
The Institutional Factors Influencing Trade Facilitation in Rwanda through EAC Customs Union

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Abstract

Trade facilitation is any process involved in the reduction in trading costs associated with enforcement, regulation, and administration of trade policies. This process intended to lower the related transaction costs for firms in global commerce thereby enabling continued growth in cross border trade in goods and service. Trade facilitation is a diverse and challenging subject with potential benefits for both private business people and governments at national, regional and international levels. Governments initiated a trade facilitation reform programme following complaints about widespread corruption and poor administrative practices. The reform programme included the implementation of single-point clearance and mechanism, the introduction of risk assessment procedures and the publication of customs rights and responsibilities in export clearance. To conduct this kind of study is very important because it helped to describe the extent at which cargo clearance procedures, tariff charges and other institution factors influence the trade facilitation in Rwanda. Rwanda is a land-locked country, facing tremendous difficulties in accessing major markets in the regional as well as in the rest of the world. These difficulties emanated from high transport costs owing to the fact that she has no direct access to the sea. Rwanda has been continually showing deficit in export and imports compared to other neighboring partners the transit time greatly improved but nonetheless a sensitive consignment may be escorted on request from security organs - especially explosives, used in industries and construction works. It was noted that, through EAC customs union, Revenue Authority Digital Data Exchange (RADDEX) in an effort to facilitate trade in East Africa, Revenue Authorities throughout the EAC introduced modern computerized system and methods of ICT with great success and benefits to all stakeholders which make the work more efficient, productive and accurate. In this case, the impact here is the use of advance information by clearing and forwarding agencies that start processing customs entries prior to arrival of transit trucks at border posts. When trucks arrive at border posts, they are cleared immediately - since document formalities were completed. This study has revealed the current status on how the customs union procedures influence the trade facilitation in Rwanda. The study has revealed the areas of weaknesses for improvement. Corruption is one of the serious challenges identified in this study. Therefore, EAC members' states should formulate policies which will combat the corruption within the EAC customs All these representatives should have an input on each of the coordination elements. The EAC members' state should harmonize the charges and penalties not only customs laws but also

trade regulations and laws. There should be a committee or a unit that will integrate this work. They should build on the work of the respective legal units of all Partner State.

1. Introduction

In the EAC, as in many other countries, Customs is on the forefront of the various agencies that intervene in international trade in goods. Customs is, for instance, deeply involved in controlling goods, which cross borders, determining goods' nomenclature and origin, and collecting revenue as well as administering trade policies. Hence, the manner in which Customs operates highly affects international trade either negatively or positively. In other words, the manner in which Customs operates can either complicate or simplify the international trade in goods. And this introduces us to the concept of trade facilitation. (Kafeero 2013) The regional trade agreement among the East African Countries aims at improving the trade facilitation (De Wulf, 2004).

The literature shows that countries globally face different experiences in trade facilitation. In 1993, Jamaican government initiated a trade facilitation reform programme following complaints about widespread corruption and poor administrative practices. The reform programme included the implementation of single-point clearance and mechanism, the introduction of risk assessment procedures and the publication of customs rights and responsibilities in export clearance. A customs automation services was later introduced and crown agent was contracted to implement the ICT software components for risk analysis, intelligence collection and data processing for valuation purposes. As a result of these initiatives between 1998 and 2001, customs revenue increased by 110 per cent (Minor, 2008). Following an economic crisis in 1990 and a number of failed attempts at reforming its customs administration, Peru finally managed to implement a customs reform programme in the beginning of 1990's. It reduced the number of tariff levels from 39 to 2, initiated competence enhancing programmes and brought in automation systems and best practices in line with international standards. This made the customs revenue to increase by 105 per cent between 1990 and 1992 whereas the value of imports increased by 37 per cent over same period (175 per cent in 1990- 1995). Also the customs release time dropped from a range of 15-30 day to 2hrs-2days (Kumar, 2006).

Uganda undertook a comprehensive reform programme in 1990s which aimed a trade liberation and customs modernization. The initiatives included the establishment of an independence revenue agency to improve revenue collection. Again as in case of Angola and Mozambique, the reforms included over all of the entire customs authority. The reforms included significant changes to the tariff schedule, improvements of the customs legislation, emphasis on Human Resources management, implementation of ICT use and simplification of customs procedures. The reform programme brought considerable Results. Revenue of the Uganda revenue authority increased from 7.7% to 13% of GDP inter-years period to 2002 (Hellqvist, 2004).

