IMPACT OF EAST AFRICAN COMMON MARKET PROTOCOL ON KENYA'S REGIONAL TRADE

BY

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DECLARATION

This thesis is my original work and has not been presented for any other degree, published nor submitted for examination in this or any other University. No part of this work can be reproduced without prior permission from the author and/or Moi University.

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DEDICATION

I dedicate this research to my beloved late grand mum Teresa Nangila and family for whom their in-depth trust in me and support in spite of the meagre resources have always wished and wanted me to be a scholar to be reckoned. To my beloved wife Eucabeth, son Milton, and daughters Sharlet, Shanice I offer you both my grateful thanks for your patience, perseverance, and understanding during my research work. My gratitude goes out to the functional theorists whose much of their contribution necessitated developing the theoretical framework of this study.

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ABSTRACT

The Protocol on the Establishment of the East African Common Market entered into force on 1 July 2010, following ratification by all the five Partner States namely: Burundi, Kenya, Rwanda, Tanzania and Uganda. The Protocol was signed by the Heads of States on 20th November 2009, coinciding with the 10th Anniversary celebrations of the revived Community. The overall objective of the Common Market is to widen and deepen cooperation among the partner states in the socio-economic, political and environmental meadows. This was to be realized through removal of restrictions on the movement of goods, persons, labour, services and capital, and the rights of establishment and residence. The problem statement is that, there is an indication of the of the protocols which impinge East African Community integration process cooperately and at the state level are not yet fully-fledged, operationalized and completed. The purpose of this study was to investigate the impact of East African Common Market Protocol on Kenya's Regional Trade, the study's specific objectives was: to assess Kenya's implementation of the EAC Common Market Protocol, to find out the achievement of the EAC Common Market Protocol on Kenya's regional trade, and to examine the challenges facing the EAC Common Market Protocol in Kenya. The research questions were: How far has Kenya implemented EAC Common Market Protocols? What has Kenya achieved from the EAC Common Market Protocol intra-regional trade? What are the challenges facing Kenya in the EAC Common Market protocol? The hypothesis of this thesis is that partial implementation of the EACCM has rendered the protocol non-operational. This study was guided by the theory of functionalism which is associated with the works of David Mitrany. The study was carried out along the East African borders of Busia, Malaba and Namanga which is dominated by cross border trading transaction, clearing and forwarding. The population of the study was the employees of the Ministry of Tourism and East Africa Community and the Ministry of Foreign Affairs and International Trade, cross border traders, bus and long distance drivers. Mugenda's 10% -30% (1999) formula was used to calculate the sample size, which was 95 and the samples was proportionally allocated to the different strata. Respondents were selected through simple random sampling, stratified sampling, purposive and convenient sampling techniques. A questionnaire was used to collect quantitative data from the respondents. Both primary and secondary methods were employed as data collection instruments. Data was analyzed using content analysis. This study adopted descriptive research design. The findings of the study revealed that Kenya's active participation had significantly increased trade activities and trade liberalization has moderately influenced the Kenya's production level, East African Community CMP has influenced Kenya's regional trade implementation of the protocol as enshrined in the EAC CMP Treaty, several benefits accrue to member states as a result of joining the common market: the common market has led to increased trade activity within the Community (71%), whereupon consumers in Kenya have accessed a variety of goods and services with competition serving to enhance quality of products. Traders on the other hand have the benefit of access to a larger market and production base thus higher profits and lower costs with increased productive efficiency as they expand their operations. Nevertheless, institutional challenges threaten the common market to a large extent on account of coordinative failures inherent in the interstate set up of the EACCMP. Challenges identified includes: border restrictions (48%), undeveloped infrastructure, economic dominance of some of the member states with economic benefits of increased productive advantage skewed in their favour; setbacks in regional integration efforts within EAC due to delays in harmonizing tax regimes by EAC member states. On the contrary, non-tariff barriers were found to be a challenge, to some extent, in the EAC common market. In conclusion the benefits of regional integration within the EACCMP however, greatly outweigh the constraints experienced whereupon the study suggests that the level of integration be fast tracked to a partnership. This study recommends that member states should enhance infrastructural development to facilitate movement of labour, capital and labour in the intra-regional trade of East Africa.

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OPERATIONAL DEFINITION

ANTI-DUMPING MEASURES: means measures taken by the investigating authority of the importing Partner State after conducting an investigation and determining dumping and material injury resulting from the dumping;

BODABODA: mode of transport whereby passengers are ferried using either motorbikes or bicycles

COMMON MARKET means a scheme of economic integration where the members agree to abolish all the tariffs on each other's exports, follow a common tariff policy towards their imports from the rest of the world, and allow a free flow of commodities as well as productive factors like capital, labour, entrepreneurship, and technology amongst one another (World Bank, 2000).

COMMUNITY: means the East African Community established by Article 2 of the Treaty;

COMMUNITY GOODS: means goods originating from within the member states of the East African Community;

COMMUNITY TARIF F means a five-year interim tariff imposed on specific goods originating from the Republic of Uganda to the Republic of Kenya and vice versa in movement.

CO-OPERATION: includes any undertaking by the Partner States**,** jointly or in concert**,** or activities undertaken in furtherance of the objectives of the Community, as provided for under the Treaty or under any contract or agreement made under the Treaty or in relation to the objectives of the Community;

CUSTOM: 'Customs' is defined as the Government Service which is responsible for the administration of Customs law and the collection of duties and taxes and which also has the responsibility for the application of other laws and regulations relating to the importation, exportation, movement or storage of goods'.

CUSTOMS UNION: means the East African Community Customs Union established by Article 2 of this Protocol;

DEVELOPMENT: is understood as a social condition within a nation, in which the authentic needs of its population are satisfied by the rational and sustainable use of natural resources and systems. This utilization of natural resources is based on a technology, which respects the cultural features of the population of a given country. This general definition of development includes the specification that social groups have access to organizations, basic services such as education, housing, health services, and nutrition, and above all else, that their cultures and traditions are respected within the social framework of a particular country.

DUMPING: in relation to goods means the situation where the export price of goods imported or intended to be imported into the Community is less than the normal value of like goods in the market of a country of origin as determined in accordance with the provisions of this Protocol, and "dumped product" has the corresponding meaning;

East African Community

The regional intergovernmental organization of the Republics of Kenya, the Republic of Uganda, the United Republic of Tanzania, Burundi, Rwanda and South Sudan.

EXPORT: with its grammatical variations and cognate expressions means to take or cause goods to be taken out of the customs territory;

EXPORT DUTIES: means customs duties and other charges of equivalent effect levied on goods by reason of their exportation;

ECONOMIC DEVELOPMENT: Generally refers to the sustained, concerted actions of policymakers and communities that promote the standard of living and economic health of a specific area. Economic development can also be referred to as the quantitative and qualitative changes in the economy. Such actions can involve multiple areas including development of human capital, critical infrastructure, regional competitiveness, environmental sustainability, social inclusion, health, safety, literacy, and other

FREE-MARKET: A free market is an idealized market where all transfers of money, goods, and services are devoid of coercion and theft (some definitions of "coercion" are inclusive of "theft"

GOODS: includes all wares, articles, merchandise, animals, matter, baggage, stores, materials, currency and includes postal items other than personal correspondence, and where any such goods are sold under the auspices of this Protocol, the proceeds of sale;

GOODS IN TRANSIT: means goods being conveyed through the customs territory to a foreign country;

GLOBALIZATION: (globalization) is the process of extending social relations across world-space. Such extensions arise from the movements of people, things, and ideas. It cannot be defined in terms of internationalization or integration as some theorists have suggested, though these developments might be an outcome of globalization describes the interplay across cultures of macro-social forces.

IMPORT: with its grammatical variations and cognate expressions means to bring or cause goods to be brought into the customs territory;

IMPORT DUTIES: means customs duties and other charges of equivalent effect levied on goods by reason of their importation;

IMPORTING PARTNER STATE: means a Partner State into which goods are imported;

INTERNATIONAL STANDARDS: means standards that are adopted by international standardizing or standards organizations made available to the public;

LIBERALIZATION: this refers to free movements of goods and services, labour, across the borders without any restriction.

REGIONAL TRADE AGREEMENTS: This is an agreement between different countries in East Africa as partner members through the removal of trade barriers.

TRADE BARRIERS: This refers to customs duties, trade embargos, taxes, among others that are necessary for non – member countries that are not the signatories of the East African community.

NON-TARIFF BARRIERS (NTB): means laws, regulations, administrative and technical requirements other than tariffs imposed by a Partner State whose effect is to impede trade; **or**

An export or import targeted public policy intervention other than tariffs intended to enhance the competitiveness of local products while at the same time protect domestic industries, national health, safety, and security, as well as revenue sources whether legislative or not.

PARTNER STATES: means the Republic of Uganda, the Republic of Kenya and the United Republic of Tanzania, Rwanda, Burundi and any other country granted membership to the Community under Article 3 of the Treaty;

PERSON: means a natural or legal person;

PRIMARY PRODUCTION: means the initial or basic production of goods using raw materials or original inputs which have not undergone processing;

TARIFF: means any customs duty on imports or exports;

TRADE CREATION: refers to the shifting of the production of some items from a less efficient member to a more efficient member

TRADE DATA: means trade-related information and statistics on trade;

TRADE DIVERSION: The shifting of production from an efficient non- member country to a less efficient member country.

TRADE FACILITATION: means the coordination and rationalization of trade procedures and documents relating to the movement of goods from their place of origin to their destination;

TREATY: means the Treaty for the Establishment of the East African Community.

LIST OF ABBREVIATIONS

AGOA- African Growth and Opportunity Act

APEC- Asia- Pacific Economic Cooperation

BCI - Business Climate Index

CET - Common External Tariff

COMESA- Common Market for Eastern and Southern Africa

CU – Custom Union

EAC- East African Community

EAC-CM. East African Community Common Market

EALA- East African Legislative Assembly

EEA- European Economic Area

EFTA- European Free Trade Area

ECOWAS- Economic Community of West African States

EPAs- Economic Partnership Agreements

EU- European Union

FTA -Free Trade Agreements

GATT- General Agreement on Tariffs and Trade

GDP- Gross Domestic Product

GSP- Generalized System of Preferences

IGAD- Intergovernmental Authority for Development

IMF- International Monetary Fund

IOC Indian Ocean Commission

LDCs- Least Developed Countries

KEBS-Kenya Bureau of Standards

KEPHIS-Kenya Plant Health Inspectorate Service

KPA-Kenya Ports Authority

KRA-Kenya Revenue Authority

KRB-Kenya Roads Board

MEAC-Ministry of East African Community

FTA -Free Trade Area

KSH- Kenyan Shillings

MDGs Millennium Development Goals

OECD - Organization for Economic Cooperation and Development

PTA- Preferential Trade Area

PSs-partner states

RCA - Revealed Comparative Advantage

RTA- Regional Trade Agreement

SASS- School of Arts and Social Sciences of Moi University

UAE – United Arab Emirates

UNECA – Nation Economic Commission for Africa

USITC- United States International Trade Commission

WTO-World Trade Organization

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.0 Introduction

This chapter introduces the study preliminaries and the thesis. The preliminary issues herein include; the background of the study, statement of the problem, general and specific objectives, research questions, justification, scope of the study, and chapter outline.

1.1 Background of the Study

Laird (1999) observes that the proliferation of regional trading arrangements (RTAs) was a prominent feature of the international trading system in the last decade of the twentieth century. The World Bank (2000) notes that of the 194 agreements notified to the General Agreement on Tariffs and Trade (GATT) or the World Trade Organization (WTO) since the GATT's inception, 87 were notified in the years from 1990. The Overall 45 agreements were notified in the years from 1995 to 1998, with an estimated 62 further agreements which had not yet been notified to the WTO by mid-1998. A new survey by WTO (2000) counted a total of 172 RTAs currently in force with a further 68 under negotiation, some of which are designed to replace existing RTAs.

Developing countries according to Scollay (2001) have not stood aside from the trend towards RTAs. Developing countries in all major regions of the globe have been and continue to be participants or potential participants in RTAs, and many participate simultaneously in several such agreements. The issues raised in wider debates have naturally been applied to the questions relating to the place of RTAs in the trade strategies of developing countries, and the contribution which participation in RTAs may make to the development process.

In the contemporary world, Regional trade agreements (RTAs) are proliferating. The evolution of the average number of RTA partners for the current members of the World Trade Organization (WTO): the average WTO member now has agreements with more than 15 countries. At the center of the debate are discrimination and the potential for trade diversion. In contrast, trade creation is the shift of production from inefficient domestic providers to efficient RTA members. While trade creation is associated with the standard gains from trade, trade diversion can make a trade agreement harmful for both members and nonmembers. Discrimination and diversion also have important implications for the trade system more broadly. In particular, discrimination could affect the relationship between the spread of RTAs and the multilateral trading system. It could induce uncooperative governments to join a multilateral free trade agreement to eliminate costs of diversion (Liu, 2009).

Since Second World War, one of the major trends in world politics has been regional integration, or regionalism. While the modern communication and transportation technologies have greatly advanced the process of globalization, geographically proximate countries have also been intensifying their linkages in the form of intergovernmental arrangements. They coordinate in economic and social policies, set up common institutions, and occasionally cooperate in security issues. The first wave of this trend emerged during the 1940s and 1960s (Chen, 2011).

Numerous regional organizations and institutions have been established among different regional groups. In Europe, there were the Council of Europe, the European Coal and Steel Community (ECSC), the European Free Trade Association (EFTA), the European Economic Community (EEC), the European Atomic Energy Community (EURATOM), the European Defence Community (EDC), and the European Community (EC) (Urwin, 1995). In Asia, there was the Association of South-East Asian Nations (ASEAN). In Africa, there were the Pan-African Freedom Movement of East and Central Africa (PAFMECA), the Front-Line States, the All-African Peoples 'Organization (AAPO), and the Organization of African Unity (OAU). Hill (2011) defines Regional economic integration as an agreement among countries in a geographic region to reduce and ultimately remove tariff and non-tariff barriers to free flow of goods, services and factors of production between each other.

The EAC partner states entered into a Common Market Protocol (CMP) in November 2009. The CMP became effective in July 2010. The overall objective of the Common Market being to widen and deepen cooperation among the partner states in the economic and social fields. This was to be realized through removal of restrictions on the movement of goods, persons, labour, services and capital, and the rights of establishment and residence (Conference Report, 1st - 2nd November 2012). In 2014, the EAC launched a new scorecard to assess progress towards developing the EAC Common Market, and to foster peer learning and the sharing of best practices across the region. The scorecard identified at least 63 non-conforming measures in the trade of services, 51 non-tariff barriers affecting trade in goods, whilst only 2 out of the 20 capital operations covered by the CM Protocol were free of restrictions in all partner states (Karingi Et al, 2016).

Additionally, it is important to point out as an introduction that the Common Market Protocol signed in November 2009 and its implementation began in July 2010 to provide freedoms of movement for goods, people and labor, services and capital. Certain international trade theories attempt to answer three fundamental questions; trade flow between at least six nations, gains and losses to the economy of the trading partners and the effect of the trading policy in the economy (Mogan, 1997).

Krueger (1999) agrees that economic integration and free trade agreements eliminate several border controls among countries. The main driver for increasing regional integration in African sub-continent is the need to increase regional cooperation by creating a unified economic bloc (Osoro, 2003). For individual member states such as Kenya to benefit from the common market, it is imperative that they consider the significance of trade flows. The economy of the trading partners will most likely affect the trading policies (protocols) at certain times providing freedoms or increasing barriers. Much freedoms through protocols eliminate several border controls among bordering states to enhance internal impacts of regional trade.

According to (Munyao, 2012), Regional trade refers to trade which focuses on economic exchange primarily between countries of the same region or economic zone. Daniel et al (2011), have argued that regional integration is the political and economic agreements among countries in which preference is given to member countries, and takes three forms; global, bilateral and regional economic integration. Regional trade integration is an important pillar of trade and investment policy in the EAC countries and more specifically the Kenyan chapter as a founder member of the EAC. In a bid to maximize benefits from regional trade, the EAC countries are further motivated by the major benefits accruing to the member states from the EACCM, which include wider choice of goods and services afforded to the consumers, larger production base, expanded market size for producers and greater competitiveness and quality of products.

In a Common market, member states remove all barriers to trade and factors of production; people and cross border investments, harmonize their economic policies (tax, monetary and fiscal policies, and social welfare programs in order to blend their economies into a single entity and erect a common trade policy against non-members(Munyao, 2012). However, it remains uncertain whether efforts to eliminate non-tariff barriers will succeed. Further, the full realization of a monetary union is not expected to be realized until 2024 despite the fact that the Monetary Union Protocol was signed in December 2013.

Obstacles that have hampered the evolvement of a regional market face domesticating the CMP with respect to the freedom of movement of labour. According to recent findings of the World Bank, the sub-region would greatly benefit from unfettered trans-border flow of labour. It allows for a more efficient allocation of skills, which are relatively scarce in some member countries, and at the same time mop up provide employment to idle skill resources in other countries. Integrating labour markets poses huge technical-administrative challenges, for example,. the harmonization of employment categories and the mutual recognition of vocational certificates and long processes of equating academic papers is tedious. Furthermore, there may be reservations as member countries assess chances and threads of a sub-regional labour market differently. Within individual countries resistance to change may emanate from interest groups which are keen to fence off competition by neighbours in a single market. On the other side, Rwanda and Kenya have realized the advantages and quickly opened their labour markets on a bilateral base, and seem to enjoy a win-win-situation.

1.2 Statement of the problem

The Protocol on the Establishment of the East African Community (EAC) Common Market entered into force on 1 July 2010, following ratification by all the five Partner States: Kenya, Burundi, Rwanda, Tanzania and Uganda. The Protocol was signed by the Heads of States on 20thNovember 2009 (MEAC, Undated). The establishment of EACCM was meant to provide for “Four Freedoms”, namely the free movement of goods; labour; services; and capital, which would significantly boost trade and investments and make the region more productive and prosperous (MEAC, Undated). The EACCM protocol also elaborates other areas of cooperation by the partner states and rules on competition, public procurement and subsidies (EACCM protocol, 2009). These supposed benefits are a derivative of the protocol objectives. Some benefits of a Common Market Protocol include (www.eac.int/integration-pillars/common-market. The fulfillment of the objectives at the state level for countries forming EAC such as Kenya is a challenge.

There is an indication of the partial and slow operationalization of the protocols which impinge East African Community cooperately and at the state level. It is evident that there have been challenges since the inception of the protocol that are perceived as a threat rather than a catalyst for the achievement of its implementation.the partner states. The EAC populace continue to accept an economic imbalance without proper action to address the delay and disparity in protocol implementation. However its crucially paramount for measures to be put in place to tackle poor infrastructure high dependence on imported products,continous existance of NTBs among other bureaucracies. The Kenyan economy has been preceived as a more developed and advanced compared to her contemporaries in terms of education (Fluent in English and Kiswahili), its location nearing the Indian ocean and stability since independence. Despite this, kenya's population still suffers from high cost of production, low living standards, high poverty levels, poor infrastructure and food insecurity. It is also noted that in 2012, exports of goods and services in SADC and EAC countries improved compared to 2011. However, the rate of increase in exports to EAC countries was small compared to imports (Ministry of Finance, TZ, 2013) hence prompting the study" the East African community Common Market protocol on Kenya's regional trade.

There are local studies that have been done in kenya regarding trade which include: Gunning (2001) and Aryeetey and Oduro (1996) argue further that although Regional integration schemes in africa were probably pursued for the wrong reasons they can perform a useful function, Gichangi (2012) researched on the effects of East African Common Market on cross border business for Kenya Association of Manufacturers' members?; (Gichuru 2006), did trade related barriers to Kenya's export of fruits and vegetables to the European Union and found out that both the tariff and non-tariff barriers affected the export of fruits and vegetables to the EU market. The barriers both tariff and non-tariff resulted in an increase in the export costs and made the exports to become uncompetitive in the EU market due to their quality or cost.

Wasilwa (2008) questions whether the challenges encountered by common markets for Eastern and Southern Africa (COMESA) on sugar millers in Kenya faced excessive deductions and taxation of farmers' income, negative effects of regional trading systems; inadequate capital for operations and survival of the sugar Millers and its ability to sustain growth, poor and patronage-based management systems, and massive investment of cash and energy. Bolo (2011) researched on the factors that influence the implementation of East African common market within Kenya. This study therefore focused on this issue in order to fill a knowledge gap. While these studies are of benefit to the researcher, none of them was done on the assessment of impact of East African common market protocol on Kenya's regional trade, hence a knowledge gap.

1.3. General Objective

The main objective of this study was to investigate the impact of East African common market protocol on Kenya's regional trade.

1.3.1. The Specific objectives of the study

The objectives of this study will be to:

1. To assess Kenya's implementation of the EAC Common Market Protocol.

2. To find out the achievement of the EAC Common Market Protocol on Kenya's regional trade.
3. To examine the challenges facing the EAC Common market protocol in Kenya.

1.4 Research Questions

1. What is the level of Kenya's implementation EAC Common Market Protocols?
2. What is Kenya's achievement from the EAC Common Market Protocol intra-regional trade?
3. What are the challenges facing Kenya in the EAC Common market protocol?

1.5 Justification of the Study

The study contributes to the advancement of knowledge about the impact of East African common market on Kenya's regional trade social, economic and political spheres of life. The policy makers would be able to benefit from the study in formulating laws and policies that can improve the general infrastructure for trade for instance; fiscal policies, monetary, quantitative border restrictions to improve trade among the business community and the general living standards of life. Furthermore, the investment environment of the region is wanting and unfavorable; it calls for the enhanced movement of both labor, capital, advancing tax holidays in most parts of the region to promote investment, expertise, capital through the issuance of loans to small-scale traders. All this coupled with other factors that necessitate trade. This study will enhance policy formulation on labour mobility, capital, goods and services and finally rights of establishment of residence.

