CHALLENGES AND PROSPECTS OF AFRICAN REGIONALISM: THE EAST AFRICAN EXPERIENCE

BY

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LEGON NOVEMBER 2004
I, Stephen Tumwesigye Kashure, hereby declare that this dissertation is the result of an original research conducted by me and that it has not been submitted elsewhere, wholly or partially, for any other purposes. References to other materials have been duly acknowledged.

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Date 21/12/05

Signature

Date 21/12/05
DEDICATION

TO

My parents Sezi Kashure and Jairesi Numwobaruga, my brother Obed, wives Kemba and Dorah, and finally my sweet children Stephen (Jnr) JJ, Philip, Timothy, Kiki and little Elijah (Jiija).
I wish to acknowledge all those who assisted me in one way or another to complete this dissertation. First of all, I wish to thank the leadership of the Uganda Peoples’ Defence Forces (UPDF) for giving me an opportunity to come to Ghana to study, which has enabled me to pursue this Master of Arts degree course. I pay my tribute.

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The ultimate responsibility for any faults is entirely mine.
ABSTRACT

The contemporary international system is characterised by a heightened tendency of state units to gravitate towards some degree of integration. Regionalism is gradually being inextricably linked to economic development. The establishment of the European Economic Community in 1957 has resulted in the mushrooming of cooperative arrangements the world over including the North American Free Trade Area (NAFTA), the Association of South-Asian Nations and the Caribbean Free Trade Association, among others. The strategy of regionalism in Africa was given new vitality in April 1980 with the adoption of The Lagos Plan of Action (LPA) and the Final Act of Lagos (FAL) in which leaders hoped to create an independent African economy through sub regional and regional organisations. An African Economic Community is expected to be in place by 2025. This study explores the challenges and prospects of the East African Community (EAC) as one of the building blocks of the African Economic Community. The EAC is taken as an illustration of efforts to establish effective regionalism in Africa, the problems along the way and what the future holds for African integration. It concludes that regionalism is, indeed, an imperative for African development especially now that even the industrialized world is embracing integration as a strategy for further development. Africa risks irreversible marginalisation if its small and poor countries remain fragmented. The hope is in pooling markets, populations and resources to tap economies of scale.
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INTRODUCTION

1.1 BACKGROUND TO THE PROBLEM

There has always been a desire to unite Africans at home or in the Diaspora. Pheko states that following the dark cloud of slavery and colonialism in Africa, visionary African leaders realised that it was imperative that all Africans - wherever they might be - should unite to end their "holocaust" which began with the 'European Renaissance' in Italy in 1400. In 1900, Sylvester Henry Williams, a lawyer of African descent, named this coming together of Africans 'Pan-Africanism'. According to Pheko, Pan-Africanism as a movement began in 1776. He adds that it was the fifth Pan-African Congress held in Manchester, England, in 1945 that advanced Pan-Africanism and applied it to the decolonisation of the African continent politically. Some African leaders involved in this noble cause were giants such as Kwame Nkrumah, William du Bois, Jomo Kenyatta, Robert Sobukwe and Patrice Lumumba." Regionalism, like Pan-Africanism, is among several efforts by Africans to come closer to one another as a people of common ancestry, similar aspirations and a shared destiny.

In agreement with Pheko's view, Cleland states that by the 19th Century, the nationalist stirrings in Africa had culminated in the convening of the first Pan-African Conference in 1900, in London which was attended by Africans mostly living in Europe. Serious attempts at continental unity commenced from the late 1950's through the 1960s. 2 Ihonvbere points out that the theme of African unity has been the same theme for all the Pan-African conferences since 1900 and it was the theme of countless meetings and conferences organized by the OAU and other bodies. Yet, Africa and Africans are very far from the goal in spite of thousands of pages in declarations and the adoption of countless charters.3 Towering figures including Edward Blyden, George Marcus Mosiah Garvey, George Padmore, Obafemi Awolowo, Peter Abrahams and others relentlessly
championed Pan-Africanism but this ideal has remained elusive. Nye aptly sums up that 'unity' is a short word for a long process. He cites a popular slogan in East Africa ‘Uhuru na umoja,’ which is Swahili for ‘Freedom and unity.’ Most politically minded people in East Africa professed belief in Pan-Africanism as an ideology of integration.⁴

Cleland further points out that towards the latter part of the 1940s the nationalist tempo had become more pronounced with African leaders turning their attention away from Pan-Africanism to the struggle for independence within their colonial boundaries. He points out the emergence of different groupings namely the Monrovia Group led by Nigeria and Liberia against the Casablanca group championed by Ghana and Guinea. This complicated the initiatives towards unity.⁵ The former group were the ‘gradualists’ while the latter group advocated a continental government right away. Adedeji observes that the vision of Pan Africanism has always been very popular in Africa as it makes good economic and political sense. The lack of political commitment by the African leadership has, however, been the main impediment.⁶ Political liberation in Africa was the harbinger of economic integration and union which found eloquent articulation with the emergence of Ghana as the first black independent state in sub-Saharan Africa in 1957. After independence, one of the options for the sovereign, independent countries to work together was through regionalism or integration as the two terms are used interchangeably. The two terms are not the same though.

Babarinde asserts that, Africa should pursue a pan-African regional economic integration, not as an alternative to, but as a facilitator of its development. Economic integration of the continent is a sine qua non for the development of Africa. According to this view, such a holistic strategy would alleviate some of the burdens of Africa and provide the basis for the development of the continent. The culmination of that discourse was the commitment by the Organisation of African Unity (OAU) and its members at the Abuja Summit to establish an African Economic Community (AEC) in a matter of 34 years.⁷ Article 4(2) (a) of the Abuja Treaty provides for the ‘strengthening of existing regional economic communities and the establishment of other communities where they do not exist.’ This shows the realisation by the leaders that a pan-African economic community is not easy to achieve; rather, it will be the sub-regional groups such as the Economic
Community of West African States (ECOWAS), the Common Market for Eastern and Southern Africa (COMESA), Arab Maghreb Union (AMU) or the East African Community (EAC) that will build the larger entity.

Asante recognises that one of the prominent features of the contemporary international system is the heightened tendency of some states to gravitate towards some degree of regional integration. He observes that nowhere in the world today do policy makers and economists tackle any problem of economic development without first taking into consideration theories of integration both at home and abroad. Quoting Haberler, Asante refers to the post—World War II period as the ‘era of integration’. Developing his argument, Asante links the concept of regionalism with development and emphatically states that the process of regionalism is now inextricably linked to that of economic development. He continues that against this background, the 1950s and the 1960s saw the idea of political and economic integration becoming attractive to political leaders of the Third World. Progress towards integration is linked to the post—World War period, which culminated in the establishment of the European Economic Community (EEC) in 1957. In emulation, regional cooperation movements have mushroomed in Latin America, Africa and Asia. 8

Among the numerous regional movements in Africa referred to was the East African Community which came into being in 1967 to formalise the common arrangements that had existed in East Africa. 9 The Community’s objectives, on signing of the Treaty, were ambitious and challenging: widening and deepening economic and social integration with the ultimate aim of creating an East African political federation. 10 The East African Community collapsed in 1977 due to, among others: the variability of economic policies then pursued by the member states, the change of Government in Uganda in 1971, the continued perception of disproportionate sharing of benefits accruing from economic integration and the lack of adequate compensation mechanisms to address the situation, and the exclusion of civil society and the private sector from participating in co-operation activities. 11
Regionalism is recognised as being an imperative to Africa’s development but the experience, as seen in the East African sub-region, has not been rosy. The challenges facing the coming together of African people are enormous but not insurmountable. Nassali happily notes that, on November 13th 1993, the three countries signed an agreement for the establishment of a Tripartite Commission for Cooperation. The East African Community was revived on 30 November 1999 when a treaty re-establishing it was signed in Arusha, Tanzania. The Treaty for the East African Community came into force on July 7th 2000, and the revised institution was officially launched on January 15th 2001. Yet again, the leaders were “convinced that cooperation at the sub-regional levels in all fields of human endeavour will raise the standards of living of African peoples”. Such is the background to the problem under study.

1.2 STATEMENT OF THE PROBLEM AND SCOPE OF THE RESEARCH

The Food and Agricultural Organisation (FAO) reports indicate that despite their multiplicity, African regional groupings have not been very effective. Cited among them are those formed under the Lagos Plan of Action (LPA) and those which do not fall in the LPA arrangement. Yet Goldstein and Ndung’u show that regionalism is now widespread in sub-Saharan Africa with the hope of addressing common challenges like improving economic policy, reducing poverty, and managing the process of liberalisation. They make a case for pooling fragmented markets and promotion of intra-regional trade as a vehicle for economic growth and development. They see attempts to revive the EAC as a way of supporting industrialisation and economic reforms that may spill over to neighbouring countries.

Kabele writes,

“...one of the key aspects of the social science discourses in Africa has revolved mainly around regional cooperation in the continent. At the heart of this debate that still rages today is precisely how the continent can reposition itself strategically in such a manner that regionalism becomes
one of the engines of sustainable development for states concerned and how then the continent could respond effectively to globalisation through pooling sovereignty as well as driving the development agenda through supranational institutions.”

This passage fairly summarises the problem under study. East African leaders like elsewhere in Africa, as Nye puts it, differed only on when they expected to see Africa united, not on whether Africa would be united. He goes ahead to show how they were not very sure of how they would unite: Obote saw East Africa as “a part of a bigger body of all Africa”; Nyerere described African nationalism as “meaningless, anachronistic and dangerous if it is not at the same time Pan-Africanism.”

Nye goes on to show that the nature of unity to be achieved is not particularly clear. In Kenya, Fred Kubai, a parliamentary secretary, felt it would mean a common market with political cooperation; Solomon Eliufoo, Tanganyika’s Minister for Education aspired to a federation of Africa while George Magezi, Uganda’s Minister of Housing and Labour felt that success depended on “quick acceptance of a timetable for joining states.” Mwai Kibaki saw areas where it was best to start with all Africa as a unit but it looked quite obvious to him in promoting the ‘political unification’ of Africa the regional federation approach was the most practical. This is just like the uncertainties that preceded the OAU. Leaders seem not to be sure of what unity they are working towards; whether it would be a common market, a federation or something else.

This study looks at regionalism as being, indeed, crucial to African development but at the same time explores the East African experience to illustrate that the road to achieving effective regionalism is rather bumpy. As leaders and scholars alike advocate for greater regional organisations, they need to pause a moment to digest what has so far transpired on the continent before they embark on new ambitious integration. Whereas it is not purely smooth for regionalism, there is a silver lining to the cloud of disintegration. That is why the East African states found it worthwhile to come together again despite having fallen apart in 1977. The study sets out to identify what it is that attracts countries in
Africa to gravitate towards each other in spite of the chequered history regionalism has had in Africa.

1.3 OBJECTIVES OF THE RESEARCH

This study sets out to attain the following objectives;

a. To show how events in the international arena have given rise to the increased drive towards greater integration in Africa.

b. To critically analyse the argument that regionalism is indeed crucial to economic growth and development in Africa.

c. To identify, highlight, and examine the challenges and prospects of the EAC over the years.

d. To come up with recommendations as to how best Africa can embark on effective regionalism.

1.4 RATIONALE OF THE RESEARCH

This research is being undertaken to contribute towards the ongoing efforts at perfecting regionalism in Africa. More particularly, the research is motivated by the desire to see the EAC succeed as a move towards an integrated Africa.

1.5 HYPOTHESIS

Despite the challenges confronting regionalism in Africa, it still remains one of the most viable options to re-launch development and improve the economy on the continent.

1.6 THEORETICAL FRAMEWORK

This research is guided by the theory of Liberalism which first emerged in France in the 17th century. It is associated with thinkers like Francois Quiesney (1694-1774) and A.R.J Turgot (1727-1781). They criticised mercantilist policies that involved heavy taxes, price
fixing and policies aimed at maximising the excess of exports over imports on the grounds that they stifled free initiative and hindered economic growth.19

Today regionalisation of Africa appears to be an aspect of a process towards liberalising of markets.20 The Theory of Liberalism explains growth of a nation’s wealth as a natural process which does not require management by the state. The goal of the East African Community is ultimately to make the three countries borderless. Mwai Kibaki the current Kenyan Head of State said, “…regional integration is made a myth by our detractors but we shall overcome all doubts, and we will make it easy for our people to cross borders to trade and socialise.”21 In a related spirit, Yoweri Museveni of Uganda urged the East African countries of Kenya, Uganda and Tanzania to expedite economic and political integration in the region by means of removing the "cultural mutilation" brought about by colonial boundaries. He added, "as long as the boundaries still exist, we shall respect them, but we political leaders are capable of removing them."22 This is in agreement with Adam Smith’s conviction that national wealth would naturally keep growing provided that economic processes are allowed to operate freely, without the interference of such artificial barriers as governmentally imposed limitations, among others.23

Nagle says Smith belonged to the Manchester liberalist school and reviews his Wealth of Nations in which Smith describes the ‘invisible hand’ of the market place. In interpreting the book, Nagle says Smith called for limited government, one that could guarantee the sanctity of contracts, maintain law and order and a stable currency, but little else. The affairs of the economy were best left to the judgement of entrepreneurs and consumers; two of the characteristics of liberal democracy in capitalist economies have historically been the separation of political rights, and the reluctance of government to infringe on the rights of property. Through the ‘invisible hand’ of the market place, the aggregation of individual self-interest ends up to be the optimal social outcome as well.24 It is in this Liberal theoretical framework that the study is being conducted. “All the three member states now ascribe to economic policies that are pro-market, pro-private sector and pro-liberalisation. In the social area, the three countries are also encouraging participation of their peoples in decision making. This commonality of both economic and social policies
of the member states is in conformity with the current international trend which is supportive of regional co-operation."  

1.7 LITERATURE REVIEW  

This research reflects on the challenges and prospects of African regionalism with East Africa as an illustration. Asante tackles the subject of regionalism in Africa’s development in the light of expectations, reality and challenges. In his introductory remarks, he notes that regional integration is not new. He indicates that interest in regionalism has been revived in both developed and developing countries. He attaches renewed interest in regionalism to the Uruguay Round which precipitated a world trade system that is gravitating towards regional trade blocs aligned around the European Union (EU), the United States and Japan (the triad). He argues that if trading blocs become a reality, poor non-member countries like those of Africa will suffer. He recognises that a global consensus has emerged on the need for closer regional cooperation and integration in Africa if the continent is to face up to the contemporary challenges.  

Asante traces the first wave of regionalism to the creation of the European Economic Community (EEC) in 1957. The background to this was the European Coal and Steel Community (ECSC) established in 1951. Following this, the 1960s and 1970s recorded the mushrooming of free trade areas and customs unions in Africa and Latin America. He identifies the motive behind regionalism in developing countries as the search for industrialisation through import substitution. Asante further notes that the increase in intra-regional trade was merely modest and it actually declined in the 1970s leading to stagnation in the 1980s. Ambitious industrialisation plans could not be implemented.  

Clearly, regionalism in Africa got off to a difficult start and what is said here is true for East Africa too.  

The second wave of regionalism in Africa came on the scene in the 1980s despite the negative experiences. Trade remained the main element of integration. Asante argues
that regionalism was back “with a vengeance” because it provided protection of the 
interests of smaller nations, particularly those of Africa. Africa risked being swept 
completely aside by the fast moving current of world growth and structural 
transformation. Asante does not believe that fragmented, balkanised, independent and 
sovereign entities can be taken seriously as important and effective partners in the global 
economy. He sees integration in Africa as the way forward to enable the continent meet 
the challenges of “the brave new world of regionalism”.28

Asante explores the experience of African regionalism over the years and identifies some 
“interlocking problems” responsible for “the disappointing results of the process of 
economic integration in Africa”.29 He questions the appropriateness of market integration 
in Africa. Asante argues that integration in Africa must start with the recognition that 
Africa lacks most of the prerequisites necessary for integration to take place. These 
include economic homogeneity, sustained economic growth and political commitment. 
African customs unions were based on the European experience of market integration 
which was inappropriate.30 One of the reasons that led to the break up of the EAC in 1977 
was absence of homogeneous economies. Nye writes, “Tanganyika had a sense of 
economic backwardness and comparative disadvantage in relation to Kenya”.31

Other problems that Asante highlights are related to the management of regional 
economic integration. Governments do not offer the commitment required to drive 
regionalism forward. He recognises the primacy of African governments in implementing 
the treaties. Member countries independently develop their own strategies with regional 
cooperation hardly reflected in them. Regional schemes are not a result of economic 
viability but merely for the sake of political alliance and friendship. He illustrates this 
point by referring to the failure of the Senegambia Federation and the collapse of the 
EAC after the coups d’etat in Gambia and Uganda respectively. Lack of political 
commitment affects budgetary contributions and explains low level of participation in 
meetings as well as failure to implement protocols. Associated with this are inadequate 
institutions and mechanisms needed to cater for integrative activities at the national and 
regional levels. Asante identifies lack of participation of interest groups or the private
sector as a serious impediment to regionalism. Unlike in the EU, regional integration in Africa is propelled by governments and not the interest groups like the steel workers or the postal unions.\textsuperscript{32}

Asante looks at the ‘new challenges to African regionalism’ among which is the establishment of larger, stronger and more cohesive trading and economic blocs. The EU is being expanded and consolidated as well as NAFTA. In Asia, similar efforts are taking place where the Asia-Pacific Economic Community (APEC) is taking shape stretching from New York to Bangkok and from Chile to China. The emergence of other regional economic blocs in North America and the Pacific Rim will diminish Africa’s access to export markets. This will further marginalise Africa. He asserts that integration moves in Africa stop at rhetoric, declarations, and resolutions but do not practically translate into joint economic programming, production, or projects. The Lome Convention between the ACP and the EU is seen as a move towards perpetual dependence on former colonial masters. The Lome system, according to Asante, is obsolete and irrelevant to Africa. Decades of privileged ties have nothing much to show towards development. International finance institutions, such as the World Bank and the IMF, impose programmes which are not favourable to regionalism: one such programme is the Structural Adjustment Programmes.\textsuperscript{33} Summing up discussion on problems, Asante classifies challenges to regionalism as being internal and external.

