



**EAST AFRICAN COMMUNITY**

**EAC TRADE AND INVESTMENT REPORT 2023**

## TABLE OF CONTENTS

<b>1. CHAPTER 1: BACKGROUND</b> .....	<b>10</b>
1.1. Brief Overview of the East African Community (EAC).....	13
1.2. EAC Regional Integration Initiatives .....	14
1.2.1. Review of the Regional Instruments .....	14
1.2.2. Implementation of the Single Customs Territory .....	15
1.2.3. Capacity Building & Sensitization on customs interventions.....	15
1.2.4. EAC Customs Bond .....	15
1.2.5. Establishment of One-Stop Border Posts.....	16
1.2.6. Trade Information Portals (TIP) .....	16
1.2.7. Elimination of NTBs .....	16
1.2.8. Promotion of E-Commerce and Medium Small and Micro Enterprises (MSMEs).....	17
1.2.9. COMESA-EAC-SADC Tripartite Free Trade Area Agreement.....	17
1.2.10. Negotiations on African Continental Free Trade Area .....	18
1.2.11. Private Sector Development.....	18
1.3. Macroeconomic Development .....	19
1.3.1. Global Economic Outlook .....	19
1.3.2. World Output Growth .....	19
1.3.3. Global Investment Trends.....	21
1.3.4. Africa .....	22
1.3.5. EAC Sectoral Investment flows.....	30
1.3.6. Africa Economic Outlook .....	22
1.3.7. EAC Macro Economic Performance.....	26
1.3.7.1. Republic of Burundi .....	28
1.3.7.2. Democratic Republic of Congo.....	28
1.3.7.3. Republic of Kenya.....	28
1.3.7.4. Republic of Rwanda .....	28
1.3.7.5. United Republic of Tanzania.....	29
1.3.7.6. Republic of Uganda.....	29
1.3.7.7. Republic of South Sudan.....	29
<b>2. CHAPTER 2: MERCHANDISE TRADE IN THE EAC</b> .....	<b>32</b>
2.1. World Merchandise Trade Trends.....	32
2.2. Africa's Merchandise Trade with RoW .....	32
2.3. EAC Regional Merchandise Trade.....	34
2.4. Country Specific Merchandise Trade.....	39

2.4.1.	Republic of Burundi.....	39
2.4.1.1.	Burundi’s Merchandise Total Trade.....	39
2.4.1.2.	Burundi’s Exports to EAC Partner States .....	39
2.4.1.3.	Burundi’s Domestic Exports to EAC Partner States.....	40
2.4.1.4.	Burundi’s Re - Exports.....	41
2.4.1.5.	Burundi’s Intra - EAC Re - exports.....	41
2.4.1.6.	Burundi’s Imports from EAC Partner States.....	41
2.4.1.7.	Burundi’s intra - EAC Trade Balance .....	42
2.4.1.8.	Burundi’s Imports from selected Trade Partners .....	43
2.4.1.9.	Burundi’s Imports from selected Regional Economic Communities (RECs).....	43
2.4.2.	Republic of Kenya .....	44
2.4.2.1.	Kenya’s Total Trade in Goods .....	44
2.4.2.2.	Kenya’s Total Exports to EAC Partner States.....	44
2.4.2.3.	Kenya’s Domestic Exports to EAC Partner States.....	45
2.4.2.4.	Kenya’s Domestic Exports to selected Trade Partners .....	46
2.4.2.5.	Kenya’s Domestic Exports to selected Regional Economic Communities (RECs).46	
2.4.2.6.	Kenya’s Re - Exports to the Rest of the World (RoW).....	47
2.4.2.7.	Kenya’s Intra - EAC Re - exports .....	47
2.4.2.8.	Kenya’s Imports from EAC Partner States .....	47
2.4.2.9.	Kenya’s Intra - EAC Trade with EAC Partner States .....	48
2.4.2.10.	Kenya’s Imports from selected Regional Economic Communities (RECs) .....	50
2.4.2.11.	Kenya’s Imports from Selected Trade Partners .....	50
2.4.3.	Republic of Rwanda.....	51
2.4.3.1.	Rwanda’s Merchandise Trade .....	51
2.4.3.2.	Rwanda’s Total Exports to EAC Partner States.....	52
2.4.3.3.	Rwanda's Domestic Exports EAC Partner States.....	52
2.4.3.4.	Rwanda’s Domestic Exports to selected Trade Partners.....	53
2.4.3.5.	Rwanda’s Domestic Exports to selected RECs.....	53
2.4.3.6.	Rwanda’ Re - exports .....	54
2.4.3.7.	Rwanda's Intra - EAC Exports .....	54
2.4.3.8.	Rwanda's Imports from EAC Partner States .....	54
2.4.3.9.	Rwanda’s Intra - EAC Trade with EAC Partner States.....	55
2.4.3.10.	Rwanda's Imports from selected RECs .....	56
2.4.3.11.	Rwanda's Imports from selected Trade Partners .....	56

2.4.4.	Republic of South Sudan.....	57
2.4.4.1.	Merchandise Trade with the RoW.....	57
2.4.4.2.	South Sudan Total Exports to EAC Partner States .....	57
2.4.4.3.	South Sudan's Domestic Exports to EAC Partner States.....	58
2.4.4.4.	South Sudan's Domestic Exports to selected Trade Partners.....	58
2.4.4.5.	South Sudan's Domestic Exports to selected RECs.....	59
2.4.4.6.	South Sudan's Re - exports to the RoW .....	59
2.4.4.7.	South Sudan's Intra - EAC Re - exports .....	59
2.4.4.8.	South Sudan's Imports from EAC Partner States .....	60
2.4.4.9.	South Sudan's Intra - EAC Trade with EAC Partner States .....	60
2.4.4.10.	South Sudan's Imports from selected RECs .....	61
2.4.4.11.	South Sudan Imports from selected Trade Partners .....	62
2.4.5.	The United Republic of Tanzania .....	62
2.4.5.1.	Merchandise Trade .....	62
2.4.5.2.	Tanzania's Total Exports to EAC Partner States .....	63
2.4.5.3.	Tanzania's Domestic Exports to EAC Partner States .....	63
2.4.5.4.	Tanzania's Domestic Exports to selected Trade Partners .....	64
2.4.5.5.	Tanzania's Domestic Exports to RECs .....	64
2.4.5.6.	Tanzania's Re - exports to the RoW .....	65
2.4.5.7.	Tanzania's Intra - EAC Re - exports .....	65
2.4.5.8.	Tanzania's Total Imports from EAC Partner States.....	65
2.4.5.9.	Tanzania's Intra - EAC Trade with Partner States .....	66
2.4.5.10.	Tanzania's Imports from selected RECs .....	67
2.4.5.11.	Tanzania's Imports from selected Trade Partners .....	67
2.4.6.	Republic of Uganda .....	68
2.4.6.1.	Uganda's Merchandise Trade.....	68
2.4.6.2.	Uganda's Total Exports to EAC Partner States .....	68
2.4.6.3.	Uganda's Domestic Exports to EAC Partner States.....	69
2.4.6.4.	Uganda's Domestic exports to selected Trade Partners .....	69
2.4.6.5.	Uganda's Domestic Exports to selected RECs.....	70
2.4.6.6.	Uganda's Re - exports to the Rest of the World.....	70
2.4.6.7.	Uganda's Intra - EAC Re - exports .....	71
2.4.6.8.	Uganda's Imports from EAC Partner States .....	71
2.4.6.9.	Uganda's Intra - EAC Trade with Partner States .....	71

2.4.6.10. Uganda’s Imports from selected Regional Economic Communities (RECs) .....	73
2.4.6.11. Uganda’s Imports from selected Trade Partners .....	73
2.4.7. Democratic Republic of Congo (DRC).....	74
2.4.7.1. DRC Merchandise Trade.....	74
2.4.7.2. DRC's Total Exports to EAC Partner States .....	74
2.4.7.3. DRC’s Total exports to selected Trade Partners .....	74
2.4.7.4. DRC’s Imports from EAC Partner States.....	75
2.4.7.5. DRC’s Imports from selected Trade Partners .....	75
2.4.8. Federal Republic of Somalia (FRS).....	76
2.4.8.1. FRS’s Total Exports to EAC Partner States.....	77
2.4.8.2. FRSs Total Imports from EAC Partner States.....	77
2.5 Special Category Considerations in the EAC Customs Union.....	77
2.5.3 Imports Categorised by Tariff Bands .....	78
<b>3. CHAPTER 3: TRADE IN SERVICES IN THE EAC.....</b>	<b>82</b>
3.1. Global Trends and Prospects.....	82
3.2. Global Trends by Service Category in 2023 .....	
3.3. World Trade in Services Annual Growth Rate .....	84
3.4. Trends of Africa’s Trade in Services .....	86
3.4.1. Republic of Burundi.....	93
3.4.1.2.2 Kenya Trade in Services.....	95
3.4.1.3 Republic of Rwanda.....	97
3.4.1.3.1 Rwanda Global Trade in Services with RoW .....	97
3.4.1.3.2 Rwanda Trade in Services by Category .....	97
3.4.4.4 United Republic of Tanzania .....	99
3.4.4.4.1 Tanzania’s Global Trade in Services.....	99
<b>4 CHAPTER 4: INVESTMENT TRENDS IN THE EAC .....</b>	<b>110</b>
<b>4.1 Global Investment Trends .....</b>	<b>110</b>
<b>4.2 Foreign Direct Investments to Africa .....</b>	<b>111</b>
<b>4.3 East Africa Total Investment Outlook .....</b>	<b>114</b>
<b>4.4 EAC Total Investment Flows .....</b>	<b>114</b>
<b>4.5 Domestic Investments within Partner States .....</b>	<b>115</b>
<b>4.6 EAC FDI Inflows .....</b>	<b>115</b>
<b>4.7 EAC FDI Investments and Employment .....</b>	<b>116</b>
<b>4.8 Intra-EAC Investment .....</b>	<b>116</b>

<b>4.9</b>	<b>EAC Sectoral Distribution of Total Investments, 2023</b> .....	120
<b>4.10</b>	<b>Initiatives to Support Investments at the Regional Level</b> .....	124
<b>4.11</b>	<b>Country Specific Analysis</b> .....	124
<b>4.11.1</b>	<b>Republic of Burundi</b> .....	124
<b>5</b>	<b>Overview of the Burundi Investment Environment</b> .....	124
<b>6</b>	<b>Burundi Intra-EAC Investment Flows</b> .....	124
<b>7</b>	<b>Mode of Market Entry</b> .....	125
<b>8</b>	<b>Sectoral Distribution of Investment</b> .....	125
<b>9</b>	<b>Burundi’s Sources of Foreign Direct Investment</b> .....	128
<b>10</b>	<b>Prospects for Investment and Development in Burundi</b> .....	128
<b>10.1.1</b>	<b>Republic of Kenya</b> .....	130
<b>11</b>	<b>Overview of Kenya Investment Environment</b> .....	130
<b>12</b>	<b>Kenya intra-EAC investment flows</b> .....	130
<b>13</b>	<b>Sectoral Distribution of FDI Inflows to Kenya</b> .....	132
<b>14</b>	<b>Kenya’s Source of Foreign Direct Investment</b> .....	135
<b>15</b>	<b>Modes of Market Entry</b> .....	137
<b>16</b>	<b>Prospects for Investment Flows into Kenya</b> .....	137
<b>16.1.1</b>	<b>Republic of Rwanda</b> .....	137
<b>17</b>	<b>Overview of Rwanda Investment Environment</b> .....	137
<b>18</b>	<b>Rwanda’s Cross-border and Foreign Investment Inflows</b> .....	138
<b>19</b>	<b>Mode of Entry into Rwanda</b> .....	139
<b>20</b>	<b>Rwanda’s Major Sources of Foreign Direct Investment</b> .....	142
<b>21</b>	<b>Prospects for Investment Flows into Rwanda</b> .....	144
<b>21.1.1</b>	<b>United Republic of Tanzania</b> .....	144
<b>22</b>	<b>Overview of Tanzania Investment Environment</b> .....	144
<b>25</b>	<b>United Republic of Tanzania Intra-EAC Investment</b> .....	144
<b>26</b>	<b>Prospects for Investment Flows into the United Republic of Tanzania</b> .....	150
<b>26.1.1</b>	<b>Republic of Uganda</b> .....	150
<b>27</b>	<b>Overview of Uganda Investment Environment</b> .....	150
<b>28</b>	<b>DOMESTIC INVESTMENTS</b> .....	150
<b>29</b>	<b>FDI Inflows to Uganda</b> .....	151
<b>30</b>	<b>Intra-EAC Investment Inflows to Uganda</b> .....	151
<b>31</b>	<b>Sectoral Distribution of Foreign Direct Investment</b> .....	153
<b>32</b>	<b>Uganda’s Sources of Foreign Direct Investment</b> .....	155

<b>33 Prospects for Investment Flows into Uganda.....</b>	<b>156</b>
---	------------

<b>4. REFERENCES .....</b>	<b>165</b>
----------------------------	------------

<b>5. IMPLEMENTATION PLAN FOR EAC TRADE AND INVESTMENT REPORT 2023</b>	
<b>167</b>	

## **LIST OF TABLES**

## **LIST OF FIGURES**

### **ACRONYMS**

AfCFTA	African Continental Free Trade Area
API	Burundi Investment Promotion Authority
CBK	Central Bank of Kenya
EAC	East Africa Community
EALA	East African Legislative Assembly
EBOPS	Extended Balance of Payments Services Classification 2010
ECOWAS	Economic Community for West African States
EPZ	Export Processing Zones
EPZA	Export Processing Zone Authority
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HIPCI	Heavily Indebted Poor Countries Initiatives
ICT	Information and Communication Technology
IMF	International Monetary Fund
KNBS	Kenya National Bureau of Statistics
KRA	Kenya Revenue Authority
KRA	Kenya Revenue Authority
LDC	Least Developed Countries
MoA	Ministry of Agriculture
NDC	National Development Plan

NISR	National Institute Statistics of Rwanda
NTB	Non –Tariffs Barriers
OECD	Organization for Economic and Community Development
ROW	Rest of the World
SADC	Southern Africa Development Community
SDGs	Sustainable Development Goals
SEZ	Special Economic Zones
SSIA	South Sudan Investment Authority
SSNBS	South Sudan National Bureau of Statistics
UAE	United Arab Emirates
UNCTAD	United Nations Conference on Trade and Development
URA	Uganda Revenue Authority
URT	United Republic of Tanzania
WB	World Bank
WTO	World Trade Organization



## FOREWORD

I would like to welcome the Federal Republic of Somalia (FRS), the eighth and youngest member of the East African Community. The FRS was admitted into the Community by the 23rd Ordinary Summit of the EAC Heads of State held on 24th November 2023 in Arusha, Tanzania. The Treaty of Accession was signed on 15th December 2023 in Kampala, Uganda and the Instrument of ratification of the Treaty of Accession to EAC was deposited with the EAC Secretary General on 4th March 2024 in Arusha Tanzania.

FRS's accession to the East African Community (EAC) marks a pivotal moment for the country, leveraging its strategic geographical location along the Indian Ocean with over 3,000 kilometres of coastline and its position in the Horn of Africa. The FRS is poised to benefit significantly from the myriad advantages associated with regional integration and collaboration within this dynamic economic bloc. A primary driver of FRS's integration into the EAC is the unparalleled access to a vast regional market. With the EAC encompassing a population exceeding 300 million people across Partner States, FRS businesses gain unprecedented opportunities for trade expansion, market diversification, and investment attraction. This expansive market size presents the potential to amplify FRS's export capacity, attract foreign direct investment, and fuel sustained economic growth.

In 2023, the Community continued to consolidate key integration milestones, specifically the implementation of the Customs Union and the Common Market; the timeline for the realisation of the Monetary Union was extended to 2031 to allow for more time for Partner States to achieve macroeconomic, fiscal and policy convergences. The focus is to fast track the operationalization of the East African Monetary Institute (EAMI) which is a key institution under the Monetary Union pillar. Further, the Community will accelerate the last integration pillar which is to form a Political Confederation. The ultimate objective of the EAC integration agenda is to widen and deepen the integration process to improve the socio-economic welfare of EAC citizens.

The Customs Union remains a cornerstone of the EAC regional integration agenda. In this regard, the Community has made significant strides in streamlining clearance processes under the Single Customs Territory (SCT). A centralized platform has been implemented to facilitate the exchange of Customs and Trade data, automating all aspects of the Regional Authorized Economic Operators (AEO) Programme, including accreditation, post-authorization workflows, and maintaining a centralized database of accredited entities. This initiative aims to equip Partner States with essential information to grant expedited treatment in cargo clearance and other benefits to AEOs, thereby enhancing trade facilitation within the region. By the end of 2023, 203 operators had been accredited under the Regional AEO Programme.

Despite achieving the significant integration milestones, intra-EAC trade remained low at 15% in 2023 due to, among others, the imposition of Non-Tariff Barriers (NTBs) by Partner States which impact negatively on intra-EAC trade negatively. Nevertheless, efforts have been put in place to resolve the existing NTBs and encourage Partner States to refrain from imposing new ones in line with the commitment under the EAC Customs Union Protocol. The Secretariat in collaboration with Partner States will endeavour to resolve NTBs immediately as they are imposed.

I believe that readers of this Report will get insightful knowledge on EAC trade and investment trends for 2023 that will help them to make informed policy decisions.

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

**Secretary General, EAC**

## EXECUTIVE SUMMARY

### *About this Report*

The East Africa Trade and Investment Report 2023 provides a detailed analysis of the trends for the year and highlights the prospects for enhancement of trade and investment in the East Africa Community (EAC) as a basis for engagement with stakeholders, policy makers and academics on the challenges to regional trade and investment and measures to link the EAC economy and global economy. The theme of the 2023 EAC Trade and Investment Report is “Structural Transformation” for trade and investment facilitation for increasing regional economic growth, productivity and resilience.

### *Background of the EAC*

With an estimated population of 305.3 million people, the EAC region offers a large market, with immense potential for trade in goods and services produced within the region and from the globe. The region is endowed with an abundance of most precious natural resources ranging from minerals, oil and gas, fish, arable land, beautiful climate and tourist attractions, quality human capital and the region’s strategic location in the world, makes it an ideal destination for foreign investment. Most recently, the region has improved its infrastructure, such as roads, ports, airlines, electricity, and telecommunication, and enjoys good governance of the Partner States, which creates a conducive environment for both local and foreign investors.

EAC Partner States have been committed to a smooth flow of goods and services by removing barriers to trade and investment and have implemented a wide range of enhanced technology trade facilitation instruments to ease cargo movement and increase intra and extra trade, and to attract local and foreign investments to boost economic productivity and create jobs. Deeper integration through the TFTA and AfCFTA market access creates further trade opportunities for the region.

### *Global developments in economic, trade and investments aspects*

The global economy in 2023 remained remarkably resilient, growing 2.7 percent as post-pandemic recovery continues holding steady and global inflation declining. Global trade declined primarily driven by reduced demand in developed nations, trade weaknesses in East Asia and Latin America, and lower commodity prices that lowered the value of international trade in 2023. Trade in services outperformed trade in merchandise goods driven by the rebounding of tourism and travel-related services, however global foreign direct investment declined by 2 percent as the global environment for international investment remained challenging. Despite the steady progress, supply-chain disruptions in the aftermath of the pandemic, the Ukraine-Russia war, trade and geopolitical tensions continue to pose risks to the global economic recovery.

### *EAC developments in economic, trade and investment*

The East African region has experienced the spillover effects of these global crises resulting in supply shortages of essential commodities, fuels and fertilizers, leading to increased cost-of-living with rising prices for energy and food which reduce real incomes and aggravate debt stress.

Despite these challenges, the EAC economy grew by 5.1 percent in 2023, with most macroeconomic indicators remaining stable and resilient. This economic growth trajectory is projected to be sustained driven by expected strong performance in agriculture and services sectors. Notably the region’s economic growth did not carry with it much needed structural adjustments critical for resilient growth and development. Across the Partner States current account deficits deteriorated due to higher import bills and world market prices, while fiscal

deficits recorded mixed trends reflecting the persistent low domestic resource mobilisation, increased spending coupled with tight global financial conditions. The outlook for the external sector remains uncertain owing to uncertainties in the global landscape.

#### *Merchandise trade*

EAC Trade in goods and services continued a steady growth path in 2023 and is projected to rise further driven by accelerated trade, economic integration and transformation globally and regionally. While EAC exports are still primarily agriculturally based low-technology commodities, the share of manufactured goods in total exports especially to regional markets has been increasing gradually supporting the regions post pandemic recovery.

In 2023, total global merchandise trade by the EAC grew by 2.37 percent, valued at more than US\$ 80 billion. Intra-EAC total trade similarly grew by 13.1 percent to US \$12.1 billion in 2023, with the percentage share of intra-EAC trade to EAC total trade increasing to 15 percent. The European Union and Asia were the major destinations for agricultural and primary products exports, with regional markets key destinations for manufactures. Key manufactured exports included textiles, chemicals, edible oil, cement, iron and steel, cosmetics and pharmaceuticals. Partner States remained net importers of commodities including petroleum products, industrial machinery, textiles, crude palm oil, motor vehicles, cereals, rice, transport equipment, fertilisers, chemicals and raw materials for industrial production. China remained the dominant source of EAC imports valued at US\$11 billion, followed by the United Arab Emirates (UAE) with imports valued at US\$6.4 billion in 2023.

Continental trade through the AfCFTA has emerged as potential driver for increased trade by the EAC, with intra-African trade expanding supported by lowering of trade barriers, enhanced infrastructure, and development of regional value chains. The Regional Economic Communities (RECs) continue to be the major export destinations for EAC exports with COMESA registering US\$6.6 billion and SADC US\$4.1 billion in 2023. China is the dominant source of EAC imports with a value of US\$11 billion, followed by the United Arab Emirates (UAE) at US\$6.4 billion in 2023. There is a need for substantial transformation in the industrial and agricultural sectors for EAC to benefit from regional integration to allow key products with export potential to enter the global value chain supply systems.

#### *Trade in services*

Global trade in services remains vibrant, with travel and transport accounting for the highest contribution in both Africa<sup>1</sup> and EAC. Services play a critical role in enhancing the diversity and quality of manufactured goods and in facilitating this process at the regional level. Export of services in the EAC during the year 2023 grew marginally at 1.7%. Total trade services remained the key driver of the Partner State economies accounting for over 40% of the respective country GDPs. In 2023 country specific services grew by 12.51% in Burundi, 13.24% in Rwanda, 32% in Tanzania declines by 12.75% in Kenya, 1.07% in South Sudan and 7.8% in DRC. Both service imports and exports were concentrated in transport, tourism.

#### *Investment*

As a result of the many challenges in the global business environment and the muted demand occasioned by high costs of living, Foreign Direct Investment maintained a slowdown during 2023, occasioned by global financial volatilities and geopolitical tensions, with Africa and the

---

<sup>1</sup> Africa only accounts for 1.9% of the global services exports largely dominated by travel which accounts for 0.7 percent (US\$ 54.93 billion) of global total services export

developing economies being hardest hit. However, the EAC region registered growth in both domestic and foreign investment, with most investment directed to communications, ICT services and software and consumer products, biotechnology. The major sources of FDI flows into Africa include USA, UAE, France and India. In 2022, the United States invested US\$ 7 billion in Africa, the most since 2018, with South Africa, Egypt, and Kenya receiving the most funds. There was substantial cross border investment, a sign of confidence in the EAC regional integration agenda. With the increase in FDI across most of the Partner States, there has been an increase in the number of jobs created through the EAC FDI such as the Republic of Burundi and the Republic of Kenya. Even for Partner States that had a decrease in FDIs, recorded an increase in jobs created through domestic and cross border investments.

### *Regional Outlook*

According to AfDB, the Eastern Africa Region is expected to maintain its position as Africa's fastest growing region, with real GDP growth rising from an estimated 1.5 percent in 2023 to 4.9 percent in 2024 and 5.7 percent in 2025. For the region's economies the forecast growth acceleration in 2024 will be bolstered strong government spending and strategic investments to improve in-country connectivity and facilitate trade with neighbouring nations, coupled with ongoing efforts to modernize agricultural production and boost productivity in the services sector.

The EAC region's economies economic recovery is expected to strengthen considering the global economic resilience, continued fiscal consolidation measures, declining inflation, and progress on debt restructuring. However, an increasingly complex interplay between economic, climate and geopolitical risks could affect the economic performance and recovery of the EAC. The main risks being high inflation, widening fiscal deficits, rising commodity prices, stalled trade and investment fuelled by rising geopolitical tensions and regional conflicts and climate shocks.

Despite the potential negative impact of these risks, the recent progressive trend of improving global market conditions, fiscal consolidation, debt restructuring, renewed investment and capital accumulation are encouraging. Combined these have the potential to stimulate investor confidence in the EAC, driving the pace of structural transformation and strengthening economic growth across the EAC.

### *Looking Ahead*

Looking ahead, as the EAC continues to chart its path to economic recovery and sustainable growth, a mixture of policies is needed to address macroeconomic challenges and put Partner State economies on course towards achieving structural transformation.

Trade and investment driven development requires a conducive environment fundamentally dependant on robust demand, strengthened productive capacities, high integration with global and regional value chains, and strong inter and intra-regional trade. Therefore, policy coordination focusing on long-term sustainability while mitigating short-term risks is crucial for accelerating the economic growth of the EAC and transforming the region into an important global trading partner and ideal investment destination.

## CHAPTER 1: BACKGROUND

### 1.1. Brief Overview of the East African Community (EAC)

The EAC is a regional intergovernmental organisation comprising the Republic of Burundi, Democratic Republic of Congo, Federal Republic of Somalia, Republic of Kenya, Republic of Rwanda, Republic of South Sudan, Republic of Uganda and the United Republic of Tanzania. With its headquarters in Arusha, United Republic of Tanzania, the Community is home to approximately 305.3 million people. The EAC land area is 4.8 million square kilometres, and the combined Gross Domestic Product of the Partner States is US\$ 337.5 billion (EAC Facts and Figures, 2022).

With the EAC Partner States being agriculturally based, the Russia-Ukraine war still impacts on costs of fertilisers and energy which are critical in food production and food imports to meet shortfalls. Furthermore, it has been observed that climate vulnerability has a stronger impact on the region's growth prospects. Africa is the least climate-resilient region in the world with high vulnerability to climate change and low readiness for adaptation to climatic shocks, and with least climate investment inflows.

The EAC integration agenda is guided by the Treaty for the Establishment of the East African Community that came into force on 7th July 2000, following its ratification by the founding Partner States of the Republic of Kenya, Republic of Uganda and United Republic of Tanzania. Other Members joined as follows:

**Table 1: Dates joining EAC (Accession to the EAC Treaty) & Date becoming full members (Deposit of Instruments of Ratification)**

<b>Partner State</b>	<b>Date joined (Dated acceded to the Treaty)</b>	<b>Date becoming full members (Deposit of Instruments of Ratification)</b>
Republic of Burundi	18th June, 2007	1st July, 2007
Republic of Rwanda	18th June, 2007	1st July, 2007
Republic of South Sudan	15th April 2016	15th August, 2016
Democratic Republic of Congo	8th April, 2022	11th July, 2022
Federal Republic of Somalia	15th December, 2023	4th March, 2024

Source: EAC

Article 5(2) of the Treaty envisages four stages of integration: the formation of a Customs Union, Common Market, Monetary Union and a Political Federation. The Customs Union came into force in 2005, a Common Market was established in 2010, and a Protocol on the Monetary Union was signed in 2013 that will be realised in 2031. The goal is a Political Federation; however, in the short term, work is on-going to prepare for Political Confederation as the transitional stage.

The EAC continues to consolidate key integration milestones, specifically the implementation of the Customs Union and the Common Market. The ultimate objective of the EAC integration agenda is to widen and deepen the integration process to improve the socio-economic welfare of EAC citizens.

Partner States are endowed with valuable natural resources, which make the region attractive, lucrative and promising for business investment opportunities. These include abundant fertile arable land for subsistence and commercial farming; various precious minerals; oil and gas; water bodies including Lake Victoria, the second largest freshwater lake in the world, and Lake Tanganyika, the longest lake in the world. The Region also has rivers and ponds providing artisanal, industrial and deep-sea fishing opportunities in the Indian Ocean (in the Exclusive Economic Zone -EEZ), especially in the harvesting of tuna species for export; Mount Kilimanjaro, the highest mountain in Africa, among others, some of the best world tourist attractions together with national parks, game reserves, and world cultural and heritage sites.

With a mission to widen and deepen economic, political, social and cultural integration to improve the quality of life of the people of East Africa, the Community encourages and promotes new and better ways of doing business. The Community seeks to progressively transform into a single market that allows free movement of goods, persons, services, labour and capital, while guaranteeing rights to residence and establishment. Reviews of the relevant laws to ensure smooth operation of the EAC Common Market are on-going in all Partner States.

## **1.2. EAC Regional Integration Initiatives**

### ***I. Review of the Regional Instruments***

The implementation of the Customs Union within the East African Community (EAC) is crucial to its integration agenda, positioning the EAC as a major player in international trade. To boost trade within the EAC, the Community finalized a comprehensive review of the EAC Common External Tariff (CET) implemented from July 2022 and continues to align its implementation through necessary identified alignments, adjustments and error corrections.

Parallel to this, ongoing revisions to the EAC Customs Management Act (CMA), 2004 aim to streamline customs administration operations and procedures, to align them with trade facilitation initiatives such as advance ruling, duty remission schemes, exemption regimes, and export promotion measures. Additionally, the ongoing alignment of EAC Customs Management Regulations with recent legislative changes demonstrates the EAC's commitment to modernising and improving customs procedures. Other legislative developments during the recent past include the passage of the EAC Customs Management Bill 2022 by the East African Legislative Assembly (EALA), pending Summit approval, and ongoing finalizations of EAC Assembly Regulations 2022 for implementation.

Additionally, it is being made to harmonise various instruments with the Tripartite Free Trade Area (TFTA) with the adoption of instruments on trade and customs and on road transport once the threshold required for Member / Partner States to ratify the agreement is attained.

