

## IS THE EAC AT A TIPPING POINT?

### Amb. Juma V. Mwapachu

**Amb. Juma V. Mwapachu** is the global President of the Society for International Development (SID) and former Secretary general, East African Community. He served as Secretary General of the East African Community (EAC) from 2006-2011. Prior to this appointment, Amb. Mwapachu served as Tanzania's Ambassador to France, with accreditations to Spain, Portugal, Tunisia, Morocco and Algeria. With a keen interest and involvement in the private sector and civil society, Amb. Mwapachu has, during his career, sat on boards of directors/executive



committees of various institutions and professional bodies and has held senior positions in Tanzania national private sector institutions and in civil society. He was the first Chairman of the East African Business Council (EABC). In addition to his post as EAC Secretary General, Amb. Mwapachu was, between 2009 and 2011, Chair of the COMESA-EAC-SADC Tripartite Task Force. Some of the achievements by the EAC under Amb. Mwapachu's stewardship are: adoption of EAC Anthem - 2010; commencement of construction of EAC headquarters - 2010; launch of fully-fledged Customs Union - 2010; signing of Common Market Protocol - 2009; commemoration of EAC 10th Anniversary - 2009; accession of Rwanda and Burundi to EAC - 2007; and, launch of annual East African Media Summit - 2007. Amb. Mwapachu is currently the Chairman of the Governing Council of the University

of Dodoma, the fastest growing public university in Africa. Amb. Mwapachu is a law graduate of the University of East Africa and of the Indian Academy of International Law and Diplomacy, New Delhi, India.

*'Look at the world around you. It may seem like an immovable, implacable place. It is not. With the slightest push-in just the right place-it can be tipped.'*

**Malcolm Gladwell: The Tipping Point-How Little Things Can Make a Big Difference.**

### **Introduction**

In this paper I seek to present a position that the East African Community integration project in recent years has come under potential threat to its viability and even survival because of the ascendancy of politics, and not so much politics of hyper nationalism, as of changing attitudes of leadership about integration. It is a worrisome sign and it signals the importance of addressing the leadership phenomenon in determining not only the vibrancy but also the sustainability of integration institutions and their objectives.

### **Politics Overrides in Integration**

It is thus important to recall and underscore the fact that it is politics that fundamentally underlies the health and ultimate viability of regional integration mechanisms. In this vein, the conventional narrative that integration matters in fostering economic growth, security and prosperity whilst perceptively correct, it often, unfortunately, overlooks the fact that, ultimately, it is not increased trade and economic co-operation that provide the survival edifice of regional integration institutions. Politics matters more.

Let me though put up a caveat to the emphasis I am placing on the primacy of politics as a

fundamental guardian of regional integration. I am not in the least underplaying the role of other factors for which the EAC has justifiably received kudos for from around the world. Indeed, recently, the United Nations Economic Commission for Africa, the African Union and the African Development Bank, have released the 'Africa Regional Integration Index Report, 2016' which ranks the EAC 'as the most integrated region' in Africa.

### **EAC Leads as Best African REC**

The ranking analysis assesses trade integration, productive integration, regional infrastructure, free movement of people and financial and macro-economic integration. EAC deserves such recognition and commendation much as it has scored lowest on 'free movement of people' which, in my view, is a critical defining attribute of a successful regional integration programme and, more so, for the EAC which is the only regional economic community in Africa that is committed through a Treaty to move towards a political federation.

Notable is intra-EAC total trade which has surged from USD 2.6 billion in 2004 to US\$ 5,632.9 million in 2014. However, the EAC is seeing a worrisome decline in its intra-regional trade in relation to its overall trade with the rest of the world which stood at US\$ 55,906.4 million in 2014. For example, EAC's share of total trade with the rest of the World to total intra-EAC trade declined from 58.6 percent in 2013 to 52.6 percent in 2014. Something is not right and needs to be quickly addressed.