The Conceptual and theoretical Framework

The study used the economic theory which has a base from the neoclassical theory. Caldor (1957) argued that neoclassical growth theory of economic theory integrates three concepts: labour, capital and technology. The theory states that proper allocation of labour and use of advance technology stimulates the economic growth. The neoclassical theory first was developed by Smith (1976) who argued that division of labour increases the labour productivity, and he analysed in some detail its major features. However, he emphasized that division of labour should be accompanied by skills improvement, time saving and invention in machinery. However, Eltis (1984) argued that in Smith was not clear how the country potential is defined and his explanation of economic trend it is not easy to comprehend. The neoclassical theory later developed by Alfred Marshall (1890), Gustav Cassel (1903), Knut Wicksell (1934), Robert Solow (1934), Trevor Swan (1956), James Meade (1961) and others. The economic theory is linked with this study because the major emphasis of the economic theory is to economic growth. Chimilila, Sabuni & Benjamin, (2014) argue that trade facilitation increases the GDP and hence the economic growth. This implies that there is a link between the economic growth theory and the trade facilitation. Various authors such as Coase (1992) a Gusio et al. (2002), Wilson et al. (2003), Jordaan (2012), Giuliano (2014) have linked the trade facilitation variables and the economic theory.

Gusio et al. (2002) established that culture determines economic outcomes and effectiveness of institutions. Alesina and Giuliano (2014) argued that countries with these good of values and leadership style will perform better in their economies sense. Jordaan (2012) found that improving procedures and infrastructure can improve trade facilitation while trade facilitation and he concurred with views of Wilson et al. (2003) that good country's infrastructures promotes the trade facilitation.

Jordaan (2012) accepted that that human development is enhanced through income growth, while income growth increases with higher levels of trade and the level of trade increases when there are facilitating factors such as infrastructures. Coase (1992) argued that transaction costs may influence the trade facilitations between members state in the custom union because the high transaction cost in trade reduces the trade efficiency and hence hamper the economy, since countries with high transaction costs in the custom union are likely to have fewer firms, less investment, less trade, less specialisation and lower productivity. UNCTAD (2018) stated that trade facilitation should go hand with hand in reducing the gender wage gap and promoting gender equality in developing countries.

The link between the economic theory and trade facilitation in this study is this: it will be difficult for the East African community to realize economic opportunities without deepening economic integration and using the customs union. Therefore, formation of the EAC Customs Union was a necessary step towards promotion of trade and economic opportunities for the East African countries. Customs unions all over the world are the same in principles and their main goal is to liberalize and promote trade cross border trade among the member states (Baier, 2007). Grainger (2008) argue that trade facilitation aims at finding the improvements between the trade and customs environment and reduce transaction costs between business and government. Thus, in design and effect, customs unions have basic features that aims at fully

utilizing the existing potential of member states for promoting economic cooperation in various areas and this links between the economic theory and trade facilitation (Bhattacharya, 2006).

Empirical literature review

The impact of customs union to trade facilitation has been the East African community effort in the implantation of its protocols signed. There is no consensus about the magnitude of procedures and systems applied by the individual partner state around the borders/Customs. Its therefore not understandable how customs are united yet there is still differentiation in the implementation. This study first explores the theories used the impact of customs union to trade facilitation and thereafter presents the results of empirical studies conducted globally regionally and to Rwanda.

Lewis (2009) focuses on fees charged for maritime and air transport services, and shows that a 1 percent reduction in the fees could increase Asian GDP some US\$3.3 billion. Modernizations of customs techniques also can reduce administrative costs of customs, and thus facilitate trade. A study by the Canadian Department of Foreign Affairs and Trade and Chinese Ministry of Foreign Trade and Economic Cooperation Kharel (2010) focuses on the benefit of introducing information technologies to customs administration, suggesting that moving to electronic documentation for trade would yield a cost savings of some 1.5 to 15 percent of the landed cost of an imported item.

