THE EFFECT OF NONTARIFF BARRIERS ON EXPORTS:

A CASE OF UGANDA'S GRAIN EXPORTS TO THE EAST AFRICAN COMMUNITY

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DEDICATION

This piece of work is dedicated to my dear parents.

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LIST OF ABBREVIATIONS

AU	African Union
COMESA	Common Market for Eastern and Southern Africa
EABC	East African Business Council
EAC	East African Community
EAGC	East African Grain Council
FDI	Foreign Direct Investment
MEACA	Ministry of East African Community Affairs
MOFA	Ministry of Foreign Affairs
MOIA	Ministry of Internal Affairs
MTIC	Ministry of Trade, Industry and Cooperatives
NTBs	Non-Tariff Barriers
OECD	Organization for Economic Co-operation and Development
RATES	Regional Agricultural Trade Expansion Support Program
RESAKSS	Regional Strategic Analysis and Knowledge Support System
SADC	Southern African Development Community
SID	Society for International Development
SPS	Sanitary and Phyto-Sanitary
TBT	Technical Barrier to Trade
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
WTO	World Trade Organization

ABSTRACT

The major objective of this study was to find out the effect of nontariff barriers on Uganda's grain exports to East African Community. The specific objectives are; to establish the effect of customs and administrative procedures on Uganda's grain exports, to find out the effect of standard (e.g. SPS and TBT) on Uganda's grain exports and to assess the effect of immigration procedures on Uganda's grain exports to the East African Community.

A survey design was used to conduct the study with a sample size of 107 respondents. Various data collection instruments were used in this study and these include; questionnaires and interview guide.

The study findings revealed that there is a correlation between customs and administrative procedures and exports with a positive and significant relationship ($r = 0.212$, $p \leq 0.05$).

The findings revealed that there is a correlation between standards requirements and exports with a positive and significant relationship ($r = 0.216$, $p \leq 0.01$).

The findings, further, revealed that there is a correlation between immigration procedures and exports with a positive and significant relationship ($r = 0.917$, $p \leq 0.01$). From the study it can be said that non tariff barriers strongly affect the Uganda's exports to other Partner States.

The researcher therefore recommends that government agencies in EAC should streamline administrative procedures at border points to improve efficiency by harmonizing trade regulations. This will minimize time loss and the increased cost of doing business in export trade.

Efficient monitoring systems should be designed and implemented to provide feedback to the relevant authorities on the implementation of measures to remove unnecessary barriers to trade in the region. EAC Partners States should institute a binding Dispute Settlement Mechanism for NTBs related cases. This will help to bring offenders to account, compensate exporters who incur NTBs related losses through appropriate damages awarded by courts and prevent repeat offenders.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

The East African Community (EAC) is the intergovernmental organisation of the Republics of Kenya, Uganda, Tanzania, Burundi and Rwanda, with its Headquarters in Arusha Tanzania (Kurugia *et al,* 2008; EAC, 2015). The Treaty establishing the East African Community was signed on 30th November 1999 and it entered into force on 7th July 2000(EAC Treaty 2000). Though the aforementioned treaty is referred to as the ‘‘Treaty establishing the EAC’’ in real sense, it was ‘‘re-establishing the EAC’’ because the EAC cooperation had existed prior to 1999.

Article 74 of the Treaty establishing the East African Community indicates that Partners States committed themselves to develop and adopt an east African Trade Regime and cooperate in trade liberalisation and development. The same treaty in Article 75 (C) provides for the elimination of Non-tariff Barriers (NTBs).

NTBs refer to restrictions that result from prohibitions, conditions, or specific market requirements that make importation or exportation of products difficult and/or costly (EAC, COMESA, and SADC). These NTBs are negative Non- Tariff Measures (NTMs). NTMs are policy measures, other than customs tariffs, that can potentially have an economic effect on international trade in goods, changing the quantities traded or prices or both (ITC, 2014). ITC (2014) contends that NTMs become NTBs when they have a negative impact on trade.

NTBs also include unjustified and/or improper application of NTMs such as sanitary and phytosanitary (SPS) measures and other technical barriers to Trade (TBT). Such NTBs arise

from different measures taken by governments and authorities in the form of government laws, regulations, policies, conditions, restrictions or specific requirements. They can also be Private sector business practices, or prohibitions that protect the domestic industries from foreign companies or change competition (EAC, COMESA, SADC, 2014).

The Ministry of Trade, Industry and Cooperatives states:

> *'...NTBs still plague the EAC, which is against the spirit of integration and the legal obligations enshrined in the legal instruments of the Community''*
>
> *(EPA TAPSS, 2010).*

Uganda's exports to the EAC still face NTBs 15years after the singing of the EAC Treaty which provides for NTBs to be eliminated. It raises questions why NTBs continue to affect trade within the EAC despite the instruments within the Community that provide for the elimination of such NTBs.

Among the products that are facing NTBs in EAC are grain exports (Kurugia *et al.*, 2009). Grain exports from Uganda to the EAC have not been spared these NTBs. Among the issues of major concern is that Uganda is an agricultural country with a comparative advantage in this sector compared to other EAC Partners States: Rwanda, Burundi, Tanzania and Kenya. The grain trade is a major component of Uganda's Agricultural sector. However, the trade in grain such as maize in EAC is low and this could be attributed to the application of NTBs by Partner States despite their commitment to abolish them (Kurugia *et al.*, 2009).

1.1 Background to the Study

According to African Union Commission (2007), despite substantial progress made by some countries and Regional Economic Communities in reducing and eliminating tariffs and NTBs in the continent, intra-Africa trade figures have continued to dwindle unlike the case in other regions of the world. Regional Integration Arrangements (RIAs) constitute an increasingly significant feature of the world trade system. Africa and East Africa in particular is not an exception to this phenomenon. Estimates show that more than half of total world trade occurs through regional trade blocs/agreements and that world trade under RIAs grew from 43 % to 60 % between 2001 and 2005 (OECD, 2005). By December 2006, in total 211 RIAs had been notified to the WTO, of which 14 were in Africa.

Among the African RIAs, eight are Regional Economic Communities (RECs). These are the Arab Maghreb Union (UMA), Community of Sahel-Saharan States (CEN-SAD), Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Economic Community of West African States (ECOWAS), Economic Community of Central African States (ECCAS), Inter-Governmental Authority on Development (IGAD), and Southern African Development Community (SADC). In addition, there are six inter-governmental organisations; these are Central African Monetary and Economic Community (CEMAC), the Economic Community of the Great Lakes States (CEPGL), Indian Ocean Commission (IOC), Mano River Union (MRU), Southern African Customs Union (SACU), and West African Economic and Monetary Union (UEMOA). A key distinguishing feature of most African RIAs is overlapping membership with potentially conflicting goals (UNECA, 2004).

The East Africa Community (EAC), is an intergovernmental regional body comprising five countries with a combined population of more than 130 million and average annual growth rate

of 2.6% according to the facts and figures of the East Africa Community Secretariat (EAC, 2012).The main agenda of EAC is attainment of economic, social and political integration, this market provides the opportunity for the countries of Eastern African region to exchange their locally produced goods and services so as to scale up regional development and alleviate poverty. The EAC Development strategy (2001) identified NTB's related to administrative and bureaucratic inefficient, standards and technical requirements as the major impediments to trade within the region; other factors include poor infrastructure and communication networks. As for trade restrictions, the EAC committed itself to promoting projects and strategies that would lead to the elimination of these obstacles to trade (Hangi, 2010).

As part of the process of realizing full benefits of economic integration, in 2005, the EAC became a customs union, a free trade area with common external tariffs, but allowing member countries to use different import quotas (EAC, 2005). The main instrument for trade liberalization provided under the customs union is the elimination of tariffs and NTB within the partner states in order to increase economic efficiency and create political and cultural relationships among the partner states (Okumu *et al.,* 2010). However, Africa has the lowest levels of formalized intra-regional trade in the world, estimated at only 10%. Addressing this by building on current regional integration agendas to facilitate cross-border trade, develop regional infrastructure is important to build a sustainable agri-food sector that is responsive to regional demand (European Union, 2013).

Globally, tariffs have been declining as a result of multilateral, regional and bilateral trade liberalization. At the same time though, many countries have instituted alternative protectionist mechanisms (NTBs) which are ever changing and are threatening international free flow of goods and services (Hangi, 2010). These include cumbersome customs and administrative

procedures, unnecessary stringent SPS and TBT standards requirements, bureaucratic government procedures including bureaucracy in immigration procedures among others.

Significant progress has been made in the EAC economic integration process. For example, the Community has succeeded in abolishing intra-community tariffs and adopting a Common External Tariff (CET). However, partner states may not realize the full trade and welfare benefits of a customs union in the presence of NTBs. Trade between the partner states is still being hampered by the existence of NTBs (Karugia *et al*. 2009), which is currently of concern to many countries including Uganda. This is happening in spite of the signing of the Customs Union Protocol (2004) committing the EAC countries to eliminate the NTBs. In the last ten years, media reports and trade publications have highlighted the issue of NTBs in East Africa and several studies have identified NTBs facing member states of the EAC (EABC, 2008; Ihiga, 2007; Mmasi and Ihiga, 2007; Tumuhimbise and Ihiga, 2007; World Bank, 2008; Osere, 2009; and Tralac.org, 2009).

The intra-EAC trade remains low, at 9% (compared to EU-66%, EAST ASIA-55%, NAFTA-44%, ASEAN-27% and SADC-13%, World Bank, 2009; Keane *et. al.*, 2010 and Sally 2010) despite the fact that EAC member countries have over the years since the revival of the custom union in 1999 have put more efforts in coming up with policies and strategies to increase transaction and exchange among the member states. The main goal for transforming the EAC into an integrated economic and political entity is underpinned by the desire for the EAC partner states to attain sustainable and equitable growth and development leading to improved standards of living of the people through increased competitiveness, value-added production, trade and investment, (EAC, 2010).

Agriculture, which accounts for 33% of the EAC GDP, plays a central role in the lives of the poor and rural populace, both -as the main source of their livelihoods and income, and as their main consumption expenditure, given that about 40% and 83% of the EAC populace are poor and live in rural areas, respectively. However, agricultural products are rarely subjected fully to the rules of trade liberalization especially in predominantly agricultural economies. This possibly is because it is believed that full liberalization of trade in agricultural products may aggravate poverty and even lead to food insecurity. Full liberalization of agricultural products may lead to influx of such commodities in the domestic market leading to low returns to local producers and discouraging local production. This may lead to overdependence on imported products, poor food security. Increases in the poverty levels adversely affect the economic growth of agricultural based economies. These factors have made liberalization of agricultural trade to move at a slower pace compared to liberalization in other commodities (Sawkut and Boopen, 2009). EAC partner states agreed on commodities that require extra protection over imports from outside the region (EAC, 2008). These commodities include among others sugar, milk, wheat flour, maize, rice, palm and textile. Hence whether EAC as a Custom Union has promoted agricultural trade of state members remains an empirical issue.

1.2 Problem Statement

According to the WTO (2013), liberalization of trade has led to reduction and in some cases, the total elimination of tariffs in controlling trade. However, this has given rise to the phenomenon of NTBs (WTO 2013). Economists generally agree that NTBs are detrimental to regional trade and they diminish the potential benefits that could be derived from the trade preferences offered through Regional Trading Arrangements (RTA) such as the EAC (Karugia *et al*., 2009). The EABC study of (2005) identified a number of NTBs that exist and restrict trade among EAC

Partner States and these originate from the government departments in all the EAC countries. The EAC Customs Union Protocol Article 13.1: provides for the immediate removal of all the existing non-tariff barriers to the importation into their respective territories of goods originating in the other Partner States, and not to impose any new non-tariff barriers; however, as Okumu *et al.* (2010) pointed out in their study, NTBs still affect Uganda's exports to the EAC region. The study revealed that a significant number of NTBs that still exist in EAC. The study of Okumu *et al.* (2010), however, does not clearly demonstrate how these NTBs affect exports. The proliferation of NTBs affects trade globally although the analysis related to non-tariff barriers has not kept pace with their increasing complexity (UNCTAD, 2013). However, these studies seem not to have explored the phenomenon of NTBs and exports in EAC sufficiently. It is against this background that the researcher seeks to examine the effect of non tariff barriers on Uganda's grain exports.

1.3 Objectives of the Study

1.3.1 General Objectives

The general objective of the study is to examine the effect of Non-tariff Barriers on Uganda's grain exports to the East African Community.

1.3.2 Specific Objectives

- To establish the effect of customs and administrative procedures on Uganda`s grain exports to the EAC.
- To find out the effect of standards (e.g. SPS and TBT) on Uganda`s grain exports to the EAC.
- To assess the effect of immigration procedures on Uganda`s grain exports to the EAC.

1.4 Research Objectives

- What is the effect of customs and administrative procedure on Uganda`s grain exports to the EAC
- What is the effect of standard requirement (e.g. SPS and TBT) on Uganda`s grain exports to the EAC?
- What is the effect of immigration procedures on Uganda`s grain exports to the EAC?

1.5 Scope of the Study

1.5.1 Content Scope

The study was restricted to examining the effect of NTBs on Uganda's grain exports to the EAC. The researcher focused on NTBs as an independent variable with dimensions such as; customs and administrative procedures, standard requirements (e.g. SPS and TBT) and immigration procedures and focused on grain exports as the dependent variable.

1.5.2 Geographical Scope

The study covered border points for grain exports to the EAC especially Busia, Katuna, and Mutukula. Kampala being not only the capital but also the business city of Uganda was also part of the geographical study area.

1.5.3 Time Scope

The study was limited to the period between the years 2011 to 2015. This time period was selected for the study because this is the time that proceeds the signing of the Common Market Protocol for of the East African Community which came into force in 2010. The common Market Protocol is a higher version of EAC Regional Integration process that came with certain freedoms including the free movement of goods and persons. It builds on earlier integration

Instruments such as the Customs Union Protocol of 2005 that provides for the elimination of NTBs.

1.6 Significance of the Study

The study will help to expose the trade impediments of Ugandan grain exports. It will aslo help to promote regional investment levels, scale up exchange of goods and services, spur economic growth (which is a necessary condition for poverty alleviation), promote socio-economic cooperation ; which will directly contribute to the improved political and trade relations. This is because each country has something to produce and offer to others based on the theory of comparative advantage.

The findings of the study will be of significance to the EAC Partner States and other Regional Economic Communities because it will help them tackle the challenges faced in elimination of non-tariff barriers to allow smooth flow of trade and formulation of strategies to boost trade within the Member States. Scholars, students and researchers may also find the study helpful to identify further areas of research built on the findings of this research.

The study will act as key tool towards making informed decisions and formulation of sustainable policies; this research therefore is expected to fill the knowledge gap on the existing trade restrictions in the EAC region and propose measures on how to eliminate them.

