Momentum without precedent

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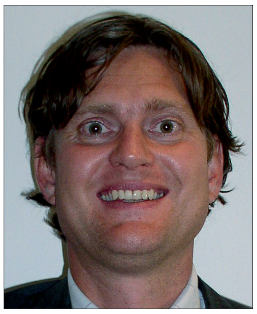

OLE THONKE holds a Masters Degree in Economics from the University of Copenhagen. He has served in Denmark's Ministry of Foreign Affairs since 2000 and has specialised in regional integration in Africa since 2009. He is Chairman of the Programme Investment Committee for Trade Mark East Africa. He is currently the Deputy Head of Mission at the Danish embassy in Nairobi.

On the other side of the globe 21 countries are considering implementing the largest free trade area in the world under the name FTAAP, Free Trade Area of the Asia-Pacific. This includes countries like the US, China, India, and Japan. This is no coincidence. The world is becoming increasingly globalised – and thereby increasingly competitive. Goods travel progressively across continents at increasingly lower costs. One of the answers from world leaders to this challenge is closer regional collaboration. The 'nearer' markets must be developed and used as a platform to export further away. Increased globalisation therefore implies increased regionalism.

Regional integration is an effective tool to increase competitiveness if implemented the right way. Better transport corridors will lower costs, increase reliability of delivery and reduce times. So will improved effectiveness at border crossings, both within the region and at external border crossings. And so will easier and cheaper access to financial services. All these are essential elements for a private sector that increasingly trades across borders and therefore needs to be competitive in order to stay in business.

The cost of sending a container from Asia to East Africa is less than sending a container from Mombasa to Kigali. Regional economic integration is therefore not only the right approach for East Africa – it is a must if the five countries are to survive in an increasingly competitive world.

The decision to create an internal market in East Africa has the potential to produce these positive effects and should contribute to an increase in private sector competitiveness. It is a very important step in the right direction. But it is not only the private sector that stands to win. The 130 million citizens also stand to gain significant advantages, which in the long run should make their lives easier, more free, and richer. Citizens are employers and employees who stand to gain from increased economic growth. Citizens are also consumers who in time will benefit from lower prices and they will be able to move freely inside the five member states, if the protocol is implemented at national level. And the question of implementation is the key!

The EAC Heads of State have made brave and reforming decisions on the East Africa internal market. But these decisions must be implemented at national level before they take effect. This is the same process the EU went through in the 80s and 90s – implementing the enormous amount of legislation which the heads of state agreed upon in Brussels. And it is no easy task. There will be winners and there will be losers – in the short run. But there will be much more to win for all than there will be to lose.

It took one of the most developed regions in the world at least a decade to implement all the rules and regulations needed to realise the internal market in Europe. It will take the countries in East Africa at least the same amount of time, and will put heavy pressure on their administrative abilities. And it will demand an effort from not only the five governments, but from all stakeholders within the countries.

Not least business organisations, trade unions and civil society. All will need to put national differences aside and work together to reach the goal set out by the political leaders. And it will also demand that the citizens know why the internal market is important and what they stand to gain. Because without popular backing, the rules and regulations of the internal market will be very difficult to implement at national level.

The EAC has progressed further than most other African Regional Economic Communities. The momentum in the EAC has been without precedent. No other regional economic community has gone from establishing itself to agreeing an internal market in 10 years. And plans to move up the integration ladder are advanced, for example a monetary and even a political union. But there is also a risk that implementation cannot follow the fast pace of decisions. This risk must not be underestimated and focus must also be on implementation. And again – implementation needs to happen at national level.

Denmark shares the vision of the EAC. We have our own experience of the benefits for a small, open economy in Europe. Therefore we are scaling up our engagement with regards to regional economic integration in East Africa. This will be done at the regional level, but also at national level – both through Trade Mark East Africa and bilateral efforts. We hope to be able to contribute actively to the successful implementation of the internal market whilst being well aware that this will take time.