## ***II. Implementation of the Single Customs Territory***

The Community has made significant strides in streamlining clearance processes under the Single Customs Territory (SCT). A centralized platform has been implemented to facilitate the exchange of Customs and Trade data, automating all aspects of the Regional Authorized Economic Operators (AEO) Programme, including accreditation, post-authorization workflows, and maintaining a centralized database of accredited entities. This initiative aims to equip Partner States with essential information to grant expedited treatment in cargo clearance and other benefits to AEOs, thereby enhancing trade facilitation within the region. By the end of 2023, 203 operators had been accredited under the Regional AEO Programme. In addition, to enhance the AEO, EAC is in the process of finalising mutual recognition agreements with India and China authorities.

In addition to these efforts, the Community is enhancing technology driven interventions to further ease cargo movement in the EAC, including the implementation of non-intrusive verification through drive-through cargo scanners, interfacing Electronic Cargo Tracking Systems (ECTS) and adding Burundi and South Sudan into the ECTS, sharing of cargo scanner images among revenue authorities and installing Smart Gates at key borders and ports.

The EAC Customs directorate has actively pursued other digitization initiatives such as finalising the e-Tariff toolkit to improve private sector access to the EAC Tariff Structure and Information, as well as the administration of Duty Remissions and facilitation the electronic issuance of Rules of Origin certificates. All digital interventions enhance trade facilitation and transparency.

The EAC is enhancing the SCT through revisions to the SCT Revised Procedure manual.

## ***III. Capacity Building & Sensitization on customs interventions***

Capacity-building initiatives have been undertaken to raise customs and trade awareness, while partnerships with international organisations such as the World Customs Organization (WCO), African Tax Administration Forum (ATO), and World Trade Organization (WTO) have been bolstered.

## ***IV. EAC Customs Bond***

The East African Community (EAC) is nearing completion of the development and roll out of the EAC Customs Bond, by commencing sensitization on the bond and piloting. The EAC Bond is a crucial aspect of regional trade facilitation which will streamline customs processes by ensuring compliance with duties, taxes, and fees for imported goods. Developed under the Single Customs Territory (SCT) framework, it will be an alternative to the COMESA Regional Customs Transit Guarantee (RCTG) however better suited to the EAC's unique trade needs. The EAC Customs Bond features comprehensive coverage for transit goods and leverages information technology for efficient management and integration with regional customs systems. This initiative reflects the EAC's commitment to reducing trade barriers, promoting economic integration, and enhancing cross-border trade within the region. This among other



advancements underscore the EAC's commitment to modernising customs processes and fostering a conducive environment for regional and international trade.

#### ***V. Establishment of One-Stop Border Posts***

EAC has established One-Stop Border Posts (OSBPs) as one of the initiatives to facilitate trade; the OSBP concept promotes a coordinated and integrated approach to facilitating trade, movement of people, and improved security. In an OSBP, border crossing formalities are undertaken at one place, through coordinated action by the regulatory agencies of adjoining jurisdictions. An OSBP eliminates the need for travellers and goods to stop twice at borders for border-crossing formalities, hence a significant reduction in border-crossing time and associated costs.

Thirteen (13) of the fifteen (15) borders earmarked to operate as OSBPs are complete and operational. The operationalization of OSBPs has resulted in a 79% saving in border crossing clearance time, from 14 hours to 1 hour 18 minutes (source: surveys conducted on 8 OSBPs by Trademark Africa (TMA). The Community has identified 10 additional borders to operate as OSBPs. An OSBP Performance Measurement Tool has been developed and digitized to enhance collection and analysis of data for performance measurement purposes and dissemination of findings to stakeholders.

#### ***VI. Trade Information Portals (TIP)***

As a means of facilitating trade and increasing transparency, the EAC Secretariat developed Trade Information Portals (TIP). The portal gives access to step-by-step guidelines on licences, pre-clearance permits and clearance formalities for the most traded goods within, to and from the region.

The EAC TIP is linked with national trade portals that present the national import and export procedures step by step in Burundi, Kenya, Rwanda, Tanzania, Uganda and South Sudan. (For each step, the trade portal provides the user with information on where to go, who to see, documents required, forms to fill, costs involved, what law justifies the step, and where to lodge a complaint in case of a problem. A central part of the TIP is the Trade Facilitation Index (TFI)<sup>2</sup>, which enables institutions engaged in trade facilitation to measure and compare the ease of importing and exporting, and the related administrative burden between EAC Partner States.

#### ***VII. Elimination of NTBs***

The Community has put in place mechanisms to report and resolve NTBs through National Monitoring Committees (NMCs) established at the national level, and a Regional Monitoring Committee (RMC) which meets quarterly to deliberate and resolve NTBs. An EAC Time Bound Programme on the elimination of NTBs is embedded into the COMESA-EAC-SADC Tripartite web-based NTBs Monitoring System; and was operationalized in 2007. The

---

<sup>2</sup> The EAC trade information portal and trade information portals (TIPs) in Partner States are accessible at: <https://tradehelpdesk.eac.int>

Community resolved twelve (12) and nine (9) were unresolved during the period. Further, the Community has also reviewed the EAC Elimination of Non-Tariff Barriers Act, 2017 which await consideration by the Sectoral Council on Legal and Judicial Affairs.

The Secretariat also developed the EAC Elimination of NTBs Mobile Application to ease the reporting, monitoring and elimination of NTBs in the Community. The EAC Elimination of Non-Tariff Barriers (NTBs) Mobile Application was launched in December 2023 and is operational.

### ***VIII. Promotion of E-Commerce and Medium Small and Micro Enterprises (MSMEs)***

E-commerce is a vital accelerator of economic growth and a great facilitator of trade through reduced cost of doing business, increased efficiency and increased access to foreign markets. In East Africa, however, e-commerce implementation and adoption are hampered by challenges such as low digital literacy, inadequate ICT infrastructure, lack of or inadequate policies and regulatory frameworks, among others. This notwithstanding, it is notable that most of the EAC Partner States are making efforts to address these barriers, enabling them to exploit the e-commerce potential for socio-economic development.

The Community recognises the potential of ICT through a dynamic and functioning digital economy in contributing to socio-economic growth in the region. The EAC further recognises the complexity of issues that need to be addressed to unlock and nurture e-commerce potential in the region, as well as the need to coordinate and harness capabilities of diverse stakeholder groups. EAC Secretariat also considers the need for an institutional coordination mechanism of regional e-commerce matters as vital for the success of e-commerce initiatives.

The EAC has developed the East African Digital Integration Project (EA-RDIP) which aims to enhance and accelerate regional digital integration efforts across the EAC region.

Furthermore, the EAC Secretariat finalised phase 1 of the development of EAC Online Buyer-Seller Platform that seeks to increase the visibility of EAC products and contribute to the growth of intra-EAC trade. The platform will provide the necessary space for MSMEs to showcase and sell their products.

### ***IX. COMESA-EAC-SADC Tripartite Free Trade Area Agreement***

The Agreement establishing the COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) was signed and launched by the 3rd Tripartite Summit of Heads of State and Government in June 2015. To date, a total of 23 countries have signed the TFTA Agreement, with the latest signatory being Lesotho on 27<sup>th</sup> October 2023. Six (6) countries, namely, Ethiopia, Eritrea, Mozambique, South Sudan, Tunisia and Somalia are yet to sign the Agreement. Eleven (11) countries have ratified the TFTA Agreement, namely, Egypt, Eswatini, Kenya, South Africa, Rwanda, Burundi, Uganda, Botswana, Namibia, Zambia and Zimbabwe. Three (3) more ratifications are required for the TFTA Agreement to enter into force.

Negotiations are on-going to conclude outstanding Phase I issues on tariff offers and product specific rules of origin. Phase II negotiations on Trade in Services and Competition Policy commenced in 2019, with the development of a draft Tripartite Protocol on Trade in Services and a draft Protocol on Competition Policy.

#### **X. Negotiations on African Continental Free Trade Area**

The Agreement establishing the African Continental Free Trade Area (AfCFTA) was signed and launched by the AU Assembly on 21st March 2018 in Kigali, Rwanda. The Agreement contains Protocols on Trade in Goods, Trade in Services and Rules and Procedures on the Settlement of Disputes. The AfCFTA Agreement aims at further deepening the integration of African economies, thereby enhancing industrialisation, intra-African trade, and the sustainable development of the continent as outlined in the African Union's Agenda 2063.

The EAC Partner States negotiated as a bloc and are among the 54 AU Member States that signed the Agreement. The AfCFTA Agreement came into force on 30th May 2019; 30 days after 22 countries deposited their instruments of ratification. Forty-seven (47) countries deposited instruments of ratification, including Burundi, Kenya, Rwanda, Tanzania and Uganda.

EAC Regional Strategy on Implementation of the African Continental Free Trade Area (AfCFTA) was validated in July 2023.

#### **XI. Private Sector Development**

The principles that govern the practical achievements of the objectives of the Community include a market driven cooperation and establishment of an export-oriented economy in which there is free movement of the factors of production. This will require Partner States to create an enabling environment and develop the private sector and private sector support institutions so that they can competitively compete in a market driven economy. In that regard, the Treaty establishing the East African Community provides for Partner States to undertake measures to improve the business environment through promulgation and implementation of appropriate investment policies and codes, removing barriers to investment, and developing the private sector. Thus, the East African Community as part of the consultative dialogue framework for engagement of the private sector in the EAC integration process, established a technical working group with the private sector (national chapters and regional private sector umbrella organisation) to deliberate on private sector challenges and facilitate their removal through development and adoption of policy instruments.

Further, the Community is in the process of developing an EAC Investment Strategy to implement an EAC Investment Policy and seeks to foster a regional investment promotion agenda and promote the Community as a single destination for investors. In accelerating regional growth and development of EAC economies, the Community is also in the process of developing an EAC Private Sector Development Policy that provides for interventions that strengthen and promote the role of the private sector as an effective force for the development of their respective economies.

### 1.3. Macroeconomic Development

#### 1.3.1. Global Economic Outlook

##### *Economic Growth*

The Global economy continued its gradual recovery from the long-term effects of the pandemic, the War in Ukraine, cost-of-living crisis, and climate change. Despite the disruption in global value chains, energy and food markets because of the war and decades-high inflation, the global economy has been remarkably resilient in the face of increasing global shocks.

Global economic output growth declined in from 3.0 percent in 2022 to 2.4 percent in 2023 with economic activity still falling short of pre-pandemic (2000–19) average of 3.8 percent especially for emerging markets and developing economies. For advanced economies, the economic slowdown continued from 2.4 percent in 2022 to 1.5 percent in 2023 with a slight forecasted growth of 1.4 percent in 2024. Growth in emerging markets and developing economies remained the same at 3.9 percent in 2023 from 2022 with an expected improvement to 4.0 percent in 2024.

The global economy decline was partly attributed to a significant and broad-based slowdown in total factor productivity growth accounted for more than half of the growth decline. This deceleration was driven in part by increased misallocation of capital and labour across firms within sectors (World Economic Outlook Report April 2024), and the spillover effects from the war in Ukraine with gas supplies from Russia to Europe tightening (IMF World Economic Outlook, 2023).

**Table 1. 1: Summary of Global Output Growth, 2023 (% change)**

Country groups	2019	2020	2021	2022	2023	2024 <sup>b</sup>
<b>World</b>	<b>2.5</b>	<b>-3.2</b>	<b>6.1</b>	<b>3.0</b>	<b>2.4</b>	<b>2.5</b>
<b>Africa</b>	<b>2.6</b>	<b>-2.4</b>	<b>4.5</b>	<b>3.1</b>	<b>2.7</b>	<b>3.0</b>
North Africa (incl. South Sudan)	2.3	-3.3	4.8	1.9	2.9	3.0
South Africa	0.3	-6.0	4.7	2.0	0.0	1.0
Sub-Saharan Africa	3.4	-0.9	4.2	4.0	3.2	3.4
<b>America</b>	<b>1.7</b>	<b>-3.8</b>	<b>6.0</b>	<b>2.5</b>	<b>2.0</b>	<b>1.8</b>
Latin America and the Caribbean	-0.3	-7.1	6.7	3.9	2.3	1.8
Central America	2.2	-8.6	8.2	4.8	2.9	2.9
North America	-0.7	-6.6	7.2	4.0	1.9	1.6
<b>Asia (excl. Cyprus)</b>	<b>2.3</b>	<b>-3.0</b>	<b>5.9</b>	<b>2.2</b>	<b>1.9</b>	<b>1.8</b>
Central Asia	3.7	-0.9	6.5	3.6	3.9	3.9
East Asia	3.8	-1.2	5.3	4.5	4.5	3.8
South Asia	4.0	0.4	6.7	2.4	3.8	3.8
South-East Asia	3.7	-3.8	7.7	5.8	5.2	5.2
Western Asia	4.3	-3.9	4.0	5.4	3.9	4.2
<b>Europe (incl. Cyprus)</b>	<b>1.4</b>	<b>-3.2</b>	<b>6.3</b>	<b>6.6</b>	<b>3.3</b>	<b>2.7</b>
European Union (EU 27)	1.8	-6.0	5.8	2.9	0.6	1.2
Euro area	1.8	-5.7	5.6	3.4	0.4	1.2

Country groups	2019	2020	2021	2022	2023	2024 <sup>b</sup>
Oceania	2.1	-1.8	5.1	3.5	1.8	1.5
Developed countries	1.8	-4.2	5.4	2.4	1.4	1.5
Developing countries	3.6	-1.6	7.1	3.9	3.9	4.0

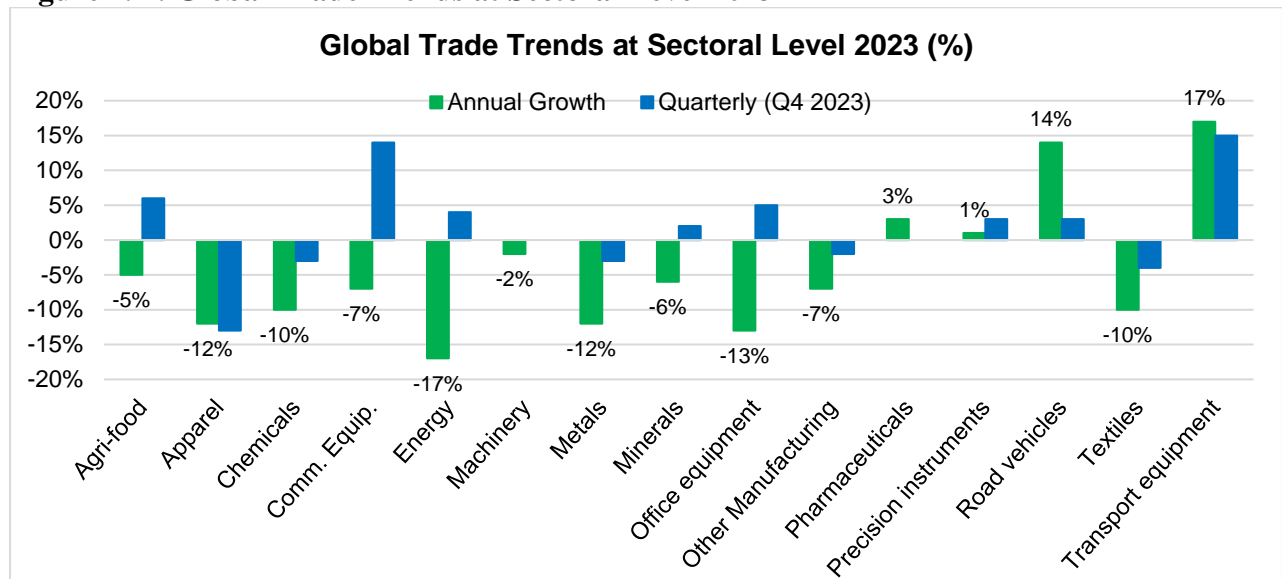
Source: UNCTAD Trade and Investment Report 2023/ 2024

Notes: <sup>b</sup> Forecasts

### Global Trade Trends

Global trade declined by US\$ 1 trillion (3 percent) to US\$31 trillion in 2023 compared to the record high in 2022. This decline was mainly driven by less demand in developed economies and weaker trade in East Asia and Latin America. In 2023 trade in goods declined by US\$ 1.3 trillion, or 5 percent, while trade in services in contrast grew by US\$ 500 billion, or 8 percent during the same period. The services sector was driven by tourism and tourism related services that surged by nearly 40%. However, developing countries experienced a sharper decline in trade, with their imports and exports falling by 5% and 7%, respectively, compared to a 4% drop in imports and 3% in exports for developed nations. Most regions saw negative trade growth in 2023. The exception was a significant increase in intra-regional trade in Africa.

**Figure 1. 1: Global Trade Trends at Sectoral Level 2023**



Source: UNCTAD Global Trade Update 2024

During 2023, global trade declined in most sectors, except for pharmaceuticals, transportation equipment, and road vehicles, the latter experiencing a strong increase in the trade of electric cars. Among the sectors where the value of trade declined by more than 10 per cent during 2023 are apparel, chemicals, energy metals, office equipment, and textiles. On a quarterly basis, most sectors experienced a rebound in Q4 2023. The most notable exception was apparel, where trade continued to contract. In contrast, quarterly increases were more pronounced for communication and transport equipment (UNCTAD 2024).

### ***Global Investment Trends***

Global Foreign Direct Investment (FDI) flows declined by 2 percent from US\$ 1.35 trillion in 2022 to US\$ 1.33 trillion in 2023. This was mainly due to investor uncertainty and lower volumes of financial flows and transactions in developed countries. Real investment trends were positive with growth in new investment projects announcements in most regions and sectors. The global environment for international business and cross-border investment remained challenging in 2023 where the geopolitical tensions are still high. Recent financial sector turmoil has added to uncertainty about the state of the economy and the potential impact of declining flows in both developed and developing economies.

Inflows to Europe shifted dramatically, from -\$106 billion in 2022 to \$16 billion in 2023. FDI inflows to North America fell, as did those to most other developed countries. FDI flows to developing economies decreased by 7 per cent, to \$867 billion, or 65 per cent of global flows. Inflows to Africa dropped by 3 per cent, while in Latin America and the Caribbean they remained flat. The United States of America (US\$ 311 billion) remained the largest FDI recipient, accounting for almost a quarter of the global total. China (US\$ 163 billion), Singapore (US\$ 160 billion), Hong Kong, China (US \$ 113 billion) and Brazil (US\$ 66 billion) accounting for a further 37 percent.

### ***Global Economic, Trade and Investment Outlook for 2024***

The economic growth forecast for 2024 is positive signalling global economic recovery reversing the downward trend. However certain forces in the form of economic, climate and geopolitical risks stand to hold back the recovery weakening global demand, with the possibility of stalling economic growth and development.

Global trade is forecasted to recover slightly in 2024 driven by increased demand both goods and services. Rising global demand for raw materials, lengthening of supply chains, and demand for environmental goods, especially electric vehicles is forecast to play a crucial role in driving trade growth. However logistical challenges (such as shipping disruptions in the Red Sea), commodity prices volatility in energy and agricultural markets, increase in subsidies and trade restrictive measures, and most notably ongoing geopolitical tensions pose serious challenges to global trade.

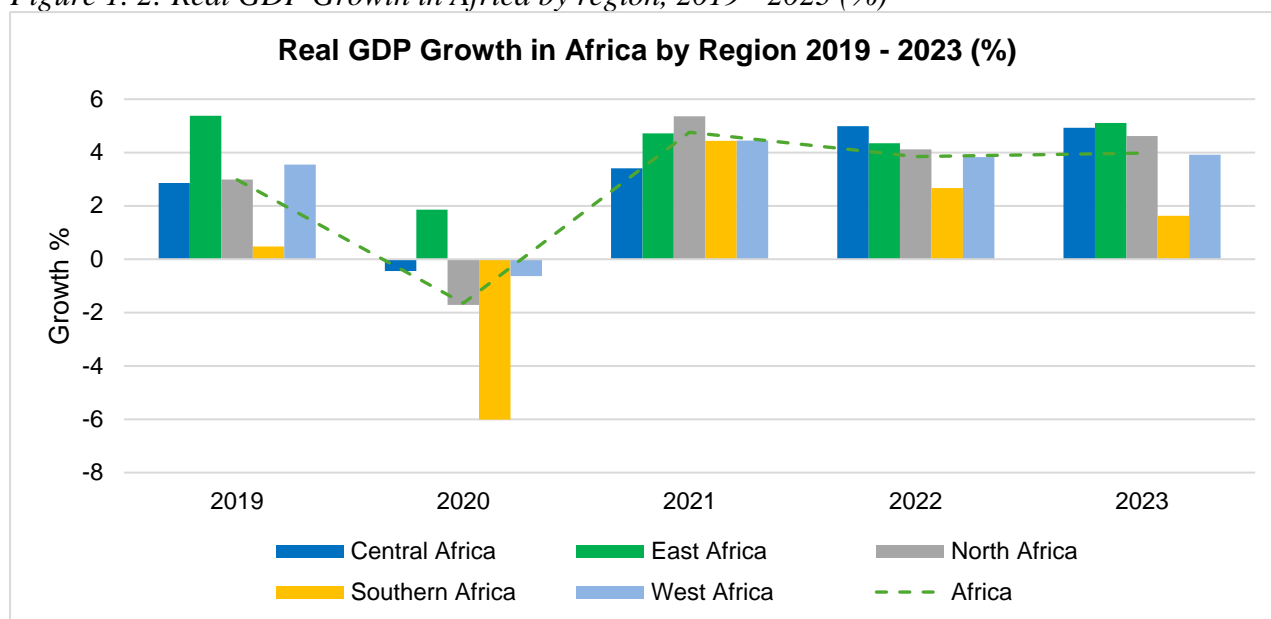
The global environment for international business and cross-border investment remains challenging in 2024. Global economic fracturing trends, trade and geopolitical tensions, industrial policies affecting strategic and manufacturing sectors, and moves by corporates to diversify supply chains are reshaping international production and FDI patterns. However global FDI is forecast to display modest growth in 2024 despite the weak performance in 2023. This growth is expected to be driven by increased greenfield project announcement and stabilizing costs of finance leading to positive expectations for 2024. The growth is expected to be due to increased announcements, notably in developing countries, in manufacturing industries following decades of decline in investments in the sector.

### 1.3.1. Africa Economic Outlook

In 2023 Africa’s real gross domestic product (GDP) slowed down to 3.2 percent from 4.1 percent in 2022, and the decreased growth was attributed to, a variety of factors, including the lingering pandemic effects, persistently high food and energy prices on the back of sustained impacts of Russia’s invasion of Ukraine, weak global demand weighing down export performance, climate change and extreme weather events on agricultural productivity and power generation, and pockets of political instability and conflict in some African countries (AfDB 2024).

Africa’s real GDP growth increased marginally to 3.98 percent from 3.85 percent in 2022 as the factors affecting economic growth fade. Growth performance in 2023 was led by East Africa, North Africa and West Africa. **East Africa** realised the highest growth from 4.3 percent in 2022 to 5.1 percent in 2023, with **North Africa** second growing from 4.1 percent in 2022 to 4.6 percent in 2023, and West Africa third with a modest growth from 3.8 percent in 2022 to 3.9 percent in 2023. **Southern Africa** realised the largest decline in growth from 2.6 percent in 2022 to 1.6 percent in 2023, followed by **Central Africa** where growth declined marginally (Figure 1.2).

Figure 1. 2: Real GDP Growth in Africa by region, 2019 - 2023 (%)

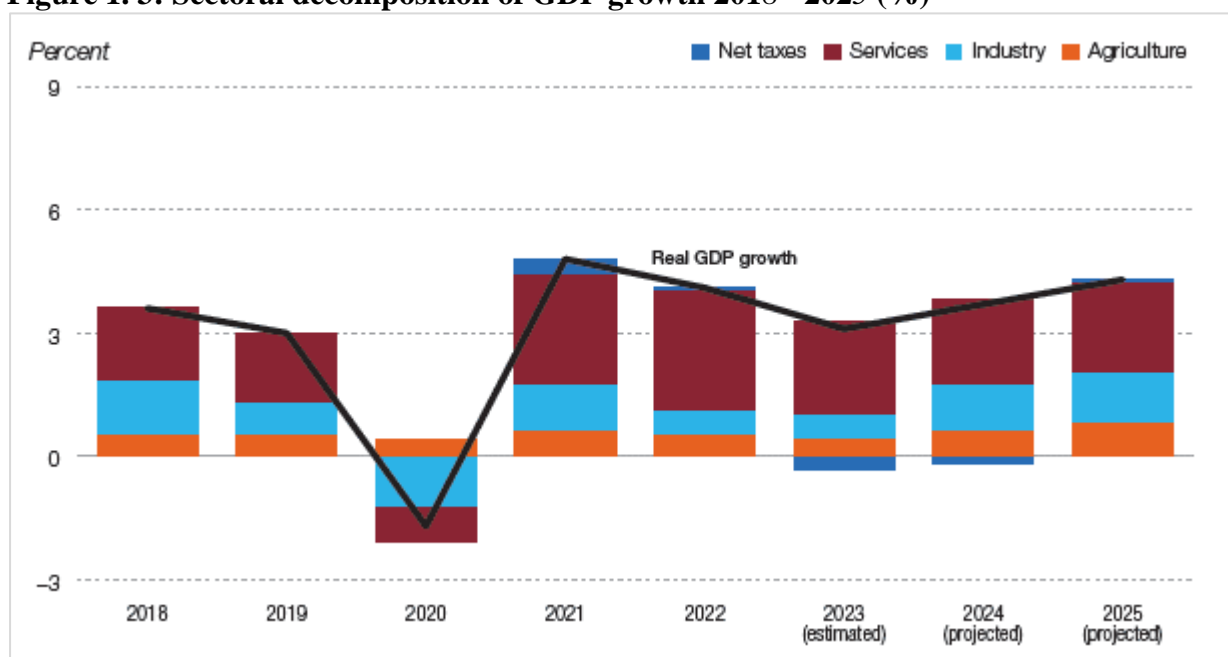


Source: AfDB Statistics

The **services sector** continued to be the main driver of economic growth in 2023 despite a decline in contribution from 2.9 percent in 2022 to 2.3 percent in 2023. The decline was due to exposure to global shocks constraining tourism and transport; however, the sector is still projected to maintain its influential role. The contribution of **agriculture** is estimated to have marginally declined from 0.5 percent in 2022 to 0.4 percent in 2023 while industry remained unchanged at 0.6 percent (figure 1.3). The decline in agriculture was due to climate challenges such as droughts that affected yields while industry continues to face structural challenges such

as the skills mismatch, high cost of capital, low internet access, and weak governance, among others, all discouraging investment.

**Figure 1. 3: Sectoral decomposition of GDP growth 2018 - 2025 (%)**



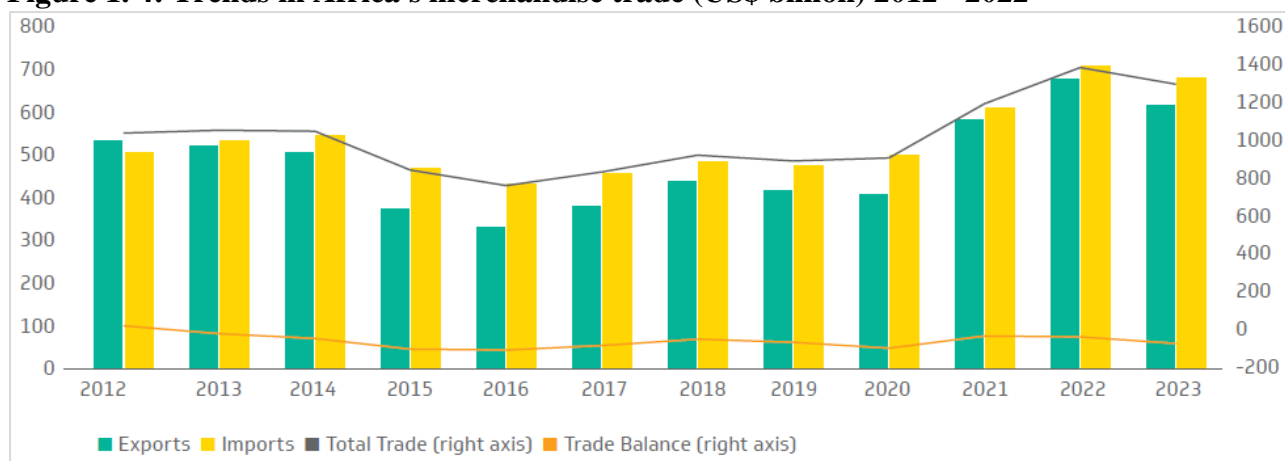
Source: AfDB Africa Economic Outlook 2024

### Trade

Major African exporting countries felt the impact of the challenging global environment of heightening geopolitical tensions, weak global demand, and slow global growth. The continent's merchandise trade, which achieved an impressive growth of 15.93 percent to US\$1.4 trillion in 2022, up from US\$1.2 trillion in 2021, was significantly affected, contracting by 6.3 percent to US\$1.3 trillion in 2023 (*AFRIEXIM 2024*). On the import side, Africa also suffered a decline in 2023 after recording robust performance in 2022. The region's merchandise imports, which expanded by about 15.9 percent to US\$702.11 billion in 2022, reversed in 2023, contracting by 3.72 percent to US\$676 billion. The decline in Africa's merchandise imports in 2023 can be attributed to several factors, including most notably, difficult access to trade finance, liquidity constraints, exchange rate risks, high inflationary pressures, a surge in debt service cost, alongside falling foreign exchange reserves which have been exacerbated by depreciation of national currencies. These challenges constrained the import capacity of many African countries.



**Figure 1. 4: Trends in Africa's merchandise trade (US\$ billion) 2012 - 2022**



Source: AFRIEXIM Bank 2024

### Investment

In 2022, the FDI flows to Africa decreased by 44% to US\$ 45 billion following a surge in 2021 due to a single intra firm financial transaction in South Africa. Removing this deal, the change in FDI flows to Africa in 2022 would have increased by 7 per cent.

Despite the decline in FDI flows the value of greenfield projects announced in Africa almost quadrupled to US\$195 billion from US\$52 billion in 2021. The number of projects also rose, by 39%, to 766. The biggest increases were in energy and gas supply (US\$120 billion), construction (US\$24 billion) and extractive industries (US\$21 billion). Six of the top 15 greenfield megaprojects announced in 2022 were in Africa. European investors are the largest holders of FDI stock in Africa, led by the United Kingdom (US\$60 billion), France (US\$54 billion) and the Netherlands (US\$54 billion).