Practically, the study is also significant to the improvement of strategies of coping up with hindrances of forming more economic partnerships and also ways of improving on the export of raw agricultural products. Coupled with the above, the study poses a challenge to the policy makers to add value on goods and services to tackle agricultural price fluctuations and attract favorable prices for the produce. Border verification of goods and services, malpractices and insecurity was addressed broadly, which regionalists gained the element of joint verification/one-stop shop and further avoid the challenges of duplication of duties and delays among the stakeholders in all sectors.

The study is expected to benefit the ministry of East African Community and tourism in the formulation of policies, programmes, and strategies aimed at protecting the regional trade agreement's plans in enhancing the general welfare of the East African Community populace, industrial productivity and adopt empirical measures to enhance intraregional trade patterns.

Furthermore, the study has suggested ways and means of enhancing import- export promotion on the world market to reap more profit on the world market. Important to note, is that the study sets the center stage for other researchers to conduct more studies on the advancement of RTA'S not only in Africa but in other regions. Students of international affairs and studies need to generate from this study effective strategies both in theory and practice to promote regionalism and liberalization.

The study provides information that is important for border town departments such as the KRA, customs, and immigration; it is, therefore, relevant on the removal of both tariff and nontariff barriers that remains thick and costly in the commercial sector. It is further realized that the removal of NTBs deepens regional integration and this is majorly what the study reveals in relation to regionalism.

1.6 Scope of the Study

The study mainly focused on the impact of East African common market on Kenya's regional trade. It was limited in the Kenyan border of Malaba, Namanga, and Busia, hence dwelling on the free movement of goods; the free movement of persons; the free movement of labour; the right of establishment; the right of residence; the free movement of services; and the free movement of capital. The major reason underlying the choice for borders was that, borders serve as mid-points and trading junctions in the region. It was also necessary because some regional offices are found at the above mentioned border points. In fact it is evident that borders are areas where rules of origin should apply for instance in implementing the provisions of Article 14 of the Protocol and to ensure that there is uniformity among Partner States in the application of the Rules of Origin and that to the extent possible the process is transparent, accountable, fair, predictable and consistent with the provisions of the Protocol.

1.7 limitations of the study

Some officers gave out biased information to favour their respective states during the study. To overcome this, the researcher used his experience and expertise to select the correct information needed for the study. In addition, some officers were unwilling to divulge information for fear of victimization. The researcher assured them of confidentiality and anonymity of the data collected.

1.8 Chapter outline

This chapter discusses the background of the study, statement of the problem, objectives, and research questions, justification of the study, scope, and limitation of the study. In general, the chapter discusses the following objectives thus: -To investigate on the impact of the East African economic partnership agreements on Kenya's regional trade; To analyze Kenya's national policy and strategies on trade; To assess the implication of Tariff and Non-Tariff Barriers on the Enhancement of Kenya's regional trade; To investigate the factors that influence regional trade within the East African common market**.** The second chapter discusses both the literature review and theoretical framework. The study adopts functionalism theory which theory advocates for state absolutism and its emphasis on the relevance of other actors of development in relation to other international relations theories. It further discusses the origin of EAC regional integration and related literature as per the objectives.

CHAPTER TWO

RELATED LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter presents a review of the related literature on the subject under study presented by various researchers, scholars, analysts and authors. This chapter reviews literature with respect to the research objective on the impact of the EAC common market on Kenya's regional trade.

2.2. East African Regional Integration Agreements

According to (Dinka, 2007) both the Eastern and Southern Africa is undoubtedly the region with the most complex institutional structure. The two main bodies in terms of geographical coverage date back to the first integration wave. The Southern African Development Coordination Conference (SADCC) was founded in 1980 while the Preferential Trade Area (PTA) for Eastern and Southern Africa was created in 1981. At its origin, SADCC was mainly conceived as a body for functional cooperation with a view to reducing the dependence on South Africa particularly in transport and energy networks. During the second integration wave, it was transformed into a regional integration arrangement, the Southern African Development Community (SADC), by the Windhoek Treaty of 1992. Following its first democratic elections in 2004, South Africa, the largest economy in Africa, joined SADDC, which therefore instantly became the economic integration block with the largest combined GDP in Africa.

The second integration wave also affected the PTA, which adopted a new and much more ambitious Treaty in 1994 and changed its name to the Common Market for Eastern and Southern Africa (COMESA). Even during the era of the predecessor institutions--the PTA and SADCC-, there had been an issue of overlapping membership between the two, as several states belonged to both organizations. But while in the 1980s the objectives of the two institutions were rather different, this was no longer the case from the 1990s onwards. Both organizations also campaigned for the expansion of their membership. Following its independence, Namibia joined both institutions. The Democratic Republic of Congo (DRC) and Seychelles also joined both COMESA and SADDC. Mauritius, a founding member of COMESA later joined SADDC. In 1998 Egypt, the second largest African economy joined COMESA. Madagascar while maintaining its membership in COMESA also joined SADDC. Finally, in 2006 Libya became a full member of COMESA. During the1990s were a few departures: Lesotho, Mozambique, and Tanzania left COMESA. Thereafter, Seychelles left SADDC while Namibia and Angola ended their membership in COMESA. Despite these departures, at the end of 2006, there remains a sizeable overlap between COMESA and SADDC as the following seven countries are members in both: DRC, Madagascar, Malawi, Mauritius, Swaziland, Zambia, and Zimbabwe. As regards progress towards economic integration, COMESA launched its Free Trade Area in 2000, but not all the member states joined. By mid-2006 there were six members that were not yet in the FTA. COMESA's original plan to create a Customs Union in 2004 was postponed until 2008. Apart from the core area of tariff liberalization, COMESA has made sizeable progress in several trade-related areas such as trade facilitation, regional insurance, and harmonized transit charges. Preparations are underway for implementing a COMESA Fund which will support infrastructure investment and will assist weaker member states with the adjustment costs of trade liberalization.

SADC adopted its Trade Protocol in 1996 and started actual implementation of an FTA in 2000. Of the 13 member, states did not join the FTA. The objective is to liberalize 85 percent of intra-SADC trade by 2008 and 100 percent by 2012. The Trade Protocol implies more rapid liberalization for the subset of member countries that constitute SACU. In line with its original purpose SADC has made progress on functional collaboration for example in cross-border transport infrastructure and connection of the electricity grid. There are a number of other important integration initiatives in Eastern and Southern Africa, which operate at the sub-regional level--the Intergovernmental Authority for Development (IGAD), the East African Community (EAC), the Southern African Customs Union (SACU) and the Indian Ocean Commission (IOC).

IGAD, originally named the Intergovernmental Authority on Drought and Development, was ratified in 1980 mainly to promote food security and to combat desertification in the Horn of Africa. The founding members were Djibouti, Ethiopia, Kenya, Somalia, the Sudan and Uganda. Apart from functional cooperation in the food security and environmental areas, IGAD has played a useful role as a forum for mediation in internal conflicts within its member states. In the mid-1990s an agenda oriented towards more general development cooperation was adopted (and the ‘D’ standing for drought was dropped). Following its separation from Ethiopia in 1993, Eritrea also joined IGAD as an independent state.

The East African Community (EAC), comprising Kenya, Uganda and Tanzania, can trace its origins as far back as the early decades of the 20th century. Britain, as the ruler of the colonies of Kenya and Uganda and the protectorate of Tanganyika, established a customs union comprising the three countries, together with a common currency, and an organ for the management of common services for ports, railways, and air transport (Mathews, 2003). However, disparities with respect to perceived benefits and other differences contributed to a gradual loosening of their common bonds, and these outward pulls grew stronger following independence in the early 1960s. The three countries attempted to address these differences, and the 1967 Treaty establishing the East African Community was meant to be a major step in this respect (Buigut, 2012).

Bugut further points, the clash of ideologies between Tanzania and Kenya, and the irreconcilable political tension between Uganda's Idi Amin (who came to power via a 1971 coup) and Tanzania's Mwalimu Nyerere, created an untenable situation. These irreconcilable differences were further exacerbated by the serious disparities in the perceived economic benefits. Kenya was seen as the principal beneficiary. The momentum towards break up gathered speed starting in 1971, and the Community Treaty was formally terminated in 1977. Most of the joint organs and common services were dismantled. However, starting in 1993, a process was launched by the three countries that led to the reconstitution of the Secretariat and the signing of a new Treaty establishing the East African Community, which came into force in July 2000. The Treaty provided for the formation of a customs union—which became operational in 2005—to be followed by a common market at a later date. Although the developmental gap between the three countries has narrowed, the provisions of the customs union and common market protocol allow for some asymmetry in that certain Kenyan exports to the other two countries are subject to the payment of progressively declining tariffs for a period of five years. The deep involvement of the private sector is expected to solidify cooperation. Burundi and Rwanda were admitted as new EAC members in 2006. Despite the efforts of trade, liberalization in East Africa has not been reciprocated in terms of better access to markets of the producers and manufacturers in industrial countries. Massive subsidies afforded to both industrial and agricultural producers in some developed countries and other forms of protection have hindered East Africa's efforts to upgrade capacities and alleviate poverty. However, the Increasing agricultural exports in the context of oversupply and correlative lower prices in world markets is not rewarding for East African countries. African countries have drawn insignificant benefits from their participation in the international trading system more particularly Kenya.

Overall, the Community appears to have been re-launched on much better footing (Swanya, 2009). It is also considered by some as a pacesetter for COMESA--an application of variable geometry or allowing countries to move at different speeds. However, the past experience of developing countries with regional integration schemes is not a happy one. They have been subjected to all sorts of exploitation whereby, the developed countries dictate prices of the goods provided in the subcontinent of the East Africa. Coupled with the above, the subcontinent of East Africa is characterized by the production of similar goods and services hence lowering the same prices because of the bulk. The private sectors in the region are also owned by the political class. The expected benefits of the private sector therefore are not balanced and they have therefore compromised on the standards set by the regional partner states.

2.3. Kenya’s implementation of the EAC Common Market Protocol

Defining a common market originates from the level of individual economic freedoms and the conditions created for their enjoyment. According to this approach, a common market is a specially designated area where all the participants must be absolutely free to invest, borrow, operate, offer, sell or purchase goods and services, in any place in the Community. Everyone enjoys equal rights and freedoms in it, and they are individually oriented towards the most favorable conditions determined by the best supply and demand.

The common market of the European Economic Community (EEC) has also been described as a space without barriers to trade within its borders, and a true internal market in which all national markets should be engaged (Barents, 1993).

The special quality of the common market was designed to exist in the suspension of all forms of discrimination on the part of member states and other (their) participants, and in the prohibition of all the forms of distorted competition. Therefore, in this approach, common market operates at the same level as the unique market, which further confirms that the concept of their closeness is quite true. The market, no matter whether common or unique, includes only politically independent and separate territories where supply and demand confronts each other without internal bans. That is its essence, because in it international trade between the member states is not hindered by customs, duties or quotas, and the investment is done in an atmosphere of free competition provided by the principle of "four freedoms".

The common market is naturally the primary condition for the functioning of a free trade zone, which does not tolerate any obstacles in the relations between the member states. On the other hand, the member states were not prevented from conducting their own free trade policies towards third non-member countries (Alter, 2000). In order to be common in the true sense of the word, it should be at first devoid of customs, all existing trading limitations should be removed between the member states and a common tariff system should be set up (Wilkin, 2003) towards third nonmember countries. This took place in two steps. The first was on July 1, 1968, with the creation of the customs union for industrial goods, and after that on 1, January 1970 it was officially extended to include all other products. The formation of a system of common tariffs meant a double benefit.

A common Market as well refers to a customs union which has free movement of factors of production. Restrictions apply to movement these factors of production with non-member countries (Streatfield, 2003). A common market is a scheme of economic integration where the members agree to abolish all the tariffs on each other's exports, follow a common tariff policy towards their imports from the rest of the world, and allow a free flow of commodities as well as productive factors like capital, labour, entrepreneurship, and technology amongst one another (World Bank, 2000).

A single market has many benefits. With full freedom of movement for all the factors of production between the member countries, the factors of production become more efficiently allocated, further increasing productivity. For both businesses within the market and consumers, a single market is a very competitive environment, making the existence of monopolies more difficult thereby promoting efficiency. This means that inefficient companies will suffer a loss of market share and may have to close down. However, efficient firms can benefit from economies of scale, increased competitiveness and lower costs, as well as expect profitability to be a result (Goldstein and Ndung'u, 2001). Established in July 2010, the binding factor between the Common Market (CM) and the Customs Union is the fundamental objective of creating one single market to promote trade and investment. By creating one economic region through the Customs Union and the Common Market, EAC created a single market of 130 million people (2010) and a combined GDP of around US$ 75 billion.

The Common market has a specific objective which is to widen and deepen cooperation among the Partner States in the economic and social fields for the benefit of the Partner States (Goldstein and Ndung'u, 2001). This is to be achieved through the attainment of freedoms and rights to the communities of East Africa which include the following: Free movement of goods; free movement of persons; free movement of labor; the right of establishment; the right of residence; free movement of services and free movement of capital. The legal, policy and regulatory framework of the EAC integration have clear principles that guide the process, their interpretation, practical application or translation into action to create the desired impact is yet to be realized.

Literature shows that most of these traders are still very ignorant of the freedoms and rights provided for in the common market. This is because this information has not yet been widely distributed and even in circumstances where it was made available the interpretation and understanding of the concepts is still a challenge. This has created situations where some traders have indicated preference of the status quo anticipating more problems with the Common Market and Customs Union (African Centre for gender and Social Development, 2009).

The Ministry of East African Community Affairs (MEACA) developed popular versions of the common market in 5 main local languages but the distribution of these copies has not been very effective so this information has not yet been received by the majority of the cross-border trader's women especially. Traders need to be made aware of the opportunities being created and supported to the advantage of them (Goldstein and Ndung'u (2001), Most importantly they need to make informed choices. Awareness and sensitization programs including educative campaigns ease to read/understand booklets are needed on the objectives, goals, benefits/opportunities of the integration processes. This should be supported by strategic interventions that can translate the articles into action. For example, what is meant by the free movement of goods, how does it impact on trade, the implications for women and men, what kind of reorganization is required for these businesses to benefit, the different roles and responsibilities including policy frameworks to ensure that East Africa takes advantage more particularly women in cross-border trade.

2.3.1. Principles of the Common Market

The Common Market is guided by the fundamental and operational principles of the Community as enshrined in Articles 6 and 7 of the Treaty. The Partner States undertake to: observe the principle of non-discrimination of nationals of other Partner States on grounds of nationality; accord treatment to nationals of other Partner States, not less favourable than the treatment accorded to third parties; ensure transparency in matters concerning the other Partner States; and share information for the implementation of this Protocol. Despite the well-stated principles to propel trading activities and enhance regional inter and intraregional trade, discrimination between and amongst partner states still exist hence violating the principle of non- discrimination. The role of the media is crucial in disseminating information; unfortunately, the heads of states of partner states have been interfering with the media houses and even the reporters on what and to report. The flow of business in the region is further interfered with hence killing the intraregional trade more particularly in Kenya. The information is required to inform members about the goods and services on the market, who and where needed, prices and quantity. Moving forward, the member states should enhance the role played by the media. Modern technology should further be embraced through email, facebook, twitter and even postal offices where possible.

2.3.2. Objectives of the East African Common Market

The overall objective of the Common Market was to widen and deepen cooperation among the Partner States in the economic and social fields for the benefit of the Partner States. (Khorana, et al 2007) identified the specific objectives of the Common Market as follows:- accelerate economic growth and development of the Partner States through the attainment of the free movement of goods, persons and labour; achieve the rights of establishment and residence and the free movement of services and capital; strengthen, coordinate and regulate the economic and trade relations among the Partner States in order to promote accelerated, harmonious and balanced development within the

Community; sustain the expansion and integration of economic activities within the Community, the benefit of which was equitably distributed among the Partner States; promote common understanding and cooperation among the nationals of the Partner States for their economic and social development; and enhance research and technological advancement to accelerate economic and social development. In order to realize and attain the objectives provided for in this Article, the Partner States shall cooperate in, integrate and harmonize their policies in areas provided for in this Protocol and in such other areas as the Council may determine in order to achieve the objectives of the Common Market. However, the East African Community member states have not endeavored to allocate enough money for research. Research is necessary to locate the goods and services to produce and where to distribute. Nevertheless, Kenya remains the major beneficiary of the community's intraregional trade hence compromising on the principle of equitable distribution of benefits. Of concern is the fact that even at the country level, the poor and more so less privileged have not had their share. This seemingly is an indication that the benefits reaped are either not enough to be shared and if this is the case, then at a regional level much will be compromised. Equally important is the fact that the "establishment of the "Coalition of the willing" in 2013 by Kenya, Rwanda and Uganda to fast tract implementation of region is also viewed as a threat to some other EAC counterparts.

2.3.3. Developments in the East African Community Common Market

The Treaty for Establishment of the East African Community was signed in 1999 and entered into force in 2000 following its ratification by the original three Partner States that is Kenya, Uganda, and Tanzania. The Republic of Rwanda and the Republic of

Burundi acceded to the EAC Treaty in June 2007 and became full Members of the Community with effect July 2007. It envisaged the establishment of a single market and investment area in the region and the harmonization of policies to promote cross-border trade and investment ease cross-border Movements of goods and persons, development of infrastructure, and enhancement of Technological and human resource development. (Kibua and Tostensen, 2005), observed that prior to the signing of the Treaty; a number of achievements were realized in accordance with the 1997-2000 development strategy. They include: Confidence-building by setting up a defence liaison office at the EAC secretariat, and the signing of a Memorandum of Understanding on Foreign Policy Co-ordination; Harmonization of policies, such as convertibility of currencies, reading of budget statements on the same day and time, implementation of preferential tariff discount, harmonization of standards of goods and services, mutual recognition of health certificates issued by national bodies for goods traded in East Africa; Easing of cross-border movement of persons and goods through an East African passport, allowing a seven-day grace period for personal motor vehicles, establishing immigration desks for East Africans at international airports, re-introducing interstate passes and withdrawing of visa charges for students; and lastly Infrastructure development by implementing projects in telecommunications, roads, civil aviation, posts, meteorology, energy, and other related areas. Despite all above important provisions, corruption has hit hard our border points. Students are asked to bribe border police officers or pay in kind for them to cross the border for schooling (ladies) whereas boys have to part with something or promise a drink for the same before being allowed to school or colleges. This indeed causes delay and torture to students. This has been open secret and therefore raising serious concern on who should deal with such vices where and when. The confidence is further compromised based on industrial concentration in Kenya, supply-side competition and members are yet to capitalize on the comparative advantage in regard to production.

The East Africa Community Customs Union - A second development strategy covering the period 2001-2005 was prepared, focusing mainly on the establishment of a customs union and later on a common market and the enhancement of cooperation for mutual benefit of partner states. The most significant milestone of the second development strategy is the establishment of the East African Community Customs Union by the ratification of EACCU protocol in November 2004 which was to be implemented over a five-year term by the member states. They also agreed to resolve the problem of multiple memberships in regional blocs and to remove non-tariff barriers Dinka, (2007). However, both tariff and non- tariff barriers still exist inform of several police/ traffic blocks all over and prolonging clearing and forwarding procedures.

The objectives spelled out in the (EACCU protocol, 2005) include the liberalization of the regional trade regime on the basis mutual benefits, promotion of efficiency in production within the Community, and the promotion of economic development and industrial diversification. However, the economic development can only be achieved through economic diversion which is yet to be achieved. Agriculture remains the main economic sector as opposed to industrial sector which is the best earning sector despite depending largely on the unfavorable climate. The protocol provided for the establishment of a common external tariff (CET), trade remedies and the prevention, investigation, and suppression of customs offenses, and collection of customs duty by adopting a uniform standard of valuation of goods (Dinka, 2007). Nevertheless, more of what has been collected is pocketed hence resulting in poor development in the region more particularly Kenya's economy.

Article 5(2) of the EAC Treaty provides that after the customs union, partner states will progress to a common market. The EACCM was signed in 2009 and came into force in July 2010 following the ratification by the heads of states of the five member states; Kenya, Uganda, Tanzania Rwanda and Burundi. The (EACCM protocol, 2009) guarantees free movement of goods, people, and labor, rights of establishment and residence, free movement of services and free movement of capital. The protocol also elaborates other areas of cooperation by the partner states and rules on competition, public procurement and subsidies (EACCM protocol, 2009). It is evident that movement of labor and capital at the national level is a challenge. By extension, the viability of regional mobility of capital, goods, and services is therefore questionable among partner states. Besides, business ownership falls into the hands of the political class who in turn are major controllers of the economic activities in the region more so Kenya is heavily affected. Labour mobility that has been witnessed in the region particularly in Kenya is casual and unskilled who earn very little for their survival.

Prior to the launching of the Customs Union, there were concerns that the application of the CU provisions would lead to huge revenue losses that would in turn severely affect the economic performances of the partner states. Studies done in recent years have established that these fears were largely unfounded. A study by the African Centre for Economic Growth (ACEG, 2003), for example, found that the potential revenue losses arising from the implementation of the zero rates of internal tariffs would be small. This is because partner states had already substantially reduced their tariff rates in the process of implementing the COMESA trade regime. Between 1999 and 2004, both Uganda and Tanzania had reduced their tariffs on their intra-EAC imports by 80 percent, while Kenya had granted 90 percent MFN tariff preference on imports from the two countries.

Regional integration increases the level of regional trade, which prepares partner states to be globally competitive. The statistics from Kenya National Bureau of Statistic Economic Survey report (2010) illustrate Kenya's value of trade within the EAC region as well with the rest of Africa, between 2004 and 2009. (GOK, 2010).

The classic schema of economic integration ranks integration arrangements according to the depth of integration achieved along a continuum starting with a preferential trade area and evolving through a free trade area, customs union, common market, economic union, economic and monetary union which ultimately achieve a state of total economic integration. Regional trade arrangements (RTAs) are a subset of possible regional integration arrangements (RIAs) Mathews, (2003). The East African community has by and large been a product of these other regional processes but one wonders why its development is dimmer in the context of trade, infrastructure gave the high improved levels of literacy as compared to early period's independence (1950-60's).