1.7 Justification of the Study

Based on the theory of comparative advantage, Uganda is better placed in the production of Agricultural products especially grains such maize compared to other EAC Partner States (National Grain Policy, 2015). Theoretically, Uganda should maximize exports of such products to the other EAC Partner States and also attract investment in this sector. Currently, Uganda is

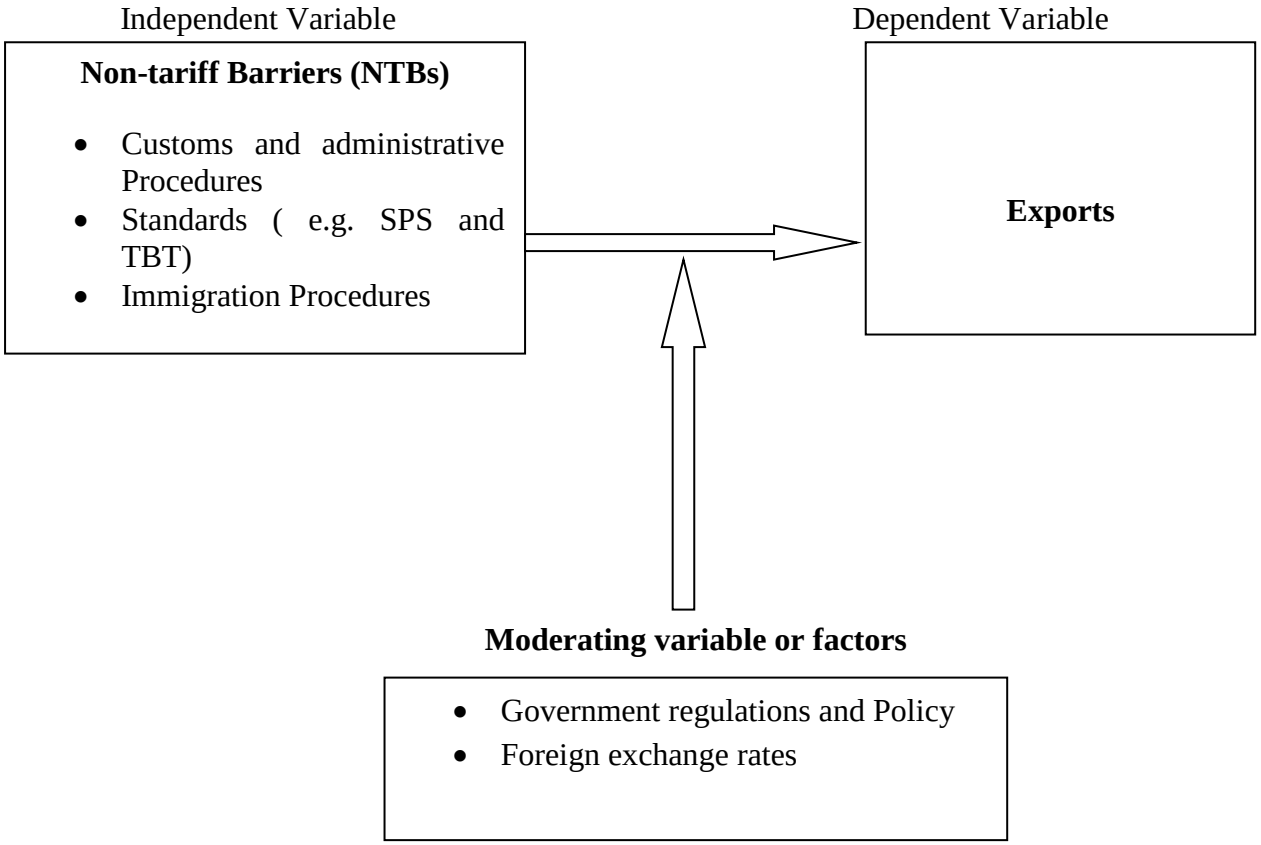
the second best location in the East African Community (EAC) to locate investment. Investors prefer to invest in location and sectors that are not seriously affected by NTBS. This means that elimination of NTBs can attract investors and help Ugandan to export their products to EAC. This makes the study on NTBs important so as to help Uganda increase her exports, especially in the grain sector, to the EAC.

NTBs are fairly a new phenomenon that has come up after countries have tried to move towards liberalisation. As such, little research has been done in regard to NTBs in EAC. Even in areas where it has been done, it remains quite insufficient. This research, therefore, was aimed at revalidating the few studies that exist, provide updated findings on NTBs and help Uganda to overcome NTBs in her EAC grain trade.

1.8 Conceptual Framework

The conceptual framework below is to find out the effect of NTBs on Uganda`s exports to East African Countries. The NTBs used in the research were restricted to customs and administrative procedures, standards and immigration procedures which affect the amount of goods exported across the EAC region. Other moderating variables that affect exports to EAC region include; government regulation and policy, and exchange rate. The presence and favorability of these factors could act as a catalyst in the growth of the exports to EAC countries. Conversely, these factors can curtail exports across the EAC region.

Figure 1: Conceptual Framework



Source: Ricardo (1983); Travis (1964)

This research developed a conceptual framework using the theory of comparative advantage by David Ricardo. According to Ricardo (1983), free trade enables nations to concentrate their efforts on manufacturing products or providing services where they have a distinct comparative advantage. A free trade policy should enable a nation to generate enough foreign currency to purchase the products or services that it does not produce indigenously. The process works best when there are few if any barriers to entry for such imports. The imposition of artificial constraints such as tariffs on imports or the provision of subsidies to exports and Non-tariff barriers will introduce distortions and impede free trade.

Travis (1964) points that that factors of production are comparable internationally, that production functions are technical relationships which, like cooking recipes are everywhere the same though not necessarily everywhere known, and that commodities use factors in different proportions. In his theory he predicts that free trade among countries will tend to equalize their factor returns based on the above assumptions.

The theory further asserts that protection (non-tariff barriers) systematically opposes the forces which cause countries to engage in trade.

By distorting and reducing trade flows, a non-tariff barrier prevents countries from producing and trading according to their comparative advantage. As a result, they are unable to balance one another's surpluses of factors of production and this perpetuates existing differences in factor of production earnings and the living standards in countries.

That will reduce the amount of exports to other partner states as result of use of NTBs which include; customs and administrative procedures, standards (SPS and TBT) and immigration procedures in unjustified and or improper application by partner states.

Such NTBs arise from different measures taken by governments' authorities in the form of government laws, regulations, policies, conditions, restrictions or specific requirements, and private sector business practices, or prohibitions that protect the domestic industries from foreign competition turning out protectionist in nature hence curtailing the exportation of goods to other countries.

1.9 Definition of the Terms

Non-tariff barriers; refers to laws, regulations, administrative and technical requirements other than tariffs imposed by a Partner State whose effect is to impede trade (EAC, 2008). Other taxonomies use NTBs and None Tariff Measures (NTMS) interchangeably. In this study, the two terms are used interchangeably.

Exports; refer to exchange of goods and services from one country to another.

East African Community (EAC) is the intergovernmental organisation of the republics of Kenya, Uganda, Tanzania, Burundi and Rwanda, with its headquarters in Arusha, Tanzania (Kurugia *et al* 2008, EAC).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter presented the review of the relevant literature related to the current study. The purpose of the review is to present what is known about the problem from the theoretical perspective prior to the study in order to give a foundation to the current study. It provided the background, existing gaps and the need for the current study. The literature is arranged according to the conceptual framework illustrated in chapter one of this study.

2.1 The Non Tariff Barriers and Exports

2.1.1 Uganda's Exports

The Uganda Export Promotion Board is a specialized agency set up by Government of Uganda for the development, promotion and co-ordination of all export related activities that lead to export growth on a sustainable basis. The institution is supervised by the Ministry of Trade, Industry & Cooperatives of the Republic of Uganda. The Uganda Export Promotion Board fully supports the widening and deepening of the integration process among the five Partner States. The entry point of the integration process of the EAC is the Customs Union which commenced in 2005. The EAC entered into a fully fledged Customs Union in January, 2010 and commenced the implementation of the Common Market in July, 2010.

The EAC Facts and Figures 2014 published by the EAC Secretariat indicates that the total aggregate output (at current prices) for the region amounted to US$ 110.3 billion in 2013, compared to US$ 99.3 billion in 2012. The per capita GDP for the region in 2013 ranged from US$ 294.2 in Burundi, $633 in Uganda, $709 for Rwanda, US$742 in Tanzania to US$ 1,055.2 in Kenya (EAC Secretariat, 2014).

The dominant sector in all the Partner States in 2013 was agriculture, followed by wholesale and retail trade and manufacturing. This presents opportunities for Uganda's business community, particularly the Agriculture and agro-processing sector. The regional market remains Uganda's most important trading block. Total Exports to EAC stood at US$ 643.6 million in 2014 compared to US$ 627.6 million in 2013, a growth of 3%. Kenya was Uganda's overall number one export destination, followed by South Sudan and Rwanda was 3rd in 2014 (Uganda Export Promotion Board, 2014).

Maize is a staple food crop that significantly impacts economic growth and food security at a local, national and regional level in East Africa. For Uganda, maize is an important cash crop, but it is generally not the staple (*matoke*, or green banana, is the staple crop) except in the east of the country. Uganda produces more maize than can be consumed domestically and exports its surplus to Kenya, and at times to Rwanda and other neighboring countries (LEO, 2015).

2.1.2 Non Tariff Barriers

According to the EAC (2016), NTBs were the biggest impediment to full attainment of the objectives of the Treaty for Establishment of East African Community in 2011. The World Trade Organization, of which all five EAC countries are members, describes NTBs as red tape or 'various bureaucratic or legal issues that could involve hindrances to trade while the EAC defines NTBs as 'administrative and technical requirements imposed by a Partner State in the movement of goods. While a number of NTBs may be explicitly protectionist, the majority seek to meet an agreed regulatory objective, such as food safety or product safety.

Trade barriers can either be tariff barriers, that is levy of ordinary customs duties within the binding commitments undertaken by the concerned country (in accordance with Article II of

GATT), or non - tariff barriers, that is any trade barriers other than the tariff barriers. However, since NTBs appear in the form of rules, regulations and laws that have a negative impact on trade, the East African Community (through the East African Business Council - EABC), defines Non-Tariff Barriers as quantitative restrictions and specific limitations that act as obstacles to trade (Hangi, 2010).

According to Munyao (2012), states that there are common justifications for NTBs such as safeguard to health, safety and security of human beings, animals and plants against environmental pollution, protection of home industries and consumers, safeguard national security and to safeguard against revenue loss. According to Society for International Development report 2012 (SID, 2012) while there may be a consensus that existing NTBs should be abolished, there is agreement on how to meet legitimate regulatory objectives in a less trade-restrictive manner. Many NTBs are rooted in more structural challenges, such as inadequate government structures, mismanagement, erratic application of rules and bureaucratic staff often coupled with low staff morale (SID, 2012).

Establishing formal notification requirements has been an important step towards monitoring NTBs. In response to the NTB challenge, the EAC Secretariat produced its first quarterly report in August 2011, highlighting the status of elimination of NTBs. The reporting mechanism was first prompted by the East African Business Council in 2005 (SID, 2012). The EAC's August 2011 quarterly report on the subject stated that Tanzania led the region in being a major source of NTBs, followed by Kenya, and Burundi respectively. Rwanda had no complaints reported against it from the region. The countries singled out as being the most affected by NTBs were Uganda, Rwanda Burundi, Tanzania, and Kenya respectively. The overall effect of NTBs in the EAC region, like elsewhere, is that they result in delays and increased costs, which ultimately

hinder the free movement of goods and services. And according to many analysts, the removal of NTBs is much more important for boosting regional trade than tariff liberalization. A recent analysis by Karugia et al. (2009) demonstrates that the removal/reduction of NTBs in maize and beef trade in the East African region has significant positive welfare implications. According to the study, completely abolishing or even significantly reducing the existing NTBs in maize and beef trade would increase EAC maize and beef trade, with Kenya and Tanzania importing more maize from both Uganda and Tanzania. Out of the realization of the negative impact of NTBs, efforts have been made to reduce or eliminate them.

Within the EAC, coherence or lack of it can be seen by the prevalence of NTBs that country imposes on products from other member states. To the extent that NTBs result from deliberate policies and procedures, their existence in many ways signifies trade policy incoherence. Though EAC countries have over the years negotiated the elimination of policy and procedure linked NTBs, success has been limited (Munyao, 2012). One of the most troubling NTBs within the EAC has been transit procedures. The critical issue here is the lack of harmonization of regulations regarding axle loads and vehicle technical specifications within the EAC, which makes overload control management difficult. The differing axle weights would mean, for instance, that a truck from Tanzania transiting through Uganda has to strip off excess cargo to avoid financial penalties. There are also restrictions in the countries on gross vehicle mass, which means that certain types of vehicles cannot transit through some countries. A related problem is the poor enforcement of applicable rules and regulations across the EAC region, owing to inadequate institutional capacity and serious integrity issues arising among public officials who operate weighbridges. This causes delays at border points (Munyao, 2012)

2.2 Customs and Administrative Procedures Effect on Exports

Muluvi et al. (2011) states before the importing or exporting of commodities within the EAC, a trader must obtain an import declaration form (IDF) issued by an appointed government agency in the Partner States. The issuance of IDFs involves numerous agencies (the government printer, the national bank, KEPHIS, KEBS, KPA and KRA), which conduct the procedures for the inspection, verification of dutiable value and certification of compliance. The result of having all these agencies partake in the issuance of IDFs is often duplication of effort and wasted business time. Additionally, in some cases, inspection bodies have not established inspection posts at major entryways, thus forcing traders to travel long distances for customs clearance.

Within the EAC, there are many roadblocks and police checkpoints along the major roads that disrupt the efficient movement of goods. These stops are costly in terms of time and money. Making matters worse, police officers often solicit bribes at these locations from transporters and traders, especially those whose vehicles have foreign registrations. For every 100 kilometers, traders encounter about two, five and seven roadblocks in Tanzania, Uganda and Kenya, respectively (Karugia et al., 2009).

Muluvi, et al. (2011), states that licenses are required within the EAC and these include a business license, an import/export license, a road transportation license and a municipal council license. The procedures for obtaining these various licenses vary across countries. In addition, there is a lack of preferential treatment to EAC-originating businesses. This makes cross-border registration of businesses a difficult, cumbersome and expensive process. In most EAC countries, manual processes are used in business names searches, registration and the payment of relevant charges. Moreover, multiple licenses are required for the production, distribution and

sale of goods, resulting in duplication and prohibitive costs of doing business in the region (Muluvi et al., 2011).

A study by Kilimo Trust (2014) found out that a related policy driver of trade patterns is the range of non-tariff national policy restrictions within the region. These barriers are often partly based on food security concerns, so rice as a key staple is likely to be particularly affected. But a restrictive intra-regional trade policy environment can disincentives businesses and sometimes prevent them from building links to and servicing new EAC markets. These barriers are erratic and may take the form of a full export ban; an onerous tariff; prohibitive levels of bureaucracy; or simply policy uncertainty reducing incentives to forge new trade links. Our survey of traders and processors suggests that these are key factors currently constraining intra-regional (Kilimo Trust, 2014).

World Bank (2012) established that the EAC countries require large numbers of trade documents and inspections. Moreover, requirements vary significantly among countries, raising transaction costs and lengthening import/export processing times. For example, according to the World Bank's Doing Business (2012), 6 documents are required to import a container of goods into Tanzania, while Burundi requires 10. By comparison, the United States requires 5 documents to import the average container; Singapore, only 4 (World Bank, 2012 and IFC, 2011).

Karugia et al. (2009) state bribing the police at checkpoints is a significant cost factor. Bad governance continues to be a problem, given the complicated border controls where several different government agencies are often present and work independently of one another (e.g. Bureau of Standards, Plant Health Inspection Services, and customs Department).