In North Africa, there was an increase of 58% to US\$ 15 billion, Egypt inflows were US\$11 billion which was more than double in 2021, with increased cross-border M&A sales. Announced greenfield projects more than doubled in number to 161. Flows to Morocco decreased slightly, by 6 per cent, to \$2.1 billion. Flows to Central Africa fell by 7 per cent to US \$6 billion, while flows to East Africa increased by 3% US\$8.7 billion and FDI to Southern Africa returned to normal levels, at \$6.7 billion after the peak in 2021 caused by a one-off transaction.

**Table 1. 2: Africa Foreign Direct Investment (FDI) Inflows 2017 - 2022 (US\$ million)**

REGION	2017	2018	2019	2020	2021	2022	Growth rate%
Africa	40,358	44,171	45,962	39,195	79,583	44,929	-43.5
Northern Africa	13,273	15,346	13,782	9,783	9,441	14,917	58.00
Eastern Africa	12,977	12,244	11,182	10,355	14,039	11,880	-15.4
Central Africa	1,192	2,515	4,404	7,189	17,24	-548	-131.8

REGION	2017	2018	2019	2020	2021	2022	Growth rate%
Southern Africa	2,535	6,021	5,205	3,011	41,432	10,225	-75.3
Western Africa	10,381	8,044	11,389	8,857	12,947	8,454	-34.7

Source: UNCTAD World Investment Report 2023

The FDI inflow distributions in Africa Regional Economic Communities (RECs) has increased over the past 5 years in four of the African RECs, where COMESA has 14% increase to US\$ 22 billion, SADC flows have quadruple to US \$ 10 billion, in WAEMU it doubled to US\$ 5.2 billion, and in EAC it increased by 9% to US\$ 3.8 billion (World Investment Report, 2023). Most of the investment flows were in Energy and gas supply and extractive industries (73% of FDI inflow), service sector, and especially in construction (12.3%), transportation and storage (4%) and information and communication (3%). The Sectoral distribution of the investments reflect the structural distortion of the African economies. It has been alluded that the increase in investments in the Oil sector in Africa is caused by the disruptions in Russia Oil supply and Russia-Ukraine war.

#### *Africa's Outlook 2024*

The region is poised to retain its position as the second-fastest growing region after developing Asia, with a projected average real GDP growth higher than the global average of 3.2 percent in 2024. Furthermore, ten (10) countries in Africa will be among the world's top 20 fastest-growing economies in 2024, sustaining the trend of the past two decades.

Despite a decline of FDI inflows in 2023, Africa continues to be an attractive destination for investment. During 2023 most countries registered increases in project numbers, with the overall number of project announcements in the region rising by 7 per cent to more than 800. If executed, these projects could generate an additional 200,000 jobs in the region. The region continues to attract a growing share of global megaprojects in especially in industry (chemicals), electronics and energy.

The **African Continental Free Trade Agreement (AfCFTA)** Investment Protocol adopted in 2023 is expected to contribute to growing intraregional FDI. The share of intraregional projects, though still relatively low, is higher in services and selected manufacturing industries (with 20 per cent of projects by investors from Africa) than in resource-based processing industries (with only 13 per cent of projects originating from the region). This indicates the pool of investors undertaking projects within the region is large for some sectors. Also, there is an opportunity to expand intraregional investment in processing industries as part of the general drive to increase value addition.

### 1.3.1. EAC Economic Outlook

#### *Economic Growth*

The EAC region continued its economic recovery in 2023 and is projected to outpace that of Africa and all other regions of the continent in the medium-term. Economic growth in the Community is estimated to have increased to an average of 5.1 percent in 2023, from 4.4 percent that was registered in 2022. Nonetheless, growth performance varied across Partner States, ranging from 2.8 percent to 8.1 percent (*Table 1.3*).

**Table 1. 3: EAC GDP growth rates 2019 - 2023 (%)**

Country	2019	2020	2021	2022	2023
<b>East Africa</b>	5.4	1.9	4.7	4.4	5.1
Congo, Dem. Rep.	4.4	1.7	6.2	8.9	6.2
Burundi	4.5	0.3	3.1	1.8	3.4
Kenya	5.1	-0.3	7.6	4.8	5.4
Rwanda	9.5	-3.4	10.9	8.2	6.2
South Sudan	3.4	12.9	-4.9	-2.9	-0.4
Tanzania	6.9	4.5	4.8	4.7	5.2
Uganda	7.6	-1.2	5.6	5.8	5.1

*Source: AfDB Statistics*

The overall strong growth was supported by increased output in industry, services, agriculture, construction, mining and quarrying, and manufacturing sectors in some Partner States. This was also buoyed by continued implementation of policies and reforms geared towards improving private-sector and public investment. The EAC economy is projected to continue improving, driven by expected strong performance in agriculture and services sectors. Strong growth will also be supported by implementation of growth-supporting measures expected from increased private and public investment coupled with improved exports. Downside risks remain, attributed to uncertainty in the global economic environment, sustained tight financial conditions and climate related challenges.

Overall inflation increased in 2022 and early 2023 driven by high global commodity prices (mainly food and energy prices), owing to global shocks, as well as adverse weather conditions that affected agriculture production. Inflation is expected to ease in the near term, supported by policy actions taken across Partner States, expected adequate food supply and moderation in commodity prices in the world market. The upward risks arising from weather-related shocks, which is a major concern for food and energy production and geopolitical tensions coupled with OPEC+ measures to cut oil production and sustained monetary policy tightening in advanced economies which may continue to exert pressure on currencies.

Private sector credit continued to grow strongly in 2023, relatively the same as in 2022. The strong growth was largely attributable to increased demand following recovery of economic activities from adverse effects of global shocks. Demand for credit is expected to remain high, in line with the projected growth coupled with supportive policies.

Current account deficits deteriorated on average, mainly due to higher import bills emanating from higher commodity prices in the world market. Further, the exchange rate depreciated in all countries though at a varied magnitude. The current account deficit is expected to narrow in the medium term following the recently noted decrease in global commodity prices and policy measures taken to increase exports and import substitution. However, the outlook for the external sector remains uncertain owing to uncertainties in the global landscape. Fiscal deficits recorded mixed trends across Partner States reflecting the persistent low domestic resource mobilisation and increased spending coupled with tight global financial conditions (Table 1.4).

**Table 1. 4: Select EAC macroeconomic indicators 2019 - 2024\***

Indicator	Country	2019	2020	2021	2022	2023	2024
<b>Inflation, consumer prices (annual %)</b>	<b>East Africa</b>	14.5	27.5	40.7	28.9	21.8	17.7
	Congo, Dem. Rep.	4.7	11.4	9.0	9.3	22.9	14.7
	Burundi	-0.6	7.3	8.4	18.7	20.1	14.4
	Kenya	5.2	5.4	6.1	7.6	7.9	6.8
	Rwanda	3.4	9.9	-0.3	17.8	23.2	10.5
	South Sudan	48.9	33.6	43.5	0.9	16.5	10.9
	Tanzania	3.4	3.3	3.7	4.3	3.8	3.8
	Uganda	2.1	2.8	2.2	7.2	5.5	4.5
<b>Trade balance (As % of GDP)</b>	<b>East Africa</b>	-11.1	-9.9	-10.1	-10.4	-10.1	-9.7
	Congo, Dem. Rep.	9.6	4.5	8.9	10.5	7.1	6.6
	Burundi	-17.9	-19.3	-21.6	-21.5	-27.6	-29.2
	Kenya	-10.6	-8.3	-10.1	-10.3	-10.0	-10.3
	Rwanda	-14.2	-16.2	-15.0	-15.0	-16.5	-15.2
	South Sudan	6.5	-20.6	-2.0	11.1	0.5	0.7
	Tanzania	-5.4	-3.5	-4.8	-7.6	-8.1	-7.2
	Uganda	-7.3	-7.0	-7.1	-7.6	-7.3	-8.7
<b>Current account balance (As % of GDP)</b>	<b>East Africa</b>	-5.7	-5.4	-4.9	-5.3	-4.6	-4.3
	Congo, Dem. Rep.	-3.7	-2.1	-1.0	-5.0	-5.3	-4.2
	Burundi	-10.4	-10.4	-12.9	-15.8	-18.0	-19.2
	Kenya	-5.2	-4.8	-5.2	-5.1	-4.4	-4.9
	Rwanda	-12.3	-12.3	-11.2	-10.2	-11.4	-11.1
	South Sudan	-0.7	-19.7	-4.9	-1.4	7.0	6.6
	Tanzania	-2.3	-2.3	-3.5	-7.3	-5.1	-4.5
	Uganda	-6.9	-9.8	-9.5	-8.1	-7.5	-8.5
<b>Central government, Fiscal Balance (% of GDP)</b>	<b>East Africa</b>	-5.31	-5.21	-5.29	-4.26	-3.68	-3.14
	Congo, Dem. Rep.	-0.82	-1.02	-1.55	-1.70	-2.14	-2.03
	Burundi	-4.35	-6.80	-3.18	-7.47	-6.09	-3.90
	Kenya	-7.29	-7.04	-8.22	-6.26	-5.75	-5.41
	Rwanda	-7.42	-9.03	-8.51	-7.64	-7.14	-6.78
	South Sudan	-1.00	-9.90	-3.70	-6.60	3.00	6.80
	Tanzania	-3.14	-1.89	-4.07	-3.94	-3.53	-2.52
	Uganda	-7.13	-9.00	-7.35	-5.59	-4.35	-3.44

Source: AfDB Statistics

## ***National Economic Performance***

### ***I. Burundi***

In 2023, Burundi's economic growth grew to 2.8 percent up from 1.8 percent from 2022 driven mainly by industry (up 4.7%) and services (up 2.7%) and the continuing recovery of agriculture and public investment. The outlook for 2024 and 2025 remains favourable, with real GDP growth projected at 4.6 percent in 2024 and 5.9 percent in 2025, boosted by investment in the mining sector and public investment. Inflation is expected to fall from 27.1 percent in 2023 to 22 percent in 2024 and to 12.6 percent in 2025, following an improvement in local food supplies.

### ***II. Democratic Republic of Congo***

The economic growth rate fell from 8.8 percent in 2022 to 7.5 percent in 2023, due to underperformance in extractive industries (where the growth rate fell from 22.3% in 2022 to 15.4% in 2023). Growth in nonextractive sectors rose from 3.1 percent in 2022 to 3.6 percent in 2023, driven by agriculture (up 0.45%), construction and public works (up 0.57%), and transport and telecommunications (up 0.61%). Growth was also supported by exports (up 17.3%) and investment (up 9.2%). Growth prospects for the economy are projected to remain favorable, at 5.7 percent in 2024 and 5.6 percent in 2025, driven by the mining sector, construction and public works, and trade. Inflation is expected to fall from 19.9 percent in 2023 to an average of 13.5 percent over 2024–25.

### ***III. Kenya***

Kenya's real Gross Domestic Product (GDP) grew by 5.6 percent in 2023 compared to a revised growth of 4.9 percent in 2022, mainly driven by rebound in agricultural activities that contracted in 2022 owing to favourable weather conditions that characterized the better part of 2023. In 2023, all the economic activities registered positive growths with some of the key sectors that recorded significant growths including Financial and Insurance (10.1%), Transportation and Storage (6.2%), Information and Communication (9.3%), Real Estate (7.3%), and Accommodation & Food Service (33.6%) activities. Kenya's GDP is projected to grow 5.4 percent in 2024 and 5.6 percent in 2025, driven by services and household consumption. Inflation is expected to fall from 7.7 percent in 2023 to 6.2 percent in 2024 and 5.5 percent in 2025, as food and global inflation both declines.

### ***IV. Rwanda***

Real GDP growth stabilized at 8.2 percent in 2022 and 2023, buoyed by expansion in industry and services on the supply side and public sector expenditures on the demand side. GDP per capita growth stabilized at 5.9 percent in 2022 and 2023. Economic growth was supported by substantial capital outlays in critical public infrastructure, including electricity, transport, and logistics networks. Economic growth is projected to remain average at 6.6 percent, with moderate inflation levels reflecting stabilization of supply chains, monetary policy tightening, and falling international commodity prices.

### ***V. South Sudan***

South Sudan's economy contracted to -0.4% in 2023 from a contraction of -2.9% in 2022 showing a significant growth driven by increased domestic oil production and higher global oil prices and easing economic challenges resulting from the conflict in Sudan. Growth is expected to recover in 2024 and will be supported by industry, especially oil, and services on the supply side and consumption and investment on the demand side. The fiscal deficit is projected at 6% of GDP in 2023/24, narrowing to 2% of GDP in 2024/25 as oil production stabilizes and public revenues improve.

#### *VI. Tanzania*

Real GDP grew 5.3% in 2023, up from 4.7% in 2022, driven by agriculture, construction, and manufacturing on the supply side and private investments on the demand side. Tight monetary policy, together with moderation in food and energy prices, helped reduce inflation from 4.3% in 2022 to 3.8% in 2023. Real GDP growth is projected at 5.7% in 2024 and 6% in 2025, driven by agriculture, manufacturing, and tourism and supported by public investments and reforms to improve the business environment. Inflation is projected to decline to 3.3% in 2024 and 3.4% in 2025, helped by stability in food and energy prices.

#### *VII. Uganda*

Uganda's economy expanded 4.6% in 2023, lower than the 6.3% registered in 2022. Strong performance in mining, construction, industry and services sectors positively supported the growth in the year. However unfavourable weather conditions which affected agricultural production and lower manufacturing output affected growth. Similarly, inflation declined from 7.2% in 2022 to 5.5% in 2023. The economy is projected to expand by 6.0% in 2024 and 7.0% in 2025, buoyed by stronger regional growth as global supply chains normalize. The oil sector will continue ramping up investments in wells and pipelines, further underpinning growth and future exports.

#### ***Regional Trade and Investment***

During Quarter 3, intra-EAC trade rose 20 per cent to \$3.2 billion, the highest level recorded within the region in over two years. Similarly, trade with the rest of Africa surpassed the \$5 billion mark for the first time in two years. However, the region's trade with European Union (EU) countries, which traditionally account for about 10 per cent of EAC's total trade, dropped 14 per cent, from \$2.04 billion in the three months to December 2022 to \$1.7 billion in the last quarter of 2023. This is a signal of improving trade integration on the continent. It comes at a time when governments are pushing for increased implementation of the African Continental Free Trade Area, which is projected to lift about 65 million Africans from extreme poverty.

East African countries are diversifying their economies beyond traditional sectors such as agriculture and mining, and are investing in sectors such as manufacturing, services, and technology; this is expected to create new opportunities for businesses and contribute to long-term economic growth. East African countries are also working towards deeper regional integration through initiatives such as the African Continental Free Trade Area (AfCFTA) and the East African Community (EAC) Common Market Protocol. These initiatives are aimed at

reducing trade barriers and promoting intra-regional trade that could boost economic growth in the region.

EAC continues to be an attractive investment destination with FDI inflows into East Africa accounting for 19.4 percent of total FDI into Africa in 2023. Similarly, East Africa received USD 7.6 billion, which represents 26% of Africa's total climate investments in 2020, with 90% of this contributed by public actors.

#### *EAC Sectoral Investment flows*

The communication sector Intra-EAC capital investment grew to US\$56 billion in 2020, a 41% increase from 2019. The biotechnology sector experienced a significant increase in capital investment of 88% from 2019 (FDI report, 2021). An estimated 12,852 jobs were created in this sector in 2020, rising from 8,086 in the previous year. Despite a drop-in capital investment and the number of projects announced, the medical devices sector created more jobs in 2020. The global hotels and tourism sector recorded 174 projects, which was a 67% decline in FDI projects, compared with 2019 when companies announced 522 projects.

The semiconductors sector saw a large increase in capital investment in 2020, with a rise of 70% from 2019. However, job creation reduced by more than half, from 16,356 in 2019 to 7,967 in 2020. Capital investment in the global textiles sector dropped by 56% in 2020 from the previous year, while project activity and jobs created fell by 57% and 70%, respectively, in the period (FDI report, 2021). Surprisingly, the consumer products sector witnessed a 13% rise in capital investment in 2020. In stark contrast, the consumer electronics sector recorded a sharp decline. Globally, project activity in the latter sector dropped by 54% in 2020 from a year earlier.

The software and IT services sector attracted the most projects in 2020, with 2,226 investments secured, representing a market share of 20%. This was however a 28% decrease in projects from 2019. The sector also experienced a 28% fall in the number of jobs created during the period. In 2020, the global renewable energy sector replaced the coal, oil and gas sector in the top spot for capital investment. Whereas the renewable energy sector saw a drop of about 13% during the period, it still mobilised US\$101 billion in FDI. On the other hand, the coal, oil and gas sector experienced a 62% drop from a year earlier. The number of FDI projects in the healthcare sector dropped by 79% in 2020 (US\$1,260) from US\$6,000 in 2019. Capital expenditure and job creation also fell by 68% and 82% respectively during the period.

The aerospace sector faced turbulence in 2020. Measured by project activity, it experienced its worst year since 2004. The automotive Original Equipment Manufacturer (OEM), automotive components, and non-automotive transport OEM all experienced similar project declines, drops in capital investment levels and the number of jobs created (FDI report, 2021).

#### **EAC Outlook 2024**

Kenya, Rwanda, URT, Uganda were among the top 15 best performing economies in Africa 2020-23. The strong growth in these countries reflects a rebound in infrastructure investment

spending, sustained recovery in tourism, solid performance of the mining sector, and the benefits of economic diversification. Most of these 15 countries emerged strong after the pandemic and have maintained their growth momentum.

**Table 1. 5: GDP growth rates for EAC economies 2020 - 2023**

Country	Covid-19 pandemic shock	Strong recovery from pandemic	Growth consolidation	
	2020	2021	2022	2023
Burundi	0.30	6.2	1.8	3.4
Congo, Dem. Rep.	1.7	6.2	8.9	6.2
Kenya	-0.3	7.6	4.8	5.4
Rwanda	-3.4	10.9	8.2	6.2
South Sudan	12.9	-4.9	-2.8	-0.3
Tanzania	4.5	4.8	4.7	5.2
Uganda	-1.2	5.6	5.8	5.1

*Source: AFDB Macroeconomic Outlook 2024*

East Africa is set to continue to lead Africa’s growth pulse, with growth projected to rise to 5.1 percent in 2024 and 5.7 percent in 2025. The projected growth acceleration of 1.6 percentage point in 2024 reflects the anticipated strong economic performance of countries in the region, with seven economies projected to grow 5 percent or more in 2024 - Rwanda (7.2 percent), Tanzania (6.1 percent), Uganda (6 percent), Burundi (5.8 percent), and Kenya (5.4 percent). High government spending and strategic investment to improve in-country connectivity and deepen intraregional trade, coupled with ongoing efforts to modernize agricultural production systems and boost productivity in the services sector, will drive the strong performance in most countries.



## CHAPTER 2: MERCHANDISE TRADE IN THE EAC

### 2.1 World Merchandise Trade Trends

The global merchandise total trade decreased by 5.14 percent to US \$ 48,018 billion in 2023, down from US \$ 50,617 billion in 2022. There was also a decrease of 4.5 percent in merchandise total exports, which went from US \$ 24,917 billion in 2022 to US \$ 23,783 billion in 2023. Likewise merchandise total imports dropped by 5.7 percent, from US \$ 25,699 billion in 2022 to US \$ 24,234 billion in 2023. The decline in global trade in 2023 was mainly caused by, among others, Russia's invasion of Ukraine which had a significant impact on the supply and distribution of key products such as wheat, maize, sunflower oil, and fertilisers. These products are in high demand in Africa, particularly in the East African region. Consequently, this invasion led to food inflation, which then affected various sectors. Secondly, the ongoing military conflicts in the Middle East spilled over and disrupted the movement of cargo ships along the Red Sea trade route. This further contributed to the decline in global trade and trade disputes between the USA and China also played a role in decreasing global trade.

**Table 2. 1: World Merchandise Trade (US \$ B)**

Trade Flow	2022	2023 (est)	% Change
			2022 / 2023
World Merchandise Total Exports	24,917	23,783	(4.55)
World Merchandise Total Imports	25,699	24,234	(5.70)
<b>World Merchandise Total Trade</b>	<b>50,617</b>	<b>48,018</b>	<b>(5.14)</b>

Source: WTO Statistics

### 2.2 Africa's Merchandise Trade with RoW

Africa's merchandise total exports to the rest of the world decreased by 9.12 percent to US \$ 598 billion in 2023, down from US\$ 658 billion in 2022. Similarly, Africa's merchandise total imports from the rest of the world declined by 7.7 percent to US\$ 691 billion in 2023, compared to US\$ 749 billion in 2022.

**Table 2. 2: Africa's Merchandise Trade with RoW; 2019 – 2023 (US \$ B)**

Trade Flow	2019	2020	2021	2022	2023 (est)	% Change	
						2022	2023
Total Exports	483	397	564	658	598	16.79	(9.12)
Total Imports	596	490	615	749	691	21.77	(7.72)
<b>Total Trade</b>	<b>1,079</b>	<b>886</b>	<b>1,179</b>	<b>1,407</b>	<b>1,289</b>	<b>19.39</b>	<b>(8.38)</b>
<b>Trade Balance</b>	<b>(113.37)</b>	<b>(92.90)</b>	<b>(51.34)</b>	<b>(90.55)</b>	<b>(92.78)</b>	<b>76.36</b>	<b>2.47</b>

Source: WTO Statistics

Overall, Africa's total trade shrunk by 8.3 percent to US\$ 1,289 billion in 2023, down from US\$ 1,407 billion in 2022. Additionally, Africa's merchandise trade balance worsened by 2.4 percent to US\$ 92.78 billion in 2023 compared to US\$ 90.55 billion in 2022. The decline in merchandise trade is attributable to several factors including escalating geopolitical tensions, and weak demand for major commodities of export interest.

## Export Markets

The European Union retained its place as Africa’s largest export market in 2023. However, China and India have been the leading drivers of the rising trade relationships between Africa and Asia. Africa’s merchandise exports to Asia reached US\$171.9 billion in 2023, from US\$200.4 billion in 2022 and US\$171.7 billion in 2021. At the same time, China’s share of Africa’s aggregate merchandise exports to the world has remained above 15 percent, increasing to 15.8 percent in 2023 from 15.5 percent in 2022, and 16.9 percent in 2021, consolidating its position as Africa’s single largest trading partner

**Figure 2. 1: Africa's export destinations by region (%)**

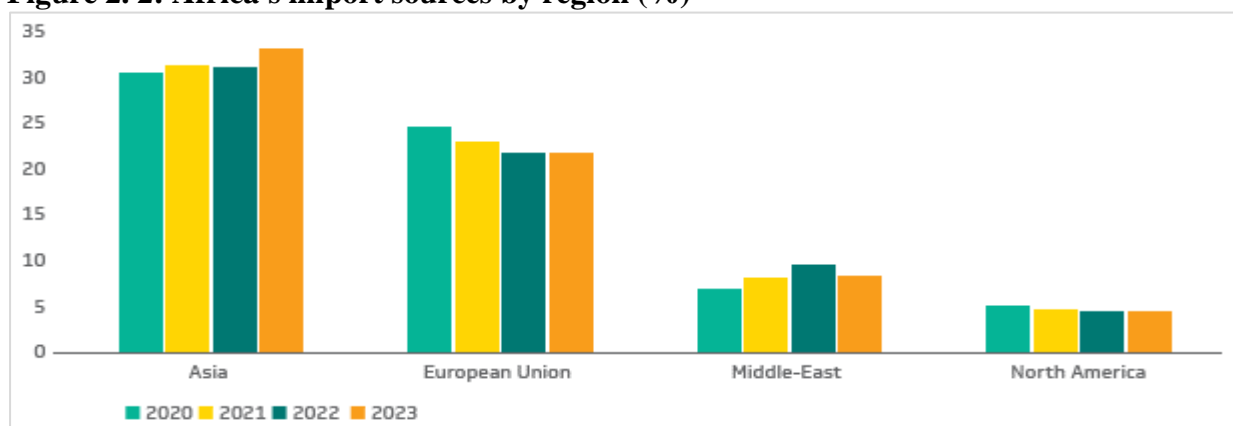


Source: AFRIEXIM Bank Africa Trade Report 2024

## Import Sources

A similar trend is also observed in the sourcing of imports of African countries. While the EU has historically been Africa’s largest import market, its share of total African imports has declined steadily. The gap between Asia and the EU has been widening, with Asia’s share trending up steadily to 32.9 percent in 2023 up from 30.8 percent in 2022, while the EU’s share has been trending down to 21.6 percent from 21.4 percent during the same period (Figure 2.2).

**Figure 2. 2: Africa's import sources by region (%)**



Source: AFRIEXIM Bank Africa Trade Report 2024

Africa's imports from Asia are increasingly dominated by machinery and electrical appliances, electronics, mineral fuels and oil, vehicles, and plastic materials, with a combined share of 64.9 percent in 2023, up from 52.9 percent in 2022. Africa's imports from the EU are dominated by machinery and mechanical appliances, mineral fuels and oil, vehicles and parts, and pharmaceuticals for the African continent. The Middle East maintained its position as the third-largest import market for Africa, as a major supplier of mineral fuels, bituminous substances, fertilisers, and plastics, with its share expanding by 8.2 percent in 2023

## **2.3 EAC Regional Merchandise Trade**

### **2.3.1 Global Trade**

The East African Community offers a large market for merchandise trade with a population estimated at 305 million (2022) citizens which presents a big market potential for intra and extra trade in goods. The EAC has implemented several measures to facilitate trade in the Region namely, the Customs Union Protocol which aims at furthering liberalisation of trade in goods within the region, promoting intra - regional production efficiency, enhancing investment, and promoting economic development and industrial diversification. In this regard, Partner States agreed to cooperate in implementing trade facilitation measures by simplifying, standardising and harmonising trade information and documentation. Further, the Region implemented the Single Customs Territory to allow seamless movement of goods in the Community.

The region is highly dependent on export of primary agricultural and mineral commodities with little value addition. The main exports from the region to RoW included coffee, tea, tobacco and horticultural commodities as well as minerals especially gold and diamonds continued to constitute a large proportion of exports from the region. In recent years, most Partner States have undertaken industrial production growth and have been able to export manufactured products, although they still constitute a small proportion of EAC exports. Key manufactured exports included textiles, chemicals, edible oil, cement, iron and steel, cosmetics and pharmaceuticals. There is a need for substantial transformation in the industrial and agricultural sectors for EAC to benefit from regional integration to allow key products to enter the global value chain systems. Imports into the Region consist of, among others, petroleum products, industrial machinery, textiles, crude palm oil, motor vehicles, cereals, rice, transport equipment, fertilisers, chemicals and raw materials for industrial production.

The total trade of the East African Community (EAC) with the Rest of the World (RoW) increased by 2.37 percent to US \$80.6 billion in 2023, compared to US \$78.7 billion in 2022. Intra-EAC total trade also grew by 13.1 percent to US \$12.1 billion in 2023, up from US \$10.6 billion in 2022. The percentage share of intra-EAC trade to EAC total trade was 15 percent in 2023.

Exports of the EAC to RoW improved by 7.8 percent to US \$26.9 billion in 2023, compared to US \$25 billion in 2022. However, exports to Africa grew sluggishly by 0.3 percent to US \$9.7 billion in 2023, only a slight increase from US \$9.6 billion in 2022. EAC exports to the European Union (EU) grew by 5.3 percent to US \$2.6 billion in 2023, up from US \$2.5 billion

in 2022. On the other hand, exports to the Common Market for Eastern and Southern Africa (COMESA) declined by 2.3 percent to US \$6.6 billion in 2023, compared to US \$6.8 billion in 2022. However, exports to the Southern African Development Community (SADC) grew by 9.4 percent to US \$4.1 billion in 2023, up from US \$3.7 billion in 2022.

Furthermore, EAC total imports from RoW slightly declined by 0.1 percent to US \$53.6 billion in 2023, compared to US \$53.7 billion in 2022. However, total imports from Africa grew significantly by 22.5 percent to US \$9.7 billion in 2023, up from US \$7.9 billion in 2022. Imports from the EU decreased by 7.6 percent to US \$4.3 billion in 2023, down from US \$4.6 billion in 2022. In addition, imports from COMESA amounted to US \$4.1 billion, from SADC US \$5.1 billion, from China US \$11 billion, from India US \$5.9 billion, and from the United Arab Emirates (UAE) US \$6.4 billion in 2023.

