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The Economic Partnership Agreement between the European Union and the East African Community

Factors explaining the different EAC Member States' positions towards the EU-EAC EPA

“Synthesis”

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LIST OF ABBREVIATIONS

ACP	African, Caribbean, and Pacific Group of States
AEF	Afrique Occidentale Francaise/ Federation of French Equatorial Africa
AOF	Afrique Occidentale Francaise/ French West Africa Federation
CEAO	Communauté économique de l’Afrique de l’Ouest
CEPLGL	Communauté des Pays des Grands lacs
CET	Common External Tariff
COMESA	Common Market for Eastern and Southern Africa
CPA	Cotonou Partnership Agreement
EAC	East African Community
EACB	East African Currency Board
EACLA	East African Central Legislative Assembly
EACSO	East African Civil Society Organizations' Forum
EACSO	East African Common Services Organization
EADB	East African Development Bank
EAHC	East African High Commission
EBA	Everything But Arms Scheme
ECOWAS	Economic Community for West African States
EDF	European Development Fund
EEC	European Economic Community
EPA	Economic Partnership Agreement
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross domestic product
GNP	Gross National Product
GSP	General System of Preferences
IBEAC	Imperial British East Africa Company
IMF	International Monetary Fund
LDC	Least Developed Country
OEP	Open Economy Politics
OCAM	Organisation Commune Africaine et Malagache
OMACE	Organization africaine et malgache de coopération économique
PAFMECA	Pan-African Freedom Movement for East and Central Africa
REC	Regional Economic Community
SACU	South African Customs Union
SADC	Southern African Development Community
SADCC	Southern African Development Coordination Conference
SOUDETRAF	Société pour le Développement du Transport Aérien de l'Afrique
UAM	Union africaine et malgache
UAMCE	Union Africaine et Malagache de Coopération Économique
UDAO	Union douanière de l’Afrique Occidentale
UDEAC	Union Douanière et Économique de l’Afrique Centrale
UDEAO	Union douanière des États de l’Afrique de l’Ouest
UNECA	United Nations Economic Commission for Africa
UNCTAD	United Nations Conference on Trade and Development
RTAs	Regional Trade Agreements
WTO	World Trade Organization

CHAPTER I: INTRODUCTION

1.1 Background

European Union-Africa relations can be traced back to the African colonial period, which was justified by the European governments, as a means to secure new outlets and access to key raw materials for their manufacturing industries (Defraigne, 2017). Indeed, as the decolonization period of the African states in the 1950s coincided with the foundation of the European Economic Community (hereinafter, referred to as EEC), the European Union (hereinafter, referred to as EU) Member States sought to maintain economic links as well as the access to raw materials and other strategic economic interests that they had enjoyed during the colonial period; hence, with the insistence of France, provisions for association with the former EU member states' colonies were included in part IV of the 1957 Treaty of Rome (Farrell, 2005; Holland, 2002). These relations have evolved over the years, as illustrated by the successive agreements of Yaoundé (1963-1975), Lomé (1975-2000), and Cotonou (2000-2020). The current Cotonou Partnership Agreement provides for the negotiation of free trade agreements in the form of Economic Partnership Agreements between the EU¹ and the African Caribbean, and Pacific group of states (hereinafter, referred to as ACP). These agreements are envisaged by both the EU and the ACP states as instruments that can foster regionalism and development in the African countries.

Indeed, after the Second World War, regionalism emerged as a relevant global phenomenon for both the developed and the developing world. However, while it is seen as favourable for the regulation of the flow of certain goods and services or simply for securing a monopoly in the production and marketing of certain products, to achieve faster economic growth in the developed world; in the developing world, it is recognized as a necessity for economic development (Asante, 1997: 2). Particularly, in Africa, regionalism has largely been perceived and undertaken as a necessary condition for the economic growth, sustainable development and integration of African economies into the world economy. However, despite adopting several regional integration schemes which pre-dominantly imitate the EU's successful regional integration model, Africa's efforts at regional integration have been characterized with poor performance, whilst registering little to no success. Several reasons have been cited to explain the

¹ Otherwise stated, throughout this thesis, the term "EU" or "European Union" refers to the EU Member States and the EU Community-level Institutions.

poor performance of Africa's regional integration efforts, particularly, the colonial legacy of Africa's political economies. This has been a similar structure and sequel of EU-Africa relations. Indeed, despite the developmental orientation of the consecutive EU-ACP agreements and the preferential treatment enjoyed by the ACP states, the African countries have failed to secure any noticeable increase in the levels of economic growth and development. Against this backdrop, there has been a lot of discussion over recent years about the role of regional integration and Economic Partnership Agreements in fostering sustainable development in African countries, and whether the pre-dominantly advocated for and imitated EU regional integration model is appropriate for Africa's political economies.

In this context, the Economic Partnership Agreement (hereinafter, referred to as EPA) negotiations between the EU and the ACP states, grouped into seven regional economic communities (hereinafter, referred to as RECs), have garnered considerable attention. The EU and the ACP countries have recognized that EPAs shall address the overarching goals of sustainable development and regional integration in Africa. From 2003 to 2014, these EPAs were negotiated with the prime objective of ensuring the compatibility of EU-ACP trade with the World Trade Organization rules which allow, for the granting of trade preferences to developing countries, but prohibit discrimination among them, unless a WTO waiver is granted (Zamfir, 2018). This is basically in reference to Article XXIV of the GATT, which provides for regional trade agreements between WTO Members only if they remove all trade barriers on 'substantially all trade' between the parties to the agreement (Bartels, 2007: 752-753). These EPAs are also intended to replace the preceding unilateral trade preferences, by granting ACP countries absolute duty-free quota-free EU market access, in exchange for, ACP countries opening up their domestic markets to about 80 per cent of the product lines (Adam, 2018: 3). It is argued that, despite decades of EU unilateral trade preferences, the ACP countries did not substantially increase their exports to the EU, nor did they diversify their products to reduce the dependence on raw materials; whilst, Asian countries without or with few trade preferences had managed to increase their trade with the EU drastically in the past decades (Ibidem). Therefore, the Economic Partnership Agreements are intended to foster development by establishing new comprehensive agreements that liberalize trade reciprocally, strengthen regional integration and boost trade among the ACP states, attract EU investors to the region by offering them legal certainty as well as boosting the creation of new jobs.

However, critics of the EPAs (cf. South Centre, 2012; Zamfir, 2018, for example) argue that, the EPAs: pose a major threat to ACP local agricultural production and food security; will distort competition and ruin small ACP farmers even though EPAs ban agricultural export subsidies; undermine African countries' efforts to industrialize as well as their integration efforts and trade; and finally, the possibility of Brexit reducing the benefits for ACP countries, as the UK is an important market for ACP exports. On the other hand, it is argued that the EPAs will mainly benefit the EU side, particularly, EU multinational companies (Zamfir, 2018), whilst, protecting the EU's explicitly stated interests of "securing reliable and undistorted access to raw materials" (European Commission, 2008: 2). Owing to this controversy about the scope, purpose and future effect of the EPAs, the negotiations lasted for twelve years, rather than the envisaged five years. Moreover, only the Caribbean Regional Economic Community and the Southern African Development Community EPAs have completely come into force since the conclusion of the agreements in 2014, although a few African countries with separate RECs have individually signed an EPA (European Commission, 2020a).

In the East African Community² (hereinafter, referred to as EAC), the controversy surrounding the EPAs is noticeable. Although the EU-EAC EPA negotiations were finalized in October 2014 and signed by the EU, the EPA has only been signed in the EAC by Rwanda and Kenya which also ratified in September 2016. However, Tanzania, Burundi and Uganda have not signed nor ratified the agreement, citing different reasons. In comparison to other regional economic communities, EAC individual countries cannot adopt the EPA until all the member states have signed and ratified the agreement. The necessity to act unanimously was defined by the EAC countries at the start of the EPA negotiations. Nevertheless, as the EPA text was ready for signature in September 2015, Tanzania (the main opponent of the EPA) started to raise concerns and repeatedly postponed the signing of the agreement. Tanzania argues that; the EPA would hinder industrial development in the country, disrupt regional integration efforts as well as the consequences of Brexit on the country's export revenue given that, the EPA prohibits the introduction of new export tariffs. Burundi, on the other hand, has made the lifting of EU sanctions as a precondition for signing the EPA, whilst Uganda prefers to play a mediating role

² South Sudan is not covered in this study because the country was not involved in the EU-EAC EPA negotiations but it can join the EPA if it enters into force. Therefore, henceforward, the terms "EAC member states" or "EAC countries" or "EAC partner states" used throughout this thesis refer to Kenya, Tanzania, Uganda, Rwanda and Burundi.

by signing the agreement after all the other EAC countries have done so, to avoid disrupting the EAC's status quo (Pichon, 2018). Following this deadlock, the EU and the EAC chairperson held discussions in September 2017 which mandated the EAC to find the way forward. At the EAC February 2019 Summit, the Heads of State agreed that countries could individually sign the EPA and pursue the implementation of the trade deal without needing approval from all other EAC members; however, this potentially entails new EPA negotiations (European Parliament, 2020). In other words, the EAC member states' different attempts at reaching a consensus about the EPA have rather been unsuccessful.

1.2 Problem Statement, Research Question and Hypothesis

Ultimately, the present impasse of the EU-EAC Economic Partnership Agreement induces the question of why some developing countries are in support of signing and adopting a free trade agreement with a developed trade partner or entity like the EU, while others are not. Particularly, why do some EAC Member States, a remarkably homogeneous regional entity with a long history of regionalism, support the adoption of a free trade agreement with the EU as an important instrument towards their economic development, while other member states oppose it? In other words, **“What factors explain the different EAC Member States' positions towards the EU-EAC Economic Partnership Agreement?”** This question serves as the overall goal of analysis, the answer to which will be guided by sub-questions such as; What are the main characteristics of EAC member states' international trade profiles? How are the interests of domestic stakeholders aggregated at the EAC member states' governmental level? What are the main features of the EAC member states' political relations? How have EU-Africa relations evolved over the years? How has the phenomenon of regionalism evolved in the African continent? What are the strengths and weaknesses of the EAC as a regional bloc? What is the potential economic impact of the EU-EAC EPA on the EAC economies (who are the winners and losers)? All these questions are important for the study and understanding of the future of the different countries involved, whilst offering a possibility to contemplate lessons learned from the EU-EAC EPA case study. Taking into consideration the research question and the sub-questions, the following hypothesis is developed: The EAC's LDCs have little economic incentive to sign the EPA because they are trading with the EU under the Everything But Arms scheme, while Kenya's positive EPA position appears to be based on the fears of the potential loss of its duty-free-quota-free EU market access as a lower-middle-income country.

1.3 Rationale for this study

The current state of play of the EU-EAC Economic Partnership Agreement presents a worthy opportunity to study the different interests and factors determining the EAC individual countries' positions towards the adoption and implementation of the EPA. First and foremost, the EAC is a geographically and an economically homogeneous region and relatively small in comparison to other African Regional Economic Communities; although it is considered one of the most integrated regional economic communities in Africa (African Union et al., 2016). Furthermore, although the EPA negotiations were concluded in 2014, the EAC member states have failed to reach a consensus on the signing and ratification of the agreement due to different preferences regarding trade liberalization and domestic protectionism. Moreover, whilst some individual African countries within some regional economic communities have adopted and implemented their EPAs individually, the EU-EAC EPA cannot be adopted or implemented by a single EAC member state, as the countries agreed on unanimity for the EPA implementation. This, therefore, introduces a particular component of political regional negotiation to the EPA positions of individual EAC member states.

Furthermore, whilst media sources regularly discussed and debated the contentious issues surrounding the Economic Partnership Agreements (cf. Kamagi, 2017; Kulaba, 2019, for example), this topic is now vanishing from numerous media sources' radars. In academic literature, numerous scholars have examined the possible impacts of EPAs on ACP economies and regional integration or analyzed the challenges facing EU-Africa relations (cf. Szepesi, 2004; Stevens, 2006; Storey, 2006; De Melo & Regolo, 2014; Farrell, 2005; Milner et al., 2005; Mbithi et al., 2015; and Streatfeild, 2003, for example). However, less consideration has been given to examining the domestic economic and political factors determining the member states' actions vis-à-vis partner states or trade partners and herewith, the diverging positions of the EAC countries towards the EPA. With this thesis, I intend to fill up this gap in the existing academic literature. Additionally, the findings from this research will provide useful information for the preparation of future guidelines, not only about the EU-EAC EPA, but also to better clarify the complexities of certain EU-ACP agreements in future negotiations.

This thesis also seeks to go beyond the study of the EU-EAC EPA and generally EU-ACP EPAs, as it offers a comprehensive overview of the phenomenon of regionalism as well as regionalism

in Africa and the East African Community. In so doing, it contributes to the field of comparative regionalism, as it provides a comprehensive overview of the regional integration dynamics in Africa and the East African Community. Comparative regionalism developed in the 2000s as an attempt by regionalism scholars to comprehensively and extensively study the reasons and implication of regional integration throughout the world, rather than just focusing on the European Union (Sbragia, 2008). Whilst most literature (Clapham et al., 2001; Eiasen & Monsen, 2007; Söderbaum, 2004; Vasconcelos, 2007) has focused on a few regional integration projects such as MERCOSUR, ASEAN, and SADC, less attention has been paid to many other regional integration projects. Therefore, by studying the East African Community, a partial contribution is made to the field of comparative regionalism.

Furthermore, this thesis also seeks to contribute to the debate about the essence of the EU foreign policy towards the developing world, particularly, sub-Saharan Africa. Some researchers (Telò 2006; Smith, 2003) suggest that the historical experience of Europe and the specific multi-level framework of the EU have led the EU to adopt a unique and more civilized foreign policy; whilst other scholars (Jurje & Lavenex, 2014; Garelli, 2012) suggest that the EU utilizes its ‘trade power’ or ‘market power’ as a coercive instrument to compel vulnerable parties to adhere to its rules and regulations to gain access to the large EU market. Therefore, critically analyzing EU-Africa relations as well as EU-EAC trade relations provides a partial insight into this debate. Indeed, one can sufficiently present a convincing argument that, the EU is promoting regional integration in other parts of the world in order to normatively convince diverging states to adopt the EU development model, or that the EU is promoting its regional integration model in the developing world to secure reliable and undistorted access to raw materials from the developing world.

To sum it up, this thesis seeks to fill the gap in the existing literature review about the domestic economic and political factors determining member states’ actions vis-à-vis partner states or trade partners and also potentially provide useful information for the preparation of future guidelines, not only about the EU-EAC EPA, but also to better clarify the complexities of certain EU-ACP agreements in future negotiations. It also seeks to contribute to the study of some regional integration fields such as comparative regionalism and the debate about the essence of the EU foreign policy towards the developing world.

1.4 Methodology and Sources

This thesis draws upon both qualitative and quantitative primary and secondary data to gain a comprehensive analytical overview of the subject. The primary sources consist of “grey literature”, particularly, documents regularly written by formal organizations such as memoranda (memos), conference or seminar papers and reports, communiqués, resolutions, press releases, protocols, decisions and conclusions, speeches, and archive records. I gathered numerous documents systematically from a wide variety of stakeholders engaged in the EU development process and also from stakeholders interested in African and East African regionalism. These, include the EU institutions, particularly the European Commission and European Parliament; the EAC and its secretariat; international organizations such as UNECA, UNCTAD, World Bank Group, World Trade Organization, African Development Bank Group; and Civil Society Organisations such as EACSO. When respectively cited, these primary documents are listed in the bibliography section and categorized together as “memos, conference or seminar papers & reports” to simplify the reader’s experience.

Furthermore, I obtained and analyzed information and data from secondary literature consisting mainly of books, book chapters, and academic journal articles. This secondary data provides critical, insightful and well-researched analyses which significantly enabled me to make a comprehensive analysis for all the chapters covered in this thesis. For example: for the second chapter which analyzes the phenomenon of regionalism, data was mainly obtained from regionalism scholars (cf. Telò, 2007; Asante, 2016; Fawcett, 2005; 2016; Gamble, 2007; Hettne & Söderbaum, 2006, for example); for the third chapter which analyzes regionalism in Africa, data was obtained from academic scholars (cf. Asante, 1997; Söderbaum, 2004; 2007; Levine & Nagar, 2016; Apuuli, 2016; Clapham et al., 2001; Oloruntoba, 2016, for example); for the fourth chapter analyzing EU-Africa relations, data was obtained from academic scholars (cf. Holland, 2002; Defraigne, 2017; De Melo & Regolo, 2014; Farrell, 2005, for example), for the fifth chapter analyzing the historical evolution of EAC regionalism, data was obtained from scholars (cf. Aloo, 2017; Masinde & Omolo, 2017; Mshomba, 2017; Kimbugwe et al., 2012; Ravenhill, 1979, for example); and for the sixth chapter which provides a comparative analysis of the political economy of the EAC, data was obtained from literature and theory from the field of International Political Economy (cf. Lake, 2009; Frieden, 1996; Booth et al. 2014; Cooksey, 2016, for example). When referring to these secondary sources, they are listed in the bibliography

section and categorized as “books/book chapters” and “journal articles”, to simplify the reader’s experience.

Additionally, I obtained and analyzed numerous news articles and press clippings from newspapers, websites, and magazines. These news articles and website press clippings (cf. Anyanzwa & Asiimwe, 2016; Kamagi, 2017; Daily Monitor, 2015, for example) mainly discuss regional integration in the East African Community and the controversy surrounding the EU-EAC Economic Partnership Agreement. Whenever these news articles and press clippings are cited, they are listed in the bibliography and categorized together as “newspapers, websites, and magazines”.

Finally, I also obtained some information and data from published and unpublished dissertations and theses (cf. Adam, 2018; De Zamaróczy, 2016; Ikome, 2004; and Nyawira, 2008) which mainly analyze EU-EAC EPA, regional integration in Africa and the East African Community.

To sum it up, this thesis is mainly informed by qualitative and quantitative primary data from the EU, the EAC, and international organizations; and qualitative and quantitative secondary data from academic scholars. It is also informed, to a lesser extent by news articles and press clippings from newspapers, websites and magazines and also by four dissertations and theses.

1.5 Theoretical Framework

In order to explain the EAC member states’ diverging positions towards the EPA, this thesis examines numerous economic and political factors that potentially influence member states’ trade preferences, based on a theoretical approach from the field of International Political Economy, particularly, Open Economy Politics (cf. Lake 2009, Frieden, 1996). Open-Economy Politics (hereinafter, referred to as OEP) emerged as a nascent paradigm of International Political Economy in the late 1990s (Lake, 2009: 225). OEP focuses on answering the question of “how, when, and why do countries choose to open themselves to trans-border flows of goods, services, capital, and people,” and “how does integration(or not) into the international economy affect the interests of individuals, sectors, factors of production, or countries and, in turn, national policies” (Ibid: 221). It acknowledges that, while economic theory posits that free and unrestricted international trade is welfare improving, in reality, openness is historically rare, problematic, and a phenomenon that itself needs to be explained (Ibidem). It also adopts the assumptions of

neoclassical economics and combines it with political factors to explain why actors adopt divergent positions towards trade liberalization (Ibid: 224-225; Frieden; 1996). Therefore, OEP will be applied in this study to analyse the diverging positions of the EAC member states towards the EU-EAC Economic Partnership Agreement.

Analysis within OEP proceeds from a micro to a macro level in a linear and orderly fashion, reflecting an implicit conception of politics as flowing up from individuals to interstate bargaining (Lake, 2009: 225). This analysis follows three fundamental components of OEP, namely; interests or preferences, domestic institutions, and international bargaining. The first component of OEP is the interest or preference, that is to say, how an individual, a group of individuals, sectors, factors of production or countries are affected by a particular policy (Ibid: 226). In other words, actors that benefit from a policy are expected to lobby up to the point where the marginal cost of that effort equals the marginal benefit, whilst actors that lose from a policy are expected to lobby against it (Ibidem). To put it precisely, politics is primarily about winners and losers from policy alternatives. Therefore, applied to this study, the domestic interests of the EAC member states are gleaned by analysing their economic and trade profiles.

The second component of OEP studies how domestic institutions aggregate conflicting societal interests, with varying degrees of bias, and condition the bargaining and competition over policy between opposing groups (Ibid: 227). In other words, it studies how conflicting interests are aggregated by institutions of political power. For instance, in weakly institutionalized political systems, like in weak or “failed” states, coercive strength is expected to determine political outcomes, while in highly institutionalized settings, like most domestic political systems, institutions generally reflect group strength over the long term and can develop an independent standing and structure, channel, and sometimes offset brute force in the short term (Ibidem). In this study, the second component of analysis will be deduced by analysing the interactions between domestic stakeholders and the governments of the respective EAC member states as the institutions with the policy-making power regarding the Economic Partnership Agreement.

The third and final component of OEP analysis studies the international bargaining position of countries (Ibid: 228). It notes that, after domestic interests are aggregated through institutions into a national policy, states can then bargain when necessary to influence one another’s behaviour and to determine the joint outcome of their actions, thus international institutions will condition

how this bargaining takes place and what outcomes are reached (Ibidem). Notably, international bargaining is most likely to arise when the policies of one state create externalities for others, and in many situations, externalities arise from the collective choices of many small economic actors (Ibid: 229). In this regard, this study analyses the positions of the EAC member states in the Community context, that is to say, the EAC political relations/inter-state politics.

In summary, according to the OEP approach, interest or preference, domestic institutions, and international bargaining explain how policies are derived. This research, therefore, proceeds from the examination of the economic and trade profiles of the EAC member states to the scrutiny of the linkages of economic interest and political power, and finally to the review of their roles and political relations in the EAC. A combination of all these components helps to explain some EAC member states' willingness to sign the EPA and other member states' unwillingness to sign the EPA.

1.6 Thesis Structure

Proceeding chronologically, the thesis is structured as follows: Chapter 1 as already seen, presents an introduction to the case study, followed by a description of the problem statement and the research question, and then the rationale for this study, as well as a description of the methodology and sources utilized to gain a comprehensive analytical overview of this study, and finally the theoretical framework applied to explain the potential economic and political factors explaining the EAC member states' positions towards the EPA.

Chapter 2 provides a comprehensive analysis of the phenomenon of regionalism, with the objective of contextualizing the processes outlined in the rest of the thesis. It starts with: an introduction; followed by the debate surrounding the concept of regionalism; and then a detailed analysis of the historical waves of regionalism, including, the first wave of regionalism which occurred during the inter-war period, the second wave of regionalism also known as old regionalism which occurred in the 1950s-1960s, and the third wave of regionalism also known as new regionalism which occurred in the 1980s-2000s; followed by a presentation of the forms of regionalism, particularly, political regionalism, functional regionalism, and economic regionalism; before concluding.

Chapter 3 provides a comprehensive analysis of regionalism in Africa, commencing with: an introduction; followed by a detailed analysis of the historical evolution of regionalism in Africa, including, the first phase which occurred in the 1950s -1960s, the second phase which occurred in the 1960s-1970s, coupled with an explanation of the factors explaining the failure of Africa's economic regionalism in the early post-independence years, then the third phase which occurred in the 1970s -1980s, and the fourth phase which occurred in the 1980s - 1990s, and finally, the fifth phase which occurred in the 1990s-2000s; followed by an examination of regime-boosting regionalism and shadow regionalism; and finally a detailed analysis of the contemporary challenges facing regional integration in Africa; before concluding.

Chapter 4 presents a critical analysis of EU-Africa relations, starting with: an introduction; followed by a discussion about the historical evolution of the EU-ACP relations, including, the Yaoundé Convention from 1964–1975, and the Lomé Convention from 1975-2000; followed by a critical analysis of the Cotonou Partnership Agreement and the Economic Partnership Agreements, focusing on the analysis of the disputed impact of EU-ACP Economic Partnership Agreements as well as the disputed economic impact of the EU-EAC EPA, and then a conclusion is made.

Chapter 5 provides a detailed analysis of the historical evolution of regionalism in the East African Community, with the objective of examining the background of the EAC which has shaped and is significantly determining the course of the current EAC. It starts by presenting: an introduction; followed by a discussion about the East African pre-colonial cooperation and integration dynamics; then a detailed analysis of regionalism in East Africa during the colonial period from the 1900s-1960s, including a detailed discussion about the fundamental factors affecting East African regionalism during this period; followed by a detailed analysis of regionalism in East Africa during the independence era from 1960-1967, with a focus on the attempts towards an East African Federation as well as the attempts to further East African economic integration and cooperation; then a discussion about the rise of the first East African Community from 1967–1977; followed by a detailed analysis of the factors explaining the fall of the first East African Community in 1977; then a brief analysis of the post-integration period from 1977–1993; and relaunch of the EAC in the 2000s; before finally concluding.

Chapter 6 provides a detailed comparative analysis of the EAC political economy with the main objective of identifying possible factors explaining the positions of the EAC Member States towards the EPA. It starts with: an introduction; followed by a detailed analysis of the EAC countries' political and economic backgrounds; followed by a detailed comparative analysis of the EAC countries' trade profiles, with a focus on the economic overview, intra and extra-EAC regional trade, as well as EU-EAC trade relations as well as other EA key external trade partners and a discussion about the key points; then, a detailed analysis of interest-aggregation of the EAC individual member states; followed by the EAC regional integration politics, with a focus on EAC inter-state regional politics and the EAC member states' commitment to regional integration; and then a discussion about the identified economic and political factors determining the EAC member states' positions towards the EPA.

Finally, Chapter 7 provides a comprehensive conclusion to this thesis. It starts by presenting general arguments made throughout this thesis, followed by an application of the OEP formula to explain the EAC member states' EPA positions, and then a description of the limitations and challenges encountered during this research, and finally, a brief conclusion is presented.

CHAPTER 2: PHENOMENON OF REGIONALISM

2.1 Introduction

Regionalism is a crucial aspect of the dynamics of the contemporary society, as it is based on the assumption that individual states cannot easily achieve their goals in isolation from their neighbours (Clapham et al. 2001: 59). Although regionalism emerged in the years after the Second World War as a global phenomenon relevant to both developed and developing countries, in industrialized countries, it was seen as favourable for the regulation of the flow of certain goods and services or simply for securing a monopoly in the production and marketing of certain products to achieve faster economic growth, while in the developing world, it was recognized as a necessity for economic development (Asante, 1997: 2). Notably, over the years, it has attracted several debates and contestations among scholars due to the changing perspectives of the concept, practice, and theoretical approach to regionalism (Jiboku, 2015: 7). These debates are not only about defining regionalism, but also about what constitutes a region, distinguishing regionalism from regionalization and the motivations and interests that drive regionalism in various parts of the world. Therefore, to get a comprehensive picture of the phenomenon of regionalism, these different perspectives and debates are analyzed in the next section.

2.2 Debate surrounding the concept of regionalism

Söderbaum (2004: 31) defines regionalism as a heterogeneous, systemic, multidimensional phenomenon occurring in multiple sectors and potentially driven by a multitude of state and non-state actors, both within and outside formal regional institutional arrangements, while Söderbaum et al. (2001: 10) define regionalism as a collection of ideas, principles and specific goals aimed at establishing, sustaining or changing the provision of security and prosperity, stability and development within a region. In other words, they perceive regionalism as a desire by a group of actors or countries to consolidate within a particular regional space. Indeed, after the Second World War, regionalism was regarded as an efficient approach towards the achievement of peace, security, welfare and development. Similarly, Ravenhill (2016: 37) perceives regionalism as a subset of multilateralism and describes it as an institutional form in which interactions between three or more countries are organized based on common standards of behaviour. However, he is also quick to distinguish regionalism from regionalization, as he defines regionalization as a process of increased integration within a given geographical area (Ibidem). Citing East Asia as an

example of regionalization, Ravenhill (2016: 38) observes that there has been an extension of value chains across the region over the past quarter of a century which has generated a substantial increase in intraregional trade but has not led to the commitment of the governments to adopt a region-wide preferential trade agreement. Similarly, Fawcett (2016: 21-25) is also quick to distinguish regionalism from regionalization by arguing that regionalism is a notion of regionally-based policies and practices, while regionalization is a spontaneous or undirected regional activity, which as a process may drive and flow from regionalism but is not a conscious project.

Meanwhile, Padoan (2007: 38) perceives regionalism not only as an outcome of the integration of trade and investment activities between different groups of countries, but as a strategy pursued in response to the inability of the post-hegemonic world to supply international goods. Masinde & Omolo (2017: 2) adopt a similar perspective by arguing that regionalism is pursued as an attempt to bring about a kind of new multilateral equilibrium in the absence of a hegemonic power as it contributes to global governance by providing solutions to the demand for public goods, and conditions for new multilateralism. This perspective is shared by Telò (2007: 13) who argues that, although regionalism is essential for the stabilization of international regimes as it implies issue linkages between economic, security, monetary, and trade issues, thus providing the exchange of information and stability; it is also a good precondition for multilateralism because interaction between countries and international organizations is better at the regional level. However, he also cautions that the long-term commitment of countries to regional-rules makes their inclination to adapt, provided that the advantages of integration are relevant and consistent with domestic political equilibrium (Ibidem).

On the other hand, Jiboku (2015:7) observes that regionalism is synonymous with regional integration and regional cooperation as the two concepts involve the idea of bringing different units together for different types of economic and political interactions. She, therefore, defines regionalism as a concept which refers often to formal cooperation and integration arrangements of a group of countries within a common geographical space aimed at facilitating or enhancing a sense of common identity and purpose through the creation of institutions that give shape to, and drive collective action (Ibidem). She further notes that regionalism entails the adoption of formal agreements and a requirement for independent nation-states to cede their national sovereignty,

make political commitments and sacrifices, and forego certain benefits in the interest of the larger body (Ibidem). Similarly, Fawcett (2016: 21-22) also perceives regionalism as a process whereby previously disparate units become united, implying the surrender of state authority to a supranational body.

In a similar vein, Oloruntoba (2016: 2) argues that regionalism encompasses regional cooperation and regional integration as a multi-level process, where social and cultural processes can precede, replace or strengthen economic integration. He observes that it is underpinned by a constructivist tendency, which requires the agency of political and technocratic elites who see larger benefits in pooling of resources and fostering social interactions (Ibidem). Conversely, Kimbugwe et al. (2012) argue that regional integration and regional cooperation are not the same because regional integration entails the reduction of trade barriers whilst regional cooperation entails cooperation between countries on a wide range of issues without necessarily linking them to trade preferences. They also emphasize that despite the benefits linked to regional integration, countries may still be unwilling to cooperate because of national pride, political tensions, lack of trust, high integration costs or the asymmetric distribution of costs and benefits (Kimbugwe et al., 2012). On the other hand, Olivier (2010) does not attribute regional integration to only trade preferences as he argues that regional integration is a more pervasive and complex phenomenon. He, therefore, describes regional integration as a multifarious rather than a unidimensional process whose dynamic or momentum is neither teleologically induced nor fixed, but infused with mixed motives and variable influences (Olivier, 2010: 19). He notes that regional integration is a product of various permutations and the outcome of many varied forces which are the result of a multi-dimensional complex of historical, ideological, political, socio-economic and functional factors (Ibidem).

To recap, the above analysis shows that regionalism is synonymous with regional integration; it is a multi-dimensional process which entails formal requirements such as the transfer of national sovereignty to a supranational body and is a good precondition for multilateralism as well as the achievement of peace, stability, and development. However, the above analysis also shows that countries are willing to commit to long-term regional rules if the benefits derived from integration are relevant and consistent with national political situations. Notably, regionalism is by no means a new phenomenon as cross-national interaction and interdependencies have existed

since far back in history. Therefore, the next section analyses the historical waves of regionalism to provide a vivid image of how regionalism has evolved over the years and the factors that have motivated or pushed nation-states towards regional integration.

2.3 Historical waves of regionalism

2.3.1 First Wave of regionalism: Inter-war period

The first wave of regionalism emerged during the inter-war period in the form of aggressive nationalism and imperialism (Telò, 2007: 2). In the 1920s, after World War I had destroyed the world beyond repair, there was a tendency towards disintegration and fragmentation of larger political units (Gamble, 2007: 25). However, this disintegration and fragmentation was quickly followed by the reorganization of the world into a system of regional blocs. For instance, the United States strengthened its hold over the American continents, Great Britain created a sterling bloc and laid the foundations of a closed economic system, Germany reconstituted Mittel-Europa and pressed forward into the Balkans, Soviet Russia developed its vast territories into a compact unit of industrial and agricultural production, whilst Japan attempted the creation of a new unit of 'Eastern Asia' under Japanese domination (Ibidem). This trend towards regionalism was characterized by power politics in terms of military, political and economic capability and the struggle for power between rival states. Indeed, there was a concentration of political and economic power in the hands of six or seven highly organized units, around which smaller satellite units revolved without any significant autonomous movement of their own (Ibidem).

Moreover, as a direct consequence of the 1929 Great Depression which resulted from the USA economic crash; the pound stopped being the basis for the Gold Standard in 1931, and consequently, the British-centered hegemonic multilateral stability ceased (Telò, 2007: 2). Given that Britain was unable to continue playing the role of a hegemon and supply the public goods necessary to stabilize the global economy; no state was able or willing to fill that role which led to the collapse of the liberal world institutions (Gamble, 2001: 25). Subsequently, the world witnessed turbulent times of both economic and political imperial regionalism in the 1930s and early 1940s, when Germany and Japan sought to become regional hegemonic powers in an effort to replace the old British-centered hegemony with new struggles for global dominance in Europe and Asia / Pacific respectively, triggering the outbreak of World War II (Telò, 2007: 2).

2.3.2 Second wave of regionalism/Old Regionalism: 1950s-1960s

The second wave of regionalism was an economic regionalism which occurred in the 1950s and 1960s. In some literature (cf. Hettne & Söderbaum, 2006; Söderbaum et al., 2001, for example), this second wave of regionalism is often referred to as old regionalism. Hettne & Söderbaum (2006:183) describe old regionalism as a phenomenon that was often: imposed, directly or indirectly, from above and outside by superpowers as per the bipolar Cold War power structure; introverted and protectionist; generally specific about the objectives and content, with a specific focus on free trade arrangements and security alliances; exclusive in terms of membership; a European phenomenon which was modelled on the European Community; and state-centred and state-dominated, especially within inter-governmental regional organisations. This was compatible with the American-centered hegemonic stability and its vision of multilateralism as well as the achievement of regional integration in the European Community which would have been inconceivable without the significant impact of American hegemony (Telò, 2007: 3).

However, although the United States had emerged as a new hegemon after the Second World War, and had led the successful reconstruction of the global political economy which guaranteed the conditions for a safe liberal world order, the recession and economic turbulence of the 1970s and 1980s led to the gradual erosion of the economic supremacy of the United States. Hence, the hegemonic power of the USA declined leading to its inability to guarantee the conditions for a stable liberal world order (Gamble, 2001: 25). Consequently, with the USA's hegemonic power decline, there was no alternate hegemonic power which was able to supply the public goods which are required by a liberal world order, hence, the world became susceptible to mercantilist and protectionist policies by national states (Ibidem). Therefore, the adoption of many inward-looking economic policies, coupled with very weak institutional settlements, the legacy of colonialism and the weight of underdevelopment led to the failure of the second wave of regionalism (Telò, 2007: 2).

2.3.3 Third wave of regionalism/New Regionalism: 1980s-2000s

In the mid-1980s, the global community experienced the third wave of regionalism which is typically referred to as new regionalism (Nalule, 2019: 62). Notably, there have been debates about the roles played by the national states, international economics and world politics in the emergence of new regionalism. Whilst some analysts (cf. Masinde & Omolo, 2017: 2;

Söderbaum, 2007: 187) argue that the post-hegemonic condition of the post-Cold War international system constitutes the congenial background for new regionalism, other analysts (cf. Söderbaum & Shaw, 2003: 4) argue that new regionalism started in Western Europe with the White Paper and the Single European Act and gradually turned into a more widespread phenomenon. On the other hand, Hettne and Söderbaum (2006: 183) describe new regionalism as a worldwide and heterogeneous phenomenon that is influenced by a post-Cold War logic which develops from within regions and in accordance with their peculiarities and problems; extroverted and linked with globalisation; comprehensive with multidimensional objectives such as economic, politics, security, culture; and involves state market and civil society actors in many institutional forms. Therefore, new regionalism can be seen as a multi-dimensional form of integration that includes economic, political, social and cultural aspects and therefore goes further beyond the goal of creating just a region-based free trade regime or security alliance. This logic emanates from the assumption that one cannot isolate trade and economy from the rest of society, therefore, the process of integration will move to touch on other non-economic areas such as justice, security and culture because, as different countries' economies integrate, these countries will require more common policies on fiscal and social matters as well as political integration.

Notably, new regionalism has been attributed to various factors. For instance, Söderbaum et al. (2001: 6-7) emphasize that new regionalism has been influenced by the transformation of the world from a bipolar structure to a multipolar or a tripolar structure centered around the European Union (EU), North America Free Trade Area (NAFTA), and the Asia-Pacific, with a new division of power and labour; the relative decline of the American hegemony in addition to a more permissive attitude on the part of the United States toward regionalism; the restructuring of the nation-state and the growth of interdependence, transnationalization, and globalization; recurrent fears over the stability of the multilateral trading order with the growing importance of non-tariff barriers to trade; and the changed attitudes toward neoliberal economic development and political systems in the developing as well as post-communist countries. Therefore, new regionalism can be perceived as the manifestation of the second movement, the protection of society, on the level of the macro-region, and as a political reaction against the global market expansion (Söderbaum, 2004: 31).