In a recent study, ReSAKSS assessed the relevance of non-tariff barriers for maize and the beef trade in East Africa. Roadblocks were cited as the major non-tariff barrier in the region with

Kenya having the highest number, hampering free trade within the region. There is an average of 11 roadblocks in Kenya at an average distance of 194kms. Tanzania reported six roadblocks at an average of 310km, while there were 10 roadblocks at an average of 213km in Uganda (Karugia *et al*., 2009). According to the study, Uganda reported more than 50% of the total maize transfer costs from origin to destination coming from non-tariff barriers. Kenya attributed about 35% of total maize transportation costs to various non-tariff barriers while Tanzania reported 12%.

USAID report (2010) further points that the lack of border control points that are open around the clock regularly causes delays lasting several days on the border, especially between Kenya and Uganda. They cost freight companies between US$ 300 and US$ 400 per day. This is a particular problem in the case of small volumes of goods. Roadblocks and long delays at the border threaten the quality of products, most of which have short shelf lives. As part of the USAID-supported RATES programme, the East African Grain Council has developed a simplified customs procedure for small traders in the COMESA region. It includes waiving requirements for certificates of origin. Although the procedure has been documented in a brochure, it is unclear whether government agencies and local industry stakeholders are aware of it (Pannhausen, 2010).

Low *et al*. (2009) observe that goods in Africa take 45 days to export and 59 days to import; typical regulations require 18 signatures to export and 28 to import compared to 3signatures required to export from OECD countries; in Central Africa Republic, it requires 116 days and 45 signatures to export; Zambia requires the most documents to export and import – 16 and 19 respectively; DRC requires 80 signatures to import; it is estimated that a 10percent increase in

transport cost may reduce trade volumes by more than 20percent; and in Cameroon, due to poor quality roads, a trip of 500 km can take up to 4 days (Low *et al*., 2009).

Fiscal borders between Southern African countries are unnecessarily complicated and inefficient and contribute to higher trade costs. The three main reasons South African Customs Union retains internal border posts, even though it is a customs union, are to capture data on intra-South African Customs Union trade for revenue sharing purposes; administer NTBs e.g. infant industry protection; and, because domestic sales taxes have not yet been harmonized, requiring refunds and payments. The costs and delays associated with these procedures reduce trade flows between Southern African countries. Those costs attributable to the differences in VAT alone have been estimated to be up to two percent of the value of each transaction on intra- South African Customs Union trade (Jitsing and Stern, 2008).

Gillson (2010) states that onerous local content requirements in Rules Of Origin (ROOs), particularly in labor intensive sectors (e.g. clothing) that use capital intensive inputs not produced competitively in the region (e.g. fabrics), and high compliance costs with administering certificates of origin reduce the utilization of tariff preferences offered by RTAs and therefore the incentive for Southern African firms to trade regionally.

A recent example of the costs associated with meeting ROOs involves South African Customs Union moving to more restrictive rules (double transformation) on selected clothing imports from Malawi, Mozambique, Tanzania, and Zambia following the expiration of the MMTZ-SACU Market Access Arrangement at the beginning of 2010. This has resulted in some clothing producers in these countries (e.g. Bidserv in Malawi) being no longer able to compete in the regional market. It has also further distorted investment decisions as some of these firms have relocated to the BLNS countries as a result of the change to avoid the loss of preferences in

supplying the South African clothing market. For other products where ROOs have been so contentious (e.g. wheat flour) or simply not agreed upon (e.g. certain electrical products for which rules were only finalized in April 2010), preferential trade within the region has been effectively prohibited (Naumann, 2008).

Further costs arise from the administrative requirements for certificates of origin, which can account for nearly half the value of the duty preference. For example, Shoprite spends US$5.8 million per year in dealing with red tape (e.g. filing certificates; obtaining import permits) to secure US$13.6 million in duty savings under SADC. Woolworths does not use SADC preferences at all in sending regionally produced consignments of food and clothing to its franchise stores in non-SACU SADC markets. Instead it simply pays full tariffs because it currently deems the process of administering ROO documentation to be too costly (Gillson, 2011).

Charalambides (2010), states in order for RTAs to be effective, it is critical that intra-regional trade be able to move without hindrance. Many Southern African countries are landlocked, making road and rail networks very important in linking these countries to both regional and global markets. However, high transactions costs are being incurred from inadequate transport infrastructure, inefficiencies in customs procedures (including delays at road checks, borders, and ports) as well as poor quality and costly logistics due to weak competition among service providers. For example, Shoprite reports that each day one of its trucks is delayed at a border costs US$500 (Charalambides, 2010).

There are numbers of researches documenting that developing countries still have an important market access agenda as a result of extensive tariff liberalization undertaken by developed and other developing economies (OECD, 2005). Fliess et al. (2005) reported that, trade with

developed countries, customs and administrative procedures and technical barriers to trade (TBTs) emerge as the leading NTBs of concern to developing countries. For trade among developing countries, technical barriers are less prominently reported. However, customs and administrative procedures also rank very high among reported concerns in the four components of analysis. Issues identified under this category of measures include difficulties relating to import licensing procedures and rules of origin and generally appear to be more pervasive in trade with other developing countries than with developed countries.

2.3 Standards (e.g. SPS and TBT) Effect on Exports

2.3.1 Sanitary and Phytosanitary Effect on Exports

Prevost (2010), Sanitary and Phytosanitary measures (SPS) can be seen as a subcategory of technical regulations in that they may also take the form of regulations or standards, laying down product-related requirements. However, the subcategory of SPS measures is defined according to the purpose of the measure, namely the protection of human or animal health against risks in food or feed; the protection of human, animal or plant health against risks from pests or diseases of plants or animals; and the protection of the territory of a country against other damage from the entry, establishment or spread of pests. This subcategory of technical regulations is often addressed separately in trade agreements.

Standards are formulations approved by recognized body such as Codex or the International Standards Organization (ISO) providing for rules and guidelines on characteristics of products and related process and production methods.

Article 38 of the Customs Union Protocol requires Partner States to co-operate in several areas including sanitary and phytosanitary measures and standardization, quality assurance, metrology

and testing. The Partner states are required to conclude protocols which spell out the objectives, scope of cooperation and institutional mechanisms for co-operation in these areas (EAC, 2005).

"Sanitary and phytosanitary measures, by their very nature, may result in restrictions on trade. All governments accept the fact that some trade restrictions may be necessary to ensure food safety and animal and plant health protection. However, governments are sometimes pressured to go beyond what is needed for health protection and to use sanitary and phytosanitary restrictions to shield domestic producers from economic competition. Such pressure is likely to increase as other trade barriers are reduced as a result of the Uruguay Round agreements" (WTO, 1998).

A sanitary or phytosanitary restriction which is not actually required for health reasons can be a very effective barrier to trade and can be misused by some countries to shield domestic producers from competition. It therefore becomes very important for the EAC countries to adopt rules and regulations on SPS measures to prevent states from abusing them or using SPS measures for trade protectionism. The basic aim of these rules and regulations is to streamline the SPS requirements across the region and also to ensure that the Partner States do not use SPS measures for protectionist purposes (EABC, 2008).

Food safety standards are becoming increasingly important in the region. This measure of consumer protection faces several challenges related to standards application and inspection. Insufficient knowledge of and consequently limited adherence to food safety standards are hampering formal trade flows and consumer protection. Improving farmers' knowledge about organizing regional markets, the importance of common standards and better knowledge of the relevant legal regulations are essential factors for developing and sustaining regional trade flows.

Another dimension is the arbitrary and improper inspection of food standards. Quite often, governments charge for official certifications and food safety inspections at the borders ('for the stamp'). These charges however are not connected to any real checks. This practice makes it more difficult to implement effective phytosanitary and sanitary checks and is therefore detrimental to food safety.

The Agreement on the application of Sanitary and Phytosanitary measures provides guidelines to WTO member countries on the use of policies concerning food safety and plant and animal health with respect to imported pests and diseases. Due to the need by countries to protect their people from unsafe imported foodstuffs, and pests and disease causing organisms, the GATT-WTO (1995) provides guiding principles on how protection measures could be applied (Trade and Development Briefs, 2009). Although countries are allowed to set their own measures to prevent the entry of food and plant risks, the Sanitary and Phytosanitary agreement provides a unified procedure to regulate the disingenuous use of these measures as an instrument of disguised protection.

The RATES paper states that the consequences of different standards can be "devastating" for small traders who are likely to be unaware of the differences in each country's requirements and may only learn about the required standards at the border. To support this claim, RATES gives the example of Ugandan maize with 14% moisture being rejected at the Kenyan border where inspectors insisted on a maximum of 13.5% moisture. While maize with 14% moisture would not have met Uganda's own import requirements of 13% maximum moisture, this difference led to supplies being held up from formal crossings and having to go across in small informal loads by bicycle and other circuitous means (World Bank, 2012).

Lack of mutual recognition of standards often acts as a barrier to trade. The procedures and SPS requirements in the region are not harmonized in practice, neither are they adequately communicated to the farmers. There is scope to introduce common systems, for instance in the fields of operating procedures, recordkeeping and auditing. In addition, unnecessary regulations should be eliminated. Countries are currently duplicating analytical, testing and other capacities. There is evidently much to be gained from establishing single 'centres of excellence' in specialized areas (training, testing of pesticides, etc.). Currently, Kenya is reluctant to accept certificates of the Bureaus of Standards in Tanzania and Uganda, for example in the dairy industry (Inter Press Service, 2009). Instead Kenyan officials impose tests at the border, leading to delays. Producers and exporters from Uganda and Tanzania complain that Kenya's activities are merely a measure of protectionism.

2.3.2 Technical Barriers to Trade on Exports

A technical barrier to trade (TBT) is the term used to refer to technical regulations and standards. These measures lay down substantive requirements relating to product characteristics or their related processes and production methods. They also include labeling requirements applicable to products, processes and production methods. The difference between technical regulations and standards is that the former are mandatory while the latter are not.

UNCTAD (2011) cites several factors as delaying imports and hindering trade in the region. These include procedures for classifying and valuing imports, arbitrary documentation requirements, differing sanitary and phytosanitary product standards between countries, and other technical barriers to trade (TBT). Specific TBTs noted include repeat inspections of products already certified by accredited labs; inspections of products originating within the EAC

and bearing the certification mark issued by a national standards bureau; and non-standardized testing procedures across countries (UNCTAD, 2011).

Multiple inspection procedures generate duplicative paperwork and lead to widely fluctuating cargo clearance times in the region. The World Bank reports that customs clearance times in East Africa are seven times less predictable than for any other region of the world (World Bank, 2010). In 2011, a container imported into Uganda that did not require inspection could be cleared in 4 days, but import clearance for an inspected container required 10 days on average (World Bank, 2012).

To reduce such abuses, the agreement recommends that members adopt measures developed by the international standards bodies such as Codex Alimentarius (food safety issues), Office of International des Epizooties (for animal health issues), and the organizations working under the framework of the International Plant Protection Convention (plant health). However, the SPS agreement is flexible because countries are allowed to develop and adopt their own measures as long as they provide sufficient scientific-based proof of their measures. This means that it is possible for a country to develop more stringent measures than those recommended by the international standards setting bodies as long as they are scientifically justified by means of risk assessment.

A study of EABC (n.d) pointed out how Milk processed by Musoma Dairy Limited, Tanzania was denied entry into Kenya in mid-2008 by the Kenya Revenue Authority. The Kenyan authorities required milk exporters from Tanzania and Uganda to have certificates proving that these products had been processed under constant supervision by veterinary authorities in the region. Tanzania and Uganda argued that the restrictions and multiplicity of controls were contrary to what the EAC member states had agreed on milk exports. Secondly, it was argued

that the veterinary standards imposed by the Kenyan authorities were neither made public nor was the information shared with veterinary authorities in the region. The main trade barrier restricting milk trade in this case were the national legislations and the outdated/cumbersome import authorization systems that in effect were not really intended for enforcing technical standards or sanitary and food safety standards.

With this provision, countries may be tempted to develop and adopt measures that can act as disguised non-tariff protection. However, the adoption of such measures seems to have mixed and uneven impacts on the importing and exporting countries. For example, the new aflatoxin B1 and total aflatoxin standards adopted in the European Union (Otsuki Wilson, and Sewadeh , 2001a; Otsuki, Wilson and Sewadeh, 2001b and Gebrehiwet, Ngqangweni and Kirsten, 2007) generally reduced exports from African countries to the European Union.

On the other hand, Disdier, Fontagne and Mimoini (2008) note that SPS and TBT measures reduce agricultural exports from developing and least developed countries to countries belonging to the Organization for Economic Corporation and Development (OECD) but not exports of other OECD countries. Further, Bao and Qiu (2010) find that China's non-tariff measures (technical barriers to trade) restrict imports of agricultural products but promote imports of manufactured goods.

The asymmetry in the way non-tariff measures impact trade is attributable to a number of factors. First, developing and least developed country exporters are not ready to adjust their infrastructure according to the market requirements. Second, developing and least developed countries do not have the technical capacity and expertise to challenge SPS measures that deviate from international standards due to lack of scientific justification (Walter, 1971; Mayeda, 2004;

and Prevost and Marielle, 2002). This therefore creates a loophole that exposes developing countries to being unfairly restricted with trade distorting NTMs which may have no scientific justification.

Indeed, with limited financial, technical and scientific resources in developing and least developed countries (Walter, 1971; Mayeda, 2004) , it is not surprising that these countries have trouble trading with developed countries which have very strict SPS and TBT measures (Otsuki, Wilson and Sewadeh, 2001; Disdier, Fontagne and Mimouni, 2008). The developing and least developed countries (especially those in Africa) are put in a disadvantageous position since Europe and U.S are the largest export markets for most of the African agricultural products (Prevost and Marielle, 2002). According to Oyejide, Ogunkola and Bankole (2000), Europe accounts for about 51% and the U.S accounts for 21% of Sub Saharan Africa Agricultural trade. Due to this concern, several studies have been conducted to analyze and estimate the impacts associated with the non-tariff measures (especially SPS & TBT measures) applied by developed countries on developing and least developed country agricultural exports (I.e., Otsuki, Wilson and Sewadeh, 2001; Disdier, Fontagne and Mimouni, 2008; and Chen, Yang and Findlay 2008) .

Gebrehiwet, Ngqangweni & Kirsten (2007) also find a negative impact on South African exports due to the total aflatoxin level set by five OECD countries (Ireland, Italy, Sweden, Germany and USA). It is estimated that, a one percent increase in the level of total aflatoxin would decrease the trade flow of food products by 0.41 percent. This elasticity is compared to the additional gain of US$ 69 million per year that South Africa would have earned from 1995 to 1999 if the SPS measure had been based on CODEX standards. Other studies (Henson, Saqib and Rajasenan, 2004; Henson and Loader, 2001; Scheepers, Jooste, and Alemu 2007: Oyejide, Ogunkola and

Bankole, 2000) also reveal that SPS measures limit access to developed countries where large markets for agricultural products exist.

In contrast to the negative impacts of SPS and TBT measures found in almost all analyses related to SPS regulations, there are welfare benefits associated with these regulations. In a study conducted by Disdier and Marette (2010), the authors use a combination of gravity and welfare-based approaches to evaluate non-tariff measures. The study focuses on the maximum residue limits (MRLs) of Chloramphenicol in crustaceans imported by Canada, Japan, United States and the European Union. The results show that MRLs have a negative impact on the volume of crustacean exported by developing countries. At the same time, there is welfare benefits associated with these SPS regulations. This is not surprising because as much as the SPS regulations may be trade distorting, they actually facilitate trade because without them long distance trade would almost be impossible.

