

STATEMENT ON THE ADMISSION OF DEMOCRATIC REPUBLIC OF CONGO (DRC) INTO THE EAST AFRICAN COMMUNITY (EAC)

April 2022

On June 8 2019, the Democratic Republic of Congo (DRC) officially communicated its intention to join the East African Community in a letter to the then EAC Heads of State Summit Chairperson, President Paul Kagame. DRC's desire to join the EAC bloc was informed by the already existing trade and social ties with the EAC region, and to have these formalized within the wider integration agenda of the peoples of the DRC and EAC into a bigger and more vibrant block.

On Tuesday, 29th March 2022, at their 19th Ordinary Summit, the EAC Heads of State admitted the DRC as a new member of the EAC following recommendation by the Council of Ministers.

On 8th April 2022, DRC signed the Treaty of Accession to the EAC thus bringing DRC into the realms and provisions of all the protocols and regional policies of the East African Community. Subsequently, this process will trigger internal processes to domesticate the Treaty and integration of DRC into the EAC organs such as the East African Court of Justice, the East African Legislative Assembly and sectoral committees on essential matters such as trade, health, security, finance, education, infrastructure and international cooperation.

The DRC has officially become the 7th member

of the EAC joining other member states which include; Burundi, Kenya, Rwanda, South Sudan, the United Republic of Tanzania, and the Republic of Uganda.

The Democratic Republic of Congo is widely considered to be the richest country in the world regarding natural resources; its untapped deposits of raw minerals are estimated to be worth in excess of U.S. \$24 trillion.

The DRC's economy is primarily based on the mining sector. It has abundant mineral resources including copper, cobalt, cadmium, aluminum, petroleum, industrial and gem diamonds, gold, silver, zinc, manganese, tin, germanium, uranium, radium, bauxite, iron ore and coal as well as timber, and vast hydropower potential. The DRC is potentially one of the richest mining countries in Africa.

DRC, EAC's newest member, has a rich portfolio of precious metals and natural resources that can become the regional and global centre of gravity for the production of precursor materials for batteries to drive the fourth industrial revolution. The country and the rest of Africa can extend their access from the USD271 billion battery precursor segment to the more lucrative USD1.4 trillion combined battery cell production and cell assembly segments of the battery minerals global value

chain². Despite the immense mineral wealth in DRC, majority of the people in DRC live in endemic poverty³.

DRC spends nearly \$1.5 billion on food imports each year⁴. According to the East African Business Council, EAC's exports to the DRC have averaged 13.5 percent in the last seven years to 2020. In 2018, the value of imported goods into the DRC stood at \$7.4 billion against exports of \$855.4 million⁵.

Uganda mainly exports its surplus maize flour to the DRC, Kenya and South Sudan⁶. When formal and informal trade figures are summed up for five of Uganda's neighbours, DRC tops the list with the largest source of export surplus earnings. Uganda earned \$241m trade surplus from DRC in 2020. An estimated \$177m from informal trade pushes the figure to \$418m in trade earnings⁷. Uganda earned \$276 million (trade surplus) from goods exported to the South Sudan with \$80 million estimate of informal trade exports. Uganda's export earnings to Kenya and Tanzania were subdued by a large import bill, tilting the balance to trade deficit. For instance, Uganda exported goods worth \$465 million in 2020 to Kenya but imported goods worth \$809 million. This means Uganda's trade deficit with Kenya was more than \$300 million in 2020. Uganda exported goods worth \$95 million to Tanzania in 2020 and imported goods worth \$772 million, translating into trade deficit of almost \$700 million. The Rwanda market was decimated by border closure in 2019. In 2019,

Uganda exported goods worth \$194 million to Rwanda and the value of exports diminished to \$5 million in 2020, a year after the border was closed according to statistics from Bank of Uganda⁸.

