

Statement

By

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It is now 10 years since Presidents Moi, Mwinyi and Myself revived the EAC after its collapse in 1977. The idea of a Common Trade was not a colonial invention or new. Excavations at Ntutsi in Uganda have shown that glass beads (*enkwanzi*) and cowrie shells (*ensimbi*) were in common use in Uganda at that time – 900 AD. Where were they coming from? Uganda was not manufacturing glass beads nor did we have an ocean out of which we could extract cowrie shells. I am told that glass beads were being imported from Mesopotamia (present day Iraq). Both items were certainly being imported from Zanzibar through Bagamoyo, Dodoma, Tabora, etc. Up to today, you get names in Uganda such as Karunganwa. This was in reference to Balunganwa – long distance Wanyamwezi traders and other Swahili people who were calling themselves: “*Waungwaana*” – freed slaves or something like that. The Ugandans corrupted the word “*Waungwaana*” into *Balungaanwa*. This common trading area extended all the way to the Congo River at Nyangwe. Our people got textiles (*emyenda, engoye*) from the Coast. They also got guns and gunpowder (*obuganga*) from the Coast.

In exchange, they sent ivory (*emiino, amasanga*) to the Coast. Unfortunately, some of the Chiefs were also sending slaves. Out of Congo (Buleega), we bought copper bracelets (*emiringa*) and *amooshe* (neck wears made out of giraffe tails). This was a Common Trade Area and not a Free Trade Area because the Chiefs along the way would extort “*hongo*” (some sort of tax) from the traders.

Colonialism, therefore, interfered with the trading activities of our people. Even the EAC of today does not cover the whole pre-colonial trading of this part of Africa. The new element the British brought and what we restored in 1991 was the element of abolishing “*hongo*” – the taxes between Kingdoms and Chiefdoms, in our case between the modern States.

I salute Wazee Moi and Mwinyi for working with me to resurrect this dream of the East Africans. It has done very well in the last 10 years. Prior to the Customs Union launch, total intra EAC Trade was USD \$1811.8 Million in 2004; and in 2009 the total intra EAC trade was USD\$3547.7 (**Source EAC Facts and Figures 2010**).

We have now implemented the Customs Union which means that we have common external tariff for goods from third party countries, reduced non-tariff barriers and no import duty on goods produced and traded within the region. We are now aiming at the Monetary Union which means that a single currency becomes 'the language' of trade. The monetary and fiscal policy discipline built in a Monetary Union anchors inflation and its expectation and hence entrenches macroeconomic stability. It also ensures significant reduction of exchange rate volatility and associated risks within the region. These are very important steps for which I congratulate the East Africans.

Among the Regional Integration Blocs of Africa, however, EAC is unique in one aspect. I think it is the only Trading Bloc that aims at both Economic and Political Integration. Article 5 (2) of the EAC Treaty says:

"...in pursuance of the provisions of paragraph 1 of this Article, the Partner State undertake to establish among themselves and in accordance with the provisions of this Treaty, a Customs Union, a Common Market, 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 to the end that there shall be accelerated, harmonious and balanced development and sustained expansion of economic activities, the benefit of which shall be equitably shared.”

It does not only aim at the Economic Integration. It aims at the Political Integration of the East African peoples. As you can see, the Treaty talks of “ultimately” forming a Political Federation.

Having registered good steps on the Economic Integration front, Presidents, Mkapa, Kibaki and myself had a retreat in Nairobi on the 28th of August 2004. The purpose of the retreat was to examine whether we could not fast-track the process of the Political Integration, leading into the earlier realization of the Political Federation rather than leaving it to the idea of “ultimately” achieving that goal in the undefined future in terms of time.

The following were the reasons why we thought that the process should be fast-tracked:

1. Economic integration, without political integration, is slow. When you are coordinating several sovereign units, it is bound to be slower than when you are planning for one unit.

