

Integration Pillars

Customs Union

The Customs Union, the first pillar of EAC integration, is defined under Article 75 of the Treaty and came into effect in 2005 after being signed by the Heads of State of Kenya, Uganda, and Tanzania on 2nd March 2004 in Arusha, Tanzania, while Rwanda and Burundi joined the Customs Union in 2008 and began applying its instruments in July 2009, marking a significant step toward deeper economic integration within the region.

In economic integration theory, a customs union is typically considered the third stage of integration, following the establishment of a preferential trade area and a free trade area, but the Treaty establishing the East African Community takes a unique approach by identifying the customs union as the first stage in the economic integration process, laying the foundation for further cooperation and growth within the region.

Real economic integration in the region began with the implementation of the Customs Union which allows East Africa to function as a free trade area where Partner States have reduced or eliminated taxes on goods originating within the community while applying a common tariff on goods imported from other countries.

As a result, intra-EAC trade volumes have increased, contributing to a sustained GDP growth rate of 6% annually over the past 10 years across all Partner States.

Common Market

The Common Market serves as the second pillar of the East African Community (EAC) regional integration process as defined by the Treaty for the Establishment of the EAC and follows the Customs Union which was fully implemented in January 2010 with the Common Market Protocol being signed by the Heads of State on November 30, 2009, during the 10th Anniversary celebrations of the revived EAC thus marking a significant step towards deeper regional cooperation and integration.

The protocol came into effect on July 1, 2010 after being ratified by all five Partner States including Burundi, Kenya, Rwanda, Tanzania, and Uganda, marking the establishment of the EAC Common Market in accordance with Article 76 of the EAC Treaty and representing a significant milestone in the region's integration process as it aims to promote deeper economic, social, and political cooperation among the Partner States by facilitating the free movement of goods, services, people, and capital while advancing the overall goal of a more integrated and cohesive East African Community that fosters sustainable development and regional prosperity.

It establishes four freedoms for the movement of all factors of production and two fundamental rights between the Partner States to enhance regional integration and cooperation, which include:

- Free Movement of Goods
- Free Movement of Persons
- Free Movement of Labour/Workers
- Right of Establishment
- Right of Residence
- Free Movement of Services
- Free Movement of Capital

Monetary Union

A monetary union refers to an agreement between two or more states that adopt a common currency and implement coordinated fiscal and monetary policies, and a prominent example of this is the European Union, where multiple countries use the Euro and where monetary policies are managed by the European Central Bank, which allows for greater economic integration and stability among member states as they share common financial goals and regulations, and this arrangement also facilitates smoother trade and investment flows between them.

A monetary union can also be defined as two or more countries with a single currency or different currencies having a fixed mutual exchange rate, which is monitored and controlled by one central bank or several central banks with closely coordinated monetary policies, and this arrangement helps to ensure stability in exchange rates and promotes economic integration among the participating countries.

The East African Monetary Union (EAMU) Protocol was signed on 30th November 2013 and has since been ratified by all the Partner States, which will serve to transform the East African economy to operate with a common currency by 2024, and this move is aimed at enhancing the efficiency and performance of the Customs Union and the Common Market, thereby fostering greater economic integration and growth within the region.

Political Federation

The Treaty for the establishment of the East African Community envisions Political Federation as the ultimate goal of regional integration, with Article 123 specifically focusing on political cooperation, and this article directs the Summit of the Heads of State, as the highest authority within the Community, to initiate the process of establishing the Political Federation by instructing the Council of Ministers to carry out the necessary steps, thus reinforcing the role of leadership in shaping the future of regional integration, while ensuring that all member states are engaged in the process toward greater political unity and collaboration.

The Political Federation is provided for under Article 5(2) of the Treaty for the Establishment of the East African Community, built on three key pillars: common foreign and security policies, good governance, and the effective implementation of the prior stages of regional integration, which serve as the foundation for achieving a unified and cohesive political entity across the region, promoting stability and collaboration among member states.

Objective No. 2 of the Treaty establishing the EAC commits the Partner States to create a Customs Union, Common Market, Monetary Union, and ultimately a Political Federation to strengthen and regulate their industrial, commercial, infrastructural, cultural, social, and political relations, aiming for accelerated and balanced development, sustained economic expansion, and the equitable sharing of benefits among the member states to promote greater regional integration and cooperation.

The attainment of the Political Federation within the East African Community (EAC) is a gradual process, not a singular event, and although the progress has been slow, the EAC Heads of State, during a Special Summit held in Nairobi from 27-29 August 2004, resolved to explore ways of accelerating the process through a fast-track mechanism, leading to the establishment of the Wako Committee, which was tasked with conducting broad consultations and finalizing the work on the Political Federation, and the committee presented its report to the Summit on 29 November 2004, marking a significant step in the ongoing effort to achieve deeper regional integration and political unity.

Following these consultations, the office of the Deputy Secretary-General responsible for the Political Federation was created in 2006 to oversee and coordinate the process, and since 2004, the EAC has implemented various initiatives aimed at advancing political integration, including national consultations with stakeholders held between 2006 and 2008, during which several studies were conducted to facilitate and expedite the process, revealing a strong desire among East African citizens to be actively engaged in and have a voice in the decisions and policies of the EAC, highlighting the growing importance of inclusive participation in the regional integration efforts.

On 20 May 2017, the EAC Heads of State formally adopted the Political Confederation as a transitional model for the East African Political Federation during the 18th Summit of the Heads of State held in Dar es Salaam, Tanzania, where the Summit also directed the Council of Ministers to form a team of constitutional experts tasked with drafting the Constitution for the East African Political Confederation, signaling a key step toward deeper political integration and setting the stage for further institutional and legal developments to support the transition to full political federation in the future.

A confederation, also known as a confederacy or league, is a union of sovereign states united for common action, often in relation to other states, and is usually created by a treaty for addressing critical issues such as defense, foreign relations, internal trade, or currency, with the nature of the relationship among the member states varying considerably, as the states that join in such an arrangement are referred to as confederate states, and this flexible form of union allows member states to retain their sovereignty while cooperating on matters of mutual interest.

In a Confederation, the central government derives its legitimacy from the power granted by the individual member states, meaning that the central government is subordinated to the confederate states, with its authority being limited and dependent on the will of the member states, which retain significant sovereignty and control over their own affairs, often leading to a system where the central government has limited power to enforce decisions without the consent of the member states.