Duval (2011) find that a reduction in trade costs from trade facilitation efforts vary from 1 percent of import prices for industrial countries and the newly industrializing countries of Korea, Chinese Taipei and Singapore, to 2 percent for other developing countries. The study estimates that merchandise exports would increase by 3.3 percent from trade facilitation efforts (Duval, 2011).

Also the study by Wulf (2004) revealed a welfare gains as a result of a 1 percent reduction in trade-related to Kharel (2010) applied gravity models to estimate the impact of improvements in trade facilitation by Mexico and Mexico's trade partners found that Mexico's unilateral improvements in trade facilitation measures were expected to increase, manufacturing exports by \$31.8 billion, and equivalent to 22.4% of the average export level for 2000-03. Wilson (2007) also reported that improvements in trade facilitation in Mexican partners would increase Mexican exports by \$2 billion (1.4% of Mexican exports). Combining both impacts gives a total expected increase in Mexican exports of \$33.8 billion, equivalent to 23.8% of Mexican average exports level for 2000-03. This means that the same report can be applied to Rwanda if only the trade facilitation is effectively practiced. The problem is that despite the existence of principles of trade facilitation, it only remains theoretical and not practical. This is the challenge Rwandan economy is facing to date.

Kuteesa (2012) argued that demanding criteria, lack of exchange rate mechanism, obstacles to the common market, multiple memberships are some of the challenges hindering the progress to EAC the monetary union. World Bank report (2008) asserted that the customs union restrictions in EAC include the official charges for translation of documents to/from French, since Burundi maintains its French language while English is the official language of communication in EAC

Källén (2016) found the positive and significant relationship between culture and trade facilitation. The study further found that resources facilitate the trade facilitation. It implies that resource can be used to purchase physical infrastructure such as and internet infrastructure, computer systems and management coaching. Adeniji (2018) compared the role of customs services in trade facilitation between Nigeria and Finland. The study found that Finland has good customs services in terms of roads linking up to the sea and its railway network than Nigeria. The study further found that the factors which restrict the effectiveness of trade facilitation in Nigeria were absence of single window concept, poor clearance procedures and poor infrastructures. UNCTAD (2018) asserts that the role of intra-EAC trade remains limited, accounting for only 19 per cent of EAC exports of the European Union markets in EAC exports in 2010–2012. Also gender inequality within the region was noted in this particular year. Boiwo et al. (2015) found that EAC custom union increased the volume of trade in Kenya by 0.9083% while the GDP of Kenya has increased by 0.6214%.

Kugonza and Nsubuga (2017) found that since the EAC's re-establishment, still the volume of intraregional trade among the countries still remains very low. The further revealed that adhered to multi-lateral protocols are would increase the intra-regional trade volume by 8.1%. However, in order this to succeed reducing of non-trade barriers for EAC member states is essential.

Peterson (2017) revealed that inadequate infrastructure and weak regulatory environments hamper less-developed countries to improve customs. The study revealed that Colombia, Nigeria, Philippines, and Vietnam have managed to establish single window electronic customs.

Ariekot (2018) found that increasing trade agreements also increase the number of documentation needed to export but reduce delays. Jordaan (2012) found that the factors that boost the trade facilitation are improvement in the customs environment, regulatory environment, and domestic infrastructure. Other factors include the common language and distance between countries.

Barreto (2016) found that trade facilitation on customs environment of Indonesia and its trading partners largely and positively affects Indonesian manufacturing export performance, while the Indonesian regulatory environment deters the trade flows. Wilson, Mann, Woo, Assanie and Choi (2002) asserted that the indicators of trade facilitation in Asia-Pacific Economic Cooperation (APEC) are deployed customs, standards and conformance, business mobility, and electronic commerce).

Chaponda (2018) found that import substitution was viable for Malawi as long as it is tactfully made to be a preparatory phase for setting up a vibrant export regime Customs focus on revenue collection is to continually diminishing on one hand because of the integration of trade among countries through tariff liberalization reached through multilateral and bilateral trade agreements. This research found that trade taxes still form a significant contribution to overall tax collection by revenue administrations in East and Southern Africa.