2. Secondly, it will take longer for the benefits of integration to spread around the community evenly. To take one example, freedom of movement of labour will take long to be realized if at all. Yet employment creation is one of the greatest gains in an Economic Community area. An Economic Community integrates the market. A bigger market supports production units (factories, etc) better. It is a more attractive foreign investment destination. Employment creation is one of the benefits. Nevertheless, freedom of movement of labour comes quite late in the day if at all. In one sovereign unit, even when there is unbalanced growth, there are mitigating factors because employment opportunities are equally accessible to all citizens. Revenue from production units is also accessible to all citizens of the sovereign units irrespective of how developed or otherwise their home region is.

3. Although we are now members of EAC, most of the time we do not negotiate together for African Growth Opportunities Act

(AGOA), or while negotiating with IMF, World Bank, Paris Club, etc. Uganda negotiating alone is much weaker than would be the situation if we were negotiating as East Africa.

4. There is a lot of duplication of effort with each county trying to attract investment in similar sectors:- textiles, fruits and others. If East Africa is one country (one sovereign unit), it will not matter if all the textile factories are concentrated in Mombasa which is near the coast but using Uganda cotton. As long as we are five political units, we shall continue to waste energy with parallel efforts instead of coordinated ones. An economic community pulls markets together. It does not, however, solve easily the question of equitable distribution of benefits.

5. Continuing to inconvenience communities that were split by Colonialism such as the Tesos, Samia, Pokot, Bagisu, (Luhya), Karimojong, Turkana, Luo, Kuria of Msoma and the other side of Kenya, Masai, Wadigo, Banyankole-Bahaya-Banyambo, Banyarwanda etc. Families are split as well as cultural units.

6. It also splits our consciousness. Instead of thinking of ourselves as one, we are continuing to think of ourselves as Ugandans, Tanzanians, Kenyans, Rwandese or Burundians.

7. The pseudo-borders incapacitate us when it comes to giving each other support on account of the sovereignty ropes that tie us into different political bundles. We cannot assist directly the people of Burundi because of these “Sovereign ropes”. Instead, it is the UN that comes to help. Yet the UN does not have the requisite knowledge or commitment. Hence, the problem takes much longer than the case would be if East Africa would be one political unit.

8. While in an Economic Community you will integrate the market, the use of natural resources is not that easily integrated. Turkana in Kenya is very dry. Neighbouring Karamoja in Uganda, while also dry, is much more hospitable. Yet Turkana are always reminded that they are not “Ugandans” never mind that their dialect is 98% similar to the Karimojong dialects. Since people are forced to be imprisoned in these “sovereign units”, they are forced to worsen the environment with their goats and camels destroying

the sparse population. If they stopped using these dry areas for cattle and crops, they could be wonderful for tourism that would benefit all of us. Given the balkanization of the Continent, however, the Turkana are forced to stay in that area because that is where their “home” is. Yet our ecology does respect these sovereign units. If rain is scarce on account of environmental abuse, because people are forced to stay in their “homestead” the adverse conditions notwithstanding, that weather change will not respect the sovereign units.

9. The greatest danger, however, is in the fact that while Europeans and Americans are now basing themselves on Mars and outer-space, Africa has almost forgotten how to make the spear. Our individual countries have no serious capacity to develop defence industries and advance military technology.

What are the implications of this? In all millennia two factors have been self-evident:

- (i) Any society that lags behind in science and technology is exterminated, enslaved or survives at the mercy of others which is the present situation of all the Black Countries other than South Africa; and

(ii) All societies, even the most primitive ones have always made their implements (hoes, axes, etc), made their own weapons (spears, arrows, etc), provided their own shelter and produced their own food.

It is only the Africans of the Colonial and Post-Colonial era that are not independent in respect of the above capacities. Ancient Egypt was conquered for the first time in 525-532 BC by Darius from Asia Minor (Present day Turkey) because the latter had developed iron technology while the former were still using brass, a much weaker metal.

