Available online at http://www.journalcra.com

International Journal of Current Research
Vol. 10, Issue, 04, pp.67947-67951, April, 2018

INTERNATIONAL JOURNAL OF CURRENT RESEARCH

ISSN: 0975-833X

RESEARCH ARTICLE

LIMITATIONS AND PROSPECTS OF REGIONALISM IN EAST AFRICA

*Dr. Fred Jonyo

Senior Lecturer, Department of Political Science and Public Administration, University of Nairobi, Kenya

ARTICLE INFO

Article History:
Received 18th January, 2018
Received in revised form
05th February, 2018
Accepted 10th March, 2018
Published online 30th April, 2018

Key words:
Integration, Free Trade Area, Custom Union, Functionalism, Federalism.

ABSTRACT

This paper discusses the essence of regional integration. The central question is to interrogate why countries join or form regional economic blocs. The key objective is to examine the imperatives that compel countries to regionalism. Functionalism and federalism theory offer insights as to what process and path countries need to take in order to integrate. Baregu equally notes that regionalism is driven by imperatives which include; affection, gain, threats and forces of globalization. The paper concludes that despite challenges to integration, it remains a valuable avenue through which countries could collectively achieve sustainable development.

Citation: Dr. Fred Jonyo, 2018. "Limitations and prospects of regionalism in east africa", *International Journal of Current Research*, 10, (04), 67947-67951.

INTRODUCTION

The international system is constituted by sovereign independent nation states. These sovereigns separately pursue their national interest amidst competing interests from other nation states. Such competing interests if not well managed is likely to undermine the realization of national interest by nation states. Consequently, the essence of international cooperation becomes fundamental. In order to overcome negative aspects of competition, regionalism has become an avenue of streamlining, strengthening and harmonizing international cooperation. Regionalism became fashionable after (WWII) and has since remained quite vibrant. New regional blocks are being formed, old ones are being relaunched, collapsed organizations are being revived and existing regional blocks are being expanded. Should this trend persist, then independent nation states will have less and less role to play as these regional blocks assume a more visible role. With many countries in Africa finding themselves in socio-economic crisis in the 1980s, the establishment of integrated regional economic platforms was therefore necessary strategy to allow efficiency in use of resources by the partner states. This would eventually increase productivity growth, competitiveness and improving the living standards of the citizens. Article II (1) (b) and (2) (b) of its charter mandate the Organization of African Unity (O.A.U) then, now African Union to promote regional cooperation among its member states. This push was later supported in Resolutions CM/Res. 123 (IX) and CM/Res. 125 (IX), as adapted in Kinshasa in 1967, where the need for expanded markets in Africa was touted by leaders (Onimode *et al* 2004). In accordance to the Abuja Treaty, African integration was to be approached at two levels. First, was to use existing regional economic blocs as layers on which to build continental unity. Secondly, was to use sectors as a way of fostering integration. As such sectoral projects were to be formulated and collectively implemented.
Hence, in their quest to revive the collapsed East African Community (EAC), the governments of Kenya, Uganda and Tanzania signed a Permanent Tripartite Commission for East African Cooperation. Such arrangement was to ensure that member states cooperate in particular trade, investment, tourism, culture, foreign policy and diplomatic areas as spelt out in the East African Cooperation Development Strategy (1997-2000). The EAC is a regional intergovernmental organization established under Article 2 of the Treaty for the establishment of the EAC that came into force on 7th July, 2002. The treaty affirmed that it was establishing a community comprising of a common market that was to evolve into a monetary union and finally, a political federation.

***Corresponding author: Dr. Fred Jonyo,**
Senior Lecturer, Department of Political Science and Public Administration, University of Nairobi, Kenya.

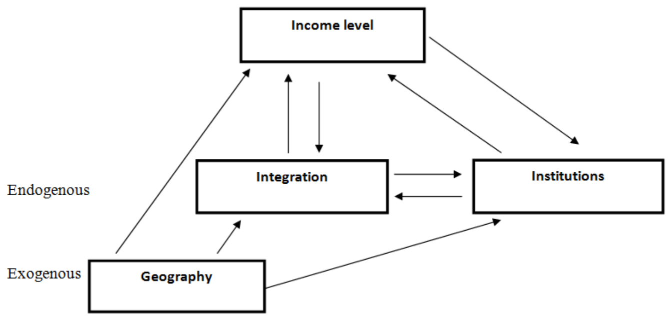
The membership of the community included; the republics of Rwanda, Burundi, Kenya, Uganda and Tanzania. In paragraph 1 Article 5, the community stated that the merger would strengthen, harmonize and streamline the industrial, commercial, infrastructural, cultural, social and political relations. This was intended to accelerate harmonious, balanced development and sustained expansion of economic activities.