Standards help minimize risks related to product quality and improve market access once the right technologies are set up, (Swinnen and Maertens 2009). The trade distortions of SPS and TBT regulations stem mainly from compliance costs and certification requirements. However, mixed results have been obtained in empirical studies conducted to estimate compliance costs of SPS and TBT measures. For example, the FAO's (2005) Fact Sheet for the Sixth Conference of the WTO reports that compliance costs for non-tariff measures, especially SPS related ones, exceed total governmental development budgets for all expenditures in some least developed countries. Also, Aloui and Kenny (2005) estimated a compliance cost of 3% of the value of total exports of tomato production in Morocco while Cato, Otwell and Coze (2005) found a cost of less than 3 % to set up quality compliance measures and a compliance maintenance cost of less than 1% of the total value of shrimp exports from Nicaragua (Tongeren *et al.* (2010).

Standards regimes in Southern Africa are often characterized by an over-reliance on mandatory inspections and certifications; unique national (rather than regional or international) standards and testing; overlapping responsibilities for regulation; and, occasional heavy government involvement in all dimensions of the standards system. These factors create unnecessary barriers to trade, especially when technical regulations and standards are applied in a discriminatory fashion against imports. International best practice is to use technical regulations only to ensure core public policy objectives such as maintaining safety. Voluntary standards should be used in all other cases, including indicating quality attributes. But in several Southern African countries, scarce public resources are being wasted on developing and enforcing technical regulations that go well beyond issues of purely public interest. One example is shoes in Mauritius where the Chamber of Commerce has proposed the development of a regulation to govern their quality to prevent the entry of low-cost Chinese sandals that are perceived to have a tendency to wear more quickly than domestically produced ones. However, these are often the only shoes that the poorest people in Mauritius can afford to buy.

In most Southern African countries there are also no procedures by which technical regulations are assessed in terms of their consistency with public policy objectives; whether countries and the private sector have the capacity to implement them; or, their impact on trade and competitiveness. The main objective, therefore, should be to make regulations more efficient at achieving public policy objectives while minimizing their impact on trade.

In particular, no 'Office of Regulatory Reform' exists in any Southern African country to review the justification for both new and existing technical regulations. This absence of regulatory impact assessment causes problems and raises costs. For instance, the environmental levy on plastic bags in South Africa was introduced to reduce problems associated with litter, but the

technical regulation governing it also affects unrelated issues such as the minimum thickness of the plastic to be used as well as the size of the text that could be printed on the bags. While regional efforts to harmonize standards in SADC are under way (i.e. SADCSTAN), application remains lacking. Only Namibia and Swaziland have adopted all 78 (to date) of the SADC-defined harmonized standards for the region, of which some have been developed without any real sense of prioritization and so are unlikely to bring significant increases in regional trade (e.g. frozen peas and dried apricots).

2.4 The Immigration Procedures Effect on Exports

A border post can be defined as the "location where one country's authority over goods and persons ends and another country's authority begin from." It is the location where a multitude of government agencies (i.e. Revenue Authority – Customs; Immigration; Security – Police; Ministry of Agriculture; Ministry of Health; Bureau of Standards, etc.) are involved in the various document and goods controls, the calculation and collection of duties and taxes, as well as immigration. The multiplicity of those agencies operating on both sides of the same border doubles the bureaucracy at border posts, which translates into congestion and delays (the waiting time for a container/truck to cross a border post in Africa can range from 3 minutes to 2.8 day). The cumbersome procedures entailed in customs processing can cost a consignment about US$ 185 for each day of delay (Barka, 2012).

Compared to other global regions, intraregional trade costs in Africa are a matter of consternation. For instance, the average cost of exporting overseas a container from an African country is US$ 2,000 while in Asia it is estimated at less than half that amount (about US$ 900).10 In Africa, border checkpoints have been overstretched in terms of manpower and infrastructure. While they are primarily intended to prevent the entry into the country of

undesirable individuals (e.g. criminals or others who pose threats) and the smuggling of illegal goods, they face a range of obstacles to the free flow of people, services and goods. These can be summarized as: the limited infrastructure available, congestion due to increased traffic volumes, delays due to the use of outdated manual procedures, corruption and illegal trading (Barka, 2012).

Muluvi et al. (2010) point that, for citizens of EAC member countries, visas are not required for travel within the community. However, movement of people across the region is restricted to passport holders or those with temporary travel documents, and a majority of EAC residents do not hold such documentation. In addition, the requirement for the yellow fever vaccination by Tanzania has been identified as a major bottleneck to trade. Although this is justified on the basis of health concerns, the procedures for its application and the fee of $50 for those who apply at the entry points pose a challenge. Therefore, the cost of movement across boundaries has a significant impact on cross-border trade.

Related sources of delay within the region concerns work permit regimes for foreign truck drivers. In South Africa, visitor visas used to be accepted for this purpose but foreign drivers will soon be required to obtain work permits. This necessitates companies proving that the skills being sought outside of South Africa are not available domestically and involves each post being advertised locally. There are between 1,600 and 2,000 foreign drivers in South Africa who will require these permits, affecting 6,000–8,000 deliveries per month. While ostensibly designed to protect employment opportunities, the new approach does not take into account prospects for South African drivers operating in regional markets and may hamper regional integration. In particular, it risks South Africa's neighbors reciprocating with similar measures that will force South African drivers working in these countries to also apply for work permits. For example,

Angola has already signaled its intention to put in place a similar requirement for South African drivers crossing its border. Such restrictions could significantly impede the movement of trucks in and out of countries and make trade even more difficult for regional exporters than it is now.

2.5 Theoretical Framework of the Study

The economic theoretical framework on regional integration hinges on the assumption that 'productive efficiency' is enhanced if states undertake economic production in areas where they have a relative advantage over other areas, thus rationalizing costs and prices. The study was based on the theory of Custom Union. This study focuses specifically on the Custom Union Theory as the functional theory for the whole study.

2.5.1 Free Trade Theory

The theory was first advanced by David Ricardo in his famous book *the Principles of Political Economy and Taxation* in 1817. According to Ricardo, free trade enables nations to concentrate their efforts on manufacturing products or providing services where they have a distinct comparative advantage. A free trade policy should enable a nation to generate enough foreign currency to purchase the products or services that it does not produce indigenously. The process works best when there are few if any barriers to entry for such imports. The imposition of artificial constraints such as tariffs on imports or the provision of subsidies to exports and Non-tariff barriers will introduce distortions and impede free trade.

2.5.2 Heckscher –Ohlin Theory

The main assumptions of this theory are; that factors of production are comparable internationally, that production functions are technical relationships which, like cooking recipes are everywhere the same though not necessarily everywhere known, and that commodities use

factors in different proportions. The theory concludes that under free trade countries will export goods which use the country's abundant factors of production. This is the basis of comparative advantage. The theory predicts that free trade among countries will tend to equalize their factor returns based on the above assumptions. The theory further asserts that protection (non-tariff barriers) systematically opposes the forces which cause countries to engage in trade.

By distorting and reducing trade flows, a non-tariff barrier prevents countries from producing and trading according to their comparative advantage. As a result, they are unable to balance one another's surpluses of factors of production and this perpetuates existing differences in factor of production earnings and the living standards in countries. According to the theory, protection causes distortions of trading patterns from those which the Heckscher-Ohlin theory predicts in a situation of free trade among nations.

CHAPTER THREE

RESEARCH MEHODOLOGY

3.0. Introduction

This chapter focuses on the methodology that was used when carrying out the study. It gives the research design, study population, area of study, sample size and selection, sampling techniques, methods of data collection, data management and analysis, the study area, sample selection methods, tools of data collection, data quality control, data processing and analysis, procedure that was followed as well as the anticipated limitations to the study.

3.1. Research Design

Cooper and Schindler (2008), define research design as the plan and structure of investigation so as to answer the research question. This study used a descriptive research design in form of a survey. According to Mugenda and Mugenda (2003) a descriptive research is a process of collecting data in order to answer questions concerning the current status of the subjects in the study. This study aimed at collecting information from respondents on their attitudes, perception and opinions on the effect of non-tariff barriers on Uganda`s exports to the East African Community. The study employed both qualitative and quantitative techniques that helped in the data collection process and analysis. The qualitative methods focused on collecting in depth information from the trader and respondents from the management level, especially, from those working in the government agencies and private sector umbrella bodies with experience while the quantitative methods focused on mean and standard deviation for descriptive statistics, inferential statistics and tables for background information of the respondents.

3.2. Area of Study

The study was carried out at border points of Mutukula, Katuna, Busia and Kampala - being the both the capital and business city of this country.

3.3. Study Population

According to Cooper and Schindler (2008), a population is a well-defined or set of people, events, or records that contain the desired information and can answer the measurement question. The population of interest in this study comprised staff from government agencies such as URA, UNCCC, immigration, UNBS, Uganda Export Promotion Board; Ministries such as MTIC, MAAIF, MOIA and MEACA; and traders with a total population of 140 respondents from border points and Kampala. These included respondents who held management positions. The government agencies were chosen purposefully because they are directly involved in policy formulation or implementation regarding regional trade interactions within EAC. Besides they are the ones that negotiated the EAC instruments for the Elimination of NTBs.

3.4. Sampling Procedures

3.4.1. Sample Size

The sample size of 107 respondents was arrived at by use of Krejice and Morgan (1970) table for determining a sample size from a given population. Specifically, 10 technical officers from both Government and Private Sector Agencies were purposively selected because they were believed to be key informants in the study given their administrative positions and technical Knowledge. As for the exporters, a sample of 97 respondents was selected by simple random where every element in the sample had an equal opportunity of being selected for the study.

Table 1: Population and Sample size of Respondents

Position	**Population**	**Sample**
Technical Officers	10	10
Traders	130	97
Total	**140**	**107**

Source: Primary data (2016)

The respondents for the study constituted 10 technical officers and 97 traders were selected to constitute the sample size of respondents for the study. The total population size was 140 and the total sample size was 107 respondents.

3.4.2. Sampling Techniques

The researcher used probability sampling technique under which he employed simple random method to select respondents from the study population. Enon (1995) further defines random sampling as a process of selecting respondents without bias, giving every member of the population equal chance to participate in the study. Here, the researcher selected respondents randomly without considering any characteristic or features and it enabled every sampling unit to have a chance of being chosen.

The researcher also applied purposive sampling technique majorly in selecting technical officers as respondents in Government and Private sector Agencies mentioned above. By using the purposive sampling method, the researcher targets a group of people believed to be reliable in the study (Kombo and Tromp 2011). This is because they possessed information useful for this

study that may not have available to other employees because of their technical knowledge and expertise in the subject under study.

3.5. Data Collection Methods and Instruments

3.5.1 Data Collection Sources

The researcher used primary and secondary data sources to help him collect a more elaborate and extensive data.

The primary data helped the researcher get original and direct information from the respondents. Primary data was used in this study and was collected using self administered questionnaires through drop and pick. This method was appropriate due to the distance between the border points and capital city, Kampala. The questionnaires were dropped at the offices of border points and given to the traders to fill in and collected two weeks later.

The researcher used secondary data sources. Amin (2003) defines secondary data as that kind of data that is available, already reported by some other scholars. Secondary data was also extracted from various published sources as well as the internet through the websites of relevant institutions. These included periodicals, journals, reports, and seminar/workshop papers, public records like budgets, economic surveys and statistical data from websites of relevant institutions like EAC, World Bank and ADB.

3.5.2 Data Collection Instruments

The study used questionnaires which were self-administered by the researcher and they contained questions. Sproul (1998), states that a self-administered questionnaire is the only way to elicit self -report on people's opinion, attitudes, beliefs and values. This was used by the researcher to collect primary data and it contained closed ended questions. A 5-point Likert scale was used to construct the close-ended questions with five (5) intervals which ranged from; 1-

Strongly Disagree, 2-Disagree, 3-Not Sure, 4-Agree and 5-Strongly Agree. The close-ended questions assisted the researcher to collect quantitative data. Open-ended questions were also used to solicit respondents' perception and opinions. The questions were delivered direct to the respondents and the respondents filled the questionnaires in writing. Respondents, who sought further clarifications on the question, were assisted on site while others were helped through telephone calls.

Interviews were also conducted during the study where interview schedules were drawn to guide the interview process of technical officers from Government and Private Sectors agencies. The interview schedule consisted of open-ended questions aimed at facilitating a deeper probe of the subject of inquiry.

3.6. Quality Control Methods

Quality control methods included aspects of reliability and validity of research instruments.

3.6.1. Reliability

Reliability is dependability or trustworthiness and in the context of a measuring instrument, it is the degree to which the instrument consistently measures whatever is measuring (Amin, 2003).

For qualitative data, reliability of the instruments was ensured through discussing with the supervisor and authorities on the instruments intended to measure and asking them whether the instruments designed would capture the required data.

Reliability was further ensured by performing the Cronbach's Alpha coefficient tests. Upon performing the test, the results that were 0.717 for customs and administrative procedures, standards and immigration procedures were considered reliable for the independent variables while the results that were 0.766 were considered reliable for the dependent variable. According

Amin (2003) asserts that it must be 0.7 and above for the study to be considered reliable. Cronbach's test for the reliability of the instruments is as shown in table below:

Table 2: Reliability Levels

Variables	**Number of cases**	**Alpha values**
Customs and administrative procedures	06	0.717
Standards	07	0.750
Immigration procedures	06	0.797
Exports	07	0.766

Source: Primary Data (2016)

3.6.2 Validity

Validity refers to truthfulness of findings or extent to which the instrument is relevant in measuring what it is supposed to be measured (Amin, 2003). Before the actual study, the instruments were discussed with the supervisor. The feedback and recommendations from the supervisor helped in modifying the instruments. The research instrument was validated in terms of content validity. The content related to the degree to which the questionnaire items reflected the specific areas covered.

3.7. Data Management and Processing

The data, after collection, was processed and analyzed in accordance with the intended purpose at the time of developing the research plan. This is essential for a scientific study and for ensuring there is all relevant data for making contemplated comparisons and analysis.

Technically speaking, processing implies editing, coding, classification and tabulation of collected data so that they are amenable to analysis (Kothari, 2004).

Before processing the responses, the completed questionnaires were checked for completeness and consistency. Data was analyzed electronically. Descriptive statistics was employed in data analysis. The raw data from the different categories of respondents was prepared or grouped for analysis and then analyzed. The researcher employed SPSS software version (16) to present findings in form of tables which showed frequencies, mean and standard deviation.

Content analysis was used to analyze the respondents' views and of documentary materials such as books, journals, internet sources and statistical reports. Content analysis examines the intensity with which certain words have been used, and systematically describes the form or content of written/spoken material, in interpreting the results, the frequency with which a symbol or idea appears may be interpreted as a measure of importance ,attention or emphasis (Kombo and Tromp, 2011).

Tables were used to group various categories of data from the questionnaire and their frequencies of occurrence in different Partner States were used where summation and cumulative values were required.

Mean helped to determine the average score for each variable that influenced export trade within the EAC while Standard deviation was used to determine how much variation there was from the mean for each of the variables that were analyzed, in order to develop recommendations for each variable.

3.9. Ethical Consideration

Before data collection commenced, the researcher sought permission to collect data from the appropriate authorities. The secured a letter of introduction from East African school of Diplomacy, Uganda Martyrs University, which he presented to the respondents. It is important to note that not all data collected is lawful, or based on known statements, events and/or conditions (Burns and Burns, 2008).

In this study the consent of respondents was sought and they voluntarily accepted to respond to the questions of the study. The responses to this study were kept confidential and respondents were afforded the right to anonymity; that is not to be identified with the responses or opinions they express. Burns and Burns (2008) define anonymity as concealing the identity of the participants in all documents resulting from the research. The researcher ensured confidentiality and security of the data collected from the respondents by allowing them fill the questionnaires anonymously to avoid exposure of who gave the information.

