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Uneasy Dar, Nairobi ties test EAC gains

By James Ngunjiri

The cracks in the relationship between the two EAC members were also on display in March at the Namanga border. Kenyan businesspeople operating at the border staged a protest for being denied entry into Tanzania to conduct business following a Tanzanian government directive to deport foreigners operating in the country illegally.

Kenya later responded in kind, sending home Tanzanians working without the requisite permits at the border town.

These series of actions underlined an uneasy diplomatic relationship between Nairobi and Dar es Salaam, whose roots are traceable to the coming to power of President John Pombe Magufuli in November 2015. The new president immediately courted Kenya’s wrath when he forced a review of the Economic Partnership Agreement with Europe and persuaded Uganda to opt for an oil pipeline through Tanzania.

The not-so-friendly relationship is now threatening to roll back the gains made in the bloc’s integration bearing in mind that the driving force behind the union is enhanced regional trade. Economists aver that there are a lot more benefits from having open borders within the region than there would be when individual countries restrict trade. However, the actions by the two countries point to a growing protectionism, which doesn’t augur well for last Thursday to try and resolve the spat. The EAC Secretariat has also written to President Magufuli himself written to his Kenyan counterpart.

Prof Macharia Munene, an expert of History and International Relations at the United States International University (USIU) - Africa said the differences between Nairobi and Dar es Salaam can be addressed if the heads of the two States act robustly and proactively on the series of misunderstandings on trade.

“All these other players can talk policies, but it is up to the two presidents to put a stop to this nonsense,” said Prof Macharia.

When the two presidents are decisive, he said, their ministers will adhere to their instructions and act accordingly in bridging the differences and stop them from escalating.

“There have been some ideological differences between the two countries. We know that there is some sort of competition for who gets better than the other, but this is not a good reason for some of the things which have been going on,” said Prof Macharia.

The echoes of the current spat can be traced to the East African Coopera­tion, which collapsed in 1977. One of the weaknesses cited then was that it was politically driven and some of its key decisions depended on the whims of the leaders at the time - Presidents Jomo Kenyatta (Kenya), Milton Obote (Uganda) and Julius Nyerere (Tanzania).

I ideological differences were as a result of Kenya embracing capitalism with Tanzania going the socialism way through Ujamaa. Uganda’s position oscillated between capitalism and socialism through Mr Obote’s political and economic blueprint, the Common Man’s Charter.

Another stumbling block for the first attempt at integration were the different levels of economic development where Kenya was seen as benefiting disproportionately while other partner States were merely net importers from the country. Kenya’s perceived trade dominance within the region still lingers.

Mr Magufuli has also been pointed at the change in policies by the current Tanzanian administration for the current standoff. Kenyan businesses, which have operations in Tanzania say Dar es Salaam’s economy is witnessing a change in policies and procedures under the government of Mr Magufuli.

“We have been growing by 20 per cent, but at the moment we have a challenge in Tanzania. Business has slowed down in Tanzania for the last six months, it is really down there because of the restructuring of economic model of the country by the president,” Crown Paints CEO Rakesh Rao, told shareholders last month during the company’s annual general meeting in Nairobi.

After coming into office Mr Magufuli launched a crackdown on tax evasion targeting large firms. Some foreign investors are reported to have said that they could scale back operations because of tougher demands placed on firms, including high tax bills.