The EAC aims are

- Promoting sustainable growth and equitable development for its members, including rational use of the region's natural resources and protection of the environment
- Strengthening and consolidating the long-standing political, economic, social, cultural and traditional ties of its members
- Enhancing the participation of the private sector and civil society
- Mainstreaming gender in all its programmes and enhancing the role of women in development
- Promoting good governance, including adherence to the principles of democratic rule of law, accountability, transparency, social justice, equal opportunities and gender equality and
- Facilitating peace and stability within the region (Article 5 (3) of the Treaty of EAC)

Regionalism is viewed by many scholars as natural and unavoidable outcome of resource power. Andrew Hurrell observed that regionalism is not only intuitive but also a major push for major power status (Hurrel, 2016). John Mearsheimer equally perceives regionalism as a pillar of global politics (Mearsheimer, 2001). The key theories of integration like liberal intergovernmentalism, neo-functionalism and multilevel governance approaches are more focused on domestic players as the drivers of regionalism. The state is thus fronted as a building block to regional integration (Achanga, 2016). Such approaches are characterized by bias as Sandra Destradi has shown. They generalize that region building by sovereign states is a joint venture, and evolve into a powerful hegemon (Destradi, 2010). These approaches ignore the impact of coercive forces that compel countries to integrate. Nor does it discuss why some states prefer multilateral regional organizations while others pursue bilateral policies in integration. Regional integration continues to dominate the global economy as countries coalesce within blocs in order to capitalize on gains accrued from the process which include but not limited to; greater market access, more bargaining power in multilateral trade negotiations, higher productivity as well as free movement of goods, labour and capital. The most vital significance of regional integration is that it precipitates socio-economic development hence its persistence in developing areas. Notably, economy integration is a process of eliminating restrictions on international trade, payments and factor products. It thus results in the uniting of two or more national economies in regional trading agreements. The road towards regionalism passes through Preferential Trade Area (PTA), Free Trade Area (FTA), Customs Union (CU), Common Market, Economic Union and lastly Political Union. The PTA occur among partner states when they agree to eliminate tariff barriers on selected goods imported from other members of the area. FTA occurs when two or more countries in a region eliminate or reduce barriers to trade on all goods coming from other members. CU involves the removal of tariff barriers between members plus the acceptance of a unified external tariff against non-members. This implies that member states negotiate as a bloc with other non members. It provides for establishment by member states of zero duty on goods and services and a common external tariff whereby imports from countries outside the EAC zone are subjected to the same tariff when sold to any partner state. The common market is achieved when member states trade freely in all economic resources – not just tangible goods. This means that all barriers to trade in goods, services, capital and labour are removed. Additionally, non-tariff barriers are also reduced and eliminated. The success of common market requires a significant level of harmonization of micro-economic policies and common rules regarding monopoly power and anti competitive practices. The monetary union entails adapting a common currency, common exchange rate, a common monetary policy including interest rates and regulation of the quantity of money and a single central bank such as the European Central Bank or the East Caribbean Central Bank. Finally, political federation which is based on three pillars, common foreign and security policies, good governance and effective implementation of the prior stages of regional integration. The East African countries have moved albeit sluggishly to put in place policies that distort economic relations between member states to achieve increasing levels of integration. Such policies were witnessed in labour mobility, regionalizing cross border infrastructure with a harmonized facility. Member states have agreed on a number of regional agreements yet trade barriers continue unabated. This points to lack of coordinated harmonization. World Bank report 2015, titled, "Reshaping Economic Geography of East Africa, from Regional to Global Integration emphasized,… regional integration will create a free zone that if all goes well, will facilitate duty and quota-free trade movements of goods and services. Governments in the region will have to choose integration policies that are implementable with their national and regional institutions to achieve deeper regional integration with all the economic benefits arising from economic integration…" The report and successive studies have noted that trade interests and investible capital thirsty for profit opportunities largely influence the custom union process.

The huge population estimated at 120 million provide a magnetic pull for disposal outlets for goods and services. The bigger external markets allow the EAC member states to lobby and bargain for better terms of market access and terms of trade. In order for the EAC to sustainably progress, institutional infrastructure is critical. The International Monetary Fund (IMF 2004 pp 105-11) concluded; "Even if institutions matter, as seems to be the case, these is too much potential for two way causality between institutions and policies and too much evidence that the impact on economic performance depends on interactions between policies and institutions, to rule out a key role of policies as well… The bottom line from these findings is not that policies are unimportant, but that our econometric framework (which is constrained, in particular, by the limited time serves data on institutions) is not well suited to uncovering a relationship between policies and growth that may be revealed through time".



