



**EFFECTS OF EAST AFRICA COMMUNITY INTERGRATION
INITIATIVES ON TRADE VOLUMES IN THE REGION**

BY

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DECLARATION

I declare that this research project is my original work and has never been submitted to any other university for assessment or award of a degree.

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D61/71488 /2014

This project has been submitted for examination with my authority as the university supervisor.

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DEDICATION

I dedicate this work to the Mombasa port community stakeholder's forum, a lot had been done in view of facilitating trade in region but a lot is still to be done.

ACKNOWLEDGEMENT

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LIST OF ACRONYMS AND ABBREVIATION

- CEN-SAD** - Community of Sahel-Saharan States
- COMESA** - Common Market for Eastern and Southern Africa
- EAC** - East African Community
- ECCAS** - Economic Community of Central African States
- ECOWAS** - Economic Community of West African States
- EU** - European Union
- FDI** - Foreign Direct Investment
- FTA** - Free Trade Area
- IGAD** - Inter- Governmental Authority on Development
- UMA** - Arab Maghreb Union
- NTBs** - Non Tariff Barriers
- RTA** - Regional Trade Agreements
- SACU** - Southern Africa Customs Union
- SADC** - Southern African Development Community
- UN** - United Nations
- UNDP** - United Nations Development Programme
- WTO** - World Trade Organisation
- WW II** - World War II

ABSTRACT

Regional integration is a strategy geared towards achieving collaboration among the region member states to realize a number of objectives. The East African Community through regional integration has put in place a number of trade facilitation initiatives that include: business flexibility, improvement in operations, adopting of regional standards and efficiency. The study sought to determine the effect of EAC integration initiatives on trade volumes in the region. The study was anchored on country similarity theory, comparative advantage theory and economic integration theory. The research was guided with two objectives namely: to establish the rating of integration initiatives towards trade facilitation in the EAC in the past five years and to establish the relationship between the EAC integration trade facilitation initiatives and the region's trade volumes. The research adopted a descriptive cross sectional survey. The EAC was the population of study and purposive sampling was used to identify the respondents. The data analyzed was gathered using close ended questionnaires. The results were analyzed using descriptive statistics and regression model and presented using tables. The findings indicated that EAC integrations initiatives have a high rating in the following order: the initiatives that facilitate faster operations, followed by efficiency facilitating initiatives, then initiatives that relate to standard procedures and lastly those that enhance flexibility. The effect of EAC integration initiatives test against trade volumes revealed that the initiatives that enhance operations, efficiency and standards are positively related to trade volumes while flexibility enhancing initiatives are negatively related to trade volumes in the region. The EAC should improve further on implementation framework of integration initiatives that relate to standards, operations and efficiency. There is need to interrogate the reason for minimal success in implementation of flexibility initiatives. The EAC member states should also strengthen their integration initiatives in setting up uniform customs standards and structures, streamlining operations and also consider putting in place incentives for efficient players in the logistics chain. This will contribute to realization of increase in trade volumes and thus spur regional growth. Owing to time constraints and resource limitation, a further study on the same is recommended with a focus on the business operators.

CHAPTER ONE: INTRODUCTION

1.1 Background of study

Regional Integration is a strategy used by regional blocks to discriminatively reduce or eliminate non-tariff barriers among other barriers of trade among neighboring nations. The lower most level of association between countries comprises of trading activities, whereas a deeper collaboration goes further to promotion of the same currency as well as technology transfer and sharing other than just exchange of trade. The states willing to be partners in a regional block must be willing to create a conducive environment for trading such as elimination of geographical and cultural barriers, past and conceptual similarities, competitive or complementary economic links and most importantly a common language; in order to facilitate effective trading (Makame,2012). Collaboration among block parties provide a unique framework for trade facilitation through collective tackling of non tariff barriers among them (McCormick, 1999).

The study is anchored on country similarity theory, comparative advantage theory and economic integration theory. The country similarity theory advocates that similarities between countries including the saving habits, communication language, cultural similarities, industrialization and technology infrastructure will most likely encourage the states to trade with one another because of similar attributes of its citizens and economies (Linder, 1961). The comparative advantage theory on the other hand assumes that countries differ only in their productive capacities. The theory states that production between countries can be well organized and resources utilized better to achieve economic efficiency both locally and overseas thus both nations can benefit from the free trading (Suranovic, 2007). Expounded by Balassa (2011), the theory of economic

integration agrees that trade impediments can be removed from participating nations if there is certain agreements and rules governing their integration thereby increasing economic growth in the region.

The East African Community (EAC) is a Regional Integration Institution (RII). It was established under Article 2 of the Treaty for the Establishment of the East African Community that was signed on 30th November, 1999. The treaty came into being in July 2000 after the ratification of the original three Partner States: Kenya, Uganda and Tanzania. The Republic of Rwanda and the Republic of Burundi acceded to the EAC Treaty on 18th June, 2007 and became full Members of the Community with effect from 1st July, 2007 (EAC, 2015). Currently, the membership of the Community comprises the Republics of Burundi, Kenya, Rwanda, Uganda, Tanzania and South Sudan.

1.1.1 Regional Integration Initiatives

Regional integration is an agreement between two or more countries made using a framework through which they can cooperate in trade and work together to achieve an increase in economic growth, improve relations and create stability of the region for mutual benefits (Tuluy, 2016). Typically integration is done by signing treaties which clearly stipulate the areas which the partner states cooperate in and outline the coordinating of regulatory bodies which will represent the states involved (McCormick, 1999). United Nations Economic Commission for Africa (1999) defines regional integration as the key strategy for development and intra-regional trade expected to produce considerable economic gains for member countries.

Regional integration is not a new phenomenon, since the post WW II period it has experienced a lot of growth since many states are willing to collaborate at regional level and beyond. Despite the interest shown by countries, integration has faced hurdles such as political changes and unexpected economic difficulties. The benefits presented by trade, investment, and economic development are the main incentives for states to collaborate regionally. Regional integration begins when nations start to voluntarily cooperate or integrate the socio-economic and political structures (Schiff & Winters, 2003). Regional integration take the forms of the Free Trade Area (FTA), Customs Union, Common Market, Economic Union and finally Political Federation.

Daniels, Radebaugh, and Sullivan (2004), agree that the countries in the same region are likely to integrate their trading activities because of their interconnectivity geographically and their tastes and preferences are likely to be the same. Additionally the neighboring countries may have the same historical background and interests therefore it will be easier to coordinate and merge their policies. Trade facilitation is just but one of the diverse motivations which drive countries towards regional integration. The level of economic integration will naturally determine the benefits of regional economic integration besides the deeper the level of integration, the greater the benefits to the participating Partner States. The willingness and commitment of the partner states plays a critical role in determining the degree of integration.

According to Pangestu and Scollay (2001), the main motivations for regional integration are commercial tendencies, economic expansion, political and security. Economic effects of regional integration according to Hoekman et al. (2002) are: trade creation, diversification and trade transfer. Todaro and Smith (2006), put forth that creation of trade occurs where a common external trade policy and internal trade policies bring about a positive shift of

production volume. And when imports from other countries are replaced by cheaper imports from partner countries. Closer trading links between countries strengthens the volume of the collaborating states to join in world trade and also declare their interest for a sturdier and a more assertive spot in the global arena (Saku, 2006).

