

# East African Business Council



## EABC e-Newsletter

Feb 28<sup>th</sup>, 2007

*EABC - The Voice of the Private Sector in East Africa*

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### **VISION STATEMENT**

To be an effective change agent for fostering an enabling business environment for a diversified, competitive, export-led, integrated and sustainable economy

### **MISSION STATEMENT**

To promote the Private Sector's regional and global competitiveness in trade and investment

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### **EAC TO UNDERTAKE COMMON MARKET STUDY**

Plans to undertake the study of the Common Market in the region are at an advanced stage following the recent release of the inception report. The attainment of the Customs Union leaves the Common Market as the next step in the regional integration process in East Africa. The Summit of the E.A Heads of State directed that the negotiations for the Common Market be started by July 2006 and completed in four years time so that the Protocol becomes effective in January 2010. The directives of the Heads of States are



Factory Work: The Common Market will allow citizens of the Partner States to work freely

mandated by Article 5 (2) and Article 76 (1) of the Treaty. Accordingly, the main features of a Common Market are what have been called the four freedoms: the free movement of labour, goods, services and labour within the EAC union.

The study aims to determine the scope of the Common Market to identify areas of negotiations and perhaps institutions that need to be set up or streamlined to form the basis of negotiating for the Common Market. It therefore proposes to look at a number of areas including management of border posts and trade facilitation, the question of overlapping membership, cooperation in monetary and fiscal policies and other areas. It will involve consulting with various stakeholders in both the Public and Private sectors. EABC is also lined up as one of the organisations to be targeted. EAC Deputy Secretary General, Amb Julius Onen in a meeting with EABC officials recently, underscored the need for the business community to be effectively represented in the negotiations.

The study been carried out by a Nairobi based firm MA/MS consulting group is expected to be completed by April 30, 2007. Rwanda and Burundi who recently joined the EAC will not be covered in the study since they are expected to be fully integrated in to EAC in July 2007.

Look out for more information in the next newsletter.

## **THERE IS NO TURNING BACK ON THE EAC-SYMPIOSIUM TOLD**

The EAC is here to stay and future governments have to live to the reality and aspirations of the regional integration process. Kenya's leading industrialist and former EABC Chairman, Hirji Shah *OGW*, told participants in Nairobi during the Economic Symposium on Feb 15-16<sup>th</sup>, 2006.

The symposium was organised by the Institute of Chartered and Public Accountants (ICPAK).

*"2007 is an election year and campaigns have started in earnest. The question that must be in most of your minds is whether the policy of future governments towards the EAC will shift".* In my view, this is unlikely" Shah said, challenging future in-coming Governments to continue relentlessly pursuing the EAC agenda.

President Mwai Kibaki opened the two-day symposium.

## **PARTNER STATES TO BENEFIT FROM ADB GRANT**

East Africa is to receive part of a Kshs 3.08 billion grant from the African Development Bank (ADB) to finance various projects according to a Manager of NEPAD, Dr Ini Urua.

The projects are mainly in the transport and energy sectors involving the modernization of infrastructure. It is further hoped that the bank will support the construction of the Kenya –Uganda oil pipeline later on in the year after the signing of the agreement with Tamoil, the winner of the bid.

Another goody in the offing is the financing of 1600km of road linking Addis Ababa to Mombasa.

## **KIKWETE HAILS SWEDEN**

President Jakaya Kikwete has urged the Swedish Business Community to invest in Tanzania noting that there were lots of available opportunities.



Speaking at a breakfast meeting hosted in his honour by the Swedish business community in Stockholm, President

Kikwete encouraged investors to join in on the exploration of oil and gas and power generation among other areas. The meeting was attended by representatives of the Swedish Trade Council, the International Council of Sweden (NIR) and a number of corporate organisations and Tanzania representatives.

The trip comes ahead of a planned trade investment mission to Sweden planned by EABC and NIR in September 2007. The trade mission seeks to help in forging partnership deals between companies in East Africa and Sweden.

## **EAC DELEGATION VISITS KIGALI AND BUJUMBURA**

An EAC delegation has just returned from Kigali and Bujumbura where they held series of discussions with representatives of the new Partner States.

