

***EAC Headquarters, Arusha, Wednesday, 20 August 2008:*** One hundred and fifty delegates, 30 each from the five EAC Partner States; Kenya, Uganda, Tanzania, Rwanda and Burundi who form the High Level Task Force (HLTF) on the Negotiation of the EAC Common Market Protocol entered the 3rd day of their second round of negotiations in Nairobi today.

For the next three days, until 23 August when they end the 2nd round of the talks, the delegates, will tackle some of the more substantive issues of the proposed Protocol, i.e., the right of Establishment, the right of Residence, the Free Movement of Services, Transport and the Free Movement of Capital.

The negotiations of these elements of the proposed Common Market Protocols are being conducted on the basis of a draft Model Common Market Protocol which highlights the cardinal requirements of the EAC Common Market that is intended to accelerate economic growth and development of the regional bloc with a sizeable population of 120 million and a combined GDP of \$50 billion.

Under the provisions for the right of establishment, the EAC countries seek to establish the right for an EAC citizen to install oneself, either as an individual, firm or company in a host State, for purposes of performing activities of an economic nature, albeit within certain conditions or limitations as will be agreed.

Under the provisions for right of residence, the EAC countries seek to grant EAC citizens moving into any other EAC Partner State for purposes of seeking and carrying out income earning economic activities, the right to reside in the territory of that Partner State.

Under the free movement of services, the EAC countries seek to facilitate trade and investment in EAC and, to this extent, will consider the prohibition of any discrimination to EAC citizens on the basis of nationality in respect to the provision of services. It is recognized that services constitute the engine of economic growth and underpin the smooth operation of the EAC Common Market, hence the need to liberalize the provision of services in the region.

On transport, the EAC countries recognize the critical role that an efficient transport system plays in economic growth and development. The ability to move people and goods efficiently is a central requirement of the EAC goal for a dynamic economy and cohesive society. The transport industry straddles the economic performance and plays an intermediate role in the economy, from production to markets. The draft Protocol recommends, among others, for the creation of a properly structured Transport Authority to address multi-modal transport development in air, roads, rail, inland waterways and maritime transport.

On free movement of capital, it is recognized that it is at the heart of a Common Market. The draft Protocol envisages prohibition of any obstacles to the free movement of capital such that EAC citizens should be able to transfer money between Partner States; open bank accounts; invest funds or borrow money in other Partner States; and buy shares in non-domestic companies; and, on the whole, the Partner States should liberalize their capital accounts. Currently, within EAC, Rwanda, Uganda and Kenya have fully liberalized their capital accounts while Tanzania and Burundi have yet to do so.

**Directorate of Corporate Communications and Public Affairs  
East African Community  
Arusha**