

A strong supporter of integration

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The process of regional integration can provide a great opportunity for the levelling up of institutions, with partner states learning from the diversity of their neighbours.

I am delighted to contribute to this issue in commemoration of 10 years of “EAC building”. There is much to celebrate. EAC institutions, including the Secretariat, Legislative Assembly, Court of Justice, and East African Business Council have been set up, staffed, resourced and are promoting and enabling regional integration. The partner states have completed what are necessarily difficult negotiations to agree a customs union and, most recently, a common market. Mechanisms have been set up to promote the free movement of goods, and trade between the partner states has almost doubled in the last five years. Commitments have been made to allow for the free movement of people, capital and services. These accomplishments have not been unnoticed, with Burundi and Rwanda the newest members of what has become a very successful East African club. And international investors are increasingly realising that East Africa is a good place to do business. The business statistics speak for themselves: foreign direct investment in Rwanda alone in 2008 was US\$103 million – up from only US\$16 million in 2006.

This success reflects a real vision and drive on the part of East African leaders. They understand that many of the challenges that threaten economic growth are best addressed jointly. Individual economies are small by global standards. Transport connections are

not yet good enough. Trading across borders is too often slow and expensive. All this makes for higher costs and lack of competitiveness. The EAC brings leaders and business people together in a focused effort to overcome these problems. There has been remarkable progress, but East African leaders want to move even faster. There are plans for a monetary union in 2012 and, in the medium term, a political federation. While these aspirations can bring real benefits to the region, there are some specific challenges that need to be overcome along the way.

First, we need to ensure that the benefits of regional integration are understood by the common man and woman. If we have learned a lesson from our own European process of regional integration (through the European Union), it is that it is not enough to have a well thought out plan, or to achieve good results – it is vitally important to communicate those results to people in all walks of life. The EAC is off to a good start. In Uganda, for example, 25 per cent of people already strongly support the free movement of people, goods and services in the East African states. The challenge is to increase the number of strong supporters throughout the region.

Second, we need some hard facts to support the argument that the EAC is improving people’s lives. The process of change which accompanies regional integration is a cause of concern and worry for many.



Arusha
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For example, manufacturers in the landlocked countries worry that they won't be able to compete with those in their larger, coastal neighbours. This worry can be addressed by making sure that the evidence of what's already happened is readily available.

Have Rwandan businesses lost out as a result of Rwanda's entry into the customs union? Are Kenyan firms now dominating the Ugandan market, at the expense of indigenous businesses? Or, as seems more likely, are the benefits being more or less equally shared across the East African states? We need facts to answer these questions.

Third, we need to consider the losers as well as the winners. The gains from better roads and railways, faster border crossings, less paper work, freedom to set up new businesses, and easy movement of people will result in an East Africa in which every country is economically stronger and more competitive. However, some people will need support to take advantage of the new opportunities which the Community will present. We need to ensure that we know who these people are, and that they receive assistance to share in the gains.

Finally, we need to be mindful of the different capacities and abilities of the partner states to fully participate in the integration process. Burundi and Rwanda, as the newest members, have perhaps the longest road to travel in this regard. But in fact, each of the partner states has its own unique challenges. We must not forget that implementation of the international agreements which underpin the EAC takes place at the level of partner states. To make regional integration work, there will need to be a strong focus on ensuring that all of the members are pushing forward within their respective national administrations to ensure that the ambitious timetables are respected.

The British Government fully supports this process of regional integration. The UK's Department for International Development (DFID) has helped to establish a major regional programme to support action on each of these areas. TradeMark East Africa (TMEA) has been set up as a not for profit company with the aim of supporting East African regional integration. It has received funding commitments of around £100 million to date, not just from the UK, but together with other development partners (Belgium, Denmark, Sweden and the Netherlands so far). TMEA has its corporate headquarters in Nairobi, but also has offices in Arusha and each of the other Partner States.

I very much hope, and it will be a key priority for the management of TMEA, that their efforts result in better aid effectiveness. There is substantial support to regional integration, but the efforts can be disparate and uncoordinated. I hope that TMEA, with its strong geographic presence and strong links to the EAC Secretariat and partner state governments, will provide a substantial boost to coordinating and harmonising support from development partners.

I will close by highlighting one challenge which TradeMark East Africa will not directly address. This is the political challenge of ensuring that the EAC promotes the standards and practices of the very best institutions from each partner state. The process of regional integration can provide a great opportunity for the 'levelling up' of institutions, with partner states learning from the diversity of their neighbours, and importing the best ideas and solutions to shared problems. This shared learning and mutual support for facing the challenges of the 21st century could be the strongest impact that the EAC will have upon the lives of business people and citizens. E

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Clock Tower, Arusha, seat of the EAC