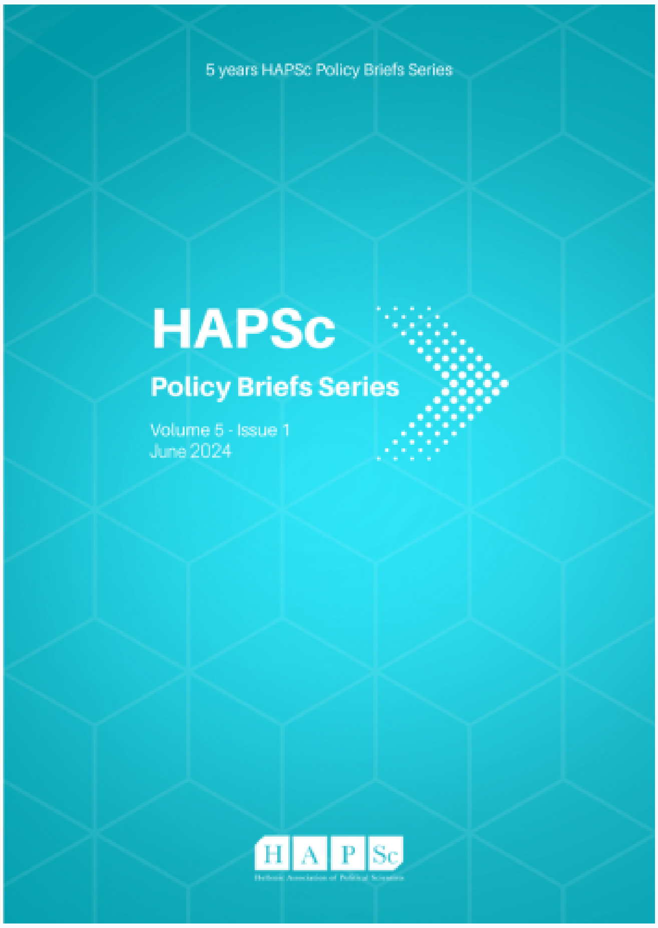
HAPSc Policy Briefs Series

Vol 5, No 1 (2024)

HAPSc Policy Briefs Series



Somalia and the Democratic Republic of Congo Join the East African Community: What Next for the Common Market?

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doi: 10.12681/hapscpbs.38968

To cite this article:

Ntara, C. (2024). Somalia and the Democratic Republic of Congo Join the East African Community: What Next for the Common Market?. *HAPSc Policy Briefs Series*, *5*(1), 54–60. https://doi.org/10.12681/hapscpbs.38968

ISSN: 2732-6578 (print version) 2732-6586 (online)

Somalia and the Democratic Republic of Congo Join the East African Community: What Next for the Common Market?[1]

Caroline Ntara[2]

Abstract

The growing number of member states in the East African Community (EAC) calls for greater efforts in common market integration. The region has been facing constraints in the execution of its Common Market Protocol (CMP) established in 2010 to sanction the uninhibited movement of capital, workers, people, products, and services and permit the right of establishment and inhabitation. There are deterrents ranging from insecurity, the absence of common market laws, financial constraints, failure to observe the principle of subsidiarity, limited recognition and facilitation of the informal sector, poor regional connectivity and challenges in the identification of persons, that must be subdued. With the new entrants, these challenges can become more pronounced and stall the regional integration agenda. However, the prospects that the entrants bring to the EAC including new markets, immense resources and thriving youthful populations can be tapped into for the benefit of the region. This paper provides policy recommendations on how the EAC can accommodate new members and profit from a robust common market.

Keywords: Common Market, East African Community, Regional integration, Trade blocs, Africa.

Introduction

The EAC currently has eight member states including Kenya, Uganda, Rwanda, Tanzania, Burundi, South Sudan, Somalia and the Democratic Republic of Congo (DRC) (EAC, 2023b; Owino, 2023). The common market was founded by Uganda, Kenya and Tanzania -the pioneer member states (East African Community, 2009). The intention was noble as they considered the myriad of benefits that could trickle down to their economies. However, the common market is facing difficulties in enactment 13 years later (Chilangazi & Magasi, 2023). The accession of DRC and Somalia to the bloc presents a new set of challenges. In particular, Somalia's application to join the EAC had been rejected for more than a decade. The EAC argued that Somalia did not meet the eligibility benchmarks due to poor governance, weak security, social justice hitches and rule of law complications. These aspects, still exist according to experts in regional integration. Nonetheless, the bloc has cited that the decision to abandon the benchmarks was made to fix the troubled country. It would seem that as the region struggles to reap the benefits of a bigger market, the work of dealing with challenges within member states such as Somalia becomes a reality (Wario & Rahel, 2023).