Interestingly, Telò (2007: 4) gives a vivid description of how the nation-state and international economics have played a role in the emergence of new regionalism. First and foremost, he observes that the desire of countries, especially regional leaders, to rescue their sovereignty and regain their foreign bargaining force, or the desire of minor states to align regional leaders within a shared structure as well as the private interests of export industries, economic divisions, and social groups to lobby and network nationally and regionally; and the internal functional spillover resulting from successful cooperation; as well as the desire of the less developed countries to gradually cope with global competition by cooperating and converging with regional leaders, all played significant roles in the emergence of new regionalism (Ibid: 4-5). Secondly, he observes that globalization played a vital role in the emergence of new regionalism as the two are components of the same historical process of strengthening interdependence and weakening the state's barriers to free trade (Ibid: 5; 1). Hence, globalization combines international forces, political actors and multinational organizations to shape the relations and hierarchies between states, economic interests and regions of the world, whilst regionalism enables nation-states and companies to cope with the risks and opportunities of the global market and to absorb new multilateral rules (Ibid: 5-6).

However, regionalism is also an approach used by countries as a response to the threat of globalization, particularly, financial, technological and market globalization to their traditional territorial state power (Ibid: 7). Indeed, Masinde & Omolo (2017: 4) observe that globalization has led to the evolution in the functioning of the world economy and the operations of multinational corporations, driven by rapid technological advances, increased volumes and increased liberalization of trade, and unimpeded financial flows which have resulted in massive benefits in terms of increased volumes of trade, and increased investment and growth; but also, have weakened the national governments' control over their national economies and exposed domestic economies to external shocks. Therefore, to enhance their competitiveness in the global arena, governments resort to regionalism. This also indicates that regionalism is not only an approach adopted in response to globalization, but also an approach used by countries as a gateway to the global economy (Telò, 2007: 9). For instance, in his discussion about MERCOSUR (founded in March 1991 with the signature of the Treaty of Asunción by Argentina, Brazil, Paraguay and Uruguay), Vasconcelos (2007: 167) argues that MERCOSUR is a globalization-generated project, born from the Member States such as Brazil and Argentina's

awareness of the difficulties countries face on their own to benefit from globalization and to meet the economic and security challenges it poses. Additionally, whilst referring to the South African Development Community (SADC), Masinde & Omolo (2017: 5) reinforce this argument by stating that, by creating larger markets, regional integration could enable SADC to compete in the global economy. Therefore, it can be argued that regionalism is not just an alternative to trade liberalization but also a step towards integration into international markets.

Notwithstanding, Oloruntoba (2016: 3) perceives new regionalism as an attribution to the increasing tendency of the EU to internationalize its neoliberal ideology of development. He argues that the change in the trade policy of the EU from non-reciprocal to reciprocal relationship and the associated conditions reflect the EU's neoliberal orientation (Ibidem). Moreover, Telò (2007: 3) also observes that regionalism has been approached from the perspective of the EU, focusing on the comparison of regional arrangements with the EU, and on the evolution of the EU as both a workshop of institutional innovation and an international entity in the post-Cold War era. Indeed, the EU has quite explicitly, in its external relations, contributed to the development of regional integration in many parts of the world. For instance, Vasconcelos (2007: 179) observes that the EU's global actorship takes the form of constructing a new form of multilateralism based on areas of regional integration and the experience of supranational regulation of relations between states, that is, of turning the international system into a community based on the success of its model, which is then extrapolated into the world. Consequently, the EU has sought to establish partnerships with regional organizations throughout the world, and now supports the development of regionalism in Asia, Latin America, and Africa, whilst many regional blocs have been created or re-invented to emulate, or in reaction to, the success story of the EU.

However, the extrapolation of the EU model has of course not been without challenges as its incompatibility with some regions has been noted. For example, Masinde & Omolo (2017: 6) argue that the incompatibility of the EU integration model with the economies of the third world is a major impediment to the development of regionalism in Africa. They illustrate this argument by stating that the success of the EU model depends on the emergence of strong and diversified economies, and presuppose economic complementarity and a strong political commitment to over-come asymmetrical benefits and costs of integration, which is non-existent in Africa

(Ibidem). Notwithstanding, the EU remains the primary comparative model, as Telò (2007: 147) emphasizes that the future of new regionalism is intrinsically linked to the evolving European integration, although one must remain acutely aware of the risks of too direct or simplistic comparison.

In summary, this section has analysed the historical evolution of regionalism as well as the factors that have motivated or pushed nation-states towards regional integration. Indeed, while the first wave of regionalism entailed aspects of aggressive nationalism and imperialism characterized with power politics in terms of military, political and economic capability as well as the struggle for power between rival states; the second wave which is also known as old regionalism was an economic regionalism that was mainly driven by the USA's hegemonic stability as well as the achievement of regional integration in the European Community; and the third wave of regionalism also known as new regionalism is a post-hegemonic condition of the post-cold war international system driven by, for example, the desire of countries to rescue their national sovereignty and regain their international bargaining power, globalization and countries' response to its implications as well as countries' desire to integrate into the global market. Therefore, having analyzed the historical evolution of regionalism, there is a need to analyze the different forms of regionalism to understand the objectives of different actors when pushing for regional integration.

2.4 Forms of regionalism

Although regionalism takes several forms, and addresses multiple objectives, Ravenhill (2016: 38) argues that all forms of regionalism impose some constraints on state autonomy and have a political objective to ensure that armed conflict is inconceivable among their member states. The forms of regionalism that are analysed in this section include political regionalism, functional regionalism and economic regionalism, as identified by Ravenhill (2016).

2.4.1 Political Regionalism

Political regionalism is defined as institutions whose primary role is to promote a sense of collective identity or enhance the voice of a group of states in multilateral organizations, or in global affairs (Ravenhill, 2016: 38). It is cited as the least restrictive form of regionalism. The most cited example of this form of regionalism is the African Union (AU), which has been vital in promoting and institutionalizing a common voice for African states that far exceeds what an

individual state could accomplish; although it has not been successful in promoting deep economic integration. Additionally, rather than imposing constraints on national autonomy, political regionalism serves to enhance the international role of individual states and thereby contributes to the enhancement of sovereignty (Ibid: 39). Therefore, where regional integration is based on a clear underlying political motive, it can be maintained despite the lack of successful economic integration, as was undoubtedly the case in the Southern African Development Coordination Conference (SADCC) during the apartheid era (Ibidem).

2.4.2 Functional Regionalism

Functional regionalism is defined as interstate collaboration on specific issues such as river basins, transportation links, or meteorology. Given that poor infrastructure is a major impediment to regional integration in Africa, a continent characterized by a large number of relatively small economies, a substantial proportion of which are landlocked; and by transport networks inherited from the colonial era that were designed to facilitate trade with the colonizing power and that remain directed primarily towards extra-continental linkages; functional regionalism has become a pronounced aspect in the region (Ravenhill, 2016: 39). For instance, some successful functional regional integration schemes include; the Senegal River Basin Multi-Purpose Water Resources Development which was formed as a form of cooperation in the development of water resources and the Centre for Renewable Energy and Energy Efficiency which was established by the Economic Community of West African States (ECOWAS) in 2010.

Indeed, Ravenhill (2016: 39) emphasizes that generating improved infrastructure through regional collaboration has the potential to bring substantial economic gains as he cites World Bank estimates which indicate that regional power pools could save African states \$2 billion in energy costs each year. Moreover, functional regionalism does not have a big impact on the autonomy of national decision-making and although the costs of investment in various functional projects, particularly the provision of infrastructure, can be huge, often, these projects attract significant support from external donors. However, there is always the risk that donor preferences may distort funding priorities of functional projects (Ibid: 40).

2.4.3 Economic Regionalism

Ravenhill (2016: 40) defines economic regionalism as a collaborative action by states to remove barriers to the flow of goods and services, migration, and capital. In a similar vein, Kimbugwe

et.al (2012) also defines economic regionalism as a process by which countries in a geographic region cooperate to either reduce or eliminate barriers to the free flow of products, people or capital, or as any type of arrangement in which countries agree to coordinate their trade, fiscal and/or monetary policies to increase trade, improve competitiveness and maximize welfare. Economic regionalism emerges with the formation of a free trade area (FTA) which entails the removal of tariffs among the member states but the retention of autonomy in trade policy with non-member states, meaning that each country sets its own external tariffs with reference to rest of the world trade, for example, the North American Free Trade Agreement (NAFTA); then it evolves into a customs union which entails the adoption of a common internal tariff among the member-states and a common external tariff vis-à-vis non-member states; after which, it evolves towards a common market in which member states allow for the free movement of factors of production i.e. goods, capital, labour, and services between them, for example the European Union; and then towards an economic union which occurs when member states adopt a common currency that in turn necessitates extensive harmonization of domestic economic policies, as seen in the Maastricht criteria adopted by the EU for countries seeking to be part of the Economic and Monetary Union (EMU) (Ravenhill, 2016: 40; Kimbugwe, 2012).

Indeed the European Union is a classic example of economic regionalism as it commenced with the creation of the European Economic Community (EEC) under the treaty of Rome in 1957 in which all tariffs and quotas on intra-EEC trade were eliminated; then it evolved into a customs union in 1968 with the establishment of a common external tariff (CET); followed by the creation of the single market in mid-1992 which eliminated existing barriers to trade and established the free movement of the four freedoms (persons, goods, services and capital); followed by the establishment of the Economic Monetary Union (EMU). Ultimately, since its formation and growth, the European Union has been the trigger and model for the creation of economic regionalism and this approach has proved to be the most popular with more than 170 regional trade arrangements (RTAs) notified at the World trade organization (Kimbugwe et al., 2012). However, it is important to emphasize that although this is an economic process, original intentions behind these arrangements can be political as was the case with the European Union where the driving force behind integration was to prevent another conflict in Europe by tying their economies together.

Furthermore, the higher the countries move up the hierarchy in economic integration, the more the governments cede autonomy in policymaking. Ravenhill (2016: 40) observes that when member states in an FTA find that they incur transaction costs that could be removed by forming a customs union; they form a customs union which in turn exposes further frictions that could be reduced if flows of capital and people were freed within the regional space; therefore, through the operation of a customs union, governments realize that greater benefits could be achieved from regional collaboration if transaction costs were reduced through the adoption of a common currency. However, there is no automaticity in progression up the hierarchy of economic integration because each step requires purposive action by governments to cede further autonomy in policymaking, and historically, few governments have been persuaded that the potential benefits from deeper regional collaboration exceed the costs of the constraints that they would impose on national autonomy (Ibidem). Indeed, even within the EU, some governments such as Denmark decided that the costs of adopting a common currency outweighed conceivable benefits to their economies hence; they opted-out of the Economic and Monetary Union.

To recap, although regionalism takes several forms, and addresses multiple objectives, all forms of regionalism impose some constraints on state autonomy and have a political objective to ensure that armed conflict is inconceivable among their member states. However, in comparison to economic integration which imposes significant constraints on state autonomy, political and functional regionalism are less intrusive towards state autonomy. Nevertheless, economic integration is the predominant form of integration practised in many parts of the world, with the European Union as a successful model copied in Africa, Asia and Latin America.

2.5 Conclusion

This chapter has highlighted the debate surrounding the concept of regionalism which has demonstrated that regionalism is synonymous with regional integration and it is a multi-dimensional process which entails formal requirements such as the transfer of national sovereignty to a supranational body, is a good precondition for multilateralism and the achievement of peace, stability, and development. It also presented the historical waves of regionalism which showed that regionalism is by no means a new phenomenon as cross-national interaction and interdependencies have existed since far back in history although it took various forms; evolving from aggressive nationalism and imperialism to old regionalism mainly driven

by USA's hegemonic stability as well as the achievement of regional integration in the European Community to new regionalism as a post-hegemonic condition of the post-cold war international system driven mainly by the desire of countries to rescue their national sovereignty and regain their international bargaining power, and globalization. It also presented three different forms of regionalism and demonstrated the predominance of economic integration in the world, with the European Union as a successful model copied in other parts of the world. The objective of this overall analysis was to present the phenomenon of regionalism in a broad context in order to contextualize the processes outlined in the rest of the thesis. Therefore, having presented a comprehensive global picture of regionalism, the next chapter will analyse regionalism in the African continent to demonstrate the dynamics of regional integration in the continent.

CHAPTER 3: REGIONALISM IN AFRICA

3.1 Introduction

Regional integration in Africa has its roots in the political forces determined by the colonial legacy which resulted in the configuration of geographically artificial states where arbitrary borders, coupled with great ethno-linguistic diversity, contributed to the high number of conflicts in the continent and the high cost of trade and communication (De Melo & Tsikata, 2014: 3-4). In other words, regionalism in Africa was developed as an approach for addressing the structural problems that resulted from the fragmentation of African economies due to colonialism. Despite the significance attributed to regionalism in addressing Africa's structural problems, there is a clear tendency in the field of study to view regionalism in Africa as primitive, poor or simply a failure, hence, many scholars attribute little or no relevance of African regionalism to comparative regionalism (Söderbaum, 2007: 185). This attitude is mainly informed by the dominant mainstream regionalism theories which focus closely on formal and state-centred regional projects, often with the EU as a model, marker or comparator (Ibidem). But while the mainstream theories are often based on highly normative state assumptions and how regionalism should proceed, the reality about Africa's post-colonial situation cannot be overlooked: it needs to be problematized.

Therefore, to contribute to a clear understanding of the dynamics of regionalism in Africa, this chapter analyses Africa's regionalism efforts from a historical context. It begins by discussing the historical evolution of regionalism in Africa; followed by a brief analysis of regime-boosting regionalism and shadow regionalism; and finally, a comprehensive analysis of the challenges that have featured Africa's regionalism efforts from the post-independence period to date. This chapter argues that after African countries attained independence in the 1950s, regional integration was seen as the only approach that would enable Africa to adapt and reduce the vulnerabilities of individual countries inherited from colonialism, notably by reducing the continent's susceptibility to global economic shocks and its dependency on former colonial powers. Nevertheless, despite this enthusiasm, the immediate post-independence regional economic arrangements failed to deliver the economic growth envisaged in Africa and, more significantly, did not reverse the dependency and vulnerability of the continent to external economic powers.

Ikome (2004: 41-42) argues that one reason for this unenviable performance was the inability of the African governments to embrace long-term obligations imposed by regional integration agreements and the tacit restriction of their sovereignty over domestic policy-making. This was exacerbated by reservations about the allocation of the actual or potential benefits of economic integration, particularly, due to the different levels of resource endowment and development of the participating countries. Consequently, in the 1970s, the frustration following the immediate post-independence regional integration efforts prompted a necessity for broader, long-lasting and more inward-looking measures. The underlying feature of the attempts at regional integration in the 1970s was that they strongly challenged the domination of the continent by the developed world and thereby underlined the essence of reducing the vulnerability of African economies. In this regard, the signing of the 1975 ECOWAS Treaty was a defining moment in Africa's regionalism as it served as an inspiration for other regional integration efforts.

3.2 Historical evolution of regionalism in Africa

Africa has had a long and dynamic history of regional integration attempts with the first attempts pre-dating the colonial period. Before colonialism, various kingdoms spread across territories covering the contemporary boundaries of multiple African countries in various parts of the continent (Kimbugwe et al., 2012: 34). Indeed, the culture and people of these kingdoms were fairly well integrated which permitted some limited trade and the free movement of production factors (Ibidem). Nevertheless, Africa's colonial-era acted as the background for the regional integration efforts of contemporary African countries. During the colonial period, especially in British colonial Africa, protectorates were jointly administered in an attempt to reduce the administrative and fiscal costs of the colonial masters and to some extent guarantee the monopoly and profits of the colonial master's trading companies (Kimbugwe et al., 2012: 34; Aghrout, 1992: 563). Consequently, colonial governments in West, Central, East, and Southern Africa ushered in regionalism through free trade, common currencies and services: in West Africa, there was free movement of factors of production; in East Africa, common services and a common currency; and in Southern Africa, a customs union was established (Kimbugwe et al., 2012: 34). Moreover, although they eventually collapsed and were revived years later, the South African Customs Union (SACU) was established in 1910 and the East African Community in 1919 (Gupta, 2015: 2).

Notwithstanding, a strong impetus for regional integration in Africa emerged with the attainment of political independence in the 1950s. During this period, efforts at regional integration and cooperation were compelled by a Pan-African ideology and movement which was aimed at the unification of African forces against imperialism and colonial domination (Asante, 1997: 32). From the 1950s to date, there have been five major phases in the historical development of regionalism in the African continent: the first phase was an aspect of Pan-Africanism and continental integration and it spanned from the 1950s to the 1960s; the second phase started from the 1960s to the 1970s and consisted of attempts to alter or restructure colonially inherited integration and cooperation arrangements or pre-independence arrangements; the third phase commenced from the 1970s to the 1980s and consisted of attempts to create wider and more durable sub-regional agreements between independent states, resulting in what seemed to be a breakthrough in sub-regional cooperation; the fourth phase between the 1980s and the 1990s was marked by the emergence of the 1980 Lagos Action Plan and the 1981 Lagos Full Act and lasted until the signing of the 1991 Abuja Treaty creating the African Economic Community (AEC); and finally, the fifth phase which started from the 1990s to the 2000s with the emergence of the Abuja Treaty to the emergence of the New Partnership for Africa's Development. Therefore, the reconstruction of these regional integration attempts will commence with the analysis of the first phase and finalize with the fifth phase analysis.

3.2.1 First phase of African regionalism: 1950s -1960s

The 1950s-1960s phase of regional integration in Africa was dominated by political forces spawned and unleashed by anti-colonialist fervour and epitomized by notions of Pan-Africanism and African unity (Olivier, 2010: 27). Ikome (2004: 50) defines Pan-Africanism as the consciousness and recognition of the unity that grew among Africans as a result of the deep feelings of dispossession, inferiority, oppression and loss of dignity and freedom caused by Africans' long years of inhumane treatment during colonial rule. Therefore, it espouses a brand of nationalism that promotes, at its core, the integration, unification, and Africanization of balkanized African societies through establishing a supranational, federal-type organization that supplants and eclipses the extroverted micro-states (Adeniyi et al., 2018: 104). According to Olivier (2010: 27), these notions of Pan-Africanism implied African political unification, the creation of a 'United States of Africa', and a single united African political entity.

Oloruntoba (2016: 163-164) in his analysis of the early conception of integration in Africa, observes that African leaders had three choices: build postcolonial African states based on a precolonial “ethnic nation” whose development was arrested by colonialism, build colonially created “territorial nation” that served global imperial designs, or build Pan-African nations that had to be created from scratch. It was therefore not surprising that the first African leaders’ efforts to attain regional integration started as facets of the Pan-African movement aimed at unifying African powers against imperialism and colonial rule. Indeed, since the attainment of independence, regional integration has been proclaimed as the most efficacious way to reach to the goal of a united Africa which was seen as the best way to enhance the continent's capacity to deal with the daunting and perennial challenges of underdevelopment, poverty-reduction, marginalisation and globalisation (Olivier, 2010: 17). Moreover, even before independence, regional integration was recognised as an essential component of the strategies of economic decolonization (Asante, 1997: 32). For instance, as early as 1942, Kwame Nkrumah, the pace-setter of the independence period, was insisting that all the West African colonies should “first unite and become a national unity, absolutely free from the encumbrances of foreign rule, before they can assume the aspect of international cooperation on a grand scale” (Ibidem). Hence, Pan-Africanism became both an integrative force and a movement of African liberation, anchored on the belief that a divided African continent could never control its economic destiny and therefore, could never be genuinely independent (Ibid: 32; Ikome, 2004: 52).

Furthermore, as the greatest advocate of Pan-Africanism, Kwame Nkrumah admirably captured the feelings of many African leaders when he stated that the total integration of the African economy on a continental scale was the only way in which the African states could achieve anything like the levels of industrialized countries and that an Africa divided could never control its economic destiny and therefore never be genuinely independent (Asante. 1997: 33). He envisioned African unity as a political kingdom which could only be gained by political means hence his vision of a liberated African continent was anchored in the idea of a union government which could be achieved through a single federation (Adeniyi et al., 2018: 110). Therefore, due to this link with pan-Africanism, strategies for regional integration adopted in the early post-independence period favoured all-embracing regional or continental organizations (Asante, 1997: 33). This sentiment was demonstrated in the five Pan-African Congresses which were held to pave the way for regional integration and a unified Africa. The first Congress took place in Paris

in 1919, the second one in Paris/Brussels in 1921, the third one in 1923 in London, the fourth one in 1927 in New York, and the fifth one in 1945 in Manchester (Nalule, 2019: 66). Nevertheless, the most notable of these Pan-African congresses was the 1945 Pan-African Congress which was held under the leadership of Kwame Nkrumah of Ghana and George Padmore of the West Indies (Asante, 1997: 32). In this congress, a resolution was adopted which recommended for the establishment of a West African Economic Union as a means of combating the exploitation of the economic resources of the West African territories and for ensuring the participation of the indigenous people in the industrial development of West Africa (Ibidem).

Furthermore, besides the 1945 Pan-African congress, three All African People's Conferences were held in 1958, 1960 and 1961. These conferences were prompted by the emergence of Ghana as the first black African state to gain independence in 1957 and were seen as a new boost for the liberation and regional integration of the African continent (Ikome, 2004: 52). For instance, in the 1958 conference, the African leaders adopted a resolution to establish economic and research committees within each African country, and a joint economic and research committee with representatives of all independent African countries whose task was to consolidate the economic development policies of African states, promote trade and common industrial policies and coordinate economic planning among African states with a view of achieving an all-African economic cooperation arrangement (Ibid: 53). Meanwhile, in the second conference of independent African states held in Addis Ababa in June 1960, the African leaders agreed on the need to establish an African common market, devoted uniquely to African interests, as a strategy of efficaciously promoting the true requirements of African states (Asante, 1997: 33). Hence, the collective fervour for economic integration and cooperation ran through the various resolutions that sanctioned post-independence Pan-Africanist conferences (Ibidem).

However, despite the popularity of Kwame Nkrumah's pan-African vision especially among the intelligentsia, its ideological foundations were questioned by the majority of African leaders in the 1960s, who collectively insisted that Africa was not ripe for the vision of integration advocated by Nkrumah (Adeniyi et al., 2018: 104). In other words, Nkrumah's extreme and all-encompassing supra-national Pan-Africanist approach to African integration and cooperation came up against the incremental preferences of most of the African states, especially Nigeria (Ikome, 2004: 54). Nigeria was of the idea that, economic integration would precede political

union and that economic integration should itself start at the sub-regional stage, beginning with functional integration and potentially leading to a common market (Ibidem). Consequently, the dispute over the proper form and reach of African integration and cooperation resulted in a power struggle between Nigeria and Ghana that stretched to include the entire continent with consequences for the direction and depth of inter-African relations (Ibid: 54-55).

Subsequently, two major blocs of power that is, the Casablanca Group and the Monrovia Group emerged with contradictory visions about Africa's form and scope of regional integration and cooperation. Established in January 1961 between Ghana, Guinea, Mali, Egypt, Algeria and Morocco, the Socialist-oriented Casablanca Group stood for immediate political and economic integration and cooperation, favouring political integration as a prerequisite for economic integration whilst, deeming state-centered integration as a constraint towards the attainment of a political union in Africa (Adeniyi et al., 2018: 110). On the other hand, the Casablanca group, represented by Kwame Nkrumah, the first President of Ghana, endorsed a belief that institutional integration or supranational institutions can promote peace through intensive economic and societal cooperation, and subsequently eliminate conflict between states. Kitipov (2012: 26-27) observes that this group's agenda was based on African unity and totality which entailed the advancement of integration through a three-step process: first, common values and norms among states are established; secondly, a regional integration plan is set out and a regional institution is created; and thirdly, a common government with politico-military and economic decision-making powers is established. However, although this plan was defended vigorously by many states at the Constitutive Assembly of the Organisation of African Unity (OAU) in 1963, it was eventually rejected.

Meanwhile, the Monrovia Group founded in May 1961 among 19 African states of Nigeria, Liberia, Sierra Leone, Senegal, Cameroon, Togo, Madagascar, Mauritania, Dahomey (now Benin), Chad, Niger, Burkina Faso, Congo Brazzaville, Central African Republic, Gabon, Ethiopia, Tunisia and Libya stressed for a more gradual and functionalist approach to African integration and cooperation (Ikome, 2004: 55). In other words, the Monrovia Group preferred a gradualist approach which was articulated as a process starting with economic integration, proceeding to a political union. For instance, during the Monrovia summit in May 1961, President Milton Margai of Sierra Leone is quoted stating that: "We support the principle of

African unity which respects the territorial integrity of each state, the free choice of political ideology and form of government before pledging co-operation” (Adeniyi et al., 2018: 111). Therefore, the Monrovia Group’s main agenda was a functional cooperation spill-over across sectors which favoured the respect of the African states’ borders inherited from former colonial powers and their territorial integrity as well as an emphasis on a new interdependence between Africa and Europe (Kitipov, 2012: 27). Notwithstanding, besides the two main groups, there was also the Brazzaville Group which split from the Monrovia bloc and consisted of Cameroon, the Central African Republic, Ivory Coast, Benin, Gabon, Mauritania, Burkina Faso, Madagascar, Niger, Senegal and Chad who were particularly concerned about Nigeria's hegemonic potential and apprehensive cooperation with the English-speaking countries (Ikome, 2004:55).

Nevertheless, these tensions and conflicts among the blocs dominated the African inter-state relations in the 1960s. By the end of 1962, however, it emerged that, given the Anglophone-Francophone division within the Monrovia power bloc, and given the general weariness of African states with Nigeria's hegemonic ability, the Nigerian-led Monrovia bloc’s gradual approach to integration and cooperation was preferred to the Ghanaian-led Casablanca political union approach (Ikome, 2004: 55). Subsequently, on 15 May 1963, a meeting of foreign ministers was convened at the request of Ethiopian Emperor Haile Selassie who was a key member of the Monrovia bloc and on 27 May 1963, after two days of deliberation, the involved government leaders adopted the Ethiopian draft proposal which became the charter that established the Organization of African Unity (Adeniyi et al., 2018: 111-112). Hence, the 1963 OAU Charter mirrored the Monrovia bloc’s gradualist approach to integration, meaning that, the functionalist plan of successive stages was adopted as the best road to economic and political integration, thus basing African regionalism on political and economic linkages, rather than on common cultural, historical and language experience (Kitipov, 2012: 27)

Subsequently, with the formation of the OAU and its concentration on the liberation aspects of pan-Africanism, and with the concentration of many independent states on internal developments and on strengthening their ties with their former colonial rulers and, above all, with the overthrow of Nkrumah; the continental integration aspect of Pan-Africanism lost its momentum throughout the second half of the 1960s (Asante, 1997: 35). Olivier (2010: 27-28) argues that the provisions of the OAU charter were particularly damaging for Africa’s integration efforts as it declared that

the “colonial inherited national frontiers should be respected and that interference in member states' domestic affairs would not be tolerated”. Moreover, the link between the movement towards political unity and the call for continental economic integration in the form of a common market turned out to be counterproductive because African leaders who were opposed to political unity, were reluctant to pursue economic integration even though they acknowledged its importance (Asante, 2007: 34). Therefore neither Nkrumah’s enthusiasm for the noble Pan-African ideal of political unity and economic continentalism nor Julius Nyerere’s preferred incremental regionalism leading eventually towards Pan-Africanism went beyond the stage of theoretical discussion (Ibidem). Hence, economic integration in the 1960s remained a dream of unification and was gradually replaced by sub-regional or inter-state regional initiatives.

3.2.2 Second phase of African regionalism: 1960s-1970s

The second phase of African regional integration featured a shift from the idealism of the Pan-Africanist project to a more modest approach to regional integration, focusing on the sub-regional economic domain of market-driven intra-state or extra-territorial cooperation (Olivier, 2010: 28). Notably, in this period, sub-regional institutions of the pre-independence era acted as the basis for Africa’s numerous regional integration and cooperation efforts. For instance, in Francophone Africa in the 1960s, regional integration virtually amounted to a form of damage control of the abrupt reversal of French colonial policy of political and economic integration to one of balkanization before granting independence to its colonies (Ikome, 2004: 58). The French colonial administration had grouped its 12 territories into two federations, that is the French West Africa Federation (AOF) and the French African Federation (AEF). However, just before independence, these integrated groups of countries, which held higher potentials for both economic and political development, were dissolved into microstates hence the dissolution of AOF and AEF in 1958 (Oloruntoba, 2016: 164; Ikome, 2004: 58). Therefore, instead of granting independence to two federations, each of which had a high possibility of being viable and dynamic, France granted independence to all the miniscule territories, fifteen of them, including Togo and Cameroun which were two UN trust territories (Oloruntoba, 2016: 164). Consequently at independence, the former French colonial territories faced the challenge of minimising the restrictions and constraints of fragmentation through a policy of promoting economic cooperation and integration (Abangwu, 1974: 119).

Nonetheless, as early as 1959, efforts to preserve pre-independence cooperation relations on a new basis started in French West Africa when the Entente Council (Conseil de l'Entente) was founded by Dahomey, the Ivory Coast, Niger, and the Upper Volta to coordinate the economic and foreign policies of the member states in the fields of taxation, customs union, public administration, public works, and communications network (Yansane, 1977: 69). They were joined by Togo in 1966 as its activities expanded to cover virtually the entire field of regional economic development with the main objectives of promoting economic development and integration of the region, assisting in preparing specific projects in the economic field, and obtaining assistance from donor organizations (Ibidem). However, progress was not achieved as the focus was diverted to the Communauté économique de l'Afrique de l'Ouest (CEAO). CEAO was formed in April 1973 with the signing of the Abidjan Treaty which brought to an end, the discussion about the transformation of the Union douanière des États de l'Afrique de l'Ouest (UDEAO), a grouping that was founded in 1959 under the name of the Union douanière de l'Afrique Occidentale (UDAO) whose main objective was to redistribute the customs duties which the coastal states collected on transit trade with the land-locked members (Bach, 1983: 606). Notably, UDEAO remained largely inoperative as its members progressively adopted independent customs policies and in 1970, it was even noted that it favoured the more industrialized economies of Senegal and the Ivory Coast, whose manufactured exports benefited from special tariff concessions thus a protocol of agreement was adopted which emphasized that the formation of any new francophone economic community should reflect a spirit of co-operation whereby the liberalisation of trade would be linked with the co-ordination of development plans and the establishment of compensation measures (Ibidem).

Notably, although the Presidents of the Ivory Coast and Senegal believed that CEAO could provide wider markets for their manufacturing sectors, both leaders also shared a common concern that Nigeria's new political and economic influence in West Africa should be checked (Bach, 1983: 606). This was highly supported by President Georges Pompidou of France, who went so far as to declare that the francophone states should coordinate their efforts to counterbalance the heavyweight of Nigeria (Ibidem). Therefore, after some years of negotiations, the six countries of the former UDEAO namely; Niger, Senegal, the Ivory Coast, Mali, Burkina Faso and Mauritania agreed to establish mechanisms for the redistribution of financial resources and the co-ordination of economic development within the CEAO (Ibid: 608-609). Subsequently,

on April 1973, the treaty establishing the CEAO was signed with the idea that it would promote the growth of a wider market which would attract foreign investors, although, Benin which was a former member of UDEAO retained observer status in the CEAO and refused to sign the Abidjan treaty citing its high economic dependence on Nigeria which was not a member of the CEAO (Ibid: 609-610). Hence, CEAO was formed to establish a customs union, including such features as free trade in certain commodities, free movement of labour, the establishment of a common external tariff, and the creation of a common fund for compensation of those countries adversely affected by the new trade arrangements (Kitchen, 1982: 2). However, despite registering some success especially in increasing trade among the participating countries, tensions persisted over the share of regional trade and no substantial progress was made in harmonizing and coordinating industrial and economic development plans. As Ikome (2004: 60) observes, “the CEAO gives the impression of stagnating with little prospects for the expansion of regional tasks”.

Meanwhile, after the dissolution of the Federation of French Equatorial Africa (AEF), the Central African Republic (CAR), Chad, Congo (Brazzaville), Gabon and Cameroon decided to maintain their former economic links through the formation of the Union Douanière et Économique de l’Afrique Centrale (UDEAC). In 1964, these five countries signed a treaty establishing the UDEAC to create a customs union (Nantang Jua, 1986: 213). Therefore, in both the preamble and the operative section of the Treaty, trade was highlighted as an important engine for development (Jua, 1986: 215). Consequently, a common external tariff was set up and free trade and the freedom of movement of the factors of production within the Union were instituted (Ibid: 213). With the revision of the UDEAC treaty in 1974, the member states resolved to form an economic union, with Equatorial Guinea acceding to the Treaty in 1983 (Ibid: 213-214). However, just like CEAO, UDEAC did not fare any better as the restrictions on the opening of markets and non-compliance with its rules sapped it of most of its energy as an integrative system (Asante, 1997: 35). Moreover, since 1966, not much was achieved beyond the unification of tariffs and import duties; hence, the envisaged full economic union has remained a distant illusion (Ikome, 2004: 61).

Furthermore, as a former colonial power, France influenced its former colonies to develop an umbrella organization of cooperation among them and also between them and France. In 1961, the former colonies of France founded the Organization africaine et malgache de coopération

économique (OAMCE) to manage economic relations and l'Union africaine et malgache (UAM) to manage the political aspects of cooperation (Ibidem). These former French colonies closely allied with France because they established "that no amount of Eastern-bloc friendships can alter the fact that the West has more to offer them, in aid, in trade, in capital investment" (Fredland, 1984: 112). However, in 1964, the OAMCE and the UAM and their affiliates that is, Air Afrique, UAMPT, and UAMD were merged into the Union Africaine et Malagache de Coopération Économique (UAMCE) to manage all economic, political, socio-cultural and technical affairs (Ikome, 2004: 61). Meanwhile, in 1965, President Daddah of Mauritania convened a conference of heads of states at Nouakchott which led to the reorganization and transformation of UAMCE into an umbrella organization known as l'Organisation Commune Africaine et Malagache (OCAM) (Ibidem; Fredland, 1984: 112).

OCAM was formed to reinforce cooperation and solidarity among the member states, and speed up political, economic, social, technical, and cultural development (Fredland, 1984: 112-113). In its early years, OCAM was considered a remarkably effective organization given that it successfully established; a regional industrial programme, an airline, shared education institutions, and a joint telecommunications system (Ibid: 113). Notably, the organization also had a significant degree of French control over its most successful subsidiary, Air Afrique (Ibid: 117-118). For instance, although each founding member state owned 6 per cent of the company, Société pour le Développement du Transport Aérien de l'Afrique (SOUDETRAF) which was partially owned by the French government, had a 34 per cent share of Air Afrique (Ibid: 118). Consequently, due to this close alliance to its former colonial power, OCAM had to carefully define its relations with the English-speaking states and also determine its exact position about similar pan-African organizations surrounding it (Brigitte: 1974: 136). Nevertheless, the demise of OCAM was brought about by the growing alienation of the West African states and Central African states, the differing levels of development among the member states, the withdrawal of several member states mainly due to the 1973 drop in sugar prices given that OCAM countries were among the most important world producers of sugar, the defection of OCAM core members to CEAO, and the lack of political will among the member states (Fredland, 1984: 113-120). By 1979, the two most successful integrative efforts, namely, Air Afrique and the postal Union were excluded from the organization (Ibid: 120).

Meanwhile, in Anglophone Africa, apart from East Africa, which attained independence as an economic community, no regional integration projects were established during the early years of independence (Asante, 1997: 35). While the West African Francophone countries consistently endeavoured to retain joint institutions of pre-independence and to create new ones, their English-speaking counterparts, mainly at Ghana's insistence, disbanded the few joint institutions, including the British West African Currency Board, the West African Court of Appeal, the West African Cocoa Research Institute and the West African Airways Corporation founded by the British, thereby advancing the disintegration of the region (Ibid: 35-36). Perhaps more troubling was the fact that the East African Community (which will be discussed in detail in chapter 5), which at the time was perhaps the most sophisticated regional cooperation agreement in the Third World, began to face acute tensions in the 1960s, so that by the end of the decade its recognized degree of economic integration had deteriorated considerably (Asante, 1997: 36). By June 1977, the entire Eastern African Community structure, once seen as a model for African regional integration and cooperation, had collapsed (Ibidem).

In Southern Africa, while the concept of regional integration goes back to the ancient empires of Monomotapa and Chaka the Zulu, strong attempts at regional integration were motivated by the anti-colonial and anti-apartheid movements in the 1960s and 1970s (Chingono & Nakana, 2009: 398). The anti-colonial and anti-apartheid struggle, which put the majority of Blacks against minority white superiority, led to the formation of Frontline States (FLS) in the 1970s, of which Angola, Botswana, Mozambique, Tanzania and Zambia were originally members (Ibidem). Indeed, these Frontline States regarded national integration as a means for their disengagement from the pariah state, therefore, shortly before Zimbabwe's independence, these states formed an economic grouping known as SADCC to reduce their reliance on South Africa and build stronger economic relations between them (Söderbaum, 2004: 65). Therefore, it can be argued that SADCC was specifically developed as an instrument for mobilizing development aid to the region as part of the war against apartheid (Ibidem).

