



Working to advance the status of Women

# A QUICK GUIDE TO THE EAC COMMON MARKET PROTOCOL

## Background

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: Burundi, Kenya, Rwanda, Tanzania and Uganda. The establishment of the East African Community Common Market is in line with the provisions of the EAC Treaty. It provides for "Four Freedoms," namely the free movement of goods; labour; services; and capital, which will significantly boost trade and investments and make the region more productive and prosperous.

The Common Market represents the second stage of the regional integration process (as defined by the Treaty for the Establishment of the East African Community), following the Customs Union, which became fully-fledged in January 2010. The Common Market Protocol is a significant step towards the achievement of the next milestones in the integration process namely the Monetary Union and the EAC Political Federation.

### What is a Common Market?

A Common Market is a merger/union of two or more territories to form one common territory in which there is free movement of goods, labour, services and capital, and the right of establishment and residence.

### The Basic elements of a Common Market

1. A smoothly functioning customs union including complete elimination of all tariff and non tariff barriers plus a common external tariff;
2. Free movement of persons, labour, services and right of establishment and residence;
3. Free movement of capital within the Community;
4. Enhanced macro-economic policy harmonisation and coordination particularly with regards to fiscal regimes and monetary policy;
5. Setting up, strengthening and empowering the necessary institutions/organs to support the common market operations (in the case of the EAC these include the East African Court of Justice and the East African Legislative Assembly)

### Scope of the Common Market

The scope of co-operation under the Common Market is wide as provided in Article 5 of the Protocol to apply to any activity undertaken in cooperation by the Partner States to achieve the free movement of goods, persons, labour, services and capital and to ensure the enjoyment of the rights of establishment and residence of their nationals within the Community. The Partner States agreed to eliminate tariff, non-tariff and technical barriers to trade; harmonise and mutually recognise standards and implement a common trade policy for the Community; and ease cross-border movement of persons and adopt an integrated border management system.

### Objectives of the EAC Common Market

The specific objectives of the Common Market are to:

- (a) accelerate economic growth and development of the Partner States through the attainment of the free movement of goods, persons and labour, the rights of establishment and residence and the free movement of services and capital;
- (b) 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;
- (c) sustain the expansion and integration of economic activities within the Community, the benefit of which shall be equitably distributed among the Partner States;
- (d) promote common understanding and co-operation among the nationals of the Partner States for their economic and social development; and
- (e) enhance research and technological advancement to accelerate economic and social development.

## FREEDOMS AND RIGHTS

### 1. Free Movement of Goods

Free movement of goods which involves free circulation of goods as guaranteed by elimination of obstacles to ensure free trade. This is governed by the Customs Law of the Community.

### 2. Free Movement of Persons

This entails the abolition of any discrimination based on nationality. It includes the right to enter the territory of a Partner State without a visa; the right to move freely within the territory of a Partner State; the right to stay in the territory of a Partner State; the right to exit without restrictions; and the right to full protection by the laws of a Partner State.

The enjoyment of the rights shall be subject to limitations justified on grounds of public policy, public security or public health. A Partner State imposing such limitation shall be obliged to notify the other Partner States accordingly. The movement of refugees within the Community shall be governed by the relevant international conventions.

### 3. Right of Establishment

EAC citizens have the right to establish their business in any Partner State and pursue economic activities in accordance with the national laws of the Partner State. Self-employed persons will also be able to carry out their work across the region, and be entitled to social security schemes in the host country. The Protocol requires Partner States to remove all restrictions on the right of establishment based on the nationality of the companies, firms and self-employed persons.

### 4. Right of Residence

EAC citizens will be guaranteed the right to reside in any Partner State, along with their spouse and child, for the purpose of employment. The host Partner State has the obligation to issue residence permit for specified periods. The enjoyment of the rights is subject to limitations justified on grounds of public policy, public security or public health. A Partner State imposing such limitation shall be obliged to notify the other Partner States accordingly.

### 5. Free Movement of Labour/Workers

The Common Market Protocol allows workers from any Partner State to accept employment within any other EAC country. They cannot be discriminated against on the basis of their nationality. Furthermore, a worker will have the right to social security benefits and can be accompanied by a spouse and child. Furthermore, Employment in the public service is excluded unless permitted by the Partner State.

### 6. Free Movement of Capital

Under the Common Market Protocol, Partner States agreed to remove all barriers and restrictions on the movement, sale, investment and payments of capital. Partner States have also agreed to remove any discrimination based on the nationality or on the place of residence of the persons or on the place where the capital is invested. Kenya, Rwanda and Uganda have already opened up their capital accounts. Burundi and Tanzania will open up within the period 2010–2015.

### 7. Movement of Services

Service suppliers, providers and consumers from across the region will be guaranteed equivalent treatment to local providers. Partner States shall progressively open up some subsectors within the following 7 broad sectors over the period 2010 - 2015:

- Business and Professional Services
- Communication Services
- Distribution Services
- Educational Services
- Financial Services
- Tourism and Travel Related Services
- Transport Services

Partner States will make commitments on the remaining 5 sectors (Health and Social Services, Construction and Related Services, Energy Services, Environment Services, and Movement of Natural Persons)

### Benefits of the Common Market Protocol to Women undertaking Cross Border Trade

1. Free movement across the borders without harassment.
2. Guaranteed free circulation of goods.
3. Non-discrimination while in another partner state.
4. Competitive environment, making the existence of monopolies very difficult.
5. Benefit from economies of scale, increased competitiveness and lower costs and profitability.
6. Easy payments of goods and services from another Partner State.
7. Residence in another Partner State without discrimination.
8. Equal treatment in running economic activities in another Partner State.
9. Increased choice of products.
10. Increased innovativeness to create new products.

#### sources

1. Simplified version of the EAC Common Market Protocol
2. [www.commonmarket.eac.int](http://www.commonmarket.eac.int)
3. Protocol on the Establishment of the EAC Common Market

## FOR MORE INFORMATION

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