The Conceptual Framework

Independent Variables

EAC customs union Factors influencing Trade facilitation in Rwanda

- Cargo clearance procedures
- Tariff charges
- Export processing schemes
- Institutional factors (corruption, police road blocks, business attitude, language and resource adequacy)

Dependent Variable

Trade facilitation in Rwanda

- Timely Cargo clearance
- Minimum documentation
- Favourable tariffs
- Increase of tax revenue collected

Two choices of research are qualitative and quantitative (Kothari, 2004). Qualitative research involves specialized technique in obtaining in depth response about what people think, do and feel for enabling researchers to gain insights into attitudes, beliefs, natives and behaviors of the target population as well as gaining an overall understanding of the understudying processes. According to the Breakwell (2003) in other words qualitative research provides a deeper understanding of the phenomena under investigation and shows clearly the gravity of the problem under study.

This study, particularly, therefore adopted the mixed approaches have been used to this study as a means of giving unstructured interview to senior managers of government institutions and selected members from PSF those who have been complaining for prices of the commodities produced in EAC countries and tax tariffs. The choice was motivated by the need to attain in-depth of the true on the impact of customs union to trade facilitation Rwanda. The quantitative was employed on the questionnaires for two different categories namely EAC traders, truck drivers and customs officers at the border post of Rwanda to EAC partner state. Also quantitative approach were employed while analysing the secondary data collected from RRA, PSF AND MINEAC which are also analyzed by the study these were the trade volume in terms of imports and exports of Rwanda before and after joining EAC customs union. The qualitative method was used for senior managers where the checklist was used during the data collection exercise.

2. Variables and Measurement

Trade Facilitation Measuring Variables for Rwanda

Sn	Customs Service	Activity	Measuring variable
1.	Cargo clearance procedures	Customs procedures flexibility (CP)	Number of procedure
		Cargo clearance time (CC)	Processing time
		Customs documents CD	Number of documents
		Verification of goods standards, (V)	Type of standard
	The tariff charges	Internal Tariff	Amount charged
		External tariff	Amount charged
	Institutional factors	Corruption	Presence of corruption
		Police road blocks	Number of blocks
		Business attitude	Type of attitude

	(Non-Tariff barriers-NTB)	Business language	Language used
		Resource adequacy	If adequate or not
	Export promotion schemes –EP	Duty draw back-DD	Presence of DD
		Export processing zones- EPZ	Efficiency of EPZ
		Manufacturing under bond MU	Efficiency of MU
	Trade Facilitation	Trade facilitation procedures	Improvement of the procedures
		Revenue collected	Changes of revenue collected from imports and Export

Target Population: The total number of possible units or elements that are included in the study as defined by Gray (2004). The populations were the importers, and exporters of Rwanda who trade within and across the East African Community Partner States. Others are the truck drivers those who do transportation of goods across the borders in East African community Partner States, customs officers at the borders of Rwanda to neighboring EAC Partner States and senior management in government institutions which are directly linked to trade and EAC activities. Such as Rwanda Revenue Authority (RRA), private sector federation (PSF), Rwanda Development Board (RDB) and Ministry of East African community MINEAC for Rwanda.

Sample Size: However, sampling was considered necessary in this study due to the fact that the available time and financial resources could not allow the researcher to study the whole population of 37,602 traders who are trading in the East African community region and 16,205 truck drivers from Rwanda as shown by data obtained from Rwanda Development Board (RDB) and company registration office. The researcher thus aimed at obtaining a representative sample of the population in order to generalizations about the whole population. The primary purpose of sampling was to collect specific cases, events, or actions that can clarify and deepen understanding at minimal time and cost as well as provide high accuracy (Sekaran, 2006). The Cochran method of determining the sample was used for calculating the sample for this study as shown below;

$$N_o = \frac{Z^2PQ}{e^2}$$

$$N_o = \frac{(1.96)^2(0.5)(0.5)}{(0.5)^2}$$

$$N_o = \frac{Z^2PQ}{e^2} = \frac{(1.96)^2(0.5)(0.5)}{(0.5)^2} = 385$$

$$N_o = 385$$

Rwanda's Trade Performance with East African Countries

The Regression Analysis: Determinants of Trade Facilitation in Rwanda

This section analyses the relationship between the customs union and trade facilitation based on three models (3.6, 3.7 and 3.8) that were developed in chapter three.