### **Failure of Politics and Leadership Fault-lines**

Be that as it may, the point that I am making is that we would be mistaken not to give greater attention to how politics can play out in such an intensive way as to undermine the fundamental ethos of regional integration even where trade and economic co-operation appear to work well. As is commonly known, the erstwhile East African Community collapsed in 1977 not so much because of the members' dissatisfaction over trends in trade and economic co-operation (indeed, asymmetry issues existed and caused serious concern), as in changed political conditions within the EAC Partner States.

The clash of leadership styles between Idi Amin and Mwalimu Julius Nyerere was a huge contributing factor. But so was Tanzania's growing socialist economic philosophy and economic measures in contrast to Kenya's deepening market economy. Even then, many observers agree that Nyerere was a strong believer in regional integration and but for Idi Amin, he would still have struck a close trade and economic relationship with Kenya and within a broad perspective of his beliefs in Pan Africanism.

### **Emerging Lessons from EU and Mercosur**

But the idea of the primacy of politics in regional integration has wider and extensive implications and lessons. It may be mentioned, for example, that the present threat of Britain's exit, the so-called 'Brexit', from the European Union (EU), is sending a cold chill down the EU's spine. Political pundits are questioning the future of the EU if Brexit becomes a reality. But it is

important to examine what underlies the politics of 'Brexit'.

In the European Union, the historic pace setter in making economic sense of regional integration, the last few years have seen a visible weakening of the ethos and meaning of integration as the EU country members consistently faced serious fiscal challenges affecting the basic welfare provisions for ordinary citizens. The consequence has been tough austerity measures being taken which, in turn, have triggered rising nationalisms that undermine the justification of much of what the EU has worked for and achieved since the establishment of the EU project in 1956.

It is not surprising, therefore, that Britain is finding itself in a critical situation in determining whether to remain in the EU or to exit. The 'Brexit' issue, as it has come to be known, will feature in a referendum to be held on 21 June, 2016. The implications of the results from that referendum are huge not only for Britain but for the whole EU membership and beyond.

Similarly, the future viability of the Mercosur in South America is being put in uncertain territory following the Brazilian political crisis involving the impeachment of President Dilma Rousseff. Brazil is the dominant economy in the Mercosur, the way Kenya is in the EAC.

### **Political Headwinds Impacting EAC's Vibrancy**

Let me offer some perspective about the kind of political headwinds that were moving in the direction of potentially destabilizing the edifice of the EAC and how important the changed political leadership in Tanzania with the ascendancy of Dr. John Pombe Magufuli to the Presidency in November, 2015 provides the crucial tipping point for a renewed and robust EAC.

The three years between 2013 and 2015 were probably the most difficult years for the East African Community (EAC) integration process. This was a period when some of us who either had the privilege to be directly involved in the leadership of the EAC or have closely been and continue to be engaged in following up and critically examining how the EAC integration proceeds, began to be concerned about EAC's future and even survival, at least from the context of its original membership form.

The concerns particularly arose from the fact in 2010 the EAC had taken a giant step to adopt a Common Market Protocol, an achievement of great import for deepening and widening the integration programme. Even though the implementation of the 'freedoms' that fall under the Protocol of the Common Market face a variety of challenges, from different member countries' perspectives, it remains the first of its kind in Africa.

Moreover, immediately thereafter, an intense process was commenced to negotiate the establishment of a Monetary Union. And to cap these transformative integration processes, the quest for the EAC political federation was also quietly but steadfastly taking a consultative momentum. Difficult as the consultative process was, much effort and thinking has been put into chalking out a constitutional framework for some form of an acceptable political

federation.

With the Customs Union five years old in 2010, and producing positive results in increased intra-EAC total trade, there was a general aura of the EAC moving full steam ahead to becoming a celebratory regional integration experience. EAC leaders, business people and citizens had expressed strong optimism about EAC's future.

And that trend actually strengthened in the period between 2011 and 2012 though signs of laggardness, of lackluster commitment and of sheer lack of timely responsiveness to honouring standing (not new) EAC proposals that sought to deepen and widen integration began to emerge and became more pronounced and heightened in the period between 2013 and 2015.