Integration of African economies involves three related dimensions according to Asante: the integration of physical and institutional structures, of production structures, and of African markets. In his discussion of the future to regionalism in Africa, he calls for opening of lines of communication between the member states. Emphasis is placed on improvement of rural infrastructure and development of road networks, railways, energy, and so on. Asante does not quite clearly show how this can or should be done. Links between the primary and secondary sectors is advocated. Agriculture and industry could be linked as well as mining and manufacturing. On markets, Asante calls for the addressing of the cumbersome tariff and non-tariff obstacles to intra-regional trade in order to liberalise and expand the market. However, he noted that achieving this is not
like turning on a switch. Some of those tariffs are the main sources of revenue for most African governments.\textsuperscript{34} He proffers suggestions ranging from training, harnessing information to enhancing south-south cooperation. These suggestions are good but how they can be achieved does not come out quite clearly. Looking at other authors may help us understand the subject better.

Contributing to the subject of regionalism in Africa, Konings and Meilink argue that it has acquired new relevance and urgency partly because of the demise of the Soviet communist ideology and the opening up of markets in Eastern Europe.\textsuperscript{35} They trace regional economic ties to the long-distance trade throughout Africa that existed before the Europeans arrived. They note that colonial powers organised some economic activities on a regional basis. One of these arrangements was the East African Common Services Organisation that comprised of Kenya, Uganda and Tanzania. The authors recognise Africa’s failure to unite after most countries became independent. They see Nkrumah, Sekou Toure, Modibo Keita, Cheikh Anta Diop on the side of immediate integration with Felix Houphouet-Boigny, Jomo Kenyatta and Leopold Senghor on the other side of those anxious to preserve the newly acquired sovereignty. Konings and Meilink state that regionalism has been difficult to resist politically where leaders wish to act in concert in order to enhance their bargaining position.\textsuperscript{36} However, these authors note that regionalism in Africa took off from a wrong note as noted hereunder.

Regional integration efforts, like the Union Douanière et Économique de l’Afrique Centrale (UDEAC), were based on schemes introduced by the former colonial powers. The East African Community (EAC) had its roots in the British colonial period. This promising scheme collapsed within a decade because of dissatisfaction with the distribution of benefits of integration. Tanzania and Uganda felt the arrangements benefited Kenya and the emergence of Idi Amin in Uganda disrupted the meeting patterns of the Community. Capitalist Kenya and socialist Tanzania made cooperation difficult. The ties with Britain maintained by all the three countries further diminished the chances of integration.\textsuperscript{37} These authors attempt to show reasons for failure of regional schemes in Africa on top of what has been highlighted so far.
Konings and Meilink show that the World Bank in 1989 estimated official trade among Sub-Saharan African countries at only 6 per cent of total African trade. Like Asante, the authors cite lack of political commitment and administrative expertise as major stumbling blocks to regionalism. Division on major political and ideological issues, clinging to sovereignty and control of economic policies add to the body of problems regionalism is facing in Africa. What they add is that in Africa, there is proliferation and overlapping schemes which are not coordinated, resulting in duplication of functions and multiple memberships. They too indicate that African economies are not conducive to integration let alone the poor infrastructure. African economies are not complementary, producing the same range of primary commodities exported to the industrial world leaving little room for trade among themselves. The authors see light at the end of the tunnel in the continued efforts towards greater regional integration.

The Abuja Treaty of 1991 is expected to be followed by the formation of an African Economic Community. The trend of regionalism is moving away from trade arrangements *per se* towards broader goals, including sectoral coordination, policy harmonisation and regional infrastructural frameworks. In these new trends, the ECOWAS has revised its Treaty (1993), the PTA has transformed itself into COMESA and SADCC has changed to SADC. SADC is to move to greater trade liberalisation through tariff and non-tariff barrier reduction. Aryeetey and Oduro too added their thoughts to the debate on challenges and prospects of regionalism in Africa.

Aryeetey and Oduro see challenges in what they call features of regional integration in Africa. They decry the large number of regional units on the continent that has led to membership of individual countries in more than one regional unit, yet, there is a variety of objectives. Constraints to intra-African trade comes about as a result of deficient physical infrastructure (transport and communication), lack of institutional infrastructure (commodity exchanges and clearing houses), lack of adequate information on products, high uncompetitive prices of African products and instability of supply. Related to these are: payment difficulties, lack of export and trade credit facilities and inadequate
marketing and distribution channels. Other challenges are similar to what was discussed by Asante above. They add unclear perception about gains, border controls and lack of information within partner countries about the existence of potential buyers and sellers in other partner countries as well as inconvertibility of member currencies. These two authors do not bother to suggest the way forward which brings us to review the work of Arthur Hazlewood who takes us through integration and disintegration in Africa.\footnote{41}

Most of what Hazlewood identifies as causing disintegration has already been discussed in the works we have so far seen. However, he notes that populations in Africa are extremely small with very low incomes; the market for manufactures is small in most countries. He observes, "...the present cash market of most African countries individually is not larger than that of a moderately-sized European town".\footnote{42} Total national income is distributed over a large geographical area and the market is geographically fragmented. He mentions the duplication of productive units as a serious problem. Another difficulty arises from the tendency of the market mechanism to work in a disequalising manner. If the market forces are allowed to freely operate within a tariff-free area, the benefits are likely to be unequally distributed between the associated states. Some countries may even lose from integration, although the area taken as a whole benefits. The losers will not long continue voluntarily to adhere to such a union. On political union, Hazlewood believes that it is not possible to sustain a political association if it were impossible to sustain the more limited measures of economic association. Disagreement on non-economic issues like who will be the Commander-in-Chief of the Armed Forces might become so politically explosive as to put agreement even on a modest economic cooperation in serious jeopardy. Hazlewood does not advocate for political integration before economic integration. Hazlewood zeroes on East Africa and identifies what he sees as trends to dissolution.

The year 1965 saw decisions that were interpreted as the 'death knell of the East African Common Market'.\footnote{43} Because of what has been largely discussed above, one thing led to another. The common currency was dissolved with each country establishing its own central bank. In a chapter by Catherine Hoskyns, the failure of the EAC is attributed to
the instability of the new states, the tendency of national politics to be built around ‘heroes’ jealously guarding their own power, total dependence on the outside world which limited freedom of action and their economic usefulness to one another. The hope for regionalism, as seen by Hoskyns, lies in the sense of solidarity born of racial consciousness and the search for dignity fathered by pan-Africanists like Nyerere, Nasser, Nkrumah and Padmore. This leads us to review Nye’s work on Pan-Africanism and East African integration.  

Nye asks how Africa should integrate. He recalls that in much of man’s history of integration, force was the answer. He had in mind experiences like that of Germany under Prince Otto von Bismarck and Italy under Giuseppe Garibaldi. He notes that Europe has captured the imagination with new methods of integration. Journalists, theorists and African leaders have all generalised from the European experience. But the heavy coat of European theory needs alteration before it can be worn in African climates. He argues that it is not applicable to East Africa. He goes on to state that integration in East Africa was driven by ideology and the elite but not the economic imperatives or interest groups. This made sense because in the new states, it was necessary to make decisions in a conducive ideological and political framework in which interests were guaranteed. However, it cannot be assumed that ideology is always favourable to integration; it may exacerbate divisions by accentuating differences. Indeed, this was its role in East Africa. The effects of ideology were sometimes ambiguous but one had to pay attention all the same.  

Nye argues that East Africa could not socially integrate because the limits on the ability to communicate and respond were much greater during the abortive attempts to unify East Africa in the 1920s. Political integration was not possible because of lack of a single nationalist organisation. Failure to integrate economically is partly blamed on political and administrative problems like location of industries or offices and the failure to federate. Nye does not attempt to look at the prospects of regionalism in East Africa. This review so far shows that there is little written about the new East African attempt at integration. This study therefore is dedicated mainly to the new efforts at reviving the EAC since the early 1990s. This study therefore explores the challenges the organisation
is likely to face, judging from earlier experiences in East Africa and elsewhere. This leads us to the clarification of some of the concepts in the study.

1.8 CLARIFICATION OF CONCEPTS

REGIONALISM

Regionalism is a concept that has different meanings to different scholars in different disciplines. We may get a working definition from Mark Malan:

Traditionally, regionalism implies co-operation among states in geographically proximate and delimited areas for the pursuit of mutual gain in one or more issue areas. In most of the successful examples of regionalism, states that are already partners in solid political processes (based on shared and complementary values) devolve collective decisions to structures that supplement, rather than supplant, national institutions. While regionalism may lead to the creation of new political organisations over time, regionalism and state strength do not stand in opposition to one another, and states remain the essential building blocks from which such arrangements are constructed.46

Quoting Sander, Jilberto and Mommen state that, “regionalism is almost ‘by definition’ discriminating against non-members of a trading bloc. Regionalization can be defined as an integration process on the regional level with the help of governments”.47

Asante writes, “So far no single definition of ‘integration’ has gained widespread acceptance among integration theorists. The concept has therefore provoked considerable discussion and debate in economic and political literature”48. Jovanovic says, “Definitions of international economic integration are often vague and do not offer adequate tools for the easing of the process of integration among countries. ...This all makes integration more of an evolving and continuing process than of a limited one. International economic integration is a process by which the firms and economies of separate states merge in larger entities.”49 This study adopts Robson’s definition,
“Economic integration is basically concerned with the promotion of efficiency in resource use on a regional basis. Necessary conditions for its fullest attainment include: the elimination of all barriers to the free movement of goods and factors of production within the integrated area; and of discrimination on the basis of nationality amongst the members of the group in that respect.” Nye identifies political integration as “the process leading to a political community, a condition in which a group of people recognises mutual obligations and some notion of a common interest.” He adds that a political union is related to power structure embracing armies, police forces, budgets and communication networks.

Asante advises that there should be no semantic confusion arising from the term ‘integration’. Quoting Haas, Asante says that the study of regional integration is not the same as the study of regional cooperation. The former is concerned with explanations of how and why states cease to be wholly sovereign, how and why they voluntarily mingle, merge and mix with their neighbours so as to lose the actual attributes of sovereignty while acquiring new techniques for resolving conflict between themselves. The term “economic cooperation” will mean, “Joint activity across national frontiers, for the purpose of cooperation in economic matters, from running a joint regional airline, coordinated rail system to the joint management of river basins.” Regional cooperation, according to Asante, may help to describe the way to regional integration.

**EAST AFRICA**

“East Africa” in this study means, “the United Republic of Tanzania, the Republic of Kenya and the Republic of Uganda and any other country granted membership to the Community.” Area covered is “Tanzania 945,087 sq km, Kenya 582,650 sq km and Uganda 236,040 sq km. Total area is 1,763,777 sq km. Population: Tanzania 36,588,225, Kenya 32,021,856, Uganda 26,404,543 Total population: 95,014,624”. East Africa is bordered to the East by the Indian Ocean and Somalia. To the North it borders with Ethiopia and Sudan. The Democratic Republic of Congo lies to the West. Rwanda and Burundi have not yet joined the Community; therefore these too are to the West. Zambia
and Malawi are to the South West while Mozambique is in the South. More precisely, East Africa can be presented in a table as follows:

### EAST AFRICA: LAND AND CLIMATE

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>UNITS</th>
<th>COUNTRY</th>
<th>PARAMETERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latitude</td>
<td>Degrees</td>
<td>KENYA</td>
<td>5° 30''N 4° 30''S</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TANZANIA</td>
<td>1° 29'' S 12° S</td>
</tr>
<tr>
<td></td>
<td></td>
<td>UGANDA</td>
<td>4° 12''N 1° 29''S</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EAST AFRICA</td>
<td>5° 30'' N 12° S</td>
</tr>
<tr>
<td>Longitude</td>
<td>Degrees</td>
<td>KENYA</td>
<td>33° 50'' E 41° 50'' E</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TANZANIA</td>
<td>29° E 41° E</td>
</tr>
<tr>
<td></td>
<td></td>
<td>UGANDA</td>
<td>29° 34'' E 35° 0'' E</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EAST AFRICA</td>
<td>29° 34'' E 35° 0'' E</td>
</tr>
<tr>
<td>Total Surface Area</td>
<td>Square Kms</td>
<td>KENYA</td>
<td>581.7</td>
</tr>
<tr>
<td>(Excluding water bodies)</td>
<td></td>
<td>TANZANIA</td>
<td>883.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>UGANDA</td>
<td>197.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EAST AFRICA</td>
<td>1,661.9</td>
</tr>
<tr>
<td>Normal Rainfall (Min &amp; Max)</td>
<td>mm/year</td>
<td>KENYA</td>
<td>418.5 - 1,922</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TANZANIA</td>
<td>200 - 2,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>UGANDA</td>
<td>750 - 2,000</td>
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<tr>
<td></td>
<td></td>
<td>EAST AFRICA</td>
<td>200 - 2,000</td>
</tr>
</tbody>
</table>

EAST AFRICA DATABASE OCTOBER 2003 Source: Partner States

### ECONOMIC INTEGRATION

Economic integration is the process by which a group of countries agrees to eliminate barriers between their economies and proceeds to combine the economies to form a larger economic space. It involves the ceding by member states of sovereignty over particular economic policies, instruments and activities to a regional authority or institution which
exercises its power at the group level. In theory, economic integration arrangements can take a variety of forms which range from a preferential trade area (PTA), to a free trade area (FTA), a customs union, a common-market, and an economic union. 57

1.9 SOURCES OF DATA

The study relied mainly on library research from the Kofi Annan International Peace Keeping Centre at Teshie, Otu Barracks and the Balme and Legon Centre for International Affairs (LECIA) libraries at the University of Ghana, for its source material. The source materials included books articles, and various journals. Official documents and East African publications were availed by the kind assistance of the East African Secretariat, Arusha and the Uganda Peoples’ Defence Forces EAC Desk Office at the General Headquarters, Bombo in Uganda. The Internet too provided another very important source.

1.10 ARRANGEMENT OF CHAPTERS

This research is presented in four chapters. The first chapter deals with the research design consisting, among others, of the background to and statement of the problem, research objectives, hypothesis, literature review, theoretical framework and clarification of concepts.

The second chapter analyses the international system in the drive towards greater integration and what this means to Africa with emphasis on the East African Community. The chapter examines the argument that regionalism is indeed crucial to Africa’s economic growth and development. The third chapter covers the challenges to the EAC over the years as well as prospects for the future.

Chapter Four is the summary of findings, conclusions and recommendations.
LIMITATIONS OF THE RESEARCH

Regionalism is such an important topical and interesting issue that it cannot be adequately covered in a ninety-day research period. Furthermore, the research findings cannot be comprehensively expressed within the limits of 20,000 words. Consequently, the constraints of time and space have been faced. In addition, I have not been able to access any primary sources of information. By this, I mean that I have not been able to carry out interviews, distribute questionnaires to solicit response or moved to places to carry out field research. The study has therefore relied on secondary materials such as reports and articles in journals and on the Internet.
ENDNOTES

2. Cleland, J., *The OAU: Sovereignty and Territorial Integrity of African States*. Keynote Address to the Symposium Organised by Legon Centre of International Affairs on 22nd October 1997. The symposium was in the form of a seminar with various speakers invited to handle a wide range of topics.
5. Cleland, op.cit.
14. Regional Integration in Africa www.fao.org/DOCREP/004/y4793e0.htm Accessed on 1 Oct 2004. The groups identified are The Common Market for Eastern and Southern Africa (COMESA), the Economic Community of Central African States (ECCAS), The Arab Maghreb Union (AMU),The West African Economic and Monetary Union (WAEMU),The Economic and Monetary Union of Central Africa (CEMAC), within the proposed ECCAS, The Southern African Customs Union (SACU), Common Monetary Area, CMA), Intergovernmental Authority on Development (IGAD) The Southern African Development Community (SADC), and The East African Community (EAC).


