

# Promising future for motorcycle assembly in East Africa

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East African countries are closer to an agreement that could boost motorcycle assembly in the region. The EAC Secretariat has appointed a team of experts from each member state to develop a proposal that will promote value addition and motorcycle assembly in the region.



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The experts will identify imported motorbike parts that can be excluded from taxation in order to lower the cost of production and encourage industrialisation in the region. The motorbike parts, commonly called completely knocked down kits, are currently under a duty remission scheme.

The EAC Secretariat through a gazette notice on 30 June 2013, abolished a 15% tax waiver on imported motorbike parts previously enjoyed by regional assemblers and introduced a full duty of 25% on all parts imported from outside the EAC bloc.

The regulation, however, imposed a condition that manufacturers would continue enjoying the 15% waiver only if they source motorbike parts from EAC member states. But manufacturers complained that the EAC Secretariat should overturn its decision, considering that the region lacks the capacity to manufacture the affected kits and subjecting the imported parts to higher taxation would only hurt the business.

In May, the EAC Sectoral Council on Trade, Industry, Finance and Investments meeting in Arusha, directed that this law remain in force for one year.

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