (3) tier process of importing sugar into Kenya as per the details below;

Step 1: Annual Registration Process

This is an annual process undertaken by all importers of Sugar into Kenya and is a requirement by the Sugar Act of Kenya. The registration process requires that the prospective importers present the following documents; the certificate of incorporation, the company profile, tax compliance proof from KRA, current business permit, the audited accounts of the company, PIN / VAT-Registration,

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Memorandum and Articles of association, and the certificates of good conduct by the directors of the company.

Step 2: Pre shipment Approval process.

This is a required process before the importation of sugar into Kenya. The importers are required to provide the details of the sugar to be imported, which include the country of origin, quantity and type of sugar, supplier, and intended time of importation, Performa invoice showing all charges (FOB, freight, and Insurance premium). This process is supposed to be undertaken prior to shipping the sugar and the KSB has sensitized all importers to plan the importations in time in order to avoid the bottlenecks which arise when cargo arrives at the borders without finalizing this process.

Step 3: Issuing of Importation Permits

This final stage involves the issuing of the permit which is done within 24 hours upon application. The application has to be supported by the importation documents which include the Certificate of Origin, import declaration form, invoices and Bills of Ladings. It was further noted that quota restrictions are not applicable to sugar originating from the EAC.

The meeting deliberated on the above issues and made following recommendations:

	Recommendation	Responsibility Center	Timeline
1.	Reduce the administrative process of issuing the permits / licenses by KSB to take a maximum of one week.	KSB	Immediate
2.	Liberalize the sugar industry with the ultimate aim of removing the permits and licenses for sugar originating from the EAC.	KSB	31 st Dec 2014
3.	Clearance of sugar for direct consumption shall immediately be done using the Single Customs Territory framework. (May not be applicable to industrial sugar)	RA's	Immediate
4.	Clearance of sugar for direct consumption shall require payment of taxes prior to release.	RA's	1 st November 2014
5.	The sugar millers / manufacturers should provide monthly data on the production and sales of sugar to the Revenue Authorities.	Manufacturers	Immediate

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6.	The sugar manufacturers / millers should provide sugar export prices to the Revenue Authorities on a quarterly basis or at such times when there are changes in prices.	Manufacturers	Immediate
7.	The Revenue Authorities should closely monitor the utilization of industrial sugar by undertaking regular Input-Output ratio audits for all users of industrial sugar imported under the Duty remission.	RA's	Immediate
8.	The manufacturers are encouraged to open outlets within the EAC Countries in order to enhance intra EAC availability.	Manufacturers	N/A
9.	The sugar manufacturers / millers should stop importation of sugar for sale.	Manufacturers	Immediate
10.	Rwanda to review the existing stay of application of sugar which was granted by the Council subject to a submission of justification by Uganda on the availability of sugar in the region.	Manufacturers / EAC	End of July 2014
11.	Stays of application within the EAC should always be considered with supporting data on regional availability of such products.	EAC	Immediate
12.	KSB will work closely with the USMA to share information to facilitate legitimate exports of sugar.	USMA / KSB	Immediate

Abbreviations:

- KSB** Kenya Sugar Board.
USMA Uganda Sugar Manufacturers Association
KRA Kenya Revenue Authority
URA Uganda Revenue Authority
RRA Rwanda Revenue Authority
CET Common External Tariff
SCT Single Customs Territory
RA's Revenue Authorities



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Signed on the 21st of July 2014 by:

1. Ms. Rosemary Mkok, MBS
CEO Kenya Sugar Board



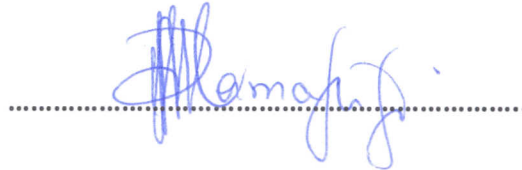
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2. Mr. Mwine Jim Kabeho
Chairman USMA



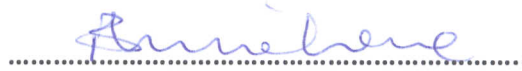
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3. Mr. Richard Kamajugo
Commissioner Customs URA



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4. Ms. Beatrice Memo
Commissioner Customs KRA



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5. Ms. Jackline Murekatete
Head of Compliance & Enforcement
Rwanda Revenue Authority



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6. Mr. Kenneth Bagamuhunda
Director Customs EAC



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