

REGIONAL INTEGRATION IN THE EAC: Making The Most Of The Common Market On The Road To The Monetary Union

Economic Integration In The EAC, Main Steps And Potential Gains

I have preferred to adjust it a bit to read

The Hidden Challenges to Integration and The Way Forward

I have done so for the following reasons.

1. The Sub Topics which are wide and detailed, are covered by experts who know the subjects very well and far better than me the ordinary person can ever do.
2. There are issues we all know that affect or slow the process of integration , whether intentional or not, that I thought I should bring to the fore and hope to enrich the discussions or be a cause for further debate when we leave this Conference. My sincere hope is that they don't spoil.
3. The Agenda was too broad I thought of focusing on a few broad issues and some challenges that do impede the integration process

It is a great pleasure and rare honour to be invited to address this Conference of the great brains that move our Integration Agenda. The real movers from the Governments, the private sector, academicians, the media, the Central Banks and the not so popular but necessary sector, the tax collectors .

To some , this may look like an academic exercise but to many, the Integration process, should be looked at as an issue of life and death.

BACKGROUND

As we all know, we had an earlier East African Common, between Kenya, Tanzania and Uganda. It covered all these areas we are struggling to establish. Some of us recall with nostalgia, The East African Airways, Railways, Harbours, Posts and Telecommunications , Research Institutions in malaria, Agriculture, Fisheries etc. Flights within were domestic

Now we have a bigger one of six countries from diverse colonial past. One made by us ourselves, sometimes against the pressures from others that we go slow. . We should be truly delighted and challenged.

- 1 The new process of integration, started with the Customs Union 2005
2. The Common Market 2010
3. The Monetary Union which was supposed to be signed 2013
4. Then, Ultimately, The Political Federation. No time frame

ARCHIVEMENTS

In the short time, a number of milestones in the areas of the Common Market and the Customs Union, have been covered, The EAC Customs Act and Regulations, The EAC Common External Tariff and Competition Act have been pressed and are operational. The Ministers of Finance meet and consult before reading the Budgets. Intra EAC trade expanded exponentially from \$1.8billion in 2005 to \$5.6 billion in 2014, a growth of 310% , though total Intra EAC trade remains at 11% of total EAC trade, meaning that EAC trades more with the rest of the world than among its members. This also contributed to my slight change in the topic of my address.

A single Customs Territory has contributed to reducing the turnaround in clearing the goods in transit.

Fifteen (15) One Stop Boarder Posts have been built to facilitate cross boarder movement of people and goods.

The number of weigh bridges have been reduced.

Key infrastructure projects have been carried out.

We have moved a long way but a number of challenges remain. Some we'll know, but some hidden in our sub consciousness . I now turn to a few of them.

COMMITMENT

Are we serious and committed to The Integration Process? Is it at the center of our deeper thoughts , aspirations , dreams and development plans, Does it take prominence in the Manifestos, Campaigns and debates of the various Political Parties during National Elections. Is it prominent in the National Budget speeches?

Do we devote our energies and resources to the integration process or is it just part of our many and varied activities?

Is it part of our priorities in the allocation of our scarce human resources(especially the bright brains) and financial resources to the EAC Integration Agenda?

If so, how come we find problems in remitting the meager \$10m (US Ten Million Dollars) to the EAC Budget not even in time and leave it to the donors, if we value it.

Let us not be like some Africa men who marry more wives, produce many children and leave them to the well off family members , who themselves have produced a few they can manage, for them to take care of. They actually feel bad and complain when not assisted.

TECHNICAL STAFF

Do we allocate our best technical brains to the EAC Desks in our member Sovereign States and avail them the resources to adequately prepare for EAC Technical meetings of the EAC.?

Sovereignty

Part of the slow process in the integration arrears agreed upon, like the Customs Union, and the Common Market, is the often over blown issue of Sovereignty.