Mathews, (2003) on investigating into Regional Integration and Food Security in Developing Countries found out that Customs unions remove tariffs on trade with other members and apply a common trade policy towards third countries. It is therefore argued that a common market it is aimed at removing restrictions on factor mobility (capital, labor) between members as well as freeing trade in goods and services. In an economic union, members pursue some degree of harmonization of national economic policies in order to remove discrimination due to disparities in these policies. Monetary union adds the adoption of a common currency and a common monetary policy, while the stage of total economic integration involves the unification of monetary, fiscal and social policies under the auspices of a supranational authority Mathews, (2003). However, the East African common market still experience difficulties in effecting the common currency hence a challenge in exchange for goods and services. To some extent, partner states feel that other members gain more profitability than others. A case in point is Kenya in the East African common market protocol. This, therefore, is a threat on the future East African regional trade agreement endeavours.

2.3.4. Welfare consequences of regional integration in East African common market

The past experiences of developing countries with regional integration schemes is not a happy one. The reasons for this can be illuminated with the aid of the simple theory of customs unions. Preferential trade arrangements give rise both to trade creation and trade diversion effects, as well as to transfers between the member countries (Mathews, 2003). The design of RTAs among developing countries tended to maximize the costs of trade diversion (because of high external tariffs) and also encouraged regressive transfers from poorer to better-off members of such arrangements. (Dutt and Traca, 2010) examined the impact of corruption on this type of trade during the period 1989 to 2001, covering 122 countries. They found out that corruption taxes trade. This, therefore, happens when corrupt customs officials in the importing country extort bribes from exporters (extortion effect). However, this can be traded enhancing; in high tariffs environment, corrupt officials allow exporters to evade the tariff barriers. Under such circumstances, regional revenue is affected negatively. Besides, corruption has an impact on the increase of prices for goods and services which further render consumers inaccessible The recent more favorable assessment of regional integration arrangements involving developing countries is based on the following considerations. Regionalism will lead to net trade creation as long as it is coupled with a significant degree of trade liberalization and where the emphasis is put on reducing cost-creating trade barriers which simply waste resources (Mathews, 2003). It is therefore apparent that the regional economic integration may be a precondition for, rather than an obstacle to, integrating developing countries into the world economy by minimizing the costs of market fragmentation.

North-South RTAs have been seen as more likely to result in gains to developing countries as compared to South-South RTAs, on the grounds that they minimize trade diversion costs and maximize the gains from policy credibility (Mathews, 2003). Closer examination of these arguments, however, suggests that the assumptions on which they are based may not always stand up. Positive economic outcomes will depend on the deliberate design of these agreements, and cannot simply be assumed.

Since independence in 1963, Kenya has gone through a series of trade policy episodes from inward-orientation to more liberal outward-orientated trade regimes in pursuit of sustainable economic growth and development. The trade policy reforms undertaken range from price-orientated measures to quantity-based trade policy instruments or price measures related to export targets (Onjala, J., 2002). The shift from an import substitution strategy towards a more outward-oriented strategy began in the mid-1980s, with the removal of quantitative controls, expansion of export incentives and rationalization of import protection. In the early 1990s, the Government undertook major trade liberalization, including the elimination of price and exchange rate restrictions, lowering of tariffs and scrapping of suspended duties (the Republic of Kenya, 2004).

Kenya's trade policy development can be traced back to the Sessional Paper No. 10 of 1965 on African Socialism and its Application to Planning in Kenya (ROK, 1965). The Paper centered on ensuring rapid economic development and social progress for all Kenyan's. It placed emphasis on promotion and protection of the domestic industries. The policy was a key influence on the development of the country's trade regime over the first decade of independence. The second major phase in the evolution of the trade policy in Kenya was through the Structural Adjustment Programmes (SAPs) introduced in the mid-1980's by Sessional Paper No.1 of 1986 on Economic Management for Renewed Growth (ROK, 1986). It emphasized a change from reliance on import substitution and protectionism towards a policy that led to industries being encouraged to manufacture for export with reform programmes aimed at improving efficiency, stimulating private investment and increasing the sector's foreign exchange earnings. It also meant economic liberalization bringing to an end the central role of the public sector institutions which had hitherto managed and coordinated trade distribution networks and related trade facilitation and promotion activities.

Presently Kenya's Trade regime is guided by market-driven principles of liberalization under the World Trade Organization (WTO), which came into effect in 1995. The liberalization phase has led to lowering of tariffs and reduction of non-tariff barriers in Kenya's export markets thereby improving market access to Kenya's products. The phase also coincided with increased efforts in the regional economic integration initiatives that resulted in the establishment of the East African Community (EAC), Common Market for Eastern and Southern Africa COMESA) and the Inter-Governmental Authority on Development (IGAD).

In addition to the global and regional trade initiatives, the trade sector in Kenya is further influenced by commodity Acts and regulations contained in other various Acts under the administration of several ministries and public institutions. Kenya, Tanzania, Uganda, Rwanda, and Burundi form the East African Community. The EAC trading block brings the five countries together on issues of economic, social and political cooperation. The EAC has created an expanded market for Kenyan goods and services with Uganda being the leading export market for Kenya and Tanzania and Rwanda also being major export destinations for Kenyan exports. The leading exports from Kenya to EAC countries include manufactured goods, fuel and lubricants and machinery and other equipment. The negotiations in the community are aimed at relaxation and harmonization on issues related to labor movement, work permits, education qualifications, standards, customs, rules of origin and common tariff nomenclature within the region.

A three-band Common External Tariff (CET) on EAC imports originating in third countries was agreed upon in the context of the EAC Customs Union (CU) Protocol including the sensitive list comprising of goods that are charged tariffs higher than the maximum CET of 25%. The EAC customs protocol also provides for elimination of non-tariff barriers, provision covers on rules of origin, dumping, subsidies and countervailing duties, settlement of disputes, securities and other restrictive restrictions to trade, competition, duty drawbacks and remission of taxes, customs co-operations re-exportation of goods and harmonization of trade documentation and procedures.

The adoption of the CET by the Partner States, ending the practice of Partner States charging different national tariffs and observing the provisions of EAC customs protocol are expected to contribute significantly towards enhanced simplicity, rationalization, and transparency of EAC Partner States' tariffs. These initiatives inform the direction of this trade policy.

According to the East African secretariat website, NTBs were the biggest impediment to full attainment of the objectives of the Treaty for Establishment of East African Community in 2011. The World Trade Organization, of which all five EAC countries are members, describes NTBs as red tape or 'various bureaucratic or legal issues that could involve hindrances to trade while The EAC defines NTBs as 'administrative and technical requirements imposed by a Partner State in the movement of goods. While a number of NTBs may be explicitly protectionist, the majority seek to meet an agreed regulatory objective, such as food safety or product safety.

There are common justifications for NTBs such as safeguard to health, safety and security of human beings, animals and plants against environmental pollution, protection of home industries and consumers, safeguard national security and to safeguard against revenue loss. According to Society for International Development report 2012, (SID 2012) while there may be a consensus that existing NTBs should be abolished, there is agreement on how to meet legitimate regulatory objectives in a less trade-restrictive manner. Many NTBs are rooted in more structural challenges, such as inadequate government structures, mismanagement, erratic application of rules and bureaucratic staff often coupled with low staff morale.

Establishing formal notification requirements has been an important step towards monitoring NTBs. In response to the NTB challenge, the EAC Secretariat produced its first quarterly report in August 2011, highlighting the status of elimination of NTBs. The reporting mechanism was first prompted by the East African Business Council in 2005. (SID 2012). The EAC's August 2011 quarterly report on the subject stated that Tanzania led the region in being a major source of NTBs, followed by Kenya, and Burundi respectively. Rwanda had no complaints reported against it from the region. The countries singled out as being the most affected by NTBs were Uganda, Rwanda Burundi, Tanzania, and Kenya respectively. The overall effect of non-tariff barriers (NTBs) in the EAC region, like elsewhere, is that they result in delays and increased costs, which ultimately hinder the free movement of goods and services. And according to many analysts, the removal of NTBs is much more important for boosting regional trade than tariff liberalization. A recent analysis by Karugia et al. (2009) demonstrates that the removal/reduction of NTBs in maize and beef trade in the East African region has significant positive welfare implications. According to the study, completely abolishing or even significantly reducing the existing NTBs in maize and beef trade would increase EAC maize and beef trade, with Kenya and Tanzania importing more maize from both Uganda and Tanzania. Out of the realization of the negative impact of NTBs, efforts have been made to reduce or eliminate them.

Within the EAC, coherence or lack of it can be seen by the prevalence of NTBs that countries impose on products from other member states. To the extent that NTBs result from deliberate policies and procedures, their existence in many ways signifies trade policy incoherence. Though EAC countries have over the years negotiated the elimination of policy and procedure linked NTBs, success has been limited. One of the most troubling NTBs within the EAC has been transit procedures. The critical issue here is the lack of harmonization of regulations regarding axle loads and vehicle technical specifications within the EAC, which makes overload control management difficult. The differing axle weights would mean, for instance, that a truck from Tanzania transiting through Uganda has to strip off excess cargo to avoid financial penalties (Ministry of Trade, 2009). There are also restrictions in the countries on gross vehicle mass, which means that certain types of vehicles cannot transit through some countries. However, a related problem is the poor enforcement of applicable rules and regulations across the EAC region, owing to inadequate institutional capacity and serious integrity issues arising among public officials who operate weighbridges. This however has been a major stumbling block that causes delays at border points.

Kenyan Legal and regulatory framework with trade policies

In view of the existing legal and regulatory framework with trade policies contained in various documents, legislations and institutions, the National Trade Policy seeks to consolidate existing policies and develop a coherent trade policy. It seeks to create the policy environment that is necessary for trade to flourish, drawing upon experiences in successful economies, (The Draft National Trade Policy 2007). It is equally important however to note that nice policies have been in place since independence but there is need to implement them to change the countries trading and commercial activities. It further argued there exist trade constraints and challenges in international and domestic trade within the context of existing trade policies, prescribes strategies and programmes to sustain the economy within the tenets of Vision 2030. Further, the policy establishes the linkages between domestic trade and external trade policies and competitiveness of the economy. According to The Policy takes cognizance of Kenya's commitments to the multilateral, regional and bilateral agreements. In particular, the EAC and COMESA regional integration agenda informs the formulation of this National Trade Policy. Further, the private sector and civil society concerns for the country to remain competitive and institutionalize accountability respectively also feed into this Trade Policy. The formulation of this Trade Policy takes into account international best practices and also recognizes the needs of micro, small and medium-sized enterprises (MSMEs), which have emerged within the global business environment. It also takes into account new developments and trends in international and domestic trade such as expansion of world merchandise trade, a surge in trade between economic blocs, rise in South-South trade, containerization, intra-firm trade, global production networks, growing trade in professional services, rapid advances in ICT and wider use of e-commerce, (The National Trade Policy 2007). Despite the policy arguments espoused, there exists market shortage of the Kenya's produced goods. Besides, the country is facing high rates of competition on goods and services produced from her counterparts like Uganda, Tanzania and Rwanda.

The National Trade Policy Mission 2007 is “to facilitate Kenya’s transformation into a competitive export led economy, enhance regional integration and widen participation in both domestic and international trade’. Accordingly, The Draft National Trade Policy 2007 mission will be achieved through the following broad objectives: Promotion and expansion of Kenya’s exports of goods and services; and Development of an efficient and competitive domestic market. The National Trade Policy will use a comprehensive, coherent and integrated approach to achieve these objectives by: Setting and re-defining Government Policy relating to International and Domestic trade; Designing appropriate complementary measures to improve the business regulatory and macro-economic environment; Increasing investment in infrastructure to support trade development; Improving co-ordination of institutions responsible for promoting and regulating trade; and Ensuring effective participation of key stakeholders (Members of Parliament, Government Ministries, private sector, civil society, and development partners, among others). However, there is no doubt that our goods can access market at international level and even regionally, nevertheless, the acquired cash has always been channelled to a few individuals pockets due to corruption hence threatening the future of gross domestic products of Kenya. The country is further characterized by economic inflationary tendencies which scare away both international and local investors. Equally important, Kenya is a capitalist country with an economic policy that emphasizes the role of the free market. Despite overregulation of certain areas of the economy, Kenya has one of the most open economic systems on the African continent. Features of the economy include the use of market- based pricing incentives, a liberal investment code, flexible exchange rate management, and fairly realistic fiscal and monetary policies.

While regional integration arrangements are often evaluated in purely economic terms, integration may be pursued for explicitly political motives. Although it is now almost taken for granted that trade integration is one of the main benefits sought by countries entering regional integration arrangements. (Page, 2000) points out that it is hard to explain the growth of interest in regional integration based on trade motives alone given that tariff levels in most regions have been falling and are now at relatively low levels. However, successful regions have objectives other than freeing trade, and that this may be essential for the will to evolve. Trade may well be secondary to political or security objectives or a tool rather than an objective: it is difficult to find any groups which have only a strictly trade agenda" (Page, 2000). However, it should be noted that political motives are not uppermost though a crucial ingredient in the integration process and, in its absence, little progress will be made. At the same time, economic integration can have political consequences, as when it contributes to stabilizing a political regime or enhancing regional peace and security (Niyi, 2015). However, this literature demonstrates that no lesson was learnt from the factors that led to the defunct East African community like currency convertibility and political differences. Besides, Partners now have many options for multiple memberships: many East African nations are already members of COMESA, and SADC. Furthermore, the community is yet to allow member countries to specialize in areas where they enjoy comparative advantages. To perfect in this area, countries like Kenya should engage in the provision of a wide range of tradable services, Tanzania in its vast natural resources, and Uganda in agro-industrial products and food. To ensure that efficiency gains accompany economic integration, members should liberalize rules of origin and establish a common policy towards FDI’s so as to encourage cross-border joint production. Equally important, policies on infrastructure, communication networks, and information technology should be harmonized and the East African Development Bank should be re-structured and refinanced to play a leading role in financing the infrastructure projects. This should be done without the interference of heads of states but rather be guided by the set standards.

So far, achievements made towards a common market include; first the Easing the movement of people through the introduction of the East African passport, adoption of a single immigration entry, special passes for border communities, development of a protocol on the free movement of persons, labour, services and the right of establishment and residence, and harmonization of labour policies and legislation, and secondly the Harmonization of economic policies through liberalization of the exchange rate and interest rates, similar investment incentives, endeavours to harmonize fiscal policy, and joint capital markets development policy(Kibua and Tostensen, 2005). Despite all the above policies, the existence of Kenya is threatened because its shilling remains stronger than her counterparts. International economic integration has grown in importance. The EAC is one such new effort towards integration. The EAC seeks to spur economic growth and development. This is to be realized through trade and competitiveness. This makes labor and employment sector to be a critical component of the integration progress as the attainment of regional competitiveness depends on efficiency-equity of the labor market (Conference Report1st -2nd November, 2012).

2.3.5. Implementation of the EAC CMP

According to (EAC scorecard, 2016), The Common Market Protocol covers three operations relating to direct investment: inward direct investment, outward direct investment, and repatriation of profits from sale of assets. No EAC Partner State imposes restrictions on repatriation of proceeds from asset sales within the region. However, all impose restrictions on inward direct investment.

With respect to the freedom of movement of capital, two Partner States have undertaken a total of five reforms. Kenya has effected two reforms for sale of issue of derivative products locally and sale or issue of derivative products abroad by residents. Uganda has effected two reforms for sale or issue of derivative products abroad and one additional reform harmonising the withholding tax rate for interest payments on government securities of 20% for both resident and non-resident investors. These reforms are a plus for securities operations since the derivatives markets offer opportunities for hedging among others, while the reform regarding the withholding tax on government securities in Uganda makes the market more attractive to non-resident investors. While these reforms are positive developments, 18 of the 20 capital markets operations continue to have a restriction in at least one Partner State. Kenya now has 19 of 20 unrestricted operations, while Burundi and Tanzania each continue to restrict 16 of the 20 operations.

With regard to services, EAC Partner States have committed to liberalization in a number of services sectors. Partner States followed a positive list approach, scheduling only those sub-sectors they were willing to open up. As such, different Partner States committed to liberalize different sub-sectors across the modes of supply by December 31, 2015, the reference period., Burundi scheduled 73 commitments, Kenya 63, Rwanda 101, Tanzania 59, and Uganda 98. Article 16 (5) commits Partner States to refrain from introducing any new restrictions on the provision of services.

Many of the barriers that existed prior to the CMP coming into force remain, constraining the movement of services within the region. A number of reforms have been undertaken since the 2014 CMS. These have brought the total number of non-conforming measures (NCMs) down from 63 in 2014 to 59 in 2016. While this shows progress, it should be noted that all EAC Partner States remain largely non-compliant in their services trade liberalization commitments.

According to Friedrich-Ebert-Stiftung (2012), Kenya has made remarkable progress in guaranteeing the freedom of movement of persons from the Partner States into its territories. The author noted that as of May 2012, 107,165 persons from other Partner States travelled into Kenya. This is compared to 185,552 in 2010 and 375,468 in 2011. The endeavor by the Kenyan government to open seven border posts, which are operational on 24-hour basis, is an indication of progress in terms of operationalization of the protocol. The opened borders are Jomo Kenyatta Airport (JKIA), Mombasa International Airport (MIA), Namanga, Lunga Lunga, Taveta, Malaba and Busia. All these borders together with Kisumu International Airport are electronically interconnected and have integrated border management systems. However, their activities are not well coordinated. The country is also yet to harmonize its curricula, examinations, standards, certificates and accreditation of education and training institutions.

Other recorded milestones is advanced progress towards issuance of common identification documents, establishment of modalities towards harmonization of labour and employment policies, and mutual recognition of academic and professional qualifications. The challenges that faces deepening of the CMP is inadequate preparedness by the national implementing agencies, low levels of awareness on the part of the public and non-conclusion of coordination mechanisms for social security schemes. Lack of existing mechanisms to implement the use of national identification systems as travel documents was also identified as critical.

Majority of EAC employment is in agriculture. As of 2008, agriculture accounted for 90.1 per cent of the employment in Rwanda. This was compared to 74.7 per cent for Tanzania, 68.7 per cent for Uganda and 17 per cent for Kenya. The service industry explained much of the employment in Kenya at 63.7 percent. Industry explained 19.3 per cent of employment in Kenya. The implication is that the EAC employment sectors are not in synch. Despite the benefits accruing from this sector, the Kenyan farmer still experiences low prices during the sale of the harvest, high prices of farm inputs and high transportation costs of the final product due to poor feeder roads, which is highly taxing.

Freedom of Movement of Capital

Partner States committed, under the CMP, to liberalize 20 capital market operations. At the end of December 2015, the reference period for CMS 2016, only 2 of these 20 operations were free in all Partner States showing no improvement since CMS 2014. Five reforms have been undertaken since the publication of CMS 2014, all in the securities area. Areas of operation by the East African Community partner states'

The 2001-05 EAC Development Strategy identifies twelve areas of cooperation Trade Policy Review (2006):- macroeconomic policies, including monetary and fiscal; trade liberalization and development; promotion of key economic sectors (i.e. agriculture and food security, investment and industrial development, tourism and wildlife, and environment and natural resources); infrastructure and supportive services; human resource development, science, and technology; social sectors, immigration, and labour policies; legal and judicial affairs; political matters, including peace, security. And defense; broad participation of women, private sector and civil society; relations with other regional and international organizations (e.g. COMESA, SADC); institutional arrangements at the level of member states and the EAC Secretariat; and managing distribution of benefits and costs as a cross-cutting issue. The 2006-10 EAC development strategy is currently in draft format and is expected to be adopted at the end of 2006. Despite such well thought drafted areas of operation in the community, much has been left desired. Besides, civil society organizations like human rights and champions are limited in their operation even with the good work they perform in protection of the weak amongst the community partner states members. Equally important is the fact that transport and communication is an engine towards trading activities. To this end, the community is characterized by road networks and limited airlines not to mention the fact that some countries in the region like Uganda, Rwanda and even Burundi are landlocked. Furthermore, tourism and wildlife, and environment and natural resources, these are areas that have posted poor performance in regard to their security. Of major concern is wildlife in the region where thousands of both elephants and rhinos are killed on daily basis. This is a major menace to the partner states but one wonders who kills these important tourist attraction animals. Security officers (wild and game reserves) are employed yearly yet these species are diminishing at an alarming rate as days goes by. Our borders are loose and permeable enough to release tones of these slaughtered animals to be transacted in foreign countries. The businessmen are left unpunished but the best the partner states can do is warning the world through burning of the same ivory. The permeability of our borders raises major questions on important goods and services we have been losing without notice hence compromising on regional trade.

2.4. Achievement of the EAC CMP on Kenya's regional trade

"One people, one destiny" – so runs the slogan of the East African Community (EAC), which was re-knewed in 2001. Few of the numerous African regional organisations set their sights quite so high. Unlike the more well-known federations COMESA, SADC, and ECOWAS, EAC has enshrined political union in its founding treaty. Its ambitious timetable envisages a common currency by 2012; Integration – for which the EU, NAFTA, and ASEAN provide inspiration – is seen as the road to affluence and growth. However, the rhetoric of leading decision-makers often contrasts sharply with the sobering political reality. The East African Community is strong on paper but weak in the implementation of its decisions. It is at risk of losing the support of civil society and becoming the scapegoat of national politics. In these circumstances, it is doubtful whether the tight timetable can adhere to (Reith and Boltz, 2011). However, there is a significant gulf between aspiration and reality in regard to the policies set and what happens on the ground. Among the voices that have warned against excessively high expectations is that of the former German president Horst Köhler, who stated that the EAC runs the risk of disappointing the region's people since it has ambitious plans but little to show in the way of results. The Community is on the right track, he said, but poor fiscal discipline and promises that cannot be kept could jeopardize the process of integration (Horst Koehler, 2011). It is true that the benefits of cooperation do not arise automatically. Successful regional integration requires strong institutions, broad support among the population and a clear commitment to the project on the part of the elites. Only then will the potential that undoubtedly exists be unlocked. Despite the much expected strong institutions in the region, there is huge interference by the head of states and the assembly of ministers hence delay in delivery of services.

