



MINISTRY OF EAST AFRICAN COMMUNITY AFFAIRS

**KEY NOTE ADDRESS
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1.0 Introduction

The East African Community (EAC) is a regional intergovernmental organisation of 7 Partner States: The Democratic Republic of the Congo, the Republics of Burundi, Kenya, Rwanda, South Sudan, Uganda, and the United Republic of Tanzania, with its headquarters in Arusha, Tanzania. The admission of The Democratic Republic of the Congo (DRC) into the Community was a key milestone for the Community, and we thank their Excellencies, the Summit of the EAC Heads of State, for their visionary leadership in expanding our Community from six (6) to seven (7) Partner States. It is also a tribute to their leadership that the EAC is ranked as the fastest integration regional economic community in Africa.

The Historical Background indicates that the EAC has evolved as follows;

- Customs Union between Kenya and Uganda in 1917, Tanganyika joined in 1927
- East African High Commission (1948-1961)
- East African Common Services Organisation (1961-1967)
- East African Community (1967-1977)
- East African Co-operation (1993-2000)
- East African Community (Treaty 1999, came into force, 2000) to date

2.0 The Strategic need for EAC Integration

a) Creation of a Large Regional Market

As a community, prosperity can be achieved through an expanded regional market which supports production of goods and services, increases the purchasing power of the people, and propels good quality products which are competitive in the regional, continental and international markets. Therefore, as members of the Council of Ministers, through deliberate regional efforts, we push for cooperation in developing regional capabilities in industrialization, standards, infrastructure and accessible markets. In this effort, we deal with the obstacles that have slowed down our integration agenda especially Non-Tarif Barriers (NTBs). Once the Non-Tarif Barriers (NTBs) are reduced or completely removed from our Partner States, then this regional Market with an estimated 300 million people will see experience a post trend in Regional trade and thus spur prosperity for our people.

b) Strengthening the Security of the Community

Like many other regions in the world, but Africa in particular, there are security threats in the EAC. Strategic Security for the Community is a priority and reality today, more than ever. EAC Countries have to act together to decisively defeat the pockets of insecurity in the region. EAC Countries cannot delegate the responsibility guarding and protecting the region. Therefore, the regions effort to cooperate in defense and security matters provides a bedrock for further and deeper need for integration.

c) Enhancing Fraternal Relations

The fraternal relations of the people of East Africa, is key area in the integration agenda. The historical, cultural and language links among the Countries have to be deliberately harnessed to provide a bedrock of our Integration. Our people have relatives across borders, others sleep on one side of the border and wakeup in the morning to dig, go to school, go to work on the other side of the border. To such people the border line is not only imaginary but divisive to their cultural connection. The more we integrate and enhance deeper cultural connectivity, the more we break such barriers.

d) Political Unity

Political Union is the ultimate goal of our integration as per the Treaty. If regional blocks unify and agree on the Political systems, then the various blocks will unite the whole of Africa and the Pan African dream will become a reality. With the Vision of the EAC as “*a prosperous, competitive, secure, stable and politically united East Africa*”, Political Federation is a target that must be achieved.

3.0 Pillars of Integration and the achievements

In the East African Community, we cooperate on four pillars namely; Customs Union, Common Market, Monetary Union and Political Federation. Each of pillars except Political Federation has a signed Protocol that provides a framework of cooperation, and we are in the final stages of discussing the critical aspects of Political Federation Pillar.

a) Achievements under the Customs Union

The Protocol establishing the EAC Customs Union was signed in December 2004 and its implementation commenced on 1st January 2005. The Customs Union means that the EAC Partner States have agreed to establish free trade (or zero duty imposed) on goods and services amongst themselves and agreed on a common external tariff (CET), whereby imports from countries outside the EAC zone are subjected to the same tariff when sold to any EAC Partner State. Goods moving freely within the EAC must comply with the EAC Rules of Origin. The following are some of the achievements we have attained as a Community by implementing the Customs Union:

- i) **Implementation of the Single Customs Territory and Simplified Trade Regime:** Roll-out of movement of maritime goods on the Single Customs Territory (SCT) has been successfully undertaken. Goods are declared at the port of entry and will move through the community. As a Community we are implementing the Simplified Trade regime where good that meet the rules of origin and below \$2000 are freely traded in the Community.