Appreciation to respondents - The researcher appreciated all the respondents for taking their valuable time to provide responses to research questions. This appreciation also found expression in the instruments for data collection. The researcher at any one time would appreciate the respondents for their time and responses.

Avoiding plagiarism - This was done by ensuring that all sources of information used in the report and the whole study, are recognized for their efforts through proper citation.

3.10. Limitations of the Study

The researcher was faced with time constraint to carry adequate research within required time. Since the research required collecting of a lot of data from the field, analyzing and processing of

data was involved this was difficult to compile. But aware of the short time available, the researcher employed both qualitative and quantitative techniques.

The researcher went for a reasonably small sample for the study, some of the respondent in that sample may have provided biased information; some of the errors presented were not representative of the entire population. But aware of the limitation of the small sample size which had a certain level of error in the study, the researcher minimized this by using multiple methods of collecting data.

The study was limited by the high costs involved in collecting data, entering the data and analysis. The research involved moving from one organization and border point to another to administer the questionnaire, conduct individual interviews and focused group discussions.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents analysis and discussion of the study findings. It consists of three sections namely; the section that presents the background information, the section that deals with the presentation of the findings of the study objectives using frequencies and percentages; and the section that studies the relationship between the independent variable and the dependent variable using correlation analysis.

The presentation of findings is arranged in accordance with the questionnaire questions.

Out of the 107 questionnaires sent out to the field, 103 answered questionnaires were returned, this accounted for a response rate of 96.3% and 4 were not returned - which accounts for 3.7%.

4.1 Background Information of Respondents

In this section, the researcher aimed at establishing the personal characteristics of the respondents to the study. These included information like; gender, age group, education level, marital status, occupation, and the duration in exporting to East Africa Community. The following were the results;

4.1.1 Gender of Respondents

Frequency tabulation was used by the researcher to present the gender distribution of the respondents. This is as shown in the table 3 below:

Table 3: Gender Characteristics of Respondents

Gender	Frequency	Percent
Male	75	72.8
Female	28	27.2
Total	**103**	**100**

Source: Primary Data (2016)

Findings in table 3 reveal that there were more males than females who participated in the study. Males constituted 75 respondents which accounted for 72.8% of the total respondents while females made up 28 respondents that accounted for 27.2% of the total respondents.

This possibly implies that women are not actively engaged in EAC Cross border trade. They (women) trade locally within the country vis-à-vis males. As the focus is on those who engaged in EAC cross border trade this results might be caused by the nature of the trade itself in that the trade requires much movements, negotiations, and close follow-up to ensure that the goods are delivered and paid for. The fewer females depicted in this result can also be explained by the fact that traditionally, in Africa, it is the men that fend for family, besides that, gender mainstreaming in trade has not been fully embraced and females are yet to compete on equal terms with their male counterparts in exports trade

4.1.2 Age group of Respondents

The study captured the different age groups of respondents in order to establish the most prevalent group. The respondents were asked to state their age brackets. The distribution was as in the table below:

Table 4: Frequency Distribution for Age group of Respondents

Age group	Frequency	Percent
20-29 years	14	13.6
30-39 years	48	46.6
40-49 years	34	33.0
Over 50 years	7	6.8
Total	**103**	**100**

Source: primary data (2016)

Findings in Table 4 above revealed that respondents of different age groups ranging from 20 years to 50years and above participated in the study. From the Table 4 it is noted that respondents in the age group of 30-39 were the majority with 48 respondents that accounted for 46.6%, while the age group of 40-46 followed with 34 respondents that accounted for 33.0%. The age group 20-29 years with14 respondents, accounted for13.6% and the age group of 50years and above with 7 respondents accounted for 6.8% were the minority.

Therefore, the findings illustrated that majority of respondents involved in EAC cross border trade were between 30-39 years and 40-49 years old with 48 respondents (46.6%) and 34 respondents (33.0%) respectively.

These two age groups are reasonably young with capacity to undertake the strenuous movements involved in export trade. In the age groups of 30-39 and 40-49 stated that they also have family demands which require them to engage in such income generating activities. It can also be stated that members of these age groups have acquired reasonable capital to undertake cross border trade.

The possible reasons why there are fewer participants in the age groups of 50 and above and 20-29year can be explained by the fact that people in the age group of 50 and above are less energetic to deal with the rigorous requirements of export trade such as travelling long distances. Members of such a demographic age composition tend to be less ambitious in life compared to the majority age group above. Members in the age group of 20-29year are still school going and often with little or no capital to participate in export trade.

4.1.3 Education Level of Respondents

In order to assess the education background of the respondents in regard to export trade, the respondents were requested to give their level of education and the response is portrayed below:

Table 5: Frequency Distribution for Education Level of Respondents

Education level	**Frequency**	**Percent**
Primary level	14	13.6
Secondary level	43	41.7
University or tertiary level	29	28.2
Others	17	16.5
Total	**103**	**100**

Source: Primary Data (2016)

Table 5 above, it is noted that the qualification of respondents included; Primary level, secondary level, university or tertiary level and others included those that did not go to any of the formal education level listed above.

The findings show that secondary level respondents formed a majority of the study respondents with 43 respondents that accounted for 41.7%, followed by university level with 29 respondents

that accounted for 28.2%, primary level constituted 14 respondents that accounted for 13.6% and others with 17 respondents that accounted for 16.5% of the total respondents. This shows that majority respondents (43 respondents at 41.7%) had attained secondary level education. This could be due to the high number of people who complete secondary school but fail to join tertiary or university education because they lack the funding for those levels of education. In a bid to earn a living, they engage in economic activities such as trade and thus, end up in export trade.

4.1.4 Marital Status of Respondents

The study captured data on the marital status of respondents and it is as in the table below:

Table 6: Frequency Distribution for Marital Status of Respondents

Marital status	**Frequency**	**Percent**
Single	23	22.3
Married	65	63.1
Widowed	9	8.7
Separated	6	5.8
Total	**103**	**100**

Source: Primary Data (2016)

The results in table 6 revealed that the majority of the respondents in the study were married with 65 respondents that accounted for 63.1%, followed by single with 23 respondents that accounted for 22.3%, widowed constituted 9 respondents that accounted for 8.7% and separated had 6 respondents that accounted 5.8% of the total respondents. The findings show that most of the respondents were married. This is because married people have family responsibilities. Such

responsibilities like paying school fees, feeding family members, providing accommodation for them; all require that one engages in income generating activities to get the resources (money) to attend to the above responsibilities. That is why there is majority participation of this group in cross border trade.

4.1.5 Occupation of Respondents

In order to assess the respondents' connection with cross border trade, respondents were requested to state their occupation. The study established the occupation of respondents and it is as shown in the table below:

Table 7: Frequency Distribution for Occupation of Respondents

Occupation status	**Frequency**	**Percent**
Traders	93	90.3
Employed	10	9.7
Total	**103**	**100**

Source: Primary Data (2016)

The findings in table 7 revealed that the majority of the respondents in the study were traders with 93 respondents that accounted for 90.3%, followed by 10 respondents in the employed category.

The majority of the respondents were traders (90.3%), because of targeted study population was that of traders. Employed participants were the minority simply because these were purposively selected.

4.1.6 Duration in the Export

In order to assess the reliability of the data collected, the respondents were requested to indicate the period they had engaged in export trade. Their responses were as given below.

Table 8 Frequency Distribution for Duration of Respondents

Duration	**Frequency**	**Percent**
Less than 3 years	05	4.9
3-5 years	22	21.4
5-8 years	31	30.1
Above 8 years	45	43.7
Total	**103**	**100**

Source: Primary Data (2016)

From the table 8 above, the results revealed that 45 respondents that accounted for 43.7% of the total respondents who provided information had spent above 8 years as the majority in the study, 31 respondents that accounted for 30.1% of the total respondents had spent between 5 and 8 years, 22 respondents that accounted for 21.4% of the total respondents had spent between 3 and 5 years in business, and 5 respondents that accounted for 4.9 % of the total respondents had spent less than 3 years in business and was the least in the study.

For those who export across the region of East Africa, the average experience was 5 years, with a minimum of less than 3 years and a maximum of 8 years. This implies that, out of the sample chosen in the study, majority of the traders exporting to EAC countries were more experienced and conversant with the trading activities and procedures involved in export trade.

4.2 Study Objectives

In this section, Respondents were asked to respond to a number of statements regarding customs and administrative procedures, standards and immigration procedures on exports to East African Community and their perception of NTBs. The following were the results;

4.2.1 Importance that Respondents Attach to NTBs and Uganda's Grain Exports

Respondents were asked about the extent of the importance they attached to NTBs and Uganda`s grain exports and their responses are given below:

Table 9: Respondents Perceptions to NTBs and Uganda's Grain Exports

Extent	**Frequency**	**Percentage**
High	62	60.2
Very High	41	39.8
Total	**103**	**100**

Source: Primary Data (2016)

From the study findings in table above 9, majority of the respondents' perception of NTBS rated at very high and high with 41 respondents that accounted for 39.8% and 62 respondents that accounted for 60.2% respectively. This can be explained by the fact that majority of the respondent as earlier seen in table 8 had been in export trade for a reasonably long time, giving them good experience and Knowledge on NTBs.

This can also be explained further by the fact that NTBs exist in EAC; and thus, they are a phenomenon that traders have to grapple with in the course of export trade. Respondents' views of high level of perception on NTBs seems to be supported by the Society for International Development report (2012) which pointed out that EAC's August 2011 quarterly report on the subject stated that Tanzania led the region in being a major source of NTBs, followed by Kenya,

and Burundi respectively and the countries singled out as being the most affected by NTBs were Uganda, Rwanda Burundi, Tanzania, and Kenya respectively. And the reports concludes that there is overall effect of non-tariff barriers (NTBs) in the EAC region, like elsewhere, is that they result in delays and increased costs, which ultimately hinder the free movement of goods and services.

4.3. Customs and Administrative Procedures and Grain Exports to EAC

The study went to establish the effect of customs and administration procedures on Uganda's grain exports to the East African Community. The study used the questionnaire that was designed and generated using a five-point Likert scale with different levels for each statement such that, 1-Strongly disagree, 2-Disagree, 3-Not sure, 4-Agree and 5-Strongly agree. This therefore, shows that all responses averaging 3.0 and above accounted for "Agree" whereas all responses averaging below 3.0 accounted for "Disagree". The customs and administrative procedures were examined by computing the mean and standard deviation from statements.

The findings are of the questions presented below;

Table 10: Descriptive Statistics for Customs and Administrative Procedures on Exports

Statements	Number	Mean	Standard deviation
Traders are required to produce much documentation to export goods across to another country e.g. certificate of origin	103	3.94	1.110
Traders take a lot of time to clear goods through customs	103	3.39	1.374
Border points operate for 24hours that brings efficiency and reduces clearing time for traders and transporters.	103	3.70	1.474
There is transparency and professionalism of customs administration that helps to facilitate trade	103	2.44	1.466
Traders face multiple levy fees by local government and central government customs fees and taxes, among others, leading to high transaction costs for the goods across the EAC countries	103	3.64	1.275
Customs requirements increase the cost of doing business	103	3.57	1.185
There is desk at Ministry of Trade that handles complaints concerning NTBs encountered across the region	103	3.46	1.420

Source: Primary Data (2016)

The findings from table 10 above illustrated, majority of the respondents agreed that traders are required to produce much documentation to export goods across to another country with a mean of 3.94 although some of the respondents had different views as shown by the standard deviation of 1.110. This implied that majority of the traders were required to produce many documents so

as to export goods across to another country however few of the respondents rejected the opinion. This opinion depicted above (mean =3.94), is further confirmed by a study of World Bank Report (2012) that pointed out that the EAC countries require large numbers of trade documents and inspections. Moreover, requirements vary significantly among countries, raising transaction costs and lengthening import/export processing times. For example, 6 documents are required to import a container of goods into Tanzania, while Burundi requires 10.

The study further established the documents needed by the traders to cross to another country as follows; certificate of origin, Phytosanitary certificate (Agro products), Invitation letters in case of exhibitions held in another country, parking list, invoice of goods, certificate of insurance among others were required; and each of them was to be verified by customs officers at border before goods were permitted to enter into the export market.

Using the findings in table 10 above, majority of the respondents agreed that traders take a lot of time to clear goods through customs with mean value of 3.39 although some of the respondents had different views as shown by the standard deviation of 1.374. This could imply that majority of the respondents agreed that traders take a lot of time to clear goods through customs though few disagreed with their view.

The interview findings revealed that some of the respondents observed that they were forced to spend a lot of time at border points when they arrived after the agents/government officers had closed office. Customs working hours are not harmonized with those of supporting institutions such as banks. If a trader is required to pay some fees at night, he/she has to wait for the banks to open the next day in the morning. All this leads to time wastage. In addition to documentation requirements at customs, some respondents observed that they face problems as customs official request for a harrowing line of documents mentioned above. Moreover, it takes time in long

queues as these official take their time to verify the above documents and the traders think that not all of them should be required and request that they be reduced to at least three documents only. Respondents further showed that there were some officers who were inefficient in doing their work and sometimes absent in their offices, thus time was lost as a trader waits for them to return to their desk on work with a degree of inefficiency that is time wasting. Besides, traders indicated that verification methods may require unloading the entire consignment and reloading it after verification of the goods carried; this is quite time wasting and sometimes results into damage of goods.

Table 10 stated that majority of the respondents agreed that border points operate for 24hours that brings efficiency and reduces clearing time for traders and transporters with the mean value of 3.70 although some of the respondents had different views as shown by the standard deviation of 1.477. This could imply that majority of the agreed that border points operated for 24 hours that brought efficiency and reduced clearing time for traders and transporters though some disagreed with view.

From interview findings, majority of the respondents agreed that border points of Busia, Katuna and Mutukula do operate 24 hours and this helps them to clear goods easily even during night. However, respondents indicated that the 24hour operation of customs is rendered ineffective when the traders are required to pay some customs fees at night. Supporting institutions like banks do not work 24hours like the customs offices. Traders who need to pay some customs fees have to wait till such institutions open the next morning.

Findings in table 10 shows that respondents disagreed that there is transparency and professionalism of customs administration that helps to facilitate trade with mean value of 2.44

although some of the respondents had different views as shown by the standard deviation of 1.466. This implied that majority of the respondents approved that there was no transparency and professionalism of customs administration that would help to facilitate trade while few accepted there was transparency and professionalism of customs administration to facilitate trade.

The respondents' opinions were in tandem with SID (2012) which pointed out that there was concern that rampant corruption especially along the major trading routes is not only hampering trade flow but also eroding potential benefits. Further, Transparency International Bribery Index report (2011) revealed that almost all institutions involved in corruption are in law enforcement, revenue collection and the judiciary, and seven of the ten institutions cited as the most corrupt were from Burundi and Uganda. These institutions play an important role in the facilitation of trade and their being perceived as corrupt affects the smooth flow of trade in the region; and this totally is in agreement with respondents' view.

Findings in table 10 states that the respondents agreed that traders face multiple levy fees by local government and central government customs fees and taxes, among others, leading to high transaction costs for the goods across the EAC countries with mean of 3.64 while some respondents had different views as shown by the standard deviation of 1.275. This implied that majority of the respondents agreed that they face multiple levy fees by local government and central government custom fees and taxes, among others, leading to high transactional costs for the goods across the EAC countries while few approved of the view of others.