23. Dougherty, J. E., op. cit., p.419.


27. Asante, S. K. B., ibid., p. 3.

28. Ibid., pp. 8-12.

29. Ibid., p. 62.

30. Ibid., pp.62-83.


33. Ibid., pp.118-137.

34. Ibid., pp.138-144.


36. Ibid., p. 131.
37. Ibid., p.131 Union douanière et économique de l’Afrique centrale (UDEAC) comprised Cameroon the
Central African Republic, Chad, the Congo, Equatorial Guinea, and Gabon.

38. Ibid., pp. 134-137.

39. Ibid., p. 142.

s J.J., (ed) *Regionalism and the Global Economy: The Case for Africa* (The Hague, Forum for Debt and

41. Hazlewood, A., op.cit., p.9

42. Ibid., p. 101.

43. Nye, S., op.cit.

44. Ibid., pp. 25-26.

45. Ibid.

Institute for Security Studies, Occasional Paper No 36 - January 1999


1992), pp. 8-10.


53. Aryeetey, E., and Oduro, A.D., op.cit., p. 11.

54. Preamble to the Treaty for the Establishment of the East African Community signed on 30th November,
1999.


Secretariat, 2003) p. 3.

CHAPTER TWO

THE EAST AFRICAN COMMUNITY

2.1 INTRODUCTION

This chapter outlines the profile of the East African community. It traces the origins of the current regional organisation to the defunct one established in 1967. It briefly touches on the phases the East African States intend to go through in the integration process. There is a brief historical overview about the East African Community. Finally, the chapter deals with relevance of integration to East Africa.

2.1.1 PROFILE

The Treaty for the establishment of the East African Community was signed on 30\textsuperscript{th} November 1999 in Arusha, Tanzania by presidents Benjamin William Mkapa, Daniel Toroitich Arap Moi, and Yoweri Kaguta Museveni of Tanzania, Kenya and Uganda respectively. Its headquarters is in Arusha and its organs include the Summit (of Heads of State or Government), the Council (of Ministers), the Coordinating Committee, Sectoral Committees, the East African Court of Justice, the East African Legislative Assembly, the Secretariat and such organs as may be established by the Summit.\textsuperscript{1} The stated objectives of the Community “shall be to develop policies and programmes aimed at widening and deepening co-operation among the Partner States in political, security and legal and judicial affairs, for their mutual benefit.”\textsuperscript{2} Some of the principles of the Community include mutual trust, sovereign equality, good neighbourliness, peaceful settlement of disputes, good governance, equitable distribution of benefits and co-operation for mutual benefit.\textsuperscript{3} The operation principles that shall govern the practical achievement of the objectives include, people-centred and market driven co-operation, establishment of export oriented economies, the principles of variable geometry, subsidiarity and complementality.\textsuperscript{4} In line with the principle of co-operation for mutual benefit, the three countries signed a protocol for the sustainable development of the Lake Victoria Basin on 29 November 2003 in Arusha.
This Treaty is an offspring of an earlier one, The Treaty for the Establishment of East African Cooperation signed in Kampala, Uganda, on 6 June 1967 by Presidents Mwamunye Julius Kambarage Nyerere, Jomo Kenyatta and Apollo Milton Obote of Tanzania, Kenya and Uganda respectively. The aims of this one were to work towards “harmonious and balanced development and sustained expansion of economic activities the benefits thereof shall be equally shared.” Other objectives included “the harmonisation, required for the proper functioning of the common market and the coordination of economic planning.” This Community collapsed due to “internal and external factors. Analysis has shown that many of the collapsed integration agreements were carried out in a context lacking consensus about the fundamental economic systems, the domination of inward-looking import substitution oriented strategies, combined with large public sector and over-protection of industries.”

2.1.2 PHASES OF THE INTEGRATION PROCESS

Article 5 (2) of the EAC Treaty provides the roadmap for the process of political integration, “…the Partner states undertake to establish among themselves and in accordance with the provisions of the Treaty, a Customs Union, a Common market, and subsequently a Monetary Union and ultimately a Political Federation, in order to strengthen and regulate the industrial, commercial, infrastructural, cultural social, political and other relations of the Partner States.” Each of the four main phases of regional integration would be achieved through a negotiated protocol starting with one on Customs Union concluded on 2 March 2004. The success of the Customs Union would determine the speed at which the Community enters the second phase of integration: the Common Market. Under the Common Market, it is expected that there shall be free movement of labour, goods, services and capital. It is also during this phase that the citizens of East Africa would enjoy the right of establishment and residence within the Community. The Monetary Union would require a Protocol to create a single currency and institutionalise a Monetary Authority for the Community. The final phase of integration would be the establishment of a political federation. This phase would be the subject of a new Treaty. The EAC has chosen to prioritise economic integration to be
followed in the distant future with political federation. "As a rule, federal governments’ mandates embrace federal executive authority, federal legislation and federal court."8

2.1.3 HISTORICAL OVERVIEW

The beginning of cooperation in East Africa was with common services in 1895 with the commencement of the construction of the Uganda Railway from the Kenyan coastal town of Mombasa.9 Muma argues that it may be difficult to tell exactly when the people of modern day East Africa began interacting with one another. He says there were no known boundaries as they are today. People moved freely and engaged in economic activities without any hindrance. This trend was reversed by the colonialists with the introduction of territories followed by restrictions on movement. Muma traces the origin of formal cooperation to the advent of colonial rule and the establishment of structures of modern states in East Africa.10 The East African Common market came in 1900 with customs arrangements between Uganda and Kenya on one hand, then the British East Africa, and Tanganyika, then German East Africa, on the other hand. The EAC began with the formation of the East African Common Services Organisation (EACSO) in 1961 culminating in the establishment of the EAC in 1967.11

Hazlewood tends to agree with Muma’s assertions but gives more details about the East African cooperation when he writes, "...there is a long history of proposals for closer economic and political relations, and federation was seriously discussed in the 1920s as well as the 1960s."12 He adds that the colonial governments within the three East African territories worked closely with each other since 1926 in an arrangement of the Conference of Governors. A permanent secretariat was set up for purposes of developing interterritorial organisation, cooperation and co-ordination on matters of common interest. In 1945, the United Kingdom (UK) government proposed management of the interterritorial services but the proposals gave less power to the interterritorial organisation than the original intention. In 1948, a permanent executive authority, the East African High Commission was established. 1961 saw the creation of the East African Common Services Organisation replacing the East African High Commission.
Other spheres of cooperation included the common market and a common currency, which existed till 1966. The Common Market dated back to 1917 when free trade between Uganda and Kenya was established. Tanganyika was brought on board between 1922 and 1927 after World War II. Customs administrations were amalgamated in 1949.

Nye associates integration of East Africa with the British who became interested in the region after involvement in Egypt in the early 1880s. Kamanga agrees with Nye when he asserts, "...there can be no denying that Britain’s initial interest in East Africa was influenced by the anti-slavery crusade. It cannot be denied however that soon, the more decisive, enduring impetus became the desire to secure ‘control of the headwaters of the Nile in order to protect [the British] position in Egypt and the ... Suez Canal’, in particular." The German initiative in East Africa in the mid 1880s aroused Britain over the control of the source of the Nile. The original British vision of East Africa was North-South centred on the Nile, with what is now Kenya of only incidental interest. Because of differences between colonial officials, the first attempt to unify East Africa was concerned with what is now Kenya and Uganda. Sir Harry Johnston, a special Commissioner to East Africa recommended that Kenya and Uganda be merged. Sir Clement Hill, Head of the African Department of Foreign Office disagreed on the grounds that the new unit would be too large, and substituted a plan to transfer Uganda’s Eastern Province to Kenya in order to bring the newly constructed rail line under one administration. Nye observes that had Johnston’s proposal been accepted, the great energies devoted to unification might have been spent on other problems. He regrets that personal animosity rather than compelling reasons probably caused Hill’s action. The extent of the irony was deepened by the transfer of the high-lying Uasin Gishu and Trans-Nzoia areas to Kenya in 1902 since this set the basis for the later reliance on African agriculture in Uganda and European agriculture in Kenya. The two territories continued to diverge rapidly after the transfer.

Nye adds that a colonial report which had speculated, "...this great stretch of British East Africa, an area of over a million square miles extending from Abyssinia to the union, will emerge as a Dominion" failed to materialise. He notes that the central political
integration which was achieved under colonial rule was too weak as a focal point for the growth of a community or nationalist organisation. Nye highlights the hopes of East African politicians towards a merger through uniting the three main territorial parties. However, African leaders did not build an East African Organisation before independence. The possibility of an East African Movement was first seriously investigated in 1945. Another attempt was in 1950 while the third one was in 1958 called the “Big Push” during which The Pan-African Movement for East and Central Africa (PAFMECA) was founded in Mwanza. However, the political elite realised that real power and real nationalist organisations were in the three territories, and the differences in the territorial settings resulted in the creation of organisations which could not easily be merged into one.¹⁷

The search for East African cooperation can be said to have gone through five phases. The first phase began at the end of the 19th century and was marked by several initiatives to integrate the economies of Kenya and Uganda. These included the building of the Uganda railway, the conclusion of the customs arrangements and the partial amalgamation of Posts and Telegraph between the two countries. The second phase began in the early 1920s with the addition of Tanganyika to the cooperation which lasted till 1961. This phase saw the establishment of a common currency, the East African Shilling, the creation of various institutions like the Governor’s Conference which gave way to the East African High Commission in 1948 and the East African Legislative Council. Several commissions were appointed to explore the possibilities of East African Federation including the Ormsby-Gore Commission in 1924 and the Hilton-Young Commission in 1927. The third phase lasted from 1961 when Tanganyika became independent followed by Uganda 1962 and Kenya 1963 to 1977 when the EAC collapsed. The period 1977 to 1991 was one of negative growth in cooperation; “many common services were dismantled and some collapsed, the level of discord and disagreement rose to dangerous levels until some of the countries went to war against each other.”¹⁸
Unfortunately in this phase, within the first year of the EAC coming into existence, the East African Currency Board broke down, leading to the establishment of three separate central banks. This destroyed any hope for a monetary union. In addition, a military government came to power in Uganda in 1971 and challenged the foundation of harmonized policy and rule of law. Tanzania did not recognize the new regime in Kampala and considered its participation in the EAC illegal. Furthermore, the countries reacted differently to the economic shocks of the 1970s and continued to have different economic systems. The EAC collapsed when member states failed to pay their dues. Tanzania closed its border with Kenya. One of the reasons advanced for the collapse of EAC in 1977 was that Kenya was receiving a disproportionate share of the benefits of integration. Various measures were tested to redistribute the gains from the common market, but failed to produce the results Uganda and Tanzania wanted.\textsuperscript{19}

Phase four started in 1984 with the setting up of the East African Mediation Agreement. In 1991, efforts to rebuild what was destroyed and the resolve to move cooperation to a higher qualitative level of political federation were stepped up. The fifth phase was the revival of the East African Cooperation which started with the Nairobi Communiqué of October 1991 to revive the EAC. The East African Cooperation was established in 1993, anticipating an East African Community, with built-in provisions for a much deeper East African Union namely a Monetary Union followed by a Political Federation. A Permanent Tripartite Commission for East African Cooperation established in 1993 set up a Secretariat in 1994 till the signing of the Treaty in 1999.\textsuperscript{20}

2.2 **THE RELEVANCE OF REGIONAL INTEGRATION TO EAST AFRICA**

According to a World Bank Research Bulletin, perceptions of a fortress mentality in Europe and fears of an imminent Western hemispheric Free Trade Area (FTA) have led some nations to contemplate a defensive regional bloc of their own. And in the former Soviet Union, political disintegration has made regional integration a way of preserving fast-disintegrating trade among the new republics. Regionalism is once again being viewed as a solution to the major international economic problems of our times. Today,
regionalism is back with a vengeance. In its current incarnation, regionalism has engulfed all major players in the world economy. The loudest message from these developments is that regionalism this time is here to stay. It adds that, the implications of regionalism for the global trading system, nevertheless, remain contentious. Regional blocs may be a bad idea in principle, but good in practice, an assertion attributed to Vinod Thomas; or that even if they are a good idea in principle, they are likely to be bad in practice, a view held by Professor Bhagwati.\(^\text{21}\)

Maina’s view is that in an integrated set up, resources, capital and research findings will be easily shared and there will be a considerable amount of savings due to joint efforts. He quotes Kwame Nkrumah as saying, ‘...broomsticks can easily be broken when taken singly. The broom as a bunch, however, presents a more difficult proposition. So long as we remain disunited, so long as we remain balkanized, regionally or territorially, we shall be at the mercy of colonialism and imperialism.’ Maina further uses the words of Ibrahim Babangida to drive his point home, ‘...small States are like indecently clad women, they tempt the evil minded. Only in co-coordinated action could the small independent States of Southern Africa achieve the strength and the power necessary to resist those who were tempted to exploit the region and perpetuate its economic fragmentation and dependence.’ He ends with these words attributed to Julius Nyerere, ‘...voluntary integration of countries, wherever it takes place, is a positive step towards liberation of the common person from the various ills confronting him.’\(^\text{22}\)

Asante strongly advocates for regional and sub-regional economic integration and African economic cooperation arguing that the case for regionalism is indisputable and that it has long been recognised. He sees African countries as largely artificial by-products of the colonial scramble for Africa in the Berlin conference of 1884-85. He decries Africa’s mini-states and believes in the removal of the fragmented and small African markets.\(^\text{23}\) In the same vein, Lancaster views the rationale behind economic integration as, “the promotion of trade and economic welfare among member states.”\(^\text{24}\) He reiterates that the objective for creating expanded markets has focused mostly on promoting rapid growth through expanded investment. He adds that integrative efforts
assume that industrial development is a key element in overall economic development. Efficient industrial development, according to Asante, typically requires producers to be large enough to achieve economies of scale and that industrial producers will require markets larger than their home markets to achieve economies of scale. Other assumptions are that small markets need to be merged in order to encourage expanded investment and that the large markets have to be protected for a time from competitive imports from third countries.

In line with this, the East Africans sought, “...to overcome the disadvantage of smallness by pooling resources, expanding markets, strengthening the effectiveness of domestic policy making, and enlarging markets available to regional firms and the subsequent increase in trade flows.”\(^\text{25}\) In the spirit of the Liberalist Theory, Kimenyi says that, “...the importance of trade in raising living standards has been accepted since the 17\(^{th}\) Century when economists like Adam Smith and David Ricardo expounded on the importance of specialisation and free trade.”\(^\text{26}\) He adds that this view contradicted that of the rather myopic mercantilists who were obsessed with creating trade barriers as a strategy to accumulate wealth through trade surpluses. He notes that while in the past many countries have erected trade barriers, such barriers have now been removed, not only because of the international system but also because countries realise free trade is associated with positive net benefits. Kimenyi continues to highlight the dark side of closed economies and he cites less competition, protected and inefficient industries, poor quality products, small markets, limited capital inflows and investment. He emphasises that a closed economy would certainly not be able to raise the quality of life of its citizens. Regional integration, he argues, is now seen as an appropriate strategy in the process of expanding trade and wealth creation. Kimenyi reiterates the importance of integration to East Africa when he says that the EAC collapsed in 1977 but, “...we in East Africa are going over the process again.”\(^\text{27}\) He notes that now the three countries accept that regional integration would benefit all of them. He shows there are common factors that work against sustained economic development if individual countries go it alone. He insists that integration offers hope for East Africa to increase the well-being of the citizens.\(^\text{28}\)
Aryeetey and Oduro state that despite the clear difficulties of various integration schemes in Africa, efforts at regional integration persist. Revitalising and resuscitating regional groupings could be seen as a response to the deepening and enlargement of integration in Europe, the formation of a free trade area in North America and similar developments in South-East Asia. They point out the fear that Africa’s position in the world economy will be weakened further if it does not strengthen its already existing regional groupings. Aryeetey and Oduro write, “...a failure to overcome, or reduce, the costs of market fragmentation in regions whose countries have not yet begun to cooperate will mean that those regions, as a whole, will be less placed in the future to attract the foreign investment, technology and know-how on which they will have to depend for their future growth.”