The pie-chart below shows Uganda's 2020 Export Trade Earnings in East Africa in \$ Million:

In the EAC region, Uganda is the second largest exporter to DRC, after Rwanda. Uganda mainly sells cement, cooking oil, rice, sugar and tubes and pipes to DRC. It also exports food and traders hope DRC will provide a bigger market for products such as food, spirits, textiles, plastics and others.

In the last quarter of 2021, DRC accounted for 96 percent of Rwanda's total re-exports, covering food and live animals (\$ 39.87 million), mineral fuels and lubricants (\$ 33.55 million), according to Rwanda's Institute of Statistics⁹.

In 2019, Uganda launched a \$330m road building plan in DRC. DRC's admission into EAC means integrating the EAC's trade infrastructure, intermodal connectivity, one-stop border posts, and systems to reduce trade time and costs. In 2021, Uganda in cooperation and the DRC joined forces to fight Allied Democratic Forces (ADF), a group blamed for violence in the eastern DRC that has led to hundreds being killed and thousands forced from their homes with many taking refuge in neighbouring countries¹⁰.

2 <https://uneca.org/stories/producing-battery-materials-in-the-drc-could-lower-supply-chain-emissions-and-add-value-to>

3 <https://globalpressjournal.com/africa/democratic-republic-of-congo/mineral-rich-drc-widespread-poverty-driving-children-work-near-mines/>

4 <https://globalpressjournal.com/africa/democratic-republic-of-congo/drc-relies-food-imports-insecurity-stalls-local-agriculture/#:~:text=It's%20a%20question%20on%20the,billion%20people%20through%20intensive%20farming.>

5 <https://www.theeastafrican.co.ke/tea/news/east-africa/-opportunities-and-burdens-dr-congo-brings-to-eac-table-3769482>

6 <https://www.theigc.org/wp-content/uploads/2017/05/Daly-et-al-2017-Maize-paper-1.pdf>

7 <https://www.theafricareport.com/92653/uganda-drc-kampala-offers-security-and-roads-for-minerals/>

8 <https://www.independent.co.ug/drc-is-ugandas-top-trade-surplus-partner-bou/>

9 <https://www.thecitizen.co.tz/tanzania/news/east-africa-news/opportunities-and-burdens-dr-congo-brings-to-eac-table-3771602>

10 <https://www.aljazeera.com/program/inside-story/2021/12/1/ugandan-troops-launch-operation-in-eastern-dr-congo>

Despite the fact that the entry of DRC into the EAC offers numerous opportunities, it also presents some challenges including;

Overlapping Memberships: The DRC is a member of the Economic Community of Central African States (ECCAS), Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA) and now the East African Community. In the same way, Kenya, Uganda, Rwanda and Burundi are members of COMESA while Tanzania is a member of SADC. Overlapping memberships in many RECs continues to pose a significant challenge and remains an intractable obstacle to deeper regional and continental integration. Overlapping memberships not only exacerbate persistent funding and human capacity problems in support of regional programmes, but also lead to challenges of effective coordination of policies and programmes to foster closer regional and continental integration¹¹. Furthermore, these overlapping memberships are likely to divide loyalty and strain countries in paying the required subscription fees to the different RECs.

Prevalence of Non-Tariff Barriers (NTBs): Whereas there have been commendable efforts by the EAC Secretariat and member states to address the long-standing challenges regarding NTBs to enhance trade facilitation and free movement of people and goods across the EAC, Non-Tariff Barriers such as border closure and trade tensions have persisted among EAC partner states. The establishment of Single Customs Territory and One Stop Border Posts (OSBP) which should have eased movement of persons and goods as well as trade facilitation is still hindered by Non-Tariff Barriers (NTBs), protectionist tendencies by nations, delays in harmonization and domestication of EAC agreed decisions and directives. The joining of DRC into the EAC without these challenges being addressed might exacerbate and widen these challenges.