A number of initiatives have been taken at the Community level to boost trade, they include the following; The Customs Union Protocol - The intentions of the Customs Union are to further the liberalization of intra-regional trade in goods; stimulating production efficacy among partner states, enhance local, cross-border and foreign investment; also to promote economic development and industrial divergence; Trade Enhancement - The member nations had arranged to collaborate in simplification, standardization and harmonization of trade information and certification in order to improve trade in goods; Anti-dumping measures - The states have established anti-dumping guidelines; Competition Policy and Law – EAC states have implement these with an objective of deterring any activities that badly effect free trade within the Community; Re-export of goods are to be exempted from the payment of import or export duties; Non-Tariff Barriers (NTBs) to trade - Under Article 13 of the Customs Union Protocol, the EAC community will remove all existing non-tariff barriers to trade and not to enforce any new ones; Standards and Measures - Under Article 81 of the Treaty Establishing the Community, the EAC Partner States recognized the importance of standardization, quality assurance, metrology and testing (SQMT) for the promotion of trade and investment and consumer protection, among other things(EAC Report,2016). The researcher further classify these regional initiatives into four categories namely operational initiatives, efficiency initiatives, and flexibility initiatives and lastly standards initiatives. The literature shows that the regional integration initiatives are aimed towards improvement of trade procedures and

standard thus there are initiatives which enhance efficiency of trade, then those that hasten the operations to facilitate trade followed by the application of uniform standards for routine checks in the borders and lastly those that improve the flexibility among trading partners (Tuluy, 2016, EAC Report, 2016; Saku, 2006 & Pangestu & Scollay 2001).

1.1.2 Trade Volumes

Trade volumes are the total amount of commodities and or services for an entire market that are traded during a given period of time. When commodities are more aggressively traded, their trade volume is high, and when they are less actively traded, their trade volume is low (Hoekman et al., 2002). Volume of trade should be looked at as relative to recent history. The more recent the data sets, the more relevant they are likely to be. Trade volume analysis is the technique applied in assessing the health of a trend, based on volume activity. Volume is one of the oldest day trading indicators in the market (Economic Commission for Africa, 1999).

Variance in trade volumes is usually a result of a number of factors namely: competition, price volatility, product recall, trade restrictions etc. Arising market should see rising trade volumes. Traders require cumulatively increasing numbers and enthusiasm so as to push prices higher. Growing prices and falling volumes show lack of interest and this is a caution of a possible set back. The simple fact is that a price drop/ rise on little volume is not a good trade signal. A price drop/rise on large volume is a stronger signal that something among the trade partners has fundamentally changed (Makame, 2012)

1.1.3 East Africa Community

The East African community goes back a long way since 1967 on account of being neighbors and sharing a common colonial administration the (British colony) the three initial members of

EAC were Kenya, Tanzania and Uganda. These countries established the East African Community (EAC) to facilitate trading activities which lasted until 1977 before its collapse as a result of different political principles. After the demise of the EAC in 1977, the partner states then negotiated and signed the EAC Mediation Agreement in 1984. Through this arrangement the countries distributed amongst themselves the assets and liabilities of the non-operational community which marked the end of the controlled multilateral co-operation. One of the positive elements of that Mediation Agreement was the establishment of an option of future co-operation among the three countries. This provision paved way to the reinstatement of the East Africa Community in 1999. The Accord for the formation of the new “East African Community” was signed by the Heads of State of the partner states on November 30, 1999 in Arusha, Tanzania and came into force on 7th July 2000. The EAC was formally and officially launched by the Heads of State on 15th January 2001 (EAC Establishment Treaty, 2002).

The broad goal of the EAC as envisioned in its inauguration Treaty, was to broaden and expand co-operation among Partner States in political, economic, social and cultural fields, research and technology, defense, security and legal and judicial affairs in order to establish mutually beneficial relations. It emphasized on improving economic development and creating the capacity to compete on a global perspective. The first enlargement of the Community was made in July 2007 when the countries of Rwanda and Burundi officially joined the Community. Their admission made EAC to have five member states namely: Tanzania, Kenya, Uganda, Rwanda and Burundi. South Sudan, which is Africa's newest nation, got admitted into the East African Community (EAC) economic block; during the 17th Ordinary EAC Heads of State Summit in

Arusha, Tanzania. This saw the EAC increase the membership of the common market to six (Karuri, 2016).

EAC Partner States share a common history, language, culture and infrastructure which provide an exceptional context for regional integration. The integration gives the EAC mutual benefits such as increased trading grounds, broader markets for their products, increased Foreign Direct Investment (FDI), higher bargaining power, intensified security as well as better conflict resolution in the region and lastly free movement of people and produce across the region. To add to that the EAC partner states undertake several developmental projects together such as infrastructural projects, collective employment and poverty reduction, joint environmental conservation particularly the Lake Victoria project and joint tourism promotion (EAC Establishment Treaty, 2002).

1.2 Research Problem

Regional integration is a strategy for regional trade facilitation through; creating closer trading links and strengthening the capacity of the cooperating states to participate in world trade (McCormick, 1999). The partnering among the states is driven towards the improving trade volumes in the partner states. Nevertheless, for the achievements to be recognized; the EAC partner states invest massive monies which are expected to correspond with the economic benefits to be realised. These benefits are primarily dependant on the level of integration; and the deeper the integration, the better the benefits to the participating Partner States. Though, the degree of integration depends upon the will and commitment of the sovereign nations to share their sovereignty (Pangestu & Scollay, 2001).

The East Africa Community member states are characterised with many small national markets with a number of them being landlocked. The region is also endowed with a lot of natural resources but lacking in ability to optimally exploit the resources because of: poor infrastructure, financial resource constraints and a myriad of barriers (Booth, et al. 2007). Co-operation of the EAC partner states is being pursued both at political and economic level to overcome the prevailing regional trade challenges that are inherent with relatively small domestic markets. The efforts are to enable producers to realize greater economies of scale as well as exploit the benefits of more robust regional trade facilitation initiatives. The Partner States inter trade has recorded a number of challenges. Integration of the partner states was expected to address some of the challenges but the partner states members exude unsatisfactory levels because of the still existing trade barriers.

Studies on Africa integration as a strategy to enhance regional co-operations among Partner States have painted a gloomy picture. Omoro (2008) adopted European Union as a point of reference in the study on organizational effectiveness of regional integration institutions. The study found out that EU's success in attainment of organizational objectives is as a result of deeply embedded fundamentals of organizational effectiveness theory which are weakly ingrained in the EAC. Mutega (2014) investigated the efforts that have been put in place through examining the role of the Kenyan parliament in promoting the East African integration. The study revealed that the parliament has played a role through a show of good will to other actors like the East Africa Legislative Assembly. In the re-examination of the benefits of economic integration for developing countries in Africa: case study of EAC. The study revealed that for Partners States to benefit more, regional integration should be strengthened by ensuring

among others; full political commitment, decent governance and solving the challenges of multiple regional memberships. Kimutai (2014) study on non-tariff barriers and the economic integration of the East African community; found out that non-tariff barriers hampered the economic integration as a result of political, social and economic differences. The study calls for the need to validate political good will and empower the National Trade Monitoring Committees to deal definitively with the overabundance of non-tariff barriers.