Determinants of imports in Rwanda

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
3.6	.989 ^a	.862	.743	3.68511
a. Predictors: (Constant), CD, CC, IT, NTB, DD, ET, V, EPZ, MU				

Coefficients of the Regression Model

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
3.6	(Constant)	18.753	4.705		.3986	.039
	CD	-.303	.0618	-.073	-4.903	.018
	CC	1.679	.381	.289	4.406	.024
	IT	-.937	.394	-.227	-2.376	.115
	NTB	-9.271	2.149	-.091	-4.314	.026
	V	-0.088	0.034	-1.25	2.588	.082
	DD	18.509	6.681	.512	2.770	.076
	ET	-22.885	5.421	-.457	-4.222	.028
	EPZ	34.894	8.029	.816	4.346	.025
	MU	12.536	2.896	.437	4.329	.024
a. Dependent Variable: Imports						

Source: Survey data 2021

The regression Model as presented in the above tables tested the effect of the customs union on the level of imports in Rwanda. The results from the survey showed a strong and positive relationship between customs union, and imports in Rwanda as measured by adjusted R-square. The results from the survey showed that 74.3% of the variation in the imports is caused by customs union.

The results further revealed that, customs documents (CD), cargo clearance (CC), manufacturing under bond (MU), export processing zones (EPZ) and external tariffs (ET), as the most significant factors that contributed to this relationship. More to that, the results from the survey revealed that there is a negative relationship between CD, IT, NTB, ET and imports; implying that increasing custom documents (CD), internal tariffs (IT), external tariffs (ET), Non tariffs barriers (NTB) reduce the value of the imports. Furthermore, the results revealed

that there is a positive relationship between cargo clearance (CC), manufacturing under bond (MU), export-processing zones (EPZ) and level of imports; implying that smoothing cargo clearance and improving of manufacturing under bond and export-processing zones increases the import.

Influence of trade facilitation factors and Exports

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
3.17	.920 ^a	.845	.59	3.62261		
a. Predictors: (Constant), CD, CC, IT, NTB, DD, ET, V, EPZ, MU						
Coefficients^a						
Model: 3.7		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	28.925	11.214		2.579	.033
	CD	-22.997	3.000	-2.158	-7.666	.001
	EPZ	32.268	7.358	1.096	4.385	.024
	CC	18.352	3.112	1.337	5.897	.019
	ET	-2.592E-7	.000	-.051	-.046	.964
	DD	13.087	3.107	.202	4.212	.026
	NTB	-4.992	1.020	-.695	-4.894	.021
	MU	6.239	2.322	.762	2.687	.032
	IT	4.968E-6	.000	.172	-.253	.806
a. Dependent Variable: Exports						

Source: Survey Data 2021

The regression model tests the effect of customs union and on exports in Rwanda. The results from the survey show that customs documents, cargo clearance, non-tariff barriers, export processing zones, verification and duty draw back are statistically significant at 5%. The results from the survey indicated that export-processing zones, manufacturing under band, duty draw back and cargo clearance are positively influence exports. On the other hand, non-tariff barriers, internal and external tariff and customs documents are negatively influence the exports.

Institutional factors influencing trade facilitation in Rwanda

Cargo Clearance Challenges to Rwandan Traders with EAC Customs

Rwanda being a landlocked country, i.e. countries without direct access to the sea - and thus also to maritime trade, faces very specific challenges. Compared to other East African Community Partner States, Rwanda started its trading “career” with numerous disadvantages from the outset. The situation of being landlocked is almost always aggravated when coinciding

with other factors such as remoteness from major markets, considerable distance from the coast, poor infrastructure, an inadequate policy by neighboring countries such as Tanzania, Uganda and Kenya., policies are taken but the level of enforcement is very poor. The cargo clearance was measured by using the days it was observed that 16-21 days are taken for cargo clearance a container from Dar es Salaam port to Kigali. Though the special treatment of specific products is there but the study observed huge amount products which got expired in the process before reaching to the market. In case of perishable products through special arrangement of clearance is there, but these types of goods are at risk which motivates the traders to corrupt the customs offers so as to get their products soon before they are damaged.

3. Corruption

A true example was observed from the questionnaires distributed to truck drivers. Most of them confirmed that corruption was very high - especially when it comes to load blocs, weighbridges and the way police handle truck in transportation process. Clearly shows this as 82.8% of total respondents confirmed this challenge to trade and to the customs union as well. Jean-Francois (2007) reported that corruption is the main problem for developing countries customs unions.