In 1967, the first East African Community was founded. It collapsed in 1977 due to its lack of steering functions, the unequal distribution of benefits and the differences of opinion between leading players (Reith and Boltz, 2011). It is understood that the current regional integration is just furthering the individual interests rather than the entire community of almost 300 million populations.' It is therefore evident that the EAC bloc will not achieve its set goals if the statesmen of the day are not going to change from their selfish interests.

What lessons has the present-day EAC learned from the collapse of its predecessor? Firstly, the management of cooperation has been improved by setting up permanent institutions. Secondly, greater attention has been paid to the fair distribution of the benefits of cooperation. For example, transitional customs regulations are designed to protect the Tanzanian and Ugandan economies from the dominance of Kenyan exports. Thirdly, the EAC now allows civil society and market forces to play a more prominent part. However, the powers of the interstate institutions remain weaker and interfered with at all by the political class and the strong in the region. All major decisions affecting the Community must be taken by consensus of the member states. Organizations like civil society in East Africa are but mere instruments that the statesmen employ to protect themselves. Threats are too huge for anybody running businesses against the statesmen and some have been assassinated. Even the law firms that have been established are there to employ a few people who again work to protect the leadership of the day and therefore left the East populace desperate.

On paper, the East African Community is a very ambitious organization. The tight integration plan progresses through the stages of regional integration at a gallop: customs union, common market, monetary union and finally political federation. In 2004, the Committee on Fast-tracking the African Federation – commissioned by the Secretariat – actually published a report that envisaged accelerating the unification process, recommending that the integration stages be pursued not sequentially but in parallel (EAC Fast Tracking Report 2004,”). However, this strategy creates difficulties. In recent years, a more down-to-earth attitude to the ambitious goals has been adopted. Monetary union has been postponed. The protocol for the common market has been in force since 1 July 2010, but its national implementation is still faltering. The EAC itself acknowledges that the implementation of the agreed decisions is inadequate. Practical implementation of the common market is therefore increasingly being regarded as a process that must take place over time (Reith and Boltz, 2011). The new secretary general of the EAC, Richard Sezibera, admitted that implementation would probably take decades.4 In the light of the preceding integration stages, this sober prediction is understandable. When the customs union was introduced in 2004, it was not possible to immediately implement it in full: gradual reductions in duties on goods from Kenya protected Tanzania and Uganda from their economically strong neighbor "EAC Customs Union Protocol 2004" As the EAC pointed out in its Annual Trade Report 2009, non-tariff barriers6 are still a problem. National Monitoring Committees are due to monitor the removal of these barriers. In addition, it is hoped that cooperation with the East African Business Council (EABC) will ease the finding of a prompt solution. However, it remains uncertain whether attempts to remove non-tariff barriers will succeed "(EAC Annual Trade Report 2008,").

"Regional integration always yields economic benefits for all its members." This assumption is widely held, but untrue. Only under certain conditions does cooperation produce positive macroeconomic effects (Khadiagala, 2009). But generating added economic value is a core function of regional federations and hence extremely important for the legitimacy of these communities. This also applies to the EAC, the economic potential of which is subject to varying assessments. Internal trade within the EAC is weak: although higher than in many other regional organizations, it is still very low. In 2005, internal exports accounted for only 15 percent of the total exports of member states. In 2006 internal trade actually fell by 12.5 percent, before rising sharply in more recent years – the total volume of trade within the community grew by 37.6 percent in 2008. In particular, Tanzania achieved slight growth; internal trade continues to be dominated by Kenya (Asche and Brücher, 2009). However, there are many reasons why officially recorded trade within the EAC continues to be modest. One consideration is that the national economies remain focused on the export of primary goods, which rarely takes place between the member states. Geographical conditions also hinder the exchange of goods, especially since the long distances and geographic barriers are combined with poorly developed infrastructure. To these difficulties must be added the continuing presence of non-tariff barriers. It must, however, be assumed that informal trade – whether legal or illegal – takes place on a large scale and is not reflected in the statistics.

Alongside low levels of interstate trade, the poor coordination of economic policy is a significant obstacle to successful regional integration. A recent study by the University of Dubai concludes that there are in some respects major discrepancies between the political agendas of the member states. Harmonization of economic policy is inadequate and national state interests often weigh more heavily than long-term cooperation gains. An example of this is the negotiations between the EU and the EAC on an Economic Partnership Agreement (EPA) (Buigut, 2012). The member states initially conducted negotiations on the EPA in separate groups. Tanzania, for example, at first negotiated as a member of the Southern African Development Community (SADC) (Buigut, 2012). Under pressure from the EU when the talks seemed likely to stall, the negotiators abruptly transferred their allegiance to the EAC. The EPA was negotiated hurriedly and hence in ways that did not favor the EAC (Buigut, 2012). It is crucial at this point that proceeding further along the path towards integration – whether in the form of an effective common market or a currency union – political objectives must be harmonized.

Economic concerns are amplified by the limited economic power of the East African states. The gross domestic product of all the EAC members combined amounted in 2010 to just 74,047 million U.S. dollars. Germany's gross domestic product in that year was 2497.6 billion Euros (Kopsieker, 2007). It is however important that going forward for the East African community therefore calls for improving our industrial sector to add more value to the goods and services produced. This will generate more incomes and earn more at the international markets to improve on the gross domestic product.

Regional integration yields added value only if there is significant scope for realizing economies of scale and advantages of specialization. There is a risk that relatively small and moreover poorly industrialized states stand to derive only modest gains from joining a federation (Kopsieker, 2007), it is equally important that the future of EAC is dim and this is because all these countries are agricultural oriented and therefore produce the same type of commodities. The same goods and services havelimited generation of income for the EAC countries. Important to note also is that the free movement of persons under the Protocol is not absolute as it is subjected to limitations imposed by the host Partner States on grounds of public, health and security policy (Wandera, 2012). This implies that privileges and opportunities derived from this freedom may vary with changes in public, health and security policies in the different Partner States. (Wandera, 2012) accordingly argues that in Uganda, citizenship of any of the Partner States does not guarantee one entry into Uganda. Section 52 of the Uganda Citizenship and Immigration Control Act-

1999, declares certain categories of persons prohibited immigrants and their entry into Uganda unlawful. These include: a destitute; any person against whom an order for deportation subsists or who refuses to submit to medical examination upon the request of an immigration officer; a person not in possession of a valid passport issued by a recognized authority; a drug trafficker or a person who prior to entering Uganda was living on earnings of drug trafficking; a person who is a citizen of a country at war with Uganda; a person declared by the Director of Immigration or Minster to an undesirable immigrant and a person convicted of an offence under the said Act.10. It is evident that these rules and regulations have been violated because of border corruption by officer's in-charge and weak border machinery. This, in turn, explains why the EAC-CM is a mere sentence on paper and not pragmatic more particularly in contemporary Kenya. Further still, such broken principles have led to a proliferation of small arms and terror activities in the region more particularly in Kenya.

2.4.1. The effectiveness of common market on Free Movement of Workers and services

For the purposes of article 10 paragraph 1, the Partner States shall ensure non discrimination of the workers of the other Partner States, based on their nationalities, in relation to employment, remuneration and other conditions of work and employment. However, Africa being a developing continent more particularly Kenya has failed considerably to comply with this principle. Tribalism coupled with high levels of corruption has really interrupted with the employment process. The procedure of employment as stipulated in the treaty from the onset is questionable. Interviews are conducted and finally, the employee is merely found in the office even without applying for the job but because pegged on political inclination among other existing relationship. The big question, however, is the possibility to employ a person from different citizenry yet the locals are not considered? The viability of employment is therefore questionable hence nullifying the validity of the protocol in regard to employment in a sub-continent where unemployment is the order of the day. It is therefore crucial that for the partner states to enhance employment, then economic diversification and modernization is necessary to generate more jobs amongst partner states.

In the EAC, services are prominent as a means to promote integration objectives. The EAC Treaty provides for the establishment of an export-oriented economy, allowing for the free movement of services to attain the Community’s development goals. The EAC Common Market Protocol designates education services (incl. higher education) among the 7 Priority sectors in which all 5 Partner States were required to make commitments (Stephenson & Mpanga, 2015).

Services account for approx. two thirds of GDP among OECD countries, and an increasing proportion (slightly above 40% of GDP) in the poorest countries (Vylder, 2007). Services are increasingly vital in the production of goods and services accounting for 60% of global production and employment, close to half the value of world trade and two-thirds of foreign direct investment flows (WTO, 2010). In the EAC, services have consistently contributed more than 50% of GDP value-added in the period 2006-2009 (SID, 2012).

Education is the 2nd largest sector globally after healthcare, with total expenditure estimated at US$ 4.5 Trillion in 2012 (Alpen Capital, 2010). In 2011, there were 4.3 million higher education students studying in countries other than their own. This category nearly doubled in size from 2000- 2010, from 2.1 million to 4.1 million, equivalent to an average annual growth rate of 7.1% (OECD, 2013). This will result in a global market of US$ 6.3 trillion for education services by 2017. The OECD estimates that the number of postsecondary students enrolled abroad is set to grow from 3.7 million in 2009 to 6.4 million by 2025 (OECD, 2014).

There were 380,376 African students on the move in 2010, representing nearly a tenth of all international students worldwide. India and Nigeria are expected to experience the highest growth with respect to outbound student mobility globally for the period 2010 - 2020 with the other likely fast growers being Malaysia, Nepal, Pakistan, Saudi Arabia and Turkey (British Council, 2012). Kenya has consistently been the largest source of students studying abroad in East Africa with a total of 13, 748 students, equivalent to over 52 % of all East Africans heading overseas in pursuit of higher education in 2010 (Marshall, 2013). Inter University Council for East Africa (IUCEA) - IUCEA Act of 2009 highlights the functions of IUCEA.

As follows: Strengthening regional cooperation through networks linking universities and other institutions of higher learning in the EAC and globally, Initiating the development of higher education institutions in the region, encouraging collaboration in research and hence contributing to the development of centers of excellence in higher education and research. However, there are issues concerning certificate recognition and the long procedure of equation compromises on the provisions of the EACCMP in regard to the mobility of labour and services in the EAC thtra regional trade.

(Wambui, 2009), investigated into free movement of goods, collection and accounting of customs revenue in the customs union. The author found out that there were key pillars to improve trade in the region thus: elimination internal tariffs by 2010 in the community and full implementation of the reviewed CET and avoid a stay of CET application for certain goods in some partner states and finally total commitment towards fully eliminating the existing non-tariff barriers. However, elimination of nontariff barriers still exists yet the leadership of the day remains deaf.

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There are many reasons why officially recorded trade within the EAC continues to be modest. One consideration is that the national economies remain focused on the export of primary goods, which rarely takes place between the member states. Geographical conditions also hinder the exchange of goods, especially since the long distances and geographic barriers are combined with poorly developed infrastructure. To these difficulties must be added the continuing presence of non-tariff barriers. It must, however, be assumed that informal trade – whether legal or illegal – takes place on a large scale and is not reflected in the statistics.

Alongside low levels of interstate trade, the poor coordination of economic policy is a significant obstacle to successful regional integration. A recent study by the University of Dubai concludes that there are in some respects major discrepancies between the political agendas of the member states. Harmonization of economic policy is inadequate and national state interests often weigh more heavily than long-term cooperation gains. An example of this is the negotiations between the EU and the EAC on an Economic Partnership Agreement (EPA) Buigut, 2012). The member states initially conducted negotiations on the EPA in separate groups. Tanzania, for example, at first negotiated as a member of the Southern African Development Community (SADC) (Buigut, 2012). Under pressure from the EU when the talks seemed likely to stall, the negotiators abruptly transferred their allegiance to the EAC. The EPA was negotiated hurriedly and hence in ways that did not favor the EAC (Buigut, 2012). To proceed further along the path towards integration – whether in the form of an effective common market or a currency union – political objectives must be harmonized.

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Regional integration yields added value only if there is significant scope for realizing economies of scale and advantages of specialization. There is a risk that relatively small and moreover poorly industrialized states stand to derive only modest gains from joining a federation. The future of EAC is dim and this is because all these countries are agricultural oriented and therefore produce the same type of commodities. The tight schedule and timetable tend to neglect supporting instruments that can lead to development of roads, health facilities.

The right to move freely and establish residence in another EAC Partner State is provided under Article 7, 13 and 14 respectively. Under this arrangement, EAC citizens are guaranteed the rights to reside in any Partner State, along with their spouse, dependant,and child, for the purpose of living, visiting, touring, transit, education, training, and working. The CMP also encapsulates the right for citizens to establish their business in any PSs and pursue economic activities in accordance with the national laws of the PSs. This includes even self-employed persons who are free to carry out their work across the region and be entitled to social security schemes in the host country. In the enjoyment of these rights and freedom, they are all subjected to limitations justified by

PSs on grounds of public policy, public security or public health and upon imposing such limitations, PS is obliged to notify the other PSs accordingly Wama, (2014).

For the past four years nonetheless, PSs has fully complied with these enshrined rights and freedoms. For instance, Kenya and Rwandan governments have made some improvements including; “waiving off the work permit fees for EAC citizens” to allow free movement of labor and persons. The issue of common passport and visa has been a case since 2005, but, the initiatives have been delayed due to security concerns, poor infrastructure, and disagreements over visa fee schedules and modalities of revenue sharing Wama, (2014). To date, this issue of poor infrastructure remains a major challenge toward free movement across borders. Besides, it’s a barrier to the transit of heavy load that has caused an almost weekly accident. The big question is if the common market was so attractive to member states, why don’t they reconstruct the road network?

(Hangi, 2010) noted that with the regional agenda of attaining an economic, social and political integration for all the member countries, and considering trade as one of the channels to achieve this goal, there is a huge need to eliminate all the existing trade impediments. The region is expected to benefit from up-scaled investment levels; increased the exchange of goods and services levels; economic growth (which is a necessary condition for poverty alleviation); and the socio-economic cooperation which will directly impact the regional political and trade relations. (Hangi, 2010). However, much has not been achieved as regards fighting poverty despite the effort and mechanisms made to alleviate poverty in the entire East African community.

Wama, (2014) analyzed the Dynamics and Fallout of East African Community Common Market: Trade aspect and Citizens' Rights and realized that the establishment of East African Community Common Market in July 2010, the athor noted that the framed protocol was a positive step taken by the Partner States for pursuing intra-regional trade liberalization through free movement of goods, capital, persons, and services. This aimed at widening and deepening the level of co-operation among the Partner States in the economic and social fields leading to political federation (Wama, 2014). However, the future of the market is dim and narrow because members are reluctant in effecting full implementation pertaining common laws and policies. Therefore, the establishment of the EAC-CM is a notable feature not only for the sub-region but also for a region-wide initiative which forges to establish the African Economic Community (AEC) per—the 1991 Abuja Treaty (Wama, 2014). For quite a long time, there has been the continued marginalization of Africa in the global economy. However, Africa's intra-regional trade in goods remains relatively low with unconnected markets (Wama, 2014). For instance, World Economic Forum (WEF) (2013) reports, Africa "total goods exports are just 12%, compared with 25% in the Association of Southeast Asian Nations (ASEAN), 65% in the European Union (EU), and 49% in the North American Free Trade Agreement (NAFTA) bloc in 2011." However, Africa exportation within and outside the continent in goods and services is relatively small, basing on primary products and production of similar agricultural goods. It is indeed true to argue out that the establishments of the EACU in 2005 and EAC-CM in 2010 have the potential to build economies of scale, accelerate competitiveness, technology diffusion, and accelerate the free movement of people leading to the realization of ultimate political integration of the region.

2.4.2. Kenya's Trade Performance within the EAC

Trade among the five EAC partner states grew from \$1.81 billion in 2004 to \$3.54 billion by the end of 2009, an increase of 96 percent. This growth is attributed to, among other factors, the establishment of the customs union (Muluvi et al, 2012). However, intra-EAC trade remains low and currently stands at 13 percent of the total trade volume. This compares poorly with other regional trade arrangements such as the European Union and the North America Free Trade Agreement, where intraregional trade accounts, respectively, for 60 percent and 48 percent of total trade portfolios. Agricultural commodities and manufactured products, to some extent, form the bulk of intra-EAC trade; food, live animals, beverages, tobacco and Kenya's exports. (Muluvi et al, 2012) found that in 2010 the EAC accounted for 53 percent of Kenya's total exports to the rest of Africa and 24 percent of its total exports to the world. In the same year, Uganda was Kenya's leading export destination, absorbing 12.7 percent of total exports, while Tanzania and Rwanda came in fourth (8 percent) and 10th (2 percent), respectively. Overall, Kenya's trade value in the region has grown significantly, from \$1.2 billion in 2008 to \$1.52 billion in 2010, representing a 26.7 percent increase. Kenya accounts for about 45 percent of the total intra-EAC trade (Muluvi et al, 2012). Despite the growth in Kenya's trade value, the country's debt is growing on every financial year. Besides, we are the country is further exporting crude agricultural products which commands low prices.

The EAC was established with a vision to set up a prosperous, competitive, secure, stable and politically united East Africa; and provide platform to widen and deepen Economic, Political, Social and Culture integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investments (Wandera, 2012). The regional integration process is at a high pitch at the moment as reflected by the encouraging progress of the East African Customs Union, the signing in November 2009 and ratification in July 2010 of the Common Market Protocol by all the Partner States. (Wandera, 2012), observed that the consultations on the Monetary Union, which commenced in 2009, and fast tracking the process towards East African Federation all underscore the serious determination of the East African leadership and citizens to construct a powerful and sustainable East African economic and political bloc. However, the East African region has had its fair share of disputes and disagreements. The main bone of contention has been the long-held perception by Uganda and Tanzania that Kenya's economy - mainly the manufacturing sector - was more competitive than theirs despite the fact that it has been declining over the past few years under pressure from imports from the Middle East and inadequate infrastructure. Kenya exports approximately three-fifths of its goods to Uganda and Tanzania and had been facing tariffs of between 10 and 20 per cent before the establishment of the East African Community (Wandera, 2012). However, the EAC is expected to present a good investment platform for both domestic and foreign investors due to their economies of scale. Benefits should also accrue to Uganda and Tanzania, who have, of late, reaped immensely from food commodity supply fluctuations in Kenya. Further still, Kenyan’s have been a threat to most East African counterparts in regard to corruption, not taking care of the interests of other partner members in terms of market. It is also alleged that there are cases of exploitation so high that discourages the spirit of regional arrangements in the EAC-CM.

Gichangi, (2012) sought to establish how Kenyan businessmen export goods and services. He founded that the East African community had benefited following the signing of the East African Common market treaty. From the research findings, the study further established that the Cross-border trade for Kenyan businessmen did not solely benefit the community but also strengthened local production, and fostered service provision within the country such as storage facilities, transportation, and ancillary services in local bazaars. Despite the accrued huge benefits, much has not only been left in the hands of a few politically motivated class and left the underprivileged remaining poorer. Gichangi, (2012 further indicated that cross-border trade promoted the economic development of Kenya by increasing the employment level in the country as the production levels increased. However, the political leaders of the day have in turn distributed these job opportunities based on tribe and regional voting patterns. It is also identified that cross-border trade facilitates economic development by increasing the market share of the Kenyan produce. The said prices and market on agricultural production is affected by fluctuations and the dictates of the developed countries. As opposed to the initially constrained market share which in some instances caused underproduction in some industries, the signing of the East African Common market treaty broadened the market for Kenya companies' products. With the increased market for their products, the companies embarked on producing more. The company's production, however, should rise necessitating more employment opportunities to the people and further enhance income levels. To the contrary, more companies have closed down hence laying off workers for instance: Pan Paper Mill Company, Kitinda milk dairies and more sugar companies like Muhoroni, Chemelil, Nzoia, and Mumias. The threatening demise of such companies has occasioned borrowing of sugar from countries such as Uganda, and Korea which further kills the domestic companies. One wonders what happened to the said “superpower” in East Africa- Kenya yet it used to be a major producer of such basic commodities.

According to the Sid (2012) report, The East African common market is expected to increase the volume of trade between the member countries. In 2010 the value of the EAC’s total trade with the world was $37 billion, which was double the $17.5 billion achieved in 2005. The region’s trade with the world as a share of its economy expanded from 28 percent in 2005 to 47 percent in 2010. Trade within EAC also expanded from $2.2 billion to $4.1 billion between 2005 and 2010. However, as a share of East Africa’s total trade, regional trade within the EACCM declined slightly from 13 percent in 2005 to 11 percent in 2010.

Clarete *et al*. (2002) studied Asian regionalism and its effects on trade in the 1980s and 1990s the study showed that PTAs had augmented trade in Asia. Srinivasan and Archana (2008) sought to find out the impact of RTAs/PTAs on India’s trade flows. Other studies have sought to establish whether RTAs have been trading creating or diverting. Ismail *et al.* (2007) investigated the effect of trade creation and trade diversion in the Association of South East Asian Nations (ASEAN). The study found GDP, population, relative endowment, distance and common language as the main determinants of bilateral trade in ASEAN. Tumbarello (2006) studied Mekong countries to establish whether RTAs always promote faster growth in an overall trade or they discourage trade with non-members and whether they lead to trade creation or trade diversion. The study showed that RTAs in Asia appeared not to have led to trade diversion.