[1] To cite this paper in APA style: Ntara, C. (2024). Somalia and the Democratic Republic of Congo Join the East African Community: What Next for the Common Market?. *HAPSc Policy Briefs Series, 5*(1), 54-60. https://doi.org/10.12681/hapscpbs.38968

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The DRC, another new member, has a rich portfolio of natural resources and precious metals including diamond, gold, copper, cobalt, aluminium, other precious minerals, vast farmland, numerous water bodies, rich biodiversity, the world's second-largest rain forest and about 95 million people that can greatly benefit the EAC common market initiative (Mizner, 2022). The DRC is a great addition to the EAC. However, the DRC has been labelled a 'troubled child' (Byiers et al., 2023). Notwithstanding its wealth, it is one of the most underdeveloped and poorest states in Africa. In addition, just like Somalia, the DRC faces insecurity and a humanitarian crisis. For a long time, the Eastern provinces in the DRC have witnessed an exponential rise in safety incidents, particularly those concerning sexual violence, and severe limitations to the humanitarian space (UNHCR, 2023). The conflict has claimed the state's economic and political stability to the advantage of global conglomerates that have interests in the DRC's natural wealth. The current situation poses many questions- first-; can these new entrants disrupt peace and make it difficult to shoulder the burdens brought by humanitarian crises and civil unrest? Second; - will the increase in market size lead to common market gains in the EAC? Lastly; - What direction can EAC stakeholders take to reap the benefits of a common market?

Overview of the EAC: The Journey to the Present

The establishment of the EAC in 1999 by the Republic of Uganda, the Republic of Kenya and the United Republic of Tanzania, was the accomplishment of the trio's collaboration since the failure of the original EAC in 1977 (EAC Treaty, 2000; Urbanus, 2020). The interest of the EAC to ease trade among its members is enshrined in the Treaty founding the EAC under Article 5 (2), which highlights the Customs Union as the first stage of the regional integration agenda. The success of the customs union following the establishment of the Customs Union Protocol (CUP) and the Customs Management Act (CMA) attracted Rwanda and Burundi who subsequently joined the EAC in 2007 (EAC Treaty, 2000). The Treaty identifies the Common Market as the next stage of regional integration. The EAC proceeded to establish the Common Market Protocol (CMP) in 2010 to enable the free movement of goods, workers, people, capital, and services and allow citizens to live anywhere and start businesses within the bloc (Uwineza, 2018). The union attracted the interest of South Sudan to join the bloc in 2017, while DRC and Somalia became members in 2022 and 2023 respectively. These additional states are not the last entrants to the bloc. The EAC wants to have as many as 10 members by 2025 with Ethiopia, Djibouti and Eritrea being potential candidates (Anami, 2023).

The current EAC market size stands at a fourth of Africa's population with more than 300 million people and a potential GDP of about US$163.4 billion (EAC, 2023b). This population can enlarge domestic markets, deliver a bigger labour force, and act as a catalyst for innovation and economic growth. This echoes the EAC Vision 2050, which foresees the optimal utilisation of the region's resources to fast-track production efficiency and the social welfare of its people. It depicts a future East Africa with increasing prosperity in competitive economies, cohesive societies, and solid inter-regional collaboration (Sigano, 2019).

The common market can propel the EAC toward the realisation of the vision 2050. However, the EAC requires policy reforms on the free movement of factors of production, avenues of fostering peace and stability in the region, dealing with financial constraints and laws that capture every aspect of the Common Market.

Policy Outcomes and Implications

The new entrants have prompted the need for a keen look at the EAC common market. There are mounting fears that instead of increasing and strengthening intra-trade, the entry of the DRC and Somalia is dragging the integration process due to internal conflict within these states. The possibility of intra-regional movement for the new entrants has caused concern in some member states. They cite the dangers of insurgents, contraband items and unregulated migrants. There are fears that an influx of people can become overwhelming to the already struggling regional economies (Owino, 2023).

Further, as new entrants continue to join the bloc - there are no laws governing the Common Market (Penda, 2021). This is making it difficult to regulate the Common Market and propel it toward success. In addition, the integration is trying to unite states with divergent laws making it difficult to work together (Kamanga, 2018).

It has also become problematic to make strides because states already in the bloc, such as, South Sudan and Burundi have had difficulty contributing financially to the EAC making execution of the common market untenable (Anami, 2022a). According to the East African dated August 26, 2023;

“The DRC is yet to contribute even a single cent since it joined the EAC over one-and-a-half years ago, just like South Sudan,” …An older entrant, Burundi, is also yet to fully contribute to the EAC budget leaving Kenya, Uganda, Tanzania and Rwanda as the major fund contributors to the regional bloc (Anami, 2023).

In 2022, member states met in Mombasa, Kenya and agreed to work on a new funding model (Anami, 2022b). However, it would seem that even this new development did not work with the challenge still persisting. This has made it difficult to run regional projects. If the same happens with Somalia and the DRC, the common market is likely to fall through despite the likely gains of a larger populace and market.

