

East Africa seeks to establish a monetary union

Five east African countries have signed a protocol to establish a monetary union, in a first step towards creating a single, common currency.



Like Europe, five African countries have signed a framework to establish a common currency. Image: K-U Hasler [Fotolia](#)

At a summit in Kampala, leaders from Burundi, Kenya, Uganda, Tanzania and Rwanda signed the framework agreement modelled after the eurozone.

Besides delivering a single currency, the monetary union is designed to result in the free movement of workers, goods, services and capital within the five countries that between them have population of 135m.

The group says it would also establish a customs union that is due to start functioning next year.

Kenyan President Uhuru Kenyatta said: "The signing of the East African Community monetary union protocol is the logical combination of all our integration efforts. We now have the framework required to unlock the promise of integration."

He said the union would eliminate the cost of juggling different currencies, reducing transaction costs.

"Businesses will find more freedom to trade and invest more widely and foreign investors will want to pitch their tents in our region," claimed the Kenyan president.

However, the group estimated that it would take about ten years before the conditions required for setting up such a union were fulfilled.

Participating countries would each have to meet macro-economic criteria such as inflation targets. Moreover, a central bank for the bloc would have to be established.

The east African agreement comes 21 years after the European Union's Maastricht Treaty was signed that led to the introduction of the Euro as Europe's common currency.

Source: AFP via I-Net Bridgew

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