The whole of Africa was colonized and the spectre of Slave Trade was visited on us because we lagged behind in technology. The American Red Indians, the Aztecs of Mexico, the Mayas and Incas of Peru and the Aborigines of Australia were exterminated because they lagged behind in technology and had inferior political organization. The Africans today are surviving at the mercy of others. Rationality would have propelled us to quickly use the recovery of our independence to ensure that Africa stands up once and for all time. The independence and Post-independence

African leaders need to bear the historical responsibility for the future tragedies that may befall the Africans in future. The whites plundered Africa but we survived the slave trade, colonialism and the neo-colonial regimes. The whites are now in decline. They will be overtaken by China in a matter of a few decades. The Chinese are so packed up that they have now resorted to a One-Child policy. Since Chinese like boys, whenever they produce a girl, they kill her and wait for the boy. Consequently, I hear the proportion of boys versus girls is getting seriously upset. Chinese boys will have no girls to marry. More seriously, however, is the problem of natural resources (Minerals, agricultural land, etc.). If you notice, the oil and other commodity prices such as copper have been going up.

The main factor here, apparently, is China. The 1.3 billion people of China are, finally, getting modernized. Demand for steel, copper, cement, etc. that had collapsed in the past is now picking up. With both India and China becoming modern, the pressure on raw materials will increase. In twenty years' time when China will have a GDP of US\$ 45 trillion; and USA a GDP of only US\$ 35 trillion, who will prevent China from any adventures that they may

feel necessary for their continued prosperity? We survived Western Imperialism. Are we to wait in our present weak and dependent state to see what the future Asian imperialism will offer? We occupy one of the biggest land masses (11 million sq miles) with considerable natural resources (although our uninformed policies exaggerate the magnitude of these resources). Why can we not turn, at least, parts of this land mass into a powerful and secure base for the Black Man? Besides, the Black Man must also be able to go to the Moon and Mars. *Wengine wanakwenda kutafuta nini huko?* They are looking for new natural resources as well as new bases for military supremacy. Space-based weapons are going to be the dominant forms of aggression. The Black race is just sitting in these micro-political units created by Colonialism (the 53 States of the African Union), completely oblivious of what is going on in the World. There is the problem of the Global Warming. The Global Warming is caused by the profligate living of the Western Countries (the aristocrats of the World for the last 500 years). About seventeen years ago there was an attempt to control this in form of the Kyoto Treaty. USA and Russia have refused to sign it. What is their argument?

Apparently, part of their argument is that Global warming is not, after all, so bad since it will mean that frozen Siberia and Alaska will be suitable for agriculture.

Where does that leave Africa, which is already warm? It means that the marginal areas of the Sahel will become drier since, as we know, warm air expands and, therefore, retains moisture; contrary to cold air, which contracts in volume and, consequently, loses moisture (precipitation). In fact the process has already started. The snowcap on Mount Kilimanjaro is becoming smaller and the glaciers on top of the Rwenzori are getting shorter.

What is Africa's response to these species-threatening aggressions by the White man's countries soon to be joined by China? Nothing; not even the awareness of the problem. We are just busy looking for daily bread in the form of handouts from the very countries threatening our survival. The present generation of African leaders must rise to the occasion or else they will be like the African chiefs of yore that were busy fighting each other for local supremacy while the white man was busy taking slaves and colonizing the continent.

10. The landlocked countries are held hostage by these irrational boundaries. One may be efficient in Uganda in terms of economic recovery and transformation. If, however, the coastal states do not provide efficient infrastructure in the form of railways and harbours, our labours would be in vain. How do we handle that possible frustration of the landlocked states (Rwanda, Burundi, Uganda, Zambia, Malawi, Ethiopia, a possible future Southern Sudan and many others in West Africa)? With an East African political union, this issue would be transferred from international (characterized by, one may even say interminable negotiations) relations to domestic relations whereby the hinterland populations will combine with others and vote out the regime that is indifferent to the needs of infrastructure. This issue is actually a potential source of; even, conflict. It needs a strategic answer. The answer, fortunately, is available and hugely more beneficial - an East African Federation (merge the sovereignties).

11. The misuse of the common natural resources such as Lake Victoria (Nalubale), the Nile River (Kiira), Kagera River, the Mountains (Rwenzori, Kilimanjaro) at the “international” borders. These are getting seriously degraded on account of absence of a

common policy. Even when a policy is agreed upon, implementation enthusiasm is as varied as the sovereign units involved.

