



The Voice of the Private Sector in Kenya

EAST AFRICA COMMUNITY SECRETARY GENERAL ROUNDTABLE – 2024

**Date: Wednesday, August 14th 2024 at
10:00am**

Venue: Serena Hotel, Nairobi

About KEPSA

The Kenya Private Sector Alliance (KEPSA) is the apex umbrella body for the private sector in Kenya. KEPSA brings together local and foreign business associations, federations, chambers of commerce, professional bodies, corporates including multinationals, large and medium-sized corporates, SMEs, and start-ups from all sectors of the economy, 80 Associations and professional bodies over 2 million business locally.

KEPSA serves as the national focal point of the East Africa Business Council (EABC) and ICC with a reach of over 45 million businesses globally through the membership of ICC-Kenya Chapter.

We enable these businesses to speak with one voice when engaging government, development partners, and other stakeholders on cross-cutting policies, laws and regulations impeding private sector development. We also bring them together in implementation of programs that ensure socio-economic development of the country.

KEPSA also supports businesses with opportunities for training, networking, financial linkages, mentorships & coaching, access to markets, value chains, and investment opportunities with many partners around the world.



The Voice of the Private Sector in Kenya

About the EAC – KEPSA RoundTable

The EAC-KEPSA Roundtable is a pivotal mechanism for driving regional economic integration, improving the business climate, and ensuring that the private sector's voice is heard in the policymaking process. It underscores the importance of collaboration between the public and private sectors in achieving a more integrated and prosperous East African region.

Areas of Focus

The East African Community (EAC) has made significant strides in regional integration, aiming to enhance economic growth, trade, and investment among its member states. However, several persistent challenges continue to hinder the full realization of the potential benefits of this integration. This concept note outlines critical issues impacting intra-EAC trade and investment, alongside proposed actionable steps for the EAC Secretariat and member states to address these challenges.

The following are the key issues that hinder the business competitiveness in the private sector;

I. Elimination of Non-Tariff Barriers (NTBs)

Non-Tariff Barriers (NTBs) remain a significant impediment to the smooth flow of goods and services within the EAC. These barriers, which include administrative and technical requirements, contribute to increased transaction costs and delays, thereby frustrating business operations and reducing intra-EAC trade volumes. According to the East African Business Council, NTBs contribute to an estimated 15-40% increase in the cost of goods across the region.

What Needs to Be Done:

- Expedite the finalization of the Amendment of the EAC Elimination of Non-Tariff Barriers Act, 2017, and its regulations to enforce the Act effectively.
- EAC Partner States should establish a clear roadmap with defined timelines for the elimination of outstanding NTBs.



The Voice of the Private Sector in Kenya

II. Stringent EAC Rules of Origin (RoO), 2015

The current EAC Rules of Origin, implemented since 2015, have been overly stringent, affecting industries such as edible oils and cement. These rules prevent products from benefiting from preferential market access, thus discouraging investment and innovation. The situation is exacerbated by the recent adoption of the Revised EAC Common External Tariff (CET) 2022 and the existence of the Tripartite Free Trade Area (FTA) and African Continental Free Trade Area (AfCFTA) RoOs.

What Needs to Be Done:

- Review the EAC RoO to address sector-specific challenges and align them with the AfCFTA and Tripartite RoOs to ensure market access and competitiveness.

III. Lack of an Operational EAC Trade Dispute Settlement Mechanism

The non-operational status of the Trade Remedies Committee has led to unresolved trade disputes, increasing costs and uncertainties for businesses. This committee is essential for handling issues related to Rules of Origin, antidumping, subsidies, and other trade remedies. The delay in operationalizing this body is primarily due to the non-ratification of the Amendment of Article 24(2) of the EAC Customs Union Protocol by certain member states.

What Needs to Be Done:

- Fast-track the ratification of the amendment to Article 24(2) of the EAC Customs Union Protocol.
- The Council of Ministers should establish timelines for the operationalization of the EAC Committee on Trade Remedies.

