

**PRIVATE SECTOR POSITION ON
NON-TARIFF BARRIERS (NTBs) AFFECTING UGANDA'S
TRADE WITH KENYA**

PRESENTED TO:

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Introduction

Intra-regional trade among East African Community (EAC) Partner States is guided by the EAC Customs Union Protocol, which promotes the free movement of goods, equitable treatment of products originating from Partner States, and the elimination of internal tariffs and non-tariff barriers (NTBs). However, recent measures by the Government of Kenya including the imposition of inspection fees, excise duties, and discriminatory levies have undermined Uganda's exports across several key sectors. These NTBs are detailed below with their impact.

1. Non-Tariff Barrier of US\$250 inspection fee on every truck carrying wooden products from Uganda to Kenya.

Issue: Kenya imposes a **US\$250** inspection fee on every truck carrying wooden products from Uganda, citing unrecognized standards. This fee, a non-tariff barrier, violates the EAC Customs Union Protocol.

Impact: Between 2022 and 2024, Uganda exported wood products valued at **US\$111.34 million** to Kenya, using **15,871 trucks** and incurring **US\$3.97 million** in inspection fees. These fees lowered Uganda's effective export revenue by **3.57%**, reducing it to **US\$107.37 million** and putting pressure on the country's foreign exchange reserves. Exporters like New Forests and Ospa Distributors among others face higher costs, risking job losses, reduced competitiveness, and economic harm to communities reliant on **330,000 hectares** of plantations.

Proposal: Kenya should **eliminate** the **US\$250** inspection fee and recognize Uganda's wood product standards, in line with Article 15 of the EAC Customs Union Protocol.

Justification: Removing this NTB will cut exporter costs, boost competitiveness, increase Uganda's foreign earnings, and strengthen regional trade, fostering mutual economic growth and EAC integration.

2. Non-Tariff Barrier of 25% excise duty on Uganda's Egg Exports to Kenya

Issue: Kenya imposes a **25% excise duty** on each tray of eggs imported from Uganda¹. This unilateral tax meant to protect Kenyan poultry farmers raises the cost of Ugandan eggs, undermining their competitiveness in the Kenyan market. Uganda, by contrast does not apply reciprocal duties.

Impact: Between 2022 and 2024, Uganda's egg exports to Kenya declined by **74%**, from **US\$ 844,000** to **US\$ 223,000**, resulting in an estimated **US\$ 329,500** in lost export value and weakening Uganda's foreign exchange reserves². Ugandan traders typically buy eggs at **US\$ 2.78** per tray and sell at **US\$ 2.92**, but the **25% excise duty** raises the break-even price to **US\$ 4.17**, making the eggs unaffordable for most Kenyan buyers. In response, Kenyan traders have reduced their offer to **US\$ 2.54 per tray**, forcing Ugandan exporters like Landmark Traders East Africa Ltd and Pristine Foods Limited to incur losses. This has caused job losses across the poultry value chain and reduced community benefits in rural Uganda.

Proposal: Kenya should **eliminate** the **25% excise duty** on Ugandan egg imports, in line with the principles of the EAC Customs Union Protocol, particularly the provisions on National Treatment and non-discrimination.

Justification:

Removing this tax will restore fair competition, revive Uganda's egg exports, support livelihoods across the poultry sector, and reinforce the spirit of regional integration. It will also align Kenya's policies with the EAC framework, which prohibits internal tariffs and promotes equitable trade among Partner States.

¹ The Excise Duty Act, Chapter 472. (2022). Kenya

² International Trade Centre. (2025). Bilateral trade between Uganda and Kenya: All products. Trade Map.

3. Discriminatory excise duty of 10% on fish transferred from Uganda to Kenya

Issue: Kenya currently imposes a **10% excise duty**³ and an additional **5% levy** on fish originating from Uganda, while exempting domestically sourced fish from these charges⁴. This discriminatory treatment violates Article 5 of the EAC Customs Union Protocol.