Respondents' View on Corruption as a Trade Facilitation Challenge

Response	Frequency	Percent
Yes	27	79.4
No	7	20.6
Total	34	100.0

Source: Primary data compiled by researcher 2021

Only 20.6 percent of total respondents did not agree there was corruption within the EAC. It should be remembered that, in all EAC Partner States there is no single country which hasn't anti-corruption bodies but still the level of corruption is still high. It should be remembered that corruption increases the cost of product and hence affects the selling price reducing number of customers or sometimes it may bring the trader into loss. It's also big cause of improper service delivery and hence reducing the willingness of traders to start doing business around the region and this automatically this becomes a hindrance to trade facilitation.

Police Road Blocks

Police road blocks are also a great challenge to trade and customs. This study found that police roadblocks have become a hindrance to transporters. 70.6% of total respondents said that roadblocks pose a big challenge as they are stopped more than 6 check points it's not only the check points increased but also they are charged illegal fees along the roads blocks. Only 29.46% said roadblocks were not a challenge. The study confirmed that roadblocks were another big challenge to customs and trade facilitation. Long inspection queues during inspection of gross vehicle mass and axle loads, cumbersome and costly quality inspection procedures, quality inspection of even products that are certified by accredited laboratories, quality inspection of imports originating from amongst the EAC countries even when they have marks issued by Bureau of Standards, varying procedures for issuance of certification marks act as challenges (Kafeero, 2008).

Police officers stop commercial vehicles even when there is no proof that goods being transported are of suspicions nature. Varying trade regulations among EAC countries: Use of harmonized COMESA axle load specifications of 16 tonnes for double axel by Kenya and Uganda whereas Tanzania uses 18 tones, and the gross vehicle mass (GVM) for commercial vehicles, use of different parameters on weights, labelling and quality, tolerance in measurements and the type and technology used in packaging, which limits the ability of goods to cross borders.

Respondents to Police Road Blocks as a Trade Facilitation Challenge

Response	Frequency	Percent
Yes	24	70.6.
No	10	29.4
Total	34	100.0

Source: Primary data compiled by researcher 2021

Un-Business like Attitude of Security Agents

Security agents also in the EAC customs and along the roads from Mombasa port and Dar-es Salaam port tend to have un-business like attitudes as they don't sympathize with vehicles carrying sensitive products; they only wish to care for their interests. This was confirmed by 76.4 percent of the total respondents. This means that the security agents can hold a vehicle for more than a day thus causing losses on traders-hence this is also a challenge. This habit is a big hindrance to trade facilitation since it reduces the zeal of traders to trade. This is nowhere written in the EAC policies only that it is the reality at the field. Since the study has discovered it, then it should be one of the recommendations to be dealt with by all EAC partner states. Chaponda (2018) argued that future orientation of Customs will require moving towards a knowledge-based and customer-orientated model which support timely customer-focused processes and services that minimize the administrative burden on legitimate trade. This will involve changes of the attitude of workers working in the customs unions.

Respondents' Views on Un-business like Attitude of Security Agents as a Trade Facilitation Challenge

Response	Frequency	Percent
Yes	26	76.4
No	8	23.6
Total	34	100.0

Source: Primary data compiled by researcher 2021

Language Problem

It was found that not all truck drivers speak good Swahili. From Kenya to Kigali, Dar-salaam to Kigali, Swahili is the main language. This means that, drivers coming from Rwanda or Burundi, are somehow, not good at the Kiswahili language. This confirmed by at least 68% respondents Furthermore, when traveling from Nairobi to Kigali through Kampala one needs to speak Luganda, English and yet a big number of traders are not highly educated – and thus another challenge to traders as well in the region and Rwanda in particular.

Article 137 of the EAC Treaty provides that English is the official language, while Kiswahili is the language of the EAC. Currently, however, almost all the EAC laws are exclusively in English. Unfortunately, not all the stakeholders - including the business community - can speak or understand English. Many traders in the region even in the original Partner States (Uganda, Kenya, Tanzania, Rwanda and Burundi) are not able to understand the legal, administrative texts and documentation written in English. Moreover, Rwanda and (particularly) Burundi use French (and to some extent Kiswahili) as the medium of communication (EAC, 2007) World Bank (2008) also disclosed that there is no common language of transaction in EAC customs union where Burundi still maintains the French language. Jordaan (2012) also noted that language influence the customs union's operations in South Africa.