**Table 2. 3: EAC Total Trade Flows; 2019 - 2023 (US \$ B)**

Trade Flow	Destination	2019	2020	2021	2022	2023	% Change	
							2022	2023
Exports	World	18.727	19.544	21.674	25.004	26.969	15.37	7.86
	Africa	6.804	6.947	8.341	9.672	9.702	15.97	0.30
	EU	2.159	2.260	2.429	2.553	2.689	5.11	5.32
	ASEAN	0.605	0.702	1.095	1.972	1.652	80.09	-16.23
	<b>EAC</b>	<b>4.076</b>	<b>4.301</b>	<b>5.593</b>	<b>6.317</b>	<b>6.556</b>	12.94	3.78
	COMESA	4.661	4.569	5.899	6.848	6.686	16.08	-2.36
	SADC	2.718	2.864	3.279	3.775	4.132	15.12	9.47
	ECOWAS	0.089	0.087	0.092	0.136	0.126	48.36	-7.36
	China	1.544	0.785	1.239	1.324	1.721	6.84	30.06
	UK	0.460	0.526	0.531	0.473	0.471	-10.86	-0.37
	USA	0.624	0.590	0.692	0.868	0.677	25.42	-22.00
	India	1.135	0.673	1.200	1.399	2.372	16.59	69.62
	Japan	0.133	0.107	0.138	0.186	0.150	34.68	-19.49
UAE	3.101	4.228	3.708	3.984	4.721	7.46	18.49	
Imports	World	38.595	36.554	45.183	53.750	53.651	18.96	-0.18
	Africa	6.432	7.061	7.416	7.918	9.703	6.77	22.56
	EU	3.829	4.104	4.366	4.674	4.318	7.06	-7.63
	ASEAN	2.135	2.331	3.000	3.172	3.186	5.73	0.46
	<b>EAC</b>	<b>3.021</b>	<b>3.575</b>	<b>4.204</b>	<b>4.376</b>	<b>5.547</b>	4.11	26.75
	COMESA	3.259	3.456	3.908	4.519	4.165	15.63	-7.84
	SADC	3.522	3.765	4.081	3.877	5.166	- 5.01	33.27
	ECOWAS	0.210	0.483	0.256	0.207	0.589	-19.11	184.26
	China	7.710	7.662	9.414	10.989	11.086	16.73	0.88
	UK	0.597	0.508	0.580	0.562	0.604	-3.16	7.37
	USA	1.135	0.990	1.304	1.517	1.526	16.31	0.61
	India	4.226	4.201	4.842	5.857	5.903	20.96	0.78
	Japan	1.759	1.583	1.875	1.905	2.017	1.60	5.89

Trade Flow	Destination	2019	2020	2021	2022	2023	% Change	
							2022	2023
	UAE	3.730	2.484	4.392	8.055	6.454	83.41	-19.88
<b>Intra EAC Trade</b>		<b>7.096</b>	<b>7.876</b>	<b>9.797</b>	<b>10.694</b>	<b>12.103</b>	<b>9.15</b>	<b>13.18</b>
<b>EAC Total Trade</b>		<b>57.322</b>	<b>56.098</b>	<b>66.857</b>	<b>78.754</b>	<b>80.620</b>	<b>17.80</b>	<b>2.37</b>
<b>% share of Intra - EAC Trade to EAC Total Trade</b>		<b>12.4</b>	<b>14.0</b>	<b>14.7</b>	<b>13.6</b>	<b>15.0</b>		

Source: EAC Open Data Portal

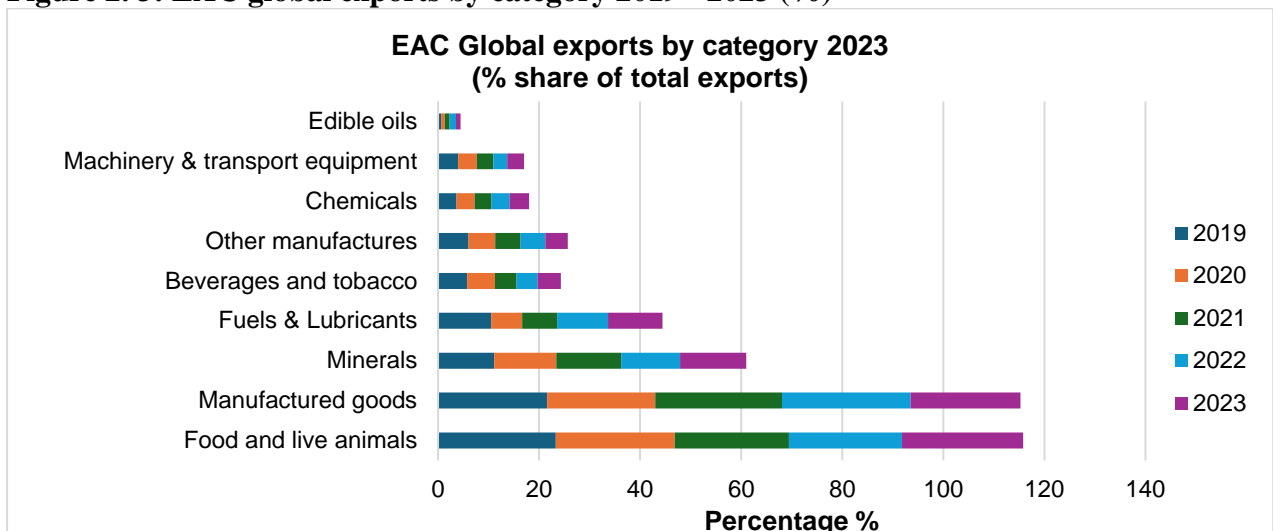
Notes:

1. COMESA: includes Burundi, Democratic Republic of Congo, Kenya, Rwanda, Somalia & Uganda
2. SADC: includes Democratic Republic of Congo and Tanzania

### Structure of EAC Exports

EAC global exports are still primarily agriculturally based commodities, however the share of manufactured goods in total exports has been increasing gradually supporting the regions post pandemic recovery.

Figure 2. 3: EAC global exports by category 2019 - 2023 (%)

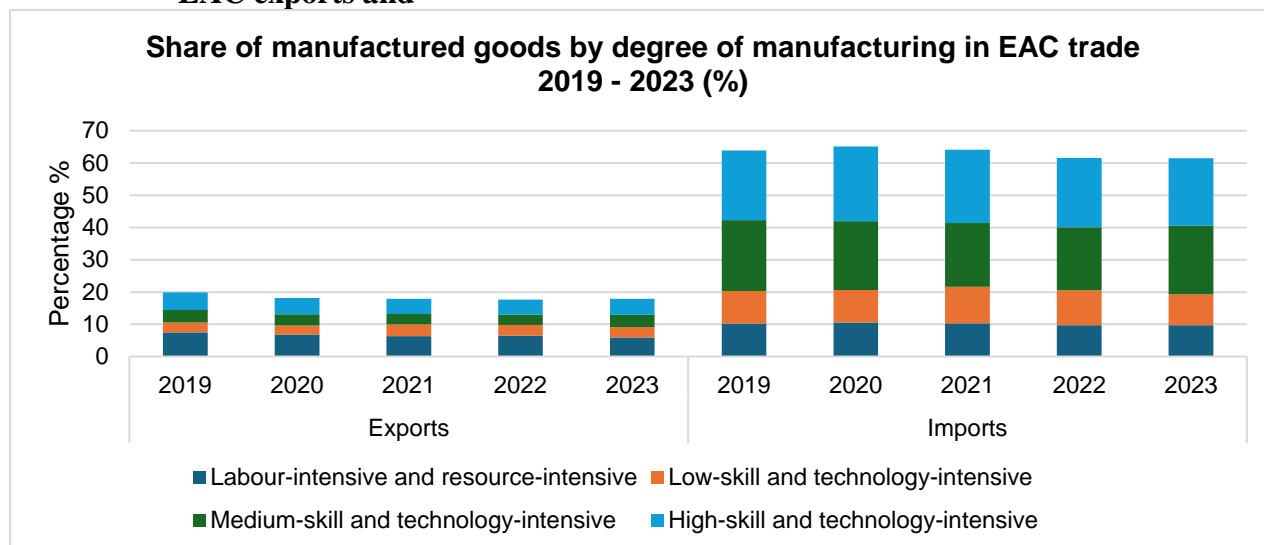


Source: EAC Open Data Portal

### Technology Intensive Supply Chains and Industries

Despite the importance of technology in global supply chains, EAC countries are yet to fully engage in trading-technology related goods and services. The level of transformation of raw materials for high-skill technology-intensive manufactures remains low, limiting opportunities for value capture and participation in global supply chains. While on average, high-skill technology-intensive manufactures represented almost 30 per cent of total exports of goods worldwide in 2023, and 7 percent in Africa, in the EAC these products made up 5% of high-skill technology intensive manufactures in 2023. EAC exports have been slowly increasing to pre-pandemic levels (Figure 2.4)

**Figure 2. 4: Share of low-, medium- and high-skill technology-intensive manufactures in EAC exports and**



Source: UNCTAD Statistics

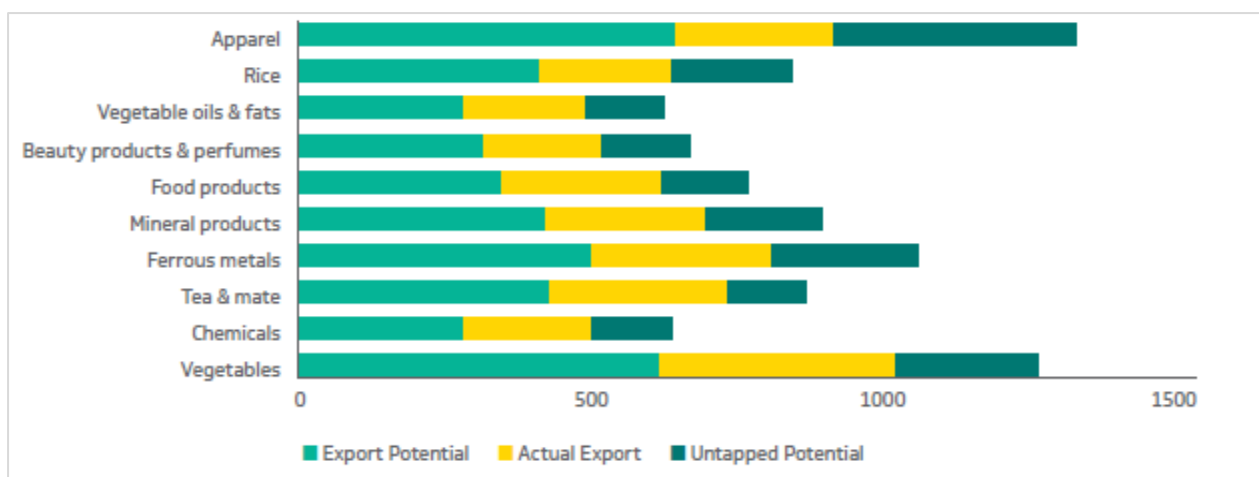
The low-level of technology in EAC exports is reversed by imports, as the EAC imported more high- and medium skill technology-intensive manufactures in 2023 at 20.9 percent, higher than the African average of 19.8 percent and close to the worldwide average of 29.2 percent in the same year. EAC imports of high and medium skill technology-intensive manufactures have been mixed. The share of high-skill technology-intensive manufactures in total imports in goods has decreased from 23.2 per cent in 2020 to 20.9 per cent in 2023, while the share of medium-skill technology-intensive manufactures in total imports in goods has increased from 24.1 per cent in 2020 to 21.3 per cent in in 2023.

The low levels of technology-intensive manufactures imply limited research and development and innovation in EAC manufacturing industries. EAC Partner States need to invest further in innovation and technology and provide conducive environments for technological transformation to unfold to develop its manufactures and integrate more effectively global supply chains. The strong supply chain activity of these medium- and high-technology manufacturing areas suggests some opportunities for the regions production in manufacturing subsectors that propel growth and development. Global supply chain integration can pave the way for industrialization and sustainable development in the EAC region.

### 2.3.2 EAC AfCFTA Export Potential

The EAC possess significant potential for export to the rest of the continent, estimated at US\$12 billion, or around 17.3 percent of the total intra-African export potential. Among products demonstrating the highest export potential are vegetables and food products, chemicals, metals and mineral products, edible oils, and apparel. These products collectively contribute 70 percent of the regions total export potential (*Figure 2.5*). As such, strategic investments and initiatives aimed at leveraging the region's production capabilities could yield significant economic benefits and foster regional trade integration and development.

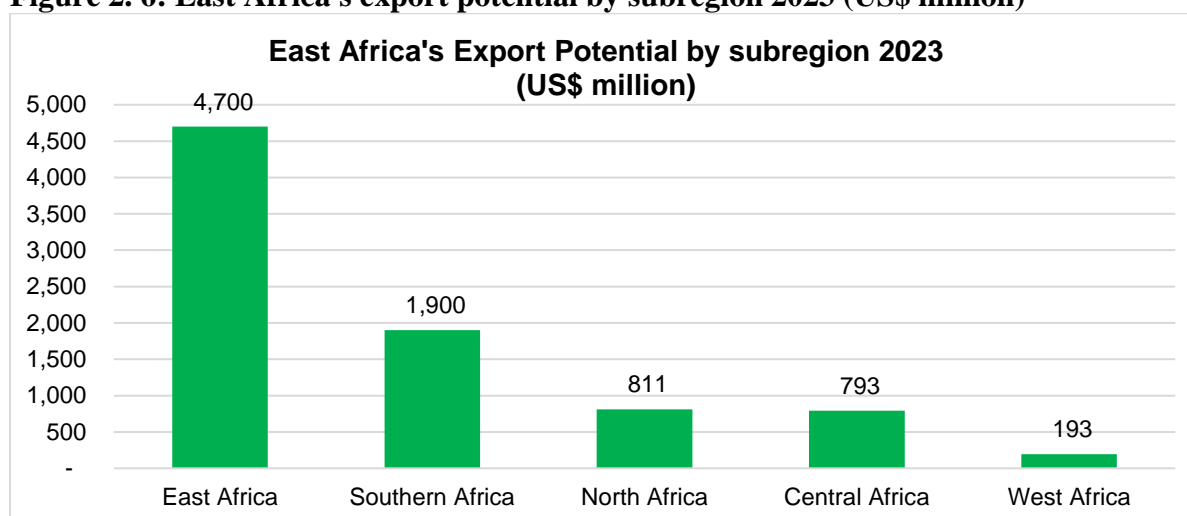
**Figure 2. 5: East Africa's export potential, leading products 2023 (US\$ million)**



Source: AFRIEXIM Bank Africa Trade Report 2024

In line with export potential trends observed in other subregions, the primary market for East African exports lies within the East African region itself, with an estimated value of US\$4.7 billion. This figure represents approximately 39.2 percent of the total export potential for East Africa. Key products with significant export potential within the region include vegetables, ferrous metals, and sugar, reflecting the diversified export profile of East African countries. Southern Africa emerges as the second-largest potential market for East African exports, estimated at US\$1.9 billion. Prominent products in this trade corridor include tea, pulses, nuts, spices, oil seeds, and leather products. North Africa demonstrates the third-highest export potential for East Africa, valued at US\$811 million, followed closely by Central Africa, estimated at US\$793 million. Interestingly, West Africa exhibits the lowest export potential for East Africa, estimated at US\$193 million. These insights shed light on the diverse export opportunities within and across African regions, emphasising the potential for deeper regional economic integration and trade cooperation with improved infrastructure connectivity.

**Figure 2. 6: East Africa's export potential by subregion 2023 (US\$ million)**



Source: AFRIEXIM Bank Africa Trade Report 2024

## 2.4 Country Specific Merchandise Trade

### 2.4.1 Republic of Burundi

#### Burundi's Merchandise Total Trade

Burundi's total trade with the Rest of the World (RoW) decreased by 7 percent to US \$ 1.36 billion in 2023 from US \$ 1.47 billion in 2022. Burundi's export destinations were, United Arab Emirates (UAE), DRC, Switzerland, Belgium and Pakistan and the Rest of the World. Burundi's total exports to the RoW slightly increased by 1.1 percent to US \$ 0.209 billion in 2023 from US \$ 0.207 billion in 2022.

Burundi's total imports from the world decreased by negative 8.4 percent to US \$ 1.15 billion in 2023 from US \$ 1.25 billion in 2022. The main imports into Burundi included refined petroleum products, mineral fertilisers, medicaments, cement, vehicles and wheat, iron and steel.

**Table 2. 4: Burundi's Trade with the Rest of the World, 2019 - 2023 (US \$ B)**

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>Total exports</b>	0.1809	0.1619	0.1695	0.2075	0.2098	22.40	1.11
<b>Total imports</b>	0.8877	0.9097	1.0246	1.2597	1.1545	22.94	(8.35)
<b>Total Trade</b>	<b>1.0686</b>	<b>1.0716</b>	<b>1.1941</b>	<b>1.4672</b>	<b>1.3643</b>	<b>22.87</b>	<b>(7.01)</b>
<b>Trade Balance</b>	<b>(0.7069)</b>	<b>(0.7478)</b>	<b>(0.8551)</b>	<b>(1.0522)</b>	<b>(0.9447)</b>	<b>23.05</b>	<b>(10.21)</b>

Source: EAC Open Data Portal

#### Burundi's Exports to EAC Partner States

Burundi's total exports to the EAC increased by 20.2 percent from US \$ 0.55 billion in 2022 to US \$ 0.67 billion in 2023. In 2023 most of the country's exports in the region were exported to DRC to the tune of US \$ 0.046 billion followed by Rwanda and Tanzania both at US \$ 0.06 billion.

**Table 2. 5: Burundi's Exports to EAC Partner States, 2019 - 2023 (US \$ B)**

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>DRC</b>	0.020	0.032	0.034	0.039	0.046	15.05	18.62
<b>Kenya</b>	0.003	0.005	0.006	0.003	0.003	(59.07)	32.63
<b>Rwanda</b>	0.003	0.000	0.000	0.001	0.006	485.59	336.70
<b>South Sudan</b>	0.00	0.00	0.00	0.00	0.00	-	-
<b>Tanzania</b>	0.003	0.009	0.008	0.010	0.006	27.54	(37.22)
<b>Uganda</b>	0.006	0.002	0.009	0.003	0.005	(69.66)	85.38
<b>Somalia</b>	0.003	0.00	0.00	0.00	0.00	-	-
<b>Total</b>	<b>0.037</b>	<b>0.048</b>	<b>0.057</b>	<b>0.055</b>	<b>0.067</b>	<b>(3.41)</b>	<b>20.28</b>

Source: EAC Open Data Portal



### Burundi's Domestic Exports to EAC Partner States

Table 2.6 below shows that domestic export earnings for Burundi increased by 23 percent to US \$ 0.058 billion in 2023, from US \$ 0.047 billion in 2022. Most of Burundi's domestic exports to the tune of US \$ 0.043 billion were transferred to DRC.

**Table 2. 6: Burundi's Domestic Exports to Partner States, 2019 - 2023 (US \$ B)**

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Kenya	0.001	0.004	0.005	0.001	0.003	(81.5)	231.7
Rwanda	0.001	0.000	0.000	0.000	0.002	(58.8)	3,798.5
South Sudan	-	-	-	-	-	-	-
Uganda	0.006	0.002	0.009	0.002	0.005	(73.3)	102.3
Tanzania	0.003	0.008	0.005	0.008	0.006	51.1	(31.1)
DRC	0.019	0.030	0.032	0.035	0.043	9.8	21.2
Somalia	0.003	-	-	0.000	0.000	-	(50.0)
<b>Total</b>	<b>0.032</b>	<b>0.044</b>	<b>0.051</b>	<b>0.047</b>	<b>0.058</b>	<b>(7.6)</b>	<b>22.7</b>

Source: EAC Open Data Portal

Table 2.7 below shows that Burundi's domestic export earnings from the World increased by 1.9 percent to US \$ 0.196 billion in 2023 from US \$ 0.192 billion in 2022. Further, Burundi exported goods to Africa worth US \$ 0.073 billion in 2023.

**Table 2. 7: Burundi's Domestic Exports to selected Trade Partners; 2019 - 2023 (US \$ B)**

Destination	2019	2020	2021	2022	2023	% Change	
						2022	2023
World	0.173	0.155	0.160	0.192	0.196	19.87	1.96
Africa	0.043	0.057	0.064	0.066	0.073	2.10	10.30
ASEAN	0.008	0.002	0.005	0.004	0.001	(21.58)	(76.58)
EU	0.014	0.015	0.019	0.022	0.017	15.39	(22.51)
China	0.006	0.002	0.001	0.000	0.003	(99.00)	00
UK	0.004	0.003	0.003	0.004	0.002	23.23	(34.78)
USA	0.002	0.001	0.001	0.002	0.002	112.56	20.29
India	0.000	0.000	0.000	-	0.000	(100.00)	-
Japan	0.000	0.000	0.000	0.000	0.000	00	00
UAE	0.070	0.052	0.045	0.058	0.069	30.74	19.27

Source: EAC Open Data Portal

Table 2.8 below illustrates that Burundi's domestic exports worth US \$ 0.067 billion were exported to COMESA compared to US \$ 0.058 billion exported to EAC in 2023. COMESA is therefore a major market for Burundi's exports.

**Table 2.8: Burundi Domestic Exports to selected RECs 2019 - 2023 (US \$ B)**

REC	2019	2020	2021	2022	2023	% Change	
						2022	2023
EAC	0.032	0.044	0.051	0.047	0.058	(7.59)	22.66
COMESA	0.040	0.049	0.059	0.057	0.067	(2.70)	16.40
ECOWAS	0.000	0.000	0.000	0.000	0.000	-	-
SADC	0.023	0.040	0.040	0.048	0.051	18.33	7.55

Source: EAC Open Data Portal

### Burundi's Re - Exports

Burundi's total re - exports to the rest of the world decreased by negative 13.7 percent to US \$ 0.014 billion in 2023 from US \$ 0.016 billion in 2022. Burundi's total exports to the rest of the world (domestic exports plus re - exports) increased by 1.1 percent to US \$ 0.21 billion in 2023 from US \$ 0.207 billion in 2022.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Re - exports	0.008	0.007	0.008	0.016	0.014	90.71	(13.79)
Domestic exports	0.173	0.155	0.160	0.192	0.196	19.87	1.96
Total Exports	0.181	0.162	0.170	0.207	0.210	22.40	1.11

Source: EAC Open Data Portal

### Burundi's Intra - EAC Re - exports

Burundi's Intra - EAC re - exports increased by 3.9 percent to US \$ 0.0089 billion in 2023 from US \$ 0.0085 billion in 2022. The table below shows Burundi's Intra - EAC re - exports for the selected period.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Intra EAC Re - exports	0.005	0.005	0.006	0.0085	0.0089	36.69	3.99
Intra - EAC Domestic Exports	0.032	0.044	0.051	0.047	0.058	(7.59)	22.66
<b>Intra - EAC Total Exports</b>	<b>0.037</b>	<b>0.048</b>	<b>0.057</b>	<b>0.056</b>	<b>0.067</b>	<b>(2.76)</b>	<b>19.79</b>

Source: EAC Open Data Portal

### Burundi's Imports from EAC Partner States

Burundi's imports from the EAC Partner States increased by 6.1 percent to US \$ 0.29 billion in 2023 compared with US \$ 0.27 billion in 2022. In 2023, most imports came from Tanzania, valued at US \$ 0.157 billion, followed by Kenya at the value of US \$ 0.059 billion. In 2023, Burundi's lowest imports came from DRC valued at US \$ 0.008 billion. Burundi's imports from EAC mainly consisted of mineral fertilizer, cement, iron and steel products and sugar.

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>DRC</b>	0.003	0.008	0.015	0.012	0.008	(18.78)	(33.91)
<b>Kenya</b>	0.047	0.047	0.057	0.068	0.059	18.29	(12.56)
<b>Rwanda</b>	0.008	0.002	0.003	0.004	0.013	20.35	214.77
<b>Tanzania</b>	0.049	0.078	0.102	0.114	0.157	12.49	37.62
<b>Somalia</b>	-	-	-	-	-	-	-
<b>South Sudan</b>	-	-	-	-	-	-	-

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Uganda	0.037	0.045	0.057	0.075	0.052	33.20	(30.47)
<b>Total</b>	<b>0.144</b>	<b>0.180</b>	<b>0.233</b>	0.273	0.290	<b>17.09</b>	<b>6.07</b>

Source: EAC Open Data Portal

### Burundi's intra - EAC Trade Balance

Burundi had a positive trade balance of US \$ 0.038 billion with DRC. The main products exported to DRC are beers, wheat flour and flat - rolled products, iron or non - alloy steel products. The highest negative trade balance was with Tanzania at US \$ 0.15 billion in 2023. Burundi's Intra EAC total trade increased by 8.5 percent to US \$ 0.36 billion in 2023 from US \$ 0.33 billion in 2022. Burundi's Intra - EAC trade balance deteriorated further by 2.23 percent to US \$ 0.22 billion in 2023 compared to US \$ 0.21 billion in 2022.

Partner	Trade Flow	2019	2020	2021	2022	2023	% Change	
							2022	2023
DRC	Total Exports	0.020	0.032	0.034	0.039	0.046	15.05	18.62
	Total Imports	0.003	0.008	0.015	0.012	0.008	- 18.78	- 33.91
	Total Trade	0.023	0.040	0.048	0.051	0.054	4.82	6.31
	Trade balance	0.017	0.023	0.019	0.027	0.038	40.97	41.81
Kenya	Total Exports	0.003	0.005	0.006	0.003	0.003	- 59.07	32.63
	Total Imports	0.047	0.047	0.057	0.068	0.059	18.29	- 12.56
	Total Trade	0.050	0.052	0.063	0.070	0.062	10.64	- 10.91
	Trade balance	-	-	-	-	-	27.81	- 14.35
Rwanda	Total Exports	0.003	0.000	0.000	0.001	0.006	486	337
	Total Imports	0.008	0.002	0.003	0.004	0.013	20	215
	Total Trade	0.010	0.002	0.004	0.006	0.019	49	243.86
	Trade balance	-	-	-	-	-	- 12	159.10
Somalia	Total Exports	0.003	0	0	0	0	0	0
	Total Imports	0	0	0	0	0	0	0
	Total Trade	0.003	0	0	0	0	0	0
	Trade balance	0.003	0	0	0	0	0	0
South Sudan	Total Exports	0	0	0	0	0	0	0
	Total Imports	0	0	0	0	0	0	0
	Total Trade	0	0	0	0	0	0	0
	Trade balance	0	0	0	0	0	0	0
Tanzania	Total Exports	0.003	0.009	0.008	0.010	0.006	27.54	- 37.22
	Total Imports	0.049	0.078	0.102	0.114	0.157	12.49	37.62
	Total Trade	0.052	0.086	0.109	0.124	0.164	13.56	31.65
	Trade balance	-	-	-	-	-	11.25	44.72
Uganda	Total Exports	0.006	0.002	0.009	0.003	0.005	- 69.66	85.38
	Total Imports	0.037	0.045	0.057	0.075	0.052	33.20	- 30.47
	Total Trade	0.043	0.048	0.066	0.078	0.058	18.54	- 26.24

Partner	Trade Flow	2019	2020	2021	2022	2023	% Change	
							2022	2023
	Trade balance	-0.031	-0.043	-0.047	-0.073	-0.047	53.71	-35.03
Intra Trade	<b>Total Exports</b>	<b>0.037</b>	<b>0.048</b>	<b>0.057</b>	<b>0.055</b>	<b>0.067</b>	<b>-3.41</b>	<b>20.29</b>
	<b>Total Imports</b>	<b>0.144</b>	<b>0.180</b>	<b>0.233</b>	<b>0.273</b>	<b>0.290</b>	<b>17.09</b>	<b>6.07</b>
	<b>Total Trade</b>	<b>0.181</b>	<b>0.229</b>	<b>0.291</b>	<b>0.329</b>	<b>0.357</b>	<b>13.05</b>	<b>8.47</b>
	<b>Trade balance</b>	<b>-0.106</b>	<b>0.132</b>	<b>0.176</b>	<b>0.218</b>	<b>0.223</b>	<b>23.76</b>	<b>2.46</b>

Source: EAC Open Data Portal

### Burundi's Imports from selected Trade Partners

In 2023, Burundi's imports from the rest of the world decreased by 8.4 percent to US \$ 01.16 billion from US \$ 1.3 billion in 2022. Africa was the second source of Burundi's imports, totalling US \$ 0.38 billion in 2023 from US \$ 0.34 billion in 2022, an increase of 14 percent. Burundi's imports from China decreased by 5.6 percent to US \$ 0.17 billion in 2023 from US \$ 0.18 billion in 2022.

Burundi imports consisted of flat - rolled iron, steel products, tyres and household consumable products, petroleum products, medicaments, fertilizers and vehicles.

Destination	2019	2020	2021	2022	2023	% Change	
						2022	2023
World	0.888	0.910	1.025	1.260	1.155	22.94	(8.35)
Africa	0.237	0.266	0.308	0.337	0.384	9.28	14.05
ASEAN	0.026	0.022	0.018	0.017	0.030	(2.91)	75.19
EU	0.110	0.115	0.109	0.122	0.113	11.20	(6.73)
China	0.136	0.143	0.190	0.178	0.168	(5.90)	(5.56)
UK	0.016	0.019	0.017	0.008	0.004	(53.69)	(45.97)
USA	0.014	0.011	0.010	0.010	0.010	(2.70)	(0.08)
India	0.070	0.086	0.088	0.107	0.088	20.87	(17.84)
Japan	0.037	0.037	0.034	0.041	0.045	21.29	10.19
UAE	0.061	0.062	0.074	0.174	0.209	136.45	0.061

Source: EAC Open Data Portal

### Burundi's Imports from selected Regional Economic Communities (RECs)

Burundi imported most products from EAC followed by COMESA. In 2023, most of Burundi's imports were from EAC which increased by 6.1 percent to US \$ 0.29 billion in 2023 from US \$ 0.27 billion in 2022. Burundi's imports from COMESA grew by 5 percent to US \$ 0.22 billion in 2023 from US \$ 0.211 billion in 2022.

REC	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>EAC</b>	0.144	0.180	0.233	0.273	0.290	17.09	6.07
<b>COMESA</b>	0.153	0.169	0.194	0.211	0.221	8.89	4.95

**Table 2.14: Burundi's Imports from selected Regional Economic Communities, 2019 - 2023 (US \$ B)**

REC	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>ECOWAS</b>	0.002	0.001	0.002	0.001	0.004	(37.93)	210.35
<b>SADC</b>	0.123	0.147	0.166	0.169	0.202	1.69	19.60

Source: EAC Open Data Portal

## 2.4.2 Republic of Kenya

### Kenya's Total Trade in Goods

Kenya's total trade with RoW decreased by 9.30 percent to US\$25.84 billion in 2023 from US\$28.49 billion in 2022. Kenya's trade deficit with the RoW reduced by 16.51 percent to US\$114.48 billion in 2023 from a deficit of US\$13.75 billion in 2022.

Kenya's total exports to the RoW decreased by 2.58 percent to US\$7.18 billion in 2023 from US \$7.37 billion in 2022. Kenya's exports consisted of, among others, coffee, tea, horticulture, apparel and clothing accessories, edible oil, cement, iron and steel, medicaments, petroleum products and household consumables.

Kenya's total imports from the RoW declined by 11.65 percent to US\$ billion in 2023 from US\$18.66 billion in 2022. These imports consisted of petroleum products, industrial machinery, motor vehicles, cereals, transport equipment, and chemicals, among others.