In addition to these regional integration initiatives, there was a rapid increase in small-scale schemes that took the form of intergovernmental, multi-sectoral and multi-national organizations to promote technical and economic cooperation between various groups of African states (Asante, 1997: 35). For instance, by 1977, there were over 20 intergovernmental, multi-sectoral

economic cooperation organizations in Africa and about 100 single multinational organizations (Ibidem). This explosion of African regional integration schemes transformed the 1960s to what Asante (1997: 35) calls, “the halcyon years of African integration”. However, this period was also marked by the waning of several regional integration schemes as already seen. Indeed, in the first decade of African independence, the process of regional integration was often no more than a declaration of intent, and an indication of continental alignment (Olivier, 2010: 28). Hence, with the limited Southern African exceptions, most regional economic integration and cooperation schemes which were launched in the 1960s became stagnant or crumbled in the late 1970s (Ibidem). Many different reasons have been cited for the striking failure of the African immediate post-independence regional integration attempts as discussed below.

3.2.2.1 Explaining the failure of Africa’s economic regionalism in the early post-Independence years

Although African countries’ immediate post-independence integration and cooperation efforts mirrored their understanding of their individual countries’ vulnerability due to colonial partitioning; political and economic domestic conditions spurred the unwillingness to contribute seriously and sincerely to regional integration efforts. Indeed, the growth and impact of national consciousness was one of the most prominent explanations for the rather poor outcome of economic cooperation and integration during the early years after independence (Asante, 1997: 36). Asante (1997: 36) argues that the African states which were created by the colonialist era were by no means nations; rather, they reflected the shells of territorial freedom in which the independence movements had planted the kernel of national identity. Therefore, given that the key task of the new African governments was to provide the soil in which the seed could grow, they became anxious to promote national development which forced them to look inward and rank the political, economic and social developments of their respective national polities as their priority (Ibidem). Consequently, national restructuring was strongly prioritised, while cooperation with other countries became secondary (Ibidem).

Moreover, the domination of national interests over regional integration and cooperation was exacerbated by the assumption that substantive cooperation inevitably implied long-term commitments, which meant embracing constraints on national sovereignty in many key fields, including development plan formulation. African states did not show much willingness to

compromise perceived national interests on the regional scene in the immediate post-independence years as they only agreed to free trade or to distribute industries on a regional basis when those integrative goals did not conflict with national security, prestige or economic advantage considerations (Asante, 1997: 37). Hence, the lack of will on the part of the African states to cede any power to any supranational body partly explains the decline and stagnation of African regional integration attempts during the immediate post-independence years (Masinde & Omolo, 2017: 8).

Furthermore, the political and economic heterogeneity of the African states also explains the poor performance of the early post-independence integration and cooperation schemes. Asante (1997: 37) argues that, because countries that pursue radically different paths of development cannot make successful partners in economic integration; political and ideological cleavages challenged even established and otherwise viable cooperative agreements such as the first East African Community. Moreover, these vital constraints and problems were exacerbated by the intractable problems of organizational politicization which culminated in institutional tension and decline (Ibidem). For example, throughout Francophone Africa, there was a disconcerting level of changes in organizations and memberships, partially due to regional inequalities.

Additionally, in UDEAC's case, there were restrictions on the opening of markets and often, member states were not compliant with the union rules which drained the UDEAC's energy as an integrative scheme (Ibid: 35). Furthermore, Chad and the Central African Republic which were the two most impoverished countries in UDEAC consistently argued that the bulk of the organization's benefits went to Cameroon, whilst they earned little to nothing (Ikome, 2004: 72). Indeed, these two countries requested for an industrial allocation scheme that would ensure that certain industries were exclusively located on their territory, despite their unattractiveness to investment (Ibidem). Even if some compromises were made, the more economically feasible states like Cameroon and Gabon were hesitant to fund their poverty-stricken partners leading to the split of Chad and the Central African Republic from UDEAC and joining the Democratic Republic of Congo to form the Union of Central African States (UEAC – Union des États de l'Afrique Centrale) which not only weakened the UDEAC but also stressed the problem of regional structures being duplicated and ineffective (Ibid: 73).

Moreover, the failure to put ambitious grand schemes and good intentions into action became a recurring phenomenon in the immediate post-independence years (Olivier, 2010: 28). Olivier (2010: 28) argues that, although the African governments fully realised their weaknesses and what solutions ought to be followed, their narrow nationalistic and power-political considerations outweighed the imperatives of reform. Hence, the creation of regional groupings in the immediate post-independence years of Africa was often nothing more than a declaration of intent and an indication of continental alignment (Asante, 1997: 37). Consequently, amid the rhetoric of pan-African unity and the apparatus of elaborate decision-making mechanisms, the period 1960-1970 saw a decline rather than development in the field of successful regional integration in Africa (Ibid: 36). Nevertheless, the poor performance of the 1960s-1970s regional integration attempts did not diminish the fervour towards regional integration and cooperation in Africa as the 1970s-1980s saw a renewed enthusiasm for economic regional integration and cooperation in the continent.

3.2.3 Third phase of African regionalism: 1970s -1980s

From the mid-1970s, there was a reinvigorated fervour for pan-Africanism as an integrative force at the regional level due to the poor economic performance of African economies during the first decade after independence (Asante, 1997: 37). Indeed, the renewed enthusiasm for revitalizing the African economy through regional integration was primarily due to the failure of post-colonial development policies and the recognition that development strategies had to be updated and reoriented towards a more inward-looking mode of action (Olivier, 2010: 29). Notably, African leaders blamed external factors for the failure of post-colonial economic policies, whilst referring to unfulfilled promises of global development policies that made them stagnant and more vulnerable than other regions to the economic and social crises suffered by the developed countries (Ibidem).

Indeed, the record of the 1960s in Africa was most disappointing, as neither trade nor aid policies from the developed nations appeared capable of accelerating economic growth in the continent (S. K. B. Asante. 1997:38). Africa emerged from the first 1960-1970 United Nations Development Decade as the region with the lowest economic growth rate among developing countries, that is, 2.0% compared to 4.1% in South Asia, 5.6% in East Asia, 4.5% in Latin America and 7.2% in the Middle East (Ibidem). Moreover, despite the export promotion policies

adopted by the regional integration schemes, many African countries showed sluggish economic growth in much of the 1970s, low productivity rates, small and fragmented industrial base, high reliance on a vulnerable narrow spectrum of primary export commodities, low life expectancy rates and increasing deficits on the aggregate current account balance of payments (Ibidem). In the 1974 United Nations General Assembly's Sixth Special Session, of the 32 countries listed as being most seriously affected by the economic crisis of the 1970s, 20 were in Africa (Ibidem). Furthermore, in 1977-1979, Africa's real per capita income decreased, while the inflation rate approximately doubled, reaching an average annual rate of over 20%; between 1978 and 1979 (Asante, 1997: 38). Additionally, the continent's combined current account deficit of the balance of payments rose from about US\$4 billion in 1974 to close to US\$10 billion annually in 1978-1979, while its external indebtedness rose from US\$6 billion to US\$32 billion in 1970-1979 and the debt burden continued to rise from an estimated US\$265 billion in 1989 to US\$285 billion in 1993; an amount representing 96 per cent of the combined GDP of the whole continent (Ibidem). Therefore, although Africa's colonial heritage in 1960 was unfavourable, by 1980, the situation was even less promising.

Consequently, given the imminence of catastrophe and collapse in the African economy, new strategies and policies were required to halt the continent's economic deteriorating performance. African states strongly felt that they had to promote regional integration and cooperation to improve their national efforts to secure their independence (Asante, 1997: 39). This momentum for concerted African regional action in pursuit of aspirations for counter-dependence was underpinned by the performance of the OPEC, which through collective action and solidarity had crystallized the principles of power (Ibidem). Furthermore, this impetus for regional integration was buttressed by the 1974 resolution of the United Nations General Assembly Resolution on the New International Economic Order (NIEO) which drew attention to economic cooperation between developing countries as its main feature and the signing, in February 1975, of the Lomé Convention which brought French and English speaking African countries together, thus establishing a new political environment and economic framework conducive to more substantive interactions between them (Ibidem). Such developments culminated in a new rash of regional initiatives in Africa which were broader in reach and more sustainable than those of the previous decade.

One of the most notable African regional integration schemes that were established in the mid-1970s was the Economic Community of West African States (ECOWAS). The origins of ECOWAS can be traced to the sub-regional meetings organized by the United Nations Economic Commission for West Africa, which on the second attempt in 1967 led to the signing by 13 English and French-speaking West African countries of a tentative agreement on seven Articles of Association for the creation of an Economic Community for West Africa (Zagaris, 1978: 100). The Articles of Association provided for the formation of an interim Council of Ministers responsible for drafting a Treaty on a broader economic community for West Africa (Ibidem). However, most Member States were frustrated by the restricted scope of the Articles of Association, hence, in April 1972; Nigeria and Togo Heads of State began to advocate for the creation of a more unified and integrated community (Ibidem). Consequently, after solidifying proposals for the community, a joint Nigerian-Togolese delegation visited West African capitals in 1973 to lobby for its proposals and, on 24 January 1975, the draft treaty was accepted at a meeting of the ministerial council in Monrovia and then recommended to the Heads of State and Government at a meeting held in Lagos in 1975 (Ibidem). Finally, the Treaty establishing the West African Economic Community (ECOWAS) was signed on 28 May 1975 by Heads of State of 15 West African countries (Ibid: 101).

The establishment of ECOWAS marked a breakthrough in the long series of efforts to implement some form of economic cooperation and integration that encompassed the entire West African region, as well as the first genuinely sub-regional arrangements for indigenously negotiated economic cooperation after independence (Ikome, 2004: 80). Indeed ECOWAS was seen as encompassing as it “constitutes a geographical zone larger than Western Europe and it is the most heavily populated of all the subregions, with a total population of about 180 million” (Asante, 1997: 40). Moreover, with the establishment of ECOWAS, several sub-regional schemes began to emerge in the 1980s, especially under the perimeters of the Economic Commission for Africa (ECA). For instance, in Southern and Eastern Africa, the OAU and the ECA sponsored the first region-wide initiative with the establishment of a preferential trade area after the sanctioning of the 1981 Treaty of Lusaka and its effective launch in July 1984 in Harare (Ikome, 2004: 81). Furthermore, in Central Africa, the impulse of the ECOWAS Treaty led to the formation of the Economic Community of Central African States (ECCAS) in October 1983, consisting of the member states UDEAC and the Communauté des Pays des Grands lacs (CEPLGL) (Ibidem).

Therefore, Africa successfully established three subregional cooperation and integration schemes with memberships of 16, 22 and 10 countries for ECOWAS, PTA / COMESA and ECCAS, respectively, between the creation of ECOWAS in 1975 and 1983 (Ibid: 81-82).

Furthermore, the third phase was heralded by the Lagos Plan of Action (LPA) and the Full Act of Lagos (FAL) in 1980 which was written and vigorously supported by UNECA (Olivier, 2010: 28-29). Indeed, the advent of the Lagos Plan of Action (LPA) and the Full Act of Lagos (FAL) saw a spate of proliferation of subregional economic groupings in Africa as it pushed for economic integration as a prime factor of inward-oriented development (Asante, 1997: 40). Olivier (2010: 29) argues that from an integrationist point of view, the LPA was seen as a step forward as it reintroduced pan-African concepts, emphasized continental collaboration with a view to greater, quicker and sustainable development. Particularly, the LPA stressed the principles of African unity, mutual self-reliance and self-sufficiency, economic progress towards self-sustaining socio-economic growth and the reduction of its vulnerability to dependency on developed nations (Olivier, 2010: 28-29). However, although African regionalism was at the core of the LPA's plan for African economic reforms, the LPA failed to tackle Africa's economic problems mainly because African governments lacked the will and leadership to implement it and also considered that the short term economic and political costs of implementing the LPA outweighed the long term benefits (Ibid: 30). Moreover, this was exacerbated by the structural adjustment programmes (SAPs), which with no interest in regional integration, were equipped with financial resources to further lure non-compliant governments into the comfort zone of short term thinking (Ibidem).

These developments were a significant setback to regional integration in Africa, aggravated by the fact that the various regional institutions formed by the LPA did not have any power to enforce sanctions for non-compliance (Olivier, 2010: 31). Moreover, since the entire LPA system was focused on collective action, each African government subjected its actions to the actions of all the others; so the inability to approve the non-compliance of the least co-operating states served to deter even the most ardent advocates of collective self-reliance (Ibidem). Hence, the renewed enthusiasm for revitalizing the African economy through regional integration in the 1970s-1980s did not amount to substantial efforts and policies.

3.2.4 Fourth phase of African regionalism: 1980s - 1990s

The fourth phase of Africa's regionalism efforts was marked with the signing of the 1991 Abuja Treaty within the framework of the OAU to establish an African Economic Community with a supranational authority to be used as a lock-in mechanism for non-compliant member states (Jiboku, 2015: 20; Olivier, 2010: 31). This Treaty aimed to consolidate the economic integration efforts of Africa by strengthening the Regional Economic Communities (RECs) of the continent and by fostering collective self-reliance and self-sustainable socio-economic growth (Jiboku, 2015: 20). Under Article 8(3) of the Treaty, the Assembly of Heads of State and Government which is the supreme body of the Treaty was empowered to give directives, co-ordinate and harmonize member states' economic, scientific, technical, cultural and social policies (Olivier, 2010: 31). Moreover, the Abuja Treaty allowed RECs to step beyond the realm of strict state-centrism, as it brought civil society, NGOs, the private sector and development aid donors into the regional equation (Ibidem).

Furthermore, the Abuja Treaty influenced major changes in the framework and organizational reach of the RECs as the SADCC was transformed into the Southern African Development Community in 1992; the ECOWAS Treaty was revised in 1993 to allow sanctions to be enforced on non-compliant states; the Preferential Trade Area was transformed into COMESA; the Economic Community of Central African States was revived in 1998 and the East African Community was revived in 1999 (Olivier, 2010: 31). However, it should be noted that, although the Abuja Treaty indicated a shift away from the self-reliant, autarkic regionalism of the LPA to economic liberalism and a more diverse form of regionalism, as its predecessors, the Abuja Treaty failed to go beyond the level of paperwork and good intentions (Ibidem).

3.2.5 Fifth phase of African regionalism: 1990s-2000s

The fifth phase of regional integration in Africa was heralded by the establishment of the New Partnership for Africa's Development (NEPAD) in 2001. The primary objective of NEPAD is to eradicate poverty in Africa by creating stable conditions of peace and security and to promote sustainable economic growth and development, thereby enhancing Africa's involvement in global political and economic affairs (Olivier, 2010: 32). However, although NEPAD is focused on eliminating these underdevelopment issues, its strategic operational approach seems complex, over-bureaucratic, and state-centred with little to no grass-root involvement (Ibidem). Olivier

(2010: 33) argues that the solution to these problems seems to be the missing link of African regionalism on a state and societal level. Nevertheless, it should be noted that Paragraph 69 of the official NEPAD document lists African integration as last on its long list of goals, which indicates that, the organization was not primarily developed as an instrument of African integration (Gerrit Olivier, 2010: 33).

Besides NEPAD, this fifth phase was also marked by the launching of the African Union in 2002 in Durban, South Africa, to succeed OAU and the African Economic Community as a continuation of the current model of integration (Ibidem). Reinforcing the founding principles of the OAU, the preamble and the stated objectives in Article 3 of the AU Constituent Act are underlined with a focus on unity, solidarity, cohesion and cooperation (Ibid: 33-34). Likewise, emphasis on sovereign equality and non-interference continues to be a dominant concept. Considering that the AU and NEPAD initiatives sought to advance the African Regional Economic Integration Agenda, AU members adopted a Declaration on Democracy, Political, Economic and Corporate Governance in 2002 in recognition of the need for African governments to prioritize good governance and socio-economic growth to accelerate integration (Jiboku, 2015: 20). Such goals were further demonstrated when the AU agreed to adopt NEPAD as the basis for strengthening the institutions of regional integration envisaged in the Abuja Treaty. It was hoped that the integration of the African Union and NEPAD initiatives would lead not only to socio-economic transformation and integration in Africa but also to more beneficial interactions with the West and multilateral institutions (Ibidem). Therefore, in 2003, the African Union established the APRM as a governance monitoring tool within the framework of the NEPAD initiative to facilitate these objectives (Ibidem).

3.2.6 Summary

In summary, this section has devoted attention to the analysis of the historical evolution of regionalism in Africa with a particular focus on some main regional integration schemes that were established in Sub-Saharan Africa from the early-post independence years to the current years. As a necessary historical background to the study of the dynamics of regionalism in Africa, the chapter has highlighted the linkage between pan-Africanism and regional integration with particular reference to the failure to establish pan-African-conscious continental economic integration schemes, which were being advocated in the late 1950s and 1960s. Closely related to

this is a brief assessment of the fluctuating fortunes of the early subregional economic integration schemes. This section also throws some light on the renewed emphasis and interest towards intra-African economic integration and cooperation since the mid-1970s leading to the establishment of the existing regional and subregional economic communities. The next section analyses two prevailing forms of regionalism in Africa which are not well covered in existing literature. These two forms of regionalism are, as Söderbaum (2007) calls; regime-boosting regionalism and shadow regionalism. This analysis is done to highlight, how the state and informal actors separately and collectively make and unmake the process of regional integration in the African continent.

3.3 Regime-boosting regionalism versus Shadow regionalism

3.3.1 Regime-boosting regionalism

Söderbaum (2007:192) perceives regime-boosting regionalism as a form of regionalism which seeks to strengthen the status, legitimacy and the general interests of the political regime rather than the nation-state, both on the international arena and domestically. He observes that in many African states, political leaders and governments engage in symbolic and discursive activities, whereby they praise the goals of regional integration, sign cooperation treaties and agreements, but do not commit to or bear the costs of policy implementation (Ibidem). This mainly results from the weakness of African states. Söderbaum (2007: 192) emphasizes that, because African states are weak, they often place a strong emphasis on the maintenance of existing borders and the principle of non-intervention in domestic affairs as it enhances the power of the governing political elite and their ability to stay in power. Indeed, regime-boosting regionalism is prevalent in many African states as an image-boosting tool through which political leaders show support and loyalty for each other, thus enabling them to raise the profile, status, formal sovereignty and image of their often authoritarian regimes, but without ensuring implementation of agreed policies (Ibidem).

Notably, various strategies are used to promote regime-boosting regionalism. The first and most common strategy is the use of extravagant and sometimes majestic summits and high-profile meetings through which political leaders can show the international community and their citizens that they are promoting the cause of regional cooperation and that their political regime is important or at least visible on the international arena (Ibidem). However, Söderbaum (2007:

192-193) argues that, in reality, these summits and conferences do not involve any real debate or wider consultation within or between member states. This means that such summits are just for 'appearance' purposes, with no concrete actions or decisions undertaken. The second strategy is through the overlapping membership of many African states in different regional organizations. Söderbaum (2007: 193) argues that many African states participate in various regional organizations to increase the possibilities for verbal regionalism and regime-boosting, to the extent that policy implementation is not the main concern but a way to construct disorder and competing regional agendas. The most notable example is the African Union, which in the past, was criticized for having been used as an image-boosting arena and a mechanism whereby personal rulers and authoritarian elites were able to praise one another on the African arena (Ibid:193-194).

3.3.2 Shadow regionalism

Söderbaum (2007: 195) defines shadow regionalism as a phenomenon in which public officials and various actors within the state bureaucracy may be entrenched in informal market activities to promote either political goals or their private economic interests. It is built upon rent-seeking behaviour and the stimulation of patron-client relationships thus undermining the state's regulatory capacity as well as formal regionalism (Ibidem). Notably, these networks are inequitable and extremely uneven since they accumulate power and resources at the top, to the rich and powerful, and those who have jobs, rather than to the unemployed, the urban poor and rural producers (Ibidem). Söderbaum (2007: 196) also argues that shadow regionalism depends on the failure of both the formal economy and formal regionalism which results in resistance towards formal regionalism by political leaders and policymakers as a deliberate strategy to maintain the status quo so as not to disrupt shadow regionalism.

Notably, attempts to restrict shadow and trans-state informal flows have largely been unsuccessful. This is mainly because, in the present context where the state system itself provides fewer incentives for private wealth accumulation and where formal barriers between states have been reduced, shadow regionalism no longer stems solely from the exploitation of established border inequalities but has expanded to more criminal activities, such as new trades in illicit drugs, including heroin, and cocaine, arms, light weapons and other merchandise of war (Ibidem). Söderbaum (2007: 196) argues that, in certain respects, shadow networks have entered

a new phase, whereby they are better understood as ‘networks of plunder’, profiting from war and chaos or warlord politics, or be actively involved in the creation and promotion of war, conflict and destruction, as seen in the more turbulent parts of Africa, such as the West African war zone, Great Lakes region, the Horn of Africa, and parts of Southern Africa (Ibidem).

3.4 Contemporary challenges facing regional integration in Africa

Evidence tends to suggest that, to date, Africa’s regional integration schemes have not made any appreciable inroads toward the objective of creating a regional economic market, let alone an economic community, despite the human and financial resources deployed (Asante, 2016: 131). Although regional integration in Africa was expected to play a vital role in the socio-economic transformation of the African economies and help alleviate poverty through sustained recovery and growth, this has not been the case. The multiple and costly economic schemes set up to promote regionalism in Africa have produced only mixed results both regionally and continent-wide, which has rendered the continent unable to transcend the confines of the nation-state (Ibidem). This section, therefore, examines the challenges facing regionalism in Africa and why Africa’s regional integration efforts are lagging in comparison to those in other regions.

First and foremost, the most commonly cited challenge facing regionalism in Africa is the continent’s political and economic colonial legacy. Masinde & Omolo (2017: 12) argue that the continent’s political and economic colonial legacy has contributed to the assertion of a strong form of state sovereignty on politics and economics which has limited the efforts for regional integration to minimalist intergovernmentalism. Indeed, although African governments recognize the importance of regionalism for political and economic progress, it seems that African governments wish that this were achievable without having to cede their authority, or shift their loyalties to some continental federal or supra-national institution which they cannot control; or rather that regionalism should complement rather than supplant their national projects (Masinde & Omolo, 2017: 12). Indeed, African governments have preferred to view regionalism as an instrument that supplements, enhances and protects the role of the nation-state (Ibidem). Moreover, given that the independent African states were never really negotiated states but were rather imposed by colonialism against the consent of the nationalities, the states have always struggled for legitimacy, which has resulted in the heavy reliance on force to sustain power, as well as the inability of the state to sufficiently harness the advantages of political plurality and

ethnic diversity in nation-building (Ibidem). Therefore, with attention and resources diverted towards strengthening legitimacy, the states have never been able to pay due attention to the development of sustainable and effective regional integration schemes.

Secondly, the low levels of complementarity across the African economies is another underlying factor that has negatively affected regionalism in Africa. Given that the early regional economic groupings were formed when most African countries were still implementing import substitution development strategies which focused on encouraging domestic production, key aspects of regional integration such as the division of labour and specialization among countries were hampered (Kimbugwe et al., 2012: 46). Moreover, the focus on domestic production also allowed the political leaders to establish the symbiotic relationship with their fellow states-men which would ensure their retention of political power (Ibidem). Consequently, the extraction of primary materials such as agricultural cash crops and minerals for export garnered the lion's share of attention, with little development of processing or value-added industries due to the small size of national markets, hence, resulting in the production of similar exports, with no incentive to produce for regional markets (Ibidem). Moreover, since many of the African countries trade in similar goods, there are limited opportunities and incentives to export to other African countries. This is exacerbated by the limited capacity and largely unsophisticated condition of the manufacturing industry which has reduced the degree of complementarity and contributed to the low levels of intra-firm trade in the region (UNECA, 2006: 9). Additionally, although the number of conflicts has significantly reduced and growth has resumed across much of the African continent, poverty levels have remained very high and purchasing power has remained very low in all regions except for North and Southern Africa (Ibidem). All these factors have been exacerbated by the weak transport and communication infrastructure and the lack of a skilled workforce thus further constraining regional integration.

Furthermore, the loss of revenue derived from indirect taxes mainly import and export duties resulting from the removal of trade barriers and tariff harmonization has rendered the concept of regional integration in Africa difficult. UNECA (2004: 101) observes that, reducing trade barriers in economies where tariff revenue is a significant source of government revenue complicates the tradeoff between short-term loss of revenue and expected long-term benefits from regional integration. It also adds that government revenue losses due to integration could be very high in

countries that trade a lot within a given community, while being extremely low in countries that trade less with their economic community peers due to opening their markets to other community members (Ibidem). Therefore, in the case of Africa where the EU is the main trading partner for most African countries, this means considerable tax revenue loss for other regional economic community members (Ibidem). Asante (1997: 67) reinforces this argument by stating that the main feature of a majority of African member states of regional economic communities is that a significant proportion of their revenue is derived from indirect taxes from import and export duties. He argues that, given that the impact of tariff harmonization on revenue would be felt immediately, the expected benefits of tariff harmonization are often in the long-term and less certain, therefore, tariff harmonization which entails the removal of tariffs in intra-regional trade does not appeal to the political leaders, particularly because of the perceived inability to recoup the resultant loss of revenue from the expected long-term benefits of enhanced regional integration (Ibidem). Hence, African governments have found it difficult to reduce or abolish tariffs by either showing outright reluctance to do so or by levying other charges that have an equivalent effect (Ibidem). This situation is exacerbated by the inability of the compensatory arrangements to compensate member countries for revenue losses (Ibidem). For instance, in ECOWAS, the compensation funds do not have their own resources but depend on contributions done by member countries, which often are unable to honour their obligations (Ibidem).

Additionally, although regional integration should result in substantial economic, political and security-related benefits, there is a legitimate concern in many developing regions, especially Africa, that the gains from market integration would accrue mainly to the larger or more industrially developed member countries which are in the most advantageous position to capture immediately the additional income benefits from an open accessible regional market (Asante, 1997: 69). Indeed, asymmetries in the relative economic weight and capability of regional partners have contributed in the past to the disintegration of many developing countries' regional arrangements despite specifically designed measures to redistribute some of the gains captured (Ibidem). For instance, such problems have been encountered in the Andean Pact countries and have slowed down the process of closer integrations in ASEAN (Ibidem). Moreover, in Africa, the collapse of the EAC in 1977, the experience of the UDAO, UDEAO and the withdrawal of Chad in 1968 from the membership of UDEAC were all related to the problem of inequitable distribution of costs and benefits of integration (Ibidem). In fact, countries like Rwanda, Djibouti

and Comoros have often argued that because of their low levels of development, their structures of production, and commodity composition of exports, if any, they have little to gain from integration (Ibidem).

Furthermore, another often-cited challenge is the issue of overlapping membership, which is often referred to as the “spaghetti bowl” (UNECA, 2006: 50). According to a study by UNECA (2004), on average, 95% of the members of one regional economic community in Africa belong to another regional economic community. UNECA (2006: 7) argues that the complex patchwork resulting from the multiplicity and overlapping membership in regional economic communities leads to fragmented economic spaces and approaches to regional integration, increased cost of membership in RECs, unhealthy rivalry for donor funds, contradictory obligations and loyalties for member countries, inconsistent objectives and conflicting operational mandates, duplicated efforts, and reduced ability for regional economic communities to pursue coherent and effective integration programmes. This argument is also reinforced by UNECA (2004: 41) which argues that the overlap among regional economic communities also tends to: muddy the goals of integration which leads to counterproductive competition among countries and institutions; add to the burdens of member states which means that a country belonging to two or more regional economic communities not only faces multiple financial obligations, but must cope with different meetings, policy decisions, instruments, procedures, and schedules; with customs officials having to deal with different tariff reduction rates, rules of origin, trade documentation, and statistical nomenclatures. A notable example of wasteful duplication of effort is highlighted by Kimbugwe et al. (2012: 48) who observe that ‘it is difficult to envisage how SADC and COMESA, given their convergence on both sectorial cooperation and trade integration, can live and prosper with the overlapping membership of the Southern African States’. Moreover, despite the duplication of programmes especially in trade and market integration, intra-African trade remains unacceptably low (UNECA, 2006: 55).

Additionally, the lack of political and economic commitment from the African leaders also poses a challenge to regional integration. Indeed, regionalism efforts in Africa have been hampered by the existence of weak states and political opposition to sharing sovereignty (Kimbugwe et al., 2012: 48). Kimbugwe et al. (2012: 48-49) argue that, given that most African regional integration arrangements are devoid of strong regional institutions, governments have failed to translate their

commitments in regional treaties into substantive policies, legislation, rules and regulations. There has been no transfer from the adoption of regional policies into implemented national actions, as the willingness to subordinate national political interest in favour of regional economic goals is lacking (Ibid: 49). This lack of foresight in identifying with regional goals that would potentially offer much higher economic benefits is attributed to resistance in ceding essential elements of sovereignty to regional institutions (Ibidem). Hence, the costs, benefits and opportunities of regional integration have not been fully appreciated nor are they supported by all levels of government or by a sufficiently broad spectrum of public opinion.

Furthermore, the strong protection of national sovereignty has played a significant role in impeding regionalism efforts in Africa. Asante (2016: 132) argues that, given that most African states are still defining their national identities, and regional integration as an intensely political process, it is difficult for African states to agree on cooperation that requires sovereignty in certain areas to be handed to a regional organization. Consequently, political leaders jealously guard their sovereignty and are unwilling to reduce the power and authority of the state. Asante (2016: 132) also argues that this reaction is compounded by the lack of perception of significant gains from trade liberalisation. Moreover, the issue of sovereignty also hinders the effective operation and viability of regional integration schemes, as guarding sovereignty in this way requires an interstate approach based on the maintenance of national sovereignty and the dominance of member states over the working of regional institutions (Ibidem). This clearly explains the weakness of the regional institutional architecture of the regional economic communities, which lack the authority, power, and resources to enforce decisions and see the implementation of programs through to their logical conclusions (Ibidem). For instance, more than two decades after the adoption of the ECOWAS Revised Treaty, the empowerment of ECOWAS as a supranational institution and enhancement of its authority, recently reinforced by the restructuring of its secretariat into a commission in 2006, are still being awaited (Ibidem). Hence, sovereignty and nationality concerns have driven African member states to become reluctant actors in their approach to integration because of unintended consequences that could undermine the sovereignty of their states.

Furthermore, the continued emulation of the European integration model, which is not suitable to the African situation, has been cited as a challenge facing regionalism efforts in Africa. Asante

(2016: 133) argues that many states in Sub-Saharan Africa do not have the capacities to manage development processes or engage in complex institutional forms of economic integration along the lines of the EU. Indeed, while the European model may be useful as an aspiration, given its unique geopolitical foundations, complex governing institutions, elaborate coordination mechanisms, and levels of internal economic integration, it is very difficult to see how it could be replicated under the circumstances of the African political economy (Ibidem). Besides, the classical EU model is based on the existence of processing industries and adequate infrastructure, which are still inadequate or inexistent in the African context. A clear example of Africa's mimicry of the European integration model has been the adoption of the classical EU prototype market integration approach, as seen for example, by the East African Community and other regional economic communities in Africa. However, Asante (2016: 133) argues that, given that all African states have primary products to offer, with no complementarity between them, and since there are insufficient manufacturing or processing industries in Africa to absorb the raw materials, it is unclear how the mere formation of a common market will enhance the flow of trade in Africa. He observes that, successful market integration in Africa would require fostering production integration and regional complementarities, and the development of regional infrastructure especially transport and communication to support trade (Ibidem). Masinde & Omolo (2017: 6) reinforce this argument by stating that the incompatibility of the EU integration model with the economies of the third world is a major impediment to the development of regionalism in Africa because the success of the EU model depends on the emergence of strong and diversified economies, and presuppose economic complementarity and a strong political commitment to over-come asymmetrical benefits and costs of integration, which is non-existent in Africa.

Additionally, the weak state of African countries' national institutions hampers efforts towards regional integration. UNECA (2006: xviii) argues that the state and success of regional integration are determined by national and sub-regional capacities, however, in Africa, in 2006, only 32% of African countries had a ministry dedicated solely to regional integration, whilst the rest lacked a central point in the government for coordinating sub-regional or regional economic activities. Moreover, in the same period, while 18% of African countries cited the diversity of policies involved in integration as the reason that they did not have a ministry dedicated to integration; more than 25% believed that existing mechanisms which included other ministries

acting as focal points on regional integration were satisfactory (Ibidem). These poor coordination mechanisms, coupled with, the limited translation of regional economic community goals into national plans and budgets, poor implementation of agreed programmes, weak legislative processes for integration, poor fulfilment of financial obligation to the RECs, and unclear views of the costs and benefits of integration strongly hinder Africa's regional integration attempts (Ibid: xix-xx).

Furthermore, the lack of a strong regional hegemon in Africa has been cited as another challenge facing regional integration. UNECA (2006: 9) observes that experience, especially in Europe, shows that regional integration is much more likely to be successful if one country serves as an institutional leader and regional paymaster. Indeed, European integration was successful, largely because of France and Germany's willingness to serve this role (Ibidem). Notably, Germany was able to play this role, because of its strong economy, which by the mid-1990s was one of the largest in the world and exhibited higher productivity than the economies of other European countries, and its success was reflected in the strength of the Deutch mark and the Bundesbank, which became the model for the European Central Bank (Ibidem). Additionally, the country is by far one of the largest net contributors to the EU budget, which eases distributional concerns (Ibidem). For example, in 1996, Germany's financial contribution to the European Union amounted to about two-thirds of EU net income, double the relative size of the German GDP in the EU (Ibidem). Conversely, this is not the case in Africa, as most regional economic communities in the continent lack leadership and very few countries are willing to serve as paymasters (Ibidem). Moreover, countries are also seldom willing to compromise on important treaties or to persuade others to agree (Ibidem).

Furthermore, Africa's poor transport and communication infrastructure also impedes regional integration. Africa has fragmented transport networks and its transport costs are among the highest in the world, which means that regional integration gains will be limited or eroded (UNECA, 2006: 12). Indeed, there has been little convergence of transport programmes across the RECs and Africa which results in an increase in the cost of doing business and hinders factor mobility, investment, and competitiveness (Ibidem). For instance, for landlocked countries in Africa, transport costs can be as much as 77% of the value of exports; whilst, the cost, including

insurance of moving a car from Japan to Abidjan is about \$1,500, and more than three times that to ship the same car from Addis Ababa to Abidjan (Ibidem).

Moreover, the continued dependence of African regional institutions on donor funds to drive forward the integration efforts has been cited as a detriment towards regional integration. In 2004, UNECA observed that African regional integration continued to depend heavily on donor financing and argued that Africa's integration cannot be principally financed by the traditionally unreliable financial contributions of member states or outside support because relying principally on assessed contributions has proven unsustainable for regional economic communities (UNECA, 2004: 65). It also noted that depending on external assistance to boost regional integration was not a viable option due to its highly capital-intensive nature (Ibidem). Moreover, despite the funding, there has not been a significant increase in intra-REC trade or intraregional trade in Africa. For instance, in 2012, the total imports to and exports from Africa accounted for only 3.2 per cent of global trade (Apuuli, 2016: 150), and although the share of intra-African exports as a percentage of total African exports increased from about 10% in 1995 to around 17% in 2017, this percentage remains low in comparison to Europe's 69%, Asia's 59%, and North America's 31% (Songwe, 2019: 98).

Furthermore, the lack of participation of interest groups and the private sector have also been cited as challenges facing regionalism in Africa. Asante (1997: 78) observes that, according to neo-functionalism, by participating in the policymaking process, interest groups are likely to develop a stake in promoting further integration to acquire economic payoffs and additional benefits from maintaining and stimulating the organization through which certain demands can be articulated and goals attained. This implies that in the integration process, interest groups can play an instrumental role in the maintenance of the integrative system. However, in Africa, because African regional communities are intergovernmental, the key decision-makers are generally the top-level political elites and bureaucrats (Ibid: 79). This means that not only does the staff of the executive secretariat play a minimal role, the organizations representing business interest such as employers' associations or chambers of commerce are not included on a regular and formal basis even though they do make their presence felt often individually, indirectly, and informally (Ibidem). Therefore, as the participants in the decision-making process within African regional organizations are the political elite, the bureaucratic elite, and representatives of foreign

interests, the broad mass of the people, both producers and consumers are excluded from effective participation in the economy (Ibid: 80).

Moreover, many regional community institutions in Africa are riddled with deficiencies, as the secretariats of almost all the existing regional economic communities suffer from a lack of real decision-making power, with totally inadequate resources for independent, practical integration activities (Asante, 1997: 76). This is mainly due to the dominance of nation-state interests which allow genuinely supranational regional development policies only within a narrow framework (Ibidem). This is exacerbated by the lack of clarity of the tasks and objectives of the institutions and flexibility in the programme implementation; as well as problems relating to the ability of the institutions to reconcile national and multinational interests in the implementation of programmes (Ibidem). Moreover, in the discussions of the committee of experts or of the Council of Ministers or even those of the summits of Heads of State and Government of the African communities, only the reiteration of the viewpoints or positions of the member states is done whilst major decisions systematically come up against the veto based on the principle of unanimity of the states (Ibidem). Hence, the secretariats of the communities, composed of international civil servants who have sworn to be faithful to the treaty but who are answerable to the Council of Ministers, made up of incumbent ministers and member states, are too weak to enforce the community objectives (Ibidem).