The admission of DRC in the EAC presents potential trade and investment opportunities for all EAC member states including Uganda and DRC. Despite the potential benefits, there are a number of policy, legal and practice reforms that need to be undertaken in order to harness the opportunities and benefits following the admission of DRC into the EAC. In light of this, we wish to propose the following recommendations;

Government of Uganda

- Should put in place mechanisms for maximum utilization of DRC market. Such mechanisms may include inter alia; mobilizing participation of the business community through private sector bodies, providing market information to Micro, Small and Medium Enterprises (MSMEs) and ensuring increased production and standards compliance.

EAC Secretariat and Member States

- Review the EAC Treaty and its instruments. The EAC Treaty was signed in 2000 and since its establishment, numerous developments have taken place including the establishing of the African Continental Free Trade Area (AfCFTA). The current EAC Treaty lacks an enforcement mechanism on Dispute Settlement. The review of the EAC Treaty should strengthen the functioning of the relevant EAC bodies and institutions like the East African Court of Justice (EACJ) and also put in place a dedicated body to specifically address trade tensions and penalize culprits. The need to review the EAC Treaty was earlier reiterated by President of the United Republic of Tanzania, Her Excellency Samia Suluhu Hassan who emphasized that the EAC Treaty was put on paper 20 years ago when the EAC had only three members but has since grown and shall continue growing. She therefore proposed the need to not only review the Treaty, but other instruments¹².

¹¹ https://au.int/sites/default/files/documents/38176-doc-african_integration_report-eng_final.pdf

¹² <https://www.eac.int/press-releases/2102-president-samia-suluhu-hassan-calls-for-review-of-eac->

- EAC member states need to collectively invest in promoting industrialization and supportive technology and innovation capabilities to foster structural transformation of the manufacturing sector and industrial upgrading as enshrined in the Treaty for the establishment of the EAC¹³.
- EAC Partner States should work towards solving the challenges of overlapping memberships through concluding negotiations under the EAC, COMESA and SADC Tripartite Free Trade Areas (FTA) and African Continental Free Trade Area (AfCFTA). Priority should be given to these Regional Economic Communities (RECs) as they are the building blocks of the African Economic Community (AEC) and AfCFTA as envisioned under the Abuja Treaty of 1991. Ultimately, this will strengthen the voice of EAC in the AfCFTA.
- The admission of DRC into the EAC provides potential for enhancing regional value chains especially in mineral beneficiation, agro-industrialisation and mining sector. The DRC has the largest hydropower potential in Africa and one of the largest worldwide (Grand Inga Hydropower Project), with a technically feasible potential of some 100,000 MW¹⁴. EAC member states can benefit from this electricity project. Therefore, the EAC Secretariat should mobilize EAC

member states to increase cooperation in industrialization and value addition to enhance mineral beneficiation in line with the Africa Mining Vision (AMV) so as to develop competitive regional value chains.

- Recognizing that French is the only official language in DRC, with four national languages; Lingala, Kingwana, Kikongo and Tshiluba. The EAC member states need to make French an additional official language of the EAC and to encourage member states to implement initiatives towards the popularization of both French and Kiswahili languages across the East African region.

Conclusion

For countries like Uganda, the benefits and opportunities that accrue from the admission of the DRC into the EAC are not automatically guaranteed unless Government puts in place deliberate mechanisms to address the operational challenges faced by the private sector and Micro, Small and Medium Enterprises (MSMEs). In order to achieve a private sector-led and people-centered regional integration as enshrined in the EAC Treaty, the EAC Secretariat and member states should implement various initiatives towards addressing existing challenges and enhancing participation of the ordinary people of East Africa in the integration process.

legal-instruments-to-reflect-current-times

13 [https://www.eac.int/press-releases/2102-president-samia-suluhu-hassan-calls-for-review-of-eac-](https://www.eac.int/press-releases/2102-president-samia-suluhu-hassan-calls-for-review-of-eac-legal-instruments-to-reflect-current-times)

legal-instruments-to-reflect-current-times

14 <https://www.andritz.com/hydro-en/hydronews/hydropower-africa/democratic-rep-congo>

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