This seems to agree with the study done by Muluvi et al. (2011) who found that licenses required within the EAC include a business license, an import/export license, a road transportation license

and a municipal council license. The procedures for obtaining these various licenses vary across countries are difficult for traders and there is a lack of preferential treatment to EAC-originating businesses that makes cross-border cumbersome and expensive process.

According to the interviewing findings, the traders disclosed that they have had to pay multiple levies to local councils where they either buy the goods or sell the in addition to paying the mandatory customs fees. Some traders pointed out that in order to avoid several stoppages along the export routes, which would cause delays; they would have to part with some money which increases the incidence of multiple levies where some of it is even illegal.

Table 10 above shows that majority of the respondents agreed that customs requirements increase the cost of doing business with the mean value of 3.57 although some of the respondents had different views as shown by the standard deviation of 1.185. This implied that majority of the respondents accepted that customs requirements increase the cost of doing business although minority disagreed with others' judgments of customs requirement increasing the cost of doing business.

This response corroborates the study conducted by Muluvi et al. (2011) who points that there are cumbersome and expensive processes in cross border trade.

Table 10 above shows that majority of the respondents agreed that there is desk at Ministry of Trade that handles complaints concerning NTBs encountered across the region with the mean value of 3.46 although some of the respondents had different views as shown by the standard deviation of 1.420. This implied that majority of the respondents agreed that there was desk at Ministry of trade that handled complaints concerning NTBs encountered across the region

though few disagreed with their views that there was desk at Ministry of Trade handled complaints concerning NTBs across the region

During the interviews, respondent indicated that the desk at the Ministry can only help by advising those instituting NTBs to remove them and clear goods to proceed. That if such institutions choose to ignore the advice of the Ministry, the Ministry does not have the capacity to enforce their decision. There is no binding dispute settlement mechanism for traders who are affected by NTBs. Respondent indicated that if agencies instituting NTBs were taken to dispute settlement and damages are awarded or errant officers disciplined, NTBs would be removed.

4.3.1 Extent to Which Customs and Administrative Procedures Affect Grain Exports to East African Community

Respondents were asked to indicate the extent to which customs and administrative procedures affect grain exports to East African Community. Their responses to this question are given below:

Table 11: Respondents Perceptions on Customs and Administrative Procedures Affect Grain Exports to East African Community

Extent	**Frequency**	**Percentage**
Very high	61	59.2
High	38	36.9
Moderate	4	3.9
Total	**103**	**100**

Source: Primary Data (2016)

From the study findings in table above, majority of the respondents (61respondents that accounted for 59.2% of the total respondents), indicated that the extent to which customs and administrative procedures affected grain exports to EAC was very high. These were followed by the respondents (38 respondents that accounted for 36.9% of the total respondents) who indicated that the extent to which customs and administrative procedures affected grain exports to EAC was high. Respondents who indicated that the extent to which customs and administrative procedures affected grain exports to EAC was moderate were 4 respondents and this accounted for 3.9% of the total respondents. This category had the lowest number of respondents. The results above show that customs and administrative procedures are a serious NTB to reckon with in export trade. The results seem to corroborate the study of Fliess et al. (2005) who reported that, customs and administrative procedures and technical barriers to trade (TBTs) emerge as the leading NTBs of concern to developing countries. Indeed, customs and administrative procedures ranked very high among components they analyzed. Issues identified under this category of customs and administrative procedures, include difficulties relating to import customs verification procedures, rules of origin, certifications for the customs goods and multiple customs documents. These, generally, appeared to be more pervasive in trade with other developing countries.

4.4. Effect of Standards on Uganda`s Grain Exports to the EAC

The second objective was to find out the effect of standards requirements on Uganda's grain exports to the East African Community. The study used the questionnaire that was designed and generated using a five-point Likert scale with different levels to be appreciated on each statement; that is, 1-Strongly disagree, 2-Disagree, 3-Not sure, 4-Agree and 5-Strongly agree. This therefore shows that all responses averaging 3.0 and above accounted for "Agree" whereas

all responses averaging below 3.0 accounted for "Disagree". The standards requirements were examined by computing the mean and standard deviation from statements.

Table 12: Descriptive Statistics for Standards on Exports to EAC

Statements	**Number**	**Mean**	**Standard deviation**
Procedures for classifying products under different standards are unclear in terms of standards	103	3.60	1.278
Multiple inspections have led to damage of the goods leading to reduced goods exported.	103	3.85	1.324
Stipulated standards help to minimize risks related to product quality	103	4.09	1.039
There is improved clearance procedures and systems for standards and testing of exports for standards in EAC	103	2.53	1.539
Quality control has been strengthened in policy, regulation and compliance through seminars and conferences among the stakeholders	103	3.13	1.281
There are no sufficient laboratories to test goods and there is limited capacity among those that exist in EAC	103	2.09	1.292
Different laboratories return different results for the same test on the same products	103	3.50	1.290
It takes a lot of time to test or retest products	103	3.66	1.241

Source: Primary Data (2016)

Table 11 above revealed that majority respondents agreed that procedures for classifying products under different standards are unclear in terms of standards with the mean value of 3.60. However, some of the respondents had different views as shown by the standard deviation value of 1.278. This could imply that there are different procedures for classifying products which

make it difficult for exporters to predict with certainty the procedure that will be used to classify their products in terms of standards. This lack of uncertainty on products classification in regard to standards becomes an NTB and diminishes predictability that is an essential element for successful export business. This seems to concur with a study by UNCTAD (2011) that cites several procedures for classifying products with regard to standards, differing SPS and TBT which cause delays and hamper trade in the region.

It is noted from table 11 that respondents agreed that multiple inspections have led to damage of the goods leading to losses in the goods exported with mean of 3.85 although some of the respondents had different views as shown by the standard deviation of 1.324. This could imply majority of the respondents agreed that multiple inspections have led to damage of goods leading to losses in the goods exported.

According to the interviews, respondents indicated that the goods can be subject to multiple standards test for conformity. For instance, an exporter may use a private institution to test his/her goods and thereafter, take them to the Uganda National Bureau of Standards for further tests and issuance of the recognized Certificate or Standards Mark but when such goods are exported to Rwanda or Kenya, such countries at times demand for more confirmatory tests. Such tests involve off-loading of the goods for testing and re-loading them later – a practice that occasions damage to the goods leading to losses on the part of the exporter.

Findings presented in table 11 shows that the respondents agreed with the statement that stipulated standards help to minimize risks related to product quality with mean of 4.09. However, some respondents had different views as shown by the standard deviation of value

1.039. Respondents to the study indicated that once the standards are well stipulated, they become predictable and easy to comply with, thus easing trade in such products with well stipulated standards.

Table 11furher shows, the respondents disagreed that there was improved clearance procedures and systems for standards and testing of exports for standards in EAC with mean of 2.53 with shared views shown by the standard deviation value of 1.539. Respondents indicated clearance procedures and systems for standards and testing are varying, the testing procedures are not uniform. This sometimes leads to varying results on the same sample test. A product sample that was in conformity with the required standards may be deemed noncompliant in another country. In other cases, some Partners states use the scheme called *Pre-export Verification for Standards and Technical regulations Conformity (PVOC)*while other do not. Even with PVOC, not all products do through this scheme.

Table 11 states that respondents agreed that quality control has been strengthened in policy, regulation and compliance through conferences and seminars among the stakeholders with mean value of 3.13 although some respondents had different views as shown by the standard deviation value of 1.281. During the study the respondents indicated that the seminars and conferences were always organized by government agencies, associations and EAC secretariat to educate traders about certification marks, testing procedures and inspection certificates of conformity to international standards. However, these seminars may not reach out to all traders and other means such media and use of local authorities to sensitize traders on standards need to be used to reach out to all the stakeholders.

The respondents agreed that there were no sufficient laboratories to test goods and there is limited capacity among those that exist in EAC with mean of 2.90 although some respondents had different views as shown by the standard deviation value of 1.292. This could imply that respondents never had sufficient laboratories to test goods and there was limited capacity among those that exist in EAC. The respondents' opinion confirmed findings of Mayeda (2004) who pointed out that developing country had limited financial, technical and scientific resources to acquire laboratories that meet the very strict SPS and TBT measures. During interviews, the researcher found out that there are a few laboratories for testing products and most of these laboratories are concentrated in the capitals with lack of the capacity to carry out all the required tests. The traders who are far away from the capitals have to travel long distances with the samples to the capital for testing. This becomes worse when an exporter is at the border and some of the goods have to be re-tested by taking sample to the capital. This leads to delays and increases the cost of doing export business as personnel moving with the goods have to stay at the border, spend more on meals and accommodation as they wait for results to be returned from the capitals like Nairobi, Bujumbura, Dodoma or Kigali. The traders disclosed that laboratories were found in the capitals of Partner States which were far and this meant that trucks had to be parked and wait for the results before goods are cleared to proceed to the export destination.

In determination of standards requirements, the study findings show that respondents agreed that different laboratories return different results for the same test on the same products with mean of 3.50. However, some respondents had different views as shown by the standard deviation value of 1.290. This could imply different laboratories produce different results on the same test of same products. The respondents' view rhymes with the study by UNCTAD (2011) which stated

that some partner states carried out repeat inspections of products already certified by accredited labs; inspections of products originating within the EAC and bearing the certification mark issued by a national standards bureau; and non-standardized testing procedures across countries. During the focused group discussion, the researcher discovered that laboratories form different countries sometimes released different results on the same sample. They indicated that when such a scenario arises, it is the goods being exported that are affected by unnecessary delays while the associated inconveniences and losses are born by the exporter.

The findings in table 11 above based on the respondents agreed with the statement that it takes a lot of time to test or retest products with mean value of 3.66 although some respondents had different views as shown by the standard deviation of 1.241. This could imply a lot of time is taken to test and re-testing products. According to interviewing findings, majority of respondents revealed that a lot of time was taken in testing and re-testing of goods. Respondents indicated that laboratories were in the capital cities of the Partners States in EAC. If a re- test procedure for standards conformity is required of goods for export at the border of entry like Busia, it takes a lot of time to take the samples to the Kenyan Capital, Nairobi for the test to be carried out. Time lost has a lot of ramifications on business; it increases the cost of doing business, delays in delivering goods means that there may be stoppages in production is such goods are needed as raw material. Maize was given as an example, where milling factories may stop as they wait for the maize in transit to be cleared for conformity to standards and then delivered to the mills. Such stoppages lead to loss of man-hours for labour paid for and seriously dent the return on investment. It also reduces the products produced for exports and lead to reduction in export volumes or the money value of goods exported.

4.4.1 Extent to Which Standards Affect Grain Exports to the East African Community

Respondents were asked to indicate the extent to which standards affect grain exports to the East African Community. Their responses to this question are given below:

Table 13: Respondents' Perceptions on How Standards Affect Grain Exports to East African Community

Extent	**Frequency**	**Percentage**
Very high	30	29.1
High	48	46.6
Moderate	16	15.5
Low	9	8.7
Total	**103**	**100**

Source: Primary Data (2016)

Table 13 above presents the results from respondents who were asked the extent to which standards requirements affected exports to the East African Community. Majority of the respondents (48 respondents that accounted for 46.6% of the total respondents) indicated that to a high extent, standards requirements affected exports to the East African Community. These followed by 30 respondent who accounted for 29.1% of the total respondents who ranked the extent to which standards requirements affected exports to EAC as being very high. 16 respondents who accounted for 15.5% of the total respondents ranked them as moderate, and 9 respondents who accounted for 8.7% of the total respondents ranked the extent to which standards requirements affect exports to the EAC as being low. The majority numbers of respondents were those who indicated that the extent to which standards requirements affect exports to EAC very high and high, giving rise to 75.7% of the total percentage of the

respondents in the study. The implication of these results is that standards Requirements are a significant NTB to reckon with in the course of exporting to the EAC.

In an interview with UNBS official, he revealed that standards requirements are not a problem per *se* but some countries are abusing them to achieve ulterior motives to protect their domestic product of similar products. An example was given where Kenya insists on stringent levels of moisture content and aflatoxins in Maize from Uganda when there has been a bumper harvest of the same commodity in Kenya only to relax such requirement during the periods of scarcity of maize in Kenya. He held a firm conviction that at certain times, standards requirement are used as protectionism tools rather than a scientific and legitimate tool for protection of human, animal and plant health and life.

The ramifications of Standards requirement on exports were deduced as follows; abuse of these requirements constitutes an NTB that potentially increases the cost of doing export business, causes losses in export business, dulls investment in export business, reduces the amount of exports to EAC and ultimately dents the economic development of the EAC region.

4.5 Effect of Immigration Procedures on Uganda`s Grain Exports to EAC

The third objective was to establish the effect of immigration procedures on exports to the East African Community. The study used the questionnaire that was designed and generated using a five-point Likert scale with different levels to be appreciated in each statement; that is, 1-Strongly disagree, 2-Disagree, 3-Not sure, 4-Agree and 5-Strongly agree. Most respondents perceptions averaging, 3.0 and above accounted for “Agree” whereas all responses averaging below 3.0 accounted for “Disagree”. The immigration procedures were examined by computing the mean and standard deviation from statements.

Table 14: Descriptive Statistics for Immigration Procedures on Exports

Statements	Number	Mean	Standard deviation
Some immigration entry points require payment of fees by business people that are not stipulated in any law or regulation	103	4.07	1.060
Multiplicity of agencies on the border points leads to bureaucracy which causes delay at the border point	103	4.14	1.155
The border points have enough workforce to work 24 hours	103	3.91	1.147
Traders are required to fulfill health vaccination so as to be permitted to take goods	103	4.41	1.175
Long queues at entry points with no fast clearance lines for traders	103	4.16	1.334
Language challenges due to usage of majorly English and Swahili in EAC	103	4.17	1.276
Discretional powers of immigration officials that can cause unnecessary delays	103	4.00	1.196

Source: Primary Data (2016)

Table 12 respondents agreed that some immigration entry points require payment of fees by business people that are not stipulated in any law or regulation as represented by the mean of 4.07 however, some respondents had different views as depicted by the standard deviation rate of 1.060. This could imply that majority of the respondents agreed immigration entry points require payment of fees by business people that are not stipulated in any law or regulation. During the interviews, respondents indicated that such a problem is rampant with the border point of Mutukula. Respondents indicated that some officials at the immigration entry point into Tanzania sometimes ask traders to pay some fee (USD 50) and at times different sums of fees. Trader who noticed that such fees were irregular raised the complaint. Respondents further,

explained that when the complaint is made, the authorities from the Tanzania promise to take action which solves the problem for a short time and thereafter, the official go back to requesting for such fees to clear traders with imports into Tanzania. Such irregular fees immigration requirements are additional costs to export business and therefore, lead to increase in the cost of doing export business.

Findings in table 12 above indicate that respondents to the study agreed that multiplicity of agencies on the border points leads to bureaucracy which causes delay at the border point as represented by the mean value of 4.14 although some respondents had different views as shown by the standard deviation rate of 1.155. This could imply that majority of the respondent agreed that there was multiplicity of agencies on the border points that led to bureaucracy that causes delay at the border points while minority of the respondents disagreed with the views in question. Their view corroborated the study by Barka (2012) which revealed that the multiplicity of government agencies (i.e. Revenue Authority – Customs; Immigration; Security – Police; Ministry of Agriculture; Ministry of Health; Bureau of Standards, etc.) operating on both sides of the same border increase the bureaucracy at border posts, which translates into congestion and delays. The same study pointed out that the waiting time for a container/truck to cross a border post can range from 3 minutes to 2.8 days.