Last but not least, in both qualitative and quantitative terms, most African economic regional communities are inadequately staffed. In comparison to the European Union whose institutions were and are served by first-class European personalities such as Gaston Thorn, Jacques Delors, and Raymond Barre; in African economic communities, most of the executive and professional positions are usually filled on political and geographical representation grounds rather than on experience, technical and administrative competence (Asante, 1997: 77). Consequently, the political appointees at the head of the economic communities do not always fully comprehend the problems of economic integration, whilst some of the executives lack conviction and the determination to promote regional economic integration because they do not know what direction the communities should take (Ibid:77-78). This situation is aggravated by the lack of grassroots support at the national level or credible genuinely effective regional or subregional lobby in the individual countries.

To sum it up, this section has highlighted and analysed the various challenges that are hindering regional integration efforts in Africa. The cited challenges include Africa's political and economic colonial legacy; low levels of complementarity across the African economies; the loss of revenue derived from indirect taxes; fears that the gains from market integration accrue mainly to the larger or more industrially developed member countries; overlapping memberships; lack of economic and political commitment from African leaders; tendency to strongly protect national sovereignty; continued emulation of the European integration model and institutions; weak state of African countries' national institutions; lack of a strong regional hegemon; poor transport and communication infrastructure; the continued dependence on donor funds; lack of participation of interest groups and the private sector; and deficiencies characterizing regional community secretariats. Therefore, with all the above-mentioned challenges, this section has been able to provide a comprehensive picture of the factors that have rendered regionalism a difficult phenomenon to achieve in the African continent.

3.5 Conclusion

In conclusion, this chapter has provided a detailed analysis of the historical evolution of regionalism in Africa with a particular focus on some main regional integration schemes that were established in Sub-Saharan Africa from the early-post independence years to the current years. It demonstrated that, despite the enthusiasm for regional integration in the immediate post-independence years, regional economic arrangements failed to deliver the economic growth envisaged in Africa and, more significantly, did not reverse the dependency and vulnerability of the continent to external economic powers. This chapter also briefly analysed regime-boosting regionalism and shadow regionalism to demonstrate how the state and informal actors separately and collectively make and unmake the process of regional integration in the African continent. And finally, it provided a detailed analysis of the contemporary challenges that have rendered regionalism a difficult phenomenon to achieve in Africa despite the numerous political, economic and social resources that have been directed toward regional integration efforts in Africa.

Having analyzed regionalism in Africa, the next chapter discusses EU-Africa relations, with the objective of analysing the dynamics of these relations, as well as the controversy surrounding these relations.

CHAPTER 4: EU-AFRICA RELATIONS

4.1 Introduction

EU-Africa relations have historical origins in the colonial period after the 1884-1885 Berlin conference organized by Otto Von Bismarck led to the partition and scramble of Africa and heightened European colonial activity in the region. The formation of the European Economic Community (EEC) coincided with the decolonization of African states, hence, the former imperial powers sought to maintain economic links, the access to raw materials and other strategic economic interests that they had enjoyed during colonialism (Farrell, 2005). Consequently, with the insistence of France, provisions for association with the former colonies were included in part IV of the 1957 Treaty of Rome, thus setting a basis for a contractual relationship based on the concept of partnership as reflected in the Yaoundé conventions of the 1960s and the successor Lomé agreements (Holland, 2002). Subsequently, the non-reciprocal principle of the Lomé convention was ruled to be non-consistent with WTO rules leading to the adoption of the Cotonou Partnership Agreement (CPA) in 2000. The CPA set out four core elements around which to build the EU-ACP Economic Partnership Agreements (EPAs) which included; differentiation, reciprocity, regionalism and development.

Therefore, this chapter will analyze EU-Africa relations through a historical perspective to provide a comprehensive image of the evolution of EU-Africa relations and the debate and controversies surrounding these relations. It will commence by presenting the historical evolution of EU-Africa relations, starting from the Yaoundé convention to the Lomé conventions and then to the adoption of the Cotonou Partnership Agreements; followed by an analysis of the debate surrounding the EU-ACP EPAs, particularly, the contested economic impact of EU-ACP EPAs; followed by a detailed analysis of the EU-EAC EPA as well as the debate surrounding its economic impact on the EAC economies.

4.2 Historical evolution of the EU-ACP relations

4.2.1 Yaoundé Convention: 1964–1975

The formation of the European Community in 1957 coincided with the end of the colonial period and as a result, the founding states sought to maintain economic links, the access to raw materials and other strategic economic interests that they had enjoyed during colonialism (Farrell, 2005).

The desire to maintain these links started with a French initiative, which, despite the opposition from Germany and the Netherlands, insisted that the Common Market be opened up to the French and Belgian colonies in Africa (Mazrui & Wondji, 1993). Mazrui & Wondji (1993) stress that this initiative was less a desire for decolonization than a political action, aimed initially at favouring Europe by giving it reliable extra supplies of raw materials as the period of post-war shortages was drawing to an end, whilst, the African colonies opened up to wider trade and investment. Provisions for the association for all dependencies were thus included in part IV of the Rome treaty including Articles 131-136 which set the basis and rationale for a contractual relationship between the European Community and the African Caribbean Pacific states (Holland, 2002).

Subsequently, this led to the signing of the first Yaoundé convention in 1963 and eventually, its renewal in 1969 for a further five years. The Yaoundé convention was based on the principle of reciprocity and focused on three points: the gradual opening of the markets of the 'associated' African countries to the exports of all EEC member states, without discrimination; the opening of EEC markets to the raw materials of the associated countries, under special preferential arrangements; and the inauguration of an economic and social investment programme in the overseas countries, financed by the European Development Fund (EDF). The EEC provided support to the associated African states principally through the EDF, hence under Yaoundé 1, a total of 666 million European Units of Account (EUA) was provided in EDF aid and a further 64 million in the form of European Investment Bank (EIB) loans, whilst, under Yaoundé II, EDF aid rose to 843 million with a further 90 million provided by EIB loans (Holland, 2002). This amounted to approximately 20% of the total official aid received by the associated states (Ibid). Notably, during this period, individual member states mainly France, Belgium, and increasingly Germany provided three times the total amount of the EU total aid to the associated states through bilateral assistance and there was no political dimension to the Convention whatsoever, as the notion of good governance conditionality had yet to be conceived (Holland, 2002).

Nevertheless, Holland (2002) observes that, from 1957-1975, only a third of the EDF funds were successfully disbursed while the greatest proportion of EDF aid was given to infrastructural projects which excluded the development of the industrial sector (Ibid). Holland (2002) also argues that the Yaoundé convention did not provide any preferential access of the EC market to

the associated states nor did it produce any substantial economic benefits for them, as the trade in goods was asymmetrical; 72% of Yaoundé exports to Europe were primary products while 85% of European exports to Yaoundé states were industrial in origin (Holland, 2002). Furthermore, the trade preferences enjoyed by associated states were progressively eroded due to the European Economic Community lowering or abolishing duties on a range of tropical products such as coffee, cocoa, tea, nutmeg and pineapple, while, products such as cotton, ore, iron, copper, rubber and oilseed which were the associated states' main exports were never subject to EC tariffs in general (Ibid).

Consequently, the Yaoundé convention has been criticized for increasing the dependence of the African states on their former European colonizers and for generally serving the interests of the EEC. Holland (2002) argues that the Yaoundé states were just suppliers of the residual market that the EEC producers could not fill and despite the assistance and the market preferences given to the associated states' exports, the associated states generally failed to improve their economic profiles over the years. Mazrui & Wondji (1993) share a similar view, as they argue that, the Yaoundé convention was the EEC's brand of neo-colonialism which was meant to consolidate and maintain the status quo of the old order, that is to say, the traditional post-1884 Berlin Conference and post-colonial dependency structures. Indeed, they emphasize this point by quoting Kwame Nkrumah who denounced the EEC as a new system of "collective colonialism which will be stronger and more dangerous than the old evils we are striving to liquidate" (Mazrui & Wondji, 1993). To sum it up, the Yaoundé convention lacked the necessary drive to alter the historical relationship and the free trade principles needed to foster development, whilst, the limited concessions maintained and even strengthened the dependency relationship of the partners including distorting the normal economic patterns of development as the majority of the associated states were part of the French Franc currency zone.

Subsequently, with the 1973 EEC enlargement of Ireland, Denmark and Britain, Yaoundé was adapted to include the commonwealth developing countries, hence in 1975, the Lomé Convention was signed and the associated African states became the African, Caribbean and Pacific states (ACP).

4.2.2 Lomé Convention: 1975-2000

The Lomé Convention had four sequences which included Lomé I which was signed in 1975, followed by Lomé II which was signed in 1979, then Lomé III which was signed in 1984 and finally Lomé IV which was signed in 1989 and expired in 2000. The Lomé Convention was committed to partnership, the integration of the developing economies into the global world, relinquished any form of neo-colonial ties by non-reciprocity and did not prohibit the ACPs from trading with other developed countries. Therefore, the ACP countries were granted unilateral market access to the EEC Common Market while keeping tariffs to protect their infant industries (Defraigne, 2017). Indeed, the Lomé Convention was adopted to address the shortcomings of Yaoundé with non-reciprocity and the introduction of an export stabilization scheme, STABEX and later SYSMIN. While, STABEX was to provide funds to ACP countries to cover production shortfalls or price fluctuations for specific agricultural products exported to Europe, SYSMIN- a special financing facility for mineral exports, was to provide ACP states a degree of protection caused by production losses or price collapses (Holland, 2002).

While analysing Africa relations with the world, Nagar & Mutasa (2018) observe that Lomé I was of particular significance because once aid allocations were made to the African states, they were guaranteed for the full five years and were to be jointly managed, whereas, the trade provisions provided for qualified non-reciprocal trade access for the ACP states. However, they also argue that Lomé I reflected the difference between rhetoric and reality in North-South relations, as the concessions that were made to the ACP states were heavily qualified, and the EU maintained a large measure of control and influence in vital areas (Nagar & Mutasa, 2018). For instance, in the trade provisions of Lomé I, the free trade access offered to ACP states was subject to several qualifications, and, although the ACP states were given the chance to develop their priorities for spending funds from the EDF, the final decision to finance projects was left to a committee that only included EU representatives (Ibid).

Furthermore, despite all the objectives pursued during the Lomé period, the impact of the Lomé Convention was marginal. Holland (2002) argues that, even though the ACP states enjoyed a trade surplus with the European Economic Community, the impact on the balance of trade was minimal and in terms of products, the tendencies of Yaoundé were mirrored as the Lomé

convention had the effect of promoting ACP dependency on raw materials as an export base in exchange to importing primarily industrial goods from the EEC. Moreover, the non-reciprocal trading preferences did not yield much because, although the ACP states maintained a leading position as the developing world's exporter to the EU from 1976-1985, by 1994, the ACP group had the lowest developing country share of EU imports, accounting for only 3.4%, behind Latin America, the Mediterranean and Asia (Ibid). Holland (2002) observes that the European Commission justified this decline as a reflection of the weak global commodity prices; overvalued ACP currencies; the changing consumption habits in the EU; and the composition of the ACP group in which 45 of the states were LDCs. Nevertheless, Mazrui & Wondji (1993) observe that the Lomé Convention was not a progressive document inching towards a more balanced and beneficial interdependent relationship between Europe and Africa; rather, it was a shift in the nature of imperialism as it greatly reinforced the latter's collective dependence on the former through trade relations, industrial co-operation, economic development through EEC-financed aid, and consultation through a range of institutions.

Subsequently, with the expiration of the Lomé Convention, coupled with the WTO-incompatibility concerns and the subsequent WTO waiver, the Cotonou Partnership Agreement was eventually signed.

4.3 Cotonou Partnership Agreement and the Economic Partnership Agreements

The Cotonou Partnership Agreement (hereinafter CPA) indicated a shift in the EU-ACP relations. First and foremost, due to the non-reciprocal principle of the Lomé Convention, Brazil in 1998 lodged a complaint in the WTO against the EU and it was found that some aspects of the EU trade preference system with ACP states were not consistent with WTO rules (Defraigne, 2017). In essence, the EU-ACP Lomé Convention explicitly breached WTO rules, because it gave preferential market access to particular countries and discriminated against non-ACP countries, a situation that was also confirmed in the European Commission's 1996 Green Paper on EU-ACP relations (European Commission, 1996). The principles of the Lomé Convention were contradictory to the concept of multilateralism and the Most Favored Nation (MFN) clause reflected in the WTO agreement, which necessitates that any trade benefit given to one country should be immediately extended to all WTO members. Therefore, the EU sought a WTO waiver allowing temporary retention of the Lomé-style provisions until the end of 2007. This waiver was

challenged by Latin American banana-producing countries and other countries such as Australia, which initially succeeded in blocking any consideration of the waiver, mainly on procedural grounds because of their opposition to the new banana import regime introduced by the European Union after the WTO banana III dispute involving the EU and Ecuador, Guatemala, Honduras, Mexico, and the United States (Bassilekin, 2007: 1). Eventually, a WTO waiver allowing temporary retention of the Lomé-style provisions was given to the EU until the end of 2007. Secondly, there was an undeniable recognition that the existing non-reciprocal trade preferences did not promote the sustainable development or integration of the ACP states into the world economy (Storey, 2006).

Subsequently, in February 2000, the Cotonou Partnership Agreement between the EU and 71 ACP partner states was concluded and it covered various dimensions including economic relations, aid and trade cooperation. The CPA set out four core elements around which to build the Economic Partnership Agreements (EPAs), which included; differentiation, reciprocity, regionalism and development. The CPA intended to have EPAs agreed with each region and ready to come into force on January 1, 2008; whilst, trade liberalization proceeded asymmetrically, with the EU dismantling barriers more quickly than the ACP states (Ibid). In other words, these EPAs were to replace unilateral trade preferences by granting ACP countries completely duty-free access to the EU market in return for the ACP countries opening their markets for around 80 per cent of product lines (Adam, 2018). Therefore, EPA negotiations between the EU and the ACP countries, divided into seven regional groupings started between 2003 and 2005.

4.3.1 Disputed impact of EU-ACP Economic Partnership Agreements

The EPAs are aimed at promoting development by establishing new comprehensive agreements that liberalize trade reciprocally, strengthen regional integration and boost trade among the ACP states, attract EU investors to the region by offering them legal certainty coupled with the creation of new Jobs. Indeed, Adam (2018) argues that despite decades of EU unilateral trade preferences, the ACP countries did not substantially increase their exports to the EU, nor did they diversify their products to reduce the dependence on raw materials; whilst, Asian countries without or with few trade preferences had managed to increase their trade with the EU drastically. Defraigne (2017) argues that one of the main economic problems of Africa was its

absence in the international production network notably because of the segmentation of the African economy between 50 small national markets protected by high tariffs and technical barriers to trade. Therefore, the EPAs were envisaged to foster regionalism and development in Africa through reciprocal trade liberalization.

Nevertheless, EPA critics argue that trade liberalization is not in Africa's interests of sustainable development and regional integration, but instead suits the open concern of the EU to ensure secure and undistorted access to raw materials (Adam, 2018). Additionally, given the fact that customs duties are an important part of many ACP governments' revenue, aggravated by their limited capacity to collect other taxes efficiently; the reduction of tariffs has created much opposition to the EPAs (Zamfir, 2018). This is exacerbated by the fear that because the EPAs imply the deepening of the integration process, this could suppress the rents for the African rulers thus weakening them in their clientelist system, as well as increase intraregional competition, hence, posing a challenge to the development of some African industries (Defraigne, 2017).

Furthermore, Defraigne (2017) argues that the goal for further economic regional integration as advocated for by the EU in the EPAs is well suited for the interest of European Multinationals who could operate more efficiently in Africa, by benefitting from economies of scale through regional harmonization or mutual recognition of technical standards. Indeed, the influence of European Multinationals in Africa cannot be undermined. For instance, Shaw (1982) argues that foreign mining and giant international companies created Africa's dependent economic structure and incorporated and maintained the continent in a subordinate position in a world economy which is dominated by the advanced industrial nations. He further states that African economies are in no position to compete with the industrialized countries because they are weakened by the constant outflow of economic surplus and they do not even control their resources because the international companies, whose monopoly of skills and information extends to the frontier of technology further strengthening their positions (Shaw, 1982). This is clearly illustrated by Curtis' (2016) report about British MNEs in Africa. This report states that as many as 101 companies listed on the London Stock Exchange, the majority of which are British, have mining operations in Africa and control resources worth over \$1 trillion (Curtis, 2016). It further states that "under the guise of the UK helping Africa in its economic development (a mere continuation of the colonial paternal narrative), \$134 billion has flowed into the continent each year in the

form of loans, foreign investment and aid, however, the British government has aided and abetted the extraction of \$192 billion from Africa mainly in profits by foreign companies, tax dodging and the cost of adapting to climate change” (Curtis, 2016). This highlights the potential advantages that the European MNEs could derive from the EPAs as a result of economies of scale through regional harmonization or mutual recognition of technical standards thus justifying the EU’s push for regionalism in Africa.

Similarly, Farrell (2005) observes that EPAs are the EU’s attempt to promote a model of economic liberalization across the African Continent while attempting to secure for itself continued market access and privileged economic status in the continent’s emerging markets; and yet inactive in addressing the real problems of poverty and instability that are likely to place severe limitations on either achieving economic liberalization or securing broad-based societal benefits in the long term. She is especially critical about the change of focus from aid to trade in the EU-ACP agreements, and the focus on, for example, political dialogue, conditionality which enhances rather than decreases power asymmetries between the EU and the ACP states (Farrell, 2005). She reiterates this point by noting that political norms are more or less forced on African countries with strong conditionalities, much like most of the economic agenda, and breaches of these norms may also be used by the EU for hegemonic dominance and control (Ibid). A similar argument is drawn by Hurt (2003) who states that these new agreements between the EU and the ACP states have changed the EU-ACP relationship from collaboration to coercion, which must be interpreted in the light of the hegemonic supremacy of neoliberalism among political elites.

On the other hand, Storey (2006) argues that, while the EU-ACP EPAs may drive less competitive ACP producers out of business, the long-term efficiency and competitive position of the ACP countries might be boosted through a shift into sectors where they have a greater competitive advantage. He illustrates his argument by stating that, through improved market access to the EU and other ACP countries, potential economies of scale in production could be realized (Ibid). However, he also stresses that this is only conceivable if measures to improve supply-side capacities in the ACP group are adequate (Ibid). Meanwhile, Steven (2006) also observes that the EU-ACP EPAs could potentially provide a positive impact, if it results in liberalization intra-regionally as well as with the EU, as it would increase the cost of reversion. However, he also states that the impact could equally be negative because some countries would

be willing to remove barriers to imports from their neighbours with similar economies but may be unwilling to offer the same terms to highly competitive and possibly dumped EU imports (Ibid).

Consequently, because of this controversy about the desirable scope, purpose and future effect of the EPAs, the negotiations took twelve years, far longer than the five years envisaged. Moreover, since the end of the negotiations in 2014, only the EPAs with the Caribbean Regional Economic Community and the Southern African Development Community have completely entered into force, while a few African countries with different RECs have individually signed an EPA.

Indeed, this scenario is reflected in the EU-EAC EPA. Although the EU-EAC EPA negotiations were finalized in October 2014 and signed by the EU, the EPA has only been signed in the EAC by Rwanda and Kenya which also ratified in September 2016. However, Tanzania, Burundi and Uganda have not signed nor ratified the agreement, citing different reasons. In comparison to other regional economic communities, EAC individual countries cannot adopt the EPA until all the member states have signed and ratified the agreement, a decision that was adopted at the start of the EPA negotiations. Nevertheless, as the EPA text was ready for signature in September 2015, Tanzania started to raise concerns and repeatedly postponed the signing. Tanzania argues that the EPA will hinder industrial development in the country, disrupt regional integration efforts as well as citing the consequences of Brexit on the country's export revenue, given that the EPA prohibits the introduction of new export tariffs. Burundi, on the other hand, has made the lifting of EU sanctions as a precondition for signing the EPA, whilst Uganda prefers to sign after all the EAC countries have done so, to avoid disrupting the EAC's status quo (Pichon, 2018).

Interestingly, several studies have been conducted by numerous scholars and institutions (cf. De Melo & Regolo, 2014; Milner et al., 2005; Mbithi et al., 2015; Streatfeild, 2003; European Commission, 2017, for example) analysing the economic impact of the EU-EAC EPA on the EAC economies. Therefore, the next section will present an overview of these studies to potentially analyze whether the EAC member states' concerns are justified by conducted scientific studies.

4.3.2 Disputed economic impact of EU-EAC EPA

The core of the EU-EAC EPA contains the provisions on trade in goods. The EU has offered 100% liberalization except for arms and ammunition and the EAC has committed to liberalizing

the equivalent of 82.6% of imports from the EU. The EAC excluded 17.4% of goods from liberalization, and the EPA chapter on trade in goods also covers export duties, in which it was agreed that no new duties or taxes on exports shall be introduced, while the export duties currently applied shall not be increased. Despite all these provisions, De Melo & Regolo (2014) observe that the EPA will only bring a marginal tariff reduction since most EAC members already have duty-free-quota-free access to the EU. Basing their calculations on customs data of 2011 EAC imports as well as imports for Rwanda and Uganda, they calculated that the revenue losses would be small (from 0.8% for Burundi to 3.3% for Tanzania and Kenya), whilst being accompanied by a negligible impact on welfare and efficiency (Ibid). They also stressed that the EPA would bring limited benefits to the EAC and emphasized the fact that a deeper agreement, which would have also included services and Foreign Direct Investment, would have been more beneficial (Ibid).

Another study conducted by Milner et al. (2005) seeks to estimate the likely economic impact of the EPA on three East African economies, namely: Tanzania, Kenya and Uganda. Milner et al. (2005) estimate that consumers in Tanzania and Uganda would benefit from cheaper EU imports of intermediate and raw material inputs. However, they also argue that, given the differences in product quality, EU imports to the EAC were a risk for Kenyan exports to the other EAC countries, including Kenyan local production (Ibid). They also estimate that the net welfare benefits derived from consumption due to increased EU imports would be offset by the direct loss of tariff revenue (Ibid). In regards to net welfare effects, they observe that Kenya would experience a welfare loss, lose regional market share, while Tanzania would face a negative short-run welfare effect, and Uganda would face a small positive short-run effect because it would experience a relatively greater increase in imports from the EU that displace relatively inefficient imports from Kenya, and therefore obtain a larger consumption welfare gain (Ibid). They also observe that all the three countries would be affected by the loss of tariff revenues as trade barriers are dismantled (Ibid). For instance, in the case of Tanzania and Uganda, over a half of tariff revenue would be lost, which is a relatively severe blow given the limited potential for diversification of the tax base (Ibid). Furthermore, they also point out the fact that the margin of preference for LDCs in access to the EU would actually be reduced by EPAs, as non-LDCs gain free access to the EU and typically export similar products (Ibid). Therefore, they conclude that, while long-term gains might be reaped through, for example, increased attractiveness to foreign

investment, “the core conclusion is that one cannot assume that the welfare effects on ACP countries will be positive; it is very possible that the static effects will be negative, even, as for a country such as Kenya, before the loss of tariff revenue is taken into account” (Ibid).

Furthermore, a study conducted by Mbithi et al. (2015) which assesses the impact of the EPA on EAC's imports of manufacturing products from the EU, found that there is a 9% increase of EAC imports from the EU, hence, an increased consumption of EU goods that will become cheaper. They observe that since there is a substantial share of trade creation which occurs because consumption shifts from a high cost or less efficient producer to a low cost or more efficient producer, there is an increase in the consumer surplus and efficiency gain due to lower prices and therefore, an improvement in welfare (Ibid). They also note that, of the five EAC countries, Kenya was likely to experience the largest gains in welfare followed by Tanzania, Uganda, Rwanda and Burundi (Ibid). However, they also observe that trade diversion (when consumption shifts from a lower cost third party producer in a trading arrangement to a higher cost one) was also likely to occur in both regional trading partner countries including those in COMESA and EAC and non- regional trading partner countries, as the EAC countries switch consumption to EU manufacturers (Ibid).

Additionally, studies conducted by the European Commission (2017) on the Economic impact of the EPA on the EAC, found that the tariff reductions and the reduction of non-tariff barriers would, to a small extent produce on average a 0.3% positive effect on the EAC economy as of 2042. It observes that there would be an average increase of 1.1% for the exports and 0.9% for the imports, whilst, the EAC LDCs benefitting from the EBA would realise; 0.15% increase in exports for Uganda, a 0.45% increase for Tanzania; as well as a 0.86% increase for Kenya which is estimated to benefit most in terms of GDP (Ibid). It also notes that EAC imports from the EU would increase at the expense of other trade partners but this would not disproportionately affect the current trade pattern, because the EU share of EAC total imports would only increase from 10.6% to 12.9% (Ibid). Finally, it concludes by stating that the reduction of revenues from excise taxes and duties would be offset by an increase in value-added tax (VAT) from consumption (Ibid). Conversely, Streatfeild (2003) observes that, with a regional trade agreement between the EU and the EAC, there would be no trade creation because the marginal unit of imports from the EU is at the same cost as before, since the EAC is a price taker.

4.4 Conclusion

Therefore, Basing on the above literature, it is evident that ACP imports from the EU would increase significantly but welfare gains would be offset by the loss of revenues. This mirrors the controversy surrounding EPAs based on the argument that the EPAs will mainly benefit the EU side, particularly multinational companies from the EU whilst posing a major threat to ACP local agricultural production and food security, distorting competition and ruining small ACP farmers, whilst undermining African countries' efforts to industrialize.

As the EU-EAC EPA stands now, it appears that the EAC countries positions are hardened, as witnessed in their February 2019 summit decision to allow individual countries to sign and implement the EPA which is quite controversial because the EPA cannot take effect until all the EAC member states have signed and ratified it. It seems that the impasse facing the EU-EAC EPA will not be solved soon as the different attempts to reach consensus remain without success. Moreover, given that most of the EAC countries are LDCs and do not risk losing their duty-free, quota-free EU market access to the EU, and Kenya was granted an opportunity to continue trading under duty-free, quota-free due to its acceptance to sign and ratify the EPA; it appears that the EAC member states are under no pressure to sign and ratify the EPA.

Hence, having analyzed the EU-Africa relations, as well as the controversy surrounding EU-ACP EPAs as well as the EU-EAC EPA, the next chapters will focus on analysing regional integration in the EAC, starting with a historical perspective to highlight the prevailing factors shaping the political economy of the current East African Community. Through this analysis, this paper will be able to draw a comprehensive picture about the economic and political factors shaping the decisions and interactions among the EAC member states, which in turn, could potentially explain the different EAC member states' positions towards the EPA.

CHAPTER 5: HISTORICAL EVOLUTION OF REGIONALISM IN THE EAST AFRICAN COMMUNITY (EAC)

5.1 Introduction

To better understand the dynamics of the present East African Community, it is crucial to provide a historical perspective because, although the political, environmental and economic conditions in the current East African Community are very different from those that prevailed during the colonial era and the period of the first EAC, the current EAC is directly tied to the evolution of the economic integration in the region during those periods (Mshomba, 2017: 34). Therefore, the goal of this chapter is to provide a historical account of the pre-colonial, colonial, and immediate post-independence origins of the contemporary East African Community with a particular emphasis on the rise and fall of the 1967-1977 East African Community.

Although it is difficult to trace the beginning of regional integration in East Africa, some African leaders and even some authors (cf. Mwithiga, 2015; De Zamaróczy, 2016; Kimbugwe et al., 2012) have argued that regional integration existed in the region before the colonial period.

Therefore, proceeding chronologically, this chapter will start by providing an overview of East African pre-colonial cooperation and integration; followed by a detailed analysis of East African regional integration and cooperation during the colonial period; followed by a detailed analysis of regionalism and the fundamental factors affecting it during the colonial period; followed by an analysis of attempts towards an East African Federation and further East African economic integration during the independence era; followed by an analysis of the rise of the first East African Community; then an analysis of the factors explaining the fall of the EAC in 1977; and an analysis of the post-integration period; then finally, an analysis of the EAC relaunch in the 2000s; before concluding.

5.2 East African pre-colonial cooperation and integration

Wekesa (2008: 6) argues that throughout Africa, people interacted with one another and with the outside world long before the onset of colonialism. He notes that in these interactions, various forms of social, economic and political exchanges allowed for the free movement of people, goods and services (Ibidem). He further points out how such pre-colonial networks of relations need to form the basis of understanding regional integration efforts within the East African

context, because, despite the existence of diverse political organisations, people in East Africa moved freely without the inhibitions and restrictions of artificial boundaries that were to later characterize these regions, with the onset of colonialism (Ibidem). Hence, with the expansive trading networks in the sub-region, the area had become regionally integrated through commerce and through other social and political networks that enhanced good neighbourliness.

Similarly, Mwithiga (2015: 98) argues that before 1885, the area of Eastern and Central Africa was a borderless region with a lot of social activities being conducted between the different ethnic groups existing in the area. This argument is reiterated by Nyawira (2008: 33) who also argues that during the pre-colonial period, people in East and Central Africa intermingled freely without inhibition and restrictions of artificial borders, as they traded, intermarried and related variously even in political affairs of their communities within the region and beyond. She goes on to observe that some communities even established commercial empires beyond their region, which were built on shrewd alliances with local rulers or people, based on either marriage or fictional kinship ties (Ibidem). For example, some Arabs and Waswahili traders from the East African coastal region established chiefdoms and kingdoms in areas as far as the Great Lakes of East Africa (Ibidem). These empires were thus established to capture important rare products not available in the areas from which they came, as well as to buy goods for sale to sustain the thriving trade at the time.

Notably, the existing political organization within the region did not deter movement and the co-residential status of people as local leaders would levy taxes and tariffs when it was necessary (Ibidem). For instance, this was the case with the 19th-century kingdoms of Mirambo of Wanyamwezi and Kabaka Mutesa I of Buganda. Similarly, the Akamba of present-day Kenya and Yao of Tanzania were also engaged in long-distance trade in parts of Central and East Africa (Ibid: 33-34). East Africa was, therefore, a regionally integrated area characterized by increasing commercial networks and good neighbourliness, whereas neighbouring communities such as Kenya's Masai and Kikuyu engaged in local trade. Moreover, even the Hutu and Tutsi of Rwanda co-existed peacefully until the colonial system governance in Rwanda and Burundi gave the minority Tutsi license to rule over the 85% Hutu majority (Ibid: 34).

Although inter-ethnic or intra-ethnic differences, disputes and conflicts existed between ethnic groups, it did not deter the people from pursuing wider communal interests. This system of co-

existence despite the inter-ethnic and intra-ethnic disputes has been described as Africa's culture of tolerance, whereby African communities had recourse to their "cultural attribute of short memory of hate" (Nyawira, 2008: 34). This implies that the East African people readily accommodated each other and established mutual ties that became essential for the region's future integration. Moreover, while citing some African leaders, De Zamaróczy (2016: 67) observes that, at the official inauguration ceremony of the second East African Community in January 2001, former Kenyan President Daniel Arap Moi described the organization as a reaffirmation of the "cultural, political and economic ties which had been there between the three countries since time immemorial. He also observes that, in several speeches, President Museveni of Uganda has been quoted stating that, while East Africa was never unified politically during the pre-colonial period, consisting as it did of several coastal city-states and small inland kingdoms; the area's degree of economic interdependence at the time approximates contemporary forms of regional integration (Ibid: 67-68).

Nonetheless, there is consensus among numerous scholars (cf. Döveling et al., 2018: 19; Mshomba, 2017: 34; Mwithiga, 2015: 98; De Zamaróczy, 2016: 68) that formal East African regional integration and cooperation attempts started during the colonial period in the last quarter of the 19th century. Therefore, the next sub-section provides a detailed analysis of regionalism in East Africa during the colonial period as well as the fundamental factors affecting it during this period.

5.3 Regionalism in East Africa during the colonial period: 1900s-1960s

After the partitioning of the African continent in the 1884-1885 Berlin conference, the Imperial British East Africa Company (IBEAC) which was granted administrative powers by the British government successively established territorial claims over Kenya in 1888, Zanzibar in 1890, and Uganda in 1894 (Mshomba, 2017: 35-37; De Zamaróczy, 2016: 68). In 1895, Great Britain took direct control over colonial administration of these East African territories and soon mandated the economic integration of Kenya and Uganda, which in 1900 jointly established Mombasa as a customs revenue collection centre (Döveling et al., 2018: 19; De Zamaróczy, 2016: 68). Notably, some authors trace integration in East Africa to 1889, when the Kenyan and Ugandan protectorates were amalgamated, while others trace it to 1895 when the early settlers created trading posts in Kenya, Uganda and Tanzania (Kimbugwe et al., 2012: 61). Nevertheless, there is

consensus that during the colonial period, formal East African regional integration and cooperation efforts started with the construction of the Uganda Railway in 1897 (later to be called the Kenya-Uganda Railway) from the coastal town of Mombasa to its completion in 1901 when it reached Kisumu on the shores of Lake Victoria (Döveling et al., 2018: 19; Kimbugwe et al., 2012: 61; Kibua & Tostensen, 2005: 1).

The construction of the Uganda-Kenya railway was primarily designed to ensure effective British control over the far-flung countries. Indeed, the Uganda railway created a major economic and export link for Uganda, in addition to providing an important incentive for the settlement of European farmers in Kenya (Kimbugwe et al., 2012: 61). With the completion of the railway construction, apparently, to preempt any potential conflict in the operation of the railway, Kisumu which was part of the Uganda Protectorate was annexed to Kenya to have the entire railway under one local colonial administration (Mshomba, 2017: 37-38). Even without the annexation of Kisumu into Kenya, from a logistical point of view, the 965-kilometre infrastructure united Kenya and Uganda economically and administratively (Ibid: 38). This accomplishment highlights the importance of physical infrastructure to successful East African regional integration then and now and also served to cement the route as one of the two major present-day trading corridors through East Africa; the other being the path from Dar es Salaam to Kigali/Bujumbura (De Zamaróczy, 2016: 68). Moreover, from 1902, a single British high court known as, the Eastern African Court of Appeal, had jurisdiction over the whole East African region.

Furthermore, in 1905, an East African Currency Board was established bringing the two territories to a single currency, the East African rupee (Mshomba, 2017: 38). Additionally, further integration between these territories continued with the establishment of a postal union in 1911 and the establishment of a customs union in 1917 (Ibidem; Kimbugwe et al., 2012: 61). This customs union agreement virtually removed all customs barriers between the countries and instituted a system of inter-territorial transfers of goods which enabled the distribution of import duties on imported items to countries of final destination (Kimbugwe et al., 2012: 61). Nevertheless, although the customs union had all the standard features of a customs union, it did not have a common customs administration and imported goods were not transferable throughout East Africa, as re-exports from either country were treated as direct imports and only in some

cases was the duty paid refundable on re-export (Ibidem). However, this barrier to the establishment of a working customs union was removed in 1927, using a system of transfer forms from which import duty revenue was calculated for it to be transferred from the collecting to the consuming territory (Ibid: 62). In 1930, the same arrangement was extended to excise duty and thus it became the basis of the operation of the customs union (Ibidem). Furthermore, in 1920-1921, the East Africa Shilling which replaced the East African rupee was adopted as a common currency issued by the East African Currency Board (EACB) which de facto served as the region's central bank; covering Tanganyika (Tanzania) as well (De Zamaróczy, 2016: 69-70; Kimbugwe et al., 2012: 61; Mshomba, 2017: 38-39).

Regarding Tanganyika (Tanzania), following Germany's defeat in WWI, Germany lost Tanganyika to Britain as a mandated territory under the League of Nations and Burundi and Rwanda to Belgium (Mshomba, 2017: 35; Kimbugwe et al., 2012: 61). The contract to hand over Tanganyika to Britain was highly influenced by L. S. Amery, the British representative at the League of Nations whose strong lobby for his vision of a federation of Kenya, Tanganyika, and Uganda, resulted in an insertion which asked Britain "to prepare for the immediate, complete amalgamation of the three territories (Mshomba, 2017: 38-39). Initially, the British decided to govern Tanganyika separately from Kenya and Uganda, given its lesser degree of development and lack of a substantial settler presence (De Zamaróczy, 2016: 69). However, the British government reversed this decision in the late 1920s and early 1930s, as it sought to combat the consequences of the worldwide recession which was particularly pronounced in East Africa owing to a collapse in commodity prices and to deter a resurgent Germany from re-establishing any claims over its former East African holdings (Ibidem).