**Table 2.15: Kenya's Trade with the Rest of the World, 2019 - 2023 (US\$ B)**

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Total Exports	5.84	6.03	6.78	7.37	7.18	<b>8.70</b>	<b>-2.58</b>
Total Imports	17.68	15.43	19.67	21.12	18.66	<b>7.37</b>	11.65
<b>Total Trade</b>	<b>23.53</b>	<b>21.46</b>	<b>26.45</b>	<b>28.49</b>	<b>25.84</b>	<b>7.71</b>	<b>-9.30</b>
<b>Trade Balance</b>	<b>-11.84</b>	<b>-9.4</b>	<b>-12.89</b>	<b>-13.75</b>	141.48	<b>6.67</b>	-16.51

Source: EAC Open Data Portal

### Kenya's Total Exports to EAC Partner States

Kenya's total exports to EAC Partner States increased by 5.73 percent to US\$2.176 billion in 2023 from US\$2.058 billion in 2022. The increase was driven by Kenyan total exports to DRC which rose by 44.50 percent to US\$0.188 billion in 2023 from US \$ 0.151 billion in 2022. Uganda continues to be the leading destination for Kenya's exports which amounted to US\$0.903 billion in 2023 from US\$0.819 billion in 2022 posting a significant increase of 11.48 percent. Kenya exported the least to Burundi earning equivalent to US\$0.069 billion in 2023.

**Table 2.16: Kenya's Total Exports to Partner States, 2019 - 2023 (US\$ B)**

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.066	0.055	0.069	0.070	0.069	1.45	-1.90
DRC	0.132	0.134	0.225	0.151	0.188	-32.89	25.02
Rwanda	0.227	0.236	0.279	0.340	0.303	21.86	-11.02
South Sudan	0.123	0.218	0.157	0.198	0.227	26.11	14.32
Tanzania	0.329	0.295	0.410	0.480	0.486	17.07	1.40
Uganda	0.627	0.675	0.835	0.819	0.903	-1.92	10.41
<b>Total</b>	<b>1.504</b>	<b>1.613</b>	<b>1.975</b>	<b>2.058</b>	<b>2.176</b>	<b>4.20</b>	<b>5.70</b>

Source: EAC Open Data Portal

### Kenya's Domestic Exports to EAC Partner States

Kenya's domestic exports to the EAC Partner States rose by 8.02 percent to US\$1.898 billion in 2023 from US\$1.757 billion in 2022. Uganda was the leading destination for Kenya's domestic exports to the tune of US\$0.811 billion in 2023 from US\$0.680 billion in 2022 representing an increase of 21 percent. Kenya has potential export markets in DRC and South Sudan. Kenya's main domestic export products to EAC Partner States consist of, among others; construction materials (cement, iron and steel, paints and vanishes, paperboard), petroleum products, beer, salt, pharmaceutical products, edible oils, and household consumable products.

**Table 2.17: Kenya's Domestic Exports to EAC Partner States; 2019 - 2023 (US\$ B)**

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.055	0.05	0.053	0.063	0.059	18.87	-6.89
DRC	0.121	0.121	0.204	0.136	0.162	- 33.33	19.48
Rwanda	0.211	0.222	0.238	0.293	0.270	23.11	-7.96
South Sudan	0.104	0.148	0.119	0.17	0.198	42.86	16.52
Tanzania	0.279	0.277	0.377	0.415	0.398	10.08	- 4.10
Uganda	0.523	0.557	0.662	0.68	0.811	2.72	19.21
<b>Total</b>	<b>1.293</b>	<b>1.375</b>	<b>1.653</b>	<b>1.757</b>	<b>1.898</b>	<b>6.29</b>	<b>8.02</b>

Source: EAC Open Data Portal

### Kenya's Domestic Exports to selected Trade Partners

The top three destinations for Kenya's domestic exports to the Rest of the World (RoW) were USA at US\$0.432 billion followed by UK and UAE at US\$0.388 billion and US\$0.316 billion respectively.

Kenya's main export the selected Partners consist of; coffee, tea, cut flowers, hides and skins, pyrethrum extract, meat and meat products, pineapples (fresh and canned) and vegetables (beans, peas and lentils).

Destination	2019	2020	2021	2022	2023	% Change	
						2022	2023
World	5.098	5.309	6.078	6.579	6.460	8.24	-1.81
Africa	1.864	1.948	2.327	2.577	2.664	10.74	3.38
EU	0.879	0.873	1.008	0.977	0.976	- 3.08	-0.18
ASEAN	0.086	0.069	0.078	0.118	0.082	51.28	- 30.51
China	0.136	0.133	0.193	0.225	0.206	16.58	- 8.45
UK	0.389	0.466	0.449	0.376	0.388	- 16.26	3.20
USA	0.491	0.453	0.532	0.645	0.432	21.24	- 33.03
India	0.048	0.069	0.094	0.067	0.073	- 28.72	8.96
Japan	0.054	0.045	0.061	0.051	0.060	- 16.39	25.50
UAE	0.182	0.181	0.214	0.253	0.316	18.22	24.91

Source: EAC Open Data Portal

### Kenya's Domestic Exports to selected Regional Economic Communities (RECs)

COMESA is a major market for Kenya's domestic exports. Kenya's domestic exports to the COMESA rose by 9.03 percent in 2023 to US\$2.004 billion in 2023 from US\$1.838 billion in 2022. Similarly, Kenya's domestic exports to EAC slightly increased by 8.03 percent to US\$1.898 billion in 2023 from US\$1.757 billion in 2022, whereas Kenya's domestic exports to SADC increased marginally by 0.65 percent to US\$0.776 billion in 2023 from US \$ 0.771 billion in 2022. Kenya's domestic exports to ECOWAS recorded a slight decline of 4.41 percent to US\$0.065 billion in 2023 from US\$0.068 billion in 2022.

REC	2019	2020	2021	2022	2023	% Change	
						2022	2023
EAC	1.292	1.375	1.654	1.757	1.898	6.23	8.03
COMESA	1.401	1.418	1.721	1.838	2.004	6.80	9.03
SADC	0.53	0.53	0.747	0.771	0.776	3.21	0.65



REC	2019	2020	2021	2022	2023	% Change	
						2022	2023
ECOWAS	0.036	0.056	0.054	0.068	0.065	25.93	4.41

Source: EAC Open Data Portal

### Kenya's Re - Exports to the Rest of the World (RoW)

Kenya's re - exports to the RoW decreased by 9.06 percent to US\$0.72 billion in 2023 from US\$0.79 billion in 2022 as shown in table 2.20 below. Similarly, Kenya's domestic exports to the RoW decreased by 1.81 percent to US\$6.46 billion in 2023 from US\$6.58 billion in 2022.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Re - exports	0.744	0.725	0.703	0.795	0.723	13.11	-9.06
Domestic Exports	5.098	5.309	6.0	6.579	6.460	8.23	-1.81
<b>Total Exports</b>	<b>5.842</b>	<b>6.033</b>	<b>6.781</b>	<b>7.374</b>	<b>7.418</b>	<b>8.74</b>	<b>-2.59</b>

Source: EAC Open Data Portal

### Kenya's Intra - EAC Re - exports

Intra EAC Re - exports increased by 4.95 percent to US\$0.278 billion in 2023 from US\$0.302 billion in 2022, whereas Intra - EAC total domestic exports increased by 8.03 percent to US\$1.898 billion in 2023 from US\$1.757 billion in 2022.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Intra EAC Re - exports	0.212	0.238	0.321	0.302	0.278	-5.92	7.95
Intra EAC Domestic Exports	1.293	1.374	1.653	1.757	1.898	6.29	8.03
<b>Intra EAC Total Exports</b>	<b>1.504</b>	<b>1.613</b>	<b>1.975</b>	<b>2.058</b>	<b>2.176</b>	<b>4.20</b>	<b>5.73</b>

Source: EAC Open Data Portal

### Kenya's Imports from EAC Partner States

Kenya's total imports from EAC Partner States declined by 12.99 percent to US\$0.7369 billion in 2023 from US\$0.8469 billion in 2022. In EAC, Tanzania was the main source of imports for Kenya, and in 2023 Kenya's imports from Tanzania amounted to US\$0.3061 billion compared to US\$0.4529 billion in 2022.



Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.0006	0.0033	0.0046	0.0011	0.0001	- 75.35	-90.91
DRC	0.0191	0.0259	0.0332	0.0308	0.0225	- 7.04	- 26.95
Rwanda	0.0137	0.0191	0.0298	0.0300	0.0343	0.87	-14.33
South Sudan	0.0001	0.0004	0.0006	0.0001	0.0001	- 79.71	0.27
Tanzania	0.2694	0.2573	0.4915	0.4529	0.3061	- 7.84	- 32.41
Uganda	0.3607	0.2380	0.3063	0.3319	0.2896	8.34	- 12.74
<b>Total</b>	<b>0.6637</b>	<b>0.5440</b>	<b>0.8659</b>	<b>0.8469</b>	<b>0.6527</b>	<b>- 2.20</b>	<b>- 22.93</b>

Source: EAC Open Data Portal

### Kenya's Intra - EAC Trade with EAC Partner States

Kenya registered a positive Intra - EAC trade balance with EAC Partner States which increased by 25.78 percent in 2023 to US\$1.523 billion in 2023 from US\$1.2116 billion in 2022. Kenya's Intra - EAC total trade decreased by 2.62 percent to US\$ 2.828 billion in 2023 from US\$2.9053 billion in 2022.

Kenya's Intra - EAC total exports increased by 5.73 percent to US\$2.1476 billion in 2023 from US\$ 2.0584 billion in 2022, whereas Intra EAC total imports decreased by 22.93 percent to US\$0.6527 billion in 2023 from US\$0.8469 billion in 2022.

Partner	Trade Flow	2019	2020	2021	2022	2023	% Change	
							2022	2023
Burundi	Total Exports	0.0660	0.0552	0.0689	0.0702	0.069	1.88	-1.95
	Total Imports	0.0006	0.0033	0.0046	0.0011	0.0001	- 75.35	- 90.91
	Total Trade	0.0666	0.0585	0.0735	0.0713	0.0691	- 2.93	-2.81
	Trade Balance	0.0653	0.0519	0.0643	0.0691	0.0689	7.36	-0.29
DRC	Total Exports	0.1321	0.1340	0.2249	0.1507	0.188	- 32.99	25.02
	Total Imports	0.0191	0.0259	0.0332	0.0308	0.0225	- 7.04	- 26.95

**Table 2.23. Kenya's Intra - EAC Trade with Partner State, 2019 - 2023 (US \$ B)**

Partner	Trade Flow	2019	2020	2021	2022	2023	% Change	
							2022	2023
	Total Trade	0.1512	0.1598	0.2580	0.1815	0.2105	- 29.66	15.78
	Trade Balance	0.1130	0.1081	0.1917	0.1199	0.1655	- 37.48	37.69
Rwanda	Total Exports	0.2269	0.2365	0.2785	0.303	0.3137	22.21	- 11.02
	Total Imports	0.0137	0.0191	0.0298	0.0300	0.0343	0.87	14.33
	Total Trade	0.2407	0.2556	0.3083	0.3704	0.34373	20.15	- 48.84
	Trade Balance	0.2132	0.2174	0.2487	0.3103	0.2687	24.76	- 13.32
South Sudan	Total Exports	0.1231	0.2178	0.1570	0.1984	0.227	26.42	14.32
	Total Imports	0.0001	0.0004	0.0006	0.0001	0.0001	- 79.71	0.27
	Total Trade	0.1232	0.2182	0.1576	0.1986	0.2269	25.99	14.64
	Trade Balance	0.1229	0.2175	0.1563	0.1983	0.2271	26.85	14.65
Tanzania	Total Exports	0.3293	0.2947	0.4104	0.4796	0.486	16.84	1.40
	Total Imports	0.2694	0.2573	0.4915	0.4529	0.3061	- 7.84	- 32.41
	Total Trade	0.5988	0.5520	0.9019	0.9325	0.7921	3.39	- 15.09
	Trade Balance	0.0599	0.0373	- 0.0810	0.0266	0.1799	- 132.88	563.84
Uganda	Total Exports	0.6270	0.6751	0.8349	0.8192	0.903	- 1.88	10.18
	Total Imports	0.3607	0.2380	0.3063	0.3319	0.2896	8.34	- 12.74
	Total Trade	0.9877	0.9130	1.1412	1.1510	1.1926	0.86	3.62

**Table 2.23. Kenya's Intra - EAC Trade with Partner State, 2019 - 2023 (US \$ B)**

Partner	Trade Flow	2019	2020	2021	2022	2023	% Change	
							2022	2023
	Trade Balance	0.2664	0.4371	0.5286	0.4873	0.6134	- 7.80	25.93
Intra EAC Trade	Total Exports	1.5044	1.6132	1.9746	2.0584	2.1760	4.25	5.70
	Total Imports	0.6637	0.5440	0.8659	0.8469	0.6527	- 2.20	- 22.93
	Total Trade	2.1682	2.1572	2.8405	2.9053	2.828	2.28	-2.62
	Trade Balance	0.8407	1.0693	1.1087	1.2116	1.5233	9.28	25.78

Source: EAC Open Data Portal

### Kenya's Imports from selected Regional Economic Communities (RECs)

In 2023, Kenya recorded the highest total imports from SADC over other selected African trading blocs, followed by COMESA and EAC. Kenya's total imports from SADC decreased by 16.42 percent to US\$1.1059 billion in 2023 from US\$1.3231 billion in 2022.

Kenya's total imports from COMESA decreased by 11.01 percent to US\$0.9714 billion in 2023 from US\$1.0911 billion in 2022. Kenya's total imports from EAC declined by 22.93 percent to US\$0.6527 billion in 2023 from US\$0.8469 billion in 2022. Kenya's least total imports were registered with the ECOWAS region which declined by 7.79 percent to US\$0.0277 billion from US\$0.0860 billion in 2022.

**Table 2.24: Kenya's Total Imports from selected RECs, 2019 - 2023 (US \$ B)**

REC	2019	2020	2021	2022	2023	% Change	
						2022	2023
EAC	0.6637	0.5440	0.8659	0.8469	0.6527	- 2.20	- 22.93
COMESA	1.2239	0.9852	1.1304	1.0911	0.9710	- 3.48	- 11.01
SADC	1.4014	0.9949	1.2288	1.3231	1.1059	7.67	- 16.52
ECOWAS	0.0140	0.0050	0.0097	0.0860	0.0277	788.19	- 67.79

Source: EAC Open Data Portal

### Kenya's Imports from Selected Trade Partners

Kenya's imports from the RoW declined by 11.65 percent to US\$18.66 billion in 2023 from US\$21.12 billion in 2022. Kenya's imports from Africa declined by 14.78 percent to US\$96 billion in 2023 from US\$2.30 billion in 2022. Kenya's imports from the EU decreased by 7.02 percent to US\$1.59 billion in 2023 from US\$1.71 billion in 2022. Furthermore, Kenya's

imports from the ASEAN bloc decreased by 9.67 percent to US \$ 1.81 billion in 2023 from US \$ 1.65 billion in 2022. China was the leading source of Kenya's imports in 2023; imports from China increased by 14.84 percent to US\$3.27 billion 2023 from US\$3.84 billion in 2022. Kenya's imports from the United Arab Emirates (UAE) declined by 14.53 percent to US\$2.94 billion in 2023 from US\$3.44 billion in 2022.

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
World	17.68	15.43	19.67	21.12	18.66	7.39	-11.65
Africa	2.27	1.72	2.09	2.30	1.96	9.84	- 14.78
EU	1.96	1.92	2.09	1.71	1.59	- 18.04	-7.02
ASEAN	1.08	1.33	1.64	1.65	1.51	0.19	-8.48
China	3.69	3.39	4.05	3.84	3.27	- 5.02	-14.84
UK	0.35	0.27	0.31	0.29	0.291	- 4.08	0.34
USA	0.61	0.53	0.77	0.79	0.803	2.92	1.65
India	1.75	1.78	2.11	2.13	1.93	0.81	-9.39
Japan	0.97	0.82	0.90	0.83	0.70	- 7.52	-15.66
UAE	1.65	0.87	1.63	3.44	2.94	110.72	-14.53

Source: EAC Open Data Portal

### 2.4.3 Republic of Rwanda

#### Rwanda's Merchandise Trade

Rwanda's total trade in goods increased by 20.3 percent to US \$ 8.5 billion in 2023 from US \$ 7.0 billion in 2022. Rwanda's total exports to the RoW increased by 17.6 percent to US \$ 2.3 billion in 2023 from US \$ 1.98 billion in 2022, while total imports increased by 21.3 percent to US \$ 6.1 billion in 2023 from US \$ 5.1 billion in 2022.

Rwanda's trade deficit with the RoW widened by 23.7 to US \$ 3.80 billion in 2023 from US \$ 3.07 million in 2022.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Total exports	1.134	1.366	1.440	1.980	2.332	37.52	17.67
Total imports	3.140	3.436	3.759	5.057	6.181	34.52	21.34
<b>Total Trade</b>	<b>4.274</b>	<b>4.803</b>	<b>5.199</b>	<b>7.037</b>	<b>8.513</b>	<b>35.35</b>	<b>20.30</b>
<b>Trade Balance</b>	<b>(2.005)</b>	<b>(2.070)</b>	<b>(2.319)</b>	<b>(3.076)</b>	<b>(3.805)</b>	<b>32.65</b>	<b>23.70</b>

Source: EAC Open Data Portal

### Rwanda's Total Exports to EAC Partner States

Rwanda's total exports to EAC Partner States increased by 4.54 percent to US \$ 0.879 billion in 2023 from US \$ 0.841 billion in 2022. Rwanda's leading total exports destination was DRC which recorded an increase of 0.86 percent to US \$ 0.78 billion in 2023 from US \$ 0.773 billion in 2022. Rwanda's second leading export destination in EAC was Uganda with an export value of US \$ 0.039 billion in 2023 from US \$ 0.023 billion in 2022 representing an increase of 69.07 percent.

Rwanda's major export products consisted of, among others; tea, coffee, maize, beans, cassava flour, maize flour, live animals; edible oil; and vegetables.

**Table 2.27: Rwanda's Total Exports to EAC Partner States, 2019 - 2023 (US \$ B)**

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>Burundi</b>	0.038	0.005	0.000	0.004	0.029	1,036.55	642.71
<b>DRC</b>	0.373	0.384	0.561	0.773	0.780	37.74	0.86
<b>Kenya</b>	0.021	0.010	0.024	0.012	0.004	(50.74)	(67.74)
<b>South Sudan</b>	0.020	0.013	0.008	0.022	0.025	175.14	12.62
<b>Tanzania</b>	0.005	0.005	0.010	0.007	0.003	(26.76)	(55.21)
<b>Uganda</b>	0.032	0.022	0.025	0.023	0.039	(8.94)	69.07
<b>Total</b>	0.489	0.438	0.629	0.841	0.879	33.77	4.54

Source: EAC Open Data Portal

### Rwanda's Domestic Exports EAC Partner States

Rwanda's total domestic exports to EAC increased by 21.16 percent to US \$ 0.255 billion in 2023 from US \$ 0.210 billion in 2022; and are mostly exported to DRC with products worth US \$ 0.173 billion in 2023 from US \$ 0.155 billion in 2022.

**Table 2.28: Rwanda's Domestic Exports EAC Partner States, 2019 - 2023 (US \$ B)**

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.027	0.002	0.000	0.003	0.017	879.02	445.67
DRC	0.062	0.088	0.118	0.155	0.173	30.63	12.22
Kenya	0.021	0.009	0.024	0.009	0.003	(62.00)	(64.14)
South Sudan	0.020	0.012	0.007	0.021	0.024	192.68	11.92
Tanzania	0.003	0.004	0.006	0.004	0.003	(33.21)	(30.55)
Uganda	0.029	0.019	0.022	0.018	0.034	(19.57)	91.65
<b>Total</b>	<b>0.162</b>	<b>0.135</b>	<b>0.179</b>	<b>0.210</b>	<b>0.255</b>	<b>17.71</b>	<b>21.16</b>

Source: EAC Open Data Portal

### Rwanda's Domestic Exports to selected Trade Partners

Rwanda's domestic exports to RoW improved by 26.79 percent to US \$ 1.679 billion in 2023 from US \$ 1.324 billion in 2022, and domestic exports to Africa increased by 7.20 percent to US \$ 0.306 billion in 2023 from US \$ 0.286 billion in 2022. Rwanda's domestic exports to China improved by 133.64 percent to US \$ 0.084 billion in 2023 from US \$ 0.36 billion in 2022. United.

United Arab Emirates was the major domestic exports destination with a value of US \$ 0.951 billion in 2023 from US \$ 0.58 billion in 2022. In 2023, Rwanda's major domestic exports consisted of tea, coffee, minerals (gold, tin, coltan, wolfram and cassiterite), and horticultural products.

**Table 2.29: Rwanda's Domestic Exports to selected Trade Partners, 2019 - 2023 (US \$ B)**

Destination	2019	2020	2021	2022	2023	% Change	
						2022	2023
World	0.783	1.055	0.977	1.324	1.679	35.51	26.79
Africa	0.179	0.155	0.228	0.286	0.306	25.10	7.20
EU	0.041	0.039	0.058	0.092	0.098	60.18	6.54
ASEAN	0.047	0.027	0.038	0.046	0.020	22.87	-55.80
China	0.015	0.008	0.016	0.036	0.084	118.53	133.64
UK	0.038	0.027	0.043	0.049	0.038	15.26	-23.14
USA	0.012	0.019	0.029	0.020	0.019	-30.70	-5.00
India	0.019	0.016	0.012	0.071	0.014	511.12	-79.87
Japan	0.002	0.001	0.002	0.007	0.003	213.46	-61.90
UAE	0.332	0.628	0.434	0.584	0.951	34.44	62.95

Source: EAC Open Data Portal

### Rwanda's Domestic Exports to selected RECs

In 2023, Rwanda's domestic exports mainly were transferred to EAC region which increased by 21.16 percent to US \$ 0.255 billion from US \$ 0.210 billion in 2022. Rwanda's domestic exports to COMESA increased by 6.09 percent to US \$ 0.250 billion from US \$ 0.236 billion in 2022. Further, Rwanda's domestic exports to SADC increased by 12.02 percent to US \$ 0.183 billion in 2023 from US \$ 0.163 billion in 2022. Rwanda's least domestic exports went to ECOWAS valued at US \$ 0.002 in 2023.

**Table 2.30: Rwanda's Domestic Exports to selected RECs, 2019 - 2023 (US \$ B)**

REC	2019	2020	2021	2022	2023	% Change	
						2022	2023
EAC	0.162	0.135	0.179	0.210	0.255	17.71	21.16
COMESA	0.151	0.136	0.203	0.236	0.250	16.28	6.09
SADC	0.068	0.094	0.128	0.163	0.183	27.38	12.02
ECOWAS	0.002	0.001	0.004	0.004	0.002	4.43	(53.50)

Source: EAC Open Data Portal

### Rwanda' Re - exports

Rwanda's re - exports to the RoW decreased by 0.48 percent to US \$ 0.653 billion in 2023 from US \$ 0.656 billion in 2022. The main re - export products included petroleum products, vehicles, construction materials, foodstuffs (including maize, beans, rice, and edible oil) and other consumer goods.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Re - exports	0.351	0.312	0.463	0.656	0.653	41.76	(0.48)
Domestic Exports	0.783	1.055	0.977	1.324	1.679	35.51	26.79
<b>Total Exports</b>	<b>1.134</b>	<b>1.366</b>	<b>1.440</b>	<b>1.980</b>	<b>2.332</b>	<b>37.52</b>	<b>17.75</b>

Source: EAC Open Data Portal

### Rwanda's Intra - EAC Exports

Rwanda's re - exports to the EAC Partner States decreased by 1 percent to US \$ 0.624 billion in 2023 from US \$ 0.631 billion in 2022. The main re - exports to the EAC region comprised of petroleum products; vehicles; cereals flour, and milk, textile articles; sugar and sugar confectionary; animal or vegetable fats; essential oils and edible oil.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Intra EAC Re - exports	0.327	0.303	0.450	0.631	0.624	40.14	(1.00)
Intra - EAC Domestic exports	0.162	0.135	0.179	0.210	0.255	17.71	21.16
<b>Total Intra - EAC exports</b>	<b>0.489</b>	<b>0.438</b>	<b>0.629</b>	<b>0.841</b>	<b>0.879</b>	<b>33.767</b>	<b>4.537</b>

Source: EAC Open Data Portal

### Rwanda's Imports from EAC Partner States

Rwanda's imports from EAC Partner States increased by 31.7 percent to US \$ 1.538 billion in 2023 from US \$ 1.168 billion in 2022. Rwanda's major source of imports was Tanzania with a value of US \$ 0.844 billion 2023 from US \$ 0.578 billion in 2022, and Kenya was the second major imports source with a value of US \$ 0.431 billion from US \$ 0.496 billion in 2022. Rwanda's imports from EAC Partner States comprised of transport equipment, petroleum products, fertilizers, industrial machinery, industrial raw materials, foodstuffs, construction materials, edible oils, cereals, pharmaceuticals and other household consumer goods.

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.002	0.000	0.000	0.000	0.003	-15.1	1717.7
DRC	0.017	0.010	0.018	0.036	0.030	94.0	-16.3
Kenya	0.276	0.382	0.281	0.496	0.431	76.8	-13.3

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
South Sudan	0.000	0.000	0.000	0.000	0.002	-27.4	650.8
Tanzania	0.267	0.464	0.496	0.578	0.844	16.5	46.1
Uganda	0.041	0.001	0.000	0.058	0.229	30796.5	296.6
<b>Total</b>	<b>0.602</b>	<b>0.856</b>	<b>0.796</b>	<b>1.168</b>	<b>1.538</b>	<b>46.7</b>	<b>31.7</b>

Source: EAC Open Data Portal

### Rwanda's Intra - EAC Trade with EAC Partner States

Rwanda's Intra EAC Trade total trade increased by 20.31 percent to US \$ 2.417 billion in 2023 from US \$ 2.009 billion in 2022. Rwanda recorded a negative trade balance with EAC Partner States which widened by 101.31 percent to US \$ 0.659 billion in 2023 from US \$ 0.327 billion in 2022.

Partner	Trade Flow	2019	2020	2021	2022	2023	% Change	
							2022	2023
Burundi	Total Exports	0.038	0.005	0.000	0.004	0.029	1036.55	642.71
	Total Imports	0.002	0.000	0.000	0.000	0.003	-15.15	1717.72
	Total Trade	0.040	0.005	0.001	0.004	0.031	684.03	681.71
	Trade Balance	0.037	0.005	0.000	0.004	0.026	2106.03	600.66
DRC	Total Exports	0.373	0.384	0.561	0.773	0.780	37.74	0.86
	Total Imports	0.017	0.010	0.018	0.036	0.030	94.01	-16.28
	Total Trade	0.389	0.394	0.580	0.809	0.810	39.53	0.10
	Trade Balance	0.356	0.374	0.543	0.737	0.750	35.83	1.69
Kenya	Total Exports	0.021	0.010	0.024	0.012	0.004	-50.74	-67.74
	Total Imports	0.276	0.382	0.281	0.496	0.431	76.81	-13.26
	Total Trade	0.297	0.391	0.305	0.508	0.434	66.75	-14.53
	Trade Balance	-0.255	-0.372	-0.257	-0.485	-0.427	88.75	-11.93
South Sudan	Total Exports	0.020	0.013	0.008	0.022	0.025	175.14	12.62
	Total Imports	0.000	0.000	0.000	0.000	0.002	-27.36	650.83
	Total Trade	0.020	0.013	0.008	0.022	0.027	165.84	20.63
	Trade Balance	0.020	0.013	0.008	0.022	0.023	185.39	4.40
Tanzania	Total Exports	0.005	0.005	0.010	0.007	0.003	-26.76	-55.21
	Total Imports	0.267	0.464	0.496	0.578	0.844	16.49	46.06
	Total Trade	0.272	0.469	0.506	0.585	0.847	15.66	44.82



Partner	Trade Flow	2019	2020	2021	2022	2023	% Change	
							2022	2023
	Trade Balance	-0.262	-0.459	-0.486	-0.571	-0.841	17.36	47.33
Uganda	Total Exports	0.032	0.022	0.025	0.023	0.039	-8.94	69.07
	Total Imports	0.041	0.001	0.000	0.058	0.229	30796.51	296.61
	Total Trade	0.073	0.022	0.025	0.081	0.267	218.22	231.98
	Trade Balance	-0.009	0.021	0.025	-0.035	-0.190	-239.50	446.25
<b>Intra EAC Trade</b>	<b>Total Exports</b>	0.489	0.438	0.629	0.841	0.879	33.77	4.54
	<b>Total Imports</b>	0.602	0.856	0.796	1.168	1.538	46.74	31.66
	<b>Total Trade</b>	1.091	1.294	1.425	2.009	2.417	41.02	20.31
	<b>Trade Balance</b>	-0.113	-0.419	-0.168	-0.327	-0.659	95.43	101.31

Source: EAC Open Data Portal

### **Rwanda's Imports from selected RECs**

In 2023, EAC was the leading source of Rwanda's imports (US \$ 1.538 billion), followed with SADC (US \$ 1.144 billion), and COMESA with (US \$ 0.854 billion) while, ECOWAS had the lowest value of (US \$ 0.094 billion).

REC	2019	2020	2021	2022	2023	% Change	
						2022	2023
EAC	0.602	0.856	0.796	1.168	1.538	46.74	31.66
COMESA	0.417	0.497	0.443	0.763	0.854	72.30	11.93
SADC	0.448	0.635	0.725	0.854	1.144	17.85	33.85
ECOWAS	0.021	0.118	0.028	0.061	0.094	119.72	53.38

Source: EAC Open Data Portal

### **Rwanda's Imports from selected Trade Partners**

Rwanda's imports from the RoW increased by 22.24 percent to US \$ 6.181 billion in 2023 from US \$ 5.057 billion in 2022. Rwanda's imports from Africa improved by 38.30 percent to US \$ 2.181 billion from US \$ 1.577 billion in 2022. Rwanda's imports from China increased by 9.89 percent to US \$ 1.157 billion in 2023 from US \$ 1.053 billion in 2022. Rwanda's imports from United Arab Emirates declined by 17.96 percent in 2023 to US \$ 0.335 billion in 2023 from US \$ 0.409 billion in 2022. Rwanda's imports from these selected partners comprised, among others, petroleum products, fertilizers, industrial machinery, raw materials, motor vehicles, foodstuffs and household consumer goods.