Since the re-establishment of the EAC, there have been a few studies, using various empirical models that have considered the effects of the agreement including Kirkpatrick and Wantabe (2005), McIntyre (2005) and Busse and Shams (2003). Kirkpatrick and Wantabe (2005) use a gravity model to analyze the pattern of trade between the three East African countries between 1970 and 2001. The main focus of Kirkpatrick and Wantabe is to examine if regional cooperation has coincided with an increase in the volume of trade. They divide their analysis into three different time periods that coincide with the periods of regional cooperation. The results of the gravity model indicate that the regional trade agreement (RTA) had a positive effect on the intensity of regional trade flows in the 1970's, whereas during the 1980's, the constant level of intra-regional trade reflected the lack of regional integration. Their results are sufficiently robust to support the conclusion that regional trade cooperation can support the expansion of trade between the three economies. Regional cooperation in East Africa has had a positive effect on trade flows between the three countries, with no evidence of trade diversion.

Busse and Shams (2003) and McIntyre (2005) both use ex-ante approaches in the analysis of welfare effects. Busse and Shams (2003) use a partial equilibrium model. Their results show that total trade would increase by roughly US $13 million. Trade creation amounts to the US $4.5 million and trade diversion to the US $8.7 million. The biggest trade effects are seen in Tanzania due to its relatively high intra-EAC tariff rates.

For all the three countries, trade diversion exceeds trade creation implying that imports are now from high-cost producers, decreasing net welfare. Kenya is found to profit the most from preferential trade liberalization; however, this result is to be expected due to the high export share of Kenyan exports within the EAC. Uganda and Tanzania would gain less from the EAC-CET, but their trade balances would not deteriorate significantly. On average, the trade creation figure is quite small and so this would suggest that the total growth in trade accruing to the EAC will be minimal.

McIntyre (2005) analyses the potential trade impact of the EAC customs union and the extent to which the common external tariff (CET) will liberalize their trade regimes. The paper provides simulations to determine the impact of the CET on Kenya. McIntyre uses a static partial equilibrium model using a simulation known as SMART. McIntyre finds that trade creation is the dominant effect of the EAC CET. Preliminary evidence shows that the EAC customs union will have positive trade benefits for Kenya since the EAC CET will allow for increased flows of cheaper extra-regional imports that will likely lower consumer prices with positive welfare effects. Overall, the simulation results show an increase in trade of $193.5 million with trade creation at $193.9 million and trade diversion at $0.3 million. While these results are larger than those found by Busse and Shams (2003); the figures are still small relative to the trade that these countries carry out with the rest of the world. This suggests that while the increase in the volume of intraregional trade is desired, the dynamic effects of regional integration such as improved infrastructure, governance, and promotion of investment are of more importance. Further, equitable distribution of the same effects can attract the region's populace hence uplift the goodwill for the EAC regionalism.

Gichangi, (2012) defines Cross-border trade (CBT) as the flow of goods and services across international land borders within a reach of up to 30 kilometers. The unique feature of cross-border trade lies in geographical proximity rendering transportation costs almost irrelevant, thereby allowing traders to take advantage of differences in the supply, demand, and prices of various goods and services available on either side of the border. Cross-border trade is highly sensitive to the treatment meted out to traders by conditions imposed by national governments Gichangi, (2012). The same comparison in transport costs has been endangered by increased demands in terms of bribe and delays. This has therefore led to more contamination of goods and services.

Its success depends critically on the ability of individuals to routinely cross the border without paying a large unofficial payment or prohibitive tariff duties and border charges and to cross the border with their own passenger vehicles or with light vehicles from bordering regions (Meagher, 1997), Gichangi, (2012). However, the argument is that such payment has been compensated in terms of time wastages and police harassment. This demoralizes the ‘would be investors’ spirit of investment by both local and external investors.

2.4.3. The East African Community Regional Integration and its Effects on the Trade and Welfare

Regional integration arrangements (RIAs) constitute an increasingly significant feature of the world trade system. Africa and East Africa in particular is not an exception to this phenomenon. According to (Khorana et al 2007), the authors found out that higher percentage total world trade occurs through regional trade agreements. Despite the more establishments of these regional trade arrangements, much in regard to living standards and development has not to the largest extent been achieved.

(Khorana et al, 2007) further observed that by 2006, 211 regional integration agreements had been notified to the WTO, of which 14 are in Africa. Among the African regional integration, eight are regional economic communities (RECs). (Khorana et al, 2007) identified these RECS as the Arab Maghreb Union (UMA), Community of Sahel-Saharan States (CEN-SAD), Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Economic Community of West African States (ECOWAS), Economic Community of Central African States (ECCAS), Inter-Governmental Authority on Development (IGAD), and Southern African Development Community (SADC). In addition, there are six inter-governmental organizations; these are Central African Monetary and Economic Community (CEMAC), the Economic Community of the Great Lakes States (CEPGL), Indian Ocean Commission (IOC), Mano River Union (MRU), Southern African Customs Union (SACU), and West African Economic and Monetary Union (UEMOA). Despite the existing effort, most of these regional communities have not if any benefited members regarding socio-economic and political development.

(UNECA, 2004) have noted with concern that a key distinguishing feature in most of the African RIAs is overlapping membership with potentially conflicting goals. Khorana, et al (2007) on studying the impact of tariff reductions under the East African Community

Customs Union also found out that Regional agreements among the EAC member countries has shown a steady increase and further classed the EAC economies as fairly open given their high import and export GDP ratios. Accordingly, the overall trade imbalances can be accounted for by higher import ratios relative to their export ratios. However, the same imports have to the largest extent been the cause of huge debts for the Kenyan future generation. This indeed is a barrier to development as regards regional trade of Kenya. There are great imbalances between what is imported and what is exported. The exports are allegedly cheaper compared to the expensive and well added value goods. At present, Kenya is the largest regional exporter of intermediate and finished goods to, both, Uganda and Tanzania. Trade between Uganda and Tanzania is relatively small Khorana et al, (2007). The analysis of trade data in 2005 showed that Kenya accounted for 25.4 % of Uganda's total imports while Tanzania accounted for only 1.4 %; the remaining 74.7 % came from the rest of the world, mainly the EU (Ugandan Bureau of Statistics, (2006). On the other hand, the large export that is expected to generate huge wealth and to some extent re-distribute excesses among Kenyans has only left the poor Kenyans to remain even poorer and the wealthy-richer hence creating economic disparity among the populace in terms of income generation and standards of living. International business consists of any commercial transaction that crosses the borders of any two nations and comprises a large and growing portion of world's total business. Globalization which is a shift towards a more integrated and interdependent world economy has several facets including the globalization of markets and the globalization of production. The globalization of markets refers to merging of historically distinct national markets into one global marketplace, while globalization of production refers to sourcing of goods and services from locations across the globe to take advantage of national differences in the cost and quality of production (Hill, 2011). Accordingly, regional trade arrangements refer to trade which focuses on economic exchange primarily between countries of the same region or economic zone. Regional trade integration is an important pillar of trade and investment policy in the EAC countries.

The East African Community common market regional operating for is different from that of each member state because first, the modes of business operations such as importing and exporting differ from those in the domestic market. Secondly, the physical, social-cultural and competitive conditions differ among countries and affect optimum ways to conduct business. Thus companies operating regionally have more diverse and complex operating environments than those which conduct business only at home. Multinational corporations can take advantage of regional economic blocs to lower barriers to cross-border trade and investments between member states and thus expand their markets.

(Khorana et al, 2007) analyzed the impact of tariff reductions under the East African Community Customs Union. The study established that there is an Overlapping membership of more than one regional agreement that characterizes the present RIAs in East Africa. This was an overview of all the existing regional trade agreements in East Africa. Both Kenya and Uganda are members of the EAC, COMESA, IGAD and the African Union (AU) but they have opted to remain out of the SADC. Similarly, Tanzania is a member of the EAC, AU and the SADC. In addition to the preferential regional access, all the three EAC members enjoy preferential access to the EU and the U.S. markets under the Cotonou Agreement and the African Growth and Opportunity Act (AGOA), respectively. However, this has weakened the performance of the bloc because of lack of commitment of the partner states hence affecting negatively on the performance of the EAC bloc. Further still, members are not so keen on fulfilling the community's objectives because they have an alternative from other blocs.

2.5. Analysis of the EAC Common Market Challenges

(Wama, 2014), articulates that the current challenges which continue to besmirch the economic spur and sustainable development of the region as well as militate against the implementations of the CMP are enormous, requiring a strong commitment, appropriate rules, and procedures on how to address them. In the following discussion, we turn to describe the common challenges and limitations that shove the compliance, as well as implementation of the CMP to remains, pronounced more theoretically than practically. Wama, (2014) advances the following as major challenges of the protocol: - lack of political will among PSs means that PSs are unwilling or uncommitted to support legal compliance and implementation of the key decisions of the EAC. This concept illustrates a pessimist ideal for negative policy outcomes. The approach on how member states pursue regional agreements and policies follows suit to this. This is why it is obvious in the EAC–CM for PSs to discharge their role retrospectively. For example, the slow pace of the harmonization and implementation of the CMP demonstrates the strong lack of political will among PSs and thus, creates doubt as if they have changed their stance. Similarly, the question of political will has been currently exposed between Tanzania and

Rwanda. This came into being, following the former Tanzania President, Jakaya Kikwete's appeals to Rwanda and Ugandan governments in May 2013, to negotiate with the "Democratic Forces for the Liberation of Rwanda" (FDLR) and "Allied Democratic Force" (AFD) rebels respectively as part of efforts to find a lasting peace solution in the Great Lakes Region (Wama, 2014). It is therefore crucial to point out that achieving everlasting peace and unity in the East African sub-continent stands to pose a challenge towards investment in the neighboring areas.

2.5.1. Institutional Barriers to Kenya's Trade in the EAC

(Muluvi et al, 2012), investigated in to Institutional Barriers to Kenya's Trade in the EAC and found out that there are various trade barriers both regulatory and institutional. These are Kenyan ministries, departments and parastatals regulate and support the country's trade, including the Ministries of Trade, Finance, Justice and Constitutional Affairs, Public Health and Immigration. Specific agencies that are also involved include the Kenya Plant Health Inspectorate Service (KEPHIS), Kenya Revenue Authority (KRA), Kenya Bureau of Standards (KEBS), Kenya Ports Authority (KPA) and Kenya Roads Board (KRB) (Muluvi et al, 2012). In performing their functions, these institutions and agencies sometimes hinder the free and smooth flow of goods and services in the EAC. These hindrances occur because of the setting of product standards, technical regulations conformity assessment procedures that constitute technical barriers to trade. This study argues that the above named are mechanisms and not barriers. This is because if they are employed by the officers' in charge well, then, they are to yield high productivity and development of trade in East African community and more particularly Kenya.

(Muluvi et al, 2012), has also mentioned agencies like the KRA as one of the most significant institution with great impact on intra-regional trade. It is responsible for the enforcement and management of the customs laws and the administration of common external tariffs. Additionally, the clearance of goods by the KRA takes time because of the lack of harmonized import/ export documentation and procedures. Currently, the digital data exchange system used by revenue authorities is operational in Rwanda, Uganda and Kenya, but not in Burundi and Tanzania (Muluvi et al, 2012). Only Kenyan customs operates for 24 hours, meaning that even if goods are cleared in Kenya, they are delayed for Burundi and Tanzania by other member states. The study established that the full day operation is only meant to benefit a few people and not the entire region or country. Furthermore, the language used in the offices like Kenya revenue authority and KEPHIS uses hidden language instead of engaging documents. This is a direct reflection that issues of corruption are yet to be dealt with fully.

Other important agencies that affect the EAC's trade in Kenya include KEPHIS, which inspects plants and issues a plant import permit; KEBS, which tests and grades the quality of goods; KPA, which manages port charges; and the Kenya police, which provide security and inspect cargo by verifying legal documents. Others agencies include the Immigration Department, which issues work permits; KRB, which deals with the application of axle load specifications through the truck scales; and the Public Health Department, which inspects goods to ensure that they are fit for consumption. All these agencies operate independently of each other, without much coordination (thereby occasioning delays). In addition, most of them do not operate 24 hours a day (Muluvi et al, 2012). However, the study emphasizes the need for one stop shop to ease clearance of goods and services, and business people.

2.**5.2. Assessment of the non-tariff barriers and the economic integration of the East African community**

Kimutai, (2014) analyzed the Non-tariff barriers and the economic integration of the East African community**.** The study findings indicated that some NTBs have persisted in the region since 2006 when the Customs Union came into force. These include customs and administrative requirements, lengthy and complicated inspection procedures, varying trade regulations among the member states, cumbersome and costly transiting modalities, duplication of roles among cargo clearing agencies, complicated business registration and licensing, immigration requirements and multiple road blocks (Kimutai, 2014). The study further established that the EAC has adopted several measures to deal with these NTBs which include the setting up of the Non-Tariff Barriers Monitoring Mechanism. Despite this effort, the monitoring mechanisms are ineffective hence the main reason for the persistence of these barriers. Additionally, the study found that NTBs have resulted into political, social and economic effects which have subsequently hampered the economic integration of the EAC region. This has been necessitated by elements of corruption and inadequate leadership characterized by discrimination and politically motivated employment hence sycophancy.

The major NTBs that still exist in the region include Rules of Origin, customs formalities, testing and certification arrangements, technical regulations and standards, sanitary and phytosanitary, specific limitations such as quantitative restrictions, distribution constraints, visa and yellow fever requirements, local authority check points, revenue authority check points, sector ministries check points, too many agencies involved in trade activities, and payment for COMESA Certificates (Kimutai, 2014). The major and threatening NTBs are police checks which are inform of bribes and harassment. It was established that this weird behaviour had been transferred across borders to countries like Rwanda and Burundi. Indeed, this compromises on both quality and quantity. Kenya, being a major partner and a role model has significantly affected other member states and therefore finishing and curing this disease (police behaviour) can be termed one of the rules of the game provided the key players are taken considered. (Kimutai, 2014) noted that Certain NTBs have been eliminated in the region and they include subsidies and tax benefits, state trading and government practices, import licensing and import declaration fees, and varying trade regulations among member states. Some NTBs have been significantly reduced by some member states to negligible levels whereas other states have done little. These include technical barriers such as standards, roadblocks and weighbridges. The policy measures adopted to deal with these NTBs include the setting up of a Non-Tariff Barrier Monitoring Mechanism within the EAC and the provision within the EAC Customs Union for member states to abolish NTBs. This study established that even with the establishment of non- tariff barrier mechanism to curb the above NTBs, bribery, nepotism, sycophancy and tribalism still exists. NTBs in EAC, like in any other region, result in delays and increased costs which ultimately hinder the free movement of goods and services. Further, it should be noted that removal of NTBs is much more effective in boosting intra-regional trade than the method of tariff liberalization. This is to say that, returns in terms of welfare gains, growth, employment generation and poverty reduction are more likely to be realized by addressing NTBs, than through tariff liberalization.

The EAC Development Strategy (2001-2005) identified NTBs related to administrative and bureaucratic inefficiencies and standards and technical requirements to be the major impediments to trade within the region, others being poor infrastructure and communication networks. For these reasons, the EAC committed itself to promoting projects and strategies that would lead to the elimination of these obstacles to trade (Hangi, 2010).Hence, EAC in its endeavours to further the liberalisation of intra-regional trade in goods to promote production efficiency in the community, to enhance domestic, cross border and foreign investment; and to promote economic development and industrial diversification, developed a CU Protocol which was signed in March 2004 by the member states and implemented from January 2005. According to Hangi, the CU Protocol identified a number of areas for development of the entire region, one of them being the NTBs to trade under Article 13, where all the member countries agreed to remove all the existing NTBs to trade and not to impose any new ones. This study argues that much has not been done so far in relation to what is happening at the borders. Communication and infrastructure remains a major stumbling block which in essence leads to border delays. Some offices are still influenced by the so called" invisible hands" in the name of higher offices hence affecting effective delivery of services. Furthermore, the release of important information by junior officers is a challenge and therefore, one needs to meet the chief executive officers of the department to acquire such information. This hinders development.

2.5.3. The effects of energy and NTBS on EAC businesses

The East African Business Council-sponsored Business Climate Index (BCI) Survey for 2011 Launched in May 2011, their Survey reflected that access to affordable and reliable energy is the single most serious obstacle to business operations across the region while an old headache in the form of various Non-Tariff Barriers (NTBs) persists. This cry has continued exit but without redress. It can be further argued that the impact of inadequate energy is a cause to inflationary tendencies encountered in the region. Cargo handling is imperative in regard to clearing and forwarding at border points. Efficiency in cargo handling by the port authorities—for example—was reported by 53% of the 515 respondents to have stayed the same or deteriorated since the last survey carried out in 2009. Only 38% of respondents thought the efficiency had improved. Similarly, a considerable percentage (41%) of businesses indicated that bribery at Customs points and ports either stayed the same or worsened in the period under review, the official (Magazine of the EAC, 2012). The overall severity of NTBs indicates that customs procedures and administrative requirements are considered by businesses as the most severe among the NTB cluster, followed by police, weighbridges, immigration, technical standards, business registration, licensing and Sanitary and Phyto-sanitary Standards, out of five issues under which severity levels were assessed. Even then, there is some reason for hope: despite these challenges, the BCI Survey showed that there is an overall optimism that there will be improvements in trading across borders based as the fully-fledged Customs Union and provisions of the Common Market are actualised.

2.5.4. Constrains in the integration of East African community

(Kivuva, 2014) examined the East Africa's dangerous dance with the past and important lessons the new East African community has not learned from the defunct and observed that the possible bottlenecks that continue to constrain integration within the EAC are as follows: the creation of a complex and highly centralized decision-making process that is constrained by parochial issues of sovereignty and "zero-sum" national politics; and; the reluctance by partner states to strengthen the Community Secretariat (and other Community organs) to adequately respond to emerging issues. The concentration of decision making powers in the heads of state and governments attracted high politics and therefore making it so hard to reach a consensus or establish common interests. Similarly, strengthening the Secretariat and providing it with executive administrative powers has led to more disagreements among member states since it's driven by domestic interests. Majorly, scholars from the functional school have argued that strengthening of the organs like the Secretariat can enable the bloc to pursue a "community interest" and to ensure that member states embrace it and align their domestic laws and policies to it. Failure to pursue such threatens the future of the bloc.

One of the reasons for the failure of the defunct EAC was the overconcentration of decision making in the leadership of partner states. This has not changed significantly. The same "parochial sovereignty" (Baregu, 2005) that bedevilled the old Community underpins the new one. There is still an overconcentration of decision-making and implementation powers on partner states—on the Summit, the Council of Ministers and other bureaucrats, who answer to the Heads of State. Like was the case with the defunct Community, the majority of key decisions of the new Community requires the direct involvement of the Heads of State. The political classes in each partner state is afraid of losing power and have been reluctant to amend the Treaty to give executive powers to the Community's Secretariat or any of its organs. State bureaucrats are also reluctant to implement decisions of the Community (Baregu, 2005). Integration is essentially a political process that is driven, and seriously challenged, by political interests. While political support is necessary for the success of any integration mechanism, its lack spells doom for integration (Baregu, 2005). No regional integration can succeed unless the political class is committed to fulfilling their obligations to the group as well as aligning their national policies to regional ones. That is, as a political process, integration is an outcome of bargaining among nation-state power brokers 'who bargain with one another to produce common policies' (Sweet & Sandholtz, 1997). In this bargaining process, nation-state actors can either 'slow down' the integration or push it in directions that are favourable to their interests. Within East Africa, political interests (pulling towards national control) and economic interests (pulling towards more cooperation) have often collided. The pull towards national control is strengthened when there is a perception that the benefits and disadvantages of integration have not been equalized. This explains why the collapse of the old EAC was associated with unfair distribution of benefits (Mwase, 1979; Kibua & Tostensen, 2005). The desire to re-establish the EAC did not eliminate politics from the new organization. On the contrary, the Treaty has several clauses that put national politics at the very heart of EAC integration and placed national politics in command of the EAC's decision making process (Mwapachu, 2012). The impact of national politics in community decisions is reflected in the Summit of Heads of State, the Council of Ministers and the various Sectoral Committees whose decisions are by consensus, where a veto by any partner state means non-implementation of the issue by the Community. It also means that the absence of a partner state is reason to postpone a meeting or decision on any issue. Article 11.6 and 11.8 of the Treaty provides the Summit (of leaders of the EAC) the power to make laws. The Council of Ministers (another arm of the executive) has the sole power to initiate and submit bills to the Assembly (EAC, 1999: Art 14.3(d); Art 14.5). The Council of Ministers—the policy organ of the Community— approves Community regulations, even those implementing mere details, yet it only meets twice a year. Since the implementation of collective decisions for the Community is left to bureaucrats in partner states who are influenced by the prevailing national interests and partisan politics, the process is slowed down and tends to promote national policies at the expense of Community ones. Further, these national technocrats involved in Community decisions have a high turnover, which erodes the benefits of institutional memory for continuity Mwapachu, 2012). These bureaucrats also have a busy national agenda that keeps them away from Community affairs for months. Since many of them are either the Attorney General or Minister of Foreign Affairs, among the busiest public servants in each country, they have limited time for community affairs. This, undoubtedly, delays Community matters for months and, at times, for years. The Community's Sectoral Councils, particularly the Legal and Judicial Affairs Council are also affected especially in states where the Minister for

Justice is different from the Attorney General (who must also attend). In 2010 and part of 2011, for example, the Sectoral Council on Legal and Judicial Affairs did not meet, delaying the finalization of proposed amendments to the EAC Treaty (Mwapachu, 2012). This further is an argument advanced for the delayed implementation of the EAC_CM. The situation has become worse with the expansion of the EAC to five partners. Consensus by the five countries on every key issue is a laborious and cumbersome exercise. The EA Court of Justice has called for the Council to define consensus in a more flexible manner, through some form of qualified majority vote Jacobs & Cordova, (2011). In a case referred by the Council on whether consensus was needed on every issue or whether the principle of variable geometry could be used, the EAC Court of Justice determined that consensus does not necessitate unanimity of the partner states. This meant that no state 'need have a veto power' (Jacobs & Cordova, 2011). However, although the Council was required to come up with a more flexible view of consensus for the purpose of policy making, it has not yet done so, a factor that is sure to slow down the operations of the Common Market. This happened in the EU in 2001, when they signed the Treaty of Nice by introducing qualified majority vote (QMV) for decision making in the Council on the regulation of free movement of residence. The Lisbon Treaty expanded the QMV to budget matters (Jacobs & Cordova, 2011). Other areas where integration has been slowed down by national politics include the finalization of the Customs Union Protocol that took three years due to the zero-sum positions held by the business community and private sector regarding certain products, the finalization of the Common Market Protocol which was held by Tanzania's politics of land ownership and use of national identity cards for cross border travel. Tanzania's opposition to the two had to be accommodated for the protocol to be finalized. Despite, being new members, Rwanda and Burundi demanded for tangible national benefits for their cooperation. This forced the community to locate the EAC Science and Technology Commission in Kigali and the EAC Health Research Commission in Bujumbura (Jacobs & Cordova, 2011). Thus, the signing of protocols and other EAC documents has been a cost benefit calculation by partner states at the national level. Many of these political problems were identified as early as 2004 when the Committee on Fast Tracking East African Federation was tasked to examine ways and means to expedite and compress the process of integration (EAC, 2004). The Committee, popularly known as the Wako Committee, submitted its Report on November 26, 2004. The Report pointed to the fear of erosion of sovereignty among the political elite as a major threat to the EAC Federation and identified several political/governance and institutional hurdles to integration. These included: the absence of a politically accountable authority at the regional level, the lack of executive authority within the Secretariat and other organs of the Community that was undermining the abilities of the Secretariat to discharge its mandate, attempts by government ministries of partner states to micro-manage the Secretariat,

failure to properly define the roles of key organs of the Community such as the EA Court of Justice and EA Legislative Assembly (EALA), and, the failure to accord them functional independence (EAC, 2004). The overconcentration of powers in the partner states has affected the Community in other significant ways. For example, there has been reluctance among partner states in the domestication of the EAC Common Market protocol. By 2011 only Kenya had started the process with the publication of the miscellaneous amendment Bill 2011 which sought to amend laws that impinge on the Common Market protocol (Mwapachu, 2012). Other partner states have just started the process. Worse still, the ratification of protocols even when they have been approved by the Summit of partner states is delayed. Thus, while on paper, power seems to have been decentralized from the Summit to the Council of Ministers, and variable geometry mechanisms put in place in which countries that are ready to sign or implement an aspect of the protocol can do so as they wait for other members, the new EAC is still based on the same foundation stones of its collapsed predecessor. As Baregu contends, the new Community Treaty is underpinned by the same "parochial sovereignty" that had underpinned the old one and the same assumption that a common market can function in the absence of a common political authority. That is, a federation cannot be established unless the leaders involved resolve the question of how to share or "pool" sovereignty (Baregu, 2005) a lesson that the new Community does not appear to have learnt from the past (Ajulu, 2005). While the leaders talk much about fast tracking the federation, they are simultaneously pursuing conflicting political agendas in their respective countries (Nabudere, 2005) yet are not ready to "confront the sensitive issue" of shared sovereignty (Ajulu, 2005). Equally important is the fact that the partner member states should embrace their national politics and consensus. Equally important is the fact that without these elements, regional politics coupled with intolerance and negative ethnicity will be the result. This remains a major stumbling block in regional development since it has claimed the long lived peace in some member states like Kenya.