Therefore, in 1927, Sir Edward Grigg, the governor of Kenya, called for the establishment of a central East African Authority to control the region's main transport services, communications networks including the postal and telegraph systems, and customs administration (Ibidem). Initial resistance to the proposal was strong, with Sir Donald Cameron, governor of Tanganyika, denouncing his colleague's plan, but the colonial office increasingly supported the decision to more fully integrate Tanganyika with Britain's other East African colonies (Ibidem). Accordingly, in 1926, despite having no legal or constitutional basis, an East African Governors' Conference was created to discuss the governance of common services and to serve as the key

executive decision-making body for all of East Africa (Kimbugwe et al., 2012: 62; De Zamaróczy, 2016: 69). Moreover, following wartime pressures, in 1940, the British colonial administration decided to further centralize the administration of East Africa by setting up a Joint Economic Council, a secretariat of the Conference of Governors, and a single entity known as the East African Income Tax Board to take responsibility for income taxation across the region (Mshomba, 2017: 40). The move to set up a joint East African Income Tax Board was justified to the public as being convenient for taxpayers and economical in costs of administration (De Zamaróczy, 2016: 70). Additionally, in attempts to further East African integration and cooperation further, in 1940, the East African Customs and Excise department was created and tasked with the establishment of a common external tariff with no trade restrictions, exchange controls or regional licensing requirements (Kimbugwe et al., 2012: 62).

By the mid-1940s, the British colonial administration had embraced regional integration of East Africa with total integration of public infrastructure and public services across the nearly 700,000 sq. mile area (De Zamaróczy, 2016: 70). Accordingly, the East African Airways Corporation was set up in 1946 as a government-owned, cross-regional, public enterprise which was jointly operated by the four British territories; with ownership split as, 67.7% for Kenya, 22.6% for Uganda, 9% for Tanganyika and 0.7% for Zanzibar (Ibidem; Mshomba, 2017: 41). Similarly, building on the substantial infrastructural investments that had been made to Kenya's and Tanganyika's railroads throughout the 1930s, the East African Railways and Harbours Corporation was set up in 1948 to jointly own, administer, and operate all railways and ports in East Africa (De Zamaróczy, 2016: 70). Moreover, in 1945, the British Labor Party published its White Paper on 'inter-territorial Organization in East Africa' which clarified the British government's position for a closer political union in East Africa and aimed at providing a constitutional basis for the operation of common services; secure more efficient coordination of policy and action; associate representatives of the public of all races with the management of common services; and to provide effective means of enacting common legislation where it was required (Nyawira, 2008: 39).

Consequently, to oversee the institutions and other regional bodies, in 1948, the East African High Commission (EAHC) was established with the power to administer both political and economic matters including handling common services such as civil aviation, railways, postal,

telegraph, telephone and radio communication services, the currency board, finance and social services, and defence and legal matters (Kimbugwe et al., 2012: 62-63; Mshomba, 2017: 41-42). The High Commission was jointly supervised by the British Governors of Kenya, Uganda and Tanganyika, but its centre was a technocratic secretariat made up almost entirely of British expatriates (De Zamaróczy, 2016: 71). In 1948, the East African Central Legislative Assembly (EACLA) was formed with 33 members to provide a legal basis for regional co-operation and with the authority to approve the High Commission's annual budget which was financed through a combination of user fees, contributions from the member territories, and substantial contributions from the United Kingdom Colonial Development and Welfare Funds (Kimbugwe et al., 2012: 63; De Zamaróczy, 2016: 71). This facilitated the establishment of inter-territorial departments responsible for areas of common interest such as transport, communications, customs and industry. Therefore, this period has been cited by many commentators as the golden era of East African integration and cooperation (Ibidem; Ibidem).

5.3.1 Fundamental factors affecting East African regionalism during the colonial period

From the onset of the colonial period, the economic development of the three East African countries exhibited varying patterns. Uganda's economy was based on agriculture, particularly the production of coffee and cotton, whilst Tanganyika's economy was based on the production of sisal and coffee, grown on European-settler estates while African farmers grew cotton; and Kenya's economy had the largest share in agricultural production with European settlers running large farms producing tea, coffee, cotton and crops for domestic consumption (Kimbugwe et al., 2012: 63). Indeed, because of the large population of Europeans in Kenya, in comparison to Tanganyika and Uganda, the British colonial administration invested more in agriculture and industry, including the processing of agricultural products in Kenya than in Uganda and Tanganyika (Mshomba, 2017: 44). Moreover, the infrastructure in Kenya was also more advanced than that of its neighbours, thus making it more attractive to investors (Ibidem). Therefore, from this point onwards, the industrial-scale agricultural sector in Kenya had the competitive advantage in the region, given that European settlers had easy access to capital and export markets (Kimbugwe et al., 2012: 63).

The industrial dominance of Kenya was witnessed in the 1950s, when Kenya contributed an average of 80% of the intra-regional exports of manufactured goods, and 54% of the intra-

regional exports from 1950-1961, with an increase of 64% in 1961 (Mshomba, 2017: 42-44). Moreover, because Kenya had become the transit route for Uganda's exports and imports, it attracted many service industries and service sectors, hence, gradually becoming an exporter of both goods and services in the region (Kimbugwe et al., 2012: 63). Additionally, Nairobi had already become a very important commercial city and home to many of the inter-territorial services, hence, firms in Kenya had the advantage of being first in the region and, thus, could take advantage of economies of scale, making it almost impossible for newcomers in Tanganyika and Uganda to survive without some protection (Mshomba, 2017: 44). Nevertheless, because the colonial economic system was repressive and exploitative by its very design, the benefits of trade to Kenya accrued mostly to the Europeans and Asians and a few African capitalists who controlled the system (Ibid: 45).

In comparison to Kenya, Tanganyika and Uganda were quite vulnerable to the whims of nature, shifts in demand, and to even unpredictable decisions by investors, given that they had only a few highly specialized export products. For example, the production of cigarettes began in Uganda in 1928, and they became the major export of Uganda to Kenya and Tanganyika, thereby contributing to 72% of Uganda's intra-regional exports in 1955; however, in 1956, the cigarette manufacturer transferred some of the cigarette production to Kenya, and that alone caused Uganda's exports to Kenya and Tanzania to decrease by 60% that year (Mshomba, 2017: 45). Moreover, when looking at Tanganyika's trade patterns with Kenya, it is noted that Tanganyika exported raw materials and imported manufactured and processed products. For instance, in its trade with Kenya, Tanganyika exported tobacco but imported cigarettes, it also exported raw cotton but imported clothing, and also exported pyrethrum flowers but imported pyrethrum extract (Ibidem). However, the levels of development of the industrial sector in Kenya should not be exaggerated because during this period, Kenya's manufacturing sector contributed only 10 per cent of its GDP (Ibid: 46).

Nevertheless, the lack of industrialization in Tanganyika and Uganda is not explained simply by the political and economic leverage of the Europeans in Kenya, because, the Europeans in Tanganyika and Uganda were not necessarily in favour of industrialization in their territories as they were content with the surpluses they accrued from agriculture and opposed any developments that would potentially put upward pressure on wages (Mshomba, 2017: 45). For

instance, in 1935, the Japanese proposed to build a blanket factory in Uganda, citing the country's successful cotton industry; however, although the acting governor of Kenya was in favour of the project, the governor of Uganda in agreement with the governor of Tanganyika opposed the proposal because "so far as Uganda is concerned, it can be definitely stated that it is of great importance to preserve the agricultural population and therefore I do not favour the idea of industrialization" (Ibidem). It is under these contradictions that the British colonial authority operated; it wanted development, but it also wanted to preserve the advantages held by the European enterprises (Ibidem).

Notwithstanding, Kenya's growing dominance in manufacturing, services and trade prompted a call for a protective policy by the other partners. Specifically, Tanganyika and Uganda complained about: the common fiscal policies applied to the three territories irrespective of their different levels of economic development; Kenya taking the revenues generated from shared common services as its own; lost tariff revenues that could be generated by importing goods from other countries; and the limited opportunity to industrialize, given Kenya's superiority in manufacturing (Mshomba, 2017: 42). Consequently, in 1922, the East African Customs Union embarked on a protective policy despite persistent claims by Uganda and Tanzania that this policy was still in Kenya's interests (Kimbugwe et al., 2012: 63). This inequitable operation of the customs union remained a major issue between the territories and no substantial attempt was made to resolve the problem.

Despite these troubles, economic cooperation continued, but by the end of the 1950s, it was widely known that, if integration were to survive, the benefits accruing from integration required more even distribution. At independence, significant cracks in the integration project were emerging in both the political and economic arenas which created an atmosphere of resentment and animosity among the East African countries, mainly attributed to the concentration of manufacturing and major services in Kenya as well as the failure of a regional development plan to redress the location of industries (Ibidem). Moreover, the increasing agitation for independence highlighted the geographical demarcations within the region, along with the varied aspirations of the three countries' people. Despite these problems, in many respects, British East Africa circa 1948 exhibited a degree of regional integration arguably still unmatched by any subsequent regional body anywhere in the world, with a common currency, joint ownership of

infrastructure, and centralized taxation. This, coupled with the British colonial administration's unaltered zeal for further East African integration, is the backdrop under which the first East African Community came into being.

5.4 Regionalism in East Africa during the independence era: 1960-1967

5.4.1 Attempts towards an East African Federation

Following India's independence in 1947, it became increasingly clear throughout the 1950s that it was a question of when the other British colonies would request for their independence. For the most part, the British colonial administration supported the establishment of an East African Federation, which would gradually be granted self-governance and subsequently full independence (De Zamaróczy, 2016: 73). Hence, the key objective for the British was to get out of East Africa in peace and with as little hassle as possible. On the other hand, despite the repeated use of Pan-Africanism as a guiding principle, the East African anti-colonial organisations were structured along national lines rather than regional lines. Therefore, this form of organization resulted in the adoption of regional decisions by a small group of leaders associated with each country's major political parties: Julius Nyerere as the leader of the Tanganyika African National Union; Jomo Kenyatta as the leader of the Kenya African Union; and Milton Obote as the leader of the Uganda National Congress (Ibidem). In June 1960, in his speech to the Second Conference of Independent African States at Addis Ababa, Nyerere who was focused on the dangers of separate sovereignties and the idea for all the three East African countries to gain independence together as a federal unit; offered to postpone Tanganyika's independence for a few months "rather than take the risk of perpetuating the balkanization of East Africa" (Nye, 1965: 179-180). Notably, Nyerere's political party (TANU) issued a statement stating that Nyerere was expressing his personal views, although, this position was reversed after Nyerere gained the full support of the party's secretary-general, Kambona (Ibid: 180).

Consequently, when Nyerere failed to get assurances of the independence dates for Uganda and Kenya, on his visit to England in November 1960, the Pan-African Freedom Movement for East and Central Africa (PAFMECA) leaders decided to meet in Nairobi in January 1961 whereby, they agreed to support a federation, but only after each country had an African prime minister (Ibidem). After this, several strong lobby groups such as the Asian parties in Kenya and Uganda, the Kenya African National Traders and Farmers Union, the Kenya African Chamber of

Commerce and Industry, and the Association of Chambers of Commerce of Eastern Africa, openly declared their support for a federation (Ibidem). Accordingly, on the 9th of December 1961, Tanganyika duly went on to be the first of the three East African countries to gain its independence (De Zamaróczy, 2016: 74). However, despite this support for a federation, in some East African countries, these calls for a federation were sluggish as African political leaders in both Kenya and Uganda were preoccupied with elections and the coming independence (Nye, 1965: 181).

Notably, in Uganda, the calls for a federation were met with suspicion and resistance. This resistance was demonstrated when the Kabaka's government, as well as Obote and the Democratic Party, stated that Uganda was not ready for a federation due to fears that, a federation would further empower white settlers in Kenya to extend their influence over Uganda, which did not have a large settler population (Nye, 1965: 180; De Zamaróczy, 2016: 74). Underlying these practical concerns was a historical self-perception of independence, whereby many Ugandans saw themselves as distinct from the rest of East Africa because of the long history of Buganda Kingdom, originally founded in the 14th century and as survived through the colonial era until today. Accordingly, independence was seen as an opportunity to reclaim an authentically Ugandan spirit, which an immediate federation would diminish (De Zamaróczy, 2016: 74). Thus, when Uganda gained independence in October 1962, Obote was inclined to react with scepticism at demands for further integration, and hoped rather to overturn the unfavourable economic structures.

Meanwhile, in Kenya, where British interests were strongest and thus the British were most reluctant to grant independence to the colony prematurely; Kenyatta used federation calls, as seen in the 1960 Kenya African National Union Manifesto, to drive Kenya's timetable for decolonization forward (Nye, 1965: 180). Kenya's support was attributed to its need to maximize the opportunity to reap from the federation, given that, economically, it stood to gain enormously from intra-regional trade, since it had the monopoly of the common services of East Africa which were all located in Kenya (Nyawira, 2008: 39). Hence, Kenya would have an upper hand in economic development if the federation was to be actualized. Subsequently, in December 1963, the British government granted independence to Kenya (De Zamaróczy, 2016: 75). Notwithstanding, under the initiative of Nyerere, on June 5 1963, after a few hours of discussion,

Nyerere, Kenyatta, and Obote announced their intention to federate by the end of the year and to discuss a constitution to be drafted by a Working Party (Nye, 1965: 184). This decision came after several meetings among the Pan-African leaders in which a federation was constantly discussed under a Pan-African theme which explained the change in Obote's attitude (Ibid: 184 - 185). The Working Party, which is often referred to as the "Big Three", lost no time whatsoever as it announced just after two days' discussion that they had an "agreement on every issue" (Ibid: 184).

However, the era of good feelings was brief as significant differences emerged among the three delegations. These differences became visible when a debate concerning the draft constitution prepared by the working party revealed significant divergences among the negotiating parties which were contrary to what was constantly publicly communicated by the "Big Three" (Birmingham, 1969: 426). For instance, Nye (1965: 186) argues that "the subjects of disagreement read almost like the framework for the constitution that was supposed to have been agreed upon: the number and powers of legislative chambers; citizenship; division of power over foreign affairs; the civil service; the site of the capital; mineral rights; agriculture; and residual powers". Moreover, this situation was exacerbated by Uganda when Nekyon- the Ugandan Minister of Broadcasting and Tourism announced that he was not prepared to just throw Uganda into the darkness and that as a small state, Uganda needed "certain guarantees for her future within a larger unit" (Ibid: 186-187). Accordingly, when Obote began a prolonged tour throughout Uganda, he only mentioned domestic problems but never anything related to the federation (Ibid: 187). Therefore, the working party was disbanded after a final fruitless session on 30 May 1964, thereby ending the vision of an East African Federation.

5.4.2 Attempts to further East African economic integration and cooperation

On the economic front, in 1960, due to complaints from Tanganyika and Uganda of the inequalities resulting from economic cooperation, the Raisman Commission was established to examine the EAHC and make recommendations (Mshomba, 2017: 46). In its findings, Raisman Commission uncovered several challenges which included artificial impediments to trade; the widening divide between the constitutional developments in the territories and the administrative position of the High Commission; inadequate and precarious funding for inter-territorial services; and the perennial complaint by Tanganyika and Uganda about the unequal distribution of the

benefits (Ibid: 47). Therefore, to address these challenges, the Raisman report suggested the creation of a distributable pool, where a fixed percentage of receipts of income tax, custom and excise duties were to be paid in the pool to promote the equalization of the gains (Daily Monitor, 2015). Since Kenya contributed a disproportionate share of excise revenue, the effect of the pool was to bring about fiscal transfers to the two other states with whom she enjoyed a trading surplus (Ravenhill, 1979: 236). In other words, the distribution pool was mainly aimed at making Kenya, which had a higher revenue purse, pay a larger proportion of the cost of the common services and also to bring about a direct fiscal transfer from Kenya to Uganda and Tanganyika (Daily Monitor, 2015). Nevertheless, these revenue transfers did not tackle the issue of the location of regional industries (Ravenhill, 1979: 236)

Following the Raisman Report and a meeting in 1961 of the UK and East African leaders, it was decided to replace the EAHC with the East African Common Services Organization (EACSO) (Mshomba, 2017: 47). The EACSO which came to be known as the triumvirates, consisted of ministers from the three countries who were each responsible for their respective fields. The major objectives of EACSO was to centralize the administration of East Africa's collective institutions and authorities, but, unfortunately, it was plagued by serious issues including trade imbalances and unequal distribution of the benefits (Kimbugwe et al., 2012: 65). Subsequently, more direct attempts to confront these imbalances were made in 1964-1965 in the Kampala-Mbale Agreements which sought to supplement the fiscal redistribution measures introduced by EASCO, with direct controls over industrial location and interterritorial trade (Birmingham, 1969: 427; Ravenhill, 1979: 236).

The 1964-1965 Kampala-Mbale Agreements specified five measures to be applied in an attempt to rectify trade imbalances between the partners: a movement of production by inter-territorially connected companies to their plants in deficit countries; agreement on the immediate allocation of certain major industries; the application of quotas to the exports of surplus; and an agreement to establish a system of inducements and allocations of the industry to promote an equitable distribution of industrial development (Ravenhill, 1979: 236-237). In other words, the main objective of these agreements was to persuade firms already operating in Kenya to set up in Uganda and Tanzania, whilst encouraging the three states to coordinate government support for industries to avoid unnecessary duplication in the region and prevent a race to the bottom (Daily

Monitor, 2015; De Zamaróczy, 2016: 75). For instance, Tanzania was to host the radio assembling plant while Uganda would host the bicycle factory (Daily Monitor, 2015). However, shortly after the Agreements were formulated, Kenya unilaterally withdrew its commitment to support the allocation of a vehicle assembly plant to Tanzania due to an offer by a group of local and foreign investors to build a plant of the same type in Kenya. Additionally, it is also noted that Kenya had insisted on the maintenance of a single currency in the region, a condition that was unacceptable to the other member states (Kimbugwe et al., 2015: 65). Therefore, Kenya refused to sign and ratify the agreement.

Subsequently, in the spring of 1965, Tanzania unilaterally decided to establish a national currency and a central bank system, which forced similar actions from Kenya and Uganda (Birmingham, 1969: 434). With this decision, the East African currency union came to an end, as each country chose to establish its central bank to retain the possibility of independent monetary policymaking, although for a while the three currencies were pegged to one another (De Zamaróczy, 2016: 75). Furthermore, Tanzania imposed quotas limiting import from partner states of a wide range of products, apparently hoping to compel exporting Kenyan firms to establish local factories thus bringing the East African customs union to an end (Birmingham, 1969: 434).

Therefore, although domination by Kenya of trade in manufactures was less striking than in earlier years, disintegration continued in the East African region. Birmingham (1969: 434) argues that "the signatories of the Kampala Agreement succeeded in achieving the worst of possible worlds-interterritorial trade imbalances being corrected by curtailment of trade and a diminished rate of regional industrialization". Moreover, even the Kenyan Minister of Finance is noted to have voiced his fears by stating that "if things go the way they are going now, it only means we are going to break up everything-the Common Services, the railways, telecommunications, everything" (Ibidem). Consequently, in 1965, the threat of dissolution led to the formation of the Commission on East African Co-operation, composed of three ministers from each partner state and an independent chairman, Kjeld Philip, a former Danish finance minister (Ibid: 435). The report of the Philip Commission, submitted in mid-1966, formed the basis of the Treaty establishing the 1967-1977 East African Cooperation.

5.5 The rise of the first East African Community: 1967–1977

In January 1966, the Phillip Commission commenced its task and by mid-1966, it submitted a 500-page report which provided the foundation for establishing the regional arrangement on a formal legal basis for the first time, with the signature of the Treaty for East African Co-operation which came into force on 1 December 1967 (Ravenhill, 1979: 237; Rugeiyamu, 1997: 10). The 1967 treaty was anchored on three broad areas of cooperation: harmonization of economic policy, common institutions and a common market. In terms of the East African Common Market, the 1967 treaty established the following provisions: to establish a Common External Tariff and with exceptions, agree on several import lines that would be subject to agreement among the three states; to allow unrestricted transit of goods between the three countries and the remittance of duties levied on such transit goods to the respective country of destination; to control imports of goods from third-party countries where such goods are produced in the EAC; the removal of all internal tariffs, except for a transfer tax within the region, and other restrictions barring exceptional security, health and moral reasons (Kimbugwe et al., 2012: 66).

In industrial policy, two main measures namely transfer taxes and the East African Development Bank (EADB) were introduced to promote a more balanced industrial development in the Community (Ravenhill, 1979: 237). Transfer taxes were imposed to provide a source of revenue to compensate deficit countries for loss of income from external customs tariffs as a result of trade diversion, and, serving as a protective tariff for infant industries in deficit countries (Ibidem). However, rather than establishing a means for planning of industrial growth on a regional scale, the tax merely encouraged deficit countries to duplicate industrial plants that were already established in Kenya (Ibidem). Moreover, there was no provision for the allocation of new industries seeking to locate within the region. Furthermore, Ravenhill (1979: 237) observes that the East African Development Bank was created in an attempt to externalize the cost of promoting a more equitable industrial balance. The member states hoped that the bank would attract foreign capital to be employed to stimulate national industrial development, with priority in loans to be given to Tanzania and Uganda (Ibidem). In addition to that, the member states sought to partially compensate Tanzania and Uganda for keeping their markets open to goods from Kenya, which possessed 70% of the region's overall manufacturing capacity, hence, it was envisioned that the EADB would devote the lion's share of its funds to projects located in

Tanzania and Uganda (De Zamaróczy, 2016: 77). Specifically, in the distribution of development loans, Uganda and Tanganyika were to receive 87.5% of the fund (Kimbugwe et al., 2012: 66).

However, although the EADB represented a long-term solution to a problem on which the deficit countries demanded more immediate action, it did not have a moderate degree of success in winning commitments from extra-regional economic institutions (Ravenhill, 1979: 237). For instance, by 1974, the Bank had made only a marginal impact on regional investment given that it was only in Tanzania where the disbursed funds had equalled the original contribution that the government had made to the equity of the Bank (Ibidem). Moreover, in no year did the Bank's disbursements exceed 5% of total industrial capital formation in any of the three countries (Ibidem). Additionally, Kimbugwe et al. (2012: 68) observes that, given that, the EADB did not have the decision-making powers to overrule the vetoes that each country carried over regional development plans; it failed in its endeavours. This was exacerbated by the fact that much of the economic activity in East Africa was beyond the Bank's scope since the Bank's charter prevented investment in the supply of raw materials (Ravenhill, 1979: 237).

Besides the transfer taxes and EADB, the 1967 Treaty also provided for a continuation of the existing system of industrial licensing. Although this might have served as a means for regional allocation, this was not the original intention of the scheme, and the partners did nothing to amend its jurisdiction (Ravenhill, 1979: 237-238). Although an industrial Licensing Council had been established in 1948 to investigate whether there would be adequate inputs, such as power and raw materials and markets for industries seeking to locate in East Africa, the regional industrial setting was not the original concern of the council, whose effectiveness was further limited by the small number of industries over which it had no control (Ibid: 238). Moreover, in a review of the system, the Community's Common Market and Economic Affairs secretariat agencies were put in charge of a high proportion of industrial licensing applications which resulted in inter-state bargaining and log-rolling (Ravenhill, 1979: 238). Furthermore, the Treaty also abolished the fiscal redistribution pool designed as a compensation mechanism for the inequitable operation of the common market thus benefitting Kenya to the value of £500 million while leaving Uganda and Tanzania with a loss of £250 million each (Kimbugwe et al., 2012: 66).

Notably, on the political front, the 1967 Treaty for East African Co-operation that established the EAC dropped all mentions of the political federation and instead definitively committed the region to an intergovernmental approach which led to the ability of each president to veto policies, hence, opening the door for lowest-common-denominator outcomes (De Zamaróczy, 2016: 77). Moreover, even on the economic front, economic decision-making was not effectively coordinated, hence, making subsequent economic conflicts very likely. Therefore, despite the early success, fractures in the EAC began appearing immediately. For instance, in the first year, the EACB failed which paved the way for three separate central banks, hence, destroying any hope of a monetary union (Kimbugwe et al., 2012: 66). Furthermore, in 1971-1977, the EAC member states adopted different strategies in response to the external economic shocks caused by the Kenyan balance of payments crisis in 1971–1972 and the first oil price shocks in 1973 (Ibidem). Moreover, in the 1976-1977 commodity boom, the member states adopted radically different economic management tactics which increasingly impeded integration and cooperation (Ibidem).

5.6 Factors explaining the fall of the first East African Community in 1977

The fall of the first East African Community in 1977 cannot be attributed to a single factor but to a complex web of intertwining economic and political factors. These among others include: the diverging responses to the external economic shocks; divergence in political and economic ideologies and political volatility; the incomplete nature of the common market; unequal distributional gains; and weak regional institutions. Therefore, this section provides a detailed analysis of the above-mentioned factors to understand how they contributed to the demise of the first East African Community. It will start with a brief analysis of the member states' response to the 1973-1974 world economic crisis, followed by a detailed analysis of political volatility and the member states' divergence in political and economic ideologies, followed by a detailed analysis of the issue of unequal distribution of the gains, then a brief analysis of the weakness of the regional institutions and finally a brief analysis of the illusion of a common market.

5.6.1 The member states' response to the 1973-1974 world economic crisis

Ravenhill (1979: 233) argues that the immediate trigger of the EAC dissolution in 1977 was the world economic crisis following the oil price rises of 1973-1974. He observes that East Africa's asymmetrical interdependence with extra-regional economic actors ensured that the local effects

of the world depression would be more severe than its impact in more diversified economies (Ibidem). Indeed, the 1973-1974 oil price increase led to a strain on the member states' balance of payments which was exacerbated by the slackening of export markets and by the prolonged drought in parts of the region which necessitated food imports in unusual quantities (Ibidem). Consequently, the member states responded by placing national interests before regional interests in an attempt to conserve scarce foreign currency (Ibidem). For instance, restrictions were placed on intra-regional trade and delays occurred in the transmission of corporation revenues to regional headquarters (Ibidem).

Additionally, the impact of the world crisis was exacerbated by the structure of the EAC regional arrangements. For instance, the 1967 EAC Treaty introduced a provision imposing a ceiling of Shilling 10 million per year on the amount of local currency which could be used to offset inter-territorial payment deficits, but that amount was capable of covering only 5% of Tanzania's and 4% of Uganda's deficit with Kenya, while any excess had to be covered with scarce foreign currency (Ravenhill, 1979: 233). On the contrary, if a larger share of regional trade imbalances could have been met with local currency, the compulsion to curb imports from partner nations could have been minimized, and countries with trade surpluses could have had a stronger reason to increase their imports from deficit states. Moreover, considering that corporation revenues were collected by regional offices and any surplus resulting from local operating expenditures were transferred to corporation headquarters responsible for main capital and development expenditures and debt servicing; the member states could retain foreign exchange by depriving corporate headquarters of the regional revenue, which exactly happened in 1974 (Ibid: 233-234). Consequently, corporations defaulted on loan repayments, leading to a curtailment of loans from major creditors most notably the World Bank and to the suspension of corporation services.

5.6.2 Divergence in political-economic ideologies and political volatility

Although the divergence in the member states' political, economic and development ideologies in the previous years did not precipitate the community's final crisis, it made conflict resolution more complicated during the economic crisis. For instance, in 1965, Kenya adopted a Sessional Paper committing Kenya to a development path which emphasized free enterprise both in terms of liberal conditions offered to foreign investors, and support for local capitalist enterprises, while Tanzania adopted the Arusha Declaration in 1967 which laid the foundation for a policy of

socialist self-reliance, a strategy which was increasingly imitated by Uganda under Milton Obote (Ravenhill, 1979: 234). This difference in the economic ideologies served to reinforce the advantage that Kenya had already gained as a result of her geographical position and favoured treatment during the colonial period, thus its ability to offer liberal terms for foreign investment and political stability which compared favourably with her neighbours. Incidentally, the convergence of Tanzania's and Uganda's development ideologies marked by the growing friendship between Nyerere and Milton Obote provided a political counterweight to partly offset the economic dominance of Kenya (Ravenhill, 1979: 234). However, this balance was offset by Uganda's Military coup, which overthrew Obote in January 1971 and enabled Idi Amin to take over power. Subsequently, Nyerere offered refuge to his ousted friend Obote, whilst discreetly supporting armed opposition against Amin to utilize western Tanzania as a staging ground (De Zamaróczy, 2016: 78). This conflict erupted into a brief war between Uganda and Tanzania in 1978 that led to Amin fleeing the country in April 1979. Notwithstanding, this conflict created tension within the community, which made it impossible for the community to effectively function.

Indeed, as relations between Uganda and Tanzania soared, the EAC was left with no insulation from inter-state conflicts because the smooth functioning of the community was dependent on the maintenance of good relations between the three government leaders who had the supreme decision-making power as the East African Authority (Ravenhill, 1979: 234). After 1971, Nyerere refused to meet with Amin, which made it impossible for the East African Authority to meet and deliberate the Community affairs (De Zamaróczy, 2016: 78). Furthermore, both countries started using their veto to block any issue raised on the regional agenda that would benefit the other party (Kimbugwe et al., 2012: 69). For instance, while Tanzania refused to recognize the new Uganda regime's nominees for community office, Uganda refused to sign the community's appropriation bill (Ravenhill, 1979: 234). Although these differences were resolved and preparations were made for the adoption of community legislation without the convocation of the national leaders, the East African Authority's inability to meet prevented the expansion of the scope of EAC regional integration, thus depriving the member states the possibility of further progress, as attention was increasingly concentrated on the divisive issue of the equal distribution of regional gains.

Furthermore, the destruction of Uganda's economy under Idi Amin disrupted the EAC's functioning in other spheres. First and foremost, as the economy rapidly deteriorated to subsistence levels, Uganda's contribution to the EAC's economic activities became marginal. Secondly, the decline in Uganda's manufacturing capacity following the expulsion of the Asian community in August 1972 contributed to a rapid decline in exports to Kenya, thus, creating a rather significant trade gap (Ravenhill, 1979: 234). Meanwhile, the scarcity of foreign exchange forced the regime to curb extra-regional imports so drastically that Uganda's contribution to community finances through tariff revenue dropped significantly, resulting in partial removal of Uganda's bargaining powers in EAC affairs. This situation was exacerbated by the effects of Amin's tyrannical rule as intimidated EAC officials were unable to make long-term commitments to regional projects and were reluctant to take up postings in corporation offices located in Uganda (Ibid: 235). Moreover, after the disappearance of forty EAC Kenyan employees in January 1973 from Uganda, the EAC headquarters at Arusha declared that it could no longer guarantee the safety of its employees in Uganda, thus, further constraining the smooth operation of regional corporations (Ibidem).

Similarly, relations between Tanzania and Kenya were also not good during the 1970s, in part because of the contrasting economic and foreign policies the two countries were pursuing. Following the Arusha Declaration, Tanzania experienced a wave of nationalizations which created an uncertain climate for foreign capital (Ravenhill, 1979: 236). Indeed, as long as Kenya could supply the regional market, being the prime location of a majority of regional industries, a corporate investment strategy which favoured socialist Tanzania or Idi Amin's Uganda would have been obstructive (Ibidem). Therefore, for Tanzania, it was evident that if the EAC's laissez-faire structure was preserved, Kenya would continue to attract the largest share of foreign investment. Interestingly, in the past, the core of the economic compromise that sustained the EAC was Kenya's subsidization of non-economic corporate services in Tanzania, which compensated some of the inter-territorial trade surplus that Kenya enjoyed. However, although Tanzania's trade balance with Kenya did not deteriorate in the early 1970s, it did not improve as fast as Tanzanian officials desired; most of the increase in trade taking place in only a limited number of goods (Ibidem).

Furthermore, the two countries increasingly started to view the community through divergent ideological lenses which exacerbated their rivalry and tension. This became particularly evident when the regional market declined in importance for the partners, and the politicians in both countries started to reassess the costs of continued EAC membership (Ravenhill, 1979: 235). For example, Kenya's continuing success in attracting foreign investment and her growing trade with the greater Eastern Africa region led to a belief, widely shared by her capitalist class and frequently expressed in the Kenyan parliament, that progress was being impeded by the continuation of a regional partnership in which she was perceived to forego some of the profits of her economic superiority to subsidise her weaker partners (Ibidem). Moreover, the Kenyan government's official view was that the variation in benefits from regional structures occurred because of the weak performance of the Tanzanian and Ugandan economies, due to their governments' economic policies.

Subsequently, in January 1977, Kenya officially complained that it was being forced to bear the financial burden of the entire community; a complaint which came as a result of a campaign by a select group of government officials who were set on demolishing the EAC (Mwithiga, 2015: 100). Cabinet Minister Bruce Mackenzie and Attorney General Charles Njonjo who were highly influential members of the Jomo Kenyatta government, argued that the East Africa Airways Corporation had defaulted on debts to Kenyan banks because of nonpayment by member states, hence, leading to the grounding of all East Africa Airways' aircrafts in Nairobi (Ibid: 100-101). However, it is alleged that the underlying objective of grounding the East Africa Airways' aircrafts, was to expropriate the East African Airways Corporation and reform it into a Kenyan new national carrier (De Zamaróczy, 2016: 79). This action greatly affected Tanzania which heavily relied on the air carrier, and even more distressing, the airline was grounded at a time when Tanzania was hosting international guests for the celebrations of the Arusha declaration anniversary (Mwithiga, 2015: 101). Moreover, to escalate the tension, Kenya decided to impound railway cars and three boats belonging to Tanzania in a dispute over transport maintenance costs (Ibid: 100). In retaliation, Tanzania responded by closing its border and seizing Kenyan property in Tanzania thus opening the way to a series of confiscations which followed and the repatriations of Kenyans from Tanzania and vice versa (Ibid: 101). Consequently, Kenya's southward trade diminished, while Tanzania's tourism industry, geographically located right on the two countries' border and historically dependent upon Kenya-based tour operators for the

bulk of its clientele, collapsed (De Zamaróczy, 2016: 79). These series of events led to the failure to remit money by both Tanzania and Kenya for the fiscal year of 1977–1978, leading to the collapse of the community on July 1, 1977 (Mwithiga, 2015: 101).

5.6.3 Unequal distribution of regional integration gains

Another factor attributed to the collapse of the first EAC was the continued concerns from Tanzania and Uganda about Kenya's disproportionate gains from the community. As already seen, various measures were adopted to redistribute the gains from the common market but these failed to produce the results that Uganda and Tanzania wanted. Kimbugwe et al. (2012: 68) argue that the importance of compensation mechanisms in Regional Trade Agreements (RTAs) cannot be understated if they are to be successful. They observe that the crucial limiting factor to regional integration schemes in Africa, including the EAC, is the inadequacy or absence of a workable compensation mechanism (Ibidem). Additionally, they argue that the principle of asymmetry should be carefully applied in the design of compensation mechanisms and suggest that any mechanism must be conscious of the changes that may occur concerning winners and losers in trade and, thus, keep changing over time (Ibidem). However, this was not the case with the first EAC as the Community failed to institute a sustainable working compensatory mechanism, which resulted in Kenya's persistent trade dominance in the community, as indicated by the tables below.

Inter-territorial imports and exports as a percentage of partners' total imports and total exports, 1971-1976

Inter-territorial imports as a percentage of partners' total imports						
Country	1971	1972	1973	1974	1975	1976
Kenya	7.9	7.1	5.6	5.0	2.8	3.0
Tanzania	11.4	11.3	9.7	6.6	7.1	8.8
Uganda	23.6	29.8	40.0	39.3	35.6	45.4
Inter-territorial exports as a percentage of partners' total exports						
Kenya	30.2	25.6	23.1	22.1	20.8	15.7
Tanzania	9.9	5.8	6.6	7.3	6.3	5.9
Uganda	9.5	7.8	4.3	3.2	1.5	0.5

Source: John Ravenhill (1979: 235) based on calculations from figures in EAC Statistical Department, Economic and Statistical Review Quarterly; and EAC East African Customs and Exercise Department, Annual Trade Reports.

The data from the above table indicates that, from 1971-1979, in terms of inter-territorial imports, Uganda was the biggest importer, followed by Tanzania, and then Kenya whose inter-territorial import even decreased over the years, except for 1976. In terms of inter-territorial exports, Kenya was the dominant exporter, followed by Tanzania, and Uganda.

Share of Intra-regional exports in total exports of EAC countries, 1970-1997

TRADING PARTNER				
EXPORTER	KENYA	TANZANIA	UGANDA	REGIONAL
Kenya	-	4.5%	9.7%	14.2%
Tanzania	2.1%	-	1.0%	3.1%
Uganda	1.9%	0.5%	-	2.4%
EAC	0.8%	2.7%	5.9%	9.5%

Source: Kirkpatrick & Watanabe (2005: 145), based on IMF, Direction of Trade Statistics data

The data from the above table indicates that from the 1970s to the late 1990s, Kenya accounted for the largest share of intra-EAC trade which until now, reflects the economy's relatively more advanced level of development. As seen above, the exports of Kenya to Uganda and Tanzania accounted for 14.2% of total regional exports, while Tanzania accounted for 3.1% and 2.4 per cent for Uganda; whilst intra-EAC trade averaged at 9.5%. This demonstrates the dominant position of Kenya in the community which resulted in Tanzania's and Uganda's continued frustration with the unequal distribution of benefits thus playing a significant role in the collapse of the East African Community in 1977 (Kirkpatrick & Watanabe, 2005: 145).

5.6.4 Weak regional institutions

Another factor that has been attributed to the failure of the first EAC was the nature of the regional institutions. The regional institutions of the EAC lacked the financial and administrative structures required to effectively function or resolve the conflicts arising between the member states. Indeed, the EAC regional institutions were undermined by provisions aimed at the maintenance of national predominance in regional decision-making (Ravenhill, 1979: 239). These regional institutions had limited control over domestic policy in each country, while the national assemblies lacked the commitment to implement the economic and development policies that the regional bodies had formulated (Kimbugwe et al., 2012: 69). Moreover, the EAC secretariat had ineffective authority to sanction member states pursuing policies which conflicted with the articles of the agreement, and even where penalties were stipulated, the cost of non-implementation of the treaty was perceived to be less than the benefits (Ibidem).