Impact: Uganda's fish exports to Kenya fell dramatically from **US\$ 14.16 million** in 2022 to just **US\$ 1.62 million** in 2024 an **88.6%** decline coinciding with the imposition of these taxes. This collapse in exports has resulted in an estimated revenue loss of over **US\$ 12.5 million**, undermining one of Uganda's largest foreign exchange earners. Exporters like Portside Fish Company Ltd, Step Down Tarvan Co. SMC Ltd, Karmic Foods Ltd among other now face inflated trade costs and eroded profit margins, making Ugandan fish less competitive in the Kenyan market.

Proposal: Kenya should **eliminate** the **10% excise duty** and **5% levy** on Ugandan fish exports, in line with Article 5(2)(a) of the EAC Customs Union Protocol, which requires Partner States to remove internal tariffs and non-tariff barriers.

Justification: Removing these discriminatory charges will restore competitiveness for Ugandan fish in the Kenyan market, support the livelihoods of thousands of workers, and boost Uganda's export revenues. It will also uphold the spirit of regional integration and economic cooperation envisioned under the EAC framework, fostering equitable trade and shared prosperity across Partner States.

4. Non-Tariff Barrier of 5% duty or US\$1.55 per square metre on imported ceramic paving or tiles.

³ The Excise Duty Act, Chapter 472. (2022). Kenya

⁴ COMESA-EAC-SADC. (2025, April 29). Complaint NTB-001-243: Kenya charges a discriminatory excise duty of 10 % on fish transferred from Uganda, and an additional 5 % levy [Webpage]. Tradebarriers.org.

Issue: Kenya imposed **5% duty** or **US\$1.55** per square metre on imported ceramic paving or tiles⁵ as part of a list of goods and services subject to new duties under the Tax Laws (Amendment) 2024 that came into effect in January 2024⁶. Such treatment contravenes Article 15 of the EAC Customs Union Protocol on National Treatment.

Impact: Uganda's ceramic exports to Kenya rose from **US\$ 24.5 million** in 2022 to **US\$ 103.4 million** in 2023 but fell sharply by **58%** to **US\$ 43.3 million** in 2024 following the implementation of this **5% duty**. Key Ugandan manufacturers including Uganda Clays Ltd, Best Ceramics Uganda Ltd, and Goodwill Uganda Ceramic Co. Ltd now face constrained market access, revenue losses, and heightened financial strain which reduces their competitiveness. The broader economic implications include potential job losses and slowed industrial growth.

Proposal: Kenya should eliminate the 5% duty (US\$1.55 per square metre) on Ugandan ceramic tiles that meet EAC Rules of Origin, in accordance with Article 15 of the EAC Customs Union Protocol on National Treatment.

Justification:

Removal of this non-tariff barrier will restore fair market access for Uganda's ceramic products, safeguard industrial jobs, and reinforce the principle of non-discrimination under the EAC framework. This will not only support Uganda's manufacturing sector and export earnings but also deepen regional integration and strengthen mutual economic benefits across the EAC.

⁵ The Tax Laws (Amendment) Act, 2024 (No. 12 of 2024). (2024). Kenya Law.

⁶ The Tax Laws (Amendment) Act, 2024 (No. 12 of 2024). (2024). Kenya Law.

Conclusion

The imposition of unilateral and discriminatory taxes and fees by Kenya on Uganda's exports undermines the core principles of the EAC Customs Union Protocol, particularly those related to non-discrimination, national treatment, and the elimination of internal trade barriers.

These NTBs have caused substantial economic losses for Uganda reducing export revenues, threatening jobs, and weakening foreign exchange reserves. To restore the integrity of regional trade and promote shared economic growth, it is imperative that Kenya eliminates these measures and fully complies with its obligations under the EAC framework. Upholding these principles will foster a more integrated, resilient, and prosperous East African Community.