Countries within the same economic zone trade with each other taking advantage of availability of economies of scale within the region because of expanded market brought about by removal of tariff and NTBs. Common markets are being formed in poorer regions of the world including Africa mainly to stimulate production of items within the bloc that would otherwise be imported, encourage foreign direct investments, and protect infant industries from completion from non-member states (Bennett, 1999). However, similar production of goods and services by partner states has yielded to low prices hence discouraging investment in the sub region.

The East African Common Market (EACCM) member states have removed all barriers to trade and factors of production thus guaranteeing free movement of people and cross border investments, right of residence and establishment. There are only a few studies focusing on regional integrations and in particular common markets. (Ogaga, 2007) examined the challenges of implementing a customs union and found out that language, awareness affected implementation process of the union. However, this was before the signing of the common market protocol in 2009. According to (Wasilla, 2008) sought to establish the challenges posted by common markets on sugar millers in Kenya and found out that the challenges faced included taxation of farmer’s income, poor and patronage based management systems, massive investments on power and negative effects of regional trading systems.

(Bolo, 2011) examined the factors influencing implementation of the EACCM governments through harmonized trade laws and trade diversion. This has effects on the common markets although the benefits outweigh the adverse effects.

Inadequate anchoring in civil society is another weakness of the East African Community. Secretary General Sezibera himself acknowledged that there are shortcomings in involving and informing the population and the former German president Horst Köhler warned against integration that is too strongly focused on small elite. This group include and not limited to: - the members of parliament, cabinet secretaries, head of states and their political supporters such integration has a shaky foundation because it ignores the majority of people in East Africa. Inadequate involvement of civil society indeed has serious consequences for the legitimacy of the Community in the eyes of the population. The lack of opportunities for participation, the absence of transparency and poor accountability threaten to undermine the originally strong support for the African unification process. It is evident that the father founder member states have perpetuated this vice. In Kenya and Tanzania, the public tends to react with more restraint than in Burundi, Uganda and Rwanda (Reith ad Boltz, 2011). Key criticisms have not yet been rebutted. For example, there are doubts as to whether the benefits of cooperation are being shared fairly. According to a survey conducted in 2009, only 58 per cent of Tanzanians and 65 per cent of Kenyans believe that they would profit from a common market (Reith ad Boltz, 2011). Similar views predominate with regard to the introduction of freedom of movement. Why is the general opinion in Tanzania so negative? Three main arguments against the EAC are adduced (Reith ad Boltz, 2011). Firstly, Kenya’s economic superiority threatens economically weaker Tanzania. Secondly, people fear that ethnic animosity from the other member states will spread. Thirdly, the Tanzanian population is concerned about the possible loss of land. According to the argument, Burundi, Rwanda and Uganda which are small in terms of surface area, but have large populations are demanding land from their large neighbour, Tanzania. The East African Community has not yet been able to refute these arguments. In addition, the EAC comes up against an awareness problem. In Burundi, only 40 per cent of the Population are aware of the EAC's existence, and even in Rwanda, where awareness is highest, almost one-third of the population have no knowledge of the Community. It is as important to step up awareness-raising work as it is to facilitate access to institutions and political decisions. In addition, steps must be taken to encourage the involvement of young people, perhaps by expanding the East African youth organization or by awarding bursaries similar to those made through the European Erasmus programme (Reith and Boltz, 2011). This can also be facilitated through enhancing university student organizations in participating in the community. However, it is difficult to achieve greater opening of society under the present conditions. The intergovernmental structure hinders identification with the Community. The situation is exacerbated by the general mistrust of national politicians. As a result, the EAC runs the risk of being perceived as a puppet of national interests (Reith ad Boltz, 2011). Any ceding of national sovereignty must be based on the wide spread consent of the population because increasing the internal political pressure on decision-makers requires a high level of support from civil society. The voice of the civil societies has been discouraged at all cost and those who seem pronounced in defending the majority have allegedly been rewarded as individuals hence killing the spirit of integration.

2.5.5. Obstacles to regional trade in East African community

Atif, (2013) on assessed Africa's economic regionalism obstacles and found out that the major barriers to regionalism were**: -** inadequate human capital, lack for institutional quality, mismanagement of economic policies in addition to internal conflict and colonial legacy. Their results show, that with exception of institutional quality factors, the conventional determinants of bilateral trade flows as well as these obstacles have a significant impact on intra-African trade which end up affecting the protocol in terms of its implantation.

One of the widely used proxies for the institutional quality is, for example, the degree of corruption. Corruption has been recognized as a harmful factor for economic development Mauro, (1995), deformed governmental expenditures hinder investment reduce the effectiveness of FDI (Princeton Survey Research Associates 2003). In contrast, in what is called as "greases the wheels of trade" corruption can be efficiency enhancing because it removes government-imposed rigidities that impede investment and interfere with other economic decisions favorable to growth. Further still, this has in turn compromised on reduced taxes.

2.6. Theoretical Framework

This study was guided by the theory of functionalism that was used to theorize 0n the impact of EAC Common Market Protocol on Kenya's regional trade. According to

Rosamond, (2000), functionalism is viewed as a theory that emerged during the inter-War period principally from the strong concern about the obsolescence of the State as a form of social organization. Functionalists focus on common interests and needs shared by states and non-state actors within international politics. This has been precipitated by the process of global integration of the 20^{th} century which has faced phenomenon that have caused states to link more closely in eco-socio-political spheres. The genesis of functionalism can be linked to the liberal/idealist tradition that started with Kant and goes as far as Woodrow Wilson's "Fourteen Points" speech (Rosamond, 2000). From the foregoing, functionalism is concerned with state identities within a cooperation. In this perspective, the survival of state and its functions is replicated in regional organization of states. The key pillars of functionalism in essence are stable states.

Functionalism is an essential theory in understanding cooperation and integration and is associated with the work of Mitrany (1975). His analysis is contained in his work, “A working Peace System” (1975). He argues that the twentieth century world was characterized by growing number of technical issues that could only be resolved by cooperative action across the state boundaries, pointing out that, issues within and among states could be addressed by highly trained and specialized specialists’ other politicians. Such issues require detailed knowledge and specialized skills, thus need collaborative action devoid of political or conflictual issues Juma and Oluoch, (2012). The preferred solutions in the functionalist approach are clearly separated from high politics of the state to the state relations. Emphasis is to find solutions to specific needs or functional areas thus create a thickening web of cooperation leading to strengthening international regimes and institutions. The more cooperation is successful in one functional setting; the greater is the incentive for collaboration in their fields.

The proponents of functionalism include a number of scholars where David Mitrany leads the pack. Long and Ashworth (1999) assert, functionalism has been a feature of international relations theory for over fifty years. In that time, it has been modified, augmented, supplemented, critiqued and ignored. The approach has inspired both sharp criticism and emulation. In its initial form it was primarily concerned with the creation of a more peaceful and stable world order. It has come over time to be identified with the establishment and study of international organizations such as the European Union and the Specialized Agencies of the United Nations. Since the Second World War, functionalists and neo-functionalists have emphasized the role of technical and intergovernmental organizations in the creation of a cooperative international polity. Yet this focus does not exhaust the scope of issues that can be comprehended by the functional approach. The work of Mitrany, commonly cited as the originator of the functional approach, spans the causes of war, the anatomy of nationalism and the distinction between peasant and industrial economies. Similarly, the functional approach to international relations spans conflict analysis and resolution, world order studies, and liberal and social democratic approaches to the global political economy.

Functionalism likewise forms a foundational concept in globalization theory and strategy. Through it states have built authority structures upon a principle of territorialism. These theories were built upon assumptions that identified the scope of authority with territory (Scholte, 2001). Functionalism proposed to build a form of authority based on functions and needs, which linked authority with needs, scientific knowledge, expertise and technology, for instance as it is provided a supra-territorial concept of authority. The East African community has been doing very well as regards establishing authority based on functions like the ministry of East African department at border points, police, KEPHIS, the Kenya revenue authority, county administrative offices and the East African community.

Within the practice of international integration that is the collective governance and 'material interdependence' functionalism suffice (Mitrany, 1933) between states - develops its own internal dynamic as states integrate in limited functional, technical, and/or economic areas. International agencies would meet human needs, aided by knowledge and expertise. The benefits rendered by the functional agencies would attract the loyalty of the populations and stimulate their participation and expand the area of integration for instance Kenya bureau of standards ensures that standards are met to enhance good health of the people and contamination checked to avoid cases of food poison.

The immigration department clears people, goods and services to protect goods against smuggling, hoarding among other malpractices. Kenya revenue authority enhances the revenue collection and recommend on strategies of collecting more revenues. There are strong assumptions underpinning functionalism: 1) That the process of integration takes place within a framework of human freedom, 2) That knowledge and expertise are currently available to meet the needs for which the functional agencies are built. 3) That states will not sabotage the process. This has not been the case because all the mentioned factors exist but without political good will to improvement of the living standards of the people which should be put at the core by all the stakeholders.

Integration theorists generally share a common interest in understanding the process by loyalty or attention is shifted from one point of focus to another, from local unit t a larger political entity, from the tribe to the nation, or from the nation to the supranational unit (Dougherty and pfaltzgraff, 2005). The growth and development of EAC has undertaken and looked as a catalyst by member states. The patterns of community and transactions within units should be integrated as indicators of interaction. Several integration theorists further hold that integrative behavior is adopted because of expectation of joint rewards for doing so or penalties for failing to do so. Initially, such expectations are likely to develop among elite groups, both in governmental and private sectors.

Private sector groups may join together across national frontiers because of the prospect of common gain, as in the case of corporations merging with their foreign counterparts or business elites favoring European Union (Dougherty and pfaltzgraff, 2005). For example, governments may cooperate with each other to enhance their security and provision of goods and services. Besides, successful integration in one sector on the ability of participating units to integrate in other sectors. States should enhance on the development of one stop shop to ease on clearance of persons, goods and services. Finally, it is broadly assumed that integration is a multidimensional political, societal, cultural and economic phenomenon (Wendt, 1999). The integrative process leads to a sense of common identity and community. The integration arises as a result of support from within the unit that is being integrated, as in the EU.

This theory assisted the researcher in identifying the extent to which states have promoted or sanctioned trading activities in the region. The common interests of member states were economic, social, political and environmental in nature. To enhance this, all is determined by how states as players in the international system behave more so in East African community. With the assumption that states intellectuals, expertise and scientists are also essential in the in policy making in a bid to enhance growth and developments in the region. Coupled with intellectualism, aided by expertise, the main objective of meeting human needs was of importance as propounded by this theory.

In support of the statements by functionalists, Neofunctionalism further emphasizes the principles of this theory. Juma and Oluoch, (2012) suggests Neofunctionalism as an intellectual descendant of functionalism. They continue to point out that scholars of Neofunctionalism focus on European Union and particularly on the development of its institutions. It emphasizes on the role of political parties and interest groups and the extent to which political elites in the units to be integrated support or oppose integration.
These needs for example are; enhanced food production, shelter and housing, freedom of movement, access to services and goods, education, proper security among others. This was important because, out of these, the measuring and determining of the living standards of the people was necessary. Besides, the Gross National Product (total goods

and services produced in a financial year) further enhanced and revealed the growth and development of Kenya as an economy is and has been in the region.

Unfortunately, as it was not possible for the spill over process to make the EU a supranational authority, as suggested by Haas, the EAC has so far failed to integrate as was expected. The spill over process that was expected to be observed in the Community in the areas of a customs union and a common market has, so far, failed to push the Community into a monetary union. A monetary union is a prerequisite for political unification. Perhaps political unification is currently unthinkable. Frankly speaking, the EAC is, at the moment, deemed to be in an earlier stage of integration, despite some initiatives on monetary unification.

Moreover, this movement was necessary in revealing the extent to which trading activities have been enhanced and further propelled economic growth in the entire region of East African community. This was essential in determining the volume of imports and exports particularly in Kenya. It is further argued that regional integration opens up market with the outside market necessary for exposing off surplus goods. Promotion of decent, protected and recognized informal trades, Establishment of vibrant businesses supported by well-established and functioning infrastructure and social amenities, Expansion of Kenyan exports to generate jobs and prosperity, Transformation of Kenya into a regional service hub and finally, Enhancement of E-opportunities. All these bored in mind is necessary for any economy’s take off and prosperity in the world of regional integration and even further, facilitating the curbing of bureaucracy which challenge retards “take off” where all actors are not freed in terms of trade mobility. This theory stretches a long way in informing this discourse since it focuses on how interests influence integration process hence hindering the operationalization of the EAC Common Market Protocol. It was the researcher’s point of references as to try to demystify the concept of African integration as influenced by interests of particular member countries in the EAC more so with reference to Kenya.

In recent times, there have been some good results in relation to establishing a customs union and a common market. However, cooperation in these areas is not enough to spill over into a monetary union. The real tests of the integration process begin at the monetary union stage, which would, at its apex, lead to the creation of a single currency, which is a prerequisite for a political federation. As a role model and given the tremendous turbulences that the EU monetary union has gone through, the EAC has staked on the monetary union stage. The monetary union protocol was signed on 30 November 2013, but there has been lots of bluffing regarding its implementation.

The earliest possible date for a full-fledged monetary union is expected to be in the year 2025. This is, however, solely dependent on the political good will of the member states to finish parts of the customs union and common market. The issue of overlapping memberships of the EAC states in the different regional organizations creates overlapping commitments have resulted in duplication of effort and occasionally inconsistent aims in the EAC regional integration initiatives. For example, on the one hand, Burundi, Kenya, Rwanda and Uganda are state parties to the Common Market to the Eastern and Southern Africa (COMESA). On the other hand, Tanzania has a membership of the Southern African Development Community (SADC). Both COMESA and SADC have a single currency as their long-term goal. This is surely contradicting with the EAC's single currency goal (Hamad, B 2016). It is true functionalism is contradicted by Tanzania's overlapping membership to EAC and SADC just like Kenya, Rwanda, Burundi, and Uganda in EAC and COMESA which weaken the operations of EAC desired protocols.

In an extended analysis of the theories herein, Juma (2018) observes that the assumptions of Neo-Liberal Institutionalism generate a "Functional Theory" regarding international regimes – Rational actors devise institutions to satisfy information needs but this implies complete indigeneity. Institutions are shaped by the requirements of the structure of the international system. According to functionalism, international cooperation is the collective governance and 'material interdependence' between states which develop own internal dynamic as they integrate in limited functional, technical, and/or economic areas. The states give international agencies ability to meet human needs, aided by knowledge and expertise. The benefits rendered by the functional agencies would attract the loyalty of the populations, stimulate their participation, and expand the area of integration. The objective of functionalism towards global peace is achieved through functional cooperation by the work of international organizations. The activities of functional international organizations involve taking actions on practical and technical problems rather than those of military and political nature.

Further to this, Juma points out that Neo-functionalism is generally associated with the political and economic goals, as well as the integration strategies, of the founding fathers of the European Coal and Steel Community. Jean Monnet, one of the chief architects of European unity, believed that in achieving integration in one sector of common policy amongst sovereign states, this would eventually lead to a “spillover” into other policy areas.

2.7. Summary of literature

In this chapter, the study has reviewed the literature relevant to its objectives. This was aimed at analysing the work done by other scholars and unearthing the gaps to be filled by the study. From the section, it’s apparently clear that the impact of East African community regional trade agreements is far reaching. They can be categorized into the positives and negatives, static and dynamic. Much of the work done on the topic, however, has been limited to the East African community regional trade agreements on Kenya’s economic development. The gap on their impact on Kenya’s regional trade is wide and thus the study proceeds to fill it. The section also presented the concepts of the functionalism theory which was adopted to guide the study. The next section of the study presents the methodology adopted to fill the gaps identified.

The literature extends the establishment of East African community agreement, economic communities. It was clear that Kenya had maintained good relations with other member states from either member or non- member states. Regional trade were analysed deeply particularly on the development of Kenya. The literature reviewed was both on trade, agriculture, cross border goods and services among others. Equally important was the fact that regionalism like an advocate of globalization is meant to create markets for goods and services, ease border trade through liberalization, capital movements, labour and enhance both residence and investment. This meant that the element of documentation was to be discouraged. The agreement also was to eradicate poverty through agricultural commercialization and increased food productivity coupled with its sustainability.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the manner in which data was collected and sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. Specifically, the following subsections were included; research design, target population, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Method and Design

The researcher employed both qualitative and quantitative research paradigm. It was essential since some of the data were found from scholarly written format whereas other information were found in raw form from the field that required analysis to corroborate their conclusions as to the research objectives. Shank (2002) defines qualitative research as "a form of systematic empirical inquiry into meaning" (p. 5). This type of inquiry is grounded in the world of experience. Inquiry into meaning implies researchers try to understand how others make sense of their experience. Denzin and Lincoln (2000) claim that qualitative research involves an interpretive and naturalistic approach. Quantitative research methods on the other hand are research methods dealing with numbers and anything that is measurable in a systematic way of investigation of phenomena and their relationships. It is used to answer questions on relationships within measurable variables with an intention to explain, predict and control a phenomenon. In quantitative methods, the focus of observation studies is on a particular factor of behaviour and it is quantified. (Leedy 1993).

This study used a combination of descriptive research design and a sample survey design. Descriptive research design was appropriate for this study, since the design (www2.uiah.fi/projekti/metodi/150.htm) is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way. Many scientific disciplines, especially social science and psychology, use this method to obtain a general overview of the subject. According to NOAA (2019), a sample survey uses a representative group of a given population to determine characteristics of the entire population. General requirements of a sample survey include: the sample being representative of the entire population and the data collected from the representative sample being expanded to produce an estimate of the total population. Sample surveys are used when it is not possible or practical to conduct a census to count each individual of an entire population.

A research design is (Cooper and Schindler, 2008), the plan and structure of investigation that answers the research question(s). This study used a descriptive research design in form of a census survey. According to (Mugenda and Mugenda 2003) a descriptive research design works through a process of collecting data in order to answer questions concerning the current status of the subjects in the study. This study aimed at collecting information from respondents on the study subject titled the impact of East African Community common market protocol on Kenyans’ regional trade.