Additionally, the institutional machinery of the EAC lacked an autonomous body with the power of initiative and supervision which resulted in their inability to play a dynamic and mediatory role in the harmonization of partner states' national interests (Ibidem). This was mainly because, all legislation of the regional assembly had to be approved by the national parliaments and then assent had to be received from the three heads of state before the legislation became law (Ravenhill, 1979: 239). However, because national legislation had priority over regional legislation, the heads of state were reluctant to provide assent for regional legislation. For instance, in November 1973, the East African Legislative Assembly defied the Authority for the first time by declining to pass a bill dismantling the East African Tax Department; however, the member states instead enacted national legislation which led to the demise of the Department by January 1974 (Ibidem). Therefore, without the authority to initiate new areas of regional integration and cooperation, the secretariat was reduced to the role of advisory crisis resolution, while, in a situation where the partners disagreed about the aims of the partnership and the institutional form it was supposed to take, the secretariat was only able to record the differences rather than address the problems at the heart of the matter.

5.6.5 The illusion of a Common Market

Besides all the above factors, the EAC common market was an illusion from the outset because the 1967 treaty made no provision for the free movement of labour or capital within the region. Due to the lack of regulation, in September 1970, Uganda adopted a new labour policy which reserved employment exclusively for its citizens, hence, rendering 20,000 Kenyan migrants unemployed (Ravenhill, 1979: 238). Additionally, in the same year, Uganda imposed exchange controls against Kenya and Tanzania, and banned the export and import of its currency, moves that were reciprocated by her partners in March 1971 (Ibidem). Additionally, after the adoption of the 1967 Treaty, member states decided to act unilaterally in the introduction and differential application of sales taxes which undermined the principle of a common external tariff (Ibidem). Moreover, following the community's failure to undertake a scheduled review of the income tax system, an IMF mission negotiated on a bilateral basis with the partner states, whilst, Kenya unilaterally, introduced a new scale of income tax rates in 1972 (Ibidem). Furthermore, unilateral decisions were also taken on corporate taxation-a matter of obvious importance to the subject of industrial location which led to a multiplication of non-tariff barriers to economic cooperation. Moreover, the activities of state corporations in all three partner states exerted varying degrees of

control over import and export trade. For instance, some state corporations outrightly refused to import from certain sources, placed a high mark-up on imports which competed with domestic goods, and insisted that wholesalers give a preferential margin to domestic suppliers thus interfering with the freedom of intra-regional trade (Ibidem).

5.7 The post-integration period: 1977–1993

After the collapse of the EAC in 1977, leaders in the East African region made moves to revive the community. The change of leadership in the region in the 1980s and 1990s brought about a new form of governance and, with that, a change in attitude towards regional integration with positive repercussions. In 1984, a mediation agreement was signed by the member states to apportion the assets and liabilities of the EAC which paved the way for a rapprochement between the countries especially the leaders (Mwithiga, 2015: 101). Under this agreement, the parties agreed to explore areas of future cooperation and to establish concrete arrangements to facilitate such cooperation, whilst acknowledging that regionalism could still be mutually beneficial, despite the strains it had produced in the past (Kimbugwe et al., 2012: 70). Moreover, at that time, both Uganda and Kenya had new leadership, a factor which removed the acrimony that characterized the region before the collapse of the EAC in 1977.

Notwithstanding, in 1980-1986, a bitter civil war erupted in Uganda and destroyed the country's economy, thus making it largely dependent on Kenyan goods, while, Kenya prospered from the resettlement of many of Uganda's expelled Asians, who subsequently established their presence in Kenya. Consequently, Kenyan industries expanded to satisfy Uganda's increased dependency on Kenyan goods, hence, fortifying the political and economic stability of Kenya's position as the business hub of the region (Ibidem). In contrast, Tanzania's economy suffered from the considerable cost of its war with Uganda as well as its adoption of socialist policies which did little to encourage trade or the growth of private industry that could sustain the economy. Nevertheless, as the importance of ideology receded, the adoption of SAPs and belief in market forces became accepted, providing the impetus to emerge from economic stagnation. However, despite the three countries following broadly similar policies without any central coordination in the 1980s, Kimbugwe et al. (2012: 70) argue that these policies produced questionable results given that domestic production stagnated and poverty increased. They observe that, even in Uganda which was seen as a successful case of structural adjustment, poverty was still pervasive,

and economic growth alone did not address the problem adequately (Ibid: 70-71). Moreover, as intra-regional trade increased, Kenya reinforced its dominance as a source of imports for both Tanzania and Uganda, which increased the trade deficit.

Nevertheless, the greatest political and economic change in the region, took place in Uganda in 1986 when Museveni took over the government and restored the rule of law thus gaining broad international support. Consequently, the Ugandan economy showed signs of a strong recovery in the early 1990s, but experienced a slowdown in 1993 (Kimbugwe et al., 2012: 71). Meanwhile, in Tanzania, economic recovery started in the late 1980s but was halted by the global recession at the beginning of the 1990s, while, Kenya found itself in a low-growth trap from 1987 onwards where efforts to revive the economy only had a short-lived success (Ibidem). It was from this perspective that all the three countries were motivated to identify areas of common economic interest on which to focus future political, social and economic integration and co-operation. Unsurprisingly, these efforts, coupled with the establishment of a Permanent Tripartite Commission for East African Cooperation in 1993, laid the foundation for cooperation in the region and paved the way for the establishment of the East African Community in the 2000s (Mwithiga, 2015: 101).

5.8 Relaunch of the EAC in the 2000s

Following the first summit of the East African Heads of State which led to the signing of the 30th November 1993 Agreement establishing the Permanent Tripartite Commission for East African Co-operation, a secretariat was launched in 1996 with the task of facilitating and implementing greater integration in the region (Kimbugwe et al., 2012: 71; Mwithiga, 2015: 101). In the second East African Heads of State Summit in 1997, the 1997-2000 East African Development Strategy, as well as the East African flag and passport, were adopted (EAC, 2020). In November 1999, the treaty establishing the East African Community (EAC) was signed and entered into force on 7 July 2000 following its ratification by Kenya, Tanzania, and Uganda. In June 2007, Rwanda and Burundi acceded to the EAC Treaty and became full members of the community on 1 July 2007, while South Sudan, acceded to the treaty on 15 April 2016 and became a full member on 15 August 2016 (EAC, 2020a).

The preamble of the Treaty states that the main objective of the EAC member states is “to strengthen their economic, social, cultural, political, technological and other ties for their fast

balanced and sustainable development by the establishment of an EAC, with an East African Customs Union and a Common Market as transitional stages to and integral parts thereof, subsequently a Monetary Union and ultimately a Political Federation” (EACJ, 2020). In other words, the EAC aims at deep economic, social, and political integration, starting with a customs union and moving on to a common market, a monetary union, and ultimately a political federation among the EAC member states (Dobronogov & Farole, 2012: 2).

In March 2004, the countries signed the EAC customs union Treaty establishing a common external tariff (CET) on imports from third countries and to gradually eliminate internal tariffs, which came into force on 1 January 2005, and in July 2010, the gradual process of establishing a Customs Union was completed (UNCTAD, 2017: XIII). Notably, although the introduction of the Customs Union largely eliminated some of the barriers to trade, other impediments such as non-harmonized technical regulations, sanitary and phytosanitary requirements, customs procedures and documentation, rules of origin, and police roadblocks are still existent (Ibidem). In November 2009, the Protocol on the Establishment of the East African Community Common Market was signed and came into effect in July 2010, while, the Protocol for the Establishment of the EAC Monetary Union was signed in November 2013 (Ibidem). Additionally, the EAC has adopted a Political Confederation as a transitional model for the East African Political Federation (EAC Secretariat, 2018). Notably, the EAC is regarded by many international organizations as the most integrated community as compared to other African Regional Economic Communities and one of the most dynamic regions in terms of integration (AFDB, 2016; UNECA, 2010: 22).

5.9 Conclusion

This chapter has provided a detailed historical overview and evolution of the integration and cooperation attempts in East Africa from the pre-colonial period to the re-launch of the East African Community in the 2000s. This analysis has demonstrated that although the three original members of the EAC shared the same colonial past, they had varying levels of economic development and followed divergent economic and political ideologies which led to conflict and tension among the member states, hence, the dissolution of the EAC in 1977. Kimbugwe et al. (2012: 74) argue that the EAC was never a true venue for integration, given that currency convertibility did not last long and the movement of goods and services were subject to de facto tariffs in the form of transfer taxes between countries, hence, the EAC was just an instrument for

the supply of common services and joint revenue collection. Therefore, the historical regional integration and cooperation attempts in East Africa can be summed up as slow trade expansion characterised by modest increases in intra-EAC trade; negligible industrial, monetary, financial and fiscal policy coordination resulting in low levels of investment; non-existent economies of scale; habitual high administrative and operational costs; lack of political and economic commitment to the regional cause; unequal distribution of cost and benefits of integration; and protectionist vested interests.

Having looked at the historical evolution of regional integration in the East African Community, the focus is now on understanding the current EAC that is the political economy of the contemporary East African Community. This analysis is covered in the next chapter, through a comparative analysis, to examine the political and economic situations in the EAC as well as within its member states, to ascertain the potential different factors explaining the EAC member states' diverging positions towards the EU-EAC EPA.

CHAPTER 6: COMPARATIVE ANALYSIS OF EAC POLITICAL ECONOMY

6.1 Introduction

The five EAC member states analyzed in this study cover a land area of 1.8 million km², and had an estimated population of 179.2 million in 2017 (WTO Secretariat, 2019: 9). In 2017, they had a combined GDP estimated at USD 170.9 billion, with Kenya accounting for 46.6%; Tanzania accounting for 30.5%; Uganda accounting for 16.0%; Rwanda accounting for 5.3%, and Burundi accounting for 1.8% (Ibidem). Although the main driver of the EAC economies is agriculture, the services sector is the main contributor to their GDP (Ibid: 5). Nevertheless, despite, the three original EAC member states, on the one hand, and Burundi and Rwanda on the other hand, sharing a common colonial heritage, the EAC member states' economic and political positions are quite varied. By employing the three elements of the Open Economy Politics, economic and political factors prevailing in the EAC Member States are examined through a comparative analysis in which similarities and differences are highlighted, to identify possible factors explaining the positions of the EAC Member States towards the EPA.

6.2 EAC Countries' backgrounds

6.2.1 Kenya

Kenya's contemporary political and economic structure emanates from its colonial legacy. The British colonialists promoted the country's industrial development which the successive Kenyan governments developed by fostering rapid economic growth through public and foreign investment and agricultural production (Adam, 2018: 20). Additionally, the country has the largest economy in the EAC region, boosted by its favourable geographical location, good economic infrastructure, relatively skilled labour force, and strong institutions. It represents 37 per cent of EAC GDP and the highest EAC GDP per capita amounting to US\$1,517 in 2012, with a population of 43 million (Cooksey, 2016: 22). However, the country has also experienced a limited structural transformation of its output, exports, and employment over the past few decades and it is faced with both political and socio-economic sources of fragility due to the politicization of ethnicity and poor adherence to the law. Its major industrial sectors include mining, manufacturing, agriculture, fishing, energy, tourism, and it provides the region's

financial hub (Adam, 2018: 21). Overall, in comparison to the partner EAC states, Kenya's social and physical infrastructure is quite well-developed.

A central feature of Kenya's political economy is the inextricable link between political and economic interests as individuals with economic power often look for political cover from those with political influence, which has resulted in dynamic crony capitalism (Booth et al. 2014: 14). Besides, the country is highly characterized by non-institutionalized political parties that are formed as vehicles for electoral politics with the primary purpose of transitioning political leaders from one election to another (Ibid: 26). Moreover, all these political parties are organised along ethnic lines which have resulted in a prominence of land distribution conflicts and clashes among major ethnic-regional interest groups (Ibid: 27). Nonetheless, in the EAC and even more generally, the Kenyan government and business communities pursue an aggressive investment and trade strategy (Cooksey, 2016: 21). Additionally, Kenyan companies are among the largest investors in two EAC member states, that is, Tanzania and Uganda. For instance, Booth et al. (2014:22) and Cooksey (2016: 22) observe that, by 2009, Kenya had become the second-largest investor in Tanzania after the UK, with nearly, 50 Kenyan companies doing business in Tanzania's manufacturing, financial, tourism and natural resource sectors (Booth et al. 2014:22; Brian Cooksey, 2016: 22). It also serves as a transport corridor system and a seaport transit route for its landlocked neighbours.

6.2.2 Tanzania

Similar to Kenya, Tanzania's political economy emanates from its colonial experience, which did not foster the same level of industrial development in comparison to Kenya. While Tanzania was the first EAC nation to gain independence from the British colonialists, Kenya was well ahead of Tanganyika in the early 1960s in terms of physical infrastructure, economic growth and western education (Cooksey, 2016: 2). Additionally, in comparison to Kenya, Tanzania's political economy is characterized by the multiplicity of its ethnic identity groups and the widespread use of Swahili as a lingua franca that has facilitated the development of an inclusive national identity and maintained the fragile unification of the island of Zanzibar and the mainland (Booth et al., 2014: 35). Moreover, compared to Kenya's struggle with regional-ethnic rivalries, Tanzania has been successful in creating and maintaining a stable and legitimate political order (Cooksey, 2016: 4).

Furthermore, in contrast to Kenya, after independence, Tanzania adopted a socialist self-reliance development strategy. However, faced with crippling economic difficulties in the mid-1970s, Tanzania was forced to resort to the IMF, whose conditionalities required the implementation of Structural Adjustment Programmes (SAPs) such as the liberalization of the national economy, the devaluation of the national currency, the lifting of price control and cuts in government expenditure to promote private investment (Ibhawoh & Dibua, 2003: 72). Nevertheless, Cooksey (2016: 8) argues that the SAPs contributed to a decline in social services, a shortage of fertilizers and other agricultural inputs, and a virtual collapse of industries developed under the industry's basic strategy. Notwithstanding, the SAPs re-empowered the Asian business community as Tanzania lacked and still lacks an African business class to spearhead a process of capitalist accumulation because late-colonial industrial development was concentrated in Kenya and commercial investments fell largely to East Africans of South Asian descent (Cooksey, 2016: 14; Booth et al., 2014: 35).

Notably, ethnic division of labour is prevalent in Tanzania, as multinational firms dominate banking, trade and manufacturing, while individuals of Asian and Arab origins dominate medium-sized enterprises and businesses, whilst a large number of native Africans dominate the domain of political power and subsist on farming and small-scale commodity production (Adam, 2018: 22). Indeed, given their significance in the economy, the non-indigenous and non-national merchant and industrial capitalists influence the way economic issues get politicised (Booth et al., 2014: 35). Consequently, policies that favour foreign investment or other capitalist initiatives are often contested by those in political power and NGOs, hence, leading to nationalist elements in public policy and government's unwillingness to embark on robust industrial and economic market-based policies (Booth et al., 2014: 35). Moreover, a combination of these factors also helps to channel the rent-seeking behaviour of the political elite into ventures that serve short-term political advantage, with little benefit to the economy (Ibidem). Notwithstanding, the country's economy is based primarily on agriculture which employs about half the workforce but also renders the country vulnerable to exogenous shocks such as fluctuations in commodity prices, given that minerals form a significant share of its exports (UNCTAD, 2017). Finally, similar to Kenya, it also serves its landlocked EAC partners with its seaport and transport corridor system.

6.2.3 Uganda

Uganda is a fast-growing economy but it lags behind Kenya and Tanzania in growth performance and it faces an unprecedented level of demographic pressure, poor institutional structures and a non-conducive business environment which negatively affects the private sector (UNCTAD, 2017). It is also a land-locked country whose ethno-political background is distinct from that of Kenya and Tanzania. Like Kenya, the country has a small number of large ethno-political groupings, but unlike Kenya, several of these, especially in the centre and west of the country, were formerly centralised kingdoms (Booth et al., 2014: 56). Unlike Tanzania, and especially Kenya, the country was never a focus for European settlement, giving rise to historical legacies regarding land and the accumulation of capital that are hardly trouble-free but certainly distinct (Ibidem). Moreover, like neighbouring Rwanda, Uganda has experienced extended periods of civil war and armed insurgency, but peace was finally restored when Yoweri Museveni's National Resistance Movement (NRM) took power in 1989 (Cooksey, 2016: 21). Additionally, the country also practices political pluralism which has led to the emergence of several political parties.

Furthermore, in contrast to Kenya and Tanzania, in Uganda, economic power-wielders are not inherently political power-holders. Nonetheless, those with political power often appear to exert considerable economic power, which has contributed to a substantial intermingling of political and economic power (Booth et al., 2014: 56). This has been made possible by the fact that wielders of political power make easy use of public resources to secure opportunities in the business and productive sectors that would otherwise have been unavailable (Booth et al., 2014: 56). This intermingling has been facilitated by mutual interdependence through collusive networks bringing together politicians and military and security officials on the one hand, and members of the business community on the other hand (Ibidem). For instance, after NRM assumed power, senior NRM officials used their offices to acquire prime land estates which they sold to the government or foreign investors at colossal sums, others positioned themselves appropriately during the privatisation of state-owned enterprises and bought some at give-away prices and, for the most part, sold them on at a handsome profit, while, some inserted themselves into joint ventures with foreign investors, or acquired significant shares in businesses owned by returnee Asians such as Sudhir Ruparelia who is one of the biggest investors in Uganda (Booth et al., 2014: 56). Consequently, rent-seeking behaviour has become common as it spreads from

central government to local authorities, whilst penetrating the public service, business and politics (Ibid: 58).

Additionally, after a decade of pursuing largely statist economic development policies on a Tanzanian model, Museveni implemented more economic market-based reforms and became a crusader for business, especially foreign direct investment (Cooksey, 2016: 21; Booth et al., 2014: 59). For instance, one of Museveni's pro-business policies such as welcoming Asian businesses back into the country resulted in significant FDI for over a decade (Cooksey, 2016: 21). However, the decision-making process regarding foreign investment and significant businesses has been centralised by the president, thus making it a one-man decision-making process and making Uganda's political economy that of a limited access order (Booth et al., 2014: 60). This means that any problems of violence are managed by forming a dominant coalition that limits access to valuable resources or access to and control of valuable activities to elite groups. Moreover, despite having the most complete set of national accountability institutions in the region, there have been limited actual prosecutions of corrupt officials due to the ineffectiveness of these institutions (Ibid: 65). Nonetheless, Ugandan presidential commitment to the EAC is personal, strategic and economic as the President depicts himself as East Africa's elder statesman due to his political longevity (Cooksey, 2016: 21). Moreover, being a landlocked country, Uganda heavily depends on other EAC member states especially Kenya and Tanzania for access to the sea for its imports and exports.

6.2.4 Rwanda

In contrast to Uganda, the sharpness of the politico-ethnic divide between the Hutu and Tutsi segments that preceded 1994 and the scale of the killings during the genocide, provide a very particular background to Rwanda's political and economic recent developments (Booth et al., 2014: 76). Nonetheless, its governance is distinguished by a coalition of forces that share a distinct vision in which socio-economic development and the construction of a new form of nationhood are given very high priority both in practice as well as in the formal declarations (Ibidem). Although, in 2003, the government adopted principles in the constitution which permit multiparty politics that is not based on clientelism, the country's political economy remains that of a limited access order whereby any problems of violence are managed by forming a dominant coalition that limits access to valuable resources or access to and control of valuable activities to

elite groups. Therefore, defending these arrangements against those within the ruling coalition and those outside it, who would prefer to do things differently is tough which gives the regime a disciplinarian favour (Ibidem).

Notably, a clear difference between Rwanda and its closest regional ally Uganda, and also other neighbours, is that occupying a political office does not open the way to the acquisition and accumulation of wealth (Booth et al., 2014: 76). Moreover, even for members of the business community who join politics, it is a requirement under the law to give up active participation in managing any business once becoming a member of parliament or a cabinet minister. Consequently, public officials who have attempted to use public office for personal gain have been prosecuted or removed from office for failure to declare their assets (Ibid: 77). Therefore, the holders of political power and the wielders of economic power are not the same people, and any intermingling that exists between the two is based on the historical links between some members of the business community and the holders of political power, stemming from their collective membership in the Rwandan Patriotic Front(RPF) as well as bonds created through initiatives such as the establishment of the Private Sector Federation (PSF) between the ruling elite and the business community (Ibidem).

Nevertheless, the RPF, which is the ruling and largest political party in Rwanda, controls a significant part of the formal sector of the economy through Tri-Star Investments (Booth et al., 2014: 77). Tri-Star Investments which is now trading as Crystal Ventures Ltd (CVL), is a private holding company fully controlled and owned by the Rwandan Patriotic Front (Booth & Mutebi, 2012: 388). The companies mainly or wholly owned by Crystal Ventures include companies in metals trading, road construction, housing estates, building materials, fruit processing, mobile telephony, and printing, as well as furniture imports and security services (Ibidem). In each of these fields, the Crystal Ventures subsidiary is often the largest domestic firm, if not the largest investor. For instance, in 2012, Crystal Ventures had a 50% stake or more in 11 companies operating in Rwanda, of which most of these were the leading national company in their sector (Ibidem). Moreover, outside the country, it owns a chain of coffee shops in the USA and UK, and an air charter company registered in South Africa (Ibid: 389).

Indeed, the scale of the operation of Crystal Ventures is substantial in relation to Rwanda's national economy. For example, in 2009, the group's turnover, referring to majority

shareholdings only, was about US\$35 million, with profits amounting to around US\$7 million after the payment of US\$0.8 million in taxes; and with the contributions from minority shareholdings, including in the Rwanda branch of the mobile phone company MTN, turnover was US\$167 million, post-tax profits US\$47 million, and taxes paid US\$24 million (Booth & Mutebi, 2012: 389). Moreover, in the same year, while the majority-owned CVL firms represented well under 1% of Rwanda's US\$5.3 billion GDP, the whole group represented over 3%, a significant proportion given the limited size of the formal sector as a whole (Ibidem). Therefore, the importance of CVL means that politics and business have a very close mutual relationship, and this is why Rwanda remains a limited access order, although the relationship is quite formalised and not at all a matter of deals among individuals (Booth et al., 2014: 77).

Furthermore, the dependence of policy on President Kagame's personal initiative does not appear particularly striking in the EAC because the cabinet functions reasonably well as an instrument of collective leadership and responsibility, with the president exercising a powerful demand for performance from individual ministers and their permanent secretaries (Ibid: 80). This contrasts with Museveni's approach to his cabinet which is characterized by a combination of lack of interest and micro-management (Ibid: 80-81). The underlying difference is that Ugandan cabinet members are there to provide a balanced access to power and resources for the regional power-blocs that Museveni needs to appease, whilst Rwandan cabinets which reflect the power-sharing principle in the constitution, are merit-based and typically include a significant number of independents (Booth et al., 2014: 81). Meanwhile, Rwanda, like many poor, developing countries, suffers from a serious lack of skilled labour force, partly, because of the war and genocide, which destroyed its human resources through death and flight into exile, hence, the persistence of technical capacity gaps which act as a brake on Rwanda's economic, social and political evolution (Ibidem).

6.2.5 Burundi

Burundi which is the smallest economy in the EAC is in transition from a conflict state (experienced a Hutu and Tutsi civil war from 1993 to 2005 and a political crisis in 2015 due to presidential elections) to a more stable economy, runs a chronic trade deficit, with little diversification and low-value addition, aggravated by a large number of people fleeing the country (UNCTAD, 2017). Similar to Rwanda, it is a land-locked country whose political

economy is organized along two major ethnic identity groups - the Hutu and the Tutsi. Despite gaining independence from Belgium on 1 July 1962 as a monarchy, the struggle for independence saw politicians assembled along these two major ethnic groups (Nkurunziza & Ngaruko, 2004: 30). This is mainly explained by the asymmetrical Belgian colonial polity which institutionalized the domination of Hutus by Tutsis through extremely rigid rules, whilst implementing policies that were biased against the Hutus; and the “social revolution” in Rwanda which removed Tutsis from political leadership and was considered by radical Hutu leaders in Burundi as the model to replicate, and by Tutsi leaders, as the scenario to avoid by all means (Ibidem). Consequently, these factors have shaped the relations between the two groups and have become the driving force within Burundi’s political elites.

Notably, competition for political power and economic management along ethnic lines was perpetuated by the assassination of the Union for National Progress (UPRONA) leader- Prince Louis Rwagasore in October 1961 who was the leading opposition against Belgian colonial rule. Nkurunziza & Ngaruko (2004: 31) argue that the assassination of the UPRONA leader resulted in a sharp ethnic crisis within UPRONA, which subsequently, led to a disorder and instability that enabled political elites to seek an immediate gain than speculate on some uncertain long-term or even medium-term economic growth and development. Moreover, as most Belgians left the country hastily due to fear of anti-Belgian reprisals after Prince Louis Rwagasore’s assassination which the Belgian government was alleged to be involved in; a technical labour gap emerged in Burundi which led to a severe drop in capacity utilization of industrial units because only a limited number of Burundians were able to replace the Belgians in skilled and technical positions (Ibid: 31). Besides, a majority of the departed Belgians’ assets, de facto, became government property because there were only a few Burundians who were able to purchase these properties at a fair price, given that the Belgian colonial government did not allow the emergence of a middle class of Burundian entrepreneurs during the colonial period. Furthermore, the ethnic group identity was not only the dominant framework through which domestic politics and policies were determined, but also through which foreign policy was determined. For instance, in the early 1960s, tension erupted between Rwanda and Burundi because both presidents were from different ethnic groups, resulting in the decision to end the monetary integration between the two nations and the subsequent loss of the Rwandan market by Burundian industry (Ibid: 32). Therefore, it can be argued that the early 1960s turbulent situation, set the benchmark for political competition

and economic management between Tutsis and Hutus, as demonstrated by the successive crises that have ravaged the country and are rooted in this fight for political leadership without accountability, as the best mechanism through which rents are extracted.

Moreover, given the country's limited natural resources, these political factions fighting for the control of the state, often focus on controlling public institutions, particularly the public administration, which has become the centre of a system of rent sharing. Particularly, since independence, while many African governments have used public employment to leverage policies aimed at providing revenue to a maximum number of people, Burundi's public sector has remained elitist as successive governments have reserved the relatively high paying jobs for their political clients (Ibid: 33). For instance, in Burundi, the mean income of a civil servant puts him among the richest 6% of the population, against an average of 13% in sub-Saharan Africa, 30% for the Middle East and North Africa region, 33% for Asia, and 40% for Latin America and the Caribbean (Ibidem). Hence, individuals in the highest civil service jobs are among the richest Burundians which explains why ethnic politicking is highly rewarded in Burundi.

Furthermore, until the mid-1960s, the country's leadership invested its energies in political and ethnic intrigues to reinforce their grip on assets left by the colonial power. These assets were distributed among the ruling elites, from both the Hutu and Tutsi groups. However, with the emergence of a new generation of Southern Tutsis in the public service and a limited number of assets left for redistribution, there was a need to innovate new ways to meet the needs of this new generation, which led to a heavy interventionist economic policy by the government in the mid-1970s, hence, raising the share of public investment in total investment from 5.6% to 42.8% in 1971-1980 (Nkurunziza & Ngaruko, 2004: 34). Consequently, from 1977-1982, about 100 state-owned companies were created with massive injections of subsidies and managed by government allies with no managerial skills (Ibidem). To illustrate the point further, in 1990, although these state firms produced only 9% of the country's GDP, they accounted for 31% of formal sector employment, 25% of outstanding domestic credit, and benefitted from 3.4% of GDP in financial flows from the government; whilst, in 1995, the equity capital of 36 such firms with majority state participation represented 20% of the country's GDP, but, posted a net loss equivalent to 6% of GDP or 14% of government revenue, excluding grants (Ibidem). Unsurprisingly, the country's budget recorded huge deficits, especially when revenues from coffee exports started to decline in

the 1980s. This is just one of the examples, illustrating how resources are transferred from taxpayers to bail out firms that serve group rather than national interests, as these corporations' privileged access to government resources, as well as foreign currency and their ethnically and regionally biased employment policies, serve as avenues for rent-seeking and sharing.

Moreover, this practice has been perpetuated by the absence of a significant private sector in the country. For instance, in 1975-1984, during the period of massive investments in the public sector, private investment was ten times lower at a mere 1.5% of GDP; and in 1985-1989, although it increased to 2.7% of the country's GDP, the public investment remained systematically higher at 13.6% (Ibidem). This situation is even more worrisome, due to the country's heavy reliance on external borrowing to sustain the economy. For instance in 1975-1984, in terms of GDP, Burundi's external net long-term borrowing amounted to 4.8% in comparison to 3.0% in sub-Saharan Africa; in 1985-189 it increased to 7.5% in comparison to sub-Saharan Africa's 2.4%; and in 1990-1998, it amounted to 4.7% in comparison to 1.0% of SSA's GDP. These figures indicate that the government has suffocated the private sector and that the economy has become dependent on foreign financial resources, whilst the government ensures that the status quo is maintained.

6.2.6 Summary

Taken together, the background of the Kenyan's, Tanzania's, Uganda's, Rwanda's, and Burundi's history are hinged with their present economic-political situations and potentially link to their EPA positions. Whilst Kenya enjoyed an economic headstart due to colonial industrial development and is currently characterized as an outward-looking and trade-oriented country which has embraced a market-liberal strategy, Tanzania, on the other hand, embraced a socialist self-reliance development strategy, unconvinced adoption of liberal market reforms, and renewed unwillingness to embark on robust industrial and economic market-based policies by the ruling elites. In contrast, despite having suffered a devastating past characterized by conflict and war, Rwanda has embarked on a rigorous economic market-based development path with the ruling party having a substantial share of the economy. On the other hand, although Uganda had initially copied Tanzania's socialist self-reliance development strategy, with the emergence of Museveni, the country embarked on the implementation of more economic market-based reforms, with a substantial intermingling of political and economic power. Meanwhile, Burundi's political

economy is organized along Hutu and Tutsi ethnic identity group lines with control over the economic, social and political situation of the country for personal rather than national interests, and a determination to maintain this status quo.

6.3 Comparative trade profiles

To put the five EAC member states' EPA positions into an economic context, a selection of the latest available economic and trade data are given and compared.

6.3.1 Economic overview

Kenya is a lower-middle-income country and the leading economy in the EAC representing about 40% of the community's GDP (WTO Secretariat, 2019: 112). It is one of the largest economies in Africa in terms of output and market size owing to its favourable geographic location, good economic infrastructure, relatively skilled labour force, and strong institutions compared to its EAC neighbours (WTO Secretariat, 2019: 112; UNCTAD, 2017: 2). It consists of a land area of 580,367 km² with a population estimated at 46.6 million in 2017 and a GDP per capita (purchase power parity) ranging from US\$ 1,062 to USD 1,701 in 2011 -2017 (WTO Secretariat, 2019: 112). In comparison, Tanzania is the second-largest economy in the EAC with a population higher than Kenya's, estimated at 51.0 million in 2017 but with a GDP per capita lower than Kenya's, ranging from US\$ 896 to USD 1,021 in 2012-2017 thus indicating a lower standard of living and its LDC status (Ibid: 244). Meanwhile, Uganda's population was estimated at 37.4 million in 2017 with an annual growth rate of 3.2% but with a GDP per capita of US\$ 699 to US\$ 731 in 2011-2017, whilst Burundi's population was estimated at 11.2 million in 2017 covering an area of 27,830 km² with a GDP per capita slightly increasing from US\$ 247 to US\$275 in 2011-2017, and Rwanda's population was estimated at 11.8 million in 2017 with a GDP per capita amounting to US\$ 642 to US\$ 773 in 2011-2017 (Ibid: 356; 185; 57).

Additionally, the main drivers of the EAC economies are agriculture and services with the manufacturing sector playing a minimal role. In 2017, the service sector in the EAC economies accounted for 47.5% of Kenya's GDP, 40.3% of Tanzania's GDP, 51.5% of Uganda's GDP, 49.8% of Rwanda's GDP, and 48.4% of Burundi's GDP; while the agricultural sector accounted for 37.7% of Kenya's GDP, 32.4% of Tanzania's GDP, 26.9% of Uganda's GDP, 33.2% of Rwanda's GDP, and 42.0% of Burundi's GDP (Ibid: 112; 244; 356; 186; 58). Meanwhile, in the same year, the manufacturing sector accounted for 8.6% of Kenya's GDP, 5.9% of Tanzania's

GDP, 9.4% of Uganda's GDP, 6.4% of Rwanda's GDP, and 11.1% of Burundi's GDP (Ibidem). Furthermore, Kenya and Tanzania play vital roles as transit routes to the seaports and transport corridors for Uganda's, Rwanda's, and Burundi's imports and exports. For instance, 80% of Uganda's imports pass through Mombasa, while Rwanda and Burundi depend on both Dar es Salaam and Mombasa for the transit of their imports and exports (Cooksey, 2016: 17). Therefore, the significance of these ports compels the landlocked EAC countries to be concerned with the costs, predictability, and security of Kenya's and Tanzania's transport systems as well as the maintenance of good diplomatic and political relations within the community.

However, the EAC economies are riddled with poor and inadequate infrastructural development which has constrained the member states' as well as the region's productivity and trade competitiveness. Indeed, the importance of infrastructural development in regional integration cannot be undermined. Kessides & Benjamin (2012: 7) observe that an efficient infrastructural sector provides services that are critical inputs in manufacturing, transportation, and commerce, as well as services that are essential to boosting economic activity and increasing competition through the expansion of product lines and geographic spheres of distribution, while, an inadequate or poorly performing infrastructure can be a serious burden on the economy as it leads to economic stagnation, undermines national competitiveness and the evolution of competitive markets. This is a significant element for the EAC, because, given the abundance of natural resources in the EAC; efficient, fast, reliable, reasonably priced, and seamless infrastructure connections would be indispensable for the effective exploitation of natural resource and production complementarities and the free flow of goods and services across the entire region (Ibidem).

Conversely, as noted earlier, in the EAC, poor and inadequate infrastructure is prevalent. For instance, in comparison to other sub-African regional communities, the EAC has the lowest access to electricity rating at 23%, in comparison to CEMAC at 31%, COMESA at 34%, SADC at 35%, and ECOWAS at 50% (AfDB, 2013: 7). Additionally, the two main international ports of the region suffer from significant congestion and disembarkment delays, mainly due to their inadequate container terminal capacities, and lack of customs clearance coordination or lengthy customs clearance processes; whilst, rail systems are operating at well below their original design capacities and are characterized by incompatible gauges of track, poor service reliability, low

transport productivity, and very low operating efficiency. Meanwhile, national and regional roads are riddled by inadequate and deferred maintenance, overloading, and inefficient management; whilst transport corridors suffer from serious delays due to roadblocks, weight stations, informal stops and checkpoints, some of which are imposed to collect payments for the police, transit authorities, and local communities (Kessides & Benjamin, 2012: 14)

Subsequently, these EAC infrastructure deficiencies have had significant implications for the member states as well as the region's international competitiveness. Indeed, these deficiencies have translated into high transport costs and cross-border transaction costs, high and unreliable electricity costs which are four times the global average, a low human capital stock, protectionist policies in some member states, and poor access to information and telecommunications technology (EADB, 2019). For instance, it is estimated that freight costs per km in the EAC are 60 to 70% higher than those in the United States and Europe, and 30% higher than those in Southern Africa; while transport costs for the EAC landlocked countries are estimated to be as high as 75% of the value of exports which reduces their economic growth by at least 1% annually (Kessides & Benjamin, 2012: 13-14). Moreover, in 2012, it was estimated that, while it cost approximately US\$2,000 to ship a 20-foot container by sea from China to Mombasa, a distance of almost 9,500 kilometres; transporting that same container from Mombasa to Kigali, a distance of only 1,700 km over land, cost around US\$4,650 (Sebuny, 2015). Notably, this situation is exacerbated by the fact that the EAC market is not large enough by itself to support a significant degree of intraregional trade specialization as poverty levels in the region remain very high and the overall level of effective demand is low, with low manufacturing activity, hence, limiting the scope for complementarity across the EAC economies.

Moreover, the industrial and technological capacity of the EAC economies is also rudimentary and characterized by low technology products, which further constrains the diversification of the EAC exports and global competition. For instance, taking the example of the largest EAC economy; Kenya's industrial structure is characterized by an emphasis on low technology products, where technological knowledge is largely embodied in simple equipment, limited skill requirements and relatively self-contained operations (UNCTAD, 2003: 17). This is exacerbated by the persistent use of obsolete technologies and inefficient machinery, often over 20 years old, as well as, the inability by domestic engineers to adapt imported technologies to the domestic

environment, and the lack of information on available sources of technology which has resulted in firms continuing to pay royalty payments long after patent protection has expired (Ibidem). Consequently, the manufacturing sector continues to operate mainly by confining itself to activities where it does not directly compete with foreign producers through continued specialization in resource-based products or small niche markets, which does not provide a basis for sustained growth and does not constitute an enabling environment for the diversification and upgrading of exports needed for long-term development and global competitiveness (Ibid: 18). Nevertheless, in comparison to its EAC partners, Kenya has a strong industrial base, as demonstrated by the growth of its intra-regional manufactured exports from \$344 million to over \$1billion in 2000-2010; hence, enabling the country to maintain a positive trade balance and the biggest export market share in the EAC (Adam, 2018: 24-25).

