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Evaluating the Challenges in Implementing the EAC Common Market Protocol for Effective Regional Integration

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Introduction

The East African Community (EAC) has long aspired to establish a robust Common Market as a critical pillar in its quest for political integration among member states. The EAC Common Market Protocol (CMP), adopted in 2009 and which came to force on July 1, 2010, aimed at accelerating regional growth through free movement of goods, services, labor, and capital.[1] This initiative is part of the broader framework of four pillars—namely, the Customs Union, Common Market, Monetary Union, and Political Federation designed to integrate the region's economies, create opportunities for the private sector, and enhance competitiveness. However, 13 years after its implementation, the efficacy of the Common Market has been challenged by persistent tariff and non-tariff barriers, bureaucratic red tape, and issues of noncompliance among partner states, hindering the realization of its ambitious goals for economic integration and political cohesion.

Recent analysis reveals a decline in intra-EAC trade, which dropped from 16% to 14% of total trade in recent years.[2] This decline is indicative of ongoing protectionist policies and a lack of commitment to regional integration goals. This commentary aims to critically analyze the challenges associated with the East African Community's Common Market Protocol implementation, provide a comprehensive assessment of its effectiveness, and propose strategies to overcome the obstacles that impede its full potential.


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Economic Growth

EAC demonstrated notable economic recovery in 2023, with growth projected to surpass that of other continental regions in the medium term. The average economic growth rate within the bloc rose to 5.1% in 2023, up from 4.4% in 2022 and is projected to rise to 5.4% by 2024[3]. However, growth performance varied significantly across Partner States (see table 1 below :).

Country	2019	2020	2021	2022	2023
East Africa	**5.4**	**1.9**	**4.7**	**4.4**	**5.1**
Congo	4.4	1.7	6.2	8.9	6.2
Burundi	4.5	0.3	3.1	1.8	3.4
Kenya	5.1	-0.3	7.6	4.8	5.4
Rwanda	9.5	-3.4	10.9	8.2	6.2
South sudan	3.4	12.9	-4.9	-2.9	-0.4
Tanzania	6.9	4.5	4.8	4.7	5.2
Uganda	7.6	-1.2	5.6	5.8	5.1

Table 1: EAC GDP growth rates 2019 - 2023 (%)
Source: AfDB East Africa Economic Outlook Report 2023

[1]EAC Common Market Protocol
[2]How delayed EAC protocols slow down regional trade- East African Newspaper 24th August 2024
[3]East Africa Business Council Round table Report 2024
[4]East African Community (2023). EAC Trade & Investment Report 2023.

This overall growth trajectory was supported by increased output across various sectors, including industry, services, agriculture, construction, mining and quarrying, and manufacturing in various partner States. This was facilitated by continued implementation of policies and reforms aimed at enhancing both private-sector and public investment. However, downside risks remain, attributed to uncertainty in the global economic environment, climate related challenges and sustained tight financial conditions.

Photo credit: The East African

Progress of the EAC Common Market

The EAC Common Market has achieved several notable milestones since its inception. Key among these is the reduction in non-tariff barriers (NTBs) facilitated by the implementation of the Single Customs Territory (SCT) and One-Stop Border Posts (OSBPs). These measures have led to a 70% reduction in border crossing times and have generated annual savings exceeding $63 million. In addition, intra-regional trade increased by 15% in 2023 relative to the previous year, demonstrating some positive effects of the Common Market initiatives.[4]

The establishment of electronic cargo tracking systems and computerized clearance processes has further streamlined trade operations. These technological advancements have reduced bureaucratic delays and enhanced border efficiency.

However, these gains are inconsistent, and substantial challenges remain. As of June 2023, seven of the 33 identified NTBs remained unresolved, with key issues surrounding customs procedures, export permits, and regulatory inconsistencies. The continued existence of these NTBs underscores the challenge of implementing the EAC Elimination of Non-Tariff Barriers Act (2017) due to factors like insufficient state coordination, limited enforcement resources, and lack of political will.

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[5]https://kilimokwanza.org/eac-and-trademark-africa-unveil-innovative-app-to-revolutionise-trade-by-eliminating-non-tariff-barriers/

[6]The EAC Labour Migration Report 2024

[7]https://www.theeastafrican.co.ke/tea/news/east-africa/uganda-joins-kenya-rwanda-in-abolishing-work-permits-for-professionals-1337882

[8]East African Community Customs Strategy 2016/17-2021/22

Persistent Barriers and Protectionist Tendencies

Despite commendable progress, the persistence of non-tariff barriers (NTBs) remains a significant challenge. As of June 2023, seven NTBs were still unresolved, underscoring the ongoing obstacles to deeper economic integration. These barriers, including cumbersome customs procedures, export permits, and inconsistent regulatory standards, continue to impede trade and regional cooperation.

A major contributor to the persistence of non-tariff barriers is the protectionist, often nationalist, policies adopted by member states, largely due to the similarity of goods produced across the region. A potential solution would be for each member state to identify and focus on areas of competitive advantage, fostering a trade environment that is more complementary than purely competitive. This approach would encourage a model of intra-regional trade where each nation leverages its strengths, reducing the impulse for protectionism and enhancing the collective benefits of economic integration.


Photo credit: Vellum Kenya

Despite the legal framework's existence, effective NTB elimination efforts continue to face challenges. While EALA Acts are legally binding, their success largely depends on each member state's domestic alignment with regional laws. EAC members are expected to implement EALA Acts, but domestication is frequently necessary to harmonize regional directives with national regulations. This process varies across the region, with implementation often delayed or partial due to national interests, administrative limitations, or resource constraints.