Are we really sovereign? Wouldn't our voice be better heard, our presence felt, our dignity and respect enhanced if we acted and negotiated as a block in world economic affairs? What would happen if

we stopped carrying begging baskets, after drought has followed heavy rains that carried away our souls and crops to the Indian Ocean or all the way to Egypt. While we are obsessed with Sovereignty, the outside developed economies, look at Africa, with insatiable appetite, as one huge expanse of untapped, virgin resources to be exploited, and act accordingly. We need to re look at ourselves and rebrand so that these resources benefit the African people.

People Centered

Is the Community actually people centered? Is it private people driven? Who does it serve and benefit most? Our manufacturers or foreign businesses that include the well walled and protected market of second hand things which range from shoes and clothes to computers and cars. Where our textile and leather industries and what are should be done? Where is our dignity?

Respect

Let me stress now lest I forget. If we don't respect our selves, nobody else including the investors, will respect us. Respect and dignity are not granted or ordained, it is earned and the long hard way. Leaders must respect themselves first and then the people they lead, for you can't give what you don't have.

By respect I include the ability to work hard to move away from begging and stealing, a practice we have conveniently termed corruption.

Quite often, we ignore the simple things that cost little but propel societies forward

What does it cost to respect yourself, have a sense of shame, stop stealing and signing away for a dime, our irreplaceable natural resources . What does it cost to develop the right attitude?

Mindset

We have been conditioned and we seem to accept that we be judged by different standards. As Mrs Alleaner Roosevelt once said, that you cannot be made to feel inferior without your consent. The standard way of judging ourselves by Sub Saharan standards needs to be revisited and done away with. We are rarely put against the rest of the world when

development figures are being given and analyzed. Yet we know in the world of sports, especially the Olympics and World Cup, there are no sub Saharan standards and the results are beginning to show and of our sports youth. the mindset too. They are set to compete with the best in the world in a number of events so far

Recently, world rankings of universities were released. Makerere captured the local headlines that it was the fourth best in Africa. No mention was made that it was around 500 out of about 1800 Universities ranked.

India and Singapore, just to mention a few, refused, to treat themselves that way. They aimed high. Looked at the way USA, Japan, Germany UK USSR developed their human technical resources, copied them with the view to competing with them and not fellow 3rd world countries and the results are out.

Near home, the South Africa whites under the apartheid regime, refused to be part of the Sub Saharan way of thinking. They aimed at being ranked with Europe and USA and acted accordingly. The human resource development, the discipline among themselves, the use of public resources and accountability produced results though for a few. Yet the resources of South Africa are nowhere close to those of DRC or East Africa, Our problem of remaining poor, and beggars is not lack of money or natural resources, it is our mindset. We have put the bar too low. We are not going to be competing with Gambia or Haiti but with Korea, Japan, China etc first for our own EAC market and. Second, the world market.

We have to look at world figures, find out how those who made it did it. We need to wake up and realize that with these vast natural resources and the huge fresh water resources all around, we as endangered as the African Rhino and the Elephant.

The Blame Game

We have to stop blaming colonialism, artificial borders which we actually cherish and protect, and the false view that it took others many years to get where they are. As the saying goes, that if you cannot meet the people's expectations, then lowers them. So have we. But we must

realize that we are in charge of our destiny and the buck stops at us. Nobody else owes us a living. We the leaders owe it to the people led

The population.

We pride ourselves of the available huge population of 150m or so. But if we don't set our goals properly and develop this population into a highly skilled, productive one, we may remain a source of cheap raw materials, at times free, and a dumping ground of second hand clothes, sub standard and at times dangerous goods. Let's us have a little comparison with relatively a small Country.

DENMARK

1. Population. 5,699,00
2. Area. 42,7245 sq,km
3. GDP US\$ 335bn
- 4, It has. Balance of payments surplus
5. High Credit Rating
6. 32nd . Largest Economy
- 7 Has the Lowest Income inequality

And it is a Donner

The population alone in itself, is not enough but necessary to stimulate development.

THE WAY FORWARD

Let's us consider two separate but complementary areas on way forward The first set has no or very little costs. The second needs a lot of resources , prioritization and the results take time and are not as visible as roads or dams but in the long ran play a big in building and sustaining them.