The existing studies reveal an existing gap on the effects of the integration efforts on trade volumes in the East African community. Numerous recommendations on how the East African community can effectively achieve its objectives have been given through existing studies. At the East African community level, efforts have also been put in place by Heads of States, through the quarterly Regional Heads of States Summit directives which are communicated through a joint communiqué. The directives are usually aimed at facilitating trade in the region through the removal of existing non-tariff barriers. The study therefore sets out to answer the question. What are the effect of East Africa Community integration initiatives on the trade volumes in the region?

1.3 Research Objectives

This study has two objectives namely:

- i. To establish the rating of integration initiatives towards trade facilitation in the East Africa Community.
- ii. To establish the relationship between the East Africa Community integration trade facilitation initiatives and the region's trade volumes.

1.4 Value of the Study

Regional integration initiatives aimed at trade facilitation through addressing the prevailing non-tariff barriers are set out to achieve specific objectives. The success of the initiatives is what defines their credibility in the face of the business community. The reduction/elimination of the existing non-barriers to trade accrue to the regional business community myriad of advantages among them: formation of closer business linkages amongst member countries, solidification of the capacity of the collaborating states in order to participate in global trade and affirm their interest from a solid and more assertive position in the universal arena (Saku, 2006).

A legal framework to guide the provisions in trade treaties and initiatives is essential to ensure partner states and non-partner states adherence. The initiatives to be undertaken are defined out clearly in trade policy agreements/documents/joint communiqués and subsequent review informed by the dynamism of the business environment. The current trade facilitation agreements/initiatives in the East African community are anchored on the EAC Establishment Treaty and the Heads of States directives which are usually born out of the Heads of States Summits meetings. The decisions that inform the review/issuance of trade agreement/directives are largely informed by findings from research work, regional surveys, stakeholder's views and recommendations from individual National Trade Facilitation Committees. The findings of this research project will be shared with the Northern Corridor Secretariat, department of Customs and Trade Facilitation which is one of the policy organs of the East African Community. It is expected that the department will share the recommendations during the Summit meetings which are held quarterly. If adopted, the recommendations will inform the review of the current implementation framework of policies/initiatives on trade facilitation.

The research will inform the researchers of the relationship between the East African community integration trade facilitation initiatives and the region's trade volumes. Trade takes place in an open system and as such controlled by the forces of supply and demand. Trade facilitation initiatives are undertaken with clearly set out objectives. However, the non-realization of the objectives sets in place questions what exactly went wrong, and so is when the objectives are realized partly. It is the resulting shortcoming that the researchers are usually interested in unveiling. The findings of this research will contribute to the existing knowledge on the East African community integration effects on trade volumes in the East African community. It will also set in motion further inquiries on just how more effective can integration be explored to realize increase in volumes of trade among the member states.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter discusses the theoretical foundation of the study, the empirical literature and finally summarises the discussion by articulating the existing knowledge gap.

2.2 Theoretical Foundation of the Study

The study is guided by the three theories: the country similarity theory, the comparative advantage theory and lastly the theory of economic integration.

2.2.1 The Country Similarity Theory

The Country Similarity Theory was established by Linder in 1961 advocates that countries are likely to trade with one another as a result of having the most similarities in form of the degree of development; per capita income, saving habits, communications and transportation systems, degree of technology and language. This coherent theory is founded upon the basis that alike countries will be attracted to the same goods and services.

Keynes (1936) uploaded the country similarity theory as one of the first theories to suggest additional factors besides supply and demand as an influence on trade. The country similarity theory designates the trade patterns for countries. A kind of cross-border dominant competition emerges with firms competing for cross country market share with the drive being on product differentiation. Trade between nations with comparable political and economic interests is more common than between countries that differ (Linder, 1961).

2.2.2 The Comparative Advantage Theory

The Comparative advantage theory was developed by Ricardo (1817), he argued that for a nation to advance its economic welfare it needs to specialize in the production of those goods and services it can produce relatively efficiently; and through that improve international competence through its involvement in free trade. He also believed that a country can concurrently have an outright and a comparative advantage in the creation of a certain product by focussing on the manufacture of the product in which it has the superior advantage. Suranovic (2007) advanced the discussion on the Ricardian model of comparative advantage by stating that countries differ only in their productive capacities.

The comparative advantage theory explains that countries that have high technological productivity in both trade products could still accrue benefits from trade with other countries. In this condition, a comparative advantage is existent for those products that the state can produce most best in comparison to other countries, even if the best product is produced less effectively than in the other country. The purpose is so as both countries can profit is since production is not the only basis of business gain; in its place is the combination of production and average grosses (Ricardo, 1817).

In the internal economies of scale argument, Krugman (1979) explained that if there are in-house economies of scale companies become entirely competitive; marketplaces will be provided by a firms which are less than the firms in a perfectly competitive market. The firms will be able to produce a high quality output than the ones in a perfect market.

2.2.3 The Theory of Economic Integration

The theory of economic integration was expounded by Balassa in 1973, it scrutinizes the effects of the diverse forms of integration on the economies of member nations and the rest of the world. The theory states that the elimination of all trade obstacles within collaboration states plus the formation of definite foundations of coordination among them; results to increase in regional growth rate. According to the theory economic integration as a method or as a set of situations; as a procedure, it incorporates procedures intended to eliminate insights amongst commercial entities belonging to diverse political states; and as a state of situations, it is seen as the ability to remove various forms of trade discrimination between partner countries.

Viner's penetration analysis (1950) state that free dealers plus nationalists deliberated in support of trading blocks. He stated that trade creation and diversification depends on the relative degrees of trading blocs growth. He stressed that trade instituting is favourable; because it helps nations grow while trade diversion is detrimental. The relative effect of these two determines whether or not a trade bloc is improving the welfare of its citizens or not. Bhagwati and Panagariya (1996) pointed out that convectional trade creation and trade diversion are not the only determinants on the prosperity of a partner of a trading block. It argues that though trade creation might be greater than trade diversion, so as to the block as full benefits, a partner country might fail on the interpretation of adversarial revenue dissemination effect rising on or after tariff income reallocation. This implies that, there will be a net welfare loss if a nation enters in a trade integration agreement with a nation that has a high degree of market protection when it has a free market.