Respondents' Views on Language as a Trade Facilitation Challenge

Response	Frequency	Percent
Yes	245	68.0
No	116	32.0
Total	361	100.0

Source: Primary data compiled by researcher 2021

Delays in Processing Lodged Document by Customs Officers

Delays in processing lodged document by customs officers can't go without being mentioned, quick services at the customs is the core motive of successful business, however this sounds to be just a history to some customs officers. The situation is clearly shown by 58.8% of customers who have confirmed the delay of their import and export documents at the customs.

Respondents' Views on Delays in Processing Lodged Document by Customs Officers as a Trade Facilitation Challenge

Response	Frequency	Percent
Yes	20	58.8
No	14	41.2
Total	34	100.0

Source: Primary data compiled by researcher 2021

4. Unpredictable Penalties/Charges

The study confirmed that though though the convention penalties and charges are harmonized in east African community partner states but the enforcement to these partner states is not the same. This is circumstances throughout the EAC, all Partner States are supposed to have common taxes and penalties to business but this is not the case. Regulations are in place but not adhered to. This is Contrary to what is expected of them, the study therefore has revealed that, Partner States do not have same enforcement of the EAC policies. The unpredictable penalties are charged and this is great threat to business since it increases the cost of goods sold and hence causing an increase in selling prices.71% of total respondents confirmed this scenario which is - to a great extent, a big challenge to traders.

Respondents to Unpredictable Penalties/Charges as a Trade Facilitation Challenge

Response	Frequency	Percent
Yes	24	71.0
No	9	29.0
Total	34	100.0

Source: Primary data compiled by researcher 2021

Inadequate Communication with Exporters/Importers

Inadequate communication with exporters/importers mainly involves changes taking place at the customs department. Some respondents were concerned with presentation of receipts obtained at the points of origin. When these receipts are presented at the point of destination, they are dined by officials claiming that they are not genuine. This study has also discovered that this was a result of inadequate communication with exporters/importers as regards changes at the customs and this becomes a challenge on customs and trade facilitation. This was confirmed by 61.8 percent of all respondents showing the seriousness of the challenge.

Respondents to Inadequate Communication with Exporters/ Importers on Changes at the Customs as a Trade Facilitation Challenge

Response	Frequency	Percent
Yes	21	61.8
No	13	38.2
Total	34	100.0

Source: Primary data compiled by researcher 2021

Incompetence of Customs Staff

This study discovered that, EAC Partner States have good and sound resolutions arrived at from different summits and various signed treaties; but the problem is that, there are no proper methods laid down for common implementation among the Partner States. In other words, these policies are implemented in different ways from state to state. The respondent throughout the study supported the view that the custom staff should always be trained to harmonies the activities performed at the border transit posts. This will reduce what seems like incompetence on the part of custom staff. This was agreed by 64.7% of total respondents. This study also informed that the coordination office at the EAC Secretariat is understaffed. Therefore, there is a need to employ additional technical staff with specific tasks for effective coordination of the standards programmes.

Respondents' Views on Inadequate Competence of Customs Staff as a Trade Facilitation Challenge

Response	Frequency	Percent
Yes	22	64.7
No	12	35.3
Total	34	100.0

Source: Primary data compiled by researcher 2021

Breakdown or Lack of Equipment's

Customs equipment's are very expensive and most of these have to be procured from other countries through funds solicited from world trade organizations WTO. This is a stumbling block for customs operations. For this reason, the available equipment is distributed to priority areas and hence some areas lack the equipment making customers to queue for a long time. The study confirmed that this has been a serious challenge to traders due to the fact that, 72.0% of all respondents confirmed the prevailing challenge to customs and trade facilitation. The study also observed that if all the necessary equipment is put in place at least this challenge can be dealt with. However, it has not been at its maximum so still equipment's are not enough reducing the efficiency of customs officers and hence an obstacle to trade facilitation.

