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EAST AFRICAN COMMUNITY (EAC)

What is EAC?

The East African Community (EAC) is the regional intergovernmental organisation of the Republics of Kenya, Uganda, the United Republic of Tanzania, Republic of Rwanda and Republic of Burundi with its headquarters in Arusha, Tanzania.

The Treaty for Establishment of the East African Community was signed on 30 November 1999 and entered into force on 7 July 2000 following its ratification by the original three Partner States Kenya, Uganda and Tanzania. The Republic of Rwanda and the Republic of Burundi acceded to the EAC Treaty on 18 June 2007 and became full Members of the Community with effect from 1 July 2007.

Mission and Vision

The **Vision** of EAC is a prosperous, competitive, secure, stable and politically united East Africa; and the **Mission** is to *widen and deepen Economic, Political, Social and Culture integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investments.*

This newsletter aims to provide information on what is happening in the trucking industry and the efforts by the stakeholders to provide safe, reliable, efficient and environmentally friendly standards. If you would like to discuss information found in this newsletter in greater detail, feel free to contact the Editor at the KTA Secretariat or any of the contributors listed beside each of the articles.

Objectives of the Customs Union

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While the objectives of the East African Community are broader and cover almost all spheres of life, the main objective of the customs union is formation of a single customs territory. Therefore, trade is at the core of the customs union.

It is within this context that internal tariffs and non-tariff barriers that could hinder trade between the partner states have to be eliminated, in order to facilitate formation of one large single market and investment area. Similarly, policies relating to trade between the partner states and other countries, such as the external tariffs, have to be harmonized. Therefore, within a customs union, partner states have to behave as a single customs territory and trading bloc.

The aim of creating one single customs territory is to enable partner states to enjoy economies of scale, with a view to supporting the process of economic development. Unlike in developed countries, economic integration is not just for purpose of trade per se, but as a vehicle for bringing about faster economic development. Nevertheless, a customs union on its own will not bring about faster economic development. Therefore, it has to be supported by other measures such as development of infrastructure, to link production areas to markets. In addition, measures to support development of human resources across the region are similarly important.



Challenges of the Customs Union

While the Customs union will generate major benefits, it will also bring about greater competition among domestic firms. In the short run, the firms that stand to gain most are those that are already competitive. It is with this consideration that the principle of asymmetry was adopted in the phasing out of internal tariffs, in order to provide firms located in Uganda and Tanzania with an adjustment period of five years. Nevertheless, such firms may in the medium term overcome lack of competitiveness, through: additional investment in newer production technologies; specialization in activities where they have a competitive advantage; Re-training of human resources; and Forming strategic alliances with their competitors

Another implication of the customs union is that it will minimize discretionary powers earlier enjoyed by partner states, and which sometimes had created uneven playing ground for firms. Such powers, in particular, relate to granting of exemptions from customs duties. The partner states have undertaken harmonization of their exemption regimes which shall be administered regionally. In some cases, this has been viewed negatively as reduction of national sovereignty.

In view of the current global trend where trade negotiations are increasingly being carried out under regional blocs, formation of a customs union in East Africa is not a matter of choice but a necessity. It would be difficult for partner states to negotiate a Free Trade Area (FTA) with other regional blocs unless they have liberalized trade among themselves. Due to the multiple memberships of the partner states in other regional organizations, the EAC Customs union could enter into a FTA with other trading blocs, or in the extreme circumstance, merge with them to make a larger trading bloc.

It is worth noting that countries which on their own have strong competitive economies such as Germany, France and UK are strong supporters of EU, which is still expanding, taking on board former less developed countries of eastern and central Europe. The USA together with Canada and Mexico have come together under NAFTA, and want to expand taking on board countries of central and Latin America. In Asia, the countries of south East Asia are revolving around Japan. Therefore, it will be difficult for small countries such as those of Africa to negotiate with such giants on their own.

The process of regional integration as stipulated in the Treaty for the Establishment of the East Africa Community aims at creating opportunities for the East African people. However, it will be difficult for the East African to realize such opportunities without deepening economic integration through formation of a Customs Union. Therefore, formation of the EAC Customs Union is a necessary step towards translating provisions of the Treaty into economic opportunities for the East Africans.

EAST AFRICAN COMMUNITY- HEADS OF STATE



From left to right, President Yoweri Museveni of Uganda, President Mwai Kibaki of Kenya and President Jakaya Kikwete of Tanzania 2. Rwandan President Paul Kagame and 3. Pierre Nkurunziza (right), President of Burundi.

The EAC protocol is set to become operational on Thursday 1st of July 2010. The protocol embraces the 5 member states of Kenya, Uganda, Tanzania, Rwanda and Burundi.

EAST AFRICAN COMMON MARKET ROADMAP TO INTEGRATION.



OBJECTIVES OF EAC

In contrast to the first attempt at an East African Community, which was predominantly government-driven, the new EAC expressly confirmed the crucial role of the private sector and civil society: the principles that govern the objectives of the community shall be “people-centred and market-driven” (Article 7 of the EAC Treaty).

The road map of the EAC foresees the gradual progress from a Customs Union towards a Common Market and Monetary Union, finally culminating in a Political Federation.

The Customs Union was established in 2005 and the Protocol for the establishment of a Common Market was signed in November 2009, on time for its final launching in 2010. Subsequently a Monetary Union is to enter into force by 2012, and the ultimate goal will be a future Political Federation of East Africa.

PICTURE SPEAK - CLAMPING OF TRUCKS AT LOADING ZONES CONTINUES DESPITE AGREEMENT



KTA does not condone haphazard parking of trucks however clamping of trucks at loading and off-loading zones continues unabated by the Municipal Council of Mombasa despite the Agreement garnered on 19th April 2010 between KTA and the Municipal. The Secretariat is using all means available to stop harassment from the Municipal Council of Mombasa.

Several initiatives have been employed towards achieving our objective and that includes engaging the Provincial Commissioner on traffic congestion and truck parking solution plus joining a fact-finding task force that visited empty container depots to ascertain their capacity to efficiently serve up to 10 trucks at a go among others.

MEET THE MEMBERS DRIVE



KTA Secretariat took the initiative and went out to meet KTA members and find out the concerns affecting transporters. We were able to meet both the big and small transporters and gained a lot of insight on the future of the transport industry. The drive was very productive as we held meetings with various stakeholders and were also able to meet with the Mariakani Principal Resident Magistrate who was able to advise on the best way to handle matters arising at the weighbridge.

The drive also re-affirmed the need for Safety Awareness campaigns as we witnessed a grizzly accident that was caused by sheer negligence. It would not have happened had the driver observed the Highway code. We as KTA are setting up structures that will ensure that Safety is observed by all stakeholders.



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