Quoting World Bank reports of 1982, Aryeetey and Oduro argue that Africa’s long term development strategy hinges on integration and increased cooperation in a whole range of areas. They claim integration can accelerate growth if it facilitates increase in trade and that integration should lead to larger units as against sub-regional bodies.

In preface to the same book mentioned in the previous paragraph, Teunissen says that regionalism is indeed an imperative. He writes, “...regional economic integration has received a new, worldwide impetus with Europe’s deep integration, the surge of the “new regionalism” in Latin America, and the emergence of mega-initiatives such as the Asia Pacific Economic Cooperation (APEC) agreement between major countries bordering the Pacific Ocean... the emergence of regional blocs in Europe, America and Asia, has made the threat for Africa of being even further marginalised in the world economy a very real one.” This same point is emphasised by Muthaura, “...East Africa is part of the global village currently undergoing fundamental transformations on the basis of intensive competition. Regional groupings have grown and reinforced themselves for the purpose of strengthening their competitiveness in the global market.” He adds that the bargaining power of the East African States, vis-à-vis other countries will be enhanced and that they hope to realise more voting power in terms of international organisations, especially the World Trade Organisation (WTO).
The media too is interested in these efforts towards East African integration. After the East African leaders had signed a customs union protocol on 2 March 2004, a British Broadcasting Corporation (BBC) reporter made the following comment, “...the three countries, with a combined population of 90 million and gross domestic product of some $25bn, hope they will now be able to start pooling their resources, boosting trade, and taking advantage of their combined markets. Under the protocol, trade will be liberalised as tariff and non-tariff barriers will be eliminated, a common external tariff will be maintained, and an integrated market established.” This helps to illustrate how East Africa hopes to fit in the worldwide movement towards integration and liberalisation.

Taye fairly helps us understand why regionalism is indeed crucial in Africa as he states, “...despite the unsatisfactory performance [of regionalism in Africa] to date, however, there seems to be a new momentum to invigorate the process of cooperation and ultimately integration of African economies.” Among others, Taye cites some of the reasons that re-kindled interest in African economic regional integration. First, he singles out the Abuja Treaty of 1991 by African Heads of States which seems to have re-ignited interest and strengthened the commitment for some form of a continent-wide economic cooperation. Second, the formation and the strengthening of various regional blocs outside of Africa (in Europe, Asia and the Americas) seems to have forced African countries to reconsider the issue more seriously if they are to avoid further marginalization. Third, Taye points out the realization by African countries (particularly the small ones) that their respective national markets are too small to provide the benefits of economies of scale and specialization which are perceived as preconditions for economic growth; getting an access to the markets of partner countries has become a relevant consideration. Fourth, Taye identifies the liberalization initiatives undertaken by almost all countries in Africa (mainly sponsored by the Bretton Woods institutions). He sees it as having created a conducive environment to pursue an outward-looking economic policy, which encompasses economic cooperation in general and trade policy in particular. However, he is not sure whether these factors are sufficient to take the integration initiative to a higher level. What is not in dispute is that some apparent
optimism has been created more than ever before. Such optimism was expressed at one of the COMESA meetings in Kampala.

At the opening of the 17th Meeting of the COMESA council of Ministers, African leaders attending a meeting in Kampala urged the world's poorest continent to deepen regional integration in order to overcome various challenges both inside and outside the region. "We need to move forward conscious of the fact that the more we are united the easier it will be for us to prevail and confront the common challenges," Erastus Mwencha, secretary general of the Common Market for Eastern and Southern Africa (COMESA), said. Kajura, third deputy prime minister of Uganda, said that as Africa seeks to attain full integration in the region, most other regions have already agreed to free trade. He cited the Pacific region where the Asia-Pacific Economic Cooperation is being consolidated, the Americas under the North American Free Trade Area and the Southern Cone Common Market of Latin America (MERCOSUR) group, Europe under the European Union which has just welcomed 10 new members to become the largest integration bloc in the world, and free trade between Europe and the Mediterranean region under the EU/Mediterranean Associate Agreement. Kajura observed that if large economies in America and Europe are seeking bigger markets by fostering regional integration, the smaller economies of Africa have an even greater need to come together in a regional, and subsequently, continental common market. To crown this section of the study we can reflect on the words of Museveni, "...what are the most fundamental historical tasks facing the African continent today?" I would answer ... consolidation of national unity within individual African countries and promotion of inter-African cooperation and unity. This will solve the problem of fragmented markets and weak political entities."

In this chapter, it has been made clear that regionalism is once again being viewed as a solution to the major international economic problems of our times. In its current incarnation, regionalism has engulfed all major players in the world economy. In an integrated setup, resources, capital and research findings will be easily shared and there will be a considerable amount of savings due to joint efforts. African countries are largely
artificial by-products of the colonial scramble for Africa in the Berlin conference of 1884-85. Africa's mini-states need to be removed through the integration of the fragmented and small African markets. The EAC, therefore, aims at overcoming the disadvantage of smallness by pooling resources, expanding markets, strengthening the effectiveness of domestic policy making, and enlarging markets available to regional firms and the subsequent increase in trade flows. The emergence of regional blocs in Europe, America and Asia, has made the threat for Africa of being even further marginalised in the world economy a very real one. East Africa, as part of the global village, is currently undergoing fundamental transformations on the basis of intensive competition. The bargaining power of the East African States vis-à-vis other countries will be enhanced and through the EAC, East Africans hope that they will realise more voting power in terms of international organisations especially the World Trade Organisation (WTO).
ENDNOTES

1. Article 9(1) (a-h) of the Treaty establishing the East African Community.

2. Ibid Article 5(1)

3. Ibid Article 6(a-f)

4. Ibid Article 7(a-h)

5. Article 2(1) of the Treaty for East African Cooperation

6. Ibid Article 2(2) (f-h)


10. Muma, J., (Lt Col), Brief to the Army Commander Uganda People’s Defence Forces (UPDF), on the East African Community dated 14 January 2003 done at Bombo General Headquarters. Muma was then the Desk Officer in Charge of East African affairs at the UPDF General Headquarters.


16. Ibid p 89.

17. Ibid pp. 94-98.


Regionalism in trade is back—and here to stay. 

Volume 3, Number 3

Maina, C., Legal and Constitutional Questions of Integration: A Brief Examination of Treaty


25 op cit East African Community: Challenges and Opportunities, Selected Benefits and Expectations, p 9.


27 Ibid

28 Ibid p.9.


31 Ibid, Teumissen, preface to Regionalism and the Global Economy: The Case of Africa


33 Lewis, D., Hopes and fears for Africa trade pact BBC NEWS Tuesday, 2 March, 2004, 18:02 GMT


CHAPTER THREE

CHALLENGES AND PROSPECTS OF THE EAST AFRICAN COMMUNITY

3.1 INTRODUCTION

This chapter begins by identifying the challenges to African regionalism, as they relate to the EAC, and seen through the eyes of some scholars. It begins with opinions by distinguished academicians on what they think has failed regionalism in Africa and what they view as the way forward. The challenges to East African integration are looked at some length showing external as well as internal challenges. The chapter ends with the prospects of African regionalism as seen in the East African experience. The chapter intends to show that the road to the success of regionalism in Africa is bumpy but with more effort, regionalism is achievable.

Lee points out that in the light of the failure to date of regionalism in Africa, numerous scholars have made recommendations for the way forward.\(^1\) This is the subject of this chapter. Asante shares Lee’s view when he observes that “...it has become necessary to find out the reasons for the wide consensus over the disappointing results of the process of economic integration in Africa, despite the continuous rhetoric about the need for regional cooperation and integration.”\(^2\) He adds that the complexity and sensitivity of the subject does not appear to allow for simple explanations. He is convinced that a multiplicity of factors has played a role in the poor record. In an effort to provide the reasons for the disappointing results mentioned above, Jovanovic argues that, “...the ‘traditional’ schemes that integrate developing countries are structured along the lines of neo-classical theory of integration. This, he adds, has made developing countries fail to live up to the great expectations of the founders and most, in fact, failed and collapsed.”\(^3\) Park looks at the challenges on a global level, “...the current world economic environment exposes both national economies and supra-national organizations to various challenges. The advanced tripolarization of the world economy and the revival of regionalism, in the early 1990s, represent the main challenges to the multilateral trading
system under the newly established World Trade Organization (WTO)." This shows that challenges facing regionalism are not restricted to Africa.

Jilberto and Mommen see some light at the end of the dark tunnel of regionalism in sub-Saharan Africa (SSA). Problems are there but, "...notwithstanding the deepening economic and political crisis in a large number of SSA countries in the 1990s, governments continued their efforts towards greater regional integration on the continent." They cite the creation of the African Economic Community (not yet functional) in May 1994 as a follow up of the 1991 Abuja Treaty as an example of such efforts at integration despite apparent failures. This, in itself, is evidence that after all, regionalism has a future in Africa. The continent is not about to abandon integration. The authors point out that a change in approach to integration is clearly emerging. They observe that the current trend is away from the trade arrangements per se and towards greater regional project and sectoral coordination, policy harmonisation and the creation of regional infrastructural and institutional frameworks. They call for a sound regional policy environment in order to facilitate the integration process.

Such corrective measures as pointed out in the preceding paragraph are already underway in East Africa. Wambugu states that, "...the development of infrastructure is considered as a pre-requisite for envisioned regional integration in East Africa. Hence, several projects identified at early stages of cooperation were in infrastructure." The projects include the East African Digital Transmission (implementation left to the administration of Partner States), the EAC Telecommunications Trunking (supported by GTZ), Cross-Border Connectivity (financed by Partner States) and the East African Road Network (financed by GTZ). Wambugu cites harmonisation of policies in the roads sub-sector as being exemplified by the signing of the Tripartite Agreement on Road Transport in November 2001. Other projects are: the East African Civil Aviation Safety Project (under the auspices of the Civil Aviation Organisation [ICAO]), Safety of Navigation on Lake Victoria supported by the French Government and the International Maritime Organisation (IMO). Studies in the railways sub-sector are being financed by the United States Agency for International Development (USAID). This is just to illustrate that all is
not lost in African regionalism. The last section of this chapter therefore reviews the prospects of integration in East Africa.

3.2 CHALLENGES TO EAST AFRICAN INTEGRATION

Babarinde is convinced that Africa is experiencing a crisis as far as regionalism is concerned and he continues to paint the anatomy of the crisis Africa is facing. He writes,

The African plight is multifaceted and all-encompassing. The crisis is not only economic, but it is also political, social, cultural, ethical, environmental, and agricultural. Furthermore, the African plight is about the lack of capacities, such as management, technology, capital, infrastructure, and so on. Africa also suffers from soaring national debts and debt-financing. The African predicament is also about human survival, a deteriorating civil society, and a worsening personal safety. The current state of affairs in Africa, judged by recent trends, in absolute and relative terms, is unsettling. For most of Sub-Saharan Africa (SSA), although the condition is not entirely hopeless, it is very critical and requires immediate remedies.\(^7\)

He continues to explain that the African plight looks even more troubling when we consider the sub-continent's economic size. In 1993, for example, the total GDP for all of SSA's 48 countries was about $271 billion. Contextually, it means that today's roughly 500 million people of SSA have a combined GDP of about 5% that of the United States, which has approximately half as many people. He adds that it also means that the collective economic size of SSA is lower than that of Belgium and many American and/or German states. Babarinde is frightened about the relative economic weakness of SSA. He notes that there are several multinational companies (MNCs) whose annual sales receipts by far exceed the aggregated economic size of the African groups, even that of the entire continent.
The East African situation is reflective of what Babarinde highlights above. The GDP per capita was as follows in the period indicated:

### EAST AFRICA: GROSS DOMESTIC PRODUCT PER CAPITA

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>312.0</td>
<td>266.0</td>
<td>362.4</td>
<td>273.4</td>
<td>288.3</td>
<td>317.5</td>
<td>339.6</td>
</tr>
<tr>
<td>Tanzania</td>
<td>72.9</td>
<td>105.1</td>
<td>256.7</td>
<td>259.6</td>
<td>262.7</td>
<td>263.5</td>
<td>266.0</td>
</tr>
<tr>
<td>Uganda</td>
<td>88.9</td>
<td>278.1</td>
<td>331.4</td>
<td>357.6</td>
<td>374.3</td>
<td>388.4</td>
<td>398.4</td>
</tr>
<tr>
<td>EAC</td>
<td>157.9</td>
<td>216.4</td>
<td>316.8</td>
<td>296.8</td>
<td>308.4</td>
<td>323.1</td>
<td>334.7</td>
</tr>
</tbody>
</table>

EAC STATISTICS DATABASE OCTOBER 2003
Source: Partner States.

This clearly shows that most East Africans earn less than one dollar a day which means living below the poverty line. It may be useful to look at the East African GDP to get a better picture of the gist of this study.

### EAST AFRICA: GROSS DOMESTIC PRODUCT

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>6,957</td>
<td>7,661</td>
<td>10,437</td>
<td>8,038</td>
<td>8,707</td>
<td>9,778</td>
<td>10,812</td>
</tr>
<tr>
<td>Tanzania</td>
<td>1,794</td>
<td>2,974</td>
<td>7,933</td>
<td>8,282</td>
<td>8,618</td>
<td>8,933</td>
<td>8,921</td>
</tr>
<tr>
<td>Uganda</td>
<td>1,120</td>
<td>5,395</td>
<td>7,125</td>
<td>7,939</td>
<td>8,609</td>
<td>9,244</td>
<td>9,792</td>
</tr>
<tr>
<td>EAC</td>
<td>9,871</td>
<td>16,030</td>
<td>25,495</td>
<td>24,259</td>
<td>25,933</td>
<td>27,955</td>
<td>29,703</td>
</tr>
</tbody>
</table>

EAC STATISTICS DATABASE OCTOBER 2003
Source: Partner States (as above)

_EAC figure is a combined value of Partner States GDP._

In line with what has been discussed above, Asante, unlike Babarinde, uses conventional indicators of economic and social well-being, to conclude that most African countries fall
significantly behind Latin American countries and all but a few of the poorest Asian countries. The indicators include per capita income, literacy, calorie intake, mortality, and so on. To illustrate this point, Asante notes that 41 countries designated ‘least developed’ by the United Nations are in Africa. He notes with sadness that in 1989, the gross national product (GNP) of all Sub-Saharan African countries, excluding South Africa, put together was approximately equal to that of Belgium. Even then, South Africa with a GDP of US$103,651 million in 1992, considered a giant in Africa has a GDP which is slightly smaller than the Norwegian GDP of US$112,906 million. Asante notes with dismay that Africa’s largest economy by far is approximately the same size, when measured in terms of GDP, as that of a small European economy. 9 From the table above, the combined East African GDP by the year 2002 is less than one third of that one of Norway way back in 1992. Having gone through these general challenges to regionalism on the African scene, we can look at specific challenges to the East African Community. The challenges to East African integration can be classified as external or internal. Further sub-classes can then be political, economic, social, global, institutional, technological, cultural or otherwise.

3.2.1 EXTERNAL CHALLENGES TO EAST AFRICAN INTEGRATION

3.2.1.1 COLONIAL LEGACY

According to Nye, when nationalist institutions were established in East Africa, they were built at the territorial (not the East African) level because British colonialism had constructed the effective power structure (which the African elite wished to capture) at the territorial level. Once they had captured it, the African leaders had to use the territorial power structure to “build a nation” to create the community that they had claimed. This, Nye asserts, puts a strain on the weak East African structure of cooperation. 10 Nye argues, and convincingly so, that if Britain had been able to build a stronger East African structure, the major steps towards political integration would have been taken before independence. In the event, Britain created only a weak cooperative structure in East Africa and this was reflected in the regional nationalist organisation Pan-
Developing this line of argument, Nye states that at the time of the federal negotiations (mentioned in chapter one of this study), partial political integration already existed. East Africans debated together in the Central Legislative Assembly of the Common Services Organisation, and the cooperative framework led them to recognise certain obligations and common interests. However, political disintegration was a strong possibility so long as separate power structures were consolidating the national interests and communities which had been asserted in the struggle for independence. He shows how difficult it was to integrate after independence. It was not easy to reconcile differences “in modern and poorly rooted institutions like the Legislature, non-political civil services, and regional administrations.”

Institutional differences would have faded in 1963 had the leaders of the three countries been able to create the single East African Party which so many of them confidently stated they would.