- ii) **Customs Interconnectivity Programmes:** Under the implementation of the Single Customs Territory all the revenue authorities of the region are interconnected.
- iii) **Electronic Cargo Tracking System:** Trucks/Cargo can be tracked electronically within the Community as it moves from point to another.
- iv) **Resolution of Non-Tariff Barriers:** As of April 2022, 65 Non-Tariff-Barriers had been resolved
- v) **Economic growth:** EAC region averaged 5.9 percent in 2021, compared to an average of 2.3 percent in 2020.
- vi) **Trade Performance:** Intra-EAC trade improved from US\$ 2.7 billion in 2016 to US\$ 2.9 billion in 2017. Intra-trade will further be enhanced by building region value-chain through alignment of investments in the targeted sectors such as textile, leather and pharmaceuticals.
- vii) **Common External Tariff:** The EAC has adopted a 4-band CET nomenclature of 0%, 10%, 25% and of 35%. The four-band structure will promote product capacity, industrialization and value chain development, protect revenue and promote the expansion of regional trade.
- viii) **Trade facilitation and One Stop Border posts (OSBPs):** So far, out of the initially targeted 15 OSBPs for construction, 12 are fully operational and an additional 10 have been earmarked for construction as OSBPs, making a total of 25.
- ix) **EAC Micro, Small and Medium-sized Enterprises (MSMEs) Trade Fair:** EAC held the 21st EAC Micro, Small and Medium-sized Enterprises (MSMEs) Trade Fair in December 2021 in Mwanza, Tanzania and was attended by 1,089 exhibitors (majority were mainly women & youth) from Partner States. Uganda will be hosting the 22nd EAC MSMEs Trade fair in December, 2022.

b) Achievements under the Common Market

The Common Market is the second pillars of integration of the East African Community (EAC), which has been in force since 2010. To accelerate economic growth and development, EAC Partner States agree to maintain a liberal stance towards the four Freedoms of movement for all the factors of production and two Rights between themselves. These Freedoms and Rights include:

- i) Free Movement of Goods
- ii) Free Movement of Persons
- iii) Free Movement of Labour / Workers Free Movement of Service
- iv) Free Movement of Capital; and
- v) Right of Establishment
- vi) Right of Residence

The achievement attained so far in the implementation of Common Market, among others include:

- i) **Infrastructure:** Various regional roads constructed for example resource mobilization for the construction of the Multinational Tanzania/Uganda road project, Masaka-Mutukula (90 km) in Uganda linking Mutukula-Kyaka and Bugene-Kasulo-Kumunazi Road (163 km) in Tanzania is ongoing, feasibility studies are to commence for the Multinational Kenya-Uganda Road Project: Kisumu-Kisian-Busia and Kakira-Malaba (including Busitema-Busia spur), among others
- ii) **Energy:** East African Centre for Renewable Energy and Energy Efficiency (EACREEE) has continued to implement the project on Energy Efficient Lighting and Appliances for Eastern and Southern Africa (EELA). Minimum Energy Performance Standards (MEPS) for refrigerators and air conditioners have been prepared and are awaiting adoption. EACREEE has continued with capacity building in solar and micro hydro. Fourteen (14) training sessions in hydro conducted and over 175 people have been trained.
- iii) **Issuance of the New International EA e-Passport:** All Partner States except RSS will have commenced issuance of the International EA e-Passport.

- iv) **Free Movement of Persons and Workers:** The EAC Common Market Protocol guarantees free movement of persons across the borders without restrictions.

- v) **Mutual Recognition Agreements:** So far, four Mutual Recognition Agreements (MRAs) have been signed and are under implementation for the following professionals: Accountants; Engineers; Architects and Veterinarians.

- vi) **Competition:** The East African Community Competition Authority (EACA) is reviewing the EAC Competition Act which will facilitate the smooth implementation and enforcement of regional competition policy and law in line with international best practices.

