

**PROBLEMS AND PROSPECTS OF REGIONAL ECONOMIC
INTEGRATION. A CASE STUDY OF EAST AFRICAN
COMMUNITY (EAC).**

BY

MOLU MAMO ARBALLE

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UNIVERSITY OF NAIROBI
EAST AFRICANA COLLECTION

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ABSTRACT

This paper has considered the flow of trade between the East African countries using the gravity model. The study attempts to explore bilateral trade between the three East African countries. In particular the paper reviews the issue that hindered the flow of bilateral trade among the East African countries and tests the determinants of trade flows using the experience of EAC as a case study. The major conclusions that emerge from the study is that intra-EAC trade could be explained by the standard variables as shown by the results of the gravity model, but the EAC regional integration variable had insignificant effect on the flow of bilateral trade among the East African states. In addition the performance of EAC is mainly constrained by problems of variation in ideology, compensation issues, overlapping membership, poor private sector participation and harmonization of policies. These problems are likely to hinder the success of the intra-EAC trade and thus there is a need for these countries to take integration as an economic survival strategy aimed at combating marginalization and widening their markets.