The introduction of technological solutions, such as a mobile application for reporting and monitoring NTBs, reflects an innovative approach to facilitate trade and enhance transparency among member states. Nonetheless, stakeholders emphasize the need for comprehensive engagement from both public and private sectors to sustain progress and hold the EAC accountable for its commitments to eliminate NTBs.[5] The persistent existence of these barriers not only undermines the objectives of the Common Market but also poses significant challenges to achieving deeper economic integration within the region.

Labor Mobility and Regulatory Inconsistencies

Labor mobility within the Common Market also faces substantial obstacles, particularly due to the absence of mutual recognition agreements for professional qualifications. While Rwanda, Uganda and Kenya have made significant progress in facilitating labor mobility by abolishing work permits for professionals, challenges remain in Tanzania and Burundi.[6] Tanzania continues to require work permits for citizens of other EAC partner states, which imposes additional fees and bureaucratic hurdles despite claims of non-discrimination against EAC nationals.[7] Similarly, Burundi has not fully embraced the harmonization of labor mobility policies. This inconsistency in policy implementation among EAC member states creates barriers that limit skilled workers' ability to participate fully in regional markets. This situation reflects a broader trend of protectionism and national interests that can obstruct regional integration efforts, as seen in the varying implementation of agreements across the EAC.

In addition to labor mobility issues, regulatory inconsistencies present further barriers. While some progress has been made in harmonizing standards and regulations, many countries still apply differing rules that complicate cross-border trade. For instance, while Kenya and Tanzania have developed more advanced customs systems, countries like Uganda and Burundi face significant challenges due to insufficient institutional capacities and infrastructure limitations.[8] This inconsistency not only increases operational costs for businesses but also deters investment in the region.

The integration process, while promising, has become more complex with the recent admission of new member states like the Democratic Republic of Congo (DRC) and Somalia. Although these countries are still in the process of aligning with existing protocols, their membership offers significant potential for expanding regional markets and fostering

Photo credit: The Conversation

[9]East Africa Business Council Round Table Report 2024

[10]East African Business Council 2022

[11]https://eabc-online.com/eabc-urges-south-sudan-to-fully-implement-the-eac-single-customs-territory/

deeper economic integration. Progress may be gradual, but the inclusion of these new members strengthens the prospects for long-term cohesion within the East African Community (EAC). However, selective adherence to the Customs Union's provisions by some member states continues to pose challenges. This calls for a need for collective commitment to fully realize the benefits of regional integration.[9]

Operational Challenges at Key Border Posts

The optimal realization of the EAC Common Market Protocol is further inhibited by a multitude of operational challenges at the borders, particularly at the Elegu-Nimule One-Stop Border Post (OSBP) at the Uganda/South Sudan border. One significant issue is the presence of multiple roadblocks on the Ugandan side, where security personnel man approximately five checkpoints over a distance of 100 kilometers from the Elegu border to Gulu. These checkpoints not only create delays but also contribute to an environment of uncertainty for cross-border traders.[10] The irregular meetings of the Joint Border Committee between Uganda and South Sudan hinder the timely resolution of issues raised by traders and border agencies, leading to further complications in trade facilitation.[11]

The lack of sufficient knowledge regarding the Simplified Trade Regime (STR) among both cross-border traders and relevant agencies adds another layer of complexity. Many traders are unaware of their rights and the processes involved, which can result in missed opportunities and increased costs. Road infrastructure on the Nimule side requires redevelopment to accommodate growing traffic from South Sudan into Uganda. The narrow roads are inadequate for current volumes, leading to congestion and delays.

South Sudan's reliance on manual verification due to a lack of cargo scanners significantly impacts turnaround times at the border. This manual process is not only time-consuming but also leaves room for corruption, as it creates opportunities for bribery and other malpractices.


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Conclusion

While the EAC has made notable progress in establishing a Common Market, significant challenges remain in its implementation. The decline in intra-EAC trade and the slow implementation of protocols underscore the need for a comprehensive reevaluation of the EAC's integration strategies. By addressing these barriers, enhancing cooperation among member states, and prioritizing the concerns of the private sector, the EAC can revitalize its Common Market Protocol and unlock its full potential for economic growth and development. A strategic and collaborative approach is essential for overcoming the obstacles that have hindered the Common Market's success and achieving the regional integration goals set out in the 2010 Protocol.

To optimize the EAC Common Market Protocol (CMP), member states should put in place interventions to accelerate the implementation of trade harmonization protocols and prioritize Mutual Recognition Agreements (MRAs) to enhance labor mobility for professionals like engineers and healthcare workers.

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Despite advances in digital trade, technology adoption remains uneven across the region. Countries like Kenya and Tanzania have more advanced systems compared to Uganda, Burundi, Rwanda, South Sudan, and the DRC. Addressing these disparities, which cost the region $16.7 million annually, requires harmonizing technology standards, providing capacity-building initiatives, and monitoring the impact of digital solutions on trade.

Private sector engagement in policy-making is essential. Governments should involve private stakeholders to shape trade policies, fostering innovation and competitiveness. As new members like the DRC and Somalia join, stronger political will is needed to align with existing protocols. Empowering regional institutions like the East African Business Council (EABC) to ensure compliance, supported by clear timetables and penalties for non-compliance, will strengthen the Common Market's effectiveness.