

## Status Of Implementation of East African Community Customs Union and Common Market

### Background

As part of a global trend in regionalisation, the East African Community (EAC) countries have made bold steps in managing their economic future by pursuing regional integration. This process began in 1967 with the establishment of the first EAC, which collapsed after a decade. In 1999, the EAC was revived through a Treaty signed by three partner states (Kenya, Tanzania and Uganda). Burundi and Rwanda joined in 2007. These are the countries that remain within the EAC today, with a Customs Union established in 2005 and a Common Market (CM) in 2010.

It is expected that the five partner states will be concluding a Monetary Union Protocol in the near future. However, the EAC has a long way to go before reaping the benefits of the process. Currently, the Customs Union (CU) is facing policy implementation and operational challenges on important elements, such as non-tariff barriers.

Against this background, the Status of Implementation of the East African Community Customs Union and Common Market Project (CMP) was undertaken during April 2012-March 2013 in all EAC Partner States by CUTS, commissioned by the Institute for Development Studies (IDS), Sussex and contracted by Trademark East Africa (TMEA).

### Objectives

The CMP was undertaken with the aim of providing information for potential measures to consolidate the full implementation of both processes. The objectives of the project included: analyses of the extent of implementation of the CU and CM by the Partner States; analyses of the differences that exist across the EAC Partner States in implementation; analyses of the key challenges affecting implementation in each partner state and regionally; and suggest measures that would help fill the identified gaps.

### Project Activities and Outputs

The main focus of the project was on issues of EAC integration, trade facilitation and improved trading system within the bloc.

Using a questionnaire, interviews were held with key informants/respondents. The respondents were drawn from appropriate ministries, private sector as well as civil society organisations, located in the capitals of the five Partner States and the border points and ports.

Outputs of the project included evaluation of the implementation and perceived impact of the CU, which included an analysis of the internal

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liberalisation; implementation of common external tariff; implementation of the Customs Management Act and rules of origin; progress on removing non-tariff barriers; exemptions and sensitive sectors; harmonisation of standards, competition policy and trade law; and degree of information exchange between the CU executing agencies and general public awareness of the CU provisions.

Furthermore, evaluation of the implementation of the CM was carried out in relation to implementing the commitments defined in the different annexes of the protocol, particularly free movement of goods; free movement of persons and right of residence; free movement of labours; right of establishment; free movement of services; and, free movement of capital.

Finally, the main challenges, proposal of measures to address the gaps and to help full implementation and assessment of the performance of the existing institutional framework in facilitating implementation of both protocols in partner states were identified.

## Project Outcome

The project evaluated the status of implementation of the CU and CM protocols and identified the challenges facing the five Partner States. Issues of EAC integration, trade facilitation and improved trading system within the bloc were the main focus areas.

The study brought out clearly that there was lack of implementation especially in relation to the CU and that there is a need to ensure the harmonisation of sensitive sectors, supported by common policies on industrialisation and competition that establish a set of common instruments and rules; reach an agreement on revenue sharing to fully implement the CU, and eliminating rules of origin in order to remove all border controls in trade of goods; strengthen regional institutions in order to support implementation; as well as engage with civil society on regional integration issues and benefits in order to broaden the constituency supporting regional integration.