Basing on the results in table 12, respondents agreed that the border points have enough work-force to work 24 hours as represented by the mean of 3.91 although some respondents had different views represented by the standard deviation value of 1.147. This could imply that most

of the border points had enough workforces to work 24 hours this helped to reduce illegal people moving with documents in pretence of exportation.

Findings in table 12 above show that respondents agreed that traders are required to fulfill health vaccination so as to be permitted to take goods and this is depicted in the mean of 4.4 while some respondents had different views as shown by the standard deviation of 1.175.

The respondents' opinions are confirmed by the findings of Muluvi et al. (2010) who noted that for one to move from one EAC to another, he or she needed to have fulfilled the health requirement in order to cross. Tanzania as one of EAC has been applying stringent measure especially asking for the yellow fever vaccination before crossing the border point and this in itself is has been identified as a major bottleneck to trade. Although this is justified on the basis of health concerns, the procedures for its application and the fee of $50 for those who apply at the entry points pose a challenge (Muluvi et al., 2010). Therefore, the cost of movement across boundaries has a significant impact on cross-border trade and this is in corroborates the respondents' views in the results above.

Findings in table 12 above indicate that respondents agreed with the statement that long queues at entry points with no fast clearance lines of traders as represent by the mean of 4.16 although there were other respondents who held different views on the matter as depicted by the standard deviation of 1.334. This could imply that majority of respondents agreed there were long queues at entry points with slow clearance lines of traders. The interview findings revealed that such long queues arise from a numbers of reasons which included among others: delays in clearing goods at the border, inefficiency in border staff who clear goods and at times fewer staff

involved in the clearance of goods. All these cause delay at the border and lead to build-up of long queues at the border. Some respondents intimated to the researcher that long queues a caused by the rent seeking behaviour of officials. When there is a long queue, some people easily find it as an alternative to bribe officials to allow them to go through quickly (jumping the queue).

The findings presented in table 12 above indicate that respondents agreed that there are language challenges due to usage of majorly English and Swahili and this is portrayed by the mean of 4.17 however, some of the respondents had different views as shown by the standard deviation of 1.276. This could imply majority of the respondents agreed that there are language challenges due to usage of majorly English and Swahili. During the interview, some respondents indicated that some of them or their agents who transport the goods for export through such border crossing points are not conversant with any of the two languages. That sometimes they need to hire someone to provide translation services to them. All this hampers easy flow of exports across borders and increases the cost of doing export business.

The findings as presented in table 12 further indicated that respondents concern that discretional powers of immigration officials can cause unnecessary delays as shown by the mean of 4.00 however, some respondents held different views on the matter as shown by the standard deviation of 1.196. This could imply that respondents were concerned about discretional powers of immigration officials that caused unnecessary delays at the border points. During the interview, some respondents explained that an immigration official could, out of unprovoked anger or even provoked anger from an exporter, subject such an exporter to extra undue scrutiny, leading to delay from such an exporter. That rent-seeking behavior of some immigration official

may exploit such discretional power to move an exporter to a point where he has to pay some bribe to avoid unnecessary inconveniences and delays at the point of entry into the export market.

4.5.1 Extent to which Immigration Procedures Affect Grain Exports to the East African Community

Respondents were asked to indicate the extent to which immigration procedures affect grain exports to the East African Community and their responses to this question are given below:

Table 15: Respondents Perception on How Immigration Procedures Affect Grain Exports to EAC

Extent	**Frequency**	**Percentage**
Very high	30	29.1
High	34	33.0
Moderate	9	8.7
Low	30	29.1
Total	**103**	**100**

Source: Primary Data (2016)

Table 15 above; present the findings from the respondents who were asked the extent to which immigration procedures affected exports to East African Community. Majority of the respondents (34 respondents who accounted for 33% of the total respondents) indicated that immigration procedures affected exports to East African Community to a high extent. These were followed by those (30 respondents who accounted for 29.1% of the total respondents) who indicated that it was to a very high extent. 9 respondents who accounted for 8.7% of the total

respondents indicated that the extent was moderate wile 30 respondents who accounted for 29.1% of the total respondents indicated that it was low. As earlier discussed in this section, it can be seen that immigration procedure impede the smooth flow of exports in EAC and thus constitute an NTB to reckon with. The ramifications of immigration procedures that have turned into NTBs are indicated variously in the discussion above on table 12.

4.6 Effect of NTBs on Exports to EAC

The study used the questionnaire that was designed and generated using a five-point Likert scale with different levels of agreement for each statement that is, 1-Strongly disagree, 2-Disgree, 3-Not sure, 4-Agree and 5-Strongly agree. This therefore shows that all responses averaging 3.0 and above accounted for "Agree" whereas all responses averaging below 3.0 accounted for "Disagree". The exports performance was examined by computing the mean and standard deviation from statements. In some cases, frequencies and percentages were computed from the respondents' results as shown in table 16.

4.6.1 Importance that Respondents Attach to Uganda's Grain Exports

Respondents were asked about the extent of the importance they attached to Uganda`s grain exports and their responses are given below:

Table 16: Showing the Extent of Importance that Respondents Attach to Uganda's Grain Exports

Extent	**Frequency**	**Percentage**
Very high	60	58.3
High	34	33.0
Moderate	9	8.7
Total	**103**	**100**

Source: Primary Data (2016)

The results from in Table 16 above, state that majority of the respondent (60 respondents that accounted for 58.3% of the total respondents) indicated that they attached very high importance to Uganda`s grain exports. These were followed by 34 respondents that accounted for 33% of the total respondents that deemed the importance of Uganda`s grain exports to be high. Only 9 respondents that accounted for 8.7 percent of the total respondent deem the importance of grain exports to Uganda as moderate. These results imply that grain exports are important to Uganda.

Table 17: Showing the Effect NTBs on Uganda's Exports to EAC

Statements	Number	Mean	Standard deviation
NTBs discourage investment in export and exports related Business	103	3.73	1.409
NTBs limit customer choice of goods and damage customer welfare	103	3. 49	1.420
NTBs lead to losses in business profitability	103	4.14	1.004
NTBs cause delays for raw material leading to stoppage at the factory	103	3.69	1.489
Increase the price of exports thus rendering them uncompetitive in the export market	103	3.96	1.481
NTBs lead to fluctuation the volume of exports	103	3.87	1.348
NTBs compromise the quality of exports	103	4.17	0.974
NTBs increase the cost of doing business	103	3.09	1.515
NTBs lead to protectionism and curtail the benefits of liberalization in the EAC	103	3.70	1.101

Source: Primary Data (2016)

Findings in table 17 above show that respondents agree that NTBs discourage investment in export and exports related Business as depicted from the mean of 3.73. However, some respondents had different views as shown by the standard deviation of 1.409.

Table 17 above show that majority of respondents agree that NTBs limit customer choice of goods and damage customer welfare and this is represented by the mean of 3.49. However, some respondents had different views as shown by the standard deviation of 1.420.

The study finding in table 17 above show that majority of respondents agreed that NTBs lead to losses in business profitability as shown by the mean of 4.14. However, some other respondents had different views on the matter as shown by the standard deviation of 1.004.

The study finding in table17 above show that majority of respondents agreed that NTBs cause delays for raw material leading to stoppage at the factory as portrayed by the mean of 3.69. However, there were some respondents who held different views as shown by the standard deviation of 1.489.

Based on table 17 above, respondents to the study agreed Increase the price of exports thus rendering them uncompetitive in the export market with mean value of 3.96 however; some respondents had different views as shown by the standard deviation rate of 1.481.

As per table 17 above, respondents agreed that NTBs lead to fluctuation the volume of exports with mean of 3.87 while others held different views as shown by the standard deviation value of 1.348.

Findings in table above 17 above show that respondents agreed that NTBs compromise the quality of exports as depicted by the mean of 4.17. However, others had different views as shown by the standard deviation of 0.974.

Findings in table 17 above show that respondents agreed that NTBs increase the cost of doing business as portrayed by the mean of 3.09. However, other respondents had different views as shown by the standard deviation of 1.515.

Findings in table 17 above show that respondents agreed that NTBs lead to protectionism and curtail the benefits of liberalization in the EAC portrayed by the mean of 3.70. However, other respondents had different views as shown by the standard deviation of 1.101.

The above results regarding the statements in table 12 demonstrate the effects of NTBs on Uganda`s exports. Unfortunately, the results show that NTBs negatively affects export trade. Respondents from interview, indicated that if Uganda is to improve its export trade (export more and increase the monetary value of export) it must work towards removal and where possible, total elimination of such NTBs

4.7. Government Regulations and Policy: How They Affect NTBs and Exports to East African Community

Respondents were asked if government regulation and policy affected exports to East African Community and the results are given in table 18 below:

Table 18: Respondents Perceptions to Which Government Regulations Affect NTBs and Exports to EAC

Extent	**Frequency**	**Percentage**
Very high	48	46.6
High	41	39.8
Moderate	14	13.6
Total	**103**	**100**

Source: Primary Data (2016)

From the study findings in table 18 above, majority (48 respondents who accounted for 46.6% of the total respondents) indicated that the extent to which government regulations affect NTBs and

exports to East African Community was very high. These were followed by 41 respondents who accounted for 39.8% of the total respondents who indicated that the same in question was high while14 respondents who accounted for 13.6% of the total respondents indicated that the extent to which government regulations affect NTBs and exports to East African Community was moderate.

In interview finding, majority of the respondents indicated that government regulations and policies are affect NTBs and Exports in two folds: (i) when governments seek to protect the home products, they put regulation and policies that make it difficult for foreign traders to export (enter) to their markets; these turn out to be NTBS. (ii) When governments want to encourage certain scarce products to enter their territory, they make regulations and policies that lead to removal of NTBs and thus open gates to allow smooth flow of goods into their territory- in other words they become more liberal in their trade policies and regulations.

4.8 Foreign Exchange Rate Affects NTBs and Exports to East African Community

Respondents were asked the extent to which foreign exchange rate affected NTBs and exports to EAC and the results are given in table 19 below:

Table 19: Respondents Perception to Which Foreign Exchange Rate Affects NTBs and Exports to East African Community

Extent	Frequency	Percentage
Very high	8	7.8
High	61	59.2
Moderate	13	12.6
Low	17	16.5
Not at all	4	3.9
Total	**103**	**100**

Source: Primary Data (2016)

From the findings in table 19 above, respondents were asked to indicate the extent to which foreign exchange rate affects NTBs and exports to East African Community. The majority (61 respondents who accounted for 59.2% of the total respondents) indicated that the extent to which foreign exchange rate affect NTBs and exports to East African Community was high, these were followed by 17 respondents who accounted for 16.5% of the total respondents who indicated that the extent in question was low, 13 respondents who accounted for 12.6% of the total respondents indicated that the extent of the question was moderate, 8 respondents who accounted for 7.8% of the total respondents revealed that the extent which foreign exchange rate affect NTBs and exports to East African Community was very high while 4 respondents who accounted for 3.9% of the total respondents did not think that foreign exchange rate affected NTBs and exports to East African Community.

Interview finding revealed that EAC Partner States do not have a common currency and therefore the US Dollar serves as the vehicle currency in many export transaction that take place

in this region. Though, in some cases, national currencies are exchanged for the national currencies of other Partner States. The Uganda shilling, unfortunately, is not readily available in most of the foreign exchange bureaus in other Partners states and this leaves the option of the US Dollar as vehicle currency. Majority of the respondents indicated that there are fluctuations in the foreign exchange rates and these affect NTBs and exports differently. When the national currency of a Partner State appreciates in terms of the US dollar, nationals of that country need less of their national currency to buy the dollar. This can encourage importation. In a bid to reduce or control the influx of foreign imports, the government of such a country may institute measures that limit importation and these may come in inform of NTBs. Conversely, when the national currency depreciates, it makes importation difficult and encourages exportation. However, if the importation that has been discouraged involves scarce or critically needed products like food for food security, governments may react by liberalizing trade in such items and thus remove any NTBs that impede their entry into that territory.

4.9 Correlation Analysis

The study sought to find out the relationship between the independent variable and the dependent variable, using Pearson correlation. This was used to examine the effect of the different dimensions of the independent variable on the dependent variable and the significance of those effects on Uganda`s grain exports to the EAC;

4.9.1 Effect of Customs and Administrative Procedure on Exports

A Person correlation was used to establish the relationship between customs and administrative procedure and exports. The Pearson correlation was run and established the following relationship between customs and administrative procedures and Uganda's grain exports as below:

Table 20: Pearson Correlation Between Customs and Administrative Procedure and Exports

		Customs and administrative procedures	Exports
Customs and administrative procedures	Pearson Correlation	1	.212*
	Sig. (2-tailed)		.031
	N	103	103
Exports	Pearson Correlation	.212*	1
	Sig. (2-tailed)	.031	
	N	103	103

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Primary Data (2016)

From the results in table 20 above, the findings revealed that there is a positive relationship between customs and administrative procedure and exports ($r = 0.212^*$, $p \leq 0.05$). This implies that changes in customs and administrative procedure are not strongly correlated with changes in exports. Statistically, customs and administrative procedures do not significantly affect Uganda's grain exports. This could possibly implies that the governments could be improving customs in a manner is trade facilitating in various ways such as; training staff to improve efficiency and effectiveness when at the border points, the introduction of desk at the Ministry of Trade to

handle complaints of the traders, and ensuring that when a customs officer is caught in corruption he/she is punished to enable smooth flow of goods at the border.

4.9.2 Effect of Standards on Exports

A Person correlation was used to establish the relationship between standards and exports. The Pearson correlation was run and established the following relationship between standards and Uganda's grain exports as below:

Table 21: Pearson Correlation Between Standards Requirement and Exports

		Standards	Exports
Standards	Pearson Correlation	1	.261**
	Sig. (2-tailed)		.008
	N	103	103
Exports	Pearson Correlation	.261**	1
	Sig. (2-tailed)	.008	
	N	103	103

**. Correlation is significant at the 0.01 level (2-tailed).

Source: primary data (2016)

The findings in table 21 above, revealed that there is a correlation between standards requirement and exports with a positive and insignificant relationship ($r = 0.261^{**}$, $p \leq 0.01$). This, statistically, implies that when there is an increase or decrease in standards requirements, it leads to an increase or decrease in Exports. Statistically, however, the correlation between the two variable is not very strong ($r = 0.261^{**}$). This could imply that exporters compliance to standards has improved and that why standards may not strongly affect exports.

4.9.3 Effect of Immigration Procedures and Exports

A Person correlation was used to establish the relationship between immigration procedures and exports. The Pearson correlation was run and established the following relationship between immigration procedures and Uganda's grain exports as below:

Table 22: Pearson Correlation Between Immigration Procedures and Exports

		Immigrations procedures	Exports
Immigrations procedures	Pearson Correlation	1	.917**
	Sig. (2-tailed)		.000
	N	103	103
Exports	Pearson Correlation	.917**	1
	Sig. (2-tailed)	.000	
	N	103	103

**. Correlation is significant at the 0.01 level (2-tailed).

Source: primary data (2016)

From the study findings in table 22 above, there is a significant positive correlation between immigration procedures and Uganda's grain exports ($r = 0.917^{**}$, $p \leq 0.01$). Statistically, immigration procedures significantly affect exports. This could mean that inefficiencies in the institutions that enforce immigration issues at border point could end up turning into NTBs which could create bureaucracy that leads to delays and long queues at border points which at the end of the day have an effect on the movement of exports across borders.