Source: Rodrik, Subramanian and Trebbi, 2002

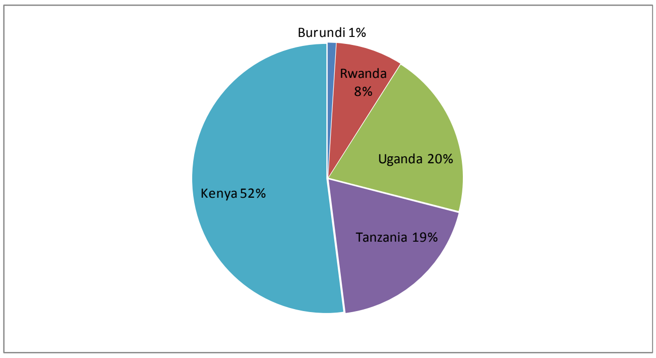
Figure 1. Framework on the Role of Institutions

There are four factors that motivate government institutions to play a critical role in market governance rather than being a passive observer (Wade 2003). Markets as avenues of exchange implies a set of transactions in which consumers and producers interact by way of exchanging goods and services with the motive of gain. Regional economic blocks are the social institutions that require moulding and regulation as markets. Moreover neoclassical institutional theory argue that institutions are alternatives to markets when the cost of using markets become bigger than their benefits (Coase 1937; Williamson 1975). Although institutions are crucial, there is no single character that will fit all countries. Specific countries or regions would evolve a suitable institutional platform. Consequently, institutional diversity is essential given the prevailing socio-political and economic environments. North 1990 clarifies that; Institutions are the rules of the game of a society or more formally, the limits designed by mankind to give shape to human relationship, be they political, social or economic". As Kay, 2004, 347 observes, "The integrity of an institution is not the product of its governance structure, but of the values of those who work within it. Many different value systems will be supported by adaptive, self-reinforcing behavior. If institutions are designed on the assumption that individuals are self-interested, self-interested behavior will be adaptive within them. If the premise is that people are not to be trusted, that expectation will be fulfilled" Intra-East African trade requires enhancement. The issue is not why East African countries are not trading with itself but rather what does East Africa have to trade with itself in the first place. When the countries are engaged in primary commodity production as is the case in East Africa countries, there is very little trade among themselves. Trade would be robust in situations where countries produce what their trading partners do not produce. Access to quality institutional infrastructure is an important requirement for industrial development. Institutions links producers to markets is a way that reduces production and distribution costs, enhance competitiveness, attracts new investors and fosters economic growth. The treaty establishing the EAC mentions key institutions that will further the cause of political cooperation. These are the Summit, the Council, the Coordination Committee, Sectoral Committees, the EAC Court, the EA Legislative Assembly, and the Secretariat. The EAC thus require greater efforts to inculcate wider and inclusive stakeholder participation, strengthen its weak institutions through harmonization of best practices in promoting capacity, participatory governance, rule of law and protection of people's rights.

METHODOLOGY OF THE STUDY

The study will use a six lense framework to interrogate the factors that drive countries to regionalism. It builds on a combination of political economy parameters of development to ingrain analysis. The EAC has an elaborate monitoring arrangement as provided for in the protocol.

These include; Article 71: empowers the Secretariat to have a strategic planning management, monitoring and evaluation of projects and programmes for the development of the community and regularly submit reports on activities of the community to Council through the Coordination Committee Article 14 (2) empowers the council to promote, monitor and reap constant review of the implementation of the programmes of the community and ensure its proper functioning Article 21 (b) empowers the Sectoral Councils to monitor and keep under constant review the implementation of programmes of the community within their respective sectors Article 18 allows Coordination Committee to submit from time to time reports and recommendations to the Council on the Treaty Article 49 (2) c empowers the East African Legislative Assembly with powers to consider annual reports of the activities of the Community, annual audit reports and any other reports referred to it by the Council Article 50 of the EAC Common Market Protocol requires the development of a framework for monitoring and evaluating the implementation of the protocol.



