

EAST AFRICAN COMMUNITY (EAC)

The East African Community (EAC) is the regional intergovernmental organisation of the Republics of Kenya, Uganda, the United Republic of Tanzania, Republic of Rwanda and Republic of Burundi with its headquarters in Arusha, Tanzania.

The Treaty for Establishment of the East African Community was signed on 30 November 1999 and entered into force on 7 July 2000 following its ratification by the original three Partner States – Kenya, Uganda and Tanzania. The Republic of Rwanda and the Republic of Burundi acceded to the EAC Treaty on 18 June 2007 and became full Members of the Community with effect from 1 July 2007.

Mission and Vision

The Vision of EAC is a prosperous, competitive, secure, stable and politically united East Africa; and the Mission is to widen and deepen Economic, Political, Social and Culture integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investments.

The EAC's core values are:

- Professionalism
- Accountability
- Transparency
- Teamwork
- Unity in Diversity
- Allegiance to EAC ideals

Aims and Objectives

The EAC aims at widening and deepening co-operation among the Partner States in, among others, political, economic and social fields for their mutual benefit. To this extent the EAC countries established a Customs Union in 2005 and are working towards the establishment of a Common Market in 2010, subsequently a Monetary Union by 2012 and ultimately a Political Federation of the East African States.

Enlargement of the Community

The realisation of a large regional economic bloc encompassing Burundi, Kenya, Rwanda, Tanzania and Uganda with a combined population of more than 130 million people (2010*), land area of 1.82 million sq kilometres and a combined Gross Domestic Product of \$74.5 billion (2009*), bears great strategic and geopolitical significance and prospects of a renewed and reinvigorated East African Community.

Current status

The regional integration process is at a high pitch at the moment as reflected by the encouraging progress of the East African Customs Union, the signing in November 2009 and ratification in 2010 of the Common Market Protocol by all the Partner States.

The negotiations for the East African Monetary Union, which commenced in 2011, and fast tracking the process towards East African Federation all underscore the serious determination of the East African leadership and citizens to construct a powerful and sustainable East African economic and political bloc.

EAC Developing Strategic Partnerships

It is recognised that regional integration and development in East Africa will require the mobilisation of vast resources, both within and outside the region. Despite its enormous potential, the region alone cannot raise effective levels of resources to meet the very huge and highly capital-intensive investments required. This is why there is need to co-operate with all like-minded organisations and countries.

Over the years, EAC has laid a strong foundation for strategic partnership with the rest of the world and benefited from technical and financial assistance from a large number of international aid and development agencies, including World Bank, European Union, European Investment Bank, African Development Bank, Swedish International Development Co-operation Agency (SIDA), United Nations Economic Commission for Africa, German Agency for Technical Co-operation (GIZ), East African Development Bank, United Kingdom Department for International Development (DFID), Norwegian Agency for Development (NORAD), Commonwealth Secretariat and Danish International Development Agency (DANIDA).

Other development partners with whom EAC expects to enter into co-operation programmes or has entered into Memoranda of Understanding with include France, India, Finland, Canada, Sweden, Norway, International Labour Organisation, UN Food and Agriculture Organisation, Austrian Development Co-operation and the World Meteorological Organization.

A number of major EAC – Development Partners Consultative meetings have been held to explore new areas of co-operation and to deepen those in which co-operation is ongoing. The first major meeting with the Development Partners was held in May 1998 on the East African Road Network Project. The meeting resulted in an agreement on five key Trunk Roads (Corridors) linking the three States, for priority development. The donors indicated an initial sum of US\$1 billion.

The second EAC – Development Partners meeting was held in September 2001, in Dar es Salaam, Tanzania. The aim of this meeting was to brief the Development Partners on the progress made in the regional integration process, particularly in the co-operating sectors. The meeting was a success and the development partners indicated their continued support to the Community at a regional level and to the constituent Partner States at the national level.

The third meeting, the East African Roads' Development Partners Consultative Meeting was held in Arusha in April 2003. The meeting realised renewed pledges of support to the East African Road Network Project with the World Bank confirming availability of US\$ 400-500 million for the next three years and 375 million Euros over a 5-year period.

Envoys Accredited to the East African Community

 <u>Brazil</u>	03.05.2010	 <u>United States of America</u>	19.05.2010
 <u>Denmark</u>	21.06.2010	 <u>Turkey</u>	22.06.2010
 <u>DR Congo</u>	06.07.2010	 <u>Netherlands</u>	19.07.2010
 <u>Japan</u>	13.08.2010	 <u>Belgium</u>	22.09.2010
 <u>France</u>	22.09.2010	 <u>Canada</u>	22.09.2010
 <u>India</u>	22.09.2010	 <u>UNHCR</u>	05.10.2010
 <u>European Union</u>	08.10.2010	 <u>Finland</u>	26.10.2010
 <u>Sudan</u>	01.12.2010	 <u>United Kingdom</u>	19.01.2011
 <u>South Africa</u>	20.01.2011	 <u>Namibia</u>	07.04.2011
 <u>China</u>	06.05.2011		

EAC Common Market: Overview

The Protocol on the Establishment of the East African Community (EAC) Common Market entered into force on 1 July 2010, following ratification by all the five Partner States: Burundi, Kenya, Rwanda, Tanzania and Uganda. The Protocol was signed by the Heads of States on 20 November 2009, coinciding with the 10th Anniversary celebrations of the revived Community.

