Odrek Rwabwogo, farmer and entrepreneur

EAC co-operation: How we can reinforce our regional market

In one of his reflective moments, Rome's warrior and philosopher king, Emperor Marcus Aurelius Antoninus, wrote: "Nothing is more wretched than a man who traverses everything in a round and pries into the things beneath the earth... [and] seeks by conjecture what is in the minds of his neighbours, without perceiving that it is sufficient to attend to the demon within him".

He added: "this defect [in man] is not less than that which deprives us of the power of distinguishing things that are white and black".

Marcus Aurelius wrote these prescient words one night in 168BC in his diary at the peak of battles against German invasion on the southern side of River Danube, then a long-standing frontier of the Roman Empire.

He would be killed in this offensive. Emperor Marcus governed a world's super power in steep decline on account of internal rebellions, economic failure engendered by state profligacy and the open spiritual defiance of the Roman gods by a small sect then called the Nazarenes, the people called Christians today.

He knew too well about treachery and people's shifting character. Marcus' swords still ring loud about human behaviour even towards that whose benefits should be open to all and sundry, such as the East African community, our trading bloc and perhaps, our future polity.

Why do I say this?

In the middle of 2008, I was returning from a business trip from Dar es Salaam and at the airport's immigration desk, a young officer at a rank of captain, held my passport. Looking vexed, he asked which country I came from.

Surprised by the question since I knew he was reading my nationality in the document, I answered in a boisterous manner: "I am from the great Republic of East Africa sir".

The officer, then in an admonishing tone told me: "There is no such a country my dear friend. You in Uganda are mired in wars [Joseph Kony's Lords Resistance Army skirmishes in northern Uganda had ceased two years earlier] and you want to import them here? In Rwanda, they have tribal problems simmering below the surface ready to erupt anytime and the Kenyans are only interested in taking land and jobs of people in the region through this East Africa project".

While I was taken aback by the stereotypical attitude of this young civil servant handling large numbers of African travellers through the airport, his insular feeling of sovereiguty, the type that Emperor Marcus expressed in his diary that blinds people from seeing the weaknesses within and instead focus on other people's troubles, did not surprise me.

This is because in Uganda too, I have heard allegations of a 'Kenyan tendency to look down on Ugandan workers', in Rwanda, one hears assertions with no proof of a race to the bottom to keep projects that could be better executed if they were shared across the region and in Burundi, there is foul air about the rest of East Africans not understanding the dynamics of this country and thus taking positions injurious to the country's political and economic recovery.

This feeling of exceptionalism by each of the nations and how it suspiciously sees her neighbours is understandable when you consider the fact that these nations still hold large peasant populations and a small middle class; a class still possessed of leaders not yet rooted strongly in business, but basing its strength on other narrow sources of power and influence such as religion, tribe and access to

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public resources. However, the idea that we can be crafting a union together as a team but each party wants to retain the right to act the way it wishes is potentially dangerous to the growth and survival of the market of East Africa.

On a number of issues such as tax, trade, labour, investment and capital movement across the region, there are barriers that continue to be erected by both the civil servants and the political class in member states in total disregard of the spirit of unity. Some decision makers in East Africa have a flawed understanding of sovereignty. Over the last 500 years, sovereignty has shifted from emperors, monarchs and dictators to the people. The people are supreme and their representatives/civil servants act as agents for the greater good.

The greater good in this case is the prosperity of each one of us, which in turn largely depends on the actions of each of our neighbours. Certainly, the greater good cannot be the vested interests of some politicians and civil servants. After all, Africans and their artificial porous borders already trade with each other informally whether the state operators wish it or not. The role of the civil servants and politicians, therefore, should not be to obstruct but to facilitate the natural progression of this market. That some of our key leaders do not seem to recognise this fact should shame us all because, at the very least, the benefits of East African community more than ever before are now visible.

Take an example of Kenyan exports of beef to Uganda that were as low as $123, 809 around 2009, but by 2013, had grown to $15m and in the month of September 2015 alone, Kenya exported to Uganda $90m worth of goods, up from $44m in July of the same year. In fact in 2014 alone, Kenya sold to Uganda well over $578m worth of goods, while Uganda exported in return about $171m (over 30% less than what they sold to us) worth of agricultural produce; a sizeable trade imbalance in favour of Kenya by far, but a still a healthy development for trade growth in the region.

The entire trade volumes within EAC have risen from $700m in the year 2000 to over $2b in 2010, with Kenya selling to the neighbours over $1.2b worth of goods. The EAC traded more with each other than other trading blocs on the continent with 19.5% growth in exports as a percentage of all destinations sold to.