Source: Sandrey, 2015, ITC Trade Data

Fig. 2. Average Share of Intra EAC Exports (%) 2010 – 2013

The genesis of integration in EAC had its roots in the colonial Kenya – Uganda railway, later on extending to Tanzania. This enabled the formation of the East African Railways and Harbours Corporation in 1947. Other common East African wide platforms included, currency, postal and aviation services, customs and higher education. These were quite an incentive for Kenya, Tanzania and Uganda to integrate. This effort which culminated into the East African Community (EAC) in 1967 was full of promise to the region. Unfortunately the EAC was to fold its operations in 1977 due to political differences among the partner states. Then leader of Uganda, Idi Amin accused Tanzania of hosting Ugandan insurgents, Tanzania pursued socialist ideology while Kenya was capitalistic. After a ten year lull, the EAC was re-established in July 2000 with the signing of the treaty for the establishment of the EAC in November 1999 by Kenya, Uganda and Tanzania. It was now a much larger outfit than the previous bloc. It now comprised 6 partner states; Kenya, Tanzania, Uganda, Rwanda, Burundi and South Sudan. The key lenses motivating countries towards regionalism include; threats, affection and power.

Table 1. Logistics Performance Index 2014

Country	Rank/160	Score /s	Customs	Infrastructure	International shipments	logistics	Traching &tracing	time
Kenya	7.4	2.81	1.96	2.40	3.15	2.65	3.03	3.58
Rwanda	8.0	2.76	2.50	2.32	2.78	2.64	2.94	3.34
Burundi	107	2.57	2.60	2.40	2.60	2.51	2.51	2.76
Tanzania	138	2.33	2.19	2.32	2.32	2.18	2.11	2.89

Source: www./pi.worldbank.org/international/global2014

Baregu (2005) identifies these imperatives as creating the impetus and lead to the drive and desire for integration among members. Theoretically, functionalism and federalism have been applied in analysis. Federalism argues for a frontal attack on state sovereignty where states surrender aspects of their sovereignties to a larger regional unit (Haas, 1958, Nye, 1965, Hoffman, 1967). The functionalism theory advocates for a gradual process of integration, what was referred to as functionalist unity in which partner states begin to cooperate around economic, social, technical and cultural units. The path towards integration passes through free trade area, custom union, common market, monetary union and political union (Mazzeo, 1980). Integration entails relinquishing of certain aspects of sovereignty – obligations over a wide economic and social policy to the new regional platform.

This could be summarized as

'The advantages which may potentially accrues from increase of size of market may quite easily be lost if a group of collaborating economies fail to coordinate their policies effecti vely, operate at less than full capacity, restrict their investment and thus individually and collectively grow less rapidly. If a group of countries are to gain, they must be prepared from the outset to recognize and accept significant losses of individual sovereignty over their economic affairs' (Scitovsky T. 1963, 282 – 290).

Benefits of Regional Economic Communities

Regional integration efforts according to Van Langenhave should fulfill at least eight important functions

- The strengthening of trade integration in the region
- The creation of an appropriate enabling environment for private sector development
- The development of infrastructure programmes in support of economic growth and regional integration
- The development of strong public sector institutions and good governance
- The reduction of social exclusion and the development of an inclusive civil society
- Integration contributes to peace and security
- Facilitates establishment of an environment for regional programmes
- viii. The strengthening of the regions' integration with other regions of the world (De Lombaerde P. and Van Langehave L 2007)

The resurgence and renewed interest in regional economic community is occasioned by the consequence of and to a response to emerging trends in the international political economic order (Nyong'o 1990, Richards and Kirkpatrick 1999, World Bank 1989 and 2000, Gonzales 1999). With the liberal market transactions being globally entrenched and capital becoming dorminant, mark*et al*liances become evident. Prosperity in any one country is increasingly dependent on prosperity elsewhere. The apparent global economy provides an avenue for interdependence, deepening, widening and speeding up linkages. Regional economic blocs thus enables countries to pool together and face the challenges of the market economy. The contemporary international political economy has evolved into a conducive environment for integration. First, the evolution of global financial market beyond borders with capital penetrating economic opportunities due to liberalization policies. The internationalization of capital has enhanced mobility across boundaries. Second, the end of the cold war unleashed bigger opportunities for investible capital. The contemporary global economy is no longer restricted by ideological supremacy but competition for markets and scarce resources. Third, corporate activities and the search for profit maximization by multinational capital has necessitated corporations to extend their activities abroad. Bossier (1997) noted that the revolution made in technology has made possible the 'breaking down' of production into different stages at different localities. Fourth, the advances made in information, communication and technology has led to intensified interaction where geographical distance is no longer a hindrance. Finally, the global commons has necessitated collective action by countries. Environmental and cross border problems would best be handled regionally. With such an environment, partner states would easily enjoy, first, higher levels of production in a regional platform specifically along their comparative advantage. Not only will this lower their costs of production but it will also widen market outlets. Second, partner states would lead to economies of scale. Third, through regional integration, countries could strengthen their bargaining power in multilateral trade negotiations (Whalley, 1998). Regional integration offers partner states the opportunity to manage collective security. It solves inter-state conflicts as security becomes a common venture. Finally, integration allows freer flow of critical factors of production in search of maximization of returns.

