

Deepening Economic Integration in the EAC

Support to the East African Community in implementing the Common Market

The challenge

Economic growth in East Africa is consistently surpassing most other African regions. The East African Community (EAC) has deepened economic integration within the region for many years, resulting in the establishment of a Customs Union with a Common External Tariff (CET).

Currently, the full implementation of the Common Market to further reduce barriers to trade is in progress. Its aims are the free movement of goods, people and labour, the rights of establishment and residence, and the free movement of services and capital across EAC borders.

Numerous non-tariff barriers to trade, heterogeneous national legislation and inadequate regulations remain. These prevent businesses from achieving economies of scale and from ensuring their competitiveness through specialisation. Overall, addressing the preconditions for the mobility of goods, services and labour remains a great challenge. However, the preparation and full implementation of the agreed Monetary Union depends greatly on the completion of the Common Market.

Our approach

GIZ works closely with the relevant departments of the EAC Secretariat (Trade, Customs, Fiscal & Monetary Affairs, Social & Productive Sectors) and relevant committees from the Partner States. We jointly define key priorities and measures for abolishing non-tariff barriers, advancing the Common Market and preparing the Monetary Union. The programme also works with private sector associations and representatives to ensure alignment with the needs of businesses and to communicate key issues and progress to the public.

EAC Vision 2050

Become a globally competitive upper-middle income region with a high quality of life for its population based on the principles of inclusiveness

Protocols signed:



Customs Union
2005



Common Market
2010



Monetary Union
2013



Political Federation

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Commissioned by	Federal Ministry for Economic Cooperation and Development (BMZ)
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Support is aimed at strengthening capacities to regulate trade, building institutional structures and developing legal foundations for economic integration in the EAC. Technical expertise is offered to develop concrete regulations based on the Common Market Protocol and their transformation into national legislation.

Concretely the programme supports:

- Liberalisation and regulatory reforms for cross border Trade in Services
- Negotiation of Mutual Recognition Agreements (MRA) and their implementation
- Coordination and execution of key Trade Facilitation measures
- Establishment of legal foundations for Tax Harmonisation
- Preparation of the EAC Monetary Union

GIZ applies a multi-stakeholder approach in capacity development, consensus-building and consultation, increasing the EAC Secretariat's credibility and Partner States' ownership of the economic integration agenda.



The benefits

The development and implementation of regulations, measures and reforms will support EAC Partner States to deepen their economic integration. This enables private sector businesses to benefit from the opportunities of open markets. Opportunities are wide spread and benefit many economic sectors.

- Easing cross-border trade through lowered tariffs and reduced non-tariff barriers benefits companies trading goods across borders. Speeding up trade across the EAC borders will lower costs and lead to higher competitiveness on regional and global markets. The timely and less costly movement of goods will contribute to producing and trading more goods, thereby diversifying the economy in the Partner States.
- The harmonisation of taxes facilitates trade while ensuring effective collection of taxes. Companies will be able to better estimate taxation costs and avoid double taxation.
- Allowing service providers to operate within other EAC Partner States is one major benefit resulting from the agreements in Trade in Services. This improves business opportunities for the service suppliers and service quality and affordability for commercial and individual clients.
- By establishing more effective institutional structures for negotiating Mutual Recognition Agreements (MRAs) on training and educational qualifications, the programme facilitates the movement of professionals. This will improve market access for service companies and at the same time offer employment opportunities, in particular for young professionals.

Success factors

To ensure the willingness and commitment of the East African Partner States to implement the regulations and policies, the program focuses on:

- Building capacity in the EAC Secretariat and Partner States
- Clarification of the issues, opportunities and possible risks for a better understanding of the long term benefits
- In-depth analyses of the economic potential and how best the region can jointly grow its economy
- Continuous involvement of the private sector at different stages of policy development
- Dialogue and exchange of practices on all levels in national and regional institutions

An example from the field

MRA for Advocates

Legal services are important enablers of economic activity and guarantors of civil and political rights. By signing an MRA, the Partner States and Law Societies of East Africa take advantage of an opportunity under the Common Market Protocol. Other professions, such as accountants, architects and engineers, have already put in place their Mutual Recognition Agreements with the support of the EAC-GIZ programme.

As the Partner States integrate further, EAC law firms have the opportunity to grow within the region and to develop specialised services. Resulting from the MRA, East African advocates will be better positioned and develop home-grown expertise when working alongside international law firms.



The signing of the MRA for EAC Advocates will increase the interest amongst international law firms in their East African counterparts. It will raise the visibility of East African advocates and create new opportunities for international twinning.

The MRA will further create a platform for advocates to be involved in building the East African Community. Signing of this MRA also supports regional economic integration as the EAC increasingly needs to develop region-wide legislative instruments, in areas such as a competition and trade policy.