IV. Slow Progress on the Liberalization of Trade in Services

The EAC's progress in liberalizing trade in services has been slow, despite the adoption of revised Schedules of Commitments in 2019. The delay in implementation denies the private sector the benefits of liberalization in key sectors, including the free movement of service suppliers, business visitors, and professionals. Additionally, there has been a lack of initiative to negotiate the liberalization of the remaining five service sectors under the EAC Common Market Protocol.



The Voice of the Private Sector in Kenya

What Needs to Be Done:

- Implement the Revised Schedules of Commitments on the Progressive Liberalization of Services for the agreed seven sectors.
- Expedite the implementation of the Mechanism for the Removal of Restrictions in Trade in Services.
- Initiate negotiations for the liberalization of the remaining five sectors.
- Establish a clear timeframe for achieving full liberalization of trade in services across all sectors.

V. Lack of a Framework for the Implementation of Mutual Recognition Agreements (MRAs) for Professionals

While several professional groups, including architects, accountants, engineers, and veterinarians, have negotiated and signed MRAs, the lack of a regional framework hampers their effective implementation. This gap restricts the movement of regulated professionals across the EAC, as the necessary Annex VII of the EAC Common Market Protocol has not been finalized.

What Needs to Be Done:

- Expedite the finalization of the EAC Common Market (Mutual Recognition of Academic and Professional Qualifications) Regulations, 2011 (Annex VII).
- Ensure all EAC Partner States liberalize professional services covered by MRAs.
- Expand MRAs to include additional professional services, such as legal services.
- Review existing MRAs to address trade-related aspects and challenges comprehensively.

VI. Challenges and Opportunities in Enhancing Internet Connectivity and Reducing Costs in East Africa

a. Sustainable Regional Internet Connectivity:

Kenya, along with other East African nations, relies heavily on the Eastern Africa Submarine System (EASSy) for internet connectivity. However, frequent internet outages caused by undersea cable cuts, primarily due to man-made factors such as



The Voice of the Private Sector in Kenya

sea vessel anchors and natural causes like coral reefs, disrupt communication and economic activities. These outages highlight the region's vulnerability due to its dependence on a limited number of submarine cables.

With the increasing demand for reliable internet connectivity and the announcement of new subsea projects like Google's Umoja cable, there is an urgent need for Kenya to explore alternative solutions.

b. High Cost of Telecommunications Despite Liberalization

Despite the liberalization of telecommunications in the region, several restrictions continue to limit the free movement of services, contributing to high costs. This situation hampers business operations and increases the overall cost of doing business within the EAC.

What Needs to Be Done:

- Development of inland cable connectors within East Africa, which will mitigate the impact of undersea cable disruptions and ensure more consistent internet service.
- Integrate the One Network Area (ONA) initiative into the EAC framework, encouraging participation from all member states, including Tanzania and Burundi, to reduce the cost of voice and data services.



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Time	Activity	Responsible
7:30 – 8:00	Arrival & Registration	KEPSA
8:00 – 8:20	National/ EAC Anthem and Introductions	All
8:20 – 8:30	Remarks	Dr. Jaswinder Bedi, EBS, MBS Chairperson, KEPSA
8:30 – 8:50	Statement by EAC	H.E Veronica M. Nduva, CBS Secretary General, East African
8:50 – 9:10	Presentation by KEPSA	Ms. Carole Kariuki, EBS, MBS, HSC CEO, KEPSA
9:10 – 11:10	Plenary Discussions and Responses	Moderator: Ms. Rita Kavashe KEPSA Advisor and Managing Director – Isuzu EA Ltd
11:10 – 11:20	Closing Remarks and Way Forward	Ms. Susan Maingi Chairperson, KEPSA Trade & Industry Sector Board

Event Mover: Ms. Rose Mwaura, COO KEPSA