Balassa (1973) further states that economic integration, can take numerous arrangements which signify variable degrees of integration which are a free-trade zone, a customs union, a communal market, an economic union and comprehensive economic integration. In a free trade zone, rates and quantitative limitations among the collaborating nations are eliminated; however the individual nation maintains its own rates in contradiction of outsiders. Setting up a customs union includes, the control of discernment in the movement of goods in the region, the harmonization of rates in trade with non-partner states. A higher form of economic integration is attained in a common market, where not only trade restrictions but also restrictions factor movements are abolished. An economic union, as divergent from a common market, blocs the subdual of limitations on trade and product policies, so as to eliminate discernment that was due to inequalities in these guidelines. Lastly, total economic integration presumes the union of financial, economic, societal, and trading repetitive policies and requires the establishment of an intra-national authority whose resolutions are binding among partner nations. The theory also evaluates the influence of union of the nation-wide marketplaces on development and examining the requirement for the harmonisation of economic policies in the region. The theory of economic integration incorporates the foundation of location theory as the integration of neighbouring states allows for the exclusion of artificial obstacles that hinder uninterrupted economic activity by putting up nation-wide borders, and the resultant relocation of manufacture and regional agglomerative and deglomerative trends.

2.3 Empirical Literature

This section will review empirical literature on integration and regional trade. The empirical literature studies to be reviewed will include: the impact of trade policy reform and regional integration on export performance in the Economic Community of West African State's sub-

region; by adopting the gravity model, secondly, deep integration and production networks: an empirical analysis research, thirdly empirical evaluation of trade potential in Southern African Development Community and lastly the study on trade and economic growth; a re-examination of empirical evidence.

Babatunde (2006) in his study examined the impact of trade policy reform and regional integration on export performance, in the Economic Community of West African State's sub-region; by adopting the gravity model. The findings revealed that Membership of the West African Economic and Monetary Union trading bloc has improved export performance among its members while the membership of Mano River Union (MNU) appears to have deteriorated export performance. The study also found out that the existence of artificial barriers to trade among Economic Community of West African countries negatively affects export performance. The study recommends the better application of trade policy tools such as: tariff and non-tariff barriers, export subsidies and credits to exchange rate guidelines to decrease anti-export bias. The study also released the basic for other trade restraining procedures such as rules of cause, import duties and taxes, import exclusions, quantifiable limitations and licensing to be reduced to the barest minimum if not completely eliminated. Individual trade barriers reductions can interrelate with input in preferential trade arrangements to improve export performance in the Economic Community of West African sub-region. Though the independent liberalization efforts might results in improved apportionment of resources and development of the whole competitiveness of local industries, this improvement in competitiveness enables a state to take part efficaciously in regional trade contracts. Though the administrative pointer variable was found to be irrelevant, Economic Community of West African Countries leaders should create

events to uphold political steadiness within the area in order to recognise the full prospective of trade policy restructuring and regional integration on their export performance.

Rocha and Orefice (2011) in their study on deep integration and production networks: an empirical analysis research; propose that approval of deeper arrangements rises trade in manufacturing systems among partner states by nearly 35 percentage points on average. Additionally, the influence of deep integration is further major for businesses that by their actual nature need complex levels of directives. In effect, while validation deeper agreements raises manufacturing networks trade in locomotive parts and ITC products by 81 and 56 percent correspondingly, the influence on textiles trade is just 20 percent on average. Regarding the effect of manufacturing industry trade on deep integration, the outcome display that greater levels of trade in manufacturing industry increase the possibility of validation deeper agreements by around 6 percentage points. Additionally, the effect of a rise in production networks trade on the probability of signing deeper agreements is 5 times greater for agreements between North-South countries likened to arrangements among countries with comparable income levels. Simwaka (2011) while undertaking a practical assessment of trade potential in Southern African Development Community, using Southern Africa Customs Union (SACU) as a proportional, foresees that the public is capable of raising intra-regional exports from 11.9% to about 20.0%, given the structural relationship that prevails in Southern Africa Customs Union. The paper demonstrates empirically that if the experiences of the Southern Africa Customs Union are imbibed, intra-regional trade would rise marginally. In other words, the Southern Africa Customs Union formulation of significance is the advancement of restricted regional collaboration and policy co-ordination in infrastructure, power and communications as a preface to preferential trade arrangement. Additional informative characteristic of the Southern Africa Customs Union

is the raise of state definite progression and expansion that are steady with rise in intra-regional trade and cross border investments. The role of export concerned strategies and national specific bilateral free trade blocs are also useful lessons for SADC. Additionally, policy harmonisation in peripheral economic associations is imperative. Conceivably the ultimate prospects for trade in the region are in the manipulation of qualified benefits to make trade flow smoothly. Southern Africa Customs Union realizes abundant business prospective, which many non-SACU South African Development Community republics are yet to apprehend. SADC's main relative gain in the Southern Africa Customs Union marketplace lies in main and transitional commodities. The definite merchandise for which SADC has a virtual proportional benefit in both the SACU and global markets are sugar and related products, tobacco and tobacco manufactures and non-metallic.

Koniger and Busse (2012) in their study on trade and economic growth; a re-examination of empirical evidence, the study revealed that using the alternate trade measures in blend with the binding arrangement of the co-ordination GMM estimator permits the founding a fundamental relationship amid trade and differences in GDP per capita growth. Commercial dealings does certainly have a positive and major influence on evolution. This is confirmed by the development of commerce by association and admittance to supplementary technologies, which spurs a major effect on revenue development as well.

Furthermore, it can be seen that both channels, trade and the expansion of trade, have an independent effect on GDP per capita growth. The similar outcome would be factual for both exports and imports discretely. The positive effect of trade on revenue growth is also established for a sample of emergent nations only. Trade was found to be active in nurturing economic growth in emerging nations. These discoveries are critical for the present dissertation in the

expansion community as they reinforce the significance of trade interrelated expansion aid, for example, the Aid for Trade initiative.

2.4 Summary of literature review and knowledge gap

The major goals of the regional integration initiatives bring closer and widen collaboration amongst the member nations and to ensure they benefit mutually. Regional integration initiatives develop well thought guidelines for the realization of their intentions. Despite the notable successes in achievement of the establishing objectives, several inadequacies moreover generally stand out. Scholars have endeavoured to scrutinise the motives behind the regional integration initiatives defects, mostly are credited to economic, socio-cultural, legal, political and geo-political factors. Among the scholars are Babatunde (2006) in his study on the influence of trade policy restructuring and regional integration on export performance, in the Economic Community of West Africa. Economic Community of West African States leaders were called upon to sustain political solidity in their region so as to appreciate the complete prospective of trade policy transformation and regional integration on their export performance. Omoro (2008) in his study on organizational effectiveness of regional integration institutions revealed that the basic fundamentals of organizational effectiveness are weakly ingrained in the EAC while deeply embedded in the EU hence the success in EU. The existing studies have generally cited the East Africa Community integration initiatives as partly achieved, however there is no evidence of how the partial achievement of these initiatives has varied with trade volumes among the member states for the past five years.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter will discuss the research methodology to be used. This will consist of research design, population of study, data collection and data analysis.

3.2 Research design

The research design adopted in this study was descriptive cross sectional survey since it sort to correlate study of the regional integration trade facilitation initiatives on trade volumes. Descriptive survey according to Sekeran and Bougie (2009) is a correlation study where the researcher delineates the important variables associated with the problem to answer the research question. The cross sectional survey was used as data was collected one point in time to give a snapshot of the situation at that time.