Shouldn't Kenya, therefore, be interested in growing the market of Uganda, Rwanda, Burundi, Tanzania and beyond with progressive policy decisions taken collectively with her neighbours so as to guarantee her continued prosperity in future? Should these sister nations not expect similar treatment in return by Kenya?

Why should a narrow-minded inward looking administrative class in the region continue to put both tariff and non-tariff trade barriers and stop the growth of jobs for young people in the region?

From differing opinions on matters such as the infrastructure levy (in July 2014 Uganda, Kenya and Rwanda agreed on a 1.5% levy on all imports into EAC to raise funds for regional infrastructure projects, but Kenya later opted out choosing instead to implement her own Railway Development levy) to attempts by the Mombasa county leadership to impose $60 'fumigation cost against vectors' from ships docking with goods into East Africa. There seems to be little faith in decision making that supports trade growth. For example, Uganda could not export 149,000 tonnes of sugar to Kenya even when the latter had a shortfall and the former an overproduction, because some politicians and civil servants in Kenya feared 'dumping' of Ugandan sugar on to the Kenyan market, strangely preferring to import the same sugar from Brazil!

How will African nations service a market of 2.4 billion Africans in 2050 or 4.2 billion people on our continent by 2100, if we cannot learn to trade with each other even if there might be imbalances in the short run and end the lingering wariness about each other?

This scepticism about our trading blocs creates unending uncertainty about the nature of nations we want to build for the future generations?

This attitude is the underlying explanation why intra Africa regional trade grows so slowly. At 13.1%, it is the lowest in the world. South East Asia is at 50.2% and Europe at 72%. Africa's trade with EU in 2015 was $427b, with China- $211b but with each other, $152b. The story behind these numbers is the African suspicion about each other, the fact that it seems hard for African leaders and her people to have an honest conversation with each other without posturing to the world.

As an example, excise duty and VAT on packaging material for the dairy and milling industries in Uganda when our neighbours do not charge these, simply depresses farmers' incomes and their investment capacity to increase production at a farm level. They make our milk, cereals and processed grains expensive and uncompetitive. The fight to stop factories from free travel in the region also needs to stop.

Civil servants in Uganda must consult widely before introducing punitive and retrogressive 16th century taxes.

For example, manufacturing is now portable and capital to service it is footloose. We cannot attract it by penalising investors such as is the case in the tobacco processing industry in Uganda. Uganda maintains $20 cents levy on export of green leaf supposedly to attract new processing capacity in the country by penalising those who export green leaf – a huge contradiction because no one brings capital in a high tax environment.

Processors have responded to this by moving their investments to cheaper tax zones or are threatening to pass the levy on to farmers, depressing production further. This tax is a medieval one first introduced by King Henry VIII of England (1509-47) in order to force cotton and wool merchants to process these items at home. He could afford this because England then had a monopoly of both the technology and the skill.

Uganda or any developing country today has no such monopoly. The world has changed. The only way to attract capital in our time is not to penalise those who have it so that they bring it to your country by force. You have to pitch and compete with the rest of the world and bend over backwards to accommodate capital holders because factories by nature grow the tax base in the long run; they create better jobs than short-term gains for a country

The point is when we build infrastructure across the region and standardise the policies, we will all attract more processing and manufacturing capacity and gain more than a fair share of the FDI, instead of nibbling on each other like the proverbial grasshoppers sealed in a bottle. For example, out of $1.7 trillion global FDI in 2015, the ASEAN (Asian trading block organisation) because of, among other factors, good joint regional investment policies, attracted $500b; whole of Africa in 2014 received only $54b in comparison. Eastern Africa region received $6.8b, much of this to gas in Tanzania and Ethiopia's garment and textile enterprises.

Finally, the value of East African region is not just about trade; it is the foreign policy, the security and integrity of the African race. Our co-operation in Somalia, South Sudan and Burundi, is an example of why we must strengthen this structure.

We do not have a foreign policy that makes sense in the world unless it is anchored in the collective voice of our region on security, trade, environment and investment matters.

Our political and civil service class that seems often as if untethered from reality needs to estimate the amount of destruction that would come to our region's doorstep if we left the terrorists to roam about on account of our inability to work together as a region.

They should also see the enormous sacrifice by the armies of east Africa, to understand the value of the regional vehicle we work through.

Keeping an open conversation about the future of our region both as a market for goods we produce and as our voice in the world, will grow our nations, stop the flooding of East Africa with cheap imports such as those in steel from China that are depressing our local enterprises (because we aren't cooperating deeply on these matters) at a time when all infrastructure projects require our own capacity production.

Next week, we will discuss measures to help improve agriculture performance for Uganda.