Respondents to Breakdown or Lack of Equipment Staff as a Trade Facilitation Challenge

Response	Frequency	Percent
Yes	260	72.0
No	101	28.0
Total	302	100.0

Source: Primary data compiled by researcher 2021

5. Resource constraints

This study was informed that one of the emerging issues related to standardization is fatigue related to the technical assistance provided by the donors. Apparently, while this assistance would be welcomed, it does not always address the needs and interests of the region. There is need to develop an internal mechanism for funding of standards programme. In spite of the commitments made by the member states to remove NTBS, they remain a serious obstacle to trade within the region (De Wulf, 2004). They continue to increase the cost of doing business in the region and have negatively impacted on trade and cooperation.

Therefore, the study reveals that there were no adequate resources (both human and financial) specifically allocated for the preparatory stages of the Customs Union at the regional level. This further compounded the inadequacy in publicity and capacity development. A lot of efforts were directed at the negotiations, leaving little room for pre-launch preparations. Chimilila, Sabuni & Benjamin (2014) reported that human and financial resources are problems facing the EAC customs union.

6. Conclusion and Recommendation

Guided by interviews to senior management officials, the researcher noticed that, since 2008 all transit /police check points and procedure of providing convoys or escorts for goods in transit were removed. The transit time greatly improved but nonetheless a sensitive consignment may be escorted on request from security organs - especially explosives, used in industries and construction works. It was noted that, through EAC customs union, Revenue Authority Digital Data Exchange (RADDEx) in an effort to facilitate trade in East Africa, Revenue Authorities throughout the EAC introduced modern computerized system and methods of ICT with great success and benefits to all stakeholders which make the work more

efficient, productive and accurate. In this case, the impact here is the use of advance information by clearing and forwarding agencies that start processing customs entries prior to arrival of transit trucks at border posts. When trucks arrive at border posts, they are cleared immediately - since document formalities were completed.

Secondly, Risk Management Teams began profiling importers and cargo well in advance. Thus communication channels have been reduced and clearance time and cost of cargo clearance at borders has also been reduced hence facilitating trade. The study found out that, Customs Department of Rwanda has decentralized its export entry processes at all exit border posts to reduce the business transaction costs. The issuance of both simplified and major certificates of origin procedures and designated customs officers at each border post avoids unnecessary tedious movements of exporters to customs Head office.

The study discovered that some EAC Partner States did not have operating weighbridges in their countries at major entry and exit points. Stakeholders have agreed that in case revived then they will be able to install at entry points, inland and point of exit and largely interfaced with customs management system and scanner functions to avoid repeat of weighing the cargo at destination post.

With regard to what has been discussed above, Rwanda has introduced the use of x-ray mobile scanners at two major border entries and at inland customs ports. The scanned cargo is immediately released without any other customs formalities undertaken. This is a free of charge service rendered to the business community to expedite clearance of both homebound and transit goods. In order to improve collaboration of border agencies – through streamlined border procedures and laid down attributions of each government agency operating from border post which usually working from the same kind of organization helped to reduce on uncalled for interventions on the movement of cargoes in transit. All these undertakings greatly improved trading across borders.

Recommendations

This study assessed the influence of customs union procedures on the trade facilitation in Rwanda. Despite few challenges that face the customs union for EAC members' states this study reveals that customs unions procedures has managed to promote the trade facilitation in EAC countries particularly in Rwanda. This study has revealed the current status on how the customs union procedures influence the trade facilitation in Rwanda. The study has revealed the areas of weaknesses for improvement. The study ascertains the important facts related with trade facilitations when linking with the role of customs union.

Among the policy recommendations based on the findings of the study include the need to EAC policy makers to ensure that, these policies are in place to more trade facilitation implementation to the member states. Corruption is one of the serious challenges identified in this study. Therefore, EAC members' states should formulate policies which will combat the corruption within the EAC customs

Additionally, the EAC members' state should harmonize the charges and penalties to avoid differing charges and penalties Coordination mechanisms for all EAC customs with aim of

simplifying and centralizing functions of their relevant institutions involved in a foreign trade transaction. There should be representatives from Customs Department, National Bureau of Standards, Investment and Export Promotion Agency, Private sector federation, clearing agents, and the Insurance companies. All these representatives should have an input on each of the coordination elements. The EAC members' state should harmonize the charges and penalties not only customs laws but also trade regulations and laws. There should be a committee or a unit that will integrate this work. They should build on the work of the respective legal units of all Partner States.

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