3.3 Population of study

Maina (2012) define a population as a complete set of individuals' cases or objects with some common observable characteristics. The East African Community was the population of study. The East African Community is composed of six member states namely: the Republic of Tanzania, the Republic of Kenya, the Republic of Uganda, the Republic of Rwanda, the Republic of Burundi and the youngest nation; the Republic of South Sudan. The population of study was all the individuals in the EAC community which were 145.6million as at 2016 (EAC report 2016).

3.4 Sample and Sampling technique

The study used purposive sampling technique to gather data from the individual partner states which are represented in the membership of Mombasa port community stakeholders' forum. A purposive or judgmental sample is one that is selected based on the knowledge of a population and the purpose of the study. The main goal of purposive sampling is to focus on particular characteristics of a population that are of interest, which will best enable the researcher to answer the research questions (Mungenda & Mugenda, 2012). The members represented in the forum as at May 2016 were thirty eight as shown in Appendix 2.

3.5 Data Collection

The study used primary data which was collected from the Mombasa port community stakeholder's forum. Primary data was collected through questionnaires. Closed ended questionnaires were used in the collection of quantitative data for analysis using a five point Likert-scale. The questionnaires were administered to the respondents from the Mombasa port community stakeholder's forum. Section A sort for general information of the members, section B sort to answer the research objectives, The questionnaires were administered to the Mombasa port community stakeholders owing to the dynamic expertise in regional trade. The questionnaires were administered through face to face interaction. By using the questionnaire, the interviewer got the rating of the respondents on the effect of the regional integration initiative on the volume of trade. The interviewer was present when the questionnaires were being filled and offered clarifications that were sought. The responses obtained from the primary source helped the researcher to clearly understand the current situation at. A copy of the questionnaire is provided as appendix 1.

3.6 Data Analysis

To analyze objective one that is to determine the rating of East Africa Community integration initiatives on trade within the region; descriptive statistics were used. The SPSS software generated the mean, standard deviation and ranking of the integration initiatives to trade facilitation which were represented in tables. To establish the relationship between the East Africa Community integration trade facilitation initiatives on the region's trade volumes the researcher used the regression model and the findings were presented in tables. The value of the coefficient of correlation (R) was computed to determine the magnitude and direction of the relationship. The model were constructed using the EAC regional initiatives and trade volumes discussed in the study as follows:

$$Y_0 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y_0 was the dependent variable representing trade volume index; β_0 was a constant factor which was also the value of the dependent variable when X_1 , X_2 , X_3 & X_4 are equal to zero and X_1 = EAC Standards Initiatives, X_2 = EAC Flexibility Initiatives, X_3 = EAC Operational Initiatives X_4 = EAC Efficiency Initiatives and β_1 , β_2 , β_3 , and β_4 are constants associated with X_1 , X_2 , X_3 and X_4 respectively. Random error ε represents all other minor effects on the model which were captured.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter contains data analysis and presentation of findings. The study questions are answered in this chapter in line with the objectives of the study and information sought to determine the outcome.

4.2 General Findings

The numbers of questionnaires presented to the respondents were thirty eight (38) and a total of forty two (36) questionnaires were completed satisfactorily and returned. The table 4.1 shows the study's response pattern.

Table 4.1: Response by EAC partners

Country	Pop. Size	Response	Percentage
Kenya	8	7	18.4%
Uganda	8	7	18.4%
South Sudan	7	7	18.4%
Burundi	6	7	18.4%
Tanzania	2	2	5.3%
Rwanda	6	6	15.8%
Total	38	36	94.7%

Source: Research Data (2016)

The table 4.1 shows the response from the member state partners. All the member states were represented translating to a response rate of 94.7%. However, two questionnaires were not returned.

4.2.1 Duration as a member of the Mombasa Port Community Stakeholder's Forum

The study sought to determine the period of time the EAC members under study have been members to the forum; this was to help the researcher determine if they have observed changes in trade volumes with the putting in place of integration initiatives. The findings of the study are as shown in the table 4.2.

Table 4.2: Duration as a member of the Mombasa Port Community Stakeholder's Forum

Duration (years)	Frequency	Percent
1 – 5	32	88.9
Over 5	4	11.1
Total	36	100.0

Source: Research data, 2016

The respondents were asked to indicate the number of years they have been members to the Mombasa port community stakeholders' forum. Majority of the respondents representing 88.9% responded that they have been members for 1-5 years and the rest for over 5 years. From the results it can be inferred that majority of the respondents are longtime members to the forum.

4.2.2 EAC Representation in the Mombasa Port Community Stakeholder’s Forum

The researcher sought to find out the EAC representation in the Mombasa port community forum. The findings were presented in the table 4.3:

Table 4.3: EAC Representation in the Mombasa Port Community Stakeholder’s Forum

Representation	Frequency	Percent
Fully represented	20	55.6
Partly represented	16	44.4
Not represented	0	0
Total	36	100.0

Source: Research data, 2016

From table 4.3, it can be seen that majority of the respondents (55.6%) indicated that EAC is fully represented in the Mombasa port community stakeholder’s forum while 44.4% said they were partly represented. From these results it can be inferred that all EAC member states are represented in the forum.

4.3 Rating of the Integration Initiatives toward Trade Facilitation in EAC

The research sought to establish the respondents rating of the integration trade facilitating initiatives towards trade facilitation. This was done by dividing the EAC trade facilitation initiatives into four broad categories namely: those that affect standards, operations, flexibility and speed. The respondents were asked to indicate rating of the different initiatives. The responses were subjected to descriptive statistics and the findings are as presented in the below:

4.3.1. EAC Standards initiatives on trade facilitation

The researcher sought to establish the extent to which EAC standards initiatives on trade facilitation have facilitated trade among the partner states. The following initiatives of EAC standards were tested to inquire the extent to which their implementation has impacted on trade volumes. The findings are presented in table 4.4

Table 4.4: EAC Standards initiatives on trade facilitation

Elements of EAC standards	Mean	Std. deviation	Rank
Recognition of Harmonized EAC standard certificates	3.91	.707	4
Development and adoption of EAC custom procedures and custom forms to ensure standard practice	4.45	.687	3
Adoption of uniform custom laws and regulations	4.60	.497	1
Partial application of authorized operators scheme	4.42	.539	2
Average	4.35	.558	3

Source: Research data, 2016

From the findings, the average mean for EAC standards initiative was 4.35. This confirms that the initiatives have enhanced trade among the EAC member states. The respondents agreed that use of uniform custom laws was the highest ranked EAC standard initiative while recognition of harmonized EAC standard certificate was the lowest ranked initiative. The research attributed this to unwillingness among the partner States to let go of their control on goods standards certification.