12. What always amazes me is the ability of Africans to hate themselves and love their enemies. Africans now worship the United States of America. We are always trooping there to get handouts as well as accounting for our domestic policies to the imperialists of yesterday and “quality” controllers of democracy of today!! Yet, at our disposal for the last 40 years, we have got this huge land mass with populations that are linked culturally, linguistically and economically (that is why they smuggle in from West Africa up to here) that we have failed to turn into strength. Why do we love and get mesmerized by the strength and might of others but are indifferent to building our own? The USA is made up of a *hotch potch* of people (Germanic, Latinos, Red Indians, Africans, Arabs, etc).

In this part of the World we are talking of only Bantus and Nilo Saharans (Nilotics and Nilo-Hamitic) with a lingua franca known as

Swahili. Why can we not turn this great area into a powerful base for the Black race?

We referred these ideas to the consultations among the East Africans. The results from the consultations were excellent as you may remember. Progress in addressing the broad concerns and fears expressed stands as follows:

Political and Socio-cultural concerns

1. Through the programme on promoting good governance, democracy and rule of law and protection of human rights, the disparities in the national constitutions and practices of democracy, good governance, anti-corruption, human rights, constitutionalism and the rule of law, are being addressed.
2. Lack of uniformity in doctrine, discipline and accountability among agencies dealing with peace, security and defence in the Partner States is being addressed through development of the EAC protocol on peace and security. This includes mechanisms for conflict early warning, Conflict Prevention, Management and Resolution (CPMR), illicit drug trafficking

and control of proliferation of Small Arms and Light Weapons as well as strengthening of inter-agency cooperation and coordination among security agencies.

3. The Draft Federal Constitution will address loss of sovereignty, national identity and independent national decision making, as well as unclear institutional arrangements for the proposed Federation to address the political power sharing at different levels and among the different Partner States.
4. Consultations and sensitization of political parties is among the ongoing sensitization programmes with the intention of involving political parties in the EAC Political integration with a view to addressing lack of a mechanism for participation of National Political Parties in the federal arrangement.
5. The preparatory activities towards development of the Federal Constitution will address the manner in which the federal constitution will be developed, popularized, voted upon and how it will relate to the National Constitutions.

6. Through harmonization of the education certification and harmonization of education curricula, differences in education systems, curricula and academic/professional qualifications and social welfare schemes among the Partner States are being addressed.
7. Implications on the existing social insurance system and the need for an EA Health Insurance scheme are being addressed through harmonization of health policies through a protocol on health.
8. Continuous sensitization on existing opportunities and benefits of integration will promote ownership of the integration processes.
9. EAC policies on culture and sports will preserve cultural and traditional values, including language.

Economic concerns

10. Financial sustainability of the proposed Political Federation with the implied increase in taxation to run one additional tier of government is being addressed through Policy initiatives towards alternative funding methods for the EAC.
11. The EAC investment strategy, industrialization policies, joint projects on infrastructure development, criteria for hosting of institutions of the Community, among others, will address economic imbalances and ensure equitable distribution of benefits in the region.
12. Differences in the levels of economic development, entrepreneurial skills and competitiveness in the manufacturing and service industries that would disadvantage some Partner States will be addressed through the Common Market Protocol.
13. The differences in the land tenure systems obtaining in the Partner States are being addressed in the Common Market Protocol where land is left to the national land laws.

14. Initiatives to address Non-Tariff Barriers (NTBs) under the Customs law will address the operational problems of the Customs Union.

15. The Protocol on Sustainable Development and Utilization of Natural Resources is under implementation. Other initiatives spearheaded by the Lake Victoria Basin Commission (LVBC) will promote sustainable utilization and conservation of the environment

Equipped with these results, we have continued to consult at the level of Council of Ministers and also the level of the Heads of State. In the last meeting in Dar-es-Salaam we resolved to re-commission the Committee of experts (Eminent persons?) to look into the issue of some fears expressed by some East Africans and how they could be overcome. The process is moving very well and I commend it to the East Africans.

I thank you very much.