### **Tanzania-A Difficult Partner?**

To place the foregoing emerging dysfunctions in perspective, it is essential to recall, for example, that under the Customs Union Protocol, one of the main pillars outlined therein for implementation and which constitutes a *sine qua non* of any Customs Union, was the institution of a Single Customs Territory. And the logic for it is simple. Transit goods across the customs union territory cannot rightly be allowed to move from the point of entry, whether a port, airport or road border post, without taxes having been collected on behalf of the ultimate receiving Partner State where the goods are destined. Tanzania stalled for two years to implement this system.

Yet one of the paradoxes arising from such stand is that immediately upon President John Pombe Magufuli becoming President, he came to discover that the transit goods system was in fact being seriously abused by leading Tanzanian traders to evade taxes. Goods declared as 'transit cargo' were in fact being off-loaded within Tanzanian territory without any taxes having paid and sold at huge profits for the traders. And this is precisely what the single customs territory was intended to arrest. One may question whether the delay to implement the single customs territory agreement in Tanzania had not been a deliberate rent seeking scheme?

There are a number of other EAC integration programmes which also met with little enthusiasm from Tanzania. These included: the joint implementation of the Kenya-Uganda Northern Railway and the Tanzania Central Railway Corridor Projects, both with links to Rwanda and Burundi and whose central objectives were to introduce a railway line standard gauge. Other projects were on introducing a single tourist visa equivalent to the European Union (EU- 'Schengen' visa and the use of a National Identity Card for cross-border movement of EAC country citizens.

Moreover, and to add salt to injury, Tanzania also took a troubling stand over the accusations levelled against Rwanda on its alleged support of the anti-Kabila regime M23 insurgents in the Democratic Republic of the Congo. Presidents Jakaya Kikwete and Paul Kagame, in that scenario, were brought onto a somewhat wild west type 'Gun fight at OK Corral'- diplomatic 'shoot-out! Any way one looks at its consequences, it certainly left huge wounds between

Tanzania and Rwanda.

The subsequent expulsions by Tanzania of the so-called Rwandan illegal immigrants living in Tanzania under the 'Operation Kimbunga' in 2014 almost certainly heightened the love lost between Rwanda and Tanzania. Put differently, the die for the EAC's future had been cast as a result of the Rwanda-Tanzania fall-out. And by the end of 2015, Tanzania's commitment to the EAC seemed nothing short of a mere lip service. The body language of leaders expressed it all.

### **Emergence of Coalition of the Willing**

It was such environment that gave birth to what came to be described as 'a two-speed EAC' and the 'coalition of the willing'. Yet, the inevitability of such 'unintended consequence' to Tanzania's visible loss of enthusiasm and commitment to shared integration projects, could not be otherwise. The other EAC Partner States (minus Burundi which seemed caught up between its own internal political crises and trying to play a 'do-gooder' to Tanzania- a strategic supporter of the Nkurunziza regime from the time of the armed struggle) had to get on with realizing the EAC objectives of deeper and wider integration.

Moreover, the EAC Treaty (Article 7 (1) (c)) allows a select number of Partner States to apply the principle of 'variable geometry' to set aside the application of the Treaty principle of 'consensus' decision making (Articles 12 (3) and 15 (4)) to proceed to implement projects on their own provided that they fall within the Treaty objectives and co-operation programmes of the EAC (Chapters 11-27).

It is in the overall context of the foregoing that the idea of the EAC now being at a 'tipping point' emerges. There is a broad view that the entry of the Tanzanian 'political dragon' in the name of President John Pombe Magufuli into the EAC arena presents a dynamic opportunity for the EAC to move onto a new threshold and critical mass in its integration scheme of things.