Hazelwood, throws more light on the colonial legacy when he writes that, “…the “national” boundaries established by the colonial powers have proved so much more durable than the international links established by the same powers. The national boundaries are so firmly entrenched that the successor states will fight for their integrity, although the boundaries were established so very recently by a combination of historical chance, diplomatic, political and administrative convenience.” Hazelwood argues that the international links, on the other hand, are proving fragile. He points out that political power was transferred to the territorial, not the supranational units. The initiators of political power, according to Hazelwood, have an interest in maintaining the authority and boundaries of the national states inviolate. Their interest in international links is much less direct. He observes that establishment of new links between the independent states, despite much talk, is still meagre. He argues that federation, even in its loosest form, requires a direct surrender of political jurisdiction. Certain powers must be surrendered to the federal authority.
Highlighting his view, Hazlewood asserts that states or territories must become formally subordinate to the centre. However, he notes that there will be a natural reluctance for political leaders to surrender their autonomy when they are under no threat, external or internal, from which they hope that federation might protect them. This is especially so when they do not feel confident they would have anything but a subordinate role in the proposed federal government. Hazlewood writes, "...national independence and autonomy in a country which has only recently obtained them, appear as almost of overriding importance." This is well illustrated in an interview Nyerere gave to the New International Magazine. In the interview, Nyerere captures the ideas expressed above very clearly,

"...I never saw the contradictions that would prevent Kenya, Uganda and Tanzania from working together. I was naive, I guess. Even now for me freedom and unity are paramount. I respected Jomo (Kenyatta) immensely. It has probably never happened before in history. Two heads of state, Milton Obote [Uganda's leader] and I, went to Jomo and said to him: 'let's unite our countries and you be our head of state'. He said no. I think he said no because it would have put him out of his element as a Kikuyu Elder...Kwame Nkrumah and I were committed to the idea of unity. African leaders and heads of state did not take Kwame seriously. However, I did. I did not believe in these small little nations. Still today I do not believe in them. I tell our people to look at the European Union, at these people who ruled us who are now uniting... I tried to get East Africa to unite before independence. When we failed in this I was wary about Kwame's continental approach. We corresponded profusely on this. Kwame said my idea of 'regionalization' was only balkanization on a larger scale. Later African historians will have to study our correspondence on this issue of uniting Africa."

Kajura supports Nyerere on this one, "...negative forces like national, tribal and personal reasons were partly responsible for the collapse of the EAC. The first attempts at federation failed because Uganda and Kenya leaders had not consolidated their hold at
the time. When the idea was floated by the late Julius Nyerere, it came with a great force, which Uganda and Kenya were not prepared for.\textsuperscript{15} Nye also has something to say about this.

East African integration was not carried sufficiently forward before independence to be free from threats of disruption according to Nye. He identifies the growth of territorial communities which were built in the new territorial states. The power structure, the armies, police, budgets, radio and so on, which the nationalists wished to capture had been built primarily at the territorial level. Nye believes the differences between the territories, which sprang up early in the 20\textsuperscript{th} Century, made lack of community too great to permit establishment of a strong central East African structure. Nye points out that African nationalists built organisations to capture the government at the level which mattered, and this was the territorial level. Once developed, it proved difficult to integrate the territorial nationalist organisations into more than a loose framework for debating common ideas like PAFMECA. Because of lack of a single nationalist organisation, integration became partial and fragile when leaders decided that time had come to form a federation.\textsuperscript{16}

3.2.1.2 INTERNATIONAL FINANCE INSTITUTIONS

Aryeetey and Oduro point out that most African countries are pursuing economic reform programmes imposed by the International Monetary Fund and the World Bank. They say that this makes African economies more outward-oriented, often at the expense of regional integration.\textsuperscript{17} Asante agrees with this when he writes, "...regardless of reassuring theoretical arguments, it seems, in practice, that implementation of adjustment policies as designed to date, can lead to a decline in regional cooperation between African countries."\textsuperscript{18} Asante adds that the experience of recent years shows that the regional element is missing from the adjustment programmes designed for Africa. It is only national concerns which have priority. Policies are designed and implemented at the national level and the aims of say the Structural Adjustment Programmes (SAPs), which are macro-economic, can be measured correctly at the national level. The targeted
instruments, budgetary and monetary policies, and implementation of these instruments are essentially matters of national scope, having their direct impact inside the country concerned. This can be related to the East African experience.

Goldstein and Ndung’u show that, “...in the last decade, the importance of ideology has receded and following the failure of Soviet planning and the adoption of structural adjustment policies, the belief in the market forces has become the standard in East Africa.” They point out that all the three countries have followed broadly similar policies without any central coordination. According to the authors, the more “virtuous” policies have produced questionable results: domestic production has stagnated and poverty has increased. They add that even in Uganda, which is seen as a successful case of structural adjustment, poverty is still pervasive, and growth alone is not addressing the problem adequately.

3.2.1.3 FALLACY OF TRANSPOSITION

The subheading is borrowed from Goldstein who argues that governments assume that the experience of regional integration among industrial countries could be replicated in far less developed countries. This is what he calls the “fallacy of transposition.” Lee also agrees when she writes, “...notwithstanding the fact that market integration has failed miserably on the continent, it continues to be highly regarded by most African leaders as a solution to Africa’s growing marginalisation within the world economy.” She adds that the creation of the North American Free Trade Agreement (NAFTA) and the movement toward the EU monetary integration, only served to reinforce the commitment African leaders have toward market integration. Lee argues that while African countries continue to be actively involved in intra-regional market integration, they should instead be involved in attempting to integrate their economies into the world economy.

The scenario painted above is what Asante calls the problem approach. He too sees no hope in market integration, specifically; liberalisation of trade relations with a view to
quickly establishing preferential and free trade areas, custom’s unions and common markets. Asante questions the appropriateness of market integration to Africa. He sees no commodities in which African countries can conduct trade. They all sell primary products. He asserts that the major cause of the poor return on economic integration efforts in Africa, “...over the past thirty years, has to do with the integration approach adopted by African economic groupings. Almost all of them have been modelled on the classical EU prototype, which is designed for developed countries. Asante cannot see the relevance of this approach to the African context.\textsuperscript{22} The EAC established in 1999 already has a protocol on the establishment of a customs union among other protocols. The following table may adequately illustrate the picture painted above.

### Main Origins of EAC Partners’ Imports (2002)

<table>
<thead>
<tr>
<th>Origin/Partner State</th>
<th>KENYA</th>
<th>TZ</th>
<th>UG</th>
<th>OTHER COMESA</th>
<th>REST OF AFRICA</th>
<th>US</th>
<th>EU</th>
<th>ASIA AND FAR EAST</th>
<th>Rest of the World</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>KE</td>
<td>-</td>
<td>10.2</td>
<td>8.4</td>
<td>122.2</td>
<td>226.0</td>
<td>186.1</td>
<td>1,055.4</td>
<td>1498.0</td>
<td>167.2</td>
<td>3,274.5</td>
</tr>
<tr>
<td>TZ</td>
<td>90.3</td>
<td>-</td>
<td>2.6</td>
<td>34.9</td>
<td>190.4</td>
<td>88.3</td>
<td>355.0</td>
<td>551.9</td>
<td>460.9</td>
<td>1,674.0</td>
</tr>
<tr>
<td>UG</td>
<td>312.9</td>
<td>7.5</td>
<td>-</td>
<td>17.3</td>
<td>85.0</td>
<td>35.8</td>
<td>183.6</td>
<td>292.6</td>
<td>139.1</td>
<td>1,073.7</td>
</tr>
</tbody>
</table>

EAC STATISTICS BASE OCTOBER 2003.\textsuperscript{23}

In view of the above, Ravenhill expresses pessimism that Africa, is in fact, uniquely ill-suited for regional integration, at least, for the form most typically adopted by developing countries which is the integration of markets. He shows that Africa possesses few of the features identified by theorists as appropriate for integration. He notes that trade between African countries, linked in regional integration, is low. African economies compete in the world market as exporters of primary products. Again, African economies are simply irrelevant to the needs of their neighbours, which is exacerbated by lack of infrastructure and communications. Instead, African economies remain tightly close to the metropoles.\textsuperscript{24} These factors, according to Ravenhill, make integration quite difficult in
Africa. The current efforts at reviving the EAC have not moved away from the market. Instead they are happy that,

...the establishment of an East African Community means a significant increase and integration of national markets towards a regional market with 80 million people and 1.8 million square kilometres of land. However, in comparison with the international markets, the East African market is still small. This will still be true, even when Burundi and Rwanda ultimately join the EAC. At the moment, COMESA, and SADC, and to a lesser extent IGAD, have significant bigger markets.²⁵

From this, it is clear that the market is still at the centre of the integrative process in East Africa and all the shortcomings that go with market integration in the developing world may still haunt the new EAC. The fallacy of transposition still dogs the new EAC.

3.2.1.4 THE CHANGING GLOBAL ENVIRONMENT

Jilberto and Mommen inform us that there are rapid developments in the global trading system that have led to a few powerful trading blocs which are likely to present an immediate challenge (or threat) to Africa's trade prospects. They cite the North American Free Trade Area (NAFTA) integrating Canada, Mexico and the USA, Asian Free Trade Area (AFTA) which brings together the countries of South-Eastern Asia and the European Community which was consolidated by the Treaty of Maastricht in 1992. They single out the European Union Single European Market (SEM), enlarged to engulf the Mediterranean, Nordic and Eastern European countries. They are sure that this will definitely reshape Europe-African relations in the near future especially the arrangements made under the Lome Convention in which African, Caribbean and Pacific countries were to have a special relationship with Europe. The creation of the World Trade Organisation (replacing the General Agreement on Trade and Tariffs [GATT]) has triggered another significant change in the international economic setting according to Jilberto and Mommen. They express fear that increased global competition, followed by tariff liberalisation, will ultimately cause Africa to lose ground in EU markets. The more competitive Asian Newly Industrialising Countries (NICs) are, the more they are likely to
squeeze out African exporters. They anticipate Africa will have to operate in a far more hostile external environment than before.\textsuperscript{26} East Africans are fully aware of these dangers as expressed in the words of Kazaura,

> The forces of globalisation of markets and financial systems are continually reducing the ability of our individual economies to survive. The only hope for us to muster some muscle to withstand the full impact of globalisation lies and depends on our unity. By pooling our resources and potentials together, we will have created greater opportunities for our economies to grow into stronger entities. However, the mere fact of pulling our resources together will not make us a stronger entity, unless this provides an environment, in which firms will be encouraged to become competitive...It is only through encouraging competition, that local firms will gain the required international competitiveness, to enable the region withstand the vagaries of globalisation.\textsuperscript{27}

The views expressed in the preceding paragraph are echoed by Kasekende, who presented a paper during a seminar on EAC when he was Deputy Governor, Bank of Uganda. He has this to say about the situation, “...it (globalisation) means decreasing national control and an increasing command over the economy by foreigners...it has created serious risk of cyclical disturbances to the development process of emerging countries. These cyclical disturbances in response to capital inflows and outflows are characterised by boom bust cycles because rapid development occasioned by inflows contains seeds of its own crisis.”\textsuperscript{28} He is afraid that great economic interdependence amongst national economies enhances the transmission of shocks from one to another. He adds that the importance of investment for economic growth and employment motivates governments to make their tax climate attractive for foreign investors. The tax sovereignty of countries will thus be eroded, and tax-regimes will thus become more favourable to investors and high income earners and less favourable to wage earners.
Kasekende’s fears appear to have been confirmed already after a 19-man delegation, from about 16 British companies, ranging from power production, pharmaceuticals, agriculture, information technology, among others, was on a 2-week tour of Uganda, Kenya and Tanzania. In a typical paternalistic fashion, members from the Birmingham Chamber of Commerce and Industry urged the presidents of the three East African countries to speed up the process of regional integration in order to help citizens harness economic benefits. “The customs union should become operational as soon as possible, and free flow of goods and services encouraged,” said David Frost, the Mission manager. He was speaking at a cocktail party organised by the British High Commissioner, Adam Wood’s residence, at Nakasero, recently. Frost also called for the creation of a single regional currency, in order to remove the financial uncertainty, which has cost East Africa a lot in foreign direct investment. He urged Ugandans to always search for opportunities to raise more capital and exposure through formation of joint ventures.

3.2.2 INTERNAL CHALLENGES TO EAST AFRICAN INTEGRATION

Alemayehu and Haile state that the success or failure of regional integration initiatives should be evaluated in the context of the objectives it sets to achieve, and the political, economic and institutional context under which it operates. In the case of regional integration in Africa, they argue, all regional groupings—including the more recent ones like COMESA, set out to eventually form a common market area among member countries. Judged against this objective, they say, the consensus seems to be that none of the regional groupings have to date successfully fulfilled the requirements of a functional common market, in many cases not even that of a customs union. They add that this suggests that more often than not, governments failed to implement the treaties they signed, which in turn suggests lack of political commitment in practice. We may add that the EAC is no exception. It is against such a background that we examine the internal challenges to the EAC.
Alemayehu and Haile elaborate their argument on lack of political commitment by stating, "...the regional integration experience in Africa indicates that countries are hesitant to create supra-national bodies and transfer power to them as a sanctioning authority. The secretariats that are formed...do not have the legal backing to force countries to fulfil their obligations in accordance with their commitments." Despite apparent moves to integrate, Kenya refused to buy Ugandan electricity during its domestic electricity crisis in 2000, choosing instead to ration power heavily, and subsequently, to generate its own expensive diesel power. This demonstrated the deep levels of political mistrust that superseded sound economic judgement, costing Kenyan industry dearly. After agreeing on an East African political federation, Uganda’s President was angry with the press saying he was disappointed with the Ugandan media for not highlighting what was agreed upon at the Heads of State summit in Nairobi about the East Africa political federation. "I have now confirmed that the Ugandan newspapers are useless. We met in Nairobi, issued an important communiqué about the political federation and none of your papers put it as a headline. Go and write, Museveni confirms Ugandan papers are useless." The summit undertook a broad review of the status of the East African Community integration process and examined further ways and means of deepening and accelerating the process it directed that a committee of three persons be set up immediately. The committee’s mandate was to examine how a fast track mechanism to speed up federation could be achieved. Nabudere was not amused by such a reaction by the President.

In response to this, Nabudere says, "...he (Museveni) should not have castigated the press for not having published the communiqué issued by them, but apologised for not having been serious before about the implementation of a customs union on which the creation of the federation would depend." Then Nabudere goes ahead to explain what he calls lack of seriousness by saying that indeed the cool response of the press to the communiqués was understandable in view of this lack of seriousness on the part of the East African leaders. He says it was an expression of a "communiqué fatigue" that the
leaders have imposed on the population, when the leaders do not intend to do what they say. He argues there is a credibility gap on this issue stating that Uganda, moreover, is the worst country in implementing agreed positions of the new East African Community. It had not ratified a single protocol of the nine protocols so far signed by the president on behalf of Uganda, including the Customs Union Protocol. He pointed out that Kenya and Tanzania had ratified only two protocols out of the nine so far agreed adding that none of those signed by them include the Customs Union Protocol upon which the very basis of an East African Federation depends. He was wrong because the Customs Union Protocol had been signed on 2 March 2004. However, his point had been made and well taken. Political commitment to surrender national sovereignty, when regional decisions are perceived to go against national interests, is hard to realise.

Opiyo highlights this point further when he writes,

...but the fact of the matter is that even if the Protocols were ratified, their implementation would be problematic in view of the fact that the present post-colonial state is inherently divisive and non-integrating. As we witnessed with the performance of the old Community, the implementation of agreed policies resulted in wrangles that led to its demise in 1977. The new East African Treaty and the Community on which it is based will go the same way. So the decision to set up yet another committee to "fast-track" the process is understandable because it gives the leaders another opportunity to side-track the process and issue yet another communiqué. This game has gone on since the 1960s. In 1963, the then three East African leaders: Jomo Kenyatta, Julius Nyerere and Milton Obote issued a statement in Nairobi in which they called for "immediate" setting up of an East African federation. Yet when they met in Arusha later that year, they put aside that declaration and decided to set up another committee which led to the Mbale/Kampala Agreements that became the basis of an economic integration project instead of the political union. It is therefore, high time that this game stopped. The people of East Africa are being subjected to manipulation by a leadership, which is not in
control of their economies. This is not because they are evil minded and pretenders. The simple reason is that they preside over a state system that is built on sand; a structure that is anti-people despite declarations about the community being a "pro-people" enterprise. It is therefore, high time that this game stopped. The people of East Africa are being subjected to manipulation by a leadership, which is not in control of their economies. This is not because they are evil minded and pretenders. The simple reason is that they preside over a state system that is built on sand; a structure that is anti-people despite declarations about the community being a "pro-people" enterprise.  