4.10 Regression Analysis

Regression analysis was used to find out the determinant of coefficients Model summary and regression coefficients. Determinant of coefficient (R square) is important in indicating the

percentage of the proportion of the total variation in Uganda's grain exports that is attributed to the changes in Non Trade barriers and the control variables. Regression coefficient indicates the significance of coefficient estimates for each independent variable. The relationship model was represented in the linear equation below:

$Y= \alpha +\beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4$

Y= Uganda's grain exports

α = Constant term

β = Beta coefficient

X1 = Customs and administrative procedures

X2 = Standards

X3 = Immigration procedures

4.10.1 Model Summary

Determination coefficients (R2) were also carried out to determine the strength of the relationship between independent and dependent variables as shown in table 23 below:

Table 23: Showing Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.734[a]	.539	.525	.27163

a. Predictors: (Constant), IM, C, S

In order to explain the percentage of variation in the dependent variable (Uganda's grain exports) that is explained by the independent variables. Coefficient of determination was obtained from

the model summary in table 22 above, explains the extent to which changes in the dependent variable is explained by the change in the independent variable.

The R coefficient of 0.734 indicates that the predictors of the model which are customs and administrative procedures, standards and immigration procedures have a correlation of 73.4% with the dependent variable of Uganda's grain exports.

The R square also called coefficient of determination of 0.539 indicates that the model can explain 53.9% of the variations in the Uganda's grain exports to East African Community and there are other factors which can only explain 46.2% of the variations in Uganda's grain exports. This shows that the independent variables (= Customs and administrative procedures, standards and immigration procedures) of this study are significant predictors of the Uganda's exports to East African Community.

4.10.2 Regression Coefficients

Table 24: Showing Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.195	.152		14.419	.000
	C	.135	.065	.237	2.082	.040
	S	.209	.076	.368	2.753	.007
	IM	.104	.050	.205	2.077	.040

a. Dependent Variable: E

The established regression equation was

$Y= \alpha +\beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4$

$Y = 2.195 + 0.135 + 0.209S + 0.104IM$

From the regression equation, the study revealed that holding customs and administrative procedures, product standards requirement and immigration procedures to a constant zero exports would stand at 2.195, a unit increase in customs and administrative procedures would lead to increase in Uganda's exports by a factor of 0.135, a unit increase in standards requirements would lead to increase in Uganda's exports by factor 0.209, a unit increase in immigration procedures would lead to increase in Uganda's exports by factor 0.104.

4.10.3 Summary and Interpretation of Findings

The findings the study revealed that there was greater variation in Uganda's grain exports due to changes in customs and administrative procedures, product standards requirements and immigration procedures, this clearly shows that changes in Uganda's grain exports could be accounted for by changes in customs and administrative procedures, product standards and immigration procedures. The study also established that there was a strong positive relationship between customs and administrative procedures, standards requirements and immigration procedures. The study also found that among the three dimensions (customs and administrative, standards and immigration procedures) of independent variable, standards stood out as the most significant with greater effect on Uganda's grain exports.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussion, conclusions and recommendations arising out of the research findings in chapter four and suggestions for further research.

5.1 Summary of Findings

5.1.1 The role of Customs and Administrative Procedures and Exports

From the findings, there is a correlation between customs and administrative procedures and exports with a positive and significant relationship ($r = 0.212$, $p \leq 0.05$). Due to the positive correlation, it statistically means that increase or decrease in the independent variable (customs and administrative procedures), leads to an increase or decrease in the dependent variable (exports).

From the study findings, majority of the respondents agreed that traders are required to produce much documentation to export goods across to another country for example of Certificate of Origin, majority of the respondents agree that traders take a lot of time to clear goods through customs, majority of the respondents agreed border points operate for 24hours that brings efficiency and reduces clearing time for traders and transporters, majority of the respondents disagreed that there is transparency and professionalism of customs administration that helps to facilitate trade, majority of the respondents agreed that traders face multiple levy fees by local government and central government customs fees and taxes, among others, leading to high transaction costs for the goods across the EAC countries, majority of the respondents agreed that customs requirements increase the cost of doing business and majority of the respondents agreed

that there is desk at Ministry of Trade that handles complaints concerning NTBs encountered across the region.

5.1.2 The Effect of Standards Requirements and Exports

The findings revealed that there is a correlation between standards and Uganda's grain exports with a positive and significant relationship ($r = 0.216$, $p \leq 0.01$). Statistically, this means that a decrease or increase the independent variable (standards requirements), leads to an increase or decrease in the dependent variable (exports).

From the study findings, revealed that majority respondents agreed that procedures for classifying and valuing products are unclear, majority of the respondents agreed that multiple inspections have led to damage of the goods leading to reduced goods exported, majority of the agreed that stipulated standards help to minimize risks related to product quality, majority of the respondents disagreed that there is improved clearance procedures and systems for standards and testing of exports of standards in EAC, majority of the respondents agreed that quality control has been strengthened in policy, regulation and compliance through conferences and seminars among the stakeholders, majority of the respondents disagreed that there are no sufficient laboratories to test goods and there is limited capacity among those that exist in EAC, majority of the respondents agreed that different laboratories return different results for the same test on the same products, and majority of the respondents agreed it takes a lot of time to test or retest products

5.1.3 The Effect of Immigration Procedures and Exports

The finding revealed that there is a correlation between immigration procedures and exports with a positive and significant relationship ($r = 0.917$, $p \leq 0.01$). Statistically, this means that changes (decrease or increase) in immigration procedures, lead to changes in the dependent variable (exports).

From the study findings, revealed that majority of respondents agreed that some immigration entry points require payment of fees by business people that are not stipulated in any law,

Majority of the respondents to the study agreed that multiplicity of agencies on the border points leads to bureaucracy who causes delay at the border point, majority of the respondents agreed that the border points have enough work-force to work 24 hours to illegal people, majority of the respondents agreed that traders are required to fulfill health vaccination so as to be permitted to take goods, majority of the respondents agreed that long queues at entry points with no fast clearance lines of business, majority of the respondents agreed that there were language challenges due to usage of majorly English and Swahili, and majority of the respondents agreed that discretional powers of immigration officials that can cause unnecessary delays.

5.2 Conclusions

The study also revealed that there was statistically significant and positive correlation between customs and administrative procedures and Uganda's exports to East Africa Community. This shows that when these customs and administrative procedures are followed by both traders and government agencies at border points there is would quicken the transportation of goods to other EAC countries and hence goods would reach their destinations faster.

The study also revealed that there is a significant and positive relationship between standards requirements and Uganda's exports to East Africa Community. This shows that inspections are

important for the exports and government agencies have improved on clearance procedures, policy and regulations that help to remind traders of compliance leading to increase in Uganda's exports to East African countries.

This clearly shows that there is a significant and positive relationship between immigration procedures and Uganda's exports to East Africa Community. This is indicated by fact that when immigration procedures are evenly followed and complied with the exports increase to the East African Community.

5.3 Recommendations

From the research findings, the following recommendations are made:

On customs and administrative procedures that constitute NTBs, Uganda and the other EAC governments should streamline customs clearance procedures, rules of origin by reducing the number of trade documents required and harmonizing the nature of the information to be contained in these documents. Such documentation should also be designed and standardized in accordance with internationally accepted standards, practices and guidelines and should be adaptable for use in computer systems. The WTO Agreement on Trade Facilitation that was agreed at the 9th WTO Ministerial Conference in Bali (2013) and adopted in Geneva in 2014 provides such international practices that should be in customs clearance of goods. Therefore, EAC Partners States should implement the agreement since they are all Members of the WTO. In addition, the customs departments in partner states need to harmonize information and communication technology programs related to customs and administrative procedures. It is recommended that support institutions like banks should also start the 24hours a day to enable the 24hour working policy of customs to operate efficiently.

On standards requirements, there should be harmonization of standards and mutual recognition quality marks from Partner Sates. Testing procedure should also be harmonized to avoid the unfortunate situations of having different test results from the same sample. Partner States should invest in having more and efficient laboratories. There should be movable laboratories at the border to avoid the bother of having to take test samples to capital cities. Partner States should ensure that standards are not used to achieve ulterior purposes such as protectionism. Standards should be maintained within their legitimate confines of protecting people and animal life, health and the environment. This should be done in a transparent manner that includes publication of all information related to standards requirement through appropriate media that reaches all the concerned stakeholders.

On the issue of immigration procedures, Partners States should consider having different queues for traders at border points that help to clear them quickly and avoid delays that impact negatively on export business. Irregular fees at immigration points, rent seeking behavior (corruption) should be strictly dealt with and culprits given deterrent disciplinary measures to avoid repeat of such conduct. National Identity Cards should be allowed at border crossing points to allow EAC citizens to move across each other's borders easily.

Efficient monitoring systems should be designed and implemented to provide feedback to the relevant authorities on the implementation of measures to remove unnecessary barriers to trade in the region. This would ensure that the measures implemented are sustainable. Monitoring bodies should comprise stakeholders from government and the private sector. To yield high impacts to all levels, small-scale traders should also be represented in all efforts intended to curb NTBs. Uganda Export Promotion Board (UEPB) should be strengthened to provide up-to-date

market information to exporters so as to avoid situations where exporters are caught in NTBs they did not envisage or could have avoided.

EAC should have a binding disputing mechanism for individuals or authorities that pose NTBs to export trade. Where necessary such dispute settlement mechanism should award damages to those affected and also hand down deterrent punishments for those found culpable of NTBs related offenses such as corruption.

The EAC countries should demonstrate full commitment to the implementation of customs union protocol by ensuring that NTBs that continue to exist along the highways and interfere with trade are removed.

5.4 Areas for Further Research

The EAC is a potential market for intra-EAC trade. It has the potential to help citizens of EAC, including Uganda, to trade their way out of poverty into prosperity as the theme of the National Trade Policy (2007) goes. It can contribute to the much needed economic development in this region. The SDGs have identified trade as an enabler of development under SDG Number 17. Therefore, further research should be carried out in agricultural Value Chains and exports to EAC. Further studies should focus on facilitating SMEs to benefit from EAC trade. This would help EAC citizens to exploit the comparative advantage that they have in agriculture, especially Uganda.

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APPENDIX 1:

RESEARCH QUESTIONNAIRE

Introduction:

I am a student at Uganda Martyrs University Nkozi, pursing a Masters of Arts in international Trade and Law currently working on my research project. Kindly help me respondent to these questions with utmost honesty. This information will be kept confidential.

Please tick or **fill in as appropriate**

SECTION A: DEMOGRAPHIC DATA

a) **Gender**

1) Male ☐ 2) female ☐

b) **What is your age group?**

20-29 years 30-39 years 40-49 years Above 50 years

c) **What is your education level?**

Primary level Secondary level University level Others specific

d) **Marital status**

Single Married Widowed Separated

e) **Major occupation**

Farming Employed Trader Others Specify

f) For how long you have been in this business?

Below 3 years 3-5 years 5- 8 years Above 8 years

SECTION B

Please answer truthfully. Please select one answer per statement by placing a tick in the appropriate box on the scale of 1 to 5 where; 1=strongly disagree, 2= Disagree, 3= Not sure, 4=Agree, 5=strongly agree.

What is your perception of NTBs?

1	**2**	**3**	**4**	**5**
Very high	**High**	**Moderate**	**Low**	**Not at all**

Please explain

……
……
……
……
……

Customs and administrative procedures

	STATEMENTS	**1**	**2**	**3**	**4**	**5**
1	Traders are required to produce much documentation to export goods across to another country e.g. certificate of origin					
2	Traders take a lot of time to clear goods through customs					
3	Border points operate for 24hours that brings efficiency and reduces clearing time for traders and transporters.					
4	There is transparency and professionalism of customs administration that helps to facilitate trade					
5	Traders face multiple levy fees by local government and central government customs fees and taxes, among others, leading to high transaction costs for the goods across the EAC countries					
6	Customs requirements increase the cost of doing business					
7	There is desk at Ministry of Trade that handles complaints concerning NTBs encountered across the region					

To what extent do customs procedures affect exports?

1	**2**	**3**	**4**	**5**
Very high	**High**	**Moderate**	**Low**	**Not at all**

Please explain

……

……

……..

Standards

	STATEMENTS	1	2	3	4	5
1	Procedures for classifying products under different standards are unclear in terms of standards					
2	Multiple inspections have led to damage of the goods leading to reduced goods exported.					
3	Stipulated standards help to minimize risks related to product quality					
4	There is improved clearance procedures and systems for standards and testing of exports for standards in EAC					
5	Quality control has been strengthened in policy, regulation and compliance through seminars and conferences among the stakeholders					
6	There are no sufficient laboratories to test goods and there is limited capacity among those that exist in EAC					
7	Different laboratories return different results for the same test on the same products					
8	It takes a lot of time to test or retest products					

To what extent do standards affect exports?

1	2	3	4	5
Very high	**High**	**Moderate**	**Low**	**Not at all**

Please explain

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……

Immigration procedures

	STATEMENTS	**1**	**2**	**3**	**4**	**5**
1	Some immigration entry points require payment of fees by business people that are not stipulated in any law or regulation					
2	Multiplicity of agencies on the border points leads to bureaucracy which causes delay at the border point					
3	The border points have enough workforce to work 24					
4	Traders are required to fulfill health vaccination so as to be permitted to take goods					
5	Long queues at entry points with no fast clearance lines for traders					
6	Language Challenges due to usage of majorly English and Swahili in EAC					
7	Discretional powers of immigration officials that can cause unnecessary delays					

To what extent do immigration procedures affect exports?

1	**2**	**3**	**4**	**5**
Very high	**High**	**Moderate**	**Low**	**Not at all**

Please explain

……

……

……

Uganda's Exports

Are grain exports important to Uganda? I f Yes, please show the extent of this importance below

1	2	3	4	5
Very high	**High**	**Moderate**	**Low**	**Not at all**

Please explain

……

……

……..

NTBs and Uganda`s Exports

	STATEMENTS	**1**	**2**	**3**	**4**	**5**
1	NTBs discourage investment in export and exports related Business					
2	NTBs limit customer choice of goods and damage customer welfare					
3	NTBs lead to losses in business profitability					
4	NTBs cause delays for raw material leading to stoppage at the factory					
5	Increase the price of exports thus rendering them uncompetitive in the export market					
6	NTBs lead to fluctuation the volume of exports					
7	NTBs compromise the quality of exports					
8	NTBs increase the cost of doing business					
9	NTBs lead to protectionism and curtail the benefits of liberalization in the EAC					

To what extent does government regulations and policy affect NTBs and exports?

1	2	3	4	5
Very high	**High**	**Moderate**	**Low**	**Not at all**

Please explain

……

……

……

To what extent does foreign exchange rate affect NTBs and exports?

1	2	3	4	5
Very high	**High**	**Moderate**	**Low**	**Not at all**

Please explain

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INTERVIEW GUIDE

Please answer the following open ended questions:

a) Do you have clear documented customs and administrative procedures that are carried out in at the border point?

b) If yes, are all these practices implemented at all border points?

c) How have these procedures affected exports to Partner States?

d) In your opinion, do standards requirements impede free flow of goods for export purposes at border points?

e) What immigration procedures do you have in place and how do they affect traders who export goods to the East African community?

f) Do you countries should specialize in the production of those products in which they have comparative advantage? Please explain……..

APPENDIX II: KREJCIE AND MORGAN TABLE

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

“N” is population size
“S” is sample size.