### **EAC-In Search of a 'Tipping Point'**

I believe that these perspectives are important for the EAC countries as they search for new vigour and vitality to deepen and widen their regional integration. For it is evident, that some form of fatigue about traditional trade and economic integration seems to be emerging and the openness of globalization with the interconnectedness it offers appears to dampen the logic of institutional integration arrangements. The surge of sovereignty versus some form of supra-nationality which fundamentally underlies any meaningful integration is evident.

In addition, there is the entry of new policy dynamics that seem to take more urgent attention and concern in international co-operation. These centre more on threats of terrorism and new forms of 21st century insecurities such as cybercrime than on the lack of deeper and wider institutional trade and economic alliances.

Question is whether the EAC is well seized of these new developments and what it is doing not only in terms of learning from them but, more importantly, to seriously interrogate its own

position and experiences with a view to consolidate and deepen its integration taking into account security threats which it already has paid a huge price for in recent years.

### **Enter the 'Political Dragon'-Magufuli**

In this overall vein, it has to be admitted that the EAC went through a bad integration spell between 2013-2015 with Tanzania taking a 'cold' posture on key decisions and measures for deepening integration. The new Tanzania President is manifesting a different view and posture, not only in relation to regional integration but also about overall relations with cross-border neighbours who share so much close cultural affinity as to make past policies like 'Operation Kimbunga' regrettable.

Thus, it is not surprising to hear President Paul Kagame observing at the end of the World Economic Forum Summit for Africa held in Kigali from 11-13 May, 2016 that 'a new era has unfolded between Tanzania and Rwanda. Following the opening of the new chapter, the two countries are going to implement major development undertakings.'

Mark the words: 'a new era' and 'a new chapter'! What thus truly defines regional integration is precisely what is now taking place between Rwanda and Tanzania: the building of an environment of trust and solidarity. This is the recipe for creating sustainable shared values and the promotion of lasting mutually beneficial cooperation.

### **EAC's New Competitions-Justifiable?**

It is also important to see the recent decision by the Ugandan government to build its oil pipeline across the Tanzanian territory, instead of Kenya's, in the correct context. The decision by Uganda, in my view, is surely not about favouring Tanzania because of the past support to President Museveni in overthrowing Idi Amin as heroically tooted in some Tanzanian media! Neither is the decision directed at leveraging Tanzania's economy. If anything, the decision is simply in favour of Uganda for the economic sense of it.

However, and I find this point to be missed in all analyses about the Ugandan oil pipeline project and the decision by Rwanda to make greater use of the Dar es Salaam port for its exports and imports trade, the Ugandan and Rwandan decisions are fundamentally in the interest of promoting EAC integration. Ultimately, the whole EAC region will benefit from the economic spill-overs from the pipeline project as it bolsters trade and economic growth of the EAC states overall.

What is ordinarily not realized is that Uganda's decision on the oil-pipeline and Rwanda's decision to export most of its goods through the Dar-es-Salaam port help to build and ingrain greater confidence in Tanzania on EAC integration.

It thus means that rather than Kenya lamenting loss of business from the Ugandan pipeline project, it should instead celebrate Tanzania's new found 'fortunes' that would ultimately benefit Kenya's trade fortunes as the lead industrial state in East Africa. The higher the economic growth of the other four EAC Partner States, the greater the inevitable benefit to Kenya for its export of goods and services. This is what a win-win partnership in regional integration is all about.

On another dimension, it is also important to note that Tanzania is a key economic player in the EAC and has the potential to become an economic powerhouse in Africa. It is not therefore in EAC's interest to leave it in a state of economic zero-sum political mindset. The EAC almost lost it during the last four years. Under President John Pombe Magufuli Tanzania is once again taking leadership in making EAC work and realise deeper and wider integration.

### **Conclusion**

The EAC is now poised for a tipping point; it is once again being pushed to rise to a critical mass and threshold. The decision taken by the Magufuli government effective May 20, 2016 that all EAC symbols-emblems, flags and anthem- shall be accorded state recognition and respect in all public offices and functions, which never existed before, is a definitive expression of changed circumstances. Yes, politics matters and it is the right leadership that drives right politics.