4.3.2. EAC Flexibility initiatives on trade facilitation

The researcher sought to establish the level to which EAC member states flexibility initiatives have impacted on trade among them. The following EAC flexibility initiatives were rated on the extent to which their implementation has facilitated trade among the partner states. The findings are presented in table 4.5

Table 4.5: EAC Flexibility Initiatives on trade facilitation

Elements of operational initiatives	Mean	Std. deviation	Rank
Strengthening the NTB's Monitoring mechanisms	4.30	.712	2
Interconnectivity of customs systems	4.40	.467	1
Application of risk management in custom's operations	4.20	.518	3
Average	4.30	.562	4

Source: Research data, 2016

It can be observed from table 4.5 that the total cumulative average mean for the EAC flexibility initiative was found to be 4.30. The study revealed that EAC flexibility initiatives contributed to trade facilitation to a great extent. Interconnectivity of customs systems between partner countries was highest ranked while the application of risk management in customs operations was also sturdily felt as it was ranked number 3 with a mean score of 4.20. Improvement in interconnectivity of customs systems is largely attributed to the efforts of the member states to leverage on ICT to enhance trade among them.

4.3.3. EAC Operations Initiatives on Trade Facilitation

The researcher sought to establish the extent to which implementation of EAC operational initiatives impacted trade among the EAC member states. The respondents were asked to respond to the following EAC Operations initiatives to help the researcher determine the extent of its implementation impacted on trade. The findings are presented in table 4.6:

Table 4.6: EAC Operational Initiatives on Trade Facilitation

Elements of Operational Initiatives	Mean	Std. deviation	Rank
Time release study to measure bottlenecks and development of measures to address them.	4.65	.439	3
Setting up of one stop border post to reduce delays in clearance of goods.	4.60	.539	1
Adequate coordination and facilitation of transport activities.	4.00	.625	2
Average	4.41	.534	1

Source: Research data, 2016

From the findings presented in table 4.6, the study established that EAC operational initiatives have considerably impacted on trade among the EAC member with the average mean of 4.41. The respondents ranked the time release study to measure bottlenecks and development of measures to address them highest with an average of 4.65. This underscores the need for specific tasks/activities impacting on trade to be dealt with in their settings rather than in blanket key performance indicators (KPIs).

4.3.4. EAC Efficiency Initiatives on Trade Facilitation

The study sought to establish the extent to which efficiency initiatives in EAC have impacted on trade among the partner states. The respondents were asked to rank the efficiency initiatives contribution to trade. The findings are presented in table 4.7:

Table 4.7: EAC Efficiency Initiatives on Trade Facilitation

Elements of Efficiency Initiative	Mean	Std. deviation	Rank
Use of EAC passport to facilitate cross border movement	4.34	.488	2
Harmonization of business hours and attempt to operate 24 hrs in some border stations.	4.38	.539	1
Harmonization of transport regulations and stds. to reduce delays and cost of doing business	4.32	.485	3
Average	4.36	.504	2

Source: Research data, 2016

The study established that the EAC efficiency initiatives were the second most useful initiatives in trade facilitation among EAC partner states with a mean score of 4.36. Harmonization of business hours was the highest ranked initiative as it allowed for border post cargo clearance under the 24/7 regime unlike in the past, where the truckers had to wait until morning in the event they get to the borders after 5:00pm. Use of the EAC passport to facilitate movement was ranked second with a mean of 4.34, followed by the harmonization of transport regulations at

4.32. This initiatives facilitates cargo movement and subsequent border post clearance thus reducing the transit time translating to reduced cost of doing business.

4.3.6 Summary of EAC Trade Facilitation initiatives ranking

In this section the researcher sought to establish the most to the least EAC ranked initiatives categories. The findings are as presented in the table 4.9:

Table 4.8: Summary of EAC Trade Facilitation initiatives ranking

EAC initiatives	Mean	Std. deviation	Rank
Xi(EAC Standards Initiatives)	4.35	.558	3
X2(EAC Flexibility Initiatives)	4.30	.562	4
X3(EAC Operational Initiatives)	4.41	.534	1
X4(EAC Efficiency Initiatives)	4.36	.504	2
Total means	4.355	.534	

Source: Research data, 2016

The EAC initiatives were analyzed to establish their rating towards trade facilitation in the East African community in the past five years. From the results, EAC member states have benefited from the operational initiatives in trading across member states, this was represented by the mean of 4.41, efficiency initiatives followed with a mean of 4.36, standards initiatives came in at three with the mean of 4.35 and finally flexibility initiatives with a mean of 4.30. According to the findings, it is imperative to say that the various categories of trade facilitation initiatives in the EAC contributed in their own proportions to trade among the partner states with a mean of 4.355.

4.4 The Relationship between EAC integration trade facilitation initiatives and the region's trade volumes.

The study sought to establish the relationship between EAC integration trade facilitation initiatives and the region's trade volumes. The EAC initiatives were rated on a scale of 1 - 5 against the trade facilitation indicator of the volume of trade by partner state members. The average responses obtained for each of the elements of EAC initiatives and the trade volume perimeter are represented in table 4.9.

Where:

X_1 = EAC Standards Initiatives

X_2 = EAC Flexibility Initiatives

X_3 = EAC Operational Initiatives

X_4 = EAC Efficiency Initiatives

Y_0 = Trade volume index

Table 4.9: Average Responses of Each Element of EAC initiative and corresponding Trade volume index

COUNTRY	X₁	X₂	X₃	X₄	Y₀
KENYA	0.60	0.40	0.67	0.60	0.60
	0.75	0.67	0.73	0.60	0.80
	0.70	0.87	0.80	0.73	1.00
	0.70	0.53	0.67	0.73	0.80
	0.90	0.67	0.87	0.80	1.00
	0.60	0.53	0.67	0.53	0.60
	0.60	1.00	0.93	0.80	0.40
	0.65	0.67	0.80	0.80	0.80
TANZANIA	0.65	0.53	0.73	0.67	0.60
	0.60	0.67	0.67	0.60	0.60
BURUNDI	0.60	0.67	0.67	0.67	0.80
	0.60	0.67	0.67	0.67	0.60
	0.60	0.67	0.67	0.60	0.80
	0.60	0.67	0.67	0.60	0.60
	0.60	0.67	0.67	0.60	0.80
	0.60	0.67	0.67	0.60	0.60
	0.60	0.67	0.67	0.60	0.80
	0.60	0.67	0.67	0.60	0.60
SOUTH SUDAN	0.85	0.93	0.93	0.80	1.00
	0.60	0.60	0.60	0.60	0.80
	0.60	0.60	0.67	0.60	0.80
	0.60	0.60	0.67	0.60	0.60
	0.60	0.60	0.67	0.60	0.60
	0.60	0.60	0.67	0.60	0.80
	0.60	0.60	0.60	0.67	0.60
	0.60	0.60	0.60	0.67	0.60
RWANDA	0.80	0.80	0.87	0.80	1.00
	0.80	0.87	0.93	0.80	1.00
	0.90	0.80	0.80	0.87	0.80
	0.85	0.80	0.80	0.87	0.80
	0.85	0.87	0.87	0.73	0.80
	0.80	0.73	0.80	0.80	0.80
UGANDA	0.85	0.65	0.87	0.80	1.00
	0.90	0.80	1.00	0.80	0.80
	0.90	0.93	0.87	0.80	0.80
	0.85	0.87	0.73	0.87	0.60
	0.90	0.80	0.87	0.87	1.00
	0.85	0.87	0.80	0.93	1.00

The researcher then applied the regression models to determine the relationship between the integration trade facilitation initiatives and the region’s trade volumes. The models were obtained using the data presented in table 4.9:

4.4.1 Effect of EAC initiatives on trade volumes of among partner states

The main aim of the study was to establish the effect of EAC integration initiatives on trade volumes among the partner states (Y_0). The independent variables X_1 , X_2 , X_3 , and X_4 were measured against the Y_0 the dependent variable using regression analysis. The findings are as presented in table 4.10:

Table 4.10: Regression model summary of EAC Initiatives on Trade Volume

SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.6429975
R Square	0.4134458
Adjusted R Square	0.3377614
Standard Error	0.1319372
Observations	36

Source research data, 2016.