Destination	2019	2020	2021	2022	2023	% Change	
						2022	2023
World	3.140	3.436	3.759	5.057	6.181	34.52	22.24
Africa	0.906	1.319	1.152	1.577	2.181	36.95	38.30
EU	0.303	0.307	0.377	0.420	0.508	11.29	21.02
ASEAN	0.140	0.123	0.185	0.245	0.333	32.40	36.01
China	0.619	0.646	0.718	1.053	1.157	46.61	9.89
UK	0.021	0.021	0.037	0.028	0.028	- 24.41	- 1.20
USA	0.052	0.067	0.085	0.089	0.081	4.83	- 8.66
India	0.272	0.286	0.300	0.468	0.647	56.20	38.38
Japan	0.030	0.023	0.058	0.077	0.096	32.47	24.47
UAE	0.244	0.231	0.307	0.409	0.335	33.24	- 17.96

Source: EAC Open Data Portal

#### 2.4.4 Republic of South Sudan

##### Merchandise Trade with the RoW

South Sudan's merchandise total trade decreased by 26.2 percent to US \$ 4.38 billion in 2023 from US \$ 5.95 billion in 2022. The exports decreased by 28.4 percent to US \$ 3.61 billion in 2023 from US \$ 5.04 billion in 2022 and the main exports include crude oil, wood and minerals. Imports decreased by 14.4 percent to US \$ 0.77 billion in 2023 from US \$ 0.90 billion in 2022 and main exports were food products, petroleum products, and household consumer goods.

South Sudan trade balance decreased by 31.4 percent to US \$ 2.83 billion in 2023 from US \$ 4.13 billion in 2022.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Total Exports	3.002	1.772	2.927	5.043	3.610	72.30	(28.41)
Total Imports	0.013	0.059	0.796	0.909	0.778	14.20	(14.45)
<b>Total Trade</b>	3.015	1.831	3.723	5.952	4.388	59.87	(26.28)
<b>Trade Balance</b>	<b>2.99</b>	<b>1.71</b>	<b>2.13</b>	<b>4.13</b>	<b>2.83</b>	<b>94.01</b>	<b>(31.48)</b>

Source: EAC Open Data Portal

##### South Sudan Total Exports to EAC Partner States

South Sudan's total exports to EAC Partner States decreased by 58.3 percent to US \$ 0.0016 billion in 2023 from US \$ 0.0038 billion in 2022. In 2023, the leading destination in EAC for South Sudan's exports was Uganda which recorded a value of US \$ 0.0014 billion.

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.0000	0.0000	-	-	-	-	-
DRC	0	0	0	0	0	0	0
Kenya	0.0000	-	0.0000	0.0004	0.0002	43,569.34	(60.75)
Rwanda	-	-	0.0000	0.0002	-	1,484.39	(100.00)
Somalia	-	-	-	0.0000	-	-	-
Tanzania	-	-	-	0.0000	0.0000	-	-
Uganda	0.0039	0.0037	0.0328	0.0032	0.0014	(90.33)	(56.81)
<b>Total</b>	<b>0.0039</b>	<b>0.0037</b>	<b>0.0328</b>	<b>0.0038</b>	<b>0.0016</b>	<b>(88.39)</b>	<b>(58.30)</b>

Source: EAC Open Data Portal

### South Sudan's Domestic Exports to EAC Partner States

South Sudan's total domestic exports to EAC Partner States reduced drastically by 56.1 percent to US \$ 0.0016 billion in 2023 from US \$ 0.036 billion in 2022 and majority of the domestic exports were transferred to Uganda valued at US \$ 00.13 billion in 2023.

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
DRC	0	0	0	0	0	0	0
Kenya	0.0000	0.0000		0.0004	0.0002	-	(59.91)
Rwanda			0.0000	0.0001	0.0000	979.24	(100.00)
Somalia	0.0000	0.0000	0.0000	0.0000	0.0000	-	-
Tanzania				0.0000	0.0000	-	2,426.44
Uganda	0.0037	0.0036	0.0325	0.0030	0.0013	(90.77)	(55.23)
<b>Total</b>	<b>0.0037</b>	<b>0.0036</b>	<b>0.0325</b>	<b>0.0036</b>	<b>0.0016</b>	<b>(89.09)</b>	<b>(56.14)</b>

Source: EAC Open Data Portal

### South Sudan's Domestic Exports to selected Trade Partners

South Sudan's domestic exports to the RoW totalled US \$ 3.61 billion in 2023 compared to US \$ 5.037 billion in 2022 representing a decrease of 28.32 percent. South Sudan's domestic exports to Africa decreased by 54.99 percent to US \$ 0.35 billion in 2023 from US \$ 0.79 billion in 2022.

Furthermore, South Sudan's domestic exports to the ASEAN region also decreased by 18.4 percent to US \$ 1.12 billion in 2023 from US \$ 1.37 billion in 2022. Domestic exports to China increased by 32.5 percent to US \$ 0.89 billion in 2023 from US \$ 0.67 billion in 2022, while domestic exports to United Arab Emirates decreased by negative 42.6 percent to US \$ 1.23 billion in 2023 from US \$ 2.16 billion in 2022.

Destination	2019	2020	2021	2022	2023	% Change	
						2022	2023
World	3.002	1.771	2.926	5.037	3.610	72.13	(28.32)
Africa	0.643	0.420	0.496	0.797	0.359	60.76	(54.99)
EU	0.280	0.176	0.285	0.001	0.000	(99.81)	(78.37)
ASEAN	-	0.197	0.641	1.376	1.122	114.80	(18.47)
China	1.100	0.357	0.710	0.672	0.890	(5.37)	32.57
UK	0.000	0.000	-	0.000	-	-	(100.00)
USA	0.000	-	-	0.000	0.000	-	53.49
India	0.149	0.000	0.001	0.001	0.000	16.79	(85.43)
Japan	0.000	-	0.000	0.031	0.000	-	(98.89)
UAE	0.725	0.621	0.795	2.160	1.239	171.81	(42.67)

Source: EAC Open Data Portal

### South Sudan's Domestic Exports to selected RECs

In 2023 COMESA was the leading destination for South Sudan's domestic exports valued at 0.357 billion and domestic exports to EAC were valued at US \$ 0.0016 billion.

Destination	2019	2020	2021	2022	2023	% Change	
						2022	2023
EAC	0.0037	0.0036	0.0325	0.0036	0.0016	-89.0924	-56.136
COMESA	0.6378	0.4164	0.4956	0.7946	0.3579	60.35	(54.96)
ECOWAS	0.0000	0.0000	0.0000	0.0000	0.0001	(3.69)	76.76
SADC	-	-	-	0.0000	0.0000	-	-

Source: EAC Open Data Portal

### South Sudan's Re - exports to the RoW

South Sudan's Re - exports to the RoW decreased by 98.7 percent to zero in 2023 from US \$ 0.006 billion in 2022.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Re - exports	0.001	0.001	0.001	0.006	0.000	615.02	(98.74)
Domestic Exports	3.002	1.771	2.926	5.037	3.61	72.15	(28.33)
<b>Total Exports</b>	<b>3.003</b>	<b>1.772</b>	<b>2.927</b>	<b>5.043</b>	<b>3.610</b>	<b>72.31</b>	<b>(28.42)</b>

Source: EAC Open Data Portal

### South Sudan's Intra - EAC Re - exports

South Sudan's Intra - EAC Re - exports decreased to US \$ 0.0001 billion in 2023 from US \$ 0.0002 billion in 2022, and Intra EAC total exports declined to US \$ 0.0016 billion in 2023 from US \$ 0.0038 billion in 2022.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Intra EAC Re - exports	0.0002	0.0001	0.0002	0.0002	0.0001	(4.01)	(75.0)
Intra - EAC Domestic exports	0.0037	0.0036	0.0325	0.0036	0.0016	(89.09)	(56.14)
<b>Intra - EAC Total Exports</b>	<b>0.0039</b>	<b>0.0037</b>	<b>0.0328</b>	<b>0.0038</b>	<b>0.0016</b>	<b>(88.50)</b>	<b>(57.23)</b>

Source: EAC Open Data Portal

### South Sudan's Imports from EAC Partner States

South Sudan's total imports from EAC Partner States declined by 32 percent to US \$ 0.28 billion in 2023 from US \$ 0.42 billion in 2022. Uganda is the leading source of South Sudan's imports with a value of US \$ 0.14 billion, followed by Kenya with a value of US \$ 0.12 billion in 2023.

Partner State	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
DRC	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
Kenya	0.0017	0.0032	0.0901	0.2817	0.1274	212.65	0
Rwanda	0.0000	0.0001	0.0001	0.0143	0.0099	10052.3	0
Somalia	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
Tanzania	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
Uganda	0.0013	0.0046	0.0802	0.1289	0.1495	60.68	0
<b>Total</b>	<b>0.003</b>	<b>0.008</b>	<b>0.170</b>	<b>0.425</b>	<b>0.287</b>	<b>149.25</b>	<b>- 32.49</b>

Source: EAC Open Data Portal

### South Sudan's Intra - EAC Trade with EAC Partner States

South Sudan's Intra - EAC total trade decreased to US \$ 0.28 billion in 2023 from US \$ 0.42 billion in 2022. South Sudan's intra - EAC trade balance deteriorated to US \$ 0.28 billion in 2023 from US \$ 0.42 billion in 2022.

Partner	Trade Flow	2019	2020	2021	2022	2023	% Change	
							2022	2023
Burundi	Total Exports	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
	Total Imports	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
	Total Trade	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
	Trade Balance	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
DRC	Total Exports	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
	Total Imports	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
	Total Trade	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
	Trade Balance	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
Kenya	Total Exports	0.0000	0.0000	0.0000	0.0004	0.0002	43569.3	- 60.8

<b>Table 2.45: S. Sudan's Intra - EAC Trade Balance, 2019 - 2023 (US \$ B)</b>								
Partner	Trade Flow	2019	2020	2021	2022	2023	% Change	
							2022	2023
	Total Imports	0.0017	0.0032	0.0901	0.2817	0.1274	212.6	- 54.8
	Total Trade	0.0017	0.0032	0.0901	0.2822	0.1276	213.1	- 54.8
	Trade Balance	-	-	-	-	-	212.2	- 54.8
Rwanda	Total Exports	0.0000	0.0000	0.0000	0.0002	0.0000	1484.39	-
	Total Imports	0.0000	0.0001	0.0001	0.0143	0.0099	10052.3	-
	Total Trade	0.0000	0.0001	0.0002	0.0145	0.0099	9378.07	-
	Trade Balance	0.0000	-	-	-	-	10852.5	-
Somalia	Total Exports	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
	Total Imports	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
	Total Trade	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
	Trade Balance	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
Tanzania	Total Exports	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
	Total Imports	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
	Total Trade	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
	Trade Balance	0.0000	0.0000	0.0000	0.0000	0.0000	0	0
Uganda	Total Exports	0.0039	0.0037	0.0328	0.0032	0.0014	- 90.327	-
	Total Imports	0.0013	0.0046	0.0802	0.1289	0.1495	60.6799	16.04
	Total Trade	0.0052	0.0082	0.1130	0.1320	0.1509	16.8832	14.29
	Trade Balance	0.0025	-	-	-	-	164.973	17.87
<b>Intra EAC Trade</b>	<b>Total Exports</b>	<b>0.0039</b>	<b>0.0037</b>	<b>0.0328</b>	<b>0.0038</b>	<b>0.0015</b>	<b>- 88.42</b>	<b>-</b>
	<b>Total Imports</b>	<b>0.0030</b>	<b>0.0079</b>	<b>0.1705</b>	<b>0.4249</b>	<b>0.2868</b>	<b>149.25</b>	<b>-</b>
	<b>Total Trade</b>	<b>0.0069</b>	<b>0.0116</b>	<b>0.2032</b>	<b>0.4287</b>	<b>0.2884</b>	<b>110.92</b>	<b>-</b>
	<b>Trade Balance</b>	<b>0.0009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205.83</b>	<b>-</b>
		<b>0.0042</b>	<b>0.1377</b>	<b>0.4211</b>	<b>0.2853</b>		<b>32.25</b>	

Source: EAC Open Data Portal

#### South Sudan's Imports from selected RECs

South Sudan's imports from EAC were US \$ 0.286 billion, imports from COMESA were valued at US \$ 0.288 billion, imports from SADC were valued at US \$ 0.015 billion and imports from ECOWAS were US \$ 0.0001 billion in 2023.

REC	2019	2020	2021	2022	2023	% Change	
						2022	2023
EAC	0.0030	0.0079	0.1705	0.4249	0.2868	149.25	- 32.49
COMESA	0.0031	0.0088	0.1739	0.4280	0.2882	146.14	- 32.66
SADC	0.0001	0.0002	0.0061	0.0270	0.0154	342.47	- 43.19
ECOWAS	0.0003	0.0007	0.0002	0.0013	0.0001	465.45	- 94.21

Source: EAC Open Data Portal

### South Sudan Imports from selected Trade Partners

South Sudan's imports from the RoW declined to US \$ 0.77 billion in 2023 from US \$ 0.91 billion in 2022, while imports from Africa decreased to US \$ 0.30 billion in 2023 from US \$ 0.45 billion in 2022.

Destination	2019	2020	2021	2022	2023	% Change	
						2022	2023
World	0.013	0.059	0.796	0.909	0.778	14.20	(14.45)
Africa	0.003	0.010	0.180	0.457	0.304	154.05	(33.47)
EU	0.001	0.008	0.063	0.069	0.080	10.71	15.27
ASEAN	0.000	0.000	0.011	0.010	0.022	(12.02)	120.02
China	0.001	0.013	0.108	0.041	0.036	(62.17)	(12.16)
UK	0.000	0.000	0.001	0.022	0.005	1,487.9 7	(76.38)
USA	0.000	0.000	0.010	0.032	0.031	232.73	(3.00)
India	0.003	0.002	0.080	0.024	0.027	(70.46)	12.43
Japan	0.001	0.011	0.027	0.042	0.068	53.01	63.11
UAE	0.001	0.006	0.188	0.072	0.113	(61.84)	57.04

Source: EAC Open Data Portal

## 2.4.5 The United Republic of Tanzania

### Merchandise Trade

Tanzania's total trade with the RoW decreased marginally by 0.19 percent to US \$ 22.43 billion in 2023 from US \$ 22.47 billion in 2022, and Tanzania's negative trade balance contracted by negative 11 percent to negative US \$ 7.85 billion in 2023 from negative US \$ 8.83 billion in 2022.

Tanzania's total exports to the RoW increased by 6.89 percent to US \$ 7.29 billion in 2023 from US \$ 6.82 billion in 2022, whereas total imports from RoW decreased by 3.2 percent to US \$ 15.1 billion in 2023 from US \$ 15.6 billion in 2022.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Total exports	5.004	6.061	6.391	6.825	7.295	6.79	6.89
Total imports	9.176	8.468	10.850	15.654	15.142	44.28	(3.27)
<b>Total Trade</b>	<b>14.179</b>	<b>14.530</b>	<b>17.241</b>	<b>22.479</b>	<b>22.438</b>	<b>30.38</b>	<b>(0.19)</b>
<b>Trade Balance</b>	<b>(4.17)</b>	<b>(2.41)</b>	<b>(4.46)</b>	<b>(8.83)</b>	<b>(7.85)</b>	<b>98.02</b>	<b>(11.12)</b>

Source: EAC Open Data Portal

### Tanzania's Total Exports to EAC Partner States

Tanzania's total exports to EAC Partner States decreased by 16.38 percent to US \$ 1.184 billion in 2023 from US \$ 1.416 billion in 2022. DRC was Tanzania's leading export destination with a value of US \$ 0.316 billion; followed by Uganda, Rwanda and Kenya at US \$ 0.311 billion, US \$ 0.188, US \$ 0.177 billion respectively. The lowest exports were to South Sudan valued at US \$ 0.0019 billion in 2023. Tanzania's exports to EAC Partner States consisted of construction materials (cement, tiles, iron and steel), foodstuffs (rice, maize, peas, beans, fruits and vegetables), edible oil, timber, fertilisers, chemical products, paperboard, live animals, cosmetics and other household consumable products.

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.088	0.178	0.163	0.213	0.173	30.67	-18.78
DRC	0.164	0.144	0.207	0.281	0.316	35.75	12.46
Kenya	0.27	0.23	0.397	0.382	0.177	-3.78	-53.66
Rwanda	0.191	0.205	0.278	0.263	0.188	-5.40	-28.52
South Sudan	0.002	0.003	0.009	0.013	0.019	44.44	46.15
Uganda	0.124	0.191	0.314	0.264	0.311	-15.92	17.80
<b>Total</b>	<b>0.839</b>	<b>0.951</b>	<b>1.368</b>	<b>1.416</b>	<b>1.184</b>	<b>3.51</b>	<b>-16.38</b>

Source: EAC Open Data Portal

### Tanzania's Domestic Exports to EAC Partner States

Tanzania's total domestic exports to EAC Partner States declined by 16.78 percent to US \$ 1.111 billion in 2023 from US \$ 1.335 billion in 2022, and the decline was attributed to the decrease of domestic exports to Kenya and Rwanda which deteriorated by negative 55.80 percent and 28.38 percent respectively, in 2023. Uganda was the leading domestic exports destination with a value of US \$ 0.297 billion and DRC was the second with a value of US \$ 0.293 billion in 2023.

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.061	0.170	0.162	0.211	0.172	29.90	-18.63
DRC	0.150	0.129	0.193	0.257	0.293	32.92	14.10
Kenya	0.242	0.220	0.385	0.341	0.151	-11.42	-55.80
Rwanda	0.120	0.204	0.276	0.256	0.184	-7.22	-28.38



Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
South Sudan	0.002	0.003	0.009	0.012	0.015	44.94	21.28
Uganda	0.100	0.187	0.311	0.257	0.297	-17.28	15.47
<b>Total</b>	<b>0.675</b>	<b>0.913</b>	<b>1.336</b>	<b>1.335</b>	<b>1.111</b>	<b>-0.13</b>	<b>-16.78</b>

Source: EAC Open Data Portal

### **Tanzania's Domestic Exports to selected Trade Partners**

Tanzania's domestic exports to the RoW increased slightly by 6.9 percent to US \$ 7.2 billion in 2023 from US \$ 6.7 billion in 2022. Africa is a major market destination for Tanzania's domestic exports and registered a low 1 percent growth to US \$ 2.55 billion in 2023 from US \$ 2.52 billion in 2022. Tanzania's domestic exports to the EU rose by 10 percent to US \$ 0.63 billion in 2023 from US \$ 0.57 billion in 2022. In terms of Tanzania's domestic exports to the countries below; India stood out with the highest value of US \$ 1.55 billion, followed by United Arab Emirates (UAE) at US \$ 0.68 billion in 2023. Tanzania's domestic exports to the United Kingdom registered the lowest value of US \$ 0.01 billion in 2023. Tanzania's exports consisted of coffee, tea, minerals, cashew nuts, spices, horticultural products, fruits, and vegetables.

Destination	2019	2020	2021	2022	2023	% Change	
						2022	2023
World	4.761	5.974	6.301	6.694	7.160	6.24	6.96
Africa	1.851	2.233	2.445	2.529	2.557	3.46	1.08
EU	0.393	0.601	0.343	0.573	0.631	67.34	10.02
ASEAN	0.360	0.311	0.274	0.372	0.331	35.83	(11.12)
China	0.233	0.234	0.266	0.289	0.427	8.80	47.68
UK	0.015	0.014	0.016	0.018	0.019	17.04	1.09
USA	0.049	0.046	0.038	0.074	0.109	97.85	46.55
India	0.866	0.526	1.008	1.177	1.553	16.77	31.93
Japan	0.064	0.056	0.067	0.089	0.068	31.62	(23.49)
UAE	0.395	0.754	1.051	0.762	0.682	(27.53)	(10.41)

Source: EAC Open Data Portal

### **Tanzania's Domestic Exports to RECs**

In 2023, Tanzania's domestic exports to SADC were the highest at US \$ 1.671 billion followed by COMESA at US \$ 1.342 billion and EAC at US \$ 1.111 billion. ECOWAS registered the lowest value of Tanzania's domestic exports at US \$ 0.031 billion.

REC	2019	2020	2021	2022	2023	% Change	
						2022	2023
EAC	0.675	0.913	1.336	1.335	1.111	-0.13	-16.78
COMESA	0.823	1.031	1.476	1.496	1.342	1.38	-10.29
SADC	1.282	1.422	1.255	1.387	1.671	10.54	20.48

<b>Table 2.52: Tanzania's Domestic Exports to RECs, 2019 - 2023 (US \$ B)</b>							
REC	2019	2020	2021	2022	2023	% Change	
						2022	2023
ECOWAS	0.025	0.014	0.015	0.038	0.031	161.30	-18.71

Source: EAC Open Data Portal

#### **Tanzania's Re - exports to the RoW**

Tanzania's re - exports to the RoW increased by 3.2 percent to US \$ 0.14 billion in 2023 from US \$ 0.13 billion in 2022 and domestic exports to RoW increased by 7 percent to US \$ 7.2 billion in 2023 from US \$ 6.7 percent in 2022.

<b>Table 2.53: Tanzania's Re - exports to the RoW; 2019 - 2023 (US \$ B)</b>							
Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Re - exports	0.243	0.088	0.090	0.131	0.135	45.49	3.24
Domestic Exports	4.761	5.974	6.301	6.694	7.160	6.24	6.96
<b>Total Exports</b>	<b>5.004</b>	<b>6.061</b>	<b>6.391</b>	<b>6.825</b>	<b>7.295</b>	<b>6.79</b>	<b>6.89</b>

Source: EAC Open Data Portal

#### **Tanzania's Intra - EAC Re - exports**

Intra - EAC Re - exports declined by 7.500 percent to US \$ 0.0740 billion in 2023 from US \$ 0.0800 billion in 2022. The major re - export goods to the EAC Partner States included petroleum products, pharmaceuticals, machinery, iron and steel, cosmetics, chemical products, motor vehicles, and fertilizers.

<b>Table 2.54: Tanzania's Intra - EAC Exports, 2019 - 2023 (US \$ B)</b>							
Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Intra EAC Re - exports	0.1640	0.0390	0.0320	0.0800	0.0740	150.00 00	-7.5000
Intra EAC Domestic Exports	0.6745	0.9131	1.3363	1.3346	1.1107	-0.1271	- 16.7828
<b>Intra EAC Total Exports</b>	<b>0.8385</b>	<b>0.9521</b>	<b>1.3683</b>	<b>1.4146</b>	<b>1.1847</b>	<b>3.3837</b>	<b>- 16.2578</b>

Source: EAC Open Data Portal

#### **Tanzania's Total Imports from EAC Partner States**

Tanzania's total imports from EAC Partner States decreased by negative 9.15 percent to US \$ 0.525 billion in 2023 from US \$ 0.578 billion in 2022. Kenya was the leading source of Tanzania's imports valued at US \$ 0.410 billion in 2023.

<b>Table 2.55: Tanzania's Total Imports from EAC Partners, 2019 - 2023 (US \$ B)</b>							
Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.000	0.000	0.001	0.003	0.003	308.83	19.20
DRC	0.001	0.002	0.003	0.003	0.003	19.14	(5.87)

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Kenya	0.267	0.253	0.413	0.427	0.410	3.30	(3.82)
Rwanda	0.002	0.002	0.002	0.003	0.001	40.44	(53.87)
South Sudan	0.000	0.000	0.000	0.000	0.000	0	0
Uganda	0.059	0.077	0.110	0.143	0.107	30.16	(24.74)
<b>Total</b>	<b>0.328</b>	<b>0.335</b>	<b>0.528</b>	<b>0.578</b>	<b>0.525</b>	<b>9.47</b>	<b>(9.15)</b>

Source: EAC Open Data Portal

### **Tanzania's Intra - EAC Trade with Partner States**

Tanzania's Intra - EAC total exports declined by 16.38 percent to US \$ 1.184 billion in 2023 from US \$ 1.416 billion in 2022, while Intra - EAC total imports decreased by 9.50 percent to US \$ 0.524 billion in 2023 from US \$ 0.579 billion in 2022.

Tanzania's Intra - EAC total trade decreased by 14.2 percent to US \$ 1.708 billion in 2023 from US \$ 1.995 billion in 2022. In 2023 Tanzania recorded a positive Intra - EAC trade balance of US \$ 0.66 billion, though it decreased by 21.15 percent from US \$ 0.837 billion recorded in 2022.

Partner	Trade Flow	2019	2020	2021	2022	2023	% Change	
							2022	2023
Burundi	Total Exports	0.088	0.178	0.163	0.213	0.173	30.67	-18.78
	Total Imports	0	0	0.001	0.003	0.003	200.00	0.00
	Total Trade	0.088	0.178	0.164	0.216	0.176	31.71	-18.52
	Trade Balance	0.088	0.178	0.162	0.21	0.17	29.63	-19.05
DRC	Total Exports	0.164	0.144	0.207	0.281	0.316	35.75	12.46
	Total Imports	0.001	0.002	0.003	0.003	0.003	0.00	0.00
	Total Trade	0.165	0.146	0.21	0.284	0.319	35.24	12.32
	Trade Balance	0.163	0.142	0.204	0.278	0.313	36.27	12.59
Kenya	Total Exports	0.27	0.23	0.397	0.382	0.177	-3.78	-53.66
	Total Imports	0.267	0.253	0.413	0.427	0.41	3.39	-3.98
	Total Trade	0.537	0.483	0.81	0.809	0.587	-0.12	-27.44
	Trade Balance	0.003	-0.023	-0.016	-0.045	-0.233	181.25	417.78
Rwanda	Total Exports	0.191	0.205	0.278	0.263	0.188	-5.40	-28.52
	Total Imports	0.002	0.002	0.002	0.003	0.001	50.00	-66.67
	Total Trade	0.193	0.207	0.28	0.266	0.189	-5.00	-28.95
	Trade Balance	0.189	0.203	0.276	0.26	0.187	-5.80	-28.08
	Total Exports	0.002	0.003	0.009	0.013	0.019	44.44	46.15

Partner	Trade Flow	2019	2020	2021	2022	2023	% Change	
							2022	2023
South Sudan	Total Imports	0	0	0	0	0	0.00	0.00
	Total Trade	0.002	0.003	0.009	0.013	0.019	44.44	46.15
	Trade Balance	0.002	0.003	0.009	0.013	0.019	44.44	46.15
Uganda	Total Exports	0.124	0.191	0.314	0.264	0.311	-15.92	17.80
	Total Imports	0.059	0.077	0.11	0.143	0.107	30.00	-25.17
	Total Trade	0.183	0.268	0.424	0.407	0.418	-4.01	2.70
	Trade Balance	0.065	0.114	0.204	0.121	0.204	-40.69	68.60
<b>Intra EAC Trade</b>	<b>Total Exports</b>	<b>0.839</b>	<b>0.951</b>	<b>1.368</b>	<b>1.416</b>	<b>1.184</b>	<b>3.51</b>	<b>-16.38</b>
	<b>Total Imports</b>	<b>0.329</b>	<b>0.334</b>	<b>0.529</b>	<b>0.579</b>	<b>0.524</b>	<b>9.45</b>	<b>-9.50</b>
	<b>Total Trade</b>	<b>1.168</b>	<b>1.285</b>	<b>1.897</b>	<b>1.995</b>	<b>1.708</b>	<b>5.17</b>	<b>-14.39</b>
	<b>Trade Balance</b>	<b>0.51</b>	<b>0.617</b>	<b>0.839</b>	<b>0.837</b>	<b>0.66</b>	<b>-0.24</b>	<b>-21.15</b>

Source: EAC Open Data Portal

#### **Tanzania's Imports from selected RECs**

In 2023, Tanzania's leading RECs in terms of import sources were COMESA (US \$ 0.80 billion), SADC (US \$ 0.78 billion), EAC (US \$ 0.52 billion) and ECOWAS (US \$ 0.04 billion) being the lowest.

REC	2019	2020	2021	2022	2023	% Change	
						2022	2023
EAC	0.328	0.335	0.528	0.578	0.525	9.47	- 9.15
COMESA	0.498	0.486	0.754	0.856	0.801	13.57	- 6.45
SADC	0.594	0.468	0.617	0.779	0.786	26.37	0.91
ECOWAS	0.003	0.002	0.006	0.051	0.041	816.63	- 19.59

Source: EAC Open Data Portal

#### **Tanzania's Imports from selected Trade Partners**

Tanzania's imports from the RoW declined by 3 percent to US \$ 15.1 billion 2023 from US \$ 15.6 billion in 2022, while imports from Africa decreased by 5 percent to US \$ 1.51 billion in 2023 from US \$ 1.6 billion in 2022. Tanzania's imports from EU decreased by 21 percent US \$ 11.18 billion in 2023 from US \$ 1.49 billion in 2022 and imports from China grew by 5.4 percent to US \$ 4.1 billion in 2023 from US \$ 3.94 billion in 2022. During the same period, Tanzania's imports from India decreased by 0.5 percent to US \$ 1.94 billion in 2023 from US \$ 1.96 billion in 2022. Further, Tanzania's imports from UAE declined by 43 percent to US \$ 1.41 billion in 2023 from US \$ 2.49 billion in 2022, while imports from UK increased significantly by 32.7 to US \$ 0.17 billion in 2023 from US \$ 0.13 billion in 2022. Tanzania's imports from USA grew by 12.8 percent to US \$ 0.37 billion in 2023 from US \$ 0.33 billion in 2022.