Challenges to Integration

The levels of economic development is quite different among the EA countries. This will obviously cause difficulty in benefits distribution. Second, the harmonization of economic, social, security and tax policies would require dedicated resolve and compromise among partners. In the event that overvaluation occurs, then this would be a disincentive towards increasing exports and should partner states have undervalued rates, then imports from third party states will be forthcoming than imports from partner countries. The membership of a regional bloc should thus adopt a realistic rate regime that do not require to be insulated by a considerable import restrictions and which intends to create a desired global balance of payments (Jonyo, 2013). Third, is week institutions at both the national and regional level would slow the process of harmonization of policies. Fourth, lack of effective involvement of the private sector will deny the regional platform requisite capital for investments. Fifth, multiplicity and overlapping membership of regional integration schemes and mandates (Mothae, 2005). Sixth, intra-state conflicts have been quite common in Africa which works against allegiance to regionalism. These conflicts have created divisions among elites who consequently lack national vision for their states instead they have become more concerned with regime survival. In conclusion, despite the challenges EAC faces, the future lies with regionalism. The EAC's success depends on the support and commitment it gets from the member states. Coupled with progressive institutionalization of key organs are fundamental in sustaining integration process.

REFERENCES

Amitav Achanya, 2016. Regionalism beyond EU – Centrism, in Tanya A. Boerzel and Thomas Risse eds., *The Oxford* *handbook of Comparative Regionalism* Oxford University Press.

Andrew Hurrell, 2016. Hegemony, Liberalism and Global Order, *International Affairs,* Vol. 82 No. 1.

Coase Ronald, 1937. The Nature of the Firm, *Economica* 4

De Lombaerde and Van Langenhave (2007), Regional Integration, Poverty and Social Policy, *Global Society Policy,* 7.

Haas Ernest, 1958. The Uniting of Europe, London, Steven and Sons.

Hoffman Stanley, 1963. Discord in Community, The North Atlantic Area as a Political System in F. Wilcox and H. F. Haviland ed., The Atlantic Community, Progress and Prospects, International Organization, Vol. 17, No. 3.

John Kay, 2004. The Truth about Markets, Why some Nations are Rich but Most Remain Poor, London, Penguin

John Maersheimer, 2001. *The Tragedy of Great Power Politics*, New York, Norton.

Jonyo Fred, 2013. Perspectives of Regional Integration in the East African Community, Research Journal in Organizational Psychology and Education Studies (RJOPES), Vol. 2 NO. 4.

Joseph Carbaugh, 2004. International Economics, Ohio, South Western Learning Centre.

Mazzeo Domenico, 1984. African Regional Organizations, Cambridge University Press.

McCormick, J. 1999. The European Union, Politics and Policies, Boulder, Colorado, Westview Press.

Mwesiga Baregu, 2005. The East African Community's Prospects on Global stage in Rok Ajulu ed., The Making of a Region, The Revival of the East African Community, South Africa, Midrand.

North Douglas, 1990. Institutions, Mexico City.

Nye Joseph, 1966. Pan Africanism and East African Integration, Cambridge University Press.

Nyong'o Anyang' ed., 1990. Regional Integration in Africa, Unfinished Agenda, Nairobi, Kenya.

Sandra Destradi, 2010. Regional Powers and their Strategies, Empire, Hegemony and Leadership, *Review of International Studies,* Vol. 36 No. 4.

Scitovsky, T. 1963. International Trade and Economic Integration, Stanford University Press.

Wade Robert, 2004. Governing the Market, Economic Theory and the Role of Government in East Asian Industrialization, Princeton University.

Whalley, J. 1998. Why do Countries seek Regional Trade Agreements? In Frankel J. eds., The Regionalization of the World Economy, Chicago University Press.

Williamson Oliver, 1975. Markets and Hierarchies, New York, Free Press.

World Bank, 2015. Reshaping Economic Geography of East Africa, From Regional to Global Integration, Washington.

****