From data in the above table 4.10 the adjusted R^2 was 0.337 which means 33.7% variation in trade volume is accounted for by variation in implementation of EAC integration trade facilitation initiatives. The correlation coefficient tells us the strength of the relationship between the variables. The study also found that the correlation coefficient was 0.642; this shows that

there is a strong positive correlation between the EAC integration initiatives and trade volumes among the partner states.

Table 4.11: Analysis of Variance of trade volumes

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	4	0.38037013	0.095092532	5.462760063	0.001898897
Residual	31	0.53962987	0.017407415		
Total	35	0.92			

a. Predictors: Standards, flexibility, operational and efficiency initiatives

b. Dependent Variable: Trade Volume index

From the above ANOVA table the significant value for the model was 0.001 which means that the model is significantly lower than 0.05. This means that there is a positive relationship between EAC integration trade facilitation initiatives and the region's trade volumes.

Table 4.12 Regression Analysis Model EAC Initiatives on Trade Volume

	<i>Coefficient</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	0.1720905	0.162880015	1.056547527	0.298882669
X Variable 1	0.8368039	0.361975736	2.311767944	0.027602723
X Variable 2	-0.1771392	0.263856491	-0.67134692	0.506971721
X Variable 3	0.2166244	0.37632451	0.575631922	0.569019413
X Variable 4	0.0552084	0.412986941	-0.13368081	0.894519057

Source: Research Data 2016

$$Y_0=0.172+0.837X_1-0.177X_2+0.216X_3 + 0.055X_4$$

The study derived this equation which shows the value of improvement of trade volumes among East African Community member states when holding X1, X2, X3 and X4 to constant zero would be 0.172.

A factor increase in X1 would lead to an increase in trade volumes by 0.837, a unit increase in X2 would lead to a decrease of 0.177 of the EAC Trade Volumes, a unit increase in X3 would lead to an increase of trade volume by 0.216, a unit increase in X4 would lead to a 0.055 increase in trade volumes. This information shows that there's a positive relationship between, X1, X3, X4 (EAC initiatives; Standards, Operational and Efficiency respectively) and trade volumes. However the findings also indicate that there is a negative relationship between X2 and Flexibility initiatives. From the findings the research infers that the EAC community should seek to improve further the integration initiatives that relate to standards, operations and efficiency of trade facilitation; as the partner states demonstrated willingness in undertaking the same to realize trade improvement. However, great commitment should be the guiding yard to approach flexibility initiatives that relate to sensitive initiatives like interconnectivity of systems and management of risks in the systems which pose a great trade risk. Most of the countries are governed by policies which aim at safeguarding of their trade systems from potential threats/breach. To realize the objectives of these initiatives, there is need for a member states collaborative approach.

4.5 Discussion of findings

The study revealed that, most EAC initiatives that facilitate trade were the ones that affect operations, followed by efficiency initiatives, then the flexibility initiatives and lastly the EAC initiatives that were responsible for establishing uniform standards in trade among EAC countries. These findings are consistent with Alemayehu and Haile (2008) finding in which they sought to review the prospects and challenges of regional integration in Africa; they also tested for the determinants of bilateral trade flows. The result showed that the usual gravity model variables (GDP of the exporting and importing countries, bilateral distance, and border) with the exception of language have the expected sign. Their result also confirms the Linder Hypothesis that similar countries trade more.

The regression analysis gave a positive relationship between Standards initiatives, operational initiatives, and efficiency initiatives with trade volume of EAC. It however showed that there was a negative relationship between flexibility initiatives and trade volumes. This finding are consistent with the findings of the work by Martinez-Zarzoso and Nowak-Lehmann (2001) which explored the determinants of bilateral trade flows between the European Union and Mercosur applying the gravity model in panel data framework and analyses the trade potential between the two trading blocs. The authors indicate that the partners' incomes have the expected positive impact on bilateral trade flows and the income elasticity of trade flows is found to be near unity in line with the theoretical expectation. But the effect of the exporting and importing countries' population is opposite; exporting countries' population has large negative coefficients implying domestic absorption effect whereas that of importing countries' has large positive impact suggesting that highly populated countries import more

compared to those less populated countries. Exchange rate and income differences are also found to be important determinants of trade flow in these two trading blocs. The preferential dummy variables for both EU and Mercosur present positive and significant coefficients indicating that belonging to one of the two preferential arrangements foster trade between the countries. The result from the traditional gravity model shows that SADC and ECOWAS have created trade among the members as their coefficients are positive and statistically significant while the IGAD dummy has insignificant positive coefficient and implausibly the COMESA dummy has negative sign. This result may not be surprising given the infrastructural deficiency among member states of COMESA which stretches from Egypt and Libya in the North to Swaziland in the South. The result from this paper implies that African countries should invest much on physical infrastructure to link neighbouring countries, harmonize trade policies, and simplify custom procedures so that the existing regional economic communities would promote intra-regional trade. In addition to this, these countries should adopt and implement coherent and coordinated trade policies to promote intra-regional policies.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the research findings and also discusses conclusions and recommendations of the study. The conclusions are drawn from the findings of the study which sought to determine the rating of integration initiatives towards trade facilitation in East African Community in the past five years and establish the relationship between EAC integration trade initiatives and the region's trade volumes.

5.2 Summary of Findings

The objectives of the study were two; one was to establish the rating of integration initiatives towards trade facilitation; then, to find out the relationship between the EAC integration trade facilitation on the regions trade volume.

5.2.1 The Rating of Integration Initiatives towards Trade Facilitation in EAC

The study's outcome provided insights on the rating of integration initiatives towards trade facilitation. The EAC initiatives were geared towards achieving four key objectives firstly to give EAC countries uniformity in standards of trading, create a flexible environment to do business, to adopt operational initiatives to facilitate systems administration and lastly efficiency initiatives to fast track business operations to minimize costs and thus cut on the cost of doing business. The researcher looked at the four elements of the EAC initiatives as discussed. The respondents were in agreement that the EAC integration initiatives have facilitated trade in the region. The study revealed that, most EAC initiatives that facilitate trade were the ones that

touched on the operational aspect, followed by efficiency related initiatives, then the flexibility initiatives and lastly the EAC initiatives that were responsible for establishing uniform standards in trade among EAC countries.