3.3. Target population

This study categorized the population and aggregated the population it targeted and then applied an empirical percentage to arrive at the sample size as presented in the table below. The EAC integration function is under the responsibility of a specific Ministry accordance with the requirements of the EAC Treaty. The ministry co-ordinates all activities related to the EAC integration process but implementation of programs and projects cuts across several ministries, departments and agencies of Government. Key individuals targeted were in decision and policy making positions, in departments charged with enforcement of regulations, revenue collection and border controls. The authors in Mugenda further define target population as that population the researcher studies, and whose findings are used to generalize to the entire population. In their submission, a target population of 10% – 30% is adequate. The target population comprised of Government department officials of Customs and Border control like KRA, KEBS, KPA, and Police divisions in Kenya, Uganda and Tanzania including traffic units, administration, and check unit. Additionally, EAC line ministries of Foreign Affairs, Ministry of Migration, Customs brokers, the transport sector, cross border traders, money changers, farmers and traders at Malaba

3.4 Sampling fame and sampling Design

Sampling is the process of selecting the elements or the object to represent the populations in the study. A purposive sampling technique was used in the study because it allowed the researcher to use the cases that possess the required information with respect to the information of the study (Mangara, 2015). The technique enabled the researcher to identify and categorize the target population from whom the sample size was calculated, it further assisted in selecting the individual respondents while in the field. Through the technique, the borders of Malaba, Namanga and Busia were purposively selected; traders, national government officials, County commissioners from respective counties visited, Kenya and Uganda police and the transport companies formed the clusters that were sampled using purposive and stratified sampling techniques (Mugenda, 2008). The selection of the three borders as the locale of the study was informed by the fact that the three borders are enjoyed by the EAC partner states; for example, Namanga is shared by Kenya, Tanzania and to some extent Uganda whereas Malaba and Busia borders are shared by Kenya, Tanzania, Rwanda, Burundi and even Southern Sudan. At least 10 percent of the target populations were sampled to represent the target population (Mugenda, 1999). The study further used stratified random sampling technique as the population was heterogeneous thus the accessible population was stratified /grouped in to homogeneous sub populations border 8 KRA senior officers,3 migration officers purposively selected, 3 county commissioners were purposively selected, 4 KEBS officers purposively selected,4 KEPHIS officers purposively selected,10 police officer commanding stations/ OCS,15 Kenya administration officers randomly selected,15 chairmen of the boda boda sector were randomly selected,10 business persons randomly selected, 9 truck drivers randomly selected,12 residents were randomly selected, 8 police border officers were randomly selected. Data collected were on the characteristics, quantity, value, and transportation mode of exports.

Orodho and Kombo, (2002) defines sampling as the process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of the characteristics found in the entire group. The researcher sampled 95 respondents from the accessible stakeholders in Kenya's border points.

3.5. Data Collection Instruments

Prior to actual data collection the researcher secured a letter of introduction from the University, which stated the purpose of the study. The study used both primary and secondary data for the purpose of investigating the effects of the EAC common market protocol on Kenya's regional trade. Primary data was collected by use of questionnaires consisting of a series of specific and short questions answered by both senior and middle level managers in government department employees who formed the respondents in the study ranging from KRA, KEBS, KEPHIS, forwarding and clearance, boda boda chairmen, senior police officers and the department of immigration. The questionnaire was made up of open ended Linkert scale based on questions which consists of collecting specific sections among them general/ demographic data which collects the respondents' details, sections collecting specific information on the independent and dependent variables anchored on research questions. The questionnaire was administered using a drop and pick later method. The researcher administered the questionnaires to the respondents' place of work with a few cases of questionnaires picked later where respondents request was necessary. The method was essential in collecting confidential questions more so in the offices of Kenya revenue authority and police officers. The method was preferred because it's fast and convenient. while secondary data was obtained from annual EAC and conference reports, EAC protocols, master's thesis, journals and other publications.

3.5.1 Interview Schedule

Face to face interview schedules was conducted with key informants who included: businessmen, industrialists, agriculturalists, officials of the ministry from East African community were conducted. This method was used as it was flexible and could allow for more probing of respondents where the researcher clarified some issues. Questions were channeled to the officers in Kenya revenue authority, police offices at border posts and truck drivers, and business partners. The researcher asked the respondents and questions were answered instantly. This method was efficient and effective on quick responses and thereafter facilitated data analysis and presentation. They were also relevant because they enhanced convenience besides omitting important points.

3.6 Data analysis

The data obtained was analyzed using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Hsieh and Shannon, 2005). It involves observation and detailed description of objects, items or things that comprise the object of study. Content analysis, as a class of methods at the intersection of the qualitative and quantitative traditions, is used for rigorous exploration of many important but difficult-to-study issues of interest to management researchers (Carley, 2003). This approach was considered to more appropriate for the study because it allowed for deep, sense, detailed accounts in changing conditions.

Data analysis further involved editing, coding, classifying and tabulating are the processing steps to be used to process the collected data for a better and efficient analysis. First, data collected was cleaned, sorted and collated. Then, the data was entered into the computer, after which analysis was done. Analysis was done with the help of Statistical package for social scientists (SPSS version 16.1). Descriptive statistics such as frequencies and percentages for each variable was calculated and tabulated using frequency distribution tables, charts and/or bar charts. The analyzed data was presented in tables, pie charts and graphs. Correlations were employed to determine the level of association between each.

3.7 Ethical Consideration

The researcher sought permission from the Ministry of Education Headquarters with a letter from the department of history, political sciences and public administration with introductory letter, the researcher had the task to explain to the respondents that the findings was used entirely for academic purpose. In designing the data collection instruments, the researcher avoided threatening question to build respondents confidentiality. Further still, the researcher sought the consent of the respondents and equally important was the fact that all respondents were only adults. Other ethical consideration worth noting was consent of the respondents, and again, all respondents were adults.

3.8 Summary of chapter

The above chapter has discussed the research approach, research design, target population, sample size, sampling technique, data collection instruments, data analysis, ethical considerations, and study limitations.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 Chapter Overview

This chapter presents the findings of the study, analysis and discussions of the data as set out in the research methodology and research objective on the impact of East African Common Market on Kenya's regional trade.

The study in addressing the objectives gathered information that are very useful to all stakeholders and scholars as far as EAC common market protocol is concerned following relevant themes.

4.1 Kenya's Participation in East African Regional Trade Agreement

Kenya's participation in East African common market as a partner state was justifiable. See the table 4.5.

Table 4.5: Kenya's Participation in East African Regional Trade Agreement

Kenya's Participation	Frequency	Percentage
Yes	59	62.1
No	35	36.8
Other(Specify)	1	1.1
Total	**95**	**100.0**

Source: Authors' Research Data, 2013

From the table 4.5, Kenya's participation in the East African community was justifiable. It was concluded that its active participation had significantly increased trading activities

59%, although some respondents indicated their regrets 35%. Finally, 1% respondents indicated that they were undecided on whether Kenya's participation was justifiable. This has resulted in excessive debts in the region more particularly Kenya. Trade within the EAC, however, follows a different pattern whereby Manufactures and petroleum are important regional exports for Kenya. The percentage of Kenya's exports in manufactures to Uganda and Tanzania are 53 and 59 per cent respectively. (Wanjiru, 2006), observes that Imports to Kenya from Uganda consist mainly of food produce (79%) and manufacturing (11.5%). Imports to Kenya from Tanzania consist of mainly manufactures (43.4%). It is interesting to note that almost 50 per cent of Kenya's exports to, and imports from, Tanzania are within the manufacturing industry. Uganda's main exports are food produce, energy and electricity while imports are mainly in energy (from Kenya, 52.7%) and manufacturing (71.3% from Tanzania and 33.8% from Kenya). This indeed explains why cumulative income is not earned to the partner member states. Tanzania's exports to the region consist of food produce (68% to Kenya and 20% to Uganda) and manufactures (13.9% to Kenya and 58.8% to Uganda). Within other sectors such as the textile fibres and ores, Tanzania appears to be the regional producer exporting 6 per cent in textiles to Kenya in addition, 3.3 per cent in ores to Uganda (Wanjiru, 2006). It is clear that the manufacturing industry is of importance to intra-regional trade for the EAC and will likely expand in the future enhancing the region's potential to produce exports that can compete in the international market. Significantly, each partner state should embrace the uniqueness exhibited by another, harmonize import and export policies to equalize the benefits.

4.2 The impact of EACCMP on Kenya's trade

The respondents rated the impact of East African community participation on Kenya's trade high. See table 4.6

Table 4.6: Rating the impact of EACCMP on Kenya's trade

Impact Rate of EAC CMP	**Frequency**	**Percent**
High	46	48.4
Moderate	33	34.7
Low	16	16.8
Total	**95**	**100.0**

Source: Authors' Research Data, 2013

From the table 4.6 above, majority of the respondents (48.4%) indicated that the impact of East Africa community participation was high; 34.7% of the respondents rated it as moderate; while the remaining 16.8% rated the participation as moderately low. This finding implies that East African common market protocol has some impact on the Kenya's regional trade. The coming into force of the CMP in July 2010 brought a great anticipation amongst the citizens of the EAC Partner States. A number of gains have been made since the launch of the CMP. One of the achievements is the increase in cross-border trade (Conference Report 1st -2nd November 2012). Although the report noted this progress, cross-border trade has necessitated business malpractices like hoarding and smuggling gave major strides towards the implementation of the protocol particularly in the operationalization of border posts on a 24-hour basis, and harmonization of immigration procedures. This, coupled with the waiving of the work permit fee for the EAC citizens by some countries (Kenya and Rwanda), is a great achievement. Though the achievements are notable, much more still needs to be done in order to ensure the success of the CMP. There is need to urgently address issues related to the inhibitive legal and regulatory frameworks of the different countries. Another major obstacle to the Protocol's success is the disparity in infrastructure development in the Member States. This increases transportation costs in the countries (Conference Report 1st -2nd November 2012). The other impediment to the success of the Protocol is the existing disparities with regard to national identification systems among the Partner States, a factor that hinders the free movement of people. There is a need for all the Partner States to expedite the adoption of machine-readable identity cards, which will facilitate the movement of persons among the member states.

4.3. The impact of the East African community agreement on Kenya's Investment

From the inquiry, the respondents indicated that Kenya as a country is and has invested in almost all EAC partner countries in the region. See table 4.6.

Table 4.7: the impact of the EACCMP on Kenya's Investment pattern

EAC CMP on Kenya's investment	**Frequency**	**Percentage**
Kenya	38	40.0
Uganda	26	27.4
Tanzania	7	7.4
Burundi	8	8.4
Rwanda	9	9.5
South Africa	7	7.4
Total	95	100.0

Source: Authors' Research Data, 2013

This study endeavored to establish Kenya's investment pattern concerning the EACCMP whether there were several countries that Kenya had invested. From the table 4.7, it was evident that Uganda rated high i.e. (40.0%), Tanzania (27.4%), Burundi (8.4%), Rwanda (9.5%) and South Africa (7.4%). The study further concluded that the impact of East African common market protocol had affected positively on Kenya's source of investment. The largest number of countries of investment was commendable for Kenya's future regional trade.

4.4 The impact of trade liberalization on Kenya's production level

The study sought to establish the impact of trade liberalization on Kenya's production levels as indicated in the table 4.7 below.

Table 4.8: The EAC trade on Kenya's production level

Level of influence	Frequency	Percent
Positive	54	56.8
Negative	23	24.2
Undecided	18	18.9
Total	**95**	**100.0**

Source: Authors' Research Data, 2013

From the table 4.8, majority of the respondents reported that trade liberalization has impacted on Kenya's production level moderately (56.8%), 24.2% reported negative influence; while the remaining 18.9% reportedly were undecided on whether the EAC CMP had the impact on the production level. EACCMP had necessitated the creation of market freedom where there is free movement for factors of production between the member countries. This facilitates factors of production to be more efficiently allocated in advance, increase productivity within the Community thus enable great completion, market-oriented and sustainable production of goods and services where consumers benefit through cheaper and different products/services. For example, currently, Azam industry and Shellys Pharmaceuticals of Tanzania; Madhvani and Mukwano Groups of Uganda; East African Breweries, Cable, BIDCO, Kenya Airways and Kenya Commercial Bank, all of Kenya operate across borders. However, these freedoms have ended up cornered by police checks hence necessitating corruption tendencies.

4.5 The influence of EAC Common Market protocol on Kind of Goods Traded

It was deemed necessary to establish the extent to which EAC common market influences the kind of goods transacted which are; majority (39%) of the respondent reported that to the greatest extent, the bloc influences the kind of goods traded, and this is as indicated in the table 4.9 below

Table 4.9: The Influence of EAC Common Market protocol on Kind of Goods Traded

Category of the commodity	**Frequency**	**Percentages**
Agriculture	8	29
Manufactured products	11	39
Mining products	4	14
Chemicals	3	11
Alcohol beverages	2	7
Total	**28**	**100**

Source: Authors' Research Data, 2013

This study sought to identify the nature of goods and services traded in the EACCMP. From the above table, there is an indication that EAC common market protocol influenced goods traded; the findings revealed that 39% of the respondents cited that EAC common market had positively influenced manufacturing of goods such as sugar, tea, coffee and cotton. However, the purchasing power of the customers is low hence prompting the closure of some manufacturing companies and laying off some workers due to low demand of the goods manufactured, 29% said the protocol had influenced agricultural production positively for instance there was increase in maize production, milk and fish, in spite of the increase production the produce was similar in nature which had lowered low prices in the sub region, 14% noted that the common market protocol had positively impacted the mining sector hence increasing cement production and salt, 11% said alluded the increment in pharmaceutical chemicals to the protocol whereas 7% indicated that the common market protocol had influenced the production of alcohol beverages like Uganda Waraji , Pilsner, the president, among others etc. it was however mentioned that due to porous borders the result was the production of contraband goods, stock holding and smuggling at the border posts like Malaba, Busia and Namanga respectively. Further still, the EAC–CM aims at promoting large and efficient scale production of commodities to suit the intra-regional trade and market. This facilitates consumers' benefit in the sense that, having the single market resuscitate competitive environment which brings cheaper products, more efficient providers of products/services and also increase the choice of products/services. In this respect, competition is expected to stimulate innovations that will bring new and cheap products to consumers. Fifth, promotes significant growths of Foreign Direct Investment (FDI) within the region and technology diffusion from one-member country to another. Nonetheless, FDI has prompted advent of advanced technology that is so expensive to the East African community members hence leading to expatriates in turn.

4.6 Cost of doing business in East Africa Community Common market

After the introduction of East African Common market, it was necessary to establish the cost of doing business in the region. Majority of the respondent reported that the cost of doing business had drastically reduced as indicated in the table 4.10.

Table 4.10: Cost of doing business in East Africa Community Common market

Presence of traffic jam	**Frequency**	**Percent**
Yes	69	72.6
No	26	27.4
Total	**95**	**100.0**

Source: Authors' Research Data, 2013

From the table 4.10, majority (72.6%) of the respondents reported that the cost of doing business has reduced while only 27.4% said it had not reduced. This finding implies that the cost of doing business had drastically reduced following the scrapping of some charges initially levied on some goods and services imported. The respondents indicated that it became cheaper and convenient especially as it encouraged labour mobility, which is important for companies offering services like audit and tax advisory. With the reduced cost of doing business, expanded market more profitable businesses.

4.7 The rate of Competition level among the EACCM partner states

The study sought to establish the influence of the EAC on the competition levels. See table below.

Table 4.11: The rate of Competition level among the EACCM partner states

Competition rate among the EACMP	**Frequency**	**Percent**
Yes	46	48.4
No	36	37.9
Undecided	13	13.7
Total	**95**	**100.0**

Source: Authors' Research Data, 2013

From the research findings, the respondents indicated that EAC had increased competition for a partner states and as the majority felt that, the move increased their competitiveness and market shares in the new expanded markets.

From the table 4.11, majority (48.4%) reported that competition level had increased while the remaining 37.9 % said it had not; and 13.7% had no understanding on whether the East Africa common market protocol had influenced competition level or not.

4.8 The significance of the departments along EAC border points

The treaty that established the East African community agreement necessitated the creation of various departments. See table 4.12 below.

Table 4.12: The significance of line ministry departments and their impact on regional trade agreements

Departmental significance	Frequency	Percentage
KRA	6	32.6
KEPHIS	13	27.4
KEBS	26	20.0
EAC	19	13.7
IMMIGRATION	31	6.3
Total	**95**	**100.0**

Source: Authors' Research Data, 2013

It was gathered that the KRA has the most significant impact on intraregional trade with 32.6%. It is responsible for the enforcement and management of the customs laws and the administration of common external tariffs. As well, the clearance of goods by the KRA takes time because of the lack of harmonized import/export documentation and procedures. Kenya Plant Health Inspectorate Service (KEPHIS) follows with 27.4%, it is entitled to collect revenue and inspects plants and issues a plant import permit respectively; Kenya Bureau of Standards (KEBS), (20.0%) which tests and grades the quality of goods, EAC department (13.7%) which enhances EAC relations and the championing of the common market implementation EACCM protocol. Immigration department (6.3%), which issues work permits.

Other departments mentioned were Kenya Ports Authority (KPA), which manages ports charges and the Kenya police, which provides security and inspect cargo by verifying legal documents. Other agencies included the; Kenya Roads Board (KRB), which deals with the application of axle load specifications through the truck scales; the public Health department which inspects goods to ensure that they are fit for consumption. Furthermore, all agencies mentioned above operate independently as of each other manifested at border points without much coordination hence occasioning delays. Equally important was the ministry of EAC; which coordinates, facilitates and oversees affairs related to EAC. The study factored in the importance attached to the departments and time taken to clear the cargo, luggage, persons among others. Time is important for any country to take for example Japan's slogan; "always on time" about carrying out their activities and developmental responsibilities. It was evident that the East African economies as a bloc had taken an initiative to constructing the joint verification centre to ease clearing and forwarding hence save on time wastage. The Kenya Revenue Authority (KRA) highlighted as having a key responsibility in the implementation of CET, enabling goods to move freely provided they have a certificate of origin. Other operational institutions established that point at implementation of the economic protocols the Lake Victoria Basin Commission which is hosted in Kenya and is responsible for management of the water resources around the lake, the Ministry responsible for EAC affairs to coordinate EAC matters in the country, the Competition Authority, and the One Stop Border Posts for ease of cross border trade and movement of persons. Further, Kenya has established national institutions such as the Kenya Plant Health Inspectorate Services that regulates matters regarding plant health and the Kenya National Highways Authority that manages and develops international roads that are crucial to the enhancement of cross border trade.

4.9 Accessibility of raw materials in the East African common market

The respondents indicated that the signing of East African trade agreements facilitated accessibility of raw materials see table 4.13

Table4.13. Accessibility of raw materials in the East African common market

Accessibility to raw materials	Frequency	Percentage
Yes	63	66.3
No	31	32.6
Undecided	1	1.1
Total	95	100.0

Source: Authors' Research Data, 2013

From the table 4.13, the East African common market had facilitated the accessibility of raw materials i.e. 63%, 31% of the respondents indicated to some extent that accessibility was not much 31% and finally 1% had low opinion on whether the protocol had an impact on raw material accessibility. Largely, it is concluded that the common market protocol has a future and much should be done to strengthen the EACCMP protocol.

4.10 The impact of accessing raw materials in the East African common market

The signing of East African trade agreements facilitated accessibility of raw materials. See table 4.14.

Table 4.14: The impact East African common market on Accessing raw materials in the

Impact of accessing raw materials	Frequency	Percentage
Trade	18	18.9
Market	32	33.7
economic development	16	16.8
infrastructural development	10	10.5
food security	5	5.3
improved living standards	14	14.7
Total	95	100.0

Source: Authors' Research Data, 2013

From the table 4.14, it was indicated that the accessibility of raw materials in the East African common market had affected Kenya distinctively thus: - increased trading activities (18.9%), has led to socio-economic development in roads, infrastructure and improved living standards. This explains the significant role the common market has created in the region. In conclusion, the raw material access had far reaching impact in trade, market, economic development and improving living standards on its populace

4.11 The relationship between raw materials and industrial development

The study sought to establish whether there was any between raw materials and industrial development industrial development was by and large determined by accessibility of raw materials. See the table 4.15

Table 4.15: The relationship between raw materials and industry in the EACCMP

Relevance of raw materials on industrial development	**Frequency**	**Percentage**
increased investment	31	32.6
enhance manufacturing activities	23	24.2
value addition to products	21	22.1
increased prices for the commodities	10	10.5
enhances employment opportunities	10	10.5
Total	**95**	**100.0**

Source: Authors' Research Data, 2013

From the table 4.15, it was evident that there existed major relationship between raw materials and industrial development. Majorly, the accessibility of raw materials necessitated increased investment (32.6%), enhanced manufacturing (24.2%), and enhanced prices of goods and services (10.5%) and value addition (22.1%)**.** It was further observed from the respondent that Progress in industrial was because of employment (10.5 %) in many developing economies.

4.12 Non-tariff barriers

The study sought to establish whether there existed non-tariff barriers in the EAC common market and whether they affected the cross border trade. To fully implement the CCMP in the region, NTB's were to be done away with; however, they still exist in terms of police roadblocks and spot checks. Under Article 5(2)(a) of the protocol, Partner States committed to eliminating tariff and non-tariff barriers to trade, establishing a common external tariff, and harmonizing and mutually recognizing certain trade standards. The Partner States are required to take all steps to achieve these obligations through national and regional laws and regulations. In addition, EAC customs laws bar Partner States from introducing measures inconsistent with these obligations. The study examined legal obligations arising from the four commitments in the protocol, and entailed a review of laws, regulations, legal notices and trade statistics relevant to the movement of goods in the EAC. The data is current as reported by the end 2013, that all Partner States still apply non-tariff barriers (NTBs), with most related to sanitary and phytosanitary measures, rules of origin, additional taxes and charges, and technical barriers to trade. The fact that an important number of NTBs relate to standards and phytosanitary standards shows that effective implementation in this area remains a problem. Though most Partner States are in formal legal compliance with the obligation to introduce a common external tariff, they are all members of multiple free trade areas. This means that the Partner States apply different tariffs to extra-regional trade partners. These and other exceptions impede the effective free circulation of goods within the EAC. To break this vice, there are mechanisms by the common market to deal with members who impose NTBS on other members. The impact of non-tariff barriers are that they lead to increased prices of goods and services which in turn is a burden to the poor client.

4.13. Border restrictions on East African community trading activities

The study sought to establish whether regional goods and services are restricted. See table 4.16.