**Table 2.58: Tanzania's Imports from selected Trade Partners, 2019 - 2023 (US \$ B)**

Destination	2019	2020	2021	2022	2023	% Change	
						2022	2023
World	9.176	8.468	10.850	15.654	15.142	44.28	(3.27)
Africa	0.977	0.864	1.212	1.606	1.513	32.47	(5.79)
EU	0.964	1.049	0.925	1.497	1.181	61.88	(21.09)
ASEAN	0.482	0.391	0.562	0.638	0.689	13.58	7.93
China	2.004	2.117	2.700	3.946	4.161	46.16	5.44
UK	0.142	0.118	0.124	0.133	0.177	7.25	32.73
USA	0.325	0.240	0.260	0.335	0.378	28.68	12.88
India	1.272	1.091	1.209	1.961	1.949	62.15	(0.59)
Japan	0.410	0.346	0.466	0.522	0.663	12.05	27.07
UAE	0.955	0.821	1.379	2.492	1.418	80.79	(43.10)

Source: EAC Open Data Portal

## 2.4.6 Republic of Uganda

### Uganda's Merchandise Trade

Uganda's total trade with the RoW increased by 36.3 percent to US \$ 18.1 billion in 2023 from US \$ 13.3 billion in 2022. Uganda's total exports improved by 77.4 percent to US \$ 6.3 billion in 2023 from US \$ 3.5 billion in 2022, while total imports increased by 21.2 percent to US \$ 11.8 billion in 2023 from US \$ 9.7 billion in 2022.

Uganda's trade deficit with the RoW contracted by 11.2 percent to US \$ 5.4 billion in 2023 from US \$ 6.1 billion in 2022.

**Table 2.59: Uganda's Trade with the RoW; 2019 - 2023 (US \$ B)**

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Total exports	3.56	4.15	3.97	3.57	6.34	(9.85)	77.46
Total imports	7.70	8.25	9.09	9.75	11.82	7.30	21.28
<b>Total Trade</b>	<b>11.26</b>	<b>12.40</b>	<b>13.05</b>	<b>13.32</b>	<b>18.17</b>	<b>2.09</b>	<b>36.36</b>
<b>Trade Balance</b>	<b>(4.13)</b>	<b>(4.10)</b>	<b>(5.12)</b>	<b>(6.17)</b>	<b>(5.48)</b>	<b>20.58</b>	<b>(11.24)</b>

Source: EAC Open Data Portal

### Uganda's Total Exports to EAC Partner States

Uganda's total exports to EAC Partner States increased by 15.1 percent to US \$ 2.2 billion in 2023 from US \$ 1.9 billion in 2022. Kenya was Uganda's leading export destination with a value of US \$ 0.74 billion in 2023 compared to US \$ 0.60 billion in 2022. South Sudan was the second export destination valued at US \$ 0.45 billion and DRC was the third with a value of 0.41 billion. The data demonstrated that Uganda's exports to Rwanda increased by a whopping 272.8 percent to US \$ 0.29 billion in 2023 from US \$ 0.028 billion in 2022. Uganda's exports to EAC Partner States consisted of sugar, edible oil, maize, beans, eggs, fish, cement, iron and steel, beer, live animals, petroleum products, pharmaceuticals and household consumer products.

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.051	0.059	0.072	0.087	0.072	20.05	(17.41)
DRC	0.249	0.267	0.339	0.422	0.416	24.39	(1.39)
Kenya	0.442	0.466	0.526	0.601	0.745	14.40	23.95
Rwanda	0.042	0.002	0.002	0.078	0.290	4,504	272.89
Somalia	0.001	0.001	0.001	0.003	0.003	124.50	(16.00)
South Sudan	0.352	0.357	0.484	0.606	0.541	25.21	(10.74)
Tanzania	0.069	0.095	0.109	0.150	0.175	38.08	16.38
<b>Total</b>	<b>1.206</b>	<b>1.247</b>	<b>1.533</b>	<b>1.948</b>	<b>2.242</b>	<b>27.02</b>	<b>15.10</b>

Source: EAC Open Data Portal

### Uganda's Domestic Exports to EAC Partner States

Uganda's domestic exports to EAC Partner States improved by 19.9 percent to US \$ 1.90 billion in 2023 from US \$ 1.58 billion in 2022. The leading domestic export destination was Kenya with a value of US \$ 0.72 billion, followed by South Sudan with US \$ 0.44 billion, Rwanda with US \$ 0.27 billion, DRC with US \$ 0.22 billion, Tanzania with US \$ 0.16 billion and Burundi with US \$ 0.06 billion. Uganda's exports consisted, among others, sugar, edible oil, maize, beans, sorghum, eggs, fish, cement, iron and steel, beer and live animals.

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.046	0.055	0.069	0.082	0.069	17.86	(15.86)
DRC	0.119	0.133	0.201	0.244	0.224	21.69	(8.27)
Kenya	0.430	0.457	0.515	0.588	0.727	14.06	23.62
Rwanda	0.032	0.001	0.001	0.073	0.278	7,641	278.86
Somalia	0.000	0.000	0.001	0.001	0.001	75.53	25.43
South Sudan	0.234	0.240	0.336	0.465	0.442	38.25	(4.85)
Tanzania	0.065	0.091	0.100	0.134	0.162	34.07	20.61
<b>Total</b>	<b>0.926</b>	<b>0.977</b>	<b>1.223</b>	<b>1.587</b>	<b>1.904</b>	<b>29.77</b>	<b>19.91</b>

Source: EAC Open Data Portal

### Uganda's Domestic exports to selected Trade Partners

Uganda's domestic exports to the RoW grew exponentially by 88.8 percent to US \$ 5.81 billion in 2023 from US \$ 3.10 billion in 2022 while that of Africa increased by 18.8 percent to US \$ 2.17 billion in 2023 from US \$ 1.82 billion in 2022.

The domestic exports to the EU grew by 15.7 percent to US \$ 0.08 billion in 2023 from US \$ 0.69 billion in 2022, and that of China increased by 22.5 percent to US \$ 0.10 billion in 2023 from US \$ 0.85 billion in 2022. The value of exports to the UK was at US \$ 0.017 billion, US \$ 0.73 billion with the USA and US \$ 0.72 billion with India.

Uganda's domestic exports to UAE increased significantly to US \$ 1.33 billion in 2023 from US \$ 0.019 billion in 2022. Uganda's domestic exports consisted of among others, coffee, tea, cotton, minerals, fish, flowers, fruits and vegetables.

Destination	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>World</b>	3.134	3.787	3.528	3.077	5.813	(12.76)	88.89
<b>Africa</b>	1.034	1.126	1.432	1.826	2.170	27.57	18.83
<b>EU</b>	0.450	0.464	0.622	0.698	0.808	12.31	15.70
<b>ASEAN</b>	0.092	0.092	0.056	0.052	0.092	(7.32)	76.25
<b>China</b>	0.039	0.039	0.037	0.085	0.105	128.62	22.54
<b>UK</b>	0.008	0.011	0.010	0.020	0.017	105.08	(18.22)
<b>USA</b>	0.044	0.051	0.069	0.079	0.073	13.95	(7.12)
<b>India</b>	0.055	0.053	0.083	0.078	0.727	(6.49)	836.21
<b>Japan</b>	0.007	0.004	0.007	0.007	0.014	11.62	90.14
<b>UAE</b>	1.174	1.834	1.045	0.019	1.336	(98.19)	6,979.9

Source: EAC Open Data Portal

#### **Uganda's Domestic Exports to selected RECs**

EAC was the leading destination for Uganda's domestic exports in 2023 valued at US \$ 1.90 billion; followed by COMESA at US \$ 1.47 billion and SADC at US \$ 0.42 billion while ECOWAS at US \$ 0.01 billion.

REC	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>EAC</b>	0.926	0.977	1.223	1.587	1.904	29.77	19.91
<b>COMESA</b>	0.702	0.753	0.879	1.153	1.471	31.18	27.57
<b>SADC</b>	0.196	0.249	0.343	0.414	0.428	20.49	3.48
<b>ECOWAS</b>	0.003	0.004	0.003	0.006	0.019	123.27	218.11

Source: EAC Open Data Portal

#### **Uganda's Re - exports to the Rest of the World**

Uganda recorded an increase of 6.8 percent in re-exports to US \$ 0.53 billion in 2023 from US \$ 0.49 billion in 2022 and domestic exports increased by 88.8 percent to US \$ 5.81 billion in 2023 from US \$ 3.1 billion in 2022.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>Re - exports</b>	0.430	0.362	0.438	0.498	0.531	13.65	6.81
<b>Domestic Exports</b>	3.134	3.787	3.528	3.077	5.813	(12.76)	88.89
<b>Total Exports</b>	3.564	4.149	3.965	3.575	6.344	(9.85)	77.46

Source: EAC Open Data Portal



### Uganda's Intra - EAC Re - exports

Uganda's Intra EAC Re - exports declined by 5.9 percent to US \$ 0.33 billion in 2023 from US \$ 0.35 billion in 2022. The main re - exports consisted of, among others, petroleum products, edible oil, pharmaceuticals and motor vehicles.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>Intra EAC Re - Exports</b>	0.280	0.269	0.309	0.358	0.337	15.79	(5.94)
<b>Intra - EAC Domestic Exports</b>	0.926	0.977	1.223	1.587	1.904	29.77	19.91
<b>Intra EAC Total Exports</b>	<b>1.206</b>	<b>1.246</b>	<b>1.532</b>	<b>1.945</b>	<b>2.240</b>	<b>26.95</b>	<b>15.16</b>

Source: EAC Open Data Portal

### Uganda's Imports from EAC Partner States

Uganda's total imports from EAC Partner States increased by 108.4 percent to US \$ 2.23 billion in 2023 from US \$ 1.07 billion in 2022. Tanzania was the leading import source valued at US \$ 1.33 billion followed by Kenya with US \$ 0.83 billion.

Imports consisted of petroleum products, rice, chemicals, fertilisers, hides and skins, iron and steel, and household consumable goods.

Partner	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>Burundi</b>	0.010	0.034	0.001	0.001	0.016	15.97	1,635.91
<b>DRC</b>	0.010	0.010	0.007	0.018	0.017	166.66	(3.17)
<b>Kenya</b>	0.769	0.773	0.770	0.745	0.830	(3.20)	11.39
<b>Rwanda</b>	0.014	0.003	0.003	0.011	0.011	244.74	(4.01)
<b>Somalia</b>	0.001	0.000	0.000	0.001	0.000	1,336.77	(64.88)
<b>South Sudan</b>	0.007	0.087	0.008	0.017	0.024	99.31	44.20
<b>Tanzania</b>	0.471	0.744	0.821	0.278	1.333	(66.08)	378.80
<b>Total</b>	<b>1.281</b>	<b>1.651</b>	<b>1.610</b>	<b>1.071</b>	<b>2.232</b>	<b>(33.48)</b>	<b>108.42</b>

Source: EAC Open Data Portal

### Uganda's Intra - EAC Trade with Partner States

The economy registered a positive balance of US \$ 0.010 billion in 2023 from US \$ 0.87 billion in 2022 while its Intra - EAC total trade increased by 48.2 percent to US \$ 4.47 billion in 2023 from US \$ 3.0 billion in 2022.

Intra - EAC total exports increased by 15.1 percent to US \$ 2.24 billion in 2023 from US \$ 1.94 billion in 2022 while imports increased by 108.4 percent to US \$ 2.23 billion in 2023 from US \$ 0.07 billion in 2022.



**Table 2.67: Uganda's Intra - EAC Trade Balance, 2019 - 2023 (US \$ B)**

Partner	Trade Flow	2019	2020	2021	2022	2023	% Change	
							2022	2023
Burundi	Total Exports	0.051	0.059	0.072	0.087	0.072	20.05	- 17.41
	Total Imports	0.010	0.034	0.001	0.001	0.016	15.97	1635.91
	Total Trade	0.061	0.092	0.073	0.088	0.088	20.01	0.40
	Trade Balance	0.042	0.025	0.072	0.086	0.055	20.10	- 35.61
DRC	Total Exports	0.249	0.267	0.339	0.422	0.416	24.39	- 1.39
	Total Imports	0.010	0.010	0.007	0.018	0.017	166.66	- 3.17
	Total Trade	0.259	0.278	0.346	0.440	0.434	27.14	- 1.46
	Trade Balance	0.239	0.257	0.333	0.404	0.399	21.54	- 1.31
Kenya	Total Exports	0.442	0.466	0.526	0.601	0.745	14.40	23.95
	Total Imports	0.769	0.773	0.770	0.745	0.830	- 3.20	11.39
	Total Trade	1.211	1.239	1.295	1.346	1.575	3.94	17.00
	Trade Balance	- 0.326	- 0.308	- 0.244	- 0.144	- 0.085	- 41.07	- 41.10
Rwanda	Total Exports	0.042	0.002	0.002	0.078	0.290	4504.24	272.89
	Total Imports	0.014	0.003	0.003	0.011	0.011	244.74	- 4.01
	Total Trade	0.056	0.006	0.005	0.089	0.301	1681.69	237.39
	Trade Balance	0.028	- 0.001	- 0.002	0.066	0.279	- 4172.62	320.64
Somalia	Total Exports	0.001	0.001	0.001	0.003	0.003	124.50	- 16.00
	Total Imports	0.001	0.000	0.000	0.001	0.000	1336.77	- 64.88
	Total Trade	0.001	0.001	0.001	0.004	0.003	153.40	- 22.60
	Trade Balance	0.000	0.001	0.001	0.003	0.003	94.16	- 6.94
South Sudan	Total Exports	0.352	0.357	0.484	0.606	0.541	25.21	- 10.74
	Total Imports	0.007	0.087	0.008	0.017	0.024	99.31	44.20
	Total Trade	0.358	0.444	0.492	0.622	0.565	26.46	- 9.28
	Trade Balance	0.345	0.271	0.476	0.589	0.517	23.92	- 12.27
Tanzania	Total Exports	0.069	0.095	0.109	0.150	0.175	38.08	16.38
	Total Imports	0.471	0.744	0.821	0.278	1.333	- 66.08	378.80
	Total Trade	0.540	0.839	0.930	0.429	1.508	- 53.89	251.76
	Trade Balance	- 0.402	- 0.649	- 0.712	- 0.128	- 1.158	- 82.00	803.71
<b>Intra EAC Trade</b>	<b>Total Exports</b>	<b>1.206</b>	<b>1.247</b>	<b>1.533</b>	<b>1.948</b>	<b>2.242</b>	<b>27.02</b>	<b>15.10</b>
	<b>Total Imports</b>	<b>1.281</b>	<b>1.651</b>	<b>1.610</b>	<b>1.071</b>	<b>2.232</b>	<b>- 33.48</b>	<b>108.42</b>
	<b>Total Trade</b>	<b>2.487</b>	<b>2.898</b>	<b>3.143</b>	<b>3.018</b>	<b>4.473</b>	<b>- 3.97</b>	<b>48.20</b>
	<b>Trade Balance</b>	<b>- 0.075</b>	<b>- 0.405</b>	<b>- 0.076</b>	<b>0.877</b>	<b>0.010</b>	<b>- 1248.57</b>	<b>- 98.87</b>

Source: EAC Open Data Portal

### Uganda's Imports from selected Regional Economic Communities (RECs)

In 2023, EAC was the leading source of Uganda's imports valued at US \$ 2.23 billion, followed by SADC valued at US \$ 1.91 billion, and COMESA at, equivalent to US \$ 1.05 billion, while ECOWAS had the lowest imports valued at US \$ 0.42 billion.

REC	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>EAC</b>	1.281	1.651	1.610	1.071	2.232	- 33.478	108.417
<b>COMESA</b>	0.964	1.310	1.214	1.171	1.055	(3.57)	(9.92)
<b>SADC</b>	0.955	1.519	1.339	0.724	1.913	(45.92)	164.28
<b>ECOWAS</b>	0.170	0.357	0.211	0.006	0.422	(96.93)	6,413.71

Source: EAC Open Data Portal

### Uganda's Imports from selected Trade Partners

Uganda's total imports from the Rest of the World (RoW) saw a significant increase of 21.2 percent, rising to US \$11.8 billion in 2023 from US \$9.75 billion in 2022. Imports from Africa experienced a surge of 106.8 percent, reaching US \$3.40 billion in 2023 compared to US \$1.64 billion in 2022. Conversely, imports from the European Union (EU) declined marginally by 0.8 percent to US \$0.84 billion in 2023 from US \$0.85 billion in 2022. Imports from the ASEAN region grew modestly by 4.2 percent to US \$0.64 billion in 2023, up from US \$0.61 billion in 2022. Imports from China showed a noteworthy increase of 19.2 percent, reaching US \$2.29 billion in 2023 from US \$1.92 billion in 2022. Similarly, imports from the United Kingdom (UK) grew by 30.1 percent to US \$0.09 billion in 2023 from US \$0.07 billion in 2022.

Uganda's imports consisted of a diverse range of goods, including industrial machinery, petroleum products, iron and steel, chemicals, fertilisers, edible oils, motor vehicles, pharmaceuticals, industrial raw materials, and textiles, among others.

Destination	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>World</b>	7.696	8.251	9.086	9.750	11.825	7.30	21.28
<b>Africa</b>	2.042	2.880	2.474	1.645	3.403	(33.49)	106.80
<b>EU</b>	0.488	0.709	0.803	0.854	0.847	6.39	(0.84)
<b>ASEAN</b>	0.406	0.463	0.581	0.615	0.641	5.92	4.29
<b>China</b>	1.257	1.352	1.652	1.928	2.299	16.66	19.24
<b>UK</b>	0.072	0.076	0.093	0.076	0.099	(18.74)	30.15
<b>USA</b>	0.133	0.143	0.169	0.258	0.222	53.01	(13.89)
<b>India</b>	0.855	0.959	1.051	1.167	1.257	11.06	7.71
<b>Japan</b>	0.307	0.343	0.394	0.395	0.450	0.15	13.95
<b>UAE</b>	0.822	0.496	0.811	1.465	1.435	80.74	(2.02)

Source: EAC Open Data Portal

## 2.4.7 Democratic Republic of Congo (DRC)

### DRC Merchandise Trade

DRC's total trade with the RoW increased by 5.97 percent to US \$ 28.782 billion in 2023 from US \$ 27.162 billion in 2022. DRC total exports improved by 14.19 percent to US \$ 17.951 billion in 2023 from US \$ 15.720 billion in 2022, while total imports decreased by 5.32 percent to US \$ 10.831 billion in 2023 from US \$ 11.442 billion in 2022.

DRC has maintained a trade surplus in the last five years, recording a surplus of US\$ 7.119 in 2023 from US \$ 4.279 in 2022.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Total Exports	13.390	14.115	21.413	15.720	17.951	- 26.58	14.19
Total Imports	8.860	6.966	7.215	11.442	10.831	58.59	- 5.33
<b>Total Trade</b>	<b>22.250</b>	<b>21.080</b>	<b>28.627</b>	<b>27.162</b>	<b>28.782</b>	<b>- 5.12</b>	<b>5.97</b>
<b>Trade Balance</b>	<b>4.530</b>	<b>7.149</b>	<b>14.198</b>	<b>4.279</b>	<b>7.119</b>	<b>- 69.86</b>	<b>66.39</b>

Source: EAC Open Data Portal

### DRC's Total Exports to EAC Partner States

DRC's total exports to EAC Partner States increased by 4.51 percent to US \$1.252 billion in 2023 from US \$1.198 billion in 2022. Tanzania was DRC's leading export destination with a value of US \$ 1.233 billion in 2023 compared to US \$1.173 billion in 2022. DRC's exports to EAC Partner States consisted of wood, iron, uranium, other ores and concentrates.

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.002	0.002	0.001	0.002	0.001	97.05	- 27.06
Kenya	0.004	0.002	0.002	0.005	0.001	119.57	- 71.89
Rwanda	0.002	0.002	0.003	0.005	0.009	79.51	62.97
Tanzania	1.689	1.654	1.971	1.173	1.233	- 40.48	5.15
Uganda	0.030	0.012	0.014	0.013	0.008	- 3.95	- 43.45
<b>Total</b>	<b>1.725</b>	<b>1.673</b>	<b>1.991</b>	<b>1.198</b>	<b>1.252</b>	<b>- 39.81</b>	<b>4.51</b>

Source: EAC Open Data Portal

### DRC's Total exports to selected Trade Partners

DRC's exports to the RoW grew by 14.19 percent to US \$ 17.951 billion in 2023 from US \$ 17.720 billion in 2022 while that of Africa decreased by 13.14 percent to US \$ 2.724 billion in 2023 from US \$ 3.544 billion in 2022.

Exports to the EAC Increased by 4.51 percent to US \$ 1.252 billion in 2023 from US \$ 1.198 billion in 2022 while that of China grew by 36.06 percent to US \$ 10.83 in 2023 from US \$ 7.411 in 2022.

**Table 2.72: DRC's Exports to selected Trade Partners, 2019 - 2023 (US \$ B)**

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
World	13.390	14.115	21.413	15.720	17.951	- 26.58	14.19
Africa	6.771	4.745	6.506	3.544	2.724	- 45.53	- 23.14
EAC	1.725	1.673	1.991	1.198	1.252	- 39.81	4.51
China	3.565	5.749	9.623	7.411	10.083	- 22.98	36.06
Hong Kong	0.014	0.143	0.755	1.247	1.957	65.27	56.87
Mozambique	0.485	0.676	1.082	1.062	1.076	- 1.84	1.30
Singapore	0.701	1.033	1.951	1.368	1.057	- 29.86	- 22.77

Source: EAC Open Data Portal

### DRC's Imports from EAC Partner States

DRC's total imports from EAC Partner States decreased by 25.60 percent to US \$ 0.491 billion in 2023 from US \$ 0.650 billion in 2022. Tanzania was the leading import source valued at US \$ 0.35 billion followed by Kenya with US \$ 0.08 billion. DRCs imports included Portland cement, petroleum products, tobacco products, nails and similar products.

**Table 2.73: DRC's Imports from EAC Partners, 2019 - 2023 (US \$ B)**

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
Burundi	0.00	0.00	0.00	0.00	0.00	360.44	- 41.15
Kenya	0.05	0.04	0.06	0.07	0.08	23.71	20.39
Rwanda	0.01	0.01	0.01	0.02	0.01	62.27	- 48.57
Tanzania	0.11	0.08	0.09	0.51	0.35	447.13	- 31.89
Uganda	0.05	0.07	0.06	0.06	0.05	- 1.42	- 17.44
<b>Total</b>	<b>0.222</b>	<b>0.201</b>	<b>0.222</b>	<b>0.660</b>	<b>0.491</b>	<b>197.44</b>	<b>- 25.60</b>

Source: EAC Open Data Portal

### DRC's Imports from selected Trade Partners

DRC's total imports from the Rest of the World (RoW) declined by 5.33 percent, to US \$10.831 billion in 2023 from US \$11.442 billion in 2022. Imports from Africa decreased by 24.13 percent, reaching US \$2.258 billion in 2023 compared to US \$2.976 billion in 2022

Imports from China showed a noteworthy increase of 18.96 percent, reaching US \$3.610 billion in 2023 from US \$3.034 billion in 2022. Similarly, imports from the United States of America (USA) grew by 27.73 percent to US \$0.421 billion in 2023 from US \$0.330 billion in 2022.

**Table 2.74: DRC's Imports from selected Trade Partners, 2019 - 2023 (US \$ B)**

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
World	8.860	6.966	7.215	11.442	10.831	58.59	-5.33
Africa	1.702	1.373	1.662	2.976	2.258	79.12	-24.13
EAC	0.222	0.201	0.222	0.660	0.491	197.44	-25.60
China	2.058	1.793	1.941	3.034	3.610	56.31	18.96
United Arab Emirates	0.291	0.225	0.335	1.143	0.999	240.75	-12.61

Trade Flow	2019	2020	2021	2022	2023	% Change	
						2022	2023
South Africa	0.951	0.653	0.983	1.311	0.965	33.30	-26.42
India	0.376	0.324	0.523	0.656	0.518	25.37	-21.14
United States of America	2.133	1.457	0.668	0.330	0.421	-50.63	27.73

#### **2.4.8 Federal Republic of Somalia (FRS)**

The FRS was admitted into the Community by the 23rd Ordinary Summit of the EAC Heads of State held on 24th November 2023 in Arusha, Tanzania. The Treaty of Accession was signed on 15th December 2023 in Kampala, Uganda and the Instrument of ratification of the Treaty of Accession to EAC was deposited with the EAC Secretary General on 4th March 2024 in Arusha Tanzania.

FRS's accession to the East African Community (EAC) marks a pivotal moment for the country, leveraging its strategic geographical location along the Indian Ocean with over 3,000 kilometres of coastline and its position in the Horn of Africa. As the eighth member of the EAC, FRS is poised to benefit significantly from the myriad advantages associated with regional integration and collaboration within this dynamic economic bloc.

A primary driver of FRS's integration into the EAC is the unparalleled access to a vast regional market. With the EAC encompassing a population exceeding 300 million people across Partner States, FRS businesses gain unprecedented opportunities for trade expansion, market diversification, and investment attraction. This expansive market size presents the potential to amplify FRS's export capacity, attract foreign direct investment, and fuel sustained economic growth.

Currently FRS is highly dependent on a few primary commodities whose demand suffers from seasonal effects and unpredictability. Moreover, these commodities are not efficiently produced or utilised. In 2022, the country's exports amounted to US\$153 million, 76 percent of which were livestock. Other exports include banana, hides and skins, fish, frankincense and myrrh.

On the flip side, FRS also depends heavily on imports to meet its necessities, including food, construction materials, oil and medicines. In 2022 alone, the country imported goods worth more than US\$1.7 billion. Thus, there is a significant value mismatch between the country's exports and imports. As a result, the country suffers from a persistent trade deficit. This deficit tends to increase at times of global shocks, which affect supply chains and input prices adversely.

Furthermore, FRS's membership in the EAC fosters accelerated infrastructure development and enhanced connectivity. By participating in the EAC's collaborative efforts on critical infrastructure projects including transportation networks, energy grids, and telecommunications systems FRS can bolster intra-regional trade flows and elevate connectivity not only within its borders but also across neighbouring nations. Improved infrastructure facilitates, smoother logistics, reduced trade barriers, and strengthened economic linkages, will position FRS as a hub for regional commerce and investment.

In addition to economic gains, FRS stands to benefit from knowledge transfer, technology sharing, and capacity-building initiatives facilitated by its EAC membership. Through

participation in specialised training programs, educational exchanges, and technical cooperation projects, FRS professionals and institutions can enhance their skills, adopt best practices, and catalyse innovation across various sectors. This infusion of expertise strengthens FRS's human capital base, fosters institutional resilience, and equips the country to harness emerging opportunities in agriculture, healthcare, information technology, and beyond.

Cultural exchanges and tourism cooperation within the EAC present additional avenues for Somalia to showcase its rich heritage and natural attractions to a broader regional audience. Increased tourism not only generates economic dividends through hospitality and leisure industries but also nurtures cross-cultural understanding, bolstering Somalia's global image and fostering socio-cultural enrichment.

FRS's integration into the East African Community signifies a strategic pathway toward unlocking its economic potential, forging robust regional partnerships, and addressing collective challenges through collaborative means. By actively participating in the EAC, FRS aims to accelerate its socio-economic development trajectory, elevate living standards for its populace, and contribute meaningfully to the broader stability and prosperity of the East African region. The country's extensive coastline and strategic positioning amplify its role in facilitating trade, fostering connectivity, and driving inclusive growth within the dynamic and diverse EAC population of over 300 million inhabitants.

The GDP is expected to reach 10.81 USD Billion by the end of 2024, according to Trading Economics global macro models and analysts' expectations. In the long-term, the FRS GDP is projected to trend around 11.23 USD Billion in 2025 and 11.63 USD Billion in 2026, according to econometric models (Source: IGAD 2023).

#### **FRS's Total Exports to EAC Partner States**

FRS's total exports to EAC decreased by 59.11 percent to US \$ 0.0005 billion in 2023 from US \$ 0.0013 billion in 2022. Kenya was the leading export destination with a value of US \$ 0.0004

#### **FRSs Total Imports from EAC Partner States**

FRS's total imports from EAC Partner States increased by 18.2 percent to US \$ 0.15 billion in 2023 from US \$ 0.13 billion in 2022. Kenya is the major source of Somalia's imports valued at US \$ 0.15 billion followed by Uganda with a value of US \$ 0.002 billion and Tanzania with a value of US \$ 0.001 billion in 2023. (Source; Mirrored data from Partner States)

## **2.5 Special Category Considerations in the EAC Customs Union**

### **2.5.1 Imports of Sensitive Products from Rest of the World**

In 2023 Partner States continued to import sensitive goods from outside the Community because of insufficient production capacities in Partner States. This caused a challenge of implementation of EAC Common External Tariff (CET) because of constant requests for stay of applications by the concerned Partner States. Customs data from Partner States showed that:

- Burundi's imports of sensitive products in 2023 were US\$ 0.0001 billion from the RoW and cement was the main product that was imported with a value of US\$0.0195 billion.
- Tanzania imported sensitive goods worth US \$ 0.810 billion in 2023 from the Rest of the World mainly dominated by wheat and meslin valued at US \$ 0.446 billion.
- Rwanda recorded US \$ 0.382 billion imports of sensitive goods from the RoW dominated by rice valued at US \$ 0.129 billion.

- Uganda Imported sensitive goods from RoW worth US \$ 0.002 billion and the leading import was maize flour valued at US \$ 0.0004 billion.

### 2.5.2 Imports of Sensitive Products from EAC Partner States

The production capacities of sensitive goods within the Community are insufficient compared to their demand, thus intra EAC trade in sensitive goods is low mainly because of lack of adequate quantities to meet the available demand. Partner States' trade in sensitive goods is explained here under:

- Burundi's imports of sensitive products in 2023 were US\$ 0.0001 billion from the RoW and cement was the main product that was imported with a value of US\$0.0195 billion.
- Tanzania imported sensitive goods from the Community with US \$ 0.008 billion in 2023 and the leading import was maize (corn) worth US \$ 0.0033 billion in 2023.
- Rwanda imported sensitive goods from EAC Partner States value at US \$ 0.165 billion dominated by rice valued at US \$ 0.067 billion in 2023.
- Uganda's imports of sensitive goods from Part States were US \$ 0.0057 billion and rice was the leading import worth US \$ 0.0032 billion in 2023.

### 2.5.3 Imports Categorised by Tariff Bands

In 2023 the Community was implementing EAC 4-tariff bands after the fourth band of 35% was adopted in May 2022 and became effective on 1<sup>st</sup> July 2022. The 4 tariff bands are 0% for raw materials and capital goods; 10% for intermediate goods; 25% for finished products not available in the region, and 35% for finished goods that the region has a comparative advantage.

The summary of imports by tariff bands by Partner States for the period between 2019 to 2023 is reflected here below.