In comparison to Kenya, Tanzania's industrial sector is rudimentary and dominated by simple activities with weak competitive responses to market forces which do not show any sign of sustained technological or export dynamism hence rendering the economy heavily dependent on agriculture and other natural resources, without the structural transformation that long-term development requires (UNCTAD, 2003: 67). For instance, since 1985, the contribution of manufacturing value-added to national income has been stagnating at around 8%, while nearly 80% of manufactured exports come from resource-based activities (Ibid: 69). Moreover, even the only two export-oriented cloth manufacturing firms with labour-intensive activities have been exposed to intense import competition and have suffered massive declines in output (Ibid: 67). This is exacerbated by the weak links among the industrial research and development institutions and the manufacturing sector. Hence, the lack of local research and design capability keeps the country's African producers at the bottom of the quality chain, or, in complex product segments, which forces them to exit the manufacturing sector, in reaction to rapid liberalization thus constraining manufacturing growth and competitiveness as well as the structural transformation of the whole economy (Ibid: 73).

Moreover, the same situation prevails in the other three land-locked EAC economies. For instance, in Uganda, as already seen, manufacturing represents a minimal share of the country's GDP, while, most industrial enterprises use simple technologies and are oriented to the local market. Indeed when looking at trade statistics of Uganda's exports from 1993-1997, it is visible

that the country specializes in low-technology products, such as textile yarn and fabric, which account for nearly 40% of the country's total manufactured exports (Ibid: 90). Moreover, its medium and high technology exports, include re-exports of transport equipment, iron and steel or special machinery, which are not manufactured in Uganda; whilst exports of other simple labour-intensive manufactures like garments, footwear or travel goods are very low, despite the dominance of textiles and yarn in the country's exports (Ibidem). This, therefore, indicates that textile exports are primarily resource-based rather than driven by low wage costs and labour efficiency. Similarly in Burundi, industrial production is characterized by the predominance of state-owned enterprises and small units, operating particularly in the agro-food industry, and consists mainly of brewers, soft drink manufacturing, tea factories and sugar mills (WTO Secretariat, 2019: 95). However, Burundi's manufacturing potential is limited due to competition from the other EAC countries, transport and electricity constraints, high operating costs, small market size, lack of skilled labour and weakness of the local private sector (Ibidem).

Rwanda's industrial structure paints a similar picture. In 1999-2014, the agro-processing and construction sectors accounted for the majority share of the industry. Moreover, Rwanda's exports are still largely dependent on primary commodities, namely coffee, tea, minerals and pyrethrum which constituted approximately 40% of exports in 2015 (Behuria, 2019: 1043-1044). Moreover, even some leading Rwandese apparel firms are now facing difficulties due to intense competition from foreign firms. For example, in 2016, L'Usine Textile du Rwanda (Utexrwa), which is one of the leading Rwandese apparel firms, experienced a drop of 20% in its utilization capacity after losing many lucrative government contracts to C&H Garments- a Chinese garment manufacturer (Ibid: 1048-1049). Notably, despite the government's concerted efforts, its aggressive industrial policies are continuously countered by bilateral pressure, regional competition and the challenges caused by increasing reliance on individual firms.

In summary, all put together, the EAC member states' economies are quite similar. Agriculture remains the key driver of EAC economies, whilst the services sector remains the main contributor to their GDP. Kenya and Tanzania play vital roles as transit routes to the seaports and transport corridors for Uganda's, Rwanda's, and Burundi's imports and exports which compels these land-locked countries to be concerned with the costs, predictability, and security of Kenya's and Tanzania's transport systems as well as the maintenance of good diplomatic and political

relations. However, the EAC economies are also riddled with poor and inadequate infrastructural development which has constrained the member states' as well the region's productivity and trade competitiveness. Moreover, the industrial and technological capacity of these EAC economies is also rudimentary and characterized by low technology products hence constraining the diversification of the EAC exports and as well as the EAC's trade competition in the global arena.

6.3.2 Intra and Extra-EAC regional trade

As already seen in the historical evolution of the EAC, from the 1970s to the late 1990s, Kenya accounted for the largest share of intra-EAC trade which reflects the economy's relatively more advanced level of development in the community. From 1970-1997, the exports of Kenya to Uganda and Tanzania accounted for 14.2% of total exports, while Tanzania accounted for 3.1% and Uganda accounted for 2.4%; whilst, the overall intra-EAC trade averaged at 9.5% (Kirkpatrick & Watanabe, 2005: 145). After the collapse of the first EAC in 1977, the second EAC was revived in 1999 in which several safeguards were built into the framework for integration, to ensure that the economies that were relatively less developed were not swamped by goods from the relatively better-developed economies (Aloo, 2017). Indeed, after the creation of the customs union and the establishment of a common external tariff, the value of intra-EAC trade increased steadily between 2006 and 2010, from US\$1.6 billion to US\$3.8 billion as seen in the table below:

Total intra-EAC trade, 2005-10 (US\$ million)

Country	Imports				
	2005	2006	2007	2008	2009
Burundi ..		61.2	79.6	84.9	86.8
Kenya 59.5		76.7	188.0	181.0	162.5
Rwanda 139.8		139.8	201.9	303.3	363.5
Tanzania 175.9		220.6	110.1	425.3	316.9
Uganda 550.8		429.7	526.5	566.8	547.0
Total	786.2	727.0	824.6	1,173.1	1,476.7
Country	Exports				
	2005	2006	2007	2008	2009
Burundi ..		27.0	15.4	10.7	14.2
Kenya 831.2		641.0	830.4	1,036.6	1,169.5
Rwanda ..		36.6	45.1	43.4	93.2
Tanzania 142.0		147.4	169.4	310.5	285.0
Uganda 87.9		101.8	148.8	195.2	398.8
Total	1,061.1	890	1,148.6	1,542.2	1,960.6
Total EAC trade value					
Burundi ..		88.2	95.0	95.6	101.0
Kenya 890.7		717.7	1,018.4	1,217.6	1,332

Rwanda ..	176.4	247.0	46.7	456.6	395.0
Tanzania 317.9	368.0	279.5	735.8	601.9	758.6
Uganda 638.7	531.4	675.3	762.0	945.7	1,005.1
Total 1,847.3	1,617.1	1,973.2	2,715.4	3,437.3	3,800.7

.. Not available.

Source: WTO (2013: 4)

In analysing the above trade data, it is evident that Uganda was the main regional importer, accounting for 36.9% of intra-EAC imports in 2010. During the above period, intra-EAC imports consisted mainly of industrial products, agricultural products, and natural resources. Meanwhile, Kenya was leading in exports, accounting for 57.2% of the total intra-EAC exports in 2010 with an average share of over 40% of total intra-EAC trade, whilst maintaining a trade surplus with its EAC partners due to the relative development of its production systems and its trade promotion (WTO, 2013: 4).

From 2011-2017, there was an increase and stability in the total EAC trade as illustrated in the table below:

Total EAC trade 2011-2017 (USD million and %)

	2011	2012	2013	2014	2015	2016	2017
Total trade							
EAC	47,457	51,558	52,241	55,670	54,206	43,347	46,696
Intra (%)	9.8	10.4	11.5	10.2	9.4	9.9	9.7
Extra (%)	90.2	89.6	88.5	89.8	90.6	90.1	90.3
Burundi	1,325	1,043	862	958	856	751	867
Intra (%)	22.4	18.4	23.7	20.6	20.9	24.3	17.3
Extra (%)	77.6	81.6	76.3	79.4	79.1	75.7	82.7
Kenya	20,418	22,388	22,243	24,520	21,987	19,800	22,438
Intra (%)	9.0	8.8	8.0	7.5	7.7	7.7	7.6
Extra (%)	91.0	91.2	92.0	92.5	92.3	92.3	92.4
Rwanda	1,859	2,277	2,449	2,658	2,593	2,619	2,819
Intra (%)	24.7	25.3	22.0	31.2	21.2	22.3	19.7
Extra (%)	75.3	74.7	78.0	68.8	78.8	77.7	80.3
Tanzania	16,064	17,449	18,462	19,199	20,976	12,865	12,075
Intra (%)	5.3	7.9	12.0	7.6	5.9	6.0	6.1
Extra (%)	94.7	92.1	88.0	92.4	94.1	94.0	93.9
Uganda	7,790	8,402	8,225	8,335	7,795	7,312	8,497
Intra (%)	15.4	14.6	15.1	15.9	18.0	17.0	16.3
Extra (%)	84.6	85.4	84.9	84.1	82.0	83.0	83.7
Imports							
EAC	34,045	36,625	37,252	39,575	39,091	29,447	32,611

Intra (%)	5.9	6.2	5.2	6.1	4.8	5.9	5.9
Extra (%)	94.1	93.8	94.8	93.9	95.2	94.1	94.1
Burundi	1,128	798	646	802	730	628	725
Intra (%)	23.8	19.9	26.6	21.0	20.7	25.0	19.1
Extra (%)	76.2	80.1	73.4	79.0	79.3	75.0	80.9
Kenya	14,646	16,262	16,410	18,406	16,068	14,105	16,690
Intra (%)	2.1	2.2	2.0	2.3	2.5	2.3	3.5
Extra (%)	97.9	97.8	98.0	97.7	97.5	97.7	96.5
Rwanda	1,456	1,806	1,853	2,004	1,980	1,970	1,839
Intra (%)	26.0	24.3	22.6	23.7	21.0	21.6	20.3
Extra (%)	74.0	75.7	77.4	76.3	79.0	78.4	79.7
Tanzania	11,184	11,716	12,525	12,289	14,784	7,914	7,761
Intra (%)	3.4	5.8	3.2	5.6	1.9	3.8	3.4
Extra (%)	96.6	94.2	96.8	94.4	98.1	96.2	96.6
Uganda	5,631	6,044	5,818	6,074	5,528	4,829	5,596
Intra (%)	12.3	10.7	10.6	11.3	11.4	11.0	10.0
Extra (%)	87.7	89.3	89.4	88.7	88.6	89.0	90.0
Exports*							
EAC	13,412	14,933	14,990	16,094	15,115	13,900	14,085
Intra (%)	19.6	20.5	27.0	20.1	21.1	18.5	18.5
Extra (%)	80.4	79.5	73.0	79.9	78.9	81.5	81.5
Burundi	198	245	216	156	126	123	142
Intra (%)	14.4	13.5	15.0	18.6	21.8	20.5	7.7
Extra (%)	85.6	86.5	85.0	81.4	78.2	79.5	92.3
Kenya	5,772	6,126	5,832	6,114	5,918	5,695	5,747
Intra (%)	26.8	26.1	24.9	23.5	21.8	21.1	19.3
Extra (%)	73.2	73.9	75.1	76.5	78.2	78.9	80.7
Rwanda	403	471	596	653	612	648	980
Intra (%)	19.8	29.4	20.4	54.0	21.9	24.3	18.5
Extra (%)	80.2	70.6	79.6	46.0	78.1	75.7	81.5
Tanzania	4,880	5,733	5,937	6,910	6,192	4,951	4,314
Intra (%)	9.7	12.3	30.6	11.3	15.5	9.5	10.9
Extra (%)	90.3	87.7	69.4	88.7	84.5	90.5	89.1
Uganda	2,159	2,357	2,408	2,262	2,267	2,482	2,901
Intra (%)	23.3	24.6	26.1	28.4	34.0	28.7	28.5
Extra (%)	76.7	75.4	73.9	71.6	66.0	71.3	71.5

*includes re-exports

Source: WTO Secretariat (2019: 46) based on data provided by the authorities; and UNSD Comtrade.

In analysing the above data, it is evident that on average, the EAC countries source 6% of their total imports from the region, and supply 20% of their total exports to the region. It is also evident that from 2011-2016, Rwanda and Burundi were the biggest EAC-intra EAC importers, followed by Uganda and Tanzania, with Kenya being the last. In terms of intra-EAC exports, Uganda and Kenya were the dominant players. The main traded goods across the region include

agricultural products, mainly sugar, maize, vegetable and animal oils and manufactured products which include; cement, steel and steel products, plastics and pharmaceuticals (WTO Secretariat, 2019: 11). However, EAC-intra trade is still low and the factors attributed to this, include; the informal or unrecorded cross-border trade, natural and non-tariff barriers to trade, mainly poor infrastructure, similarities in the production of a limited number of identical manufactured goods, sanitary and phytosanitary measures, technical barriers to trade, the use of different currencies, the lack of statistical data on cross-border trade which is largely informal within the EAC, prolonged droughts in the region and duty and tax exemptions which are granted on an MFN basis on inputs (Ibidem). It is also argued that although the EAC countries have eliminated tariffs on intra-regional trade, measures of equivalent effect to tariffs still remain and the Common External Tariff, though formally in place, is not implemented fully because the EAC Partner States belong to a multiplicity of different free trade areas(Ibidem).

In terms of intra-EAC foreign direct investment, Kenya is the major source of intra-EAC investments, accounting for 75.3% of all cross-border investments in 2014 (Ibid: 13). Meanwhile, in 2016, Uganda and Burundi emerged as big players as Uganda contributed to 34% of cross-border investments, and Burundi contributed 14.5% of intra-EAC cross-border investments (Ibid: 13-14). However, there is a strong temporal variation in the destination of these investments; the largest recipient of intra-EAC investment flows was Tanzania in 2014, Kenya in 2015, Rwanda and Uganda in 2016 and 2017 (Ibid: 14).

In its extra trade (which will be discussed in detail in the EU-EAC trade relations' section), EAC imports are supplied increasingly by China and India, with the EU being the third-largest source of EAC imports; while a majority of EAC exports are directed to the EU and other EAC countries. The EAC has continually sourced its imports from Asian countries mainly China and India, accounting for almost 50% in 2017 from 40.5% in 2011 (Ibid: 12). The EU and the United Arab Emirates are other major suppliers but the EU remains the EAC's main export market. Foreign direct investment (FDI) remains an important source of external financing in EAC countries. Between 2011 and 2016, FDI inflows into the region increased more than twofold, to USD 7.5 billion, while a peak of USD 8.5 billion was recorded in 2014 (Ibid: 13). Additionally, China is the main source of FDI flows into the EAC and these are largely channelled to the manufacturing and construction sectors (Ibid.). The EU is also a big investor in the region and its

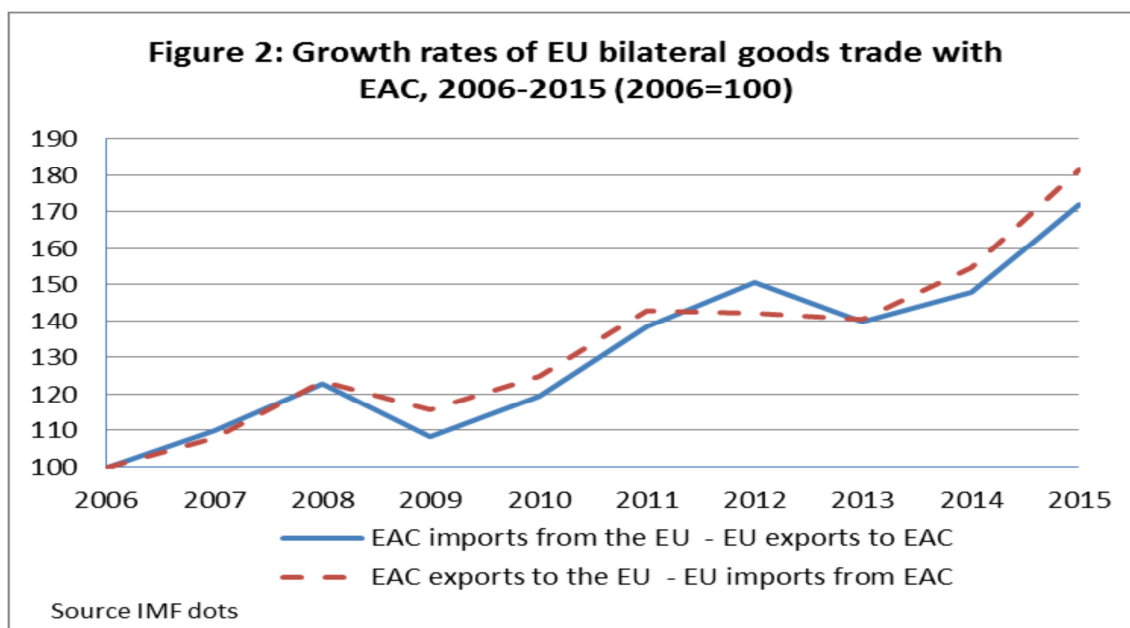
share of inward investments is particularly high in Kenya accounting for 80 % in 2013 and falling to 55 % in 2014, whilst accounting for 30% in Tanzania, and 21% in Rwanda (Ibid).

6.3.3 EAC-EU Trade Relations

In 2006-2015, EU-EAC goods trade expanded substantially, with EU exports increasing from 2.6 billion EUR in 2006 to EUR 4.5 billion in 2015, and EAC exports rising from EUR 1.3 billion to EUR 2.4 billion in the past decade (European Commission, 2017: 22). However, in the same period, China was the leading import partner of the EAC members with imports increasing from EUR 799 million in 2006 to EUR 10,834 million in 2015 with a share of 30.4% of the EAC imports, followed by India with imports increasing from EUR 847 million in 2006 to EUR 5,400 million in 2015 with a share of 15.2% of EAC imports and then the EU in third place with imports increasing from EUR 2,593 million in 2006 to EUR 4,463 million in 2015 with a 12.5% share of EAC imports (Ibid: 21). Nevertheless, in 2012, the EU was still the largest source of imports for EAC countries which indicates that the emergence of China and India as key EAC import partners is a rather recent phenomenon. Therefore, the European Commission (2017: 21) argues that these patterns merely point to higher growth rates of EAC imports from China and India compared to that of imports from the EU, not to absolute decline in the EAC's imports from the EU. Indeed, the EAC's imports from the European Union increased steadily in 2006-2016 from EUR 2.6 billion to nearly EUR 4.5 billion (Ibidem).

In terms of sectoral trade, the majority of EAC exports to the EU are agricultural and horticultural products for which the EAC are price takers, particularly; coffee, cut flowers, tea, tobacco and vegetables as well as fish; while the EAC imports from the EU mainly consist of industrial products such as mechanical appliances, chemical products, transport equipment, and pharmaceutical products (Ibid: 22). However, the EAC members also increasingly import machinery and appliances as well as base metals from China as well as mineral products such as mineral fuels, oils and distillation products from India (Ibid.).

Growth Patterns of EU Bilateral Goods Trade with EAC, 2006-2015



Source: European Commission (2017: 23) based on data from IMF DOTS

In analysing the above table, the European Commission's (2017) argument that the increase of China's and India's imports to the EAC does not reflect an absolute decline in EAC's imports from the EU, appears justified, because the table indicates that the EU exports to EAC have grown at a similar rate than EAC exports to the EU. Thus the EU still stands as an important trade partner for the EAC member states. Nonetheless, the rise of other significant EAC external trade partners cannot be ignored.

EU goods trade with EAC Individual Countries, 2015 (million EUR)

	EU exports to EAC		EU imports from EAC	
	Value	Share	Value	Share
Burundi	119	2.7%	35	1.5%
Kenya	2,438	54.6%	1,210	50.8%
Rwanda	207	4.6%	59	2.5%
Tanzania	1,160	26.0%	634	26.7%
Uganda	539	12.1%	441	18.5%
EAC	4,463	100%	2,379	100%

Source: European Commission (2017: 23) based on data from IMF DOTS

In analysing the above trade data: Kenya accounts for the highest share of EU-EAC trade amounting to 54.6% of EU exports to and 50.8% of EU imports from the EAC; followed by Tanzania which accounts for 26.0% of EU exports to and 26.7% of EU imports from the EAC; then Uganda which accounts for 12.1% of EU exports to and 18.5%% of EU imports from the EAC; and Rwanda which accounts for 4.6% of EU exports to and 2.5% of EU imports from the EAC; and finally Burundi which accounts for the smallest share of EU-EAC trade amounting to 2.7% of EU exports to and 1.5% of EU imports from the EAC. This data indicates that Kenya is the EAC's dominant and most important trade partner of the EU.

EAC Member States' key external trading partners in goods trade, 2019 (million EUR and % share)

Key external Trading partners in good trade, 2019						
Kenya						
	Imports		Exports		Total trade	
Partner	Million €	Share (%)	Million €	Share (%)	Million €	Share (%)
EU	1,574	12.3%	726	14.4%	2,299	12.9%
China	2,424	18.9%	192	3.8%	2,616	14.7%
Saudi Arabia	1,723	13.4%	-	-	1,793	10.1%
India	1,062	8.3%	-	-	1,116	6.3%
Tanzania						
EU	979	10.2%	383	8.0%	1,363	9.5%
China	2,042	21.3%	273	5.7%	2,315	16.1%
India	1,590	16.5%	720	15.0%	2,309	16.0%
South Africa	429	4.5%	884	18.5%	1,313	9.1%
Uganda						
EU	424	6.5%	408	13.3%	832	8.6%
China	1,095	16.7%	-	-	1,128	11.7%
UAE	732	11.2%	1,037	33.8%	1,768	18.4%
India	747	11.4%	48	1.6%	795	8.3%
Rwanda						
EU	384	13.4%	32	7.0%	416	12.5%
China	612	21.4%	16	3.5%	628	18.9%
UAE	341	11.9%	127	28.1%	468	14.1%
India	305	10.6%	-	-	310	9.3%
Burundi						
EU	97	12.9%	15	4.8%	111	10.5
China	118	15.7%	4	1.4%	123	11.6%
UAE	47	6.3%	190	62.5%	238	22.5%

India	47	6.3%	-	-	48	4.5%
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- Not Available

Retrieved from: European Commission DG Trade, 2020: 8; 2020a: 8; 2020b: 8; 2020c: 8; 2020d: 8.

The above table still indicates Kenya's dominance in EU-EAC trade relations. In analysing the above data, it is evident that Kenya's primary export partner is the EU with a total trade volume of EUR 2,299 million. Kenya's main exports to the EU are cut flowers which accounted for 45% of its total exports to the EU in 2019 thus emphasising this sector's importance as it is estimated that over one million people in Kenya depend on the flower sector both directly and indirectly (European Commission, 2020: 4; Anyanzwa & Asiimwe, 2016). Nevertheless, the above table also indicates that Kenya's leading import partner is China, with a total trade volume of 2,616 million EUR. On the other hand, the above table also indicates that Tanzania's leading import partner is China with a total trade volume of EUR 2,315 million and the country's leading export partner is South Africa with a total trade volume of EUR 1,313 million.

Meanwhile, the above table also shows that Uganda's leading import partner is China, with a total trade volume of EUR 1,128 million, and the primary export partner is the United Arab Emirates (UAE) with a total trade volume amounting to EUR 1,768 million. Similarly, Rwanda's leading import partner is China, with a trade volume of EUR 628 million and the leading export partner is the United Arab Emirates with a total trade volume amounting to EUR 468 million. Likewise, Burundi's leading import partner is China, with a total trade volume of EUR 123 million, and the country's primary export partner is the United Arab Emirates with a total trade volume of EUR 238 million.

To sum up the above trade data, it is evident that, in terms of trade volume, Kenya is a dominant EAC-EU trade partner followed by Tanzania, and then Uganda, Rwanda and Burundi. However, a prevailing characteristic of EU-EAC member states' trade relations has been the emergence of other significant external trade partners, which potentially, to a certain extent, explains some of the EAC member states' EPA positions. As seen above: Tanzania's main trading partners are China, India and South Africa; while Uganda's main trading partners are the United Arab Emirates, China, and India; whilst Rwanda's main trading partners are China and the United Arab Emirates; and Burundi's main trade partners are the United Arab Emirates and China.

Moreover, despite being the main export partner of Kenya, the EU is not the country's main trade partner, as China accounts for the country's largest total trade volume and share.

6.3.4 Key points

Whilst comparing the trade profiles of the EAC economies, there are a few striking relevant elements. First and foremost, it is evident that Kenya is the leading economy in terms of economic development, industrialization, and trade volume which can be largely attributed to colonial historical development and the early adoption of a market-based liberal strategy in comparison to its EAC partners. Secondly, the EU is a more significant trade partner for Kenya in comparison to Tanzania, Uganda, Rwanda, and Burundi which are orienting more towards China, India, and the United Arab Emirates. Thirdly, the EAC countries' exports to the EU are characterized by agricultural and horticultural products, while the EAC imports from the EU mainly consist of industrial products thus leading to a negative EAC goods trade balance with the EU and the rest of the world. Fourthly, although the EAC economies are riddled with low industrial and technological capacity; in terms of intra-regional trade, Kenya enjoys a clear advantage as it is the major source of cross-border investments, and supplies both agricultural and manufactured products to its EAC thus achieving and maintaining a positive trade balance with each EAC member state.

Nevertheless, intra-regional trade and the African market, in general, tend to be of growing importance for the industrial aspirations of EAC countries, while the EU as a target market is appealing to only primary goods sectors. In summary, these points highlight the discrepancies and similarities between the trade patterns of the EAC economies, with Kenya leading in terms of manufactured regional exports and industrialization as well as enjoying a major proportion of the EU market in comparison to its partners who are focusing more towards China, India, and the United Arab Emirates for trade partners. It can, therefore, be inferred that Kenya is not competing strongly with EAC partners for the EU export market, but instead in intra-regional trade and African export markets.

6.4 Interest-aggregation

To understand countries' preferences for either trade liberalization or protectionism, one does not only need to consider economic choices based on mechanisms of the domestic economy and comparative advantage but also the influence of interest groups. This argument, for instance, has

been advanced by Dür (2007) who argues that; trade liberalization can be motivated by the lobbying of exporters to protect their foreign market access or in response to changes in their target markets. Therefore, to understand how governments aggregate diverging interests in the EAC, it is important to analyze how political and economic interests intersect and how different actors potentially influence the member states' EPA positions.

In Kenya, since the colonial period, the strong and inseparable link of economic and political interests has been known to shape the country's economic policies. There is no real distinction between the political elite and the business elites, as individuals with economic power often look for political cover from those with political influence. Although the types of interaction between political and economic power have differed over time, successive governments have frequently adopted economic policies with an eye for promoting capital accumulation and legitimacy as per the political economies they inherited or wished to build (Booth et al., 2014: 14). For example, the mobile phone industry has significant political support partly because its shareholders are among senior political elites who have invested particularly in Safaricom's stocks on the Nairobi Securities Exchange (Ibid: 31). Notably, Safaricom is the largest telecommunications provider in Kenya. Additionally, Kenya's emerging oil and gas sector is another important avenue for connecting political and business interests as senior politicians have been reported to have purchased large tracks of land in the fields where oil exploration is permitted to later sell these blocks to prospect oil companies (Ibid: 33). In light of these and similar cases, coupled with the prevalence of widespread capital cronyism and weak checks of vested interests, economic policies can be presumed to be heavily driven by the interests of the executive and business elites.

However, little is known about the influence of economic stakeholders on the EPA negotiations as well as Kenya's position. Moreover, although the Kenyan government has a track record of regularly consulting with the Kenya Private Sector Alliance on relevant issues, there is no publicly available information on formal or informal consultation processes concerning the EPA. The lack of transparency during the EPA negotiations was highlighted by the civil society and private sector, thus forcing the Kenya High Court to demand for more transparency and openness from the government during the negotiations (European Parliament, 2014: 40).

Notwithstanding, Kenya, as the only lower-middle-income country in the EAC region was the most concerned during the EPA negotiations, given that, it would lose its duty-free-quote-free

(DFQF) access to the EU market. It is estimated that, if the EPA is not ratified, Kenya will annually face export duties amounting to 100 million USD (Pichon, 2018: 4). However, Krapohl & Huut (2020: 572) argue that, due to Brexit, Kenya's trade interest in the EU could decline, given that 27% of EU imports from Kenya went to the United Kingdom in 2017. Furthermore, given that horticultural products are the second-largest export sector in Kenya after tea, with the EU as its primary destination, the flower and horticultural industry particularly the Kenya flower council were very vocal in pressuring the Kenyan government to sign the EPA. In 2013, the Kenyan flower council is quoted stating that, due to the inconclusive EPA negotiations as well as a weakening global economy, there was a growing anxiety among flower producers which was resulting in a decrease of flower production thus hurting the prospects of an industry that remains one of Kenya's leading foreign exchange earners (Mwangi, 2013). Consequently, in 2013, EPA Kenyan negotiators even floated the idea of a possibility of signing an EPA without their regional partners, to secure Kenya's duty-free market access for horticultural products (Hurt, 2014).

Another most notable private sector organization which is a strong supporter of the EPA and strongly lobbied/lobbies all the EAC member states to sign the agreement is the East African Business Council (EABC). The EABC is the regional apex of private sector associations and corporates in the region. During the EU-EAC EPA negotiation process, it is reported that the EABC was regularly consulted and it published several background papers detailing its views and position in regards to the EPA (European Parliament, 2014: 50). In collaboration with BDI (a German business representation in the EAC), the EABC published a joint declaration urging the EAC countries for a speedy ratification of the EPA stating that the EPAs would create certainty for investors and provide African entrepreneurs with long-term duty-free and quota-free access to the EU market (BDI, 2019). Additionally, with strong support from the Kenyan government, the EABC engaged all EAC member states to explain the value of ratifying the agreement by citing that refusal to sign the agreement would result in a catastrophic economic and social loss for Kenya (Karuhanga, 2016). It is also alleged that the EABC indicated an intention to petition the countries to sign the agreement, as the EABC chief executive is quoted stating that "The EABC will write to EAC partner states respective trade and industry ministers' to underline the urgency of signing the deal" (Ibidem). Besides, during an interactive meeting between the EABC delegation and the Director-General of Business Europe (a big European business lobby agency)

in Brussels, in June 2016, the EABC is alleged to have authorized the signature and provisional application of the EPA on behalf of the EAC, although, this did not amount to much (Ibidem).

On the other hand, although, there were some strong voices from within the government which warned that the overall costs of an EPA would far outweigh the benefits to the flower sector; the most notable critics of the EPA were the civil society organizations, such as SEATINI, Kenya Human Rights Commission and BEACON (European Parliament, 2014: 40; EACSOFF, 2016). These civil organizations strongly criticized the EU-EAC EPA and urged all EAC member states not to sign the agreement. Some of the reasons they cited for their criticism include; loss of revenue, concerns about the industrial development of EAC countries, trade diversion for EAC countries, agricultural production as well as the rendezvous clause, which they considered was going beyond what is required by the WTO (EACSOFF, 2016). All these reasons were based on a study by Karingi et al. (2005) on behalf of UNECA which, in assessing the impact of the EPAs, found that the EPAs would lead to trade expansion in favour of the EU rather than its regional partners and a loss of revenue for all the studied countries. Additionally, the Kenya Small Scale Farmers Forum (KSSFF) were also opposed to the signing of the EPA citing the negative effect of the EPA on local producers, smallholder farmers and consumers through cheap imports from EU markets, loss of income, employment and food insecurity for citizens (European Parliament, 2014: 51).

Meanwhile, in Tanzania, the linkages between political and economic stakeholders are different from those in Kenya. In Tanzania, the prevalent relationship between the two ethnically distinct communities is essentially transactional and native. African politicians grant tax or customs concessions to large companies owned by individuals of Asian or Arab descent, who pay semi-compulsory donations in exchange for campaigns by politicians (Adam, 2018: 27). The main Asian companies with close political connections are family businesses (Booth et al., 2014: 36). This partly emanates from the country's historical division of labour, and the political elite's residual anti-capitalist sentiments, driven by public outrage against Asian or foreign-owned companies (Booth et al., 2014; Cooksey, 2016). As a result, economic policy formulation is largely influenced by the government being on the edge as it envisages far-reaching projects to promote industrialisation on the one side, and fears of exploitation by Asian or foreign capitalists on the other (Adam, 2018: 28). Moreover, the political elites' rent-seeking behaviour often

favours politically advantageous short-term ventures with little benefit to the economy (Booth et al., 2014: 35).

However, with regard to the EPA, just like Kenya, little is known about the influence of economic stakeholders on Tanzania's EPA position. Given that Tanzania is an LDC which is already entitled to duty-free-quota-free access to the European market under the Everything but Arms (EBA) initiative, which forms part of the EU's Generalized Scheme of Preferences; Tanzania was "the most cautious" EAC country during the EPA negotiations (European Parliament, 2014: 40). Although it seems unlikely that there was a clear direct alignment between the interests of economic and political leaders, given the apparent lack of shared interest, the private sector seems to have participated in contributing towards Tanzania's EPA negotiation strategy (Adam, 2018: 28). For instance, regarding the selection of protected products under the EPA, the Tanzanian iron and steel producers seem to have ensured that tariffs on their product lines would remain (Ibidem).

Nevertheless, strong opposition came from both the Tanzania government as well as civil society organizations. Speaking at the Inter Action Council (IAC) in May 2013, former President Benjamin Mkapa of Tanzania is quoted stating that "the EU's proposals in the EPA negotiations insisting on the removal of import tariffs and export taxes seriously impede the development path of African countries, leading to de-industrialisation, stopping the value addition on their primary goods exports and denying government revenue for effective governance" (European Parliament, 2014: 43). Subsequently, he cautioned the EAC member states against signing the EPA arguing that signing the EPA would be like "signing off an economic death warrant to their industries and jobs" (Kulaba, 2019). This sentiment is shared by the current Tanzanian President, John Magufuli who describes the EPAs as "a form of colonialism and bad for our Country" (Ibidem). This attitude could perhaps be explained by the recent developments in the government, in which the government is focusing on industrialisation as a primary means to development thus discouraging any foreign competition.

Furthermore, the Tanzanian national parliament also strongly rejected the agreement when it was sent for debate. For instance, some members of parliament such as Mr. Zitto Kabwe sternly argued that "We cannot allow the government to ratify the deal in its current form. It doesn't mean that we have closed the chapter or we do not care about the welfare of EAC; all that we

want is to make sure that our national interests are protected"; whilst Mr. Hussein Bashe argued that, the "EPA would kill EAC and that not all member states would enjoy the same benefits...Some are going to earn a lot while others will see their productive sectors collapse" (All Africa, 2017). These sentiments are shared by the civil society organizations, which also, strongly opposed the EPAs and widely supported the refusal of the government to sign the agreement. These examples reflect Tanzania's historical political economy evolution, which has been characterised by an inclination towards the protection of its national economy and industries, rather than, the promotion of trade liberalization.

Meanwhile, in Uganda, in contrast to Kenya and Tanzania, economic power-wielders are not inherently political power-holders. However, those with political power often appear to exert considerable economic power, which has contributed to a substantial intermingling of political and economic power (Booth et al., 2014: 56). Nonetheless, similar to Kenya and Tanzania, little is known about the influence of economic stakeholders on the EPA negotiations and the position of Uganda. Similar to Tanzania, Uganda is an LDC which is already entitled to duty-free and quota-free access to the European market under the Everything but Arms (EBA) initiative. Despite facing opposition from the civil society organizations such as Consumers Trust (CONSENT), SEATINI, and Uganda National NGO Forum, who urged the governments not to sign the EPA, Uganda is in favour of signing the agreement but after all the EAC countries have signed to avoid disrupting the status-quo of the community (EACSO, 2016; Pichon, 2018: 4).

Indeed, Uganda's president received substantial pressure from Tanzania's president to withhold its signature. For instance, during a joint press conference with Museveni, President Magufuli is quoted stating that "I believe that our neighbour, Uganda, will second us for the betterment of our countries. We have discussed EPA for a long time but to me it seems like another form of colonialism... it is bad for our country" (Kamagi, 2017). Consequently, the Uganda minister of trade, under the express directive of President Museveni, announced that Uganda would not proceed with the signing of the EPA until all the EAC countries were in agreement. Particularly, she was quoted stating that, "Uganda will not sign the EPA until everybody is on board. We have to wait for the other EAC countries and once that is done then we can proceed. Tanzania has some few issues that need to be dealt with and once that is done we shall proceed" (Nakawezi & Ladu, 2017). This depicts Museveni's commitment to the EAC project which is personal,

strategic and economic, given the high dependence of the country on its EAC neighbours. Therefore, it can be argued that, in principle, Uganda is not opposing the EPA as its position depends on motivation from other EAC countries to sign the agreement.

Similar to Uganda, Rwanda's political power-holders are also different from the wielders of economic power. However, the RPF which is the ruling and largest political party in Rwanda controls a significant part of the formal sector of the economy through Tri-Star Investments/Crystal Ventures Ltd (Booth et al., 2014: 77). Notably, the relationship is quite formalised and not at all a matter of deals among individuals which has enabled the firm to engage in quality economic and social reconstruction of the country's economy. Nonetheless, like its counterparts, little is known about the influence of economic stakeholders on the EPA negotiations and the position of Rwanda. Although there was some opposition towards the EPA from civil society organizations such as ACORD, the Rwanda government signed the agreement in 2016. Pichon (2018: 4) argues that the country signed the agreement to boost its foreign direct investment due to its transparent trade legal basis and its simplified rules of origin which will facilitate EU access to Rwandan products. Furthermore, due to the decline in Rwanda's exports over the years, the country embarked on an export diversification strategy targeting Europe as one of its markets, to cushion the economy from further stress on foreign reserves thus explaining the government's willingness to sign the deal (All Africa, 2017).