The two nations joined the EAC in November 2006. However, they will be fully accented into the EAC in July 2007. Representatives of the Private Sector are meanwhile also working together with EABC. They will be joining EABC once the process to amend the constitution is completed.

## **EABC EXECUTIVE MEETS IN KAMPALA**

EABC Executive Committee has held its 32<sup>nd</sup> Executive Board meeting in Kampala on Feb 28<sup>th</sup>, 2007. EABC Chairman Abid Alam presided over the half-day meeting. The Committee took note of last quarters reports and approved a series of activities for the coming quarter (Feb-April).

The Executive Committee later on held a meeting with East African Development Bank officials led by the Director General, Mr Godfrey Tumusiime to discuss areas of collaboration between the two institutions.

## **PROMOTE PRIVATE SECTOR – EAC CHALLENGED**

Partner States are been asked to enhance the promotion of the Private Sector and civil society to help create improved business environment as the Community begins negotiations on the Common Market, a regional meeting on fast tracking the Common Market has learned. The meeting was organized by CUTS International resource centre, a civil society organization based in Nairobi.

The meeting was called to provide a platform for the regional stakeholders, including policy-makers from members of the East Africa Community countries to discuss, debate and share pertinent policy and practical issues on the proposed East African Common Market.

It came against a background of the impending study to be carried out by the EAC (Story on page 1).

EABC acting Executive Director, Moses Ogwal participated in the two-day workshop.

### KENYA

#### PROFITS GALORE FOR EABC MEMBERS

In the last one month, a number of EABC Members have registered profits in their half year returns. East African Breweries Ltd, East African Cables Ltd, Bamburi Cement Ltd, and East African Standard Ltd are some of the organizations that have recently announced good tidings in their returns.

BAT on its part, registered a dip in profits occasioned by among others, trade in illicit cigarettes, and factory expansion worth KShs 1 billion funded by internally generated sources. Also witnessing an erosion in its bottom line was Sameer East Africa attributed to high manufacturing costs and high prices in acquisition of raw materials.

### TANZANIA

#### VODACOM SCORES ANOTHER FIRST IN THE REGION

That residents of East Africa can now make mobile calls across the region at affordable rates was unimaginable three years ago – but now its for real. Celtel became the first to integrate “east africaness” by rolling out one network across the three Partner States. The feat was replicated by Vodacom (Tanzania), who pulled efforts together with Safaricom (Kenya), and MTN (Uganda).

But now, Vodacom has become the first mobile provider to unveil the 3G (high speed Down-link Packet Access) network. This allows subscribers internet access at broadband speeds. This innovation makes Tanzania the second country in Africa to have it after South Africa.

Speaking in Dar es Salaam, Managing Director Romeo Kumalo termed the innovation very timely, setting it apart from its competitors.

The roll-out is expected to be launched in Nigeria later in the year as well.

### UGANDA

#### FUE EDUCATES ON NEW LABOUR LAWS

With the EAC busy sprucing up to begin the study on the Common Market, the Federation of Uganda Employers (FUE) has hit the ground running recently delivering a one day course on Labour laws.



The objective of the workshop was to make a general overview of the issues covered in the four legislative Acts on Employment, occupation safety and health, Labour Unions and Labour disputes (arbitration and settlement).

According to FUE Executive Director, Mrs Rosemary Ssenabulya, the workshop was to acquaint employers with changes contained in the new laws to help them identify issues which are critical to be observed by Employers. FUE has this year planned a number of courses in industrial relations, general management and HIV/AIDS management development.

#### EAST AFRICAN INITIATIVES

##### MORE TIME FOR PAKISTANI RICE

After intense lobbying and negotiations at the EAC, Kenya has extended the 35% reprieve for Pakistani rice entering the country up until 2009.

The EAC had initially raised the duty to 75% under the Common External Tariff of the Customs Union.

Yet to be resolved however is the thorny issue of preferential trade agreement between the two nations with Kenya asking for more time to address the issue with its Partner States.

#### UPCOMING EVENTS

Please visit the website or contact the Secretariat to view information on the upcoming events.

EAC/EABC Media Summit – April 27-28<sup>th</sup>, 2007  
Top Level Forum – July 2007

### Contact EABC

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