

SPEECH

BY

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AT

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***PARLIAMENTARY BUILDING
KAMPALA***

**His Excellency the Vice President
Right Honourable Speaker, EALA,
Honourable Ministers of East Africa,
Honourable Members of EALA,
Ladies and Gentlemen.**

I greet you and welcome you to Uganda. I have talked to you before on the subject of East African integration. On the 24th of April, 2013, in Kigali, I addressed you on this issue. In Addis Ababa on the 25th of May, 2013, I addressed the AU, on our 50th Anniversary, on the same issue. I have also addressed myself to this subject many other times.

Therefore, today I will not address myself to the rationale of East African integration. I will, rather, address myself on the examples of the decisions and gains we have been able to push and achieve, in an fairly short time, on the Northern corridor. First, we addressed ourselves to the Non-tariff barriers (NTBs). On account of these NTBs, it would take 18 days for a container to move from Mombasa to Kampala. By removing road-blocks, weigh-bridges, multiple administrative procedures and multiple bonds, the days the container takes have been reduced from 18 to 3 days or maximum 4 days. To Kigali, the days have been reduced from 22 to 6 or 7 days.

The weigh-bridges were reduced to one in each country – Kenya at Mariakani, Uganda, at Malaba/Busia and Rwanda at Katuna. Multiple bonds have been reduced to one. Payment of a single bond has made a saving for Uganda and Rwanda of US\$ 45 million per year.

Businessmen/women no longer require to travel to Mombasa to clear goods. Business people can clear the goods in Kampala through the URA and Kigali through the RRA and by using one clearing agent unlike in the past when multiple clearing agents were required.

As far as Uganda's fuel imports are concerned, a saving of 1½ days has been realized by the petrol importers – making the turn-round time much faster.

In the three of the Northern Corridor countries, people are travelling freely using digitized IDs, the fact that Uganda has not completed the implementation of its ID project notwithstanding. This is in contrast to the passports that are expensive and take long to acquire.

The single tourist visa was supposed to start on the 1st of January, 2014. There was a delay but it will start in February, 2014. This means that a tourist, having got a visa from an embassy of one the Member States, can freely travel to the others using the same visa. This costs only US\$ 100. Previously, tourists had to seek and pay for each of the separate visas to one of the Member States. Obviously, this will increase the tourists in the region. The US dollar is shared among Member States with the issuing country taking US\$ 10 and, then, in addition to joining, they equitably divide the money among the members. A single customs territory was launched in October and became operational by the 1st of January, 2014.

There are other projects such as the oil refinery, the oil pipelines, projects in electricity generation on which common action is being undertaken.

We have discussed with other members of EAC and they are looking at the Central Corridor. President Kikwete is following up the issues of the central corridor and he will be in touch with us.

Kenya has already started the construction of the standard gauge railway – all the way from Mombasa to Malaba. Uganda is also working on the plans to build a standard gauge railway from Malaba to Nimule and from Malaba to

Kampala- Kasese and the Rwanda border. We already have a water/railway link with Tanzania through Mwanza. We hope that Tanzania reconstructs that railway and up-grade it. Railway transport, if efficient, will reduce the cost of transport. Lower transport costs make business more profitable. With the potentials our economies have, there should be no minute to lose. Integration is a *sinequa non* of socio-economic transformation and greater strategic security.

Violence and armed conflicts are, however, unfortunately, still endemic in our region – in south Sudan, Congo, etc. These conflicts are fueled, mainly, by ideological mistakes, poor discipline of some of the political actors, external meddling and weak state structures that lure opportunists to make mistakes. We need to vigorously cure these mistakes. Thorough and honest dialogue on these issues is a must.

Otherwise, the economies of East African are growing, the bottlenecks they still face, notwithstanding. By the end of this financial year, the economy of Uganda will be 70 trillion shillings. This is about US\$ 28 billion. This is still too low by World standards. However, bearing in mind the very low level we started from in 1986, this is quite an achievement. The GDP of Uganda in 1986 was only US\$ 1.5 billion. Therefore, the economy of Uganda has expanded in size by a factor of almost 19 – i.e. 19 times bigger than it was in 1986. We would have achieved even more if it was not for internal lack of cohesion that delays projects.

I congratulate the East Africans on the achievement of the Monetary Union that we agreed on in the last summit. The Member States must remember that one crucial stimulus for socio-economic transformation is infrastructure – roads, the railways, electricity, ICT backbone, piped water, telecommunications, etc, etc. It is these that will lower the costs of doing business in the East African economies. The best guide in order to understand this issue, is to for instance,

look at China, a 40ft container costs US \$ 1,600 to be transported from Shanghai to Beijing, a distance of 1,238 miles while a similar container would cost US \$ 3,700 to be transported from Mombasa to Kampala a distance of 1,212 miles. A unit of industrial electricity costs US cents 8 in China while in Uganda it costs US cents 12.4 and in Kenya it costs US cents 13.7. We cannot favourably compete if we maintain disadvantages to our producers.

On the issue of the Soroti Flying School, it is true that we bought for them new training planes and we have repaired the buildings. The civil servants in Uganda, however, have been sabotaging its progress by under paying the instructor pilots. I have ordered to stop this. If East African wants to take over that institution, you are most welcome.

East Africa is moving ahead, the constraints notwithstanding. The future is in our hands. Let us not miss the opportunities, again.

21st January 2014

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Parliamentary Building