



KEPSA CEO'S REMARKS DURING THE EAST AFRICA COMMUNITY SECRETARY
GENERAL ROUNDTABLE ON:

WEDNESDAY AUGUST 14, 2024 AT SERENA HOTEL, NAIROBI

**Theme: EAC Common Market Achievements and Perspectives on
Strengthening Integration**

Salutations!

Ms. Veronica Nduva, Secretary General, East African Community

Captain of industries,

Distinguished Guests,

Ladies and Gentlemen,

Good morning!

Introduction

Allow me to congratulate Ms. Veronica Nduva, for being appointed the East Africa Community Secretary general and also to commend my colleagues in Kenya Private Sector Alliance and all the Partners for their dedication to the cause of this EAC Secretary General RoundTable with KEPSA. I recognize the presence of Swedish Ambassador to Kenya Caroline Vicini, a good friend and partner to KEPSA.

On behalf of Kenya Private Sector Alliance (KEPSA), the apex umbrella body for the Private Sector in Kenya allow me to look at the Perspectives on Strengthening Integration. The East African Community (EAC) has been in existence for over 14 years and has laid a strong foundation for a sustainable Common Market through its legal, jurisdictional, and political frameworks.

We are one people separated by colonial borders and we can reestablish old trade routes, and view each other as brothers and sister.

PERSPECTIVES ON STRENGTHENING INTEGRATION – EAC COMMON MARKET

With these prerequisites in place, the focus must now shift towards capitalizing on these foundations to create a more dynamic and less bureaucratic environment that fosters business growth and economic integration.

1. Leveraging One-Stop Border Points (OSBPs)

The introduction of One-Stop Border Points (OSBPs) has marked significant progress in streamlining cross-border trade within the EAC. This infrastructure reduces the time and costs associated with clearing goods at the borders by facilitating simultaneous inspection by both the exporting and importing country's authorities. Continued refinement of these processes will further enhance efficiency and attract economic activity. For example, harmonizing the steps in clearing goods, such as reducing the number of checks or consolidating documentation requirements, will allow businesses to operate more smoothly across borders.

2. Harmonization of Revenue Collection Authorities

One of the critical areas that need urgent attention is the alignment and integration of the revenue collection processes among EAC member states. Currently, importers face varying requirements and levies despite sourcing from the same jurisdiction and dealing with similar products under the same Harmonized System (HS) codes. For instance, importers in Rwanda and Uganda often encounter discrepancies in levies for identical goods, leading to inconsistencies that hinder trade efficiency. Additionally, standards and permits for importing goods are not uniformly applied, which creates uncertainty and delays at the borders.

Solution: Establishing a single window digital platform where importers and exporters can access harmonized information and guidelines in real-time would

be a significant step forward. This platform should allow for instant resolution of queries and ensure that directives from authorities are consistently applied across all member states. Such a system would encourage new entrepreneurs to enter the market by providing a clear and predictable trading environment.

3. Harmonized Standards and Compliance

The lack of harmonized standards across the EAC presents another barrier to trade. Products that comply with regulations in one member state may face challenges in another, even when they originate from the same jurisdiction. For example, the packaging standards for bulk detergents differ between Tanzania and Kenya, causing complications for traders who operate in both markets. Inconsistent application of standards and arbitrary enforcement by border officials further complicates the situation.

Solution: The EAC should develop a centralized digital registry where products can be pre-approved and endorsed for compliance across all member states. This system should provide a unique reference ID that can be used to track and verify product compliance at any point in the trading process. This would not only streamline cross-border trade but also build trust among businesses and regulators.

4. Enhancing Border Point Controls

Despite existing regulations, significant volumes of goods enter the EAC market without undergoing proper clearance processes. This issue is particularly prevalent at the Kenya-Tanzania and Kenya-Uganda borders, where non-compliant goods such as non-alcoholic beverages and low-quality stock lots are frequently found. The lack of consistent enforcement and the presence of corrupt practices at border points exacerbate these challenges.

Solution: The EAC should establish a dedicated complaint line and documentation process for reporting and addressing such violations. This system would allow traders and consumers to report non-compliant goods and ensure that appropriate actions are taken. Additionally, regular audits of border transactions should be conducted to ensure compliance and transparency.

5. Additional Recommendations:

- **Civic Education and Awareness:** The EAC should launch aggressive civic education campaigns to inform traders and the public about the rules, tariffs, and processes involved in cross-border trade. Quick response mechanisms should be established to address discrepancies between different governing authorities.
- **Digitalization of Transactions:** The EAC should eliminate paper-based processes in favor of fully digital transactions, managed by a centralized EAC platform. This approach has been successful in other common markets such as the European Union (EU), Gulf Cooperation Council (GCC), and MERCOSUR.
- **Addressing Corruption & Harassment/Intimidation:** Measures to reduce corruption at border posts should be prioritized. This includes better coordination among border agencies, standardization of documentation, and strict penalties for those involved in corrupt practices.
- **Value Addition and Product Differentiation:** The EAC should focus on increasing the value addition in exports and differentiating products to enhance competitiveness. This could involve supporting local industries in processing raw materials and developing unique products that meet international standards. e.g Kenya, renowned for its substantial sisal production, has a unique opportunity to collaborate with leading car manufacturers, such as Mercedes-Benz, by showcasing the advantages of using high-quality sisal in car seat production.

- Learning from Other Common Markets: The EAC can benefit from studying the successes and failures of other common markets. Adopting best practices and tailoring them to fit the unique context of the EAC can help strengthen the integration process.e.g. Marketing the region as one component and having joint tourism products. Emphasize the diversity within the EAC by marketing different attractions like Kenya's Maasai Mara, Tanzania's Serengeti, Uganda's gorilla trekking, Rwanda's cultural sites, and Burundi's lakes. Demonstrate how each country's unique appeal contributes to a richer, multifaceted East African experience.
- Trade dispute mechanisms: Implement an efficient and fair mechanism for resolving trade disputes within the EAC to ensure compliance and trust among member state

HOW CAN WE PARTNER WITH EAC:

- Reviving the CEOs Forum within the East African Community (EAC),this revival can be approached through a structured, multi-tiered setup starting with country-specific forums, moving onto cross-country forums, and culminating in an EABC (East African Business Council) CEOs Forum.
- Capacity building of businesses on EAC rules, regulations, and policies is a multifaceted endeavor that requires a combination of education, practical support, continuous improvement, collaboration, technology, and regional integration. By investing in these areas, we can empower businesses to thrive within the EAC market, ultimately contributing to the economic prosperity of the region.
- Advocacy through our Trade initiatives designed to harness the power of dialogue and collaboration among diverse stakeholders. By creating platforms like the EAC (East African Community) Mini Presidential Round Tables, Speakers' Round Table, and Chief Justice Round Table, we facilitate

constructive discussions that can lead to actionable policies and meaningful change in the region.

- Collaboration among businesses is an essential strategy for growth and competitive advantage in the contemporary business landscape. Three primary methods of collaboration include public-private partnerships (PPPs), joint ventures, and marketing alliances.

In conclusion, by addressing these key areas, the EAC can enhance the effectiveness of its Common Market, making it a more attractive and efficient environment for businesses to thrive. The integration efforts should be continuously refined to respond to the dynamic needs of the market and the aspirations of its member states.

THANK YOU.