According to The Monitor Newspaper in Kampala, "...less than three month to January, the East African Customs Union Protocol has, however, not been ratified by the three parliaments. Uganda's representatives to the East African legislative assembly blame it on the slowness in Uganda's foreign affairs ministry. The three parliaments have until November 30th to ratify the protocol. The Foreign Affairs Minister Ruhakana Rugunda tabled the Protocol before parliament on the 6th of October. All government officials insist that the whole process will be over by January 1st 2005." Lack of political commitment may be caused by the imminent loss of revenue associated with integration. It is the next challenge to explore.

3.2.2.2 LOSS OF REVENUE

Reducing trade barriers in economies where tariff revenue is one of the most significant sources of government revenue complicates the inter-temporal trade off between the apparent short-term loss of revenue and the expected long-term benefits emanating from regional integration. Goldstein and Ndung'u indicate that the expected benefits from regional integration must be weighed against the costs stemming from loss of tariff revenues. They observe that the delays accumulated so far largely result from differences in the economic development and administration. Variations in reaching macro-economic stability and the varying degrees of dependence on trade taxes slow down the pace of integration. They write, "...President Mkapa of Tanzania recently declared: ‘While I was
undertaking reforms [in tariff structure], government depended very heavily on imports for revenues. If, suddenly you tell me these have to go, where do I get a substitute source of revenue? We [the EAC members] may have a common vision, but our starting points were different and we did not consult enough.”

What Mkapa meant was that, “...Tanzania, relies heavily on collections from import duties to fund government expenditure (approximately 33%), unlike Kenya, which has a stronger private sector from which it collects significant VAT, PAYE, corporate tax and excise duties. With the repeal of import tariffs as part of the EAC agreement, Tanzania will not only face a financing gap, but will also face a flood of cheaper imports from Kenya, which has a more efficient industrial base.”

The following tables may help to test the validity of the argument graphically:

### Sources of Revenue in East Africa 1996-97

(percentage of total revenue)

<table>
<thead>
<tr>
<th>Revenue source</th>
<th>Kenya</th>
<th>Uganda</th>
<th>Tanzania</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import duties</td>
<td>0</td>
<td>0.3</td>
<td>0</td>
</tr>
<tr>
<td>Excise duties</td>
<td>15.3</td>
<td>9.9</td>
<td>13.7</td>
</tr>
<tr>
<td>VAT/sales tax</td>
<td>16.6</td>
<td>41.2</td>
<td>16.0</td>
</tr>
<tr>
<td><em>On imports</em></td>
<td>9.5</td>
<td><em>n.a</em></td>
<td>9.6</td>
</tr>
<tr>
<td><em>On domestic sales</em></td>
<td>10.0</td>
<td><em>n.a</em></td>
<td>11.7</td>
</tr>
<tr>
<td>Income taxes</td>
<td>33.0</td>
<td>14.0</td>
<td>21.8</td>
</tr>
<tr>
<td>Other revenue</td>
<td>14.7</td>
<td>5.9</td>
<td>27.2</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Total revenue/GDP</td>
<td>26.3</td>
<td>11.6</td>
<td>13.9</td>
</tr>
</tbody>
</table>

### Kenya: Sources of Revenue 1991-97

53
### Uganda: Sources of Revenue 1991-97

(Share of total tax revenue)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax revenue</td>
<td>92.9</td>
<td>93.1</td>
</tr>
<tr>
<td>Tax on international</td>
<td>42.3</td>
<td>41.1</td>
</tr>
<tr>
<td>trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Import duties</td>
<td>41.2</td>
<td>41.9</td>
</tr>
<tr>
<td>Export duties</td>
<td>1.1</td>
<td>0</td>
</tr>
<tr>
<td>Excise taxes</td>
<td>8.1</td>
<td>11.1</td>
</tr>
<tr>
<td>Petroleum products</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>11.1</td>
<td>14.6</td>
</tr>
<tr>
<td>Income taxes</td>
<td>12.7</td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>Taxes on imports</td>
<td>22.2</td>
<td>20.7</td>
</tr>
<tr>
<td>Customs duties</td>
<td>12.2</td>
<td>11.7</td>
</tr>
<tr>
<td>Sales taxes</td>
<td>7.9</td>
<td>8.0</td>
</tr>
<tr>
<td>Excise duties</td>
<td>2.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Domestic indirect taxes</td>
<td>34.8</td>
<td>30.7</td>
</tr>
<tr>
<td>Income taxes</td>
<td>23.1</td>
<td>24.1</td>
</tr>
<tr>
<td>Payroll and property taxes</td>
<td>1.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Other taxes</td>
<td>7.0</td>
<td>13.9</td>
</tr>
<tr>
<td>Non-tax revenue</td>
<td>11.6</td>
<td>9.1</td>
</tr>
<tr>
<td>Total revenue</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Total revenue/GDP</td>
<td>14.1</td>
<td>12.0</td>
</tr>
</tbody>
</table>

**Tanzania: Sources of Revenue 1991-97**

(Share of total tax revenue)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes on imports</td>
<td>22.2</td>
<td>20.7</td>
</tr>
<tr>
<td>Customs duties</td>
<td>12.2</td>
<td>11.7</td>
</tr>
<tr>
<td>Sales taxes</td>
<td>7.9</td>
<td>8.0</td>
</tr>
<tr>
<td>Excise duties</td>
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<tr>
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<tr>
<td>Income taxes</td>
<td>23.1</td>
<td>24.1</td>
</tr>
<tr>
<td>Payroll and property taxes</td>
<td>1.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Other taxes</td>
<td>7.0</td>
<td>13.9</td>
</tr>
<tr>
<td>Non-tax revenue</td>
<td>11.6</td>
<td>9.1</td>
</tr>
<tr>
<td>Total revenue</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Total revenue/GDP</td>
<td>14.1</td>
<td>12.0</td>
</tr>
</tbody>
</table>

**Source:** Goldstein and Ndung’u 2001

Meanwhile, a newspaper report shows exactly what revenue Uganda will lose in the short term. "Uganda is scheduled to lose 75 billion shillings in taxes due to the customs union. However, finance minister Gerald Sendaula outlined the remedies to this shortfall during this year's budget speech."\[41\] The same report shows that consumers may have to sacrifice some of their choice or pay more for certain goods come January 1, 2005. This is when the East African Customs Union (EACU) comes into force. The customs union is a law under the East African Community that will harmonize the tax regimes for the three East African Countries particularly on imports coming from outside the region.
Alemayehu and Haile state that simultaneous membership of countries to more than one regional group is widespread in Africa (except in North Africa). They say that the usefulness of the existence of subset groups within a larger group, sometimes referred to as variable geometry approach, has not enjoyed the consensus that other issues have received. According to the United Nations Economic Commission for Africa (UNECA), Africa currently has 14 regional integration groupings, with two or more in almost all sub-regions. East and Southern Africa share six regional economic communities: the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Inter-Governmental Authority on Development (IGAD), the Indian Ocean Commission (IOC), the Southern African Development Community (SADC), and the Southern African Customs Union (SACU). Some scholars, according to UNECA, argue that the overlap contributes to progress. UNECA quotes Lyakurwa and others who contend, “... in the African context, such an approach of variable geometry could, for example, mean making genuine progress at ECOWAS level while maintaining the achievements and benefits of UEMOA. In similar manner, the concepts of variable geometry and subsidiarity could also be useful in Southern Africa in relation to the PTA [preferential trade area—COMESA].” UNECA believes that African countries chose to belong to two or more regional economic communities to pursue integration on multiple tracks. Some argue that the overlap contributes to progress; others argue that multiple memberships hinder regional integration. The overlap extends to the country level. Of the 53 African countries, 26 are members of two regional economic communities, and 20 are members of three (figure 3.1). One country (Democratic Republic of Congo) belongs to four. Only 6 countries maintain membership in just one regional economic community.

A Tanzanian paper shows that Kenya and Uganda are members of COMESA, but are yet to join SADC. On the other hand, Tanzania is in SADC, but is not a member of COMESA, having withdrawn from that trading bloc ‘about three years ago’ (2000). According to the paper, an organisation calling itself The Mwalimu Nyerere Foundation (MNF) called upon the member States of the fledgling East African Community (EAC) -
Kenya, Uganda and Tanzania - to withdraw from membership of COMESA and SADC in five years time. The three should then reconstitute themselves into a political federation that would also rope in Burundi, Rwanda and the Democratic Republic of Congo. Ndung’u informs us that, “…In Eastern and Southern Africa alone. there are seven regional cooperation arrangements with economic cooperation in one way or another.” Among them he cites COMESA, SADC (with 12 members including Tanzania), SACU, EAC (Tanzania is also a member of the Indian Ocean Rims-Association for Regional Cooperation (IOR-ARC), Cross Border Initiative: EAC, IOC, Burundi, Malawi, Rwanda, Zambia, Zimbabwe, the Indian Ocean Commission (IOC): Comoros, Madagascar, Mauritius, Seychelles, Intergovernmental Authority on Development (IGAD): Djibouti, Ethiopia, Kenya, Somalia, Sudan, Uganda.

Jovanovic is not in support of overlapping membership. He argues that Africa, with its scarce resources, cannot afford to split those same resources to run the various regional organisations. There is no possibility of building institutions, customs systems or industrial projects with the weak African economies. As a matter of comparison, he recalls that the GNP of all sub-Saharan Africa was roughly equal to that of Belgium. He wonders what it would be like if the economy of Belgium were to be splintered into around 40 independent and isolated countries with different languages, administration, currency, taxation, army and an inefficient transport and communications system. Inability to meet costs comes out very clearly in the following report by an EAC magazine, “…the East African Legislative Assembly (EALA) debated and approved the Budget of the EAC of $11,820,599 for the Financial Year 2004/2005 in May 2004. During the debate on 25 May 2005, speaker after speaker decried the inadequate Budget provisions and the inadequate staffing of the Secretariat.” If this is the situation at the Secretariat, one would imagine life is worse with those other organisations like the Intergovernmental Authority on Development (IGAD) which seem to enjoy less attention. This partly explains why there are no effective institutions to drive the integrative process.
According to UNECA, membership in several communities could maximize the benefits of integration and minimize the losses by spreading risks. This could be especially important for countries with weak economies, which could benefit from gains in each regional economic community. However UNECA is aware that, many studies on African integration have pointed to the difficulties posed by multiple regional economic communities and their overlapping membership. In all, African sub-regions, several regional economic communities pursue essentially identical mandates and objectives, leading to wasteful duplication of effort. The overlap among regional economic communities also tends to dissipate collective efforts towards the common goal of the African Union. Moreover, it tends to muddy the goals of integration and leads to counterproductive competition among countries and institutions. The overlap among regional economic communities also adds to the burdens of member states. A country belonging to two or more regional economic communities not only faces multiple financial obligations, but must cope with different meetings, policy decisions, instruments, procedures, and schedules. Customs officials have to deal with different tariff reduction rates, rules of origin, trade documentation, and statistical nomenclatures. The range of requirements multiplies customs procedures and paper-work, counter to trade liberalization’s goals of facilitating and simplifying trade.48

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>EAC member</th>
<th>COMESA member</th>
<th>SADC member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Tanzania</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uganda</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Burundi, Rwanda</td>
<td>Maybe in future</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Angola, Malawi, Mauritius, Namibia, Seychelles, Swaziland, Zambia, Zimbabwe</td>
<td></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Botswana, Lesotho, Mozambique, South Africa</td>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Comoros, DRC, Djibouti, Egypt, Eritrea, Ethiopia, Madagascar, Sudan</td>
<td></td>
<td></td>
<td>YES</td>
</tr>
</tbody>
</table>

58
3.2.2.4 LACK OF ECONOMIC CONVERGENCE

African economies are very vulnerable to external macroeconomic shocks from neighbouring economies, the so-called spillover effects. Goldstein and Ndung’u show how the severity of this vulnerability became clear in Eastern Africa during the 1980s, when the un-coordinated adoption of trade opening policies and floating of currencies exposed them to the vagaries of the world business cycle. They state that groups of countries will only move to higher levels of integration once they have achieved some degree of macroeconomic convergence. They show that in East Africa, indicators like GDP, inflation and fiscal deficits do not show significant convergence. They advise that there is a high cost to reducing inflation to a single digit level in terms of national growth.

In 1999, members read budget proposals on the same day in order to create more harmony in policies. However, in the June 2000 budget, simultaneity of delivery did not translate into policy convergence. Tanzania and Uganda decided to increase taxes on fuel in an effort to reduce reliance on international trade taxes, while Kenya reduced excise duties on beer and imposed across-the-board VAT, which also bears on imports. The following report from Panapress supports this view.

According to the report, Tanzanian representatives to the EALA and civil society groups indicated their objection to the launching of a customs union they say would not promote fair economic dealing in the region. The Tanzanian protesters were urging caution to enable the country bring its economy at par with those of its partners before the two arrangements are adopted. "Our biggest challenge now is to press for a foundation for fair trade and the rules for competition," one of the representatives, Harrison Mkwakyembe, said at a seminar on the EAC. A straight unbundling of the community's trade regime, he argued, would hurt Tanzania because of the country's vulnerable position with regard to its competitive disadvantage. The representative stressed that East Africa still had a huge task in creating a level field to avoid the pitfalls of yesteryears. The report adds that although the community is founded on the principle of mutual trust, there are strong suspicions the integral parts of its trade regime might have imbalances favouring Kenya against Tanzania and Uganda. This brings in the issue of compensation.
This relates to the issue of an appropriate mechanism to ensure that gainers are compensating losers in the medium term and losses are minimized in the long run. Tax revenue loss is a case in point as earlier seen. Such an immediate and a direct loss may create hesitation among member countries unless they foresee an immediate benefit from the integration process. More than revenue loss, however, most counties are concerned about fierce competition from relatively industrialized members such as Kenya. Ndung'u writes,

... various measures were tested to redistribute the gains from the common market, but failed to produce the results Uganda and Tanzania wanted. For example the East African Development Bank which was to promote industrial development with the states contributing equally to its capital base, was required to ensure that Tanzania and Uganda each got 38.75 per cent of its investments, against 22.5 per cent in Kenya. However, under a risk-adverse clause in its statutes, it could only finance ‘viable’ projects, most of which were in Kenya, especially during the 1971-1973 period. This greatly limited its role as a redistributive institution. The absence of coordinated industrial planning in EAC further limited the Bank’s effect on redistribution. Under a tax transfer system, industries of less developed members were protected by imposing a tariff on imports from a country with which it had a trade deficit. There were regulations to encourage industries in Uganda and Tanzania, but location advantages kept pulling investors to Kenya. In the end, the tax transfer system was replaced with mechanisms to distribute common services among member states. Even now with the revival of EAC, the issue of compensation mechanisms is still unresolved. A recent study cautions that the principle of asymmetry should be applied carefully within EAC... even if a compensation mechanism were to be designed, it may have to keep on changing since losers and winners keep on changing over time.
In a Panapress report cited earlier, the perception of unequal development and unequal sharing of benefits and costs of integration has contributed to delaying the process of negotiations. There are ambitious steps to anchor the trade agenda and promises of specific measures to assist less developed states in the EAC to undergo an investment boom by tapping the comparative advantages they have in terms of resources but discontent is still evident.\(^5^3\) Such discontent can be discerned from Museveni’s recollections while he served as Uganda’s Minister for Regional Co-operation, “...the only significant thing I did was to challenge the ‘Umbridge Formula’. Professor Umbridge was a Swiss who had been hired to devise a formula for dividing up the assets of the East African Community.”\(^5^4\) Museveni shows how unfair the formula was because it laid down more or less that those who had more assets should receive more. He argues that Uganda would end up getting less than either Kenya or Tanzania, although in paying back loans, the three countries would divide the debt equally. This leads us to discuss private sector participation in the integration process.

3.2.2.6 LACK OF PRIVATE SECTOR PARTICIPATION

To the extent that implementation of the treaties requires the understanding, conviction, and confidence of the private sector, an active involvement of this sector in particular and the general public at large are crucial. This aspect of the regional integration process in East Africa is one of the major weaknesses of the initiative. Article 1 (a) of the EAC Treaty indicates that the Community will be, “...people-centred and market-driven.” However, what is happening on the ground suggests something to the contrary. Nassali sums it all up,

The establishment of the EAC was intended to be people-driven. For that reason the East African Commission put the draft Treaty to public debate from May 1998 to April 1999. Unfortunately, to the question posed by the inaugural Secretary General, Ambassador Francis Muthaura, “are the people of East Africa involved adequately in the formation of the EAC policies?” the answer remains a resounding NO! The establishment of the East African Community has largely been a top-down process involving
the governments of the region, with the grassroots communities barely informed, educated or consulted about the process. The language and the style of the body remain bureaucratic and elitist. Only the urban based and educated have been marginally involved. There are no comprehensive and well-funded institutions in place to generate and package information for dissemination to the people. The masses of women, peasants, workers and the youth, in their respective organisations and communities, have not been brought into the process. Even NGOs have only been peripherally involved. Indeed, there is no evidence that the power elite in East Africa wish to alter fundamentally the existing traditional patterns of regionalism. Although the East African person is presented by governments as the beneficiary of cooperation, the same governments have conceptualised a child-like individual, who has no ability to contribute to the growth of cooperation, but rather is expected to accept, whatever the paternalistic governments decide.55

Another challenge related to poor private sector participation is lack of political convergence which is discussed next.