5.2.2 The Relationship between the EAC Integration Trade Facilitation Initiatives on the Regions Trade Volume

From the results the respondents strongly agreed that EAC integration initiatives increased trade volumes in the regions. From the regression analysis, there's a positive relationship between Standards initiatives, operational initiatives, efficiency initiatives with trade volume of EAC. It nonetheless showed that there was a negative relationship between flexibility initiatives and trade volumes. The EAC should improve further on the implementation framework of integration initiatives that relate to standards, operations and efficiency. There is need to interrogate the reason for minimal success in implementation of flexibility initiatives.

5.3 Conclusions

Arising from the findings of the study, the EAC integration initiatives facilitated trade among the partner States thus increasing the traded volumes in the past five years. The researcher agrees with Fink, Mattoo and Neagu (2002) regional integration is a measure that helps in trade facilitation (including indicators of port efficiency, customs environment, regulatory environment, and service sector) for instance. In a gravity model, Wilson, Mann, and Otsuki (2004) observed a \$377 billion increase in global trade of manufacturing goods arising from improvements in trade facilitation. They also found out that the response of exports to unilateral improvements in trade facilitation exceeded that of imports.

Hummels (2001) estimated that each day saved in shipping time, in part due to faster customs clearance, is equivalent to about 0.5 percentage point reduction in ad valorem tariffs. UNCTAD (2001), observed that a 1 percent reduction in the cost of maritime and air transport services in developing countries could increase global GDP by some US\$ 7 billion. The study also concurs with the literature reviewed that membership of EAC improved export performance and the existence of artificial barriers would affect a countries performance in trade volumes (Babatunde, 2006). Schiff and winters (2003), found out that EAC integration initiatives affecting the customs procedures, infrastructure and efficiency improved trade volumes in EAC as established which is in concurrence with the research findings.

Regional integration trade facilitation initiatives is not a guarantee for improved trade volumes in the EAC because from the regression equation; we confirm that even in the absence of the regional initiatives there could be some improvement in trade volumes among the EAC partner states. Integration initiatives could be an essential, but certainly not an adequate condition for improvement of trade volumes among the East African Community as established in the model. The EAC initiatives can be used by countries to facilitate trade but at some point their influence/strength will diminish as indicated by a negative relationship between the flexibility initiatives in the model. To achieve a more accurate picture of the same, correlation relationships have be undertaken on a large scale.

The trade gains realized from EAC member states integration are apparent, moving ahead; the EAC partner states should address the challenges encountered in realizing the full benefits of integration especially in trade. By addressing the identified challenges, partner states should be optimistic of reaping benefits associated with regional integration like in the EU. This research applied a quantitative approach not only to identify the critical success factors for regional

integration, but also the causal relationships between EAC regional integration and trade volumes. EAC partner states can use the findings of this research to explore ways of enhancing trade among them and also address the drawbacks associated with realizing the full benefits of the already implemented initiatives.

5.4 Recommendations

From the findings and conclusions of the study, EAC member states should strengthen their integration initiatives in setting up uniform customs standards and structures, streamlining operations and put in place incentives for efficiency in the logistics chain. This will contribute to realizing of increase in trade volumes and thus spur regional growth.

The researcher noted that there is a need to educate the partner states on the mutual benefits that accrue from regional integration. This will help to alleviate the silo operation mentality among the partner states leading to more collaboration among them.

The need for political good will to drive the trade facilitation agenda is also critical as it helps in solidifying of the initiatives through relevant policy framework. Solid policy frameworks will enhance compliance among the logistic chain players thus facilitating trade among the partner States.

There is need for the EAC Secretariat to put in place a monitoring and evaluation framework to review the effectiveness of the implementation process of various initiatives at regional level. This will enable the partner State determine their success level and also rethink the implementation mechanism.

5.5 Limitations of the Research

Due to tight schedules of the respondents, the nature of their jobs and the lengthy issues discussed at a normal Friday stakeholder's meeting, the researcher had to frequently request for time to administer the questionnaires. The questionnaires were eventually administered at the 12th request.

Information relating to benefits of EAC integration initiatives on regional trade proved difficult to get as many institutions treat it with a lot of sensitivity. Where information was given, there were a lot of gaps to the same.

The researcher had to walk around the meeting room from end to end to respond to inquiries/clarifications on the questions in the questionnaire. This was a very overwhelming exercise and also a one chance opportunity hence the enormous effort that had to be exerted to realize the objective.

Resources available to undertake the exercise were limited. The researcher would have preferred to visit the EAC Secretariat in Arusha and have a face to face interview with them but the same was not possible.

5.6 Suggestions for Further Research

This study relied on responses from the EAC partner states representatives to the Mombasa port community stakeholder's forum. To get a more expanded conclusion on the effect of EAC integration trade facilitation initiatives to the trade volumes, the researcher recommends for a similar study to be undertaken but with a focus to the business operators. This will give a clearer picture of the effects of the various trade facilitation initiatives to regional trade volumes.

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APPENDICES

Appendix I: Questionnaire

The information provided here will be used solely for academic purposes and will be treated with maximum confidentiality.

Instructions

Please answer these questions to the best of your knowledge. Write your response in the space provided. Please put a tick (✓) where appropriate

Section A: Demographic Information

1. Which East Africa Community partner state do you belong to?

.....

2. How long have you been a member of the Mombasa Port Community stakeholder's forum?

a) 1 to 5 years

b) More than 5 years

3. What is the East Africa Community partner states representation in the Mombasa Port Community stakeholder's forum?

a) Fully represented

b) Partly represented

c) Not represented

SECTION B: INTERGRATION TRADE FACILITATION INITIATIVES RATING

To what extent do you agree that the following trade facilitation initiatives have contributed to trade facilitation among the East Africa Community partner states in the past five years? Rate these initiatives on a scale of 1-5 (1-Strongly Disagree, 2-Disagree, 3-Neutral, 4 Agree, 5 strongly Agree)

EAC regional trade facilitation initiatives	1	2	3	4	5
Strengthening the mutual recognition of harmonized EAC standards certificates.					
Strengthening the NTB's monitoring mechanisms in each Partner State.					
Use of the EAC passport to facilitate cross border movement.					
Harmonization of business hours and attempt to operate 24 hours in some borders stations.					
Harmonisation of Transport regulations and standards i.e. weighbridges, axle loads etc to reduce delays and costs of doing business.					
Time release study to measures bottlenecks in the supply chain and develop measures to address them.					
Setting up of One Stop Border Posts to reduce delays in clearance of goods.					

Development and adoption of the harmonised EAC customs procedures with reduced and standardised customs forms, to ensure standard practise.					
Adequate co-ordination and facilitation of trade and transport activities.					
Interconnectivity of customs systems.					
Adoption of regional customs laws and regulations to be applied uniformly.					
Application of risk management in customs operations.					
Partial application of the Authorised Economic Operators scheme (AEO).					

c) Has trading Volumes being improving in the past five years?

1 - Lower than 10 %

2 - Between 20% to 30%

3 - Between 30% to 40%

4 - Between 40% to 50% %

5 - Above 50%

Appendix 2: Mombasa Port Community stakeholder forum representative

No.	Name	Country	E-mail Address
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