Conversely, Burundi's political power holders are the wielders of economic power. The country's political economy is organized along two major ethnic lines which control the economic, social and political situation of the country for personal rather than national interests with a determination to maintain this status quo. This is exacerbated by the absence of a significant private sector in the country. Nonetheless, like its counterparts, little is known about the influence of economic stakeholders on Burundi's EPA position.

However, civil society organizations such as Action Développement et Intégration Régionale (ADIR) and Réseau des Organisations de Développement du Monde Rural (RODEM) are reported to have joined EACSOF in criticizing the EPA by urging the government not to sign the agreement stating that it was detrimental to the industrial development of the country (EACSOF, 2016). Because Burundi has been subject to EU sanctions since 2016, in which the EU has cut financial support for the Burundian government and initiated a travel ban and freeze of assets

against four Burundians as a response to the country's political and humanitarian crisis; the Burundian government has expressed its dissatisfaction with EU measures and has declared that it would not sign the EPA due to its deteriorating relations with Europe (Krapohl & Huut, 2020: 572). Moreover, the Burundian government received support from its EAC counterparts as they stated that EU sanctions on Burundi should be discussed alongside EPA discussions thus putting pressure on the EU (EAC, 2017). This reflects the country's desire to restore its EU financial assistance, given that the country heavily relies on foreign aid for the maintenance of its economy.

In summary, EPA-specific policies have obviously not been determined in official meetings in all the EAC countries, although it is possible that individual members of certain companies or industries were given the opportunity to talk with relevant executives as illustrated by the negotiation observation of the Rules of Origin clause, where EAC negotiators argued that they needed to consult their industries and were very protective of specific product lines, indicating that there was a certain consultation process in the industry (Adam, 2018: 28). Nevertheless, the most evident opposing lobbying groups were; the civil society organizations, the Kenya Small Scale Farmers Forum and government officials from some member states such as Tanzania and Burundi; while, the supporting lobbying groups included private sector associations notably the EABC, the Kenyan flower council as well as government officials from some member states such as Kenya.

Meanwhile, in aggregating their interests, it is evident that: Kenya's position is aligned to its interest in protecting its duty-free and quota-free access to the EU market; Tanzania's position is aligned to its interest in protecting its national industries from foreign competition; Uganda's position is aligned to its interest in maintaining the status-quo of the community; whilst Rwanda's position is aligned to its interest in boosting foreign direct investment in the country; and Burundi's position is aligned to its interest in maintaining its national status-quo as well as getting a re-access to its financial assistance from the EU, which depends on the lifting of EU sanctions.

6.5 EAC Regional Integration Politics

Regional integration politics play a part in choosing between liberalization and protectionism towards international partners like the EU. Therefore, analyzing the regional spectrum of interests

will shed light on possible factors explaining the member states' EPA positions. The unfolding of events during the EPA negotiations, with Kenya, briefly losing free EU market access and Tanzania's subsequent refusal to sign the agreement, followed by the other countries, suggests that the different positions of the countries towards the free trade agreement are not merely a matter of dispute on the concept of expanding their trade with the EU. Disagreement over the EPA also appears to be strongly intertwined within the EAC regional process, especially evident in some of the member states' diplomatic rows. Indeed, their positions appear to be the product of a mixture of national interests focused on various economic conditions and regional political power play. To draw a more comprehensive image of the landscape that shaped the EAC member states' EPA positions, the following sections will analyze the political bargaining positions of the EAC countries in the regional context.

6.5.1 EAC Inter-state regional politics

EAC inter-state politics have largely been characterized by Kenya's superiority as the regional hegemon due to its dominant position in most aspects of EAC inter-state relations. For instance, the country has the highest GDP, is the most advanced in terms of industrial development, has military superiority as indicated by its defence expenditure amounting to US\$861 million in 2013 in comparison to Uganda's US\$465 million as the second biggest military spender, and has a very good geographical strategic position in the regional transport and trade network due to the pivotal role of the port of Mombasa in the transit network for the landlocked EAC countries (Mathieson, 2016: 8). Indeed, it is noted that the Kenyan government and business communities pursue an aggressive investment and trade strategy in the EAC and it is estimated that Kenyan companies are among the largest investors in Tanzania and Uganda (Cooksey, 2016: 22). Booth et al. (2014:22) estimates that by 2009, there were nearly 50 Kenyan companies in Tanzania doing business in the manufacturing, financial, tourism and natural resource sectors, hence, becoming the second-largest investor in Tanzania after the UK. Consequently, the country's dominance in the region has resulted in the prevalent rivalry between Kenya and Tanzania-the second-largest EAC economy.

Indeed, although Kenya is the largest economic force in the region, Tanzania is the largest in terms of population and land coverage with a determination to economically catch up with Kenya. Cooksey (2016: 22) argues that, if ideological and economic divergences led to the

collapse of the first EAC, Tanzania's fears of the economic supremacy of Kenya are a major cause of the slow speed of economic integration in the second EAC. From the perspective of their regional partners, the Kenyan character is perceived as acquisitive and aggressive, whilst the Tanzanians are described as “lazy and laid-back, overly cautious, short-sighted, proud and patriotic, and increasingly nationalistic” (Ibid: 24). Moreover, given that both Kenya and Tanzania play vital roles as transit routes to the seaports and transport corridors for the landlocked EAC countries, this has resulted in competition over the handling of Uganda’s, Rwanda’s, and Burundi’s imports and exports. On this basis, competition over infrastructure projects between the EAC member states has intensified in the recent years. For instance, while scrapping a previous deal with Kenya, Uganda and Tanzania concluded a US\$ 4 billion agreement in April 2016 to establish an oil pipeline from oil fields in Uganda to a port in Tanzania (Cooksey, 2016a). Moreover, in May 2016, Rwanda also announced that it would build its Standard Gauge railway via Tanzania instead of Kenya, while Kenya, in turn, declared that the Standard Gauge project would end at the Ugandan border, as Uganda no longer seemed committed to its part of the project (Ibid).

Furthermore, on the trade front, the relationship between Kenya and Tanzania has also been characterized by competition and violations of the common market agreement, through the banning of products from the other market or repeatedly raising undue tariffs. For instance, in 2011, whilst the rest of the East Africa experienced widespread drought, Tanzania enjoyed bumper harvests, but decided to impose an export ban on maize to Kenya which was experiencing high levels of famine (Cooksey, 2016: 35). Moreover, in 2008, it is reported that Tanzania’s protectionism discouraged Kenyan investments in the country as the Tanzanian government banned Brookside Dairy, a Kenyan firm owned by the Kenyatta family, from collecting milk from Tanzanian farmers and processing it in Kenya, which led to the firm’s withdrawal from the market and a collapse in the milk prices paid to farmers in northern Tanzania (Ibid: 36). Consequently, in 2008-2014, Kenyan manufactured exports to Tanzania fell by 36% and were replaced by Chinese goods as Tanzanian trade unions continued to resist deeper integration under the EAC Charter (Ibid). Indeed, although, none of the EAC states completely complies with the free movement of goods, Tanzania also appears to be dragging its feet in the process of integration of the infrastructure, financial and service sectors, casting doubt on its commitment to the EAC.

6.5.2 EAC member states' commitment to regional integration

In 2013, to fast-track the regional integration process, the EAC secretariat including Rwanda, Uganda and Kenya, formed the coalition of the willing. However, Burundi and Tanzania remained more reluctant, with anti-EAC declarations being a common weapon for Tanzanian politicians to capitalize on the population's mistrust of their neighbours (Adam, 2018: 31). Indeed, Tanzania was accused of foot-dragging on several issues of deeper regional integration, including the free movement of labour (Cooksey, 2016: 18). For instance, the Tanzanian government limited the free movement of labour by sending back many English school teachers from Uganda and Kenya; repatriated thousands of Rwandan immigrants; declined to participate in a single tourist visa scheme, citing security concerns; and opposed the use of national identification cards of EAC members for immigration purposes (Ibid: 18; 22). Furthermore, Tanzanian trading agents such as local freight handling companies are known to lobby against the Single Customs Territory (SCT), which is already in operation at the port of Mombasa in Kenya, because they were not involved in the SCT process, and that its implementation would allow the deployment of EAC landlocked countries' revenue officers in ports (Ibid: 30). Moreover, in 2012, to make up for shortfalls in local sugar and rice production, without consulting EAC partners, the government of Tanzania issued permits to traders to import large volumes of Pakistani rice and Brazilian sugar at low or zero duty thus violating the EAC's Common External Tariff rules and undermining regional producers (Ibid: 36).

Consequently, these and other prevailing factors weaken Tanzania's participation in deeper EAC integration, given that the other EAC countries, except for Burundi, tend to be more committed to further integration. To highlight Tanzania's lack of commitment towards the EAC, the former Secretary-General of the EAC is quoted stating that:

‘The EAC ... is under stress largely for unreasonable causes and Tanzania is mostly to blame. We all know and appreciate that regional integration is fundamentally politically driven. ... Tanzania should feel free to opt-out openly from areas of cooperation and integration it finds unreasonable at this time. But it fails to do so and instead either blocks or delays decisions towards deepening and widening EAC integration. Kenya, Uganda and Rwanda, on the other hand, want to move with speed. ... Unfortunately, Tanzania is now crying wolf and accusing

others of isolating her. On the contrary, Tanzania is isolating itself” (Brian Cooksey, 2016: 15).

Furthermore, the Ugandan government is also highly critical of Tanzania’s reluctance to commit to the implementation of joint infrastructure strategies. For instance, at an EALA meeting in Kampala in January 2014, when the Tanzanian government was asked to spearhead infrastructure development along the central corridor, President Museveni is quoted stating that; “the regional economic bloc felt that the central corridor needed the same “medicine” as the northern corridor ... to reduce the cost of doing business between Dar es Salaam and Lake Victoria. In other words: if we can do it, why can’t you?”(Ibid: 21), thus highlighting the concerns of the Landlocked countries with the costs, predictability, and security of their neighbours’ transport systems.

6.5.3 Summary

In summary, when looking at the EAC member states’ inter-state regional politics, it seems that Kenya perceives the EAC project as an opportunity to broaden its investments and influence in the region, thus fostering deeper integration strategies, while Uganda and Rwanda perceive the EAC project as an instrument for attaining less costly and sustainable trade transactions due to their heavy reliance on Tanzania and Kenya as transit routes to the seaports and transport corridors for their imports and exports thus supporting fast-track regional development through infrastructure growth, trade, and political and economic integration. Meanwhile, Tanzania’s wariness of competition from Kenyan industries and its regional neighbours has led the country to drag its feet on issues of deeper regional integration thus frustrating regional integration endeavours as well as the coalition of the willing, while Burundi’s weak political and economic situation has led the country to also drag its feet on regional integration initiatives to maintain its national status-quo and avoid interferences from its neighbours or other external actors.

In conclusion, the key issue in EAC inter-state relations is Kenya’s economic dominance and Tanzania’s fear that deeper regional integration will be detrimental for its domestic industries and will not benefit its producers, while Rwanda and Uganda are committed to maintaining the community’s status-quo and driving for deeper regional integration, Burundi is committed to maintaining its national status-quo. Therefore, the EAC member states engage in regional power play politics, in which the EPA is potentially dragged. Particularly, the implementation of the

EPA would entail the strengthening of the EAC customs union, and the establishment of new institutions to regulate the process thus fostering deeper EAC regional integration; a step which Tanzania and Burundi seem to be cautious about. Uganda, on the other hand, is committed to signing the EPA after all the other EAC member states have done so to avoid disrupting the community's status-quo. Therefore, the EPA positions of the EAC member states should not be perceived as independent, isolated cases but rather more closely intertwined with the inter-state regional relations of the countries.

6.6 Discussion

Having analyzed the three key factors on a micro to a macro-level analysis of the OEP, there is a need to incorporate these factors in the study to answer the main question of **“what are the factors explaining the EAC member states’ positions towards the EPA”**? The significant factors identified, include: domestic economic situations in relation to trade and industrial development as well as the historical political-economy, power linkages and regional power play politics. In general, it has emerged that the analysis of the EAC member states’ EPA positions is a multi-layered process with several remaining uncertainties. In the absence of adequate information from within the EAC and its governments as well as the EPA negotiation delegates, it is hard to penetrate such a dynamic, opaque mechanism of interest aggregation and international negotiation, hence, the factors that ultimately drive the EAC member states’ EPA positions are not fully incontestable. Nonetheless, in deriving the motives of the EAC countries from measurable and observable elements, it is apparent that the narrative goes beyond the interests of a single industry, thus, a more vivid and broader image of the countries’ motives is drawn.

The analysis of the political and economic factors influencing Kenya’s support towards the EPA brings to light some key considerations. First and foremost, as a lower-middle-income country, Kenya’s exporters have a significant advantage in retaining their duty-free and quota-free access to the EU market which they stand to lose if the EPA is not implemented. Notably, the EU exerted considerable pressure on Kenya when it temporarily suspended Kenya's duty-free and quota-free access to the EU market on 1 October 2014, and re-imposed customs duties on Kenya's main exports until the Kenyan government took the requisite measures to ratify the agreement (EPA Monitoring). This move by the EU resulted in Kenya’s export sectors

demanding protection from the Kenyan government and the East African Community. The relatively strong linkages between economic and political power interests ostensibly resulted in the aggregation of the exporters' interests by the Kenyan government. Consequently, their interests were safeguarded when the EPA negotiations were shortly concluded and Kenya restored its duty-free and quota-free access to the EU market. It is rather difficult to ascertain whether the EAC countries were prepared to sign and ratify the EPA at this stage or whether, in response to pressure on and from Kenya, they conceded to the EPA document. Nevertheless, it is clear that Kenya stands to gain the most from the EPA, and stands to lose the most from failure to implement the EPA. Moreover, the EPA hints towards deeper regional integration which Kenya supports, due to its economic dominance and aspirations to broaden its investments and influence in the EAC region.

On the other hand, in analysing the factors influencing Tanzania's opposition towards the EPA, several key considerations emerge. First and foremost, as far as an economic cost-benefit analysis is concerned, Tanzania does not have a significant downside from not signing the EPA as the country is already entitled to duty-free and quota-free access to the EU under the Everything but Arms (EBA) initiative due to its LDC status. Therefore, it can be asserted that the EPA benefits do not outweigh the potential costs of exposing national industries to heavy EU competition as well as customs revenue losses. Moreover, Krapohl & Huut (2020: 573) argue that Tanzania's refusal to sign the EPA poses certain benefits for Tanzania's economy because, by signing the EPA, Tanzania will lose its ability to defend its market from competition with European imports. Additionally, considering that Tanzania's economy is not complementary to, but competes with the Kenyan economy, as both countries primarily export similar agricultural products to the EU market; by refusing to sign the EPA, the probable outcome is that Kenya will have to trade with the EU under the GSP, resulting in Kenya's exports losing competitiveness with respect to Tanzanian exports to the EU market (Ibidem). Therefore, Tanzania has strong incentives to maintain its current preferential trading relations with the EU rather than to conclude a reciprocal trade deal. It is also suggested that Tanzania's initial cooperation in the EPA negotiations may have been a strategic decision to delay the final implementation of the EPA to prevent other EAC states from agreeing on a trade agreement which would weaken Tanzania's competitiveness on the EU market (Ibidem).

Secondly, the current Tanzanian government has embarked on a renewed focus on national industrialisation as a primary means of development. Coupled with the historical anti-capitalist attitude of Tanzania's previous regimes, this leaves little room for free trade agreements, despite, the EPA entailing some provisions aimed at ensuring the protection of infant industries. Thirdly, the relatively weak linkages between economic and political power interests due to the historical division of labour in Tanzania and the political elite's residual anti-capitalist sentiments, driven by public outrage against Asian or foreign-owned companies hinder the adoption and implementation of economic liberal policies, which the EPA represents. Furthermore, Tanzania is not only cautious about opening its economy to competition from the EU companies but also to competition from its EAC partners, particularly Kenya. Moreover, the EPA implies deeper regional integration which the Tanzanian government has often compromised or ultimately rejected. Additionally, diplomatically, it is also convenient for Tanzania's government to find justifications against the EPA as an external problem as well as blame the EU as an external actor rather than questioning Kenya's regional hegemony directly. Moreover, Adam (2018: 33) observes that Tanzania is attempting to expand its regional influence and position itself against Kenya with the discovery of oil in Uganda and major geopolitical projects –a tactic which the EPA may have fallen victim to.

In analysing the factors influencing Rwanda's position towards the EPA, a few key considerations also emerge. Firstly, Rwanda does not have a significant downside from not signing the EPA as the country is already entitled to duty-free and quota-free access to the EU under the EBA initiative due to its LDC status; the country went ahead and signed the EPA, but did not ratify it. Rwanda's willingness to sign the EPA is explained by the relatively strong linkage between economic and political interests as evidenced by the government's embarkation on an export diversification strategy targeting the EU as one of its markets. It is also explained by the strong government's control over the economy through Crystal Venture Ltd which in turn controls a significant part of the formal sector of the economy. Furthermore, Pichon (2018: 4) observes that the Rwanda government signed the EPA to boost its foreign direct investment due to its transparent trade legal basis and its simplified rules of origin which will facilitate EU access to Rwandan products. However, the reluctance of Rwanda to ratify the EPA is potentially explained by the country's interest in maintaining the EAC's status-quo. Rwanda as a land-locked country heavily relies on Kenya and Tanzania as transit routes for its foreign trade; hence,

it is compelled to consider the maintenance of good diplomatic and political relations with these member states. Therefore, by signing and not ratifying the EPA, it maintains balanced relations with both Kenya and Tanzania. This equilibrium hinders the eruption of disputes which would constrain deeper EAC regional integration efforts thus maintaining the EAC status-quo.

Meanwhile, in analysing the political-economic factors influencing Uganda's refusal to sign the EPA, two key considerations emerge. First and foremost, just like Tanzania and Rwanda, Uganda does not have a significant downside from not signing the EPA as the country is already entitled to duty-free and quota-free access to the EU under the Everything but Arms (EBA) initiative due to its LDC status. Secondly, given its land-locked status and high reliance on Kenya and Tanzania as transit routes for its foreign trade, the reluctance of the Ugandan government to sign the EPA before all the EAC member states have signed suggests that Uganda is playing a mediating role in ensuring that disputes over the EPA do not spill over and undermine EAC regional integration efforts. Therefore, Uganda's position is aligned to its interest in maintaining the East African Community's status-quo.

On the other hand, in analysing the factors influencing Burundi's opposition towards the EPA, a few key considerations also emerge. First and foremost, in terms of an economic cost-benefit analysis, Burundi does not have a significant downside from not signing the EPA as the country is already entitled to duty-free and quota-free access to the EU under the Everything but Arms initiative due to its LDC status. Therefore, it can be argued that the benefits associated with the EPA do not outweigh the potential costs of rendering Burundi's weak economy to strong EU competition and loss of customs revenue. Secondly, due to the relatively weak linkage between economic and political interests as demonstrated by the government's suffocation of the private sector and high dependence on foreign aid, it can be argued that Burundi's position is aligned to the maintenance of its national status-quo. Indeed, the Burundi government has leveraged the EU sanctions against its signature which potentially indicates the government's unwillingness to address or change its prevailing weak political situation, as well as, its desire to have EU financial assistance re-instated, given the economy depends heavily on financial aid. Thirdly, the EPA implies deeper regional integration which the Burundi government does not favour as the government has often been accused by its EAC counterparts of dragging its feet on regional integration initiatives. Moreover, deeper regional integration would also mean increased external

interference in national policies and politics which in turn would disrupt the country's current status-quo.

To sum up this discussion, it can be argued that, the potential factors explaining the EAC member states' positions are not independent or isolated but rather closely intertwined with the inter-state regional relations of the countries. While Kenya's positive position towards the EPA is explained by its interest in maintaining its duty-free and quota-free access to the EU market as well as its dominance in the EAC; Tanzania's strong opposition is explained by its DFQF access to the EU market due to its LDC status, weak linkages between political and economic interests, the interest to protect its emerging national industries from strong EU competition as well as competition from its EAC partners, and its lack of commitment to EAC deeper EAC integration. On the other hand, Uganda's position is explained by the country's interest in maintaining the community's status-quo while Rwanda's position is explained by the country's interest in boosting its FDI, diversifying its exports as well as an interest in maintaining the EAC's status-quo. Meanwhile, Burundi's position is explained by the country's unwillingness to change its national status-quo and its lack of commitment to deeper EAC integration.

CHAPTER 7: CONCLUSION

7.1 General arguments

This thesis has sought to go beyond the examination of the EU-EAC EPA. It has demonstrated that in the world, as well as in the African continent, regionalism is a powerful force in practice and a crucial aspect, because countries cannot live in isolation of their neighbours. It has also demonstrated that regionalism is a multi-dimensional process which entails formal requirements such as the transfer of national sovereignty to a supranational body, and is a good precondition for multilateralism as well as the achievement of peace, stability, and development. It has also illustrated that, although it is significantly intrusive towards state autonomy, economic regionalism is the predominant form of regionalism practised worldwide, with the European Union being replicated and promoted as a successful model.

It also demonstrated that, although the current phenomenon of regionalism has mainly been fostered by the desire of countries to rescue their national sovereignty and regain their international bargaining power, as well as a result of globalization and the countries' response to its implications and desire to integrate into the global market; countries are only willing to commit to long-term regional rules if the benefits derived from integration are relevant and consistent with national political situations. This argument is clearly illustrated in Chapter 3 discussing regionalism in Africa. Indeed, after attaining independence, African states adopted numerous ambitious economic regional integration schemes as an approach to adapt and reduce the African countries' vulnerabilities inherited from colonialism, notably by reducing the continent's susceptibility to global economic shocks and its dependency on former colonial powers. Nevertheless, despite this enthusiasm, Africa's regional economic arrangements have failed to deliver the economic growth and development envisaged in Africa and, more significantly, has failed to reverse the dependency and vulnerability of the continent to external economic powers.

Some of the notable factors attributed to Africa's poor regional integration performance include: Africa's economic and political colonial legacy which has contributed to the assertion of a strong form of state sovereignty on politics and economics as African states often divert resources towards strengthening their legitimacy rather than regional integration; the continued emulation of the EU integration model which is not suitable for the African situation because it is based on

the existence of processing industries and adequate infrastructure, and yet, African states specialize in primary products, with no complementarity, and insufficient manufacturing and processing industries to absorb their raw materials, thus, the formation of a common market will not be able to enhance the flow of trade in the region; the loss of revenue derived from indirect taxes particularly import and export duties; fears that the gains from market integration accrue mainly to the larger or more industrially developed member countries; overlapping memberships; tendency to strongly protect national sovereignty; lack of a strong regional hegemon; poor transport and communication infrastructure; the continued dependence on donor funds; lack of participation of interest groups and the private sector; and deficiencies characterizing regional community secretariats.

This thesis has also highlighted that Africa's regional integration efforts are characterized by the existence of shadow regionalism and regime-boosting regionalism which hinder substantial regional integration efforts. Indeed, shadow regionalism which is built upon rent-seeking behaviour and the stimulation of patron-client relationships, is prevalent in the EAC political economy, as individuals with political power make easy use of public resources to secure opportunities in the economic sectors that would otherwise have been unavailable, while, those with economic power often seek for political cover from those with political influence. Therefore, the EAC member states' political elites often tend to prioritize short-term politically advantageous ventures, rather than long-term national and regional advantageous ventures.

Indeed, the EAC political economy is largely embedded in its colonial history. Although pre-colonial aspects of regional integration and cooperation such as trading networks existed in East Africa, the British colonialists instituted regional integration in East Africa to decrease administrative and fiscal costs as well as guarantee monopoly and profits to colonial companies. This was done through collective ownership of infrastructure, a common currency, centralized taxation, and a regional central bank. However, the colonial administrators invested more in Kenya's agricultural and industrial development, rather than Uganda or Tanzania because Kenya had a larger population of European settlers. Indeed, despite, sharing the same colonial past, the countries had varying levels of economic development and followed divergent economic and political ideologies which led to conflict and tension among the member states, hence, the dissolution of the EAC in 1977. This thesis argues that the EAC was only a mechanism for the

provision of common services and the collection of joint revenue, not, a true economic integration project, given that, the convertibility of currency was short-lived, and tariffs were in fact imposed on the movement of goods and services in the form of transfer taxes between the EAC countries.

In the mid-1990s, there was a renewed interest in East African regional integration, as the countries faced economic stagnation, which led to the implementation of structural adjustment programmes in some of the EAC countries. Indeed, regionalism was seen by major international organizations like the EU, IMF, World Bank and UNECA as the cornerstone for Africa's economic development. It was from this perspective that all the three countries were motivated to identify areas of common economic interest on which to focus future political, social and economic integration and co-operation. Therefore, in November 1999, the treaty establishing the East African Community (EAC) was signed and it entered into force on 7 July 2000, with Rwanda and Burundi acceding to the treaty in 2007, and South Sudan acceding in 2016. Nevertheless, the second EAC is heavily embedded in the first EAC, as the same features of Kenya's trade and regional dominance and Tanzania's regional rivalry have remained prevalent in the EAC. This has resulted in some EAC member states such as Kenya, Uganda, and Rwanda pushing for deeper regional integration to facilitate more cross-border investments as well as reduce transaction costs, whilst other countries such as Tanzania and Burundi are reluctant to engage in deeper regional integration efforts, due to fear of regional competition and interference from their partners. Moreover, the EAC economies are riddled with poor and inadequate infrastructural development which has constrained the member states' as well the region's productivity and trade competitiveness, couple with rudimentary industrial and technological capacity which has constrained the diversification of the EAC exports and as well as the EAC's trade competition in the global arena. Therefore, this thesis argues that the low levels of industrialization in the EAC economies have generated national protectionist measures from some EAC countries such as Tanzania.

Nonetheless, in analysing the EU-Africa relations as well as the controversy surrounding EU-ACP EPAs, this thesis argues that the underlying objective behind these agreements is the EU's desire to retain the economic links, the access to natural resources and raw materials and other strategic economic interests that the EU member states enjoyed during the colonial period.

Indeed, despite the development rhetoric entailed in these agreements as well as the previous EU-ACP agreements, the African states have failed to secure any significant levels of development. Conversely, the EU-ACP agreements have resulted in reinforcing African countries' dependence on resource-based exports while largely importing manufactured products from the EU, thus perpetuating the North-South dependency. This is clearly illustrated in the EU-EAC trade relations, whereby, the majority of EAC exports to the EU are agricultural and horticultural products for which the EAC are price takers, while the EAC imports from the EU mainly consist of industrial products. Therefore, with African countries depending on raw materials as their export base, it can be argued that the development of the manufacturing capacity in Africa will be difficult to achieve, as countries are focused on producing natural resources for their export revenue. This means that these agreements will not foster development in Africa but rather sustain African countries in this path dependency.

Furthermore, it can also be argued that the partnership between the EU and the African states is not a partnership among equals because the two partners differ in terms of economic size and negotiation capabilities. Indeed, in analyzing the EU-EAC EPA negotiations, this thesis has demonstrated that, given the EU's superiority in both trade and development, the EU utilizes its market power as a coercive instrument to compel the vulnerable parties to adhere to its rules and regulations to gain access to the EU market. This is clearly demonstrated when the EU temporarily suspended Kenya's duty-free and quota-free access to the EU market on 1 October 2014, and re-imposed customs duties on Kenya's main exports until the Kenyan government took the requisite measures to ratify the agreement. Indeed, it was only after the Kenyan government had signed the agreement that the EU decided to re-instate Kenya's duty-free-quota-free access to the EU market. Therefore, it can be argued that, because the EU is the dominant partner in the EU-ACP relations, the EU controls the course of the relationship.

Finally, this thesis also argues that the rise of other significant trade partners for the EAC member states provides a potential alternative for the African states. This means that the EAC states are increasingly becoming reluctant in adhering to the EU's norms and values, thus the EU's status as Africa's external powerful partner is progressively being questioned.

7.2 Application of OEP formula to explain EAC member states' EPA positions

To provide a summarized analysis of the factors explaining the EAC member states' positions towards the EPA, the three main components of the OEP micro to macro-level analysis are applied to the member states' observed behaviours as illustrated in the table below:

Application of OEP components: Observed behaviour: interest + domestic institutions + international bargaining			
Observed behaviour of EAC countries	Interest/Preference	Domestic Institutions	International Bargaining
Kenya's EPA support	Liberal trade preferences	Strong political-economic interest links	-Regional dominance -Potential loss of preferential EU market access(GSP) without EPA
Tanzania's EPA opposition	Protectionist trade preferences	Weak political-economic interest links	-Regional rivalry -Continued free EU market access (EBA) without EPA -Emerging significant alternative external trade partners
Uganda's mild EPA opposition	Liberal trade preferences	Strong political-economic interest links	-Heavy reliance on regional partners -Continued free EU market access (EBA) without EPA -Emerging significant alternative external trade partners
Rwanda's mild EPA support (signing & not ratifying)	Liberal trade preferences	Strong political-economic interest links	-Heavy reliance on regional partners -Continued free EU market access (EBA) without EPA -Emerging significant alternative external trade partners
Burundi's EPA opposition	Protectionist trade preferences	Weak political-economic interest links	-Heavy reliance on regional partners -Lack of commitment towards deeper integration -Continued free EU market access (EBA) without EPA -Emerging significant alternative external trade partners

Source, Lake (2009), own data

As already discussed above, Kenya's observed behaviour of EPA support is explained by the combination of the country's liberal trade preferences which are embedded in the country's

colonial industrial development as well as the current outward-looking and trade-oriented liberal-market strategy; the strong linkages of domestic political and economic power interests; the country's regional dominance and anticipated benefits from deeper integration; and the threat of losing preferential EU market access as a lower-middle-income country, as well as the significance of the EU market to the Kenyan economy, given that the EU is Kenya's leading export trade partner.

Tanzania's observed behaviour of EPA opposition is explained by a combination of the following factors: the government's protectionist trade preferences which are embedded in the country's historical background of weak industrial development, and resistance towards liberal-market development strategies, as well as the government's renewed unwillingness to embark on robust industrial and economic market-based policies; coupled with the weak domestic linkages of political power interests controlled by Africans and economic power interests controlled by the non-indigenous community; as well as the government's reluctance towards deeper EAC integration due to its fear of regional competition, particularly from Kenya; and the country's advantage of retaining free EU market access without the EPA due to its LDC status, as well as the rise of other significant external trade partners such as South Africa, which is Tanzania's leading export partner, and China which is Tanzania's leading import partner. Other significant external trade partners for Tanzania, other than the EU, include; India, United Arab Emirates, and Vietnam. Therefore, based on these factors, Tanzania's EPA position is unlikely to change unless better incentives are introduced into the EPA.

Uganda's observed behaviour of EPA mild opposition (will sign after all the EAC countries have signed) is explained by the combination of the country's liberal trade preferences, which are embedded in Museveni's emergence to power and the country's adoption of more economic market-based reforms; coupled with the strong linkage of domestic economic and political power, as those with political power often exert considerable economic power; as well as the country's weak industrial development and its commitment to deeper regional integration and heavy reliance on its regional partners, particularly, Tanzania and Kenya for access to the sea for its imports and exports due to its landlocked status; coupled with the country's continued free EU market access without the EPA due to its LDC status; as well as, the rise of other significant external trade partners such as the United Arab Emirates which is Uganda's leading export

partner, and China which is Uganda's leading import partner. Other significant external trade partners for Uganda, other than the EU, include; India and Kenya. Therefore, based on the above factors, it can be argued that Uganda's EPA position pre-dominantly relies on her EAC partners, hence, the country's EAC mediatory role is set to persevere.

Rwanda's observed behaviour of EPA mild support (signing & not ratifying) is explained by a combination of: the country's liberal trade preferences which are embedded in the government's embarkation on a rigorous economic market-based development strategy, the government's interest in boosting its FDI, diversifying its exports as well as well as the ruling party's substantial control of the economy through Crystal Ventures Ltd which has generated a substantial linkage of domestic economic and political power; coupled with the country's commitment to deeper regional integration as well as its heavy reliance on its regional partners particularly Tanzania and Kenya for access to the sea for its imports and exports due to its landlocked status; and the country's continued free market access to the EU due to its LDC status; coupled with the rise of other significant external trade partners such as United Arab Emirates which is Rwanda's leading export partner, and China which is Rwanda's leading import partner. Other significant export trade partners for Rwanda, other than the EU, include Kenya, Switzerland, and DRC.

Burundi's observed behaviour of EPA opposition is explained by the amalgamation of the country's protectionist trade preferences which are embedded in the historical background characterized with an unstable political environment and the political economy of the country which is organized along Hutu and Tutsi ethnic identity group lines with control over the economic, social and political aspects of the country for personal rather than national interests, and a determination to maintain this status quo; coupled with weak domestic linkages between economic and political power interests as the private sector which might have been in favour of the EPA, is almost non-existent; as well as the government's lack of commitment towards deeper EAC integration due to the fear of economic and political interferences from its neighbours or other external actors which could potentially disrupt its national status-quo. as well as its reliance on its regional partners particularly Tanzania and Kenya for access to the sea for its imports and exports due to its landlocked status; and the country's continued free market access to the EU due to its LDC status; and finally, the rise of other significant external trade partners such as the

United Arab Emirates, which is Burundi's leading export partner, and China which is the country's leading import partner. Other significant trade partners for Burundi, other than the EU, include DRC and Saudi Arabia. Therefore, it can be argued that Burundi's EPA position will persevere unless; other incentives are introduced in the EPA.

7.3 Limitations of study

The first limitation to this thesis is the relative lack of an East African perspective which would have been obtained through conducting interviews with some EAC officials or bureaucrats. Indeed, this thesis is mainly informed by documents from the EU, EAC secretariat, international organizations, academic scholars, and press clippings discussing or analyzing regionalism in the East African Community and EU-EAC relations.

The second challenge I faced, was the difficulty in obtaining data concerning the domestic stakeholders' interests in the EU-EAC EPA negotiation process in the EAC member states both at the government level and the regional level. Consequently, the presented explanations are deduced from journal articles, press clippings and NGOs. The lack of transparency in the EPA negotiations was a pronounced issue which even forced the Kenya High Court to demand for the government to ensure transparency in the negotiations. Moreover, even at the multilateral level, that is, the EU-EAC negotiation level, the only available data was obtained from journal articles and EU institutions, particularly the European Parliament and the European Commission. Therefore, the explanations are derived from available literature and expert opinions. In analysing the significance of the factors in influencing the EAC member states' EPA positions, the degree of influence of each factor remains uncertain.

Furthermore, the OEP methodology presumes a linear and orderly trade policy formulation from a micro level to a macro level. However, as stated by Milner (1999), political-economic factors could very well intersect in complementary ways or even have implications on different levels. OEP analysis typically involves examining one level of analysis whilst considering the other two levels of analysis as either static or analytical simplifications. Therefore, this study sought to integrate all the three levels of analysis to present a broader image and compensate for the complexities of the interactions of the levels of analysis. This strategy restricted the potential of deeply analyzing each level and therefore, presents an opportunity for future studies to cover the small puzzles of the bigger picture. For instance, possible future topics could include, a thorough

analysis of the lobbying influence of different national or foreign industries concerning the EPA, or the lobbying and integration strategies of the EAC Secretariat regarding the EPA process, or the EU's role in the EPA negotiation process.

7.4 Conclusion

In conclusion, the findings in this thesis confirm the stated hypothesis that the EAC member states with LDC status have little economic incentive to sign the EPA because they are trading with the EU under the Everything But Arms (EBA) scheme, while Kenya's support for the EPA is based on the threat of the country losing its duty-free-quota-free EU market access as a lower-middle-income country. The application of the OEP formula to explain the potential factors determining the EAC member states' EPA positions shows that political-economic analyses can create assumptions closer to trade preferences rather than a strictly economic analysis. Indeed, the analysis of the factors influencing the EAC member states' EPA positions at each level has magnified the ambiguity and diverse range of debatable reasons explaining countries' preferences, which might still be incomplete. A few of these reasons are in line with arguments in the literature, for example, the adoption of economic policies protecting national infant industries, and retaining free market access; while new arguments are developed, such as the rise of other significant external trade partners, as well as the use of regional power play politics to determine EPA positions. Such assertions, however, remain analytical; due to the lack of objective evidence from policy-makers in high-level positions in the EAC member states, thus providing a chance for future research possibilities.

Regarding the EU-EAC Economic Partnership Agreement, it appears that the EAC member states' positions will probably not change because the countries continue to enjoy duty-free-quota-free EU market access. A potential change in the EAC member states' positions, could maybe materialize if the European Union revokes Kenya's duty-free-quota-free EU market access, or if the LDC countries or one of the LDC countries graduate from the LDC status. However, it is debatable, if the other EAC countries would be willing to support Kenya, to protect its preferential EU market access. Ultimately, countries' trade preferences reinforce the existing argument in literature stating that trade and development aspects, ought not to be limited to the consideration of policies relating to either national economy protection or trade liberalization, but rather the pursuit for a correct combination of factors that can promote the

competitiveness of key national sectors and foster the implementation of desired domestic reforms.

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