3.2.2.7 LACK OF POLITICAL CONVERGENCE

One of EAC’s weaknesses is its vulnerability in the face of political change. The East African countries are fragile democracies, with weak institutions subject to political control. Most of the reforms implemented so far have been driven by the desire or obligation to please donors and may not be sustainable. Goldstein and Ndung’u, show the Kenyan experience as having proved that reforms, “...under the sword of conditionality are likely to lose their enthusiasm once external funds dry up.”56 They believe effective supranational bodies would rectify this danger. Yet countries are not willing to give up their sovereignty. Having discussed the challenges this far, we can look at what the EAC secretariat considers challenges to East African integration.
The EAC Secretariat considers the following as challenges to faster, equitable development and, therefore, a hindrance to quicker integration:

3.2.2.8.1 **Economic Challenges**
Small national markets, coupled with low effective demand are identified as the first major economic challenge. This is closely followed by inadequate and inefficient infrastructure including roads, railways, ports, inland waterways, power and telecommunications. The Secretariat recognises trade imbalances between Partner States as yet another challenge. Next in the line are low levels of capital/labour ratios- as a result of low capital investment and foreign direct investments. Low levels of productivity in agriculture and industry are seen impediments to rapid integration. This is related to an underdeveloped service sector as well as weak capital markets.

3.2.2.8.2 **Social Challenges**
Low levels of income are to blame for slow integration. East Africa is experiencing widespread poverty, high incidences of disease-HIV, malaria and so on. This is coupled by ill-equipped education facilities.

3.2.2.8.3 **Political Challenges**
The Secretariat identifies threats to security as one of the political challenges. Civil strife in the Great Lakes Region and the Horn of Africa are singled out as the immediate security concerns. This has led to a large number of refugees in the region and fragile democratic systems.

3.2.2.8.4 **Technological Challenges**
East Africa is experiencing low levels of acquisition and application of technology and low levels of human capitalisation. This in turn causes low levels of industrialisation and application of technology in agriculture. Low levels of resource base dedicated to
research and development are further stumbling blocks working against quick integration. Partner States have very low levels of computerisation hence low access to the information super highway. To tackle these problems, the Secretariat sees structural adjustments of individual economies, privatisation, liberalisation and regional integration as avenues towards ameliorating the dire development constraints in East Africa.

3.2.2.8.5 Challenges Identified in the Development Strategy 2001-2005

Institutional Inertia
The time frame for various actions is often too optimistic. The strategy does not always determine the feasibility of implementing various policy and programme actions based on country specific conditions. Policy actions, which require negotiation (protocol), such as free movement of capital or reduction of internal tariffs, lagged behind schedule. The time taken is not always estimated in a realistic manner.

Decision Making Process
The slow decision making process at the national level is raising concern. It involves several statutory steps. The speed of implementation is limited by the absence of a legally binding agreement, like a Treaty. Therefore, Partner States are at liberty to implement certain aspects at their own pace since there is no legal obligation. This led the Secretary General to say, “...Quite often, there have been expressions of intense or rigid national positions in the various regional fora at the expense of the need to harmonise positions and solidify regional integration.” It was an observation by Hon Amanya Mushega during a Community Council of Ministers meeting in Arusha, Tanzania, where he urged actors from member States to behave like soldiers by overcoming self-interests.

Sequencing of Activities
Sequencing of certain activities is sometimes inappropriate. For instance, the Policy action required development of adequate and reliable energy supply in the region demanded for further inter-grid connection by January, 1997. In order to have this undertaken, national power master plans should have been in place first. To the contrary, national power master plans were planned to be in place by January 1998.
Resource Constraints

For those activities whose implementation required additional finances from governments, timing for inclusion in the budget process is crucial. The implementation of certain programmes is tied to the goodwill of the international community. With the flow of international resources not forthcoming at the required time, the programmes are not implemented on time. The implementation of large regional projects is constrained by the narrow resource base.

Restructuring and Privatisation

Pressures of restructuring and privatisation overstretched the capacity of some institutions making it difficult to play their appropriate role in carrying out EAC obligations. For instance, telecommunications and railways experienced this difficulty. While the large public institutions, in particular, were stuck in restructuring and privatisation, new actors in the respective industries were emerging (e.g. in telecommunications, airlines, banking and insurance). Yet the EAC programmes did not adjust to these changes as expected under the principle of subsidiarity which the EAC has endorsed. There is a time lag between changes made and change of attitudes and modalities of operation especially on the part of staff on the ground.

Managing Distribution of Costs and Benefits

Partner States are not equally developed. A major challenge in reaching agreement on the Common External Tariff (CET) is the differences in the levels of industrial development, economic structures and varying revenue implications. The perception of unequal development and sharing of benefits and costs of integration has contributed to delaying the process of negotiations. Delays are sometimes a result of lack of awareness of implications of the actions. These delays reflect, in a way, that this is a learning process rather than a deliberate effort to drag the process behind. More comprehensive identification of benefits and costs and analysis of options is not always carried out by the respective Partner States.
3.3 PROSPECTS OF THE EAC

East Africans, like Ochwada, are convinced that integration efforts must de-emphasise economics and the role of the state as a provider of the "national cake" and become mediator of socio-economic relations. The role of the state in the new efforts must be on encouraging political debates with the input of civil society towards good governance. He says, "...there are many historical indicators of social and cultural citizenship in Africa during the pre-colonial, colonial and post-colonial eras. East African integration history provides us with vivid examples of ways towards a new type of integration - the cultural values of the indigenous societies." Ochwada continues,

The East African sub-region comprising Kenya, Uganda, Tanzania, Rwanda and Burundi has a common historical heritage dating back to the pre-colonial period. During those times people intermingled freely without the restrictions of artificial boundaries of country-specific laws. Communities traded among themselves within the sub-region and beyond without adhering to European nation state-defined citizenship. Moreover, individuals inter-married and related variously, including participating in political and cultural affairs of communities within which they resided. It was common for a sick person from the Samia hills (in Kenya) to make long journeys to Busoga, Uganda, to seek medical attention in that part of the world. Some Arab and Waswahili traders from the East African coastal region, for instance, established chiefdoms and kingdoms in areas as far as the Great Lakes of East Africa in the 19th century prior to colonialism. Traders formed alliances in foreign countries through marriage and blood brotherhood. The careers of the famous Swahili and Nyamwezi traders, such as Tippu Tip and Msiri, who created commercial empires in Kasongo and Katanga respectively, were built on shrewd alliances with local rulers or people based on either marriage or fictional kinship ties. Ochwada calls for the spirit of accommodativeness and ecumenism in future integration efforts of the region. He is sad to note that when the nationalist leaders, Mwalimu Julius
Nyerere, Mzee Jomo Kenyatta and Apollo Milton Obote launched their political projects based on African philosophies in the 1960s, they failed to infuse some of the indigenous systems and values in their grand model of the East African Community. Prospects for a long lasting East Africa will be in the people themselves.

In line with these calls, Senelwa confirms that people-based integration initiatives are already underway, “...Kenya’s coastal towns of Lunga Lunga and Vanga have been hooked to the Tanzanian power grid.” He continues to show that the project is being seen as an example of people-based cross-border initiatives that are likely to accrue from ongoing efforts to revive the East African Community. He is happy with this particular case in which Kenya and Tanzania are sharing available resources to improve the living standards of their citizens. In an effort to involve the East African citizens, a Committee on Fast Tracking East African Federation began its consultations in Uganda from Monday 11 October – Saturday 16 October 2004, after conducting similar consultations in Tanzania (27th September – 1st October 2004) and Kenya (4-8 October 2004). This clearly is testimony that the new EAC is working hard not to repeat the mistakes of the old EAC.

In an effort to enhance participation of civil society and the private sector in regional co-operation activities, the new EAC is encouraging formation of regional level civil society, professional, women and private sector organisations, with a view to encouraging them to network and participate in co-operation activities. Already, the Mediation Commission of the EAC has facilitated the formation of the East African Business Council (EABC), comprising of apex bodies of private sector organisations in the three member states. The Commission would like to see the EABC play a more active role in the promotion of cross border trade and investments, and in lobbying for business friendly policies in the member states. The Council has already been granted observer status during the Summit and Meetings of the Commission and its subsidiary bodies. Civil societies and professional organisations have also responded positively to the reactivation of regional co-operation, by forming regional level organisations on their own initiatives.
The new set up has tried to address the shortcomings inherent in the past co-operation initiatives. First, regional co-operation has been reactivated at a time when the three member states are restructuring their economies, to give market mechanisms a larger role in the allocation of resources. All the three member states now ascribe to economic policies that are pro-market, pro-private sector and pro-liberalisation. In the social area, the three countries are also encouraging participation of their peoples in decision making. This commonality of both economic and social policies of the member states which are in conformity with the current international trend has been supportive of regional co-operation. With regards to perception of disproportionate sharing of benefits, this has been addressed through the decision of the member states to follow market based integration, rather than integration through joint ownership and management of common services, as was the case before. Any imbalances that may arise in the course of regional trading will be addressed through appropriate policies. A protocol has been signed aimed at addressing this imbalance with a so-called system of asymmetry. Tanzania and Uganda will open up their markets to Kenyan competitors over the next five years, while Kenya will open its markets immediately.65

The EAC intends to set up co-ordinated, harmonised, and complementary transport and communications policies to improve existing links and to establish new ones. It is hoped this will enhance physical cohesion and promote the free flow of goods and factors of production. In such an endeavour, the integration of each country’s transport networks, adapting to the requirements of export-orientation and ad hoc provisions granting special treatment to landlocked countries are crucial to the success of operation.66 Some of the projects alluded to here were highlighted earlier on in this study.

On funding, the EAC recognises 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 (GTZ), 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 have entered into Memoranda of Understanding with include France, India, Finland, International Labour Organisation, UN Food and Agriculture Organisation, Austrian Development Co-operation and the World Meteorological Organization.

East African leaders have learnt their lessons from the collapse of the defunct EAC. Hazlewood calls it, “the era of naive wishful thinking on regionalism.” Then, integration was viewed as a collective good, a good to be pursued for its sake. Exaggerated expectations and enthusiasm in the paper schemes that were created quickly collapsed when confronted with the reality of Africa’s political economy. It was regarded as “a deus ex machina” bringing immediate solutions to Africa’s many development needs. Not anymore as seen from the words of Tanzania’s Mkapa, “…everything that we have done up to now has just been the preparation, the work for integration has just begun…the important goals of the EAC are to improve our economies, quality of life and relations between the three countries…We are opening a new chapter in which none of the old mistakes will be repeated.” There is hope that indeed the leaders will live up to their word.

The present political will towards integration seems to be unprecedented as viewed from the utterances of the leaders like Kibaki of Kenya, “…Kenyan President Mwai Kibaki called for the speedy integration of Kenya, Uganda and Tanzania into a federation. He said the reasons that were holding back the integration of the three sister states were trivial, noting that the factors that led to the formation of the East African Community soon after independence were still tenable.” Ugandans seem to be behind the idea of a federation as seen from the views of a cross-section which met a Committee
on fast tracking the federation, “... participants backed the idea of establishing the East African Federation but warned that the East African governments should not rush over its formation.”

Nye is pessimistic about the idea of Pan-Africanism. He is convinced the belief that, “we are all Africans” does not seem to work at the bread-and-butter level. He notes that few tribes, if any, would accept migrations from elsewhere. People from densely populated areas cannot migrate to sparsely populated ones. Even with a common language, he does not see any serious hope for integration. Swahili which is the closest thing to a common language in East Africa does not mean much to Nye. He does not believe in comments like, “... East Africa has obvious geographical unity.” The only geographical feature he sees as being shared by the three countries is Lake Victoria. He writes, “... in their natural features, there seems no reason to believe that any of the three levels – the individual, East Africa, Greater East Africa – is more a natural unit than another. The ‘obvious unity’ of East Africa is man-made.” In spite of such reasoning, East Africans consider themselves as one and believe that for these same reasons, integration will be facilitated. Sentiments expressed by President Mwai Kibaki of Kenya may show how East Africans feel about themselves.

Fifty years ago, I set off from my hilly countryside home of Othaya, boarded a train in Nairobi, and headed to Kampala to establish my new scholarly home at Makerere University. Transversing through the Central Kenya countryside by bus, hearing the train engines roaring through the vast Rift Valley, then briefly anchoring on the shores of Lake Victoria, before finally arriving in Kampala, the sounds of East Africa began ringing loud in my mind. I must say that this exposure to East Africa, during my early days, converted me into an East African. The socialization I got through interaction of people from Uganda and Tanzania inculcated in me the true spirit of East Africa. It was a spirit that was put to the test in my latter days, when I served in government in the 1960's and 1970's. As Kenya's Finance Minister, I remained fully
committed to regional integration, in the knowledge that we were better off enjoying the economies of large scale production. The East Africa Railways and Harbours, Airlines and a host of other shared services, indeed contributed to the economic strengthening of the region. By then we were ahead in our thinking and achieved, nearly twenty years earlier, what many regional blocs are today achieving. However, some politicians in the region were to have their way and narrow interests led to the breakup of the East Africa region. The break-up was costly and led to our individual countries looking inwards in areas that an outward looking approach had led to efficient service delivery. In the last two years we have seen a strong movement and desire to have a strong regional bloc following re-establishment of the East African Co-operation. Now, as President of Kenya, I have the opportunity, again to draw on my strengths to ensure fulfilment of the dreams I heard while I transversed through the region as a student. On the cultural point of view, regional integration solidifies the unity of the communities with a common history, language, culture and personal ties. It also provides an environment for a peaceful neighbourhood. This is true for the EAC where the three peoples share common culture and traditions.\textsuperscript{75}

With such determination from current leaders, there are hopes that the EAC will grow from strength to strength.
ENDNOTES


11 Ibid p. 85.


13 Ibid p.4.


16 Nye, J. S. op.cit., p. 128.
21 Lee, M. op.cit.
26 opcit Jilberto and Mommen, p.138.
27 Ambassador Fulgence, M. Kazaura, Deputy Executive Secretary, EAC, in his speech during the opening of a Workshop on Competition Policies, Kampala, may 2000. Quoted from the EAC Secretariat Occasional Papers Issue No 1 of 2001
29 Kayizzi, R., UK Traders Want Quicker Integration. The New Vision, (Kampala), 11 October, 2004
31 Ibid

34 Nabudere, D.W., Opinion: Realising Dream of East African Unity The Monitor (Kampala) September 8, 2004. Prof. Dani Wadada Nabudere then headed the Afrika Study Centre in Mbale, Uganda.

35 Opiyo, G., A Lot of Traffic on the Road to Integration, The East African Standard (Nairobi), 26 September, 2004

36 Setumbai, S., East African Tax Regimes to Be Harmonised, The Monitor (Kampala), October 19, 2004

37 Op cit Alemayehu, G. and Haile, K.

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41 Setumbai, S., op. cit.

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44 Times Correspondent, Quit COMESA, SADC, EAC Countries Told, Business Times, Dar es Salaam, Friday, July 04, 2003


46 op cit, Jovanovic, N.C., p.335.


50 Goldstein and Ndung’u, op. cit.


52 Ndung’u N. S. op. cit.

53 op cit, Tanzania to Oppose “Lopsided” Customs Union


56 Goldstein A. and Ndung’u, N.S. op.cit
57 Information in this section is from the EAC Secretariat Occasional Papers No1, Arusha, 2001.

61 Ibid.


63 Information and Public Relations Office, EAC Secretariat, Arusha,10th October, 2004

65 Ibid
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69 Ibid
73 Nye, J. S., op.cit. p. 61.
74 Ibid

CHAPTER FOUR

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

4.1 SUMMARY OF FINDINGS

There has always been a desire to unite Africans at home or in the Diaspora. African leaders realised that it was imperative that all Africans - wherever they might be - should unite.1 African unity was the theme for all the Pan-African conferences since 1900 and it was the theme of other meetings and conferences organized by the OAU and other bodies.2 Yet, Africa and Africans are very far from the goal in spite of thousands of pages in declarations and the adoption of many charters. Political liberation in Africa was the harbinger of the embryo of economic integration and union which found eloquent articulation in the late 1950s with the emergence of Ghana as the first black independent state in sub-Saharan Africa in 1957.