- vii) **Achievements in the Agricultural Sector:** Key achievements in the agriculture sector are: development of a draft regional seed Bill and Regulations; adoption of Harmonized Pesticides Management Guidelines; Approval of nine sets of Policy Briefs on Aflatoxin management; and Adoption of the Mutual Recognition Procedure in order to harmonize registration procedures of Immunological Veterinary Products in the Community.

c) Achievements under the Monetary Union

The East African Monetary Union (EAMU) is the third stage in the process of East African Community (EAC) Regional Integration. The EAMU Protocol was adopted in accordance with the EAC Treaty and signed on 30th November 2013; it lays groundwork for a monetary union within 10 years and allows the EAC Partner States to progressively converge their currencies into a single currency in the Community.

EAC Partner States are now working on harmonizing monetary and fiscal policies; financial, payment and settlement systems; financial

accounting and reporting practices; policies and standards on statistical information. The achievements in this Pillar include:

- i) **Establishment of EAMU Institutions:** The Council is the process of stabling the Institutions that will support the Monetary Union these are; East African Monetary Institute (to transform into the EAC Central Bank), EAC Financial Services Commission; EAC Surveillance, Compliance and Enforcement Commission, and; EAC Statistics Commission.
- ii) **Streamlining of EADB into the EAC Main Structure:** A Regional Technical Working Group (RTWG) has been constituted and Terms of Reference to guide it have been developed.
- iii) **EAC Open Data Portal:** EAC tool for regional statistics was put in place and will have data on priority sectoral datasets of Merchandise Trade Statistics and Harmonised Consumer Price Indices. The overall objective is to make available regionally comparable data for monitoring the progress towards achieving the macroeconomic convergence criteria as set out in the East African Monetary Union (EAMU) Protocol.

d) Achievements under the Political Federation

The Political Federation is the ultimate goal of the EAC Regional Integration. The EAC Heads of State adopted the Political Confederation as a transitional model of the East African Political Federation. So far the following are achieved:

- i) **Constitution-Making Process for the Confederation:** A regional team of constitutional experts is drafting the EAC Political Confederation Constitutional and now are at the state of stakeholder consultations in Partner States.
- ii) **Election Observation:** The EAC has continued to Monitor and observe elections in all Partner States.
- iii) **EAC Early Warning Mechanism:** Operationalization of National Early Warning Centres have been put in place.

- iv) Engagement of Women and Youth: EAC has a structured engagement of women and youth in peace and security initiatives in line with EAC Youth and Gender Policies and providing space for civil society to participate in Peace building efforts.
- v) **Cooperation in Defence:** A major EAC Armed Forces Integrated Field Training Exercise is conducted annually with the aim of enhancing Partner States' Defence Forces' capabilities in jointly combatting complex security challenges faced in the region.

4.0 challenges of EAC integration

Despite the above achievements, the region still faces a number of challenges, among them:

- i) Similarity in the commodities produced in the region. As such, agricultural and industrial products across the region are homogenous with little scope for intra-EAC trade.
- ii) Continued use of 'Stay of Application' to import commodities resulting in a restriction in intra-EAC of commodities that were imported under that arrangement. These include rice and sugar
- iii) Prevalence of Non-Tariff-Barriers and other measures of equivalent effect that affected trade and trade facilitation in the region, where some Partner States impose restrictions on products coming from the region due to internal considerations.
- iv) Growing competition from goods produced outside the region. Particularly from South Africa, Egypt , the Far East and Brazil
- v) Restriction on intra-EAC trade of 20 percent on commodities that benefitted from remission or were produced in Export Processing Zones.
- vi) Overlapping membership -Some Member States belong to More than One Regional Economic block such as COMESA, EAC, ECCAS, ECOWAS, IGAD and SADC which undermines commitment to EAC aspirations and decisions;

5.0 Opportunities ahead

Despite the challenges above, there are more opportunities ahead;

- i) The increasing and expanded membership will provide a big market for the community;
- ii) Existence of Political will among the Summit Members to foster and drive Integration;
- iii) Adoption of the new Common External Tariff that will increase protection local industries and thus create employment; and
- iv) Increased investment in transboundary infrastructure development will bring to greater connectivity.