Table 4.16. Border restrictions on East African community trading activities

Border restrictions on trading activities	Frequency	Percentage
Yes	71	74.7
No	24	25.3
Total	95	100.0

Source: Authors' Research Data, 2013

It was evident from table 4.16 that border restriction was a common practice on goods and services, capital and labour movement at border points. From table 4.20 above, border restrictions existed (71%), whereas some respondents indicated that to some extent, border restrictions were did not exist (25.3%). Despite the above observation, Common market is still facing the challenge of both border restrictions.

4.14. Nature of Restriction on goods and services

The study further sought to establish the nature of the restrictions that existed amongst the partner states. See table 4.17.

Table 4.17 Nature of Restriction on goods and services

Nature of restrictions	**Frequency**	**Percentage**
Identity document	66	69.5
Security Harassment	11	11.6
Monetary demands	3	3.2
Taxation	2	2.1
Forms Filling	6	6.3
Others –Specify	7	7.4
Total	**95**	**100.0**

Source: Authors' Research Data, 2013

From the table 4.17, it appears that border restrictions have been characterized by both socio-economic and political restrictions in nature: these were rated as follows: - identification documents (69.9%), security harassment (11.6), monetary demands (3.2%), taxation (2.1%), and form filling (6.3%) among other restrictions. This is a demoralizing aspect in a common market where members have ratified free movement of goods and services, capital and labour yet restrictions still exist. The study concludes that the major restrictions existing among the community members are both document identification and security harassment.

4.15. The Impact of restrictions on regional trade among the ECCMP Partner states

The study established whether restrictions had an impact on the EAC regional trade. See table 4.18 below: -

Table 4.18 The Impact of restrictions on regional trade among the ECCMP Partner states

Restriction impact	Frequency	Percent
Yes	63	66.3
No	32	33.7
Total	**95**	**100.0**

Source: Authors' Research Data, 2013

From the table 4.18, the impact of restrictions was further analyzed and the findings indicated that it is true that restrictions affected regional trade arrangements being rated as at (63.3%) and no (33.7%). The respondents accepted that the existence of intra-regional trade had influenced Kenya attributed the same element of free movement of labour and capital. 33.7% for no impact was attributed the harassment and delayed delivery of goods and services to their areas of destinations. Restrictions should only be employed to the benefit both partners to justify the existence of the common market and not necessarily be a barrier to the principle underlying the formation of such arrangements.

4.16. Barriers to Kenya's effective investment in the East African common market

The study established the major barriers to Kenya's effective investment and the results were as per the table below.

The study sought to establish whether the existing institutional and regulatory trade and non-tariff barriers in the East African common market protocol had an impact on Kenya's regional investments. See table below.

Table 4.19: Barriers to Kenya's effective investment in the East African Common market

Barriers to Kenya's investment	Frequency	Percentage
Border security harassment	25	26.3
Over-valued currency	24	25.3
Road Blocks/ Inadequate infrastructure	14	14.7
Bureaucracy	13	13.7
Corruption	19	20.0
Total	95	100.0

Source: Authors' Research Data, 2013

From the table 4.19, the respondents identified various barriers to effective and efficient investment patterns in Kenya and these were as follows: - border security harassments (26.3%) witnessed by immigration officers, administration and regular police officers, KRA officials border point. This has hampered regional trade and the same affecting the willing investors in the partner member states. Overvalued currencies (25.3%), the respondents arguably said that the distinctive currency had led to inflationary tendencies among partners of the common market protocol. Tied to the above argument, the respondents further explained that this had affected investment patterns of partners like Uganda, Tanzania respectively as compared to their counterparts like Kenya. Insecurity (14.7%), respondents argued that trade liberalization had prompted the emergency of penetrable borders which had attracted illegal activities like smuggling and hoarding by most traders at the border points like Malaba and Busia were majorly the cause of fluctuating prices of goods and services in the East African common market. Finally, Respondents further added that the tendency of the bureaucracy rated at (13.7%), was another non-tariff barrier that had existed amongst the common market protocol partners. Among the highlighted areas were prolonged clearance and forwarding procedures instituted by agencies like Kenya Bureau of Standards, Kenya Revenue Authority and Kenya Plants and Health Inspectorate Service that further led to the delay at border points of Namanga, Malaba and Busia.

4.17. Chapter summary

This chapter presented the findings of the study, analysis and discussions of the data as set out in the research methodology and research objective and research questions on the impact of East African Common Market on Kenya’s regional trade. The data gathered was exclusively discussed using a questionnaire as the research instrument which was designed in line with the objectives of the study. The next chapter discusses the summary, conclusions and recommendation of the study.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction

This chapter presents a summary of the findings as discussed in chapter four above, conclusions that were drawn from these findings as well as the recommendations made based on the results for the impact of East African common market protocol on Kenya's regional trade. The chapter also presents the recommendations made for further studies.

5.2 Summary of the Findings

Regional integration in conjunction with its related protocols provides the EAC countries with leverage for bargaining in international markets and a chance to collectively benefit from economies and large markets. Nevertheless, EAC's success depends on the support and commitment it gets from the member states. Moving towards a Common Market, the progressive institutionalization of key organs is fundamental in sustained integration process. Whereas leaders continue to send mixed signals, the EAC countries have no better alternative than to integrate. The objective of this study was to assess the of East African community common market protocol on regional trade. Most of the respondents worked in KRA, KEPHIS, immigration and police departments that are in charge of enforcing taxation laws and border control whilst a significant number engaged in export, advising, facilitating trade including with regard to policy formulation and implementation and in the import business. According to the findings, Kenya's implementation of the Common market and its implementation was perceived to be significant. Respondents' agreed that levies were charged but to a small extent.

Accordingly, the likelihood of having certainty on the overall implementation of EAC protocols, Kenya was found to have implemented a considerable number of laws and other provisions of the CMP protocols. According to Ogalo (2012), Kenya has improved in allowing freedom of movement of persons within her territories. Accordingly, the respondents indicated that Kenya had achieved more from the EAC Common Market and that there were major strides made about the achievements, which entail high production levels, free movement of goods, services and capital, and improved infrastructure. The existence of EACCMP had enhanced positive production of goods ranging from commercial goods and food crops. Goods such as sugar, tea, coffee, sisal, maize, beans, vegetables, bananas, clothing and cotton were rated highly by the respondents as the most transacted in the EAC intra-regional trade. Due to existence of the common market, there was establishment of the joint verification center to ease clearing and forwarding. The signing of East African trade agreements facilitated accessibility of raw materials. Among the challenges facing the common market, it was evident that there existed disparities in the tax regimes do not necessarily result in distortions and have negative impacts on cross-border business activities, states had delayed in harmonizing their tax regimes that had only influenced regional trade to a moderate extent. Among the highlighted areas of challenges were prolonged clearance and forwarding procedures instituted by agencies like Kenya Bureau of Standards, Kenya Revenue Authority and Kenya Plants and Health Inspectorate Service that further led to the delay at border points of Malaba and Busia. This is in essence tantamount to contamination of perishable goods and further delay in deliveries at their point of destination.

5.3 Conclusions

This study concluded that the level of integration in the EACMP Partner States should improve their internal systems by complying with the provisions of the EAC Treaty and the relevant protocols. Important to note is that full integration has not been realized and the most cited reasons being that Partner States fear losing their sovereignty and appear non-committal to fully commit to implementation of directives. In view of the history of the EAC, which in previous years broke-up, there is need for renewed political will at the leadership level for the integration process to be fully beneficial to the citizens of the Community. Political goodwill would give impetus to elimination of non-conforming acts and discrepancies that negatively impact the effective and efficient functioning of the EACCMP integration. With reference to Kenya, it can however be concluded that on the basis of the research, there is substantial evidence to indicate that implementation of the Common Market Protocol Kenya is at an advanced level because of increased production, expanded market base, relaxed restriction and improved infrastructure.

Based on the study findings, the study further concludes that the East African community common market protocol has influenced Kenya's regional trade. Trans-border Trade in the East African community common market has considerably impacted on Kenya's production levels characterized by industrial concentration as compared to her partner states counterparts. The EAC common market protocol has positively influenced the nature of goods produced ranging from commercial goods and food crops through scrapping of some charges initially levied on some goods and services imported.

Movement of goods, services, labour and capital constituted important factors that influenced intra EAC regional trade however, the cost of transportation was found to be still a major **challenge** affecting trade within the EAC common market.

This study further concludes that there were major institutional and regulatory restrictions existing among the community hence prompting prolonged clearance and forwarding of goods and services. Finally, it was evident that non-harmonization of tax regimes did not necessarily result in distortions in the common market. In order to deepen integration and transit to political federation, virtually all the organs and institutions of the EAC as set out in article 9 of the treaty will need to be reformed. This should address issues of core functions, membership, method of work, reporting and monitoring. Effective implementation requires a robust institutional, enforcement and evaluation mechanism, which implies structural transformation of regional organs and institutions at each stage. This will have to be accompanied by deeper commitment by partner States in respect of monitoring, enforcement and resource allocation for regional projects; and a robust institutional framework for customs for common market issues120. The region needs to put in additional efforts in addressing conflicts and insecurity as these may have a spill-over effect and do drive away investors. Lastly, more effort is needed in improving regional infrastructure within and across the borders of the member states. These include but are not limited to improvement of infrastructure (the roads, railways, airways, energy, and telecommunications), because it is fundamental to lowering costs of business and facilitating efficiency in production, transportation and delivery of goods and services.

All member countries need to be well connected with a view to facilitate and increase trade within the region thus allowing partner states realize more profits.

5.4 Policy Recommendations for the study

based on the above findings and conclusions the study recommends as follows;

1. There should be an analysis on competitive and comparative advantage to bring about specialization among the member states of EAC to spearhead the implementation of the EAC CMP.
2. The member states should enhance development of infrastructure to facilitate the movement of capital and labour in the EAC sub region to enhance Kenya's regional trade.
3. The study further recommends that all member states embrace the establishment of a one stop shop at border points of Malaba, Busia and Namanga.
4. Finally, the study recommends that the EAC membership should relax on both institutional and regulatory policies and procedures to reduce the cost of doing business.

5.5 Suggestions for further research

This research forms a basis of future studies be carried out on the following areas;

1. Analysis of comparative and competitive advantage and its effect on specialisation among the EAC member states.
2. The impact of infrastructural development on free movement of labour and capital on EAC regional trade.
3. The establishment of a one border stop shop and its impact on EAC intra-regional trade.

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APPENDICES

APPENDIX II: QUESTIONNAIRE

Dear respondent,

RE: THE EAST AFRICAN COMMUNITY AND THEIR IMPACT ON KENYA'S REGIONAL TRADE

The research questionnaire is part of my master degree in international relations. All information that is by any businessman, industrialists, revenue officer, agriculturalists, police officer, and ministries' concerned for instance (foreign affairs, EAC, Planning and Vision 2030) shared remains confidential in that all respondents will remain anonymous. It's purely for academic purpose only.

Please complete the questions below and mark with a cross in the appropriate block or fill in the answer on the line provided.

Thank you

Phanus Nalondo Kundu

SECTION A

BUSINESS PEOPLE AND INDUSTRIALISTS

1.What is the type of your business/ industry? Please tick where applicable

1= Wholesale [ ] 2= Retail [ ] 3 = Other (specify)

2.What is the category of your business? Please tick where applicable

1= Small scale[ ]2= Medium [] 3= large scale [ ]

3.State the kind of commodities you sell:

4.Do you sell them across the borders?Please tick where applicable

1= Yes[] 2 = No []

5.If Yes to (4) above, what are your destined East African countries? 1= Kenya [ ],

2 = Uganda [ ], 3= Tanzania [ ], 4 = Burundi [ ] 5 = Rwanda [ ]

6 = South Sudan [ ]

6.Are there any restrictions at the border?1 = Yes [ ] 2 = No [ ]

3= Other (specify)

7.If yes in (6), mention the nature of restrictions that you encountered:

1= Identity document [ ], 2= Security harassment [ ],

3=Monetary demands [ ] 4 = Taxation [ ], 5 = Others (Specify)

8. Have the restrictions you have stated above affected your business ?

1= Yes [ ] 2= No [ ]

9. If Yes, how has it influenced the perfomance of your business? Please list below:

CAPITAL MOVEMENT

1.Have you ever invested outside Kenya?1= Yes [ ] 2 = No [ ]

2.If yes, in which East African nations? Please tick where applicable: 1= Kenya [ ], 2 = Uganda [ ], 3= Tanzania [ ], 4 = Burundi [ ] 5 = Rwanda [ ]

1. = South Sudan [ ]

3.If No to (1) why havent you invested outside Kenya:

WELFARE

1.In your own opinion, Is kenya's participation in EAC justified? 1= Yes[ ] 2= No []

3 = Other (specify)

2.If yes in (1)above, why? Please state the reasons:

3.If No to (1) above, why? Please mention the reasons:

4.How does your host country treat you? 1 = Well [ ] 2 = Fairly well 3= Poorly [ ]

4= Other (specify)

PRODUCTION

1.What has been your production trend since the ratification of EAC in 2001?

1= Normal [ ] 2 = Increased rapidly [ ] 3= Stagnated [ ]

LABOUR

1.Do you employ other people to assist in your business? 1 = Yes [ ] 2= No [ ]

2. If your answer in (1) isYes, Howdo you acquire labour in the host countries?

3.Do you think that accessing raw materials is restrained or restricted from some countries? 1 = Yes [ ] 2 = No [ ]

4. If Yes, Why?

5. If No, Why? Please mention below

6.Does the destined country sideline your products on the market? 1= Yes [] 2 = No []

7.If Yes, How have you been sidelined?

POLICE

1.Are goods verified at border points? 1=Yes [   ]2= No [   ]

2. If Yes, How is it done?

3.How long does it take goods and services to be verified at the border point averagely in hours/ minutes?

4.Have you ever encountered cases of smuggled goods? 1=Yes [   ]2= No [   ]

5.If Yes which goods are mainly smuggled? Please state below:

6.Is there regular shuffling of police officers border points? 1= Yes [   ] 2 = No [   ]

7.If yes in (3) after how long ?

8.Are there cases of traffic jam at the border? 1= Yes [   ] 2= No [   ]

9.If yes in (5) what causes the traffic jam?

10.Are consignments cleared and forwarded promptly? 1= Yes [   ] 2 = No [   ]

3 = Other (specify)

11.If No, what causes the slow clearance and forwarding?

AGRICULTURALISTS

1.Are prices of goods and services produced have stable prices? 1= Yes [   ] 2 = No [   ]

2.If No in (1) what causes the price instability of goods and services?

3.Has fluctuation in production led to adverse price changes? 1= Yes [   ] 2 = No [   ]

4.If yes in above (3), to what extent? 1 = greatly [   ] 2= moderately [   ]

3= other (specify)

5.Has production in the entire EACCMP members impacted on the growth of GDP?

1= Yes [   ] 2 = No [   ]

6.If Yes in (5) above to what extent? 1= Greatly [   ] 2 = Moderately [   ]

3= other (specify)

7.If No in (5) above why? Please state the reasons:

8.Briefly comment on quality and quantity of goods and services produced in the region?

MINISTRY OF EAST AFRICAN AFFAIRS, COMMERCE AND TOURISM

1.Is the existence of EAC the zeal towards the realization of political federation?

1= Yes [ ] 2 = No [ ] 3= Other (specify)

2.If Yes, to what extent do you believe it can realize?

3.If No, why? Please state the reasons:

4.To what extent are the porous borders responsible for terrorism and other illegal acivities in tye region? 1 = Very Much [ ] 2 = moderately [ ]3= minimally [ ]

5.Has the porous borders had any impact on population increase? 1= Yes[ ] 2= No [ ]

6.What is the relationship between the raw materials from all member countries and the growth of industrial sector in kenya?

7.What is the link between RTA;s and development of infrastructure in kenya? Please state the linkages:

8.Has the existance of RTA's earn international faith in form of donations? 1= Yes [ ]

2= No [ ]

9. If yes in (11) which international organizations (agenicies) have gained faith?

10. Is the Ugandan railway functional? 1= Yes [ ] 2= No [ ]

11. If Yes, (10) what is its use?

12.If No in (10) why? Please reasons :

FOREIGN AFFAIRS AND EDUCATION

1. Does the signing of RTAS increased the exchange of goods and services? 1 = Yes [ ]

2= No [ ]

2.If Yes in (1), to what extent has it increased the trade?

3.To what extent are RTAS affected by bureaucracy?

4. Has the existence of RTAS increased the GDP of Kenya? 1= Yes [ ] 2= No [ ]

5. If No, why? Please state reasons:

6.Please briefly comment on the kenyan foreign relations with East African counterparts:

DEVOLUTION AND PLANNING

1.Is the ratification of EAC upto the realization kenya's vision 2030?

1= Yes [ ] 2= No [ ]

2.If Yes, to what extent? 1= Greatly 2 = Moderately 3 = I do not know 4= Other (Specify)

3.If No, why? Please state the reasons:

4.Does the signing of RTAS facilitate the achievement of vision 2030? 1= Yes [ ]

2= No [ ]

5.What is the link between RTAS and living standard of a Kenyan? Please describe briefly:

6.What is the impact of signing RTAS on population groth in kenya? Please briefly explain

GOVERNMENT AND INTERGOVERNMENTAL OFFICIALS

1. What is the impact of east African community trade agreements on Kenya? Tick where necessary 1= positive [ ] 2 = negative [ ] 3 = both negative and positive [ ]

2. What are the achievements of custom union? 1 = Increased revenue collection [ ]
   2 = decreased revenue collection [ ] 3= unhealthy competition [ ]
3. What policy measures are you putting in place to regulate fluctuation of prices in the region?
4. What are the benefits of member states as opposed to non-member countries in the region?
5. Technology remains to be the major stumbling block in the regions, what are you doing to encounter these challenges?
6. What are the major trading malpractices are encountered at the border points? 1= hoarding [ ] 2= corruption [ ] 3 = smuggling [ ]
7. What policy measures are you putting in place to curb the above mentioned malpractices?
8. What is the relationship of EAC and other international organization/institution?
9. What measures are you putting in place to enhance quick and efficient clearing and forwarding of goods and services at border points?
10. Besides trading malpractices, what are other challenges East African community economic blocs?

APPENDIX IV: INTERVIEW SCHEDULE

This interview schedule is intended to secure information from both the business people, Kenya Revenue authority, Agriculturalists, officials from the ministry of East African Community and Foreign affairs.

1. How long have you been carrying out business activities at Malaba, Busia and Namanga border? [Business Community].

2. Are you aware of the existence of the East African community? [Business Community].

3. Do you think East African Community has had any impact on trade, capital movement, welfare and production in Kenya? [Kenya Revenue Authority]
4. Do you think Kenya's economy has improved since the ratification of East African Community? [Kenya Revenue Authority]
5. What do you think is the impact of reducing trade barriers on Kenya's economy? [Kenya Revenue Authority]
6. Has the EAC bloc been the bargaining power in the world market? [East African Community ministry/ Foreign Affairs]
7. Does the Kenyan state restrict movement of labour and goods to other countries? [Business Community]
8. Has RTA's and liberalization reduced insecurity and inflation within membership in states? [County Government]
9. Are there cases of trade embargo and total ban on some goods relating to member states? [Kenya Revenue Authority & Transport & Infrastructure/ Truck drivers]
10. Is there any regular shuffling of police officers / KRA officers at the border points? [Police Department]
11. Have you ever had cases of unfair restriction on movement of goods? [Truck drivers'/ Business community]

APPENDIX VI: RESEARCH AUTHORIZATION ROM BUSIA AND MALABA

REPUBLIC OF KENYA

OFFIC OF THE PRESIDENT
INTERIOR AND CO-ORDINATION OF NATIONAL GOVERNMENT

ccbusia@gmail.com
Telephone: 055 - 22598
Fax No: 055 - 22231
When replying please quote

REF. ADM 15/4/11
and Date

COUNTY COMMISSIONER'S
OFFICE
BUSIA COUNTY
P.O. BOX 14
BUSIA (K)

08 November, 2013

Deputy County Commissioner
BUSIA SUB-COUNTY

Deputy County Commissioner
✓ **TESO NORTH SUB-COUNTY**

RESEARCH AUTHORIZATION

This is to introduce Phanus Nalondo Kundu of Moi University who has been authorized to conduct research on East African Community trade agreement and their impact on Kenyans economic development. The research period ends on 11th November, 2013.

Attached also are other relevant documents for your information and retention.

COUNTY COMMISSIONER
BUSIA (K)
P. O. Box 14, BUSIA (K)
Email: ccbusia@gmail.com
Date..............Sign...............

V. CHERONO
FOR. COUNTY COMMISSIONER
BUSIA COUNTY

CC- Phanus Nalondo Kundu

BUSIA COUNTY COMMISSIONER

APPENDIX VII: RESEARCH AUTHORIZATION FROM NATIONAL COUNCIL

REPUBLIC OF KENYA

HARAMBEE

NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Telephone: 254-020-2213471, 2241349, 254-020-2673550
Mobile: 0713 788 787 , 0735 404 245
Fax: 254-020-2213215
When replying please quote
secretary@ncst.go.ke

P.O. Box 30623-00100
NAIROBI-KENYA
Website: www.ncst.go.ke

Our Ref: **NCST/RCD/14/013/1494**

Date: **30th August 2013**

Phanus Nalondo Kundu
Moi University
P.O Box 3900-30100
Eldoret.

RE: RESEARCH AUTHORIZATION

Following your application dated **12th August, 2013** for authority to carry out research on "***East African community trade agreement and their impact on Kenya's economic development.***" I am pleased to inform you that you have been authorized to undertake research in **Selected Counties** for a period ending **31st December, 2013.**

You are advised to report to **the County Commissioner and County Director of Education of Selected Counties and Relevant immigration Officers** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

SAID HUSSEIN
FOR: SECRETARY/CEO
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Copy to:

The County Commissioner
The County Director of Education
Selected Counties.

"The National Council for Science and Technology is Committed to the Promotion of Science and Technology for National Development".

APPENDIXVIII: RESEARCH AUTHORIZATION FROM NAMANGA POLICE STATION

This image cannot currently be displayed.