Observers of African affairs have suggested that in order to overcome its problems, Africa should pursue a pan-African regional economic integration, not as an alternative to, but as a facilitator of its development. Economic integration of the continent is a *sine qua non* for the development of Africa.3 A prominent feature of the contemporary international system is the heightened tendency of some states to gravitate towards some degree of regional integration. The 1950s and the 1960s saw the idea of political and economic integration becoming attractive to political leaders of the Third World.4 Among the numerous regional movements in Africa, was the East African Community which came into being in 1967 to formalise the common arrangements that had existed in East Africa. The East African Community collapsed in 1977, due to among others; the variability of economic policies then pursued by the member states, the change of Government in Uganda in 1971, the continued perception of disproportionate sharing of benefits accruing from economic integration and the lack of adequate compensation mechanisms to address the situation, and the exclusion of civil society and the private sector from participating in co-operation activities.
The experience of African regionalism over the years has had interlocking problems responsible for the disappointing results of the process of economic integration in Africa. These include lack of economic homogeneity, sustained economic growth and political commitment. African customs unions are based on the European experience of market integration which is inappropriate. Regional economic ties can be traced to the long-distance trade throughout Africa that existed before the Europeans arrived. Division on major political and ideological issues, clinging to sovereignty and control of economic policies add to the body of problems regionalism is facing in Africa. The large number of regional units on the African continent has led to membership of individual countries in more than one regional unit. Constraints to intra-African trade comes about as a result of deficient physical infrastructure (transport and communication), lack of institutional infrastructure (commodity exchanges and clearing houses), lack of adequate information on products, high uncompetitive prices of African manufacturers and instability of supply.

The present cash market of most African countries individually is not larger than that of a moderately-sized European town. Total national income is distributed over a large geographical area and the market is geographically fragmented. Failure to integrate economically is partly blamed on political and administrative problems like location of industries or offices and the failure to federate. Political integration is not possible where there is lack of a single nationalist organisation. It cannot be assumed that ideology is always favourable to integration; it may exacerbate divisions by accentuating differences. Indeed, this was its role in East Africa. The effects of ideology were sometimes ambiguous.

"East Africa" means, "the United Republic of Tanzania, the Republic of Kenya and the Republic of Uganda and any other country granted membership to the Community." The Treaty for the establishment of the East African Community was signed on 30th November 1999 in Arusha, Tanzania by presidents Benjamin William Mkapa, Daniel Toroitich Arap Moi, and Yoweri Kaguta Museveni of Tanzania, Kenya and Uganda respectively. The Treaty is an offspring of an earlier one, The Treaty for the
Establishment of East African Cooperation signed in Kampala, Uganda, on 6 June 1967 by presidents Mwalimu Julius Kambarage Nyerere, Jomo Kenyatta and Apollo Milton Obote of Tanzania, Kenya and Uganda respectively.

Article 5 (2) of the EAC Treaty provides the roadmap for the process of political integration, “…the Partner states undertake to establish among themselves and in accordance with the provisions of the Treaty, a Customs Union, a Common market, and subsequently a Monetary Union and ultimately a Political Federation, in order to strengthen and regulate the industrial, commercial, infrastructural, cultural social, political and other relations of the Partner States.” The beginning of formal cooperation in East Africa began with common services in 1895 at the commencement of the construction of the Uganda Railway from the Kenyan coastal town of Mombasa. It may however be argued that it is difficult to tell exactly when the people of modern day East Africa began interacting with one another. There were no known boundaries as they are today and people used to move freely before colonialism. There is therefore, a long history of proposals for closer economic and political relations, and federation was seriously discussed in the 1920s as well as the 1960s. The colonial governments within the three East African territories worked closely with each other since 1926 in an arrangement of the Conference of Governors. The possibility of an East African Movement was first seriously investigated in 1945.

The search for East African cooperation can be said to have gone through five phases. The first phase began at the end of the 19th century and was marked by several initiatives to integrate the economies of Kenya and Uganda. The second phase began in the early 1920s with the addition of Tanganyika to the cooperation which lasted till 1961. The third phase lasted from 1961 when Tanganyika became independent followed by Uganda 1962 and Kenya 1963 to 1977 when the EAC collapsed. Phase four, and the current one, started in 1984 with the setting up of the East African Mediation Agreement.
Regionalism is, once again, being viewed as a solution to the major international economic problems of our times. In its current incarnation, regionalism has engulfed all major players in the world economy. The loudest message from these developments is that regionalism this time is here to stay. Regional blocs may be a bad idea in principle, but good in practice, even if they are a good idea in principle, they are likely to be bad in practice.\textsuperscript{14} East Africans have come together in order to overcome the disadvantage of smallness by pooling resources, expanding markets, strengthening the effectiveness of domestic policy making, and enlarging markets available to regional firms and the subsequent increase in trade flows.\textsuperscript{15} Integration can accelerate growth if it facilitates increase in trade; integration should lead to larger units as against sub-regional bodies.\textsuperscript{16}

It has become necessary to find out the reasons for the wide consensus over the disappointing results of the process of economic integration in Africa, despite the continuous rhetoric about the need for regional cooperation and integration.\textsuperscript{17} The ‘traditional’ schemes that integrate developing countries are structured along the lines of neo-classical theory of integration. This has made developing countries fail to live up to the great expectations of the founders and most, in fact, failed and collapsed.\textsuperscript{18} Notwithstanding the deepening economic and political crisis in a large number of Sub-Saharan (SSA) countries in the 1990s, governments continued their efforts towards greater regional integration on the continent.\textsuperscript{19}

The African plight is multifaceted and all-encompassing. The crisis is not only economic, but it is also political, social, cultural, ethical, environmental, and agricultural. The African plight is even more troubling when we consider the sub-continent's economic size. Contextually, today's roughly 500 million people of SSA have a combined GDP of about 5\% that of the United States, which has approximately half as many people.\textsuperscript{20} Forty one countries designated ‘least developed’ by the United Nations are in Africa. The gross national product (GNP) of all Sub-Saharan African countries, excluding South Africa, put together was approximately equal to that of Belgium in 1989.\textsuperscript{21} The combined East African GDP by the year 2002 is less than one third of that of Norway, way back in 1992.
The challenges to East African integration can be classified as external or internal. Further sub-classes can then be political, economic, social, global, institutional, technological, cultural or otherwise. Federation, even in its loosest form, requires a direct surrender of political jurisdiction. Certain powers must be surrendered to the federal authority. East African integration was not carried sufficiently forward before independence to be free from threats of disruption. African nationalists built organisations to capture the government at the level which mattered, and this was the territorial level. Once developed, it proved difficult to integrate the territorial nationalist organisations.

African countries are pursuing economic reform programmes imposed by the International Monetary Fund and the World Bank. This makes African economies more outward-oriented, often at the expense of regional integration. The experience of recent years shows that the regional element is missing from the adjustment programmes designed for Africa. It is only national concerns which have priority. Policies are designed and implemented at the national level and the aims of say the Structural Adjustment Programmes (SAPs), which are macro-economic, can be measured correctly at the national level.

Notwithstanding the fact that market integration has failed miserably on the continent, it continues to be highly regarded by most African leaders as a solution to Africa’s growing marginalisation within the world economy. African countries continue to be actively involved in intra-regional market integration, rather than involving in attempts to integrate their economies into the world economy. Almost all of them have been modelled on the classical EU prototype, which is designed for developed countries. Africa possesses few of the features identified by the theorists as appropriate for integration. African economies compete in the world market as exporters of primary products. Again African economies are simply irrelevant to the needs of their neighbours, which is exacerbated by lack of infrastructure and communications. Instead, African economies remain tightly close to the metropoles. Increased global competition followed by tariff liberalisation will ultimately cause Africa to lose ground in EU
markets. The more competitive Asian Newly Industrialising Countries (NICs) are likely to squeeze out African exporters. Africa will have to operate in a far more hostile external environment than before.\textsuperscript{29}

The success or failure of regional integration initiatives should be evaluated in the context of the objectives it sets to achieve, and the political, economic and institutional context under which it operates. Judged against this objective, the consensus seems to be that none of the regional groupings in Africa have to date successfully fulfilled the requirements of a functional common market, in many cases not even that of a customs union.\textsuperscript{30} The regional integration experience in Africa indicates that countries are hesitant to create supra-national bodies and transfer power to them as a sanctioning authority. The secretariats that are formed do not have the legal backing to force countries to fulfil their obligations in accordance with their commitments.\textsuperscript{31}

Again, variations in reaching macro-economic stability and the varying degrees of dependence on trade taxes slow down the pace of integration. Immediate loss of revenue and the expected long-term benefits emanating from regional integration may slow the process of integration. Uganda, for instance is scheduled to lose 75 billion shillings in taxes due to the customs union. (1USD is currently equivalent to USHS 1,740). Matters are not helped by simultaneous membership of countries to more than one regional group is widespread in Africa. According to the United Nations Economic Commission for Africa (UNECA), Africa currently has 14 regional integration groupings, with two or more in almost all sub-regions. Kenya and Uganda are members of COMESA, but are yet to join SADC. On the other hand, Tanzania is in SADC, but is not a member of COMESA. On top of this, they are members of IGAD and others.

African economies are very vulnerable to external macroeconomic shocks from neighbouring economies, the so-called spillover effects. This vulnerability became clear in Eastern Africa during the 1980s, when the un-coordinated adoption of trade opening policies and floating of currencies exposed them to the vagaries of the world business cycle.\textsuperscript{32} In East Africa, indicators like GDP, inflation and fiscal deficits do not show
significant convergence. Therefore, this calls for an appropriate mechanism to ensure that
gainers are compensating losers in the medium term and losses are minimized in the long
run. Immediate and direct losses may create hesitation among member countries to
cooperate unless they foresee an immediate benefit from the integration process.

The establishment of the EAC was intended to be people-driven. However, the
establishment of the East African Community has largely been a top-down process
involving the governments of the region, with the grassroots communities barely
informed, educated or consulted about the process. Another one of EAC’s weaknesses
is its vulnerability in the face of political change. The East African countries are fragile
democracies, with weak institutions subject to political control. Other challenges include
small national markets, inefficient infrastructure, and low levels of income, security, and
technological challenges. More problems relate to institutional inertia, decision making
process, sequencing of activities, resource constraints, restructuring and privatisation, and
managing distribution of costs and benefits.

EAC’s prospects are positive in that people-based integration initiatives are
already underway. For instance, Kenya’s coastal towns of Lunga Lunga and Vanga have
been hooked to the Tanzanian power grid, a project seen as an example of people-based
cross-border initiatives that are likely to accrue from ongoing efforts to revive the East
African Community. In an effort to enhance participation of the civil society and the
private sector in regional co-operation activities, the new EAC is encouraging formation
of regional level civil society, professional, women and private sector organisations, with
a view to encouraging them to network and participate in co-operation activities. The new
set up has tried to address the shortcomings inherent in the past co-operation initiatives.
Any imbalances that may arise in the course of regional trading will be addressed through
appropriate policies. A protocol has been signed aimed at addressing this imbalance with
a so-called system of asymmetry.

The EAC recognises that regional integration and development in East Africa will
require the mobilisation of vast resources, both within and outside the region. The region
alone cannot raise effective levels of resources to meet the very huge and highly capital-intensive investments required. 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. East African leaders have learnt their lessons from the collapse of the defunct EAC. The present political will towards integration seems to be unprecedented as viewed from the utterances of the leaders. On the cultural point of view, the EAC solidifies the unity of the communities with a common history, language, culture and personal ties. It also provides an environment for a peaceful neighbourhood.

4.2 CONCLUSIONS

One of the main themes for joint African action has been, from the beginning, the need to encourage economic cooperation between independent states. The characteristics of African economies are well known. The aim of joint action has been to lessen their vulnerability and dependence on the outside world by encouraging intra-African trade, cooperating in joint industrialisation plans, and by joining together as primary producers to get better terms from the developed world. Emphasis has primarily been on the need to present a common front to the outside world, and to negotiate together. These efforts are curtailed by serious difficulties of competition among African economies, infrastructural problems and dependence on Europe among others. Thus, the achievements of African cooperation has been minimal. African leaders have shown themselves willing to establish councils, commissions and organisations to promote economic cooperation, but in general they have not been willing to give them sufficient authority to make much advance.34

Cooperation is an area where in Africa, decisions are made entirely at governmental level; there is as yet no public pressure on this issue nor even a public opinion that can be referred to. The main task of any organisation devoted to economic cooperation is to establish sufficient authority and to produce sufficiently cogent reasons to convince the political leaders that they should be willing to sacrifice short term
interests for long-term planning.\textsuperscript{35} The benefits of regional cooperation have not always been quantified and have not been fully understood and appreciated. The role of nationalism in subverting cooperation and resource mobilisation is clear in many African experiments with regionalism, including the EAC.\textsuperscript{36}

There is agreement that regional integration is beneficial, particularly when designed with fuller participation of the main actors in development. In the case of the East Africa, there is potential to expand investment and trade within the partner states. Regional integration can provide access to a wider trading and investment environment permitting economies of scale, diversification of economies, and promoting backward and forward linkages and creating the capacity to supply competitively. More importantly, regional integration promotes diversification and exports to regional markets hence builds experience before entering global markets. An integrated market will also provide a framework for countries to cooperate in developing common infrastructure, such as in financial services, transport and communications and mechanisms for joint exploitation of natural resources. Efficient regional integration will allow countries to surmount the obstacles posed by their relatively small size, permit greater economies of scale and strengthen their ability to trade on a global scale.\textsuperscript{37}

There was no single cause of EAC death in 1977. It was a multiplicity of ailments, each of which by itself could have been survived. The EAC was not killed: rather it faded and died from a lack of interest in keeping it alive. The political will was lacking to keep the Community in being. Among the issues identified were disagreements on the transfer tax device which encouraged duplication of industries, the questionable effectiveness of the East African Development Bank (EADB), and the distribution of gains from the Common Services. Lack of a community government was a major issue because it complicated the institutional structure. Planning, therefore, was difficult in administering and controlling the Community. Tanzania complained that Kenya was benefiting from tourism due to free access by visitors to game parks in Northern Tanzania. Balance of payments problems did not help the situation and Amin came on the scene in Uganda. Uganda then ceased to be an effective participant in the Community. The situation was worsened by differences in ideology between “capitalist”
Kenya and “socialist” Tanzania. This was exacerbated by changing perceptions about the costs and benefits of the system. Then other influences like Tanzania’s role in “Frontline States” diminished the concern with EAC. The new EAC can learn from these mistakes to perform better.

4.3 **RECOMMENDATIONS**

**Investment by Local Entrepreneurs**

In order for EAC to succeed, investment by local entrepreneurs should be encouraged to be able to attract foreign investment and technology. No investor will risk his money when he sees the local firms are running away and hiding their monies elsewhere. Integration is no longer a luxury for Africa to decide not to participate or not. It is an imperative.

**Political and Economic Stability**

Regional cooperation and integration can only be implemented under conditions of political and economic stability. In addition East African leaders must make serious commitment to the regional agenda this requires rationalisation of overlapping memberships and using East African funds, instead of donor funds to spearhead the regional agenda. Without economic autonomy, East Africa will continue to listen to the dictates of the developed world. The core of necessary prerequisites for success in regionalism includes an effective leadership with a political as well as an economic vision of what could result from cross-border integration. Implementation of policies should be simple and automatic, especially policies related to the removal of intra-regional tariff barriers and the definition of the Common External Tariff (CET). Mechanisms for compensating losers should be attended to early enough and restrictions on factor mobility should be removed. The revamp of the EAC has been hindered partially by deficiencies of each of these fronts.

EAC member states will have to deal with the challenges of globalization, new membership, declining import tariffs revenue and imbalances that may arise as the integration process intensifies. Policy co-ordination is crucial to cushion against the...
vagaries of the world economy and to build on existing strengths. Constraints such as weak infrastructure, costly transport, insufficient skills and red tape must be addressed. In particular, policies on infrastructure, communication networks, and information technology should be harmonized. If two member countries are willing to integrate more quickly, they should not be deterred so as to avoid having regionalism dictated by the slowest member. To ensure that efficiency gains accompany economic integration, members should establish a common policy towards foreign direct investment to encourage cross-border joint production. Finally, resources will have to be devoted to public awareness of the opportunities arising from EAC, since the success of the process ultimately depends on the involvement and support of the people.42
ENDNOTES

1 Pheko, M., Road to Pan-Africanism The Sowetan, Johannesburg 15 November, 1999.


5 Ibid


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33 *The East African Community and the Struggle for Constitutionalism: Challenges and Prospects*


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39 Aryeetey, E. and Oduro A.D, op.cit., p.41.
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41 Goldstein, A. and Ndung’u N.S. op.cit.

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