Further, the common market can work best with the involvement of EAC nationals and private enterprises (Urbanus, 2020) -This is referred to as the principle of subsidiarity by the EAC Treaty. However, the private enterprises and nationals in the EAC are scarcely involved in regional matters. Interestingly, the informal sector is presently cohesive and moving liberally across the region (Nakanjako, 2021). Nevertheless, informal traders are not recognised neither is data of their movement or impact to the region's economies captured.

Thus, in addition to the reservations by some member states on the new entrants, there are pressing challenges calling for the attention of the region if the common market is to contribute positively to the region's economies.

Recommendations

1. Inclusive funding model – The region consists of states at different levels of development – with most of these countries ranking as developing. South Sudan, DRC, Somalia and Burundi are ranked among the poorest countries in the world (The World Bank, 2021). The funding model could be structured to allow all states to take part in the integration initiative. The current impasse could mean having no contributions from some member states - the new entrants included. On the other hand, failure to resolve this amicably can cause already contributing states to pull out.
2. Political Unity and Cooperation That Fosters Peace and Stability in the Region – A united region can resolve many challenges including opening border points and making One-Stop Border Posts (OSBPs) work for the benefit of the people. The EAC appears to be working on unity and cooperation. Recently, for the first time since it was founded in 1999, the EAC deployed forces to the DRC in what was seen as a test of its capacity to deal with violence in the region. The regional force has about 12,000 troops from Burundi, South Sudan, Uganda and Kenya. If regional unity and cooperation lead to the decimation of Al-Shabab, Somalia's entry into the EAC could be a masterstroke for the country, the region and the world at large (EAC, 2023a).
3. The EAC must come up with Common Market Protocol Laws – The need for laws governing each aspect of the common market is critical. The freedoms and rights envisioned by the common market can only be realised when the region agrees on the

rules of engagement. At the moment, the conflicting national laws stifle the gains that could have been realised with agreed-upon common market laws.

4. The EAC must actualise the Principle of Subsidiarity – The place of public participation and citizen involvement is weak in the region (Ouma, 2021). The people are seldom aware of the benefits that can accrue to them. Key integration stakeholders can conduct campaigns calling for regional unity and togetherness. The private sector can be given preference and voting abilities on matters concerning them - after all, they can revolutionise the economies of the region as key players in a thriving common market.
5. Promote transition to formality – A majority of Africans -East Africans included - participate in the informal trade market for sustenance (Kahiya & Kadirov, 2020). Porous borders make it easy for informal entry and exit of EAC citizens. The region must now move to recognise and empower informal traders. Due to the failure to manage informal trade, counterfeit goods thrive in the region because informal traders (Nakanjako, 2021) are harassed at every corner yet they contribute to the region's economies and create employment for women and youth.
6. Improve Connectivity and Identification of Persons – A big market has no meaning if connectivity is not enhanced to ensure that new and existing markets can be captured. However, with increased connectivity comes the fears of an unregulated influx of economic migrants' insurgents and smuggling of contraband and arms (Wario & Rahel, 2023). The concern could be the porous borders that cause counterfeits and illegal immigrants into EAC states. Just like the Customs union, the EAC must leverage on robust IT infrastructure that captures proper records with details of all immigrants accessible in one portal by all member states. A united region can develop systems that keep track of all entry and exit of goods and people in the EAC.

Conclusion

It is without a doubt that a bigger EAC market would benefit the region. Despite the risks posed by new entrants- the bigger picture is the endless possibilities that could trickle further to the EAC and ultimately, the AfCFTA. The EAC must look optimistically at the future while at the same time creating a conducive environment for all players.

The differences in ideologies in the region can be seen in the divergent views concerning new entrants. However, finding the path to resolving challenges is the most plausible approach. As new members continue to join the bloc now and, in the future, - let them find a common market that works seamlessly. Ultimately - the benefits outweigh any disadvantages that new entrants present. However, policymakers, governments and integration institutions have a task to ensure the region actualizes the envisioned gains. Ubuntu - the African spirit of oneness must be the region's unifying force. A United region presents better prospects for the people and all economies involved. With this mind-set - vision 2050 can become a reality sooner.

Lastly, while the desire is to inspire other states in the Horn of Africa to join the EAC, it is important to be cognizant of the blocs' basic principles of democracy, good governance, observance of human rights, social justice and the rule of law under Article 3 of the EAC Treaty. Perhaps, a thriving common market can contribute to good relationships and respect for the basic principles stipulated by the treaty. However, the EAC must implement measures that ensure the region enhances the benefits of new entrants and the common market at large. Potential difficulties such as the lack of CMP laws, insecurity, funding constraints, failure to observe the principle of subsidiarity, limited recognition and facilitation of the informal sector, poor regional connectivity and problems with identification of persons must be addressed with prudence.

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