First Set

a. Time

There is need to respect, value then keep and put to good use time. Time is one of the rare commodities that is given equally to all. The idle, the very busy, the Presidents and workers. It can't be borrowed, stored or sold to the highest bidder. Time can't be intimidated, polluted or bewitched. It goes never to come back.

We must do away with the notion that we are ok by African standards. There is no such thing. People who use time fully and wisely are more focused, think harder and achieve more than those who disrespect and don't care about time.

b. Respect

As said earlier we must respect ourselves, respect others and respect the resources that are under our charge, The African resources should be for their benefit.

c, Best Practices

Member states should continue to send the best brains to man Arusha and for EAC negotiations. The member States should bring the best practices to make the Community for it to be better than each member State, so that EAC produces better services to the population and creates the desire for its strengthening.

SECOND SET

a. Human Resource Development.

This is the corner stone of this presentation. For EAC to develop, exploit its resources, build industries, not cutting and wrapping imported products, for it to built and maintain roads, railways, airports and dams, compete in our local and world markets, it must put maximum efforts on the quality of education and skills of its population. Don't say but we are doing ok. We are not. The EAC is not yet our market.

We should compare the number and quality of our skills with those who have made and not the comfort zone of Sub Saharan Africa.

For example, the engineering discipline and attendant ones need special attention. Let's have a glimpse at the performance of other Countries products

Engineers as a % of total number graduating

1. Korea.	32%
2. Germany.	31
3. Sweden.	28
4. Japan.	23
5. UK.	23
6. Israel.	19
7. USA.	16

8. Chile. 16

Total number of graduate engineers on the ground

1. Russia. 454.000 plus
2. USA. 237000. Plus
3. Iran. 233 600 plus
4. Indonesia. 140 000. Plus
5. Vietnam. 100 000 plus
6. Rwanda. 479
7. Uganda. 772
8. Kenya. 3000. Plus

South Africa had a target of 10093 in 2013 and graduated 9387.

UK graduated 46,000 and plans to double that number to meet demand. What are our demands, what are our targets. EAC has to think hard if we to embark on real Industrialisation. We have to minimize conflicts, pull ideas and resources in order to spur development.

We should think about numbers needed and quality

b. Centers of Excellence

There is need to look at Centers of Excellence, so that we don't scramble to register many from each member State. This is more so in the areas of human resource and common research. We should take into account, the need, the economies of scale and the resource envelop available so that we don't spread thin.

c. Agriculture

We need to feed and clothe ourselves well The materials should soon be from our own industries as was the case before. There is urgent need to move to irrigation and wide use of fertilizers, if we are to modernize farming and move away from the hoe and dependency on the unpredictable rain patterns. A trained team of technical people will be handy.

d. Technical Staff

There is need for well trained staff at the EAC and Partner States who are well prepared and equipped. But there are problems that might affect the performance of technical staff.

At the State level there is the issue of the numerous regional bodies to which member states belong. For example, after this conference, some will move to Addis Ababa to discuss the AU monetary issues, from there they may proceed to Lusaka for the COMESA monetary policies and probably back to Arusha for the EAC Monetary Union. Isn't this tedious? Does it leave room for reflection, study and preparation. Are they not stretched? Won't it affect performance? There is need to make choices about the membership of Regional Bodies.

At the EAC Secretariat level. There is a recent decision that all technical staff should serve for a contract of 5 years renewable once only. Won't this affect the morale and performance of the staff? The first term you settle in. The second contract one is busy looking for the next destination. Who will benefit from this decision and who will harvest the consequences. It is the integration process

e. The East African Development Bank

The Region needs a Bank ran commercially as a business to finance the development of industries, modernization of farming, agroprocessing and eventually, infrastructure if East Africans are to take part meaningfully in the private sector. The growth of the Community cannot be left in the hands of foreign investors who access credit on favorable terms from their countries. Therefore, there is need for the partner states to heavily capitalize the Bank over a period of time. This measure will in the medium and long term, widen the tax base and reduce the over reliance on custom duties and over taxation of the same things as the treasuries have to meet the ever increasing demands

Finally, there is need to create a Regional Regulatory Body to caution those who violate agreed upon laws and regulations. Things cannot continue to be based on the good will of members.

We need strong Regional, Institutions