The establishment of the East African Community Common Market is in line with the provisions of the EAC Treaty. It provides for "Four Freedoms", namely the free movement of goods; labour; services; and capital, which will significantly boost trade and investments and make the region more productive and prosperous.

The Common Market represents the second stage of the regional integration

process (as defined by the Treaty for the Establishment of the East African Community), following the Customs Union, which became fully-fledged in January 2010. The Common Market Protocol is a significant step towards the achievement of the next milestones in the integration process namely the Monetary Union and the EAC Political Federation.

A Common Market is however not a new phenomenon for East Africa. The East African region operated one under the former East African Community (1967-1977) which was very successful and only collapsed with the old EAC.

The establishment of the Common Market shall be progressive in accordance with the relevant laws of the Community and those of the Partner States.

General Provisions

There are general provisions in the Protocol that touch on the following: Institutional Framework needed to operationalize the East African Community Common Market; Approximation and Harmonisation of Policies, Laws and Systems; Safeguard Measures; Measures to address imbalances; Monitoring and Evaluation; Regulations, Directives and Decisions; Annexes; Amendment of the Protocol; Settlement of Disputes; Entry into Force; and Depository and Registration.

Common Market Annexes

The implementation of the EAC Common Market Protocol will be guided by the relevant Annexes which are integral parts of the Protocol. So far, 6 Annexes are in place to guide the implementation of the various Articles of the Protocol. The Annexes are:

- i. Free Movement of Persons
- ii. Free Movement of Workers
- iii. Right of Establishment
- iv. Right of Residence
- v. Schedule of Commitments on the Progressive Liberalisation of Services
- vi. Schedule on the Removal of Restrictions on the Free Movement of Capital

The overall objective of the EAC Common Market is to widen and deepen cooperation among the Partner States in the economic and social fields for the benefit of the Partner States and their citizens.

The specific objectives of the Common Market are:

- Accelerate economic growth and development of the Partner States through the attainment of the free movement of goods, persons and labour, the rights of establishment and residence and the free movement of services and capital;
- Strengthen, coordinate and regulate the economic and trade relations among the Partner States in order to promote accelerated, harmonious and balanced development within the Community;

- Sustain the expansion and integration of economic activities within the Community, the benefit of which shall be equitably distributed among the Partner States;
- Promote common understanding and cooperation among the nationals of the Partner States for their economic and social development; and
- Enhance research and technological advancement to accelerate economic and social development

Principles of the EAC Common Market

The EAC Common Market is guided by the operational principles of the Community namely: Principle of non-discrimination of nationals of other Partner States on grounds of nationality; Equal treatment to nationals of other Partner States; Ensure transparency in matters concerning the other Partner States; and share information for the smooth implementation of the Protocol.

Scope of Co-operation

The scope of co-operation under the Common Market is wide as provided in Article 5 of the Protocol to apply to any activity undertaken in cooperation by the Partner States to achieve the free movement of goods, persons, labour, services and capital and to ensure the enjoyment of the rights of establishment and residence of their nationals within the Community.

The Partner States agreed to eliminate tariff, non-tariff and technical barriers to trade; harmonise and mutually recognise standards and implement a common trade policy for the Community; and ease cross-border movement of persons and adopt an integrated border management system.

Benefits of a Common Market

A single market has many benefits. With full freedom of movement for all the factors of production between the member countries, the factors of production become more efficiently allocated, further increasing productivity. For both business within the market and consumers, a single market is a very competitive environment, making the existence of monopolies more difficult. This means that inefficient companies will suffer a loss of market share and may have to close down. However, efficient firms can benefit from economies of scale, increased competitiveness and lower costs, as well as expect profitability to be a result.

Consumers are benefited by the single market in the sense that the competitive environment brings them cheaper products, more efficient providers of products and also increased choice of products. What is more, businesses in competition will innovate to create new products; another benefit for consumers.

Other benefits include common and coordinated policies that increase efficiency especially in those countries that are behind in their instituting good policies. In addition the common regulatory regime and frameworks ensure that best practice within the regional framework is not only in place but adhered to. The closeness of market "single" ensure that good procedures are instituted and practiced and thus creates a kind of seamless market.

In addition, by being in common market and practising common policies and regulations countries in the trading bloc become their "brothers' keepers" and therefore they create a system of surveillance upon one another based on "best endeavors" and at time backed by legal systems. This in a way creates an efficient bloc that will operate in a higher indifference curve in consumption and efficient production curve.