#### Burundi

Burundi's imports under zero tariff band declined by 10.7% to US\$0.565 billion in 2023 from US\$0.633 billion in 2022, while the value of imports under 10% tariff band also decreased by 15% to US\$0.090 billion in 2023 from US\$0.11 billion in 2022. Imports charged 25% tariff band decreased by 26.6% to US\$0.24 billion in 2023 from US\$0.33 billion in 2022, Imports charged 35% tariff band increased by 21.65% to US\$0.183 billion in 2023 from US\$0.0150 billion in 2022, while sensitive imports above 35% tariff band amounted to US \$0.043 billion in 2023.

Tariff Band	2019	2020	2021	2022	2023	% Change	
						2022	2023
0%	0.403	0.419	0.466	0.633	0.565	35.68	-10.7
5%	0.000	0.000	0.000	0.000	0.000	0.00	0.00
10%	0.136	0.135	0.164	0.106	0.090	-35.51	-15.3
15%	0.000	0.000	0.000	0.000	0.000	0.00	0.00
25%	0.265	0.286	0.331	0.326	0.239	-1.43	-26.6
>25%	0.083	0.069	0.069	0.000	0.000	-100.	0.00
35%	0.000	0.000	0.000	0.150	0.183	0.00	21.65
>35%	0.000	0.000	0.000	0.046	0.043	0.00	-5.78
<b>Total</b>	<b>0.888</b>	<b>0.909</b>	<b>1.030</b>	<b>1.260</b>	<b>1.120</b>	<b>22.38</b>	<b>-11.18</b>

Source: Burundi Revenue Authority



## Rwanda

Imports under 0% tariff band increased by 2% to US \$ 1.69 billion in 2023 from US \$ 1.66 billion in 2022, while imports levied 10% tariff increased by 9% to US \$ 0.54 billion in 2023 from US \$ 0.49 billion in 2022. Imports under 25% tariff decreased by 3% to US \$ 0.86 billion in 2023 from US \$ 0.89 billion in 2022. The imports under the 35% tariff band recorded an increase of 104 percent to US \$ 0.37 billion in 2023 from US \$ 0.18 billion in 2022. Sensitive imports above 35% increased by 63% to US \$ 0.22 billion in 2023 from US \$0.13 billion in 2022.

Tariff Bands	2019	2020	2021	2022	2023	% Change	
						2022	2023
0	1.10	1.09	1.34	1.66	1.69	25	2
10	0.27	0.28	0.34	0.49	0.54	43	9
25	0.83	0.82	0.89	0.89	0.86	-1	-3
35	0.03	0.01	0.01	0.18	0.37	1,416	104
>35	0.06	0.09	0.09	0.13	0.22	52	63
<b>Total</b>	<b>2.29</b>	<b>2.29</b>	<b>2.67</b>	<b>3.35</b>	<b>3.67</b>	<b>25.61</b>	<b>9.40</b>

Source: Rwanda Revenue Authority

## Tanzania

Tanzania's imports under zero tariff band declined by 11.24% to US \$ 8.77 billion in 2023 from US \$ 9.88 billion in 2022, while the value of imports under 10% tariff band increased by 10.42% to US \$ 2.31 billion in 2023 from US \$ 2.10 billion in 2022. Imports charged 25% tariff band decreased by 14.67% to US \$ 2.58 billion in 2023 from US \$ 3.02 billion in 2022, and imports which were charged above 25% band increased by 79.20% to US \$ 1.18 billion in 2023 from US \$ 0.66 billion in 2022. Imports under 35% tariff band amounted to US \$ 1.08 billion while sensitive imports above 35% tariff band amounted to US \$0.28 billion in 2023.

Tariff Band	2019	2020	2021	2022	2023	% Change	
						2022	2023
0	5.33	1.48	6.29	9.88	8.77	57.09	(11.24)
10%	1.37	2.63	1.59	2.10	2.31	31.51	10.42
25%	2.15	4.38	2.49	3.02	2.58	21.18	(14.67)
> 25%	0.25	0.01	0.49	0.66	1.18	34.08	79.20
35%	0.00	0.00	0.00	0.00	1.08	-	-
>35%	0.00	0.00	0.00	0.00	0.28	-	-
<b>Total</b>	<b>9.11</b>	<b>8.50</b>	<b>10.87</b>	<b>15.65</b>	<b>16.19</b>	<b>44.06</b>	<b>3.44</b>

Source: Tanzania Revenue Authority

## Uganda

In 2023 imports under 0% tariff band amounted to US \$ 7.07 billion and imports under 10% band recorded US \$1.40 billion while imports under 25% were valued at US \$ 3.87 billion, whereas imports under 35% category registered US \$ 0.17 billion and sensitive imports above 35% were equivalent to US \$0.16 billion.



Tariff Band	2019	2020	2021	2022	2023	% Change	
						2022	2023
0%	*	*	*	*	7.07		
10%	*	*		*	1.40		
25%	*	*		*	3.87		
35%	*	*		*	0.71		
>35%	*	*		*	0.16		

Source: Uganda Revenue Authority (URA)

Note: \* Data for the period was not provided by URA.

## 2.5.4 Customs Revenue Performance

### Burundi

Burundi's total trade taxes collected decreased by 11.8% to US\$0.269 billion in 2023 from US\$0.305 billion in 2022. Import duty diminished by 13.3% to US\$0.042 billion in 2023 from US\$0.048 billion in 2022, while VAT collections declined by 7.17% to US \$0.144 billion in 2023 from US \$0.155 billion in 2022. Excise duty declined by 25% to US\$0.039 billion in 2023 from US\$0.052 billion in 2022. The total revenue collected by the government decreased by 8% to US\$0.659 billion in 2023 from US\$0.723 billion in 2022.

Tax Item	2019	2020	2021	2022	2023	% Change	
						2022	2023
Import Duty	0.035	0.038	0.066	0.048	0.042	-27.1	-13.3
VAT	0.106	0.113	0.132	0.155	0.144	17.38	-7.17
Excise Duty	0.044	0.048	0.057	0.052	0.039	-7.65	-25.4
Other	0.036	0.049	0.032	0.050	0.045	54.52	-10.5
<b>Total Customs Revenue</b>	<b>0.221</b>	<b>0.247</b>	<b>0.287</b>	<b>0.305</b>	<b>0.269</b>	<b>6.41</b>	<b>-11.8</b>
<b>Total Tax Revenue</b>	<b>0.536</b>	<b>0.560</b>	<b>0.626</b>	<b>0.723</b>	<b>0.659</b>	<b>15.42</b>	<b>-8.8</b>
<b>%age of Trade Taxes to Total Revenue</b>	<b>41.28</b>	<b>44.09</b>	<b>45.84</b>	<b>42.26</b>	<b>40.86</b>		

Source: Burundi Revenue Authority

### Tanzania

Tanzania's total trade taxes collected increased by 7.79% to US \$ 3,844.77 billion in 2023 from US\$ 3,566.78 billion in 2022. VAT collections increased by a whopping 102.5% to US \$1,449.47 billion in 2023 from US \$ 1,099.66 billion in 2022 reflecting increased compliance by VAT registered taxpayers. The total revenue collected by the government decreased by 0.82% to US \$ 10,005.39 billion in 2023 from US \$ 10,088.22 billion in 2022. The share of trade taxes to total revenue amounted to 38.43% in 2023 compared to 35.36% in 2022.

Tax Item	2019	2020	2021	2022	2023	% Change	
						2022	2023
Import Duty	556.60	545.86	604.65	697.92	686.74	15.43	47.00
Excise duty	566.31	576.55	625.29	606.80	591.98	-2.96	-2.44
VAT	1,039.19	1,042.79	1,321.37	1,099.66	1,449.47	-16.78	102.50
Others	808.82	794.37	935.15	1162.40	1,116.58	24.30	-100.0
<b>Total Trade Taxes</b>	<b>2,970.93</b>	<b>2,959.58</b>	<b>3,486.45</b>	<b>3,566.78</b>	<b>3,844.77</b>	<b>2.30</b>	<b>7.79</b>
<b>Total Revenue</b>	<b>7,415.67</b>	<b>7,750.15</b>	<b>8,562.28</b>	<b>10,088.22</b>	<b>10,005.39</b>	<b>17.82</b>	<b>-0.82</b>
<b>% of Trade Taxes on Total Revenue</b>	<b>40.06</b>	<b>38.19</b>	<b>40.72</b>	<b>35.36</b>	<b>38.43</b>		

Source: Tanzania Revenue Authority

## 2.5.5 EAC Imports of Goods under Exemption and Remission Schemes

### Burundi

Burundi's value of exemptions declined by 32.08% to US\$0.248 billion in 2023 from US\$0.365 billion in 2022, while the revenue foregone decreased by 23.23% to US\$0.091 billion in 2023 from US\$0.119 billion in 2022. The percentage of customs revenue foregone was 33.8% in 2023.

Heading	2019	2020	2021	2022	2023	% Change	
						2022	2023
Value of Exemptions	0.247	0.359	0.314	0.365	0.248	16.27	-32.08
Revenue Foregone	0.089	0.122	0.098	0.119	0.091	21.17	-23.23
Total customs revenue	<b>0.221</b>	<b>0.247</b>	<b>0.287</b>	<b>0.305</b>	<b>0.269</b>	6.41	-11.80
%age Foregone	<b>40.31</b>	<b>49.45</b>	<b>34.10</b>	<b>38.83</b>	<b>33.80</b>	13.87	-12.95

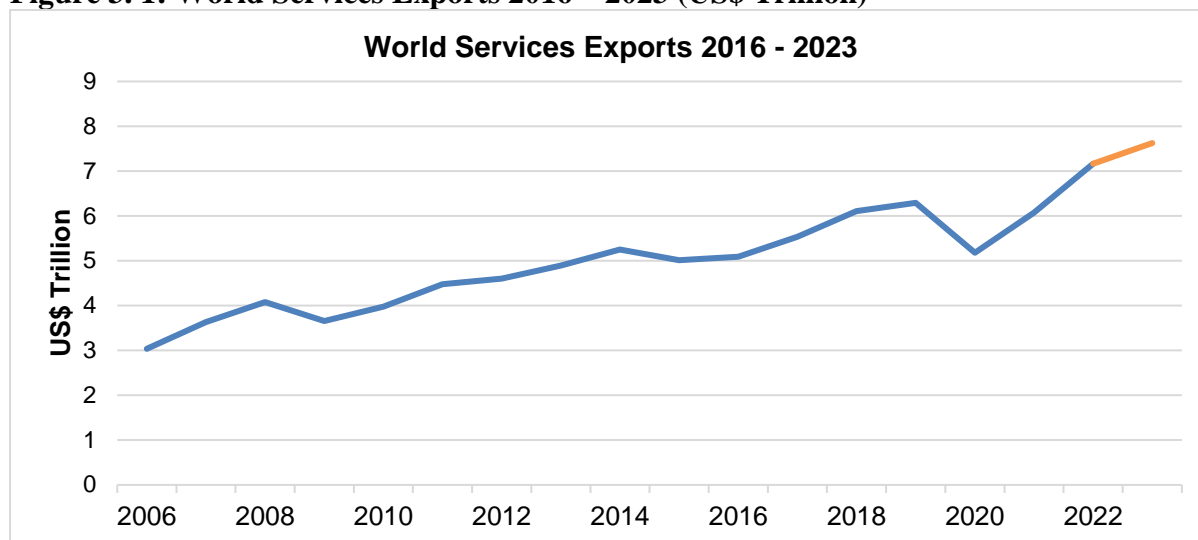
Source: Burundi Revenue Authority

## CHAPTER 3: TRADE IN SERVICES IN THE EAC

### 3.1 Global Trends and Prospects

After the pandemic-driven decline of 17.7 per cent in 2020, world services exports entered a recovery path in 2021 and 2022. Services exports increased by 15.1% in 2022 to US\$7.2 trillion and grew by a further 8.9% in 2023 to US\$7.9 trillion (*Figure 3.1*).

**Figure 3. 1: World Services Exports 2016 – 2023 (US\$ Trillion)**



Source: UNCTAD Statistics

In 2023, global services exports share of world GDP was 7.54 percent valued at US\$ 7.9 trillion increasing from 7.25 percent in 2022. Services share of total world trade in both goods and services in 2023 is projected grow to 25% increasing from 23% in 2022. Following the decline of travel and transport during the pandemic in 2020 international services flows have shown resilience recovering in 2022 and 2023 surpassing pre-pandemic levels (UNCTAD 2023).

#### 3.1.1 Trends of Global Trade in Services

Services exports continued its recovery across all groups of economies. Looking at the trends by development status and region, in 2023, a solid continuation of the recovery of services trade from 2022 was observed in all groups of economies, in developing more than in developed. Regionally Europe has the largest global share in trade in services valued at US\$3,880 billion accounting for 48.9 percent of the global market. Asia is second with a value of US\$2,399 billion representing 30.3 percent of the global market share. Americas was in the third position accounting for US\$1,404 billion representing 17.7 percent of the global market share. Africa was in the fourth position with the value of US\$151 billion representing 1.9 percent of the global market share.

**Table 3. 1: Global Service Exports by Economies, US\$ B**

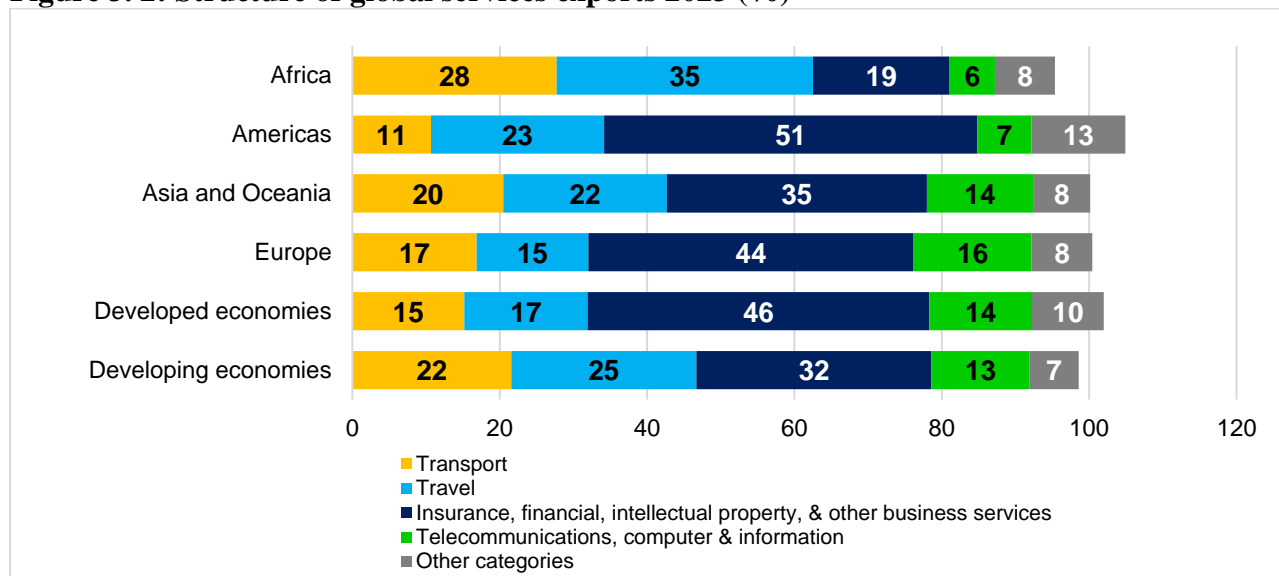
<b>Economy</b>	<b>Category</b>	<b>2021</b>	<b>2022</b>	<b>2023 (est)</b>	<b>% Share 2023</b>
Europe	Goods-related services	143.36	153.32	166.35	2.1
	Other services	2,223.05	2,218.39	2,460.64	31.0
	Transport	590.34	719.86	660.88	8.3
	Travel	302.77	490.42	591.82	7.5
	<b>Total</b>	<b>3,260</b>	<b>3,582</b>	<b>3,880</b>	<b>48.9</b>
Asia	Goods-related services	62.70	68.04	67.82	0.9
	Other services	1,108.16	1,215.86	1,305.51	16.5
	Transport	493.73	618.82	483.61	6.1
	Travel	159.51	309.82	542.29	6.8
	<b>Total</b>	<b>1,824</b>	<b>2,213</b>	<b>2,399</b>	<b>30.3</b>
Africa	Goods-related services	3.70	3.44	3.74	0.0
	Other services	41.27	45.70	49.18	0.6
	Transport	29.28	37.88	43.21	0.5
	Travel	27.32	45.32	54.93	0.7
	<b>Total</b>	<b>102</b>	<b>132</b>	<b>151</b>	<b>1.9</b>
Americas	Goods-related services	20.84	24.42	25.58	0.3
	Other services	819.47	866.88	899.11	11.3
	Transport	107.27	143.01	152.30	1.9
	Travel	138.13	253.35	327.17	4.1
	<b>Total</b>	<b>1,086</b>	<b>1,288</b>	<b>1,404</b>	<b>17.7</b>
Oceania	Goods-related services	0.06	0.05	0.03	0.0
	Other services	32.08	30.88	31.09	0.4
	Transport	4.25	6.13	8.50	0.1
	Travel	20.32	29.59	57.51	0.7
	<b>Total</b>	<b>56.70</b>	<b>67</b>	<b>97</b>	<b>1.2</b>
<b>Grand Total</b>		<b>6,328</b>	<b>7,281</b>	<b>7,931</b>	<b>100.0</b>

Source: UNCTAD statistics 2024

### Global trends by service category in 2022

Among main service categories, travel exports recorded increased growth of 33.9 percent from the high of 75% in 2022. However, transport services declined by -11.2 percent in 2023 from the 24 percent growth in 2022. Most other principal categories exhibited increases in 2023, while financial services exports recovered with a growth of 8.2 percent in 2023 from the decline of -3 percent the previous year. Transport and travel remained significant in services trade of developing economies of Africa and the Americas. They represented close to 40 percent of all services exported in 2023. In developed economies, travel and transport accounted for about a third of total services sold abroad.

**Figure 3. 2: Structure of global services exports 2023 (%)**



Source: UNCTAD Statistics

### World Trade in Services Annual Growth Rate

In Europe trade in services annual growth rate decreased to 8 percent in 2023 from 9 percent in 2022 which is a decline of 1 percent. In Asia, the annual growth rate was 8 percent in 2023 from 18% in 2022 representing a decline of 10 percent. In North America the growth rate declined to 7 percent in 2023 from 13 percent in 2022. Latin and Caribbean recorded a decline of the growth to 12 percent in 2023 from 27 in 2022. In Africa the annual growth rate declined to 12 percent in 2023 from 23 percent in 2022. Oceania, trade in services annual growth rate increased to 31 percent in 2023 from 15 percent in 2022.

**Figure 3. 3: Global services trade annual growth rate 2022 - 2023 (%)**



Source: UNCTAD Statistics

### Impact of Global Shocks on Services Trade

The COVID-19 pandemic further disrupted existing complex global supply chains most notably logistics and supply chain activities affecting the performance of industries worldwide. The pandemic-related lockdowns and border closings constrained the supply and delivery of services, raw materials, critical products and other consumables. These pandemic-related implications, combined with a labour shortage (for example, in the manufacturing, transportation and warehouse sectors), resulted in manufacturing inefficiency or shutdowns; congestion on maritime, air and terrestrial routes; and a global shortage of key logistics components.

Global supply chains more recently became subject to additional vulnerabilities with the war in Ukraine, conflict in the Red Sea, and geopolitical tensions reinforcing the need for companies and countries to rapidly build more resilient and diversified supply chains. The effects of the war on the supply and price of crude oil, natural gas, metals and agricultural commodities contributed to further global supply chain disruptions. Moreover, the destructive effect of the war further affected countries and industries that relied on the supply and delivery of key services and materials for manufacturing. Innovations and high-knowledge and technology-intensive industries<sup>3</sup> were especially vulnerable to global shocks, disrupting global services trade. The top 10 Industries with high level exposure to pandemics, geophysical events and trade disputes (*Figure 3.4*).

---

<sup>3</sup> Some high-technology and technology-intensive industries include computers and electronics, the automotive industry, electrical equipment, machinery and equipment, and chemicals and pharmaceutical products.

**Figure 3. 4: Industry Exposure to Shocks, selected industries**

COVID-19 pandemic		Trade disputes		Geophysical events	
Type of industry	Rank	Type of industry	Rank	Type of industry	Rank
Apparel <sup>a</sup>	1	Semiconductors and components <sup>b</sup>	1	Semiconductors and components <sup>b</sup>	1
Aerospace <sup>b</sup>	2	Communication equipment <sup>b</sup>	2	Communication equipment <sup>b</sup>	2
Furniture <sup>a</sup>	3	Medical devices <sup>b</sup>	3	Mining <sup>c</sup>	3
Petroleum products <sup>c</sup>	4	Pharmaceutical <sup>b</sup>	4	Computers and electronics <sup>b</sup>	4
Transportation equipment <sup>b</sup>	5	Aerospace <sup>b</sup>	5	Glass, cement and ceramics <sup>d</sup>	5
Automotive <sup>b</sup>	6	Automotive <sup>b</sup>	6	Chemical <sup>b</sup>	6
Textiles <sup>a</sup>	7	Machinery and equipment <sup>b</sup>	7	Transportation equipment <sup>b</sup>	7
Rubber and plastics <sup>d</sup>	8	Chemical <sup>b</sup>	8	Basic metal <sup>c</sup>	8
Machinery and equipment <sup>b</sup>	9	Computers and electronics <sup>b</sup>	9	Electrical equipment <sup>b</sup>	9
Mining <sup>c</sup>	10	Electrical equipment <sup>b</sup>	10	Petroleum products <sup>c</sup>	10

Source: UNCTAD *Economic Development in Africa Report 2023*

a Labour-intensive industry

b Global innovation industry

c Resource-intensive industry

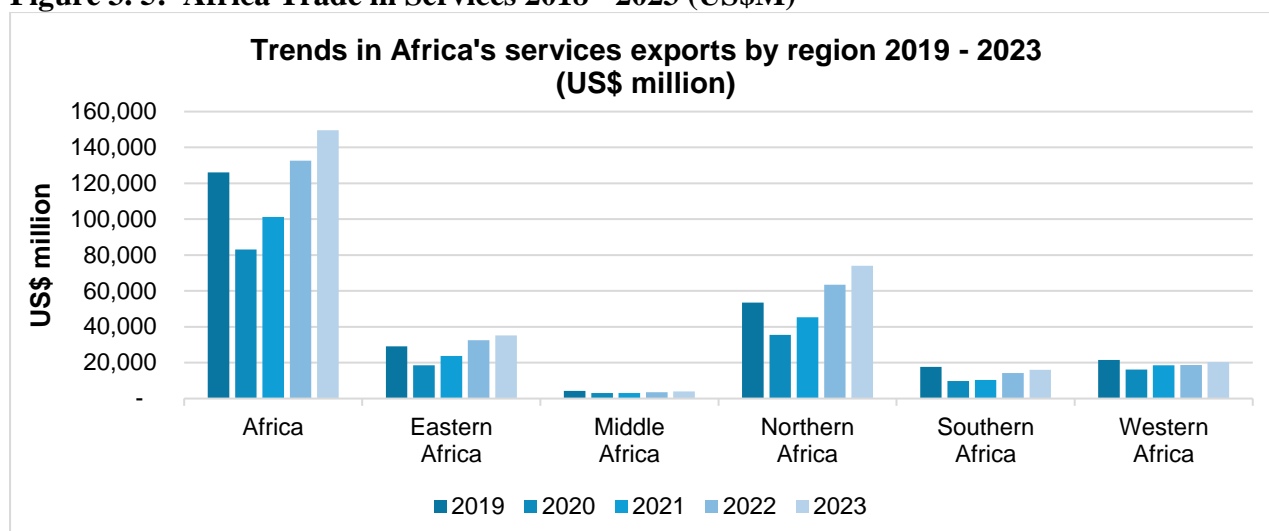
d Regional-processing industry

### 3.2 Trends of Africa's Trade in Services

African exports remain concentrated in a narrow range of commodities, with, however, some level of export diversification in a few African countries during the past decade. Services play a critical role in enhancing the diversity and quality of manufactured goods and in facilitating this process at the regional level. This is through linkages of services as inputs in the production and export of manufactured goods and commodities.

Africa services exports recovered gradually from the sharp drop in 2020 following the onset of the COVID-19 pandemic which affected all sectors of the economy, mainly transport and travel. Africa's services exports rebounded to US\$ 149 billion in 2023 from US\$ 132 billion in 2022, and US\$ 100 billion in 2021. Regionally North Africa contributed the largest share in Africa's overall services exports followed by Eastern Africa (*Figure 3.9*).

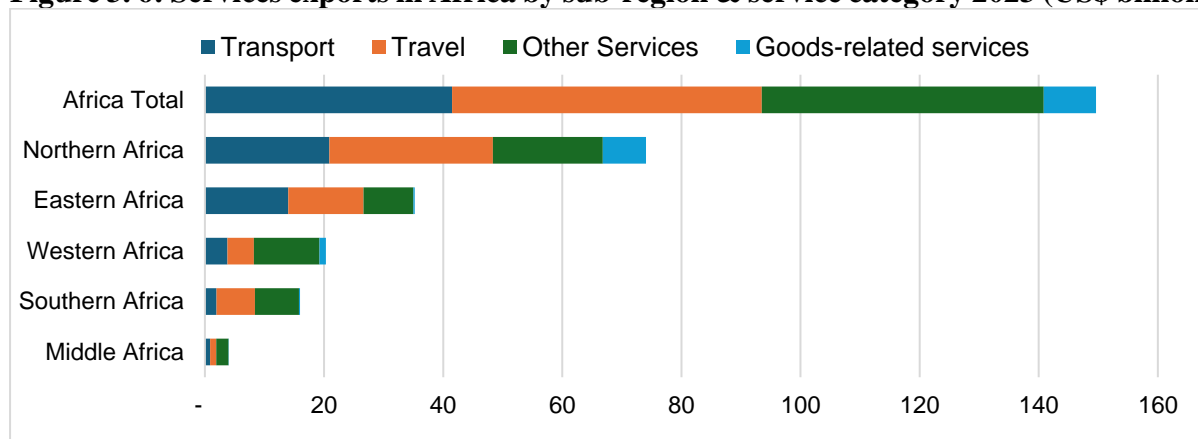
**Figure 3. 5: Africa Trade in Services 2018 - 2023 (US\$M)**



Source: UNCTAD Statistics

Africa only accounts for 1.9% of the global services exports largely dominated by travel which accounts for 0.7 percent (US\$ 54.93 billion) of global total services export. Other services exports accounted for 0.6 percent which is equivalent to US\$ 49.18 billion. Transport services exports accounted for 0.5 percent (US\$ 43.21 billion) in 2023. This indicates that Africa has not yet utilized the potential for growth and development offered by services trade.

**Figure 3. 6: Services exports in Africa by sub-region & service category 2023 (US\$ billion)**

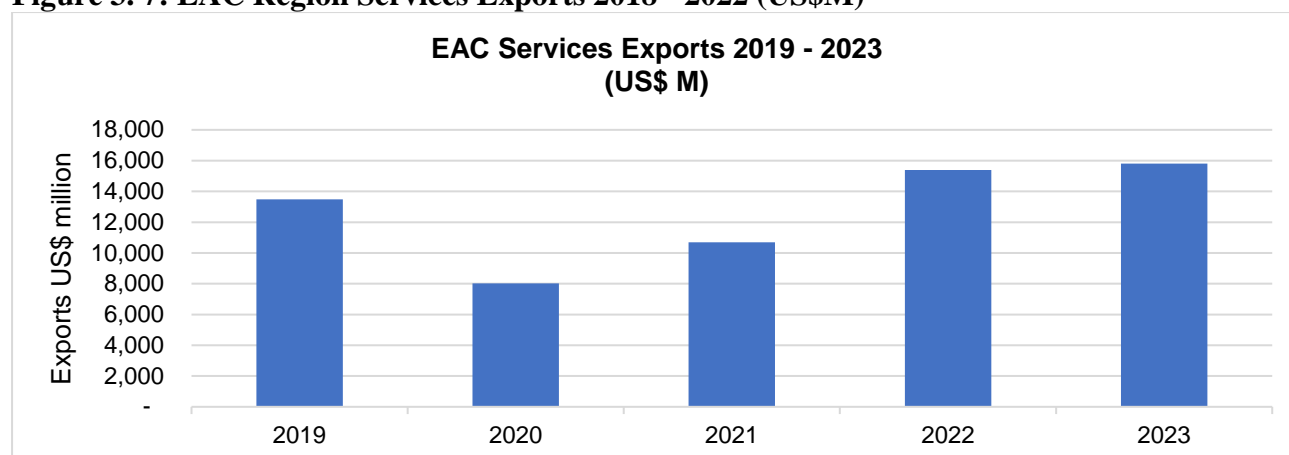


Source: UNCTAD Statistics

### 3.3 EAC Trade in Services

The EAC services outlook continued its post-pandemic recovery with trade in services exports increasing marginally by 3 percent in 2023 from a 28 percent growth in 2022, a US\$ 418 million increase in exports from 2022 maintaining steady pre-pandemic recovery (Figure 3.7). This growth has been driven by increased trade in travel, transportation, and financial services sub-sectors and the emerging demand for technology-enabled services. This highlights the potential of the services sector to be a key driver of economic development in the EAC.



**Figure 3. 7: EAC Region Services Exports 2018 - 2022 (US\$M)**

Source: UNCTAD 2024

Despite the sustained growth, global shocks continued to impact the EAC economies, with the war in Ukraine, Red Sea crisis and increasing geopolitical tensions globally, affecting the supply and price of crude oil, natural gas, metals and agricultural commodities resulting in rising commodity prices, high inflation and exchange rate depreciation. From *Table 3.2* below the Republics of Kenya, Rwanda, S. Sudan, URT and Uganda all recorded increased services exports in 2023 improving on the exports in 2022. However, exports declined in Kenya, as well as in the DRC in 2023 which was almost 50 percent. This highlights the increasing importance of the services sector in the EAC region and its growing position as an emerging major player in the services sector in Africa.

**Table 3. 2: EAC Region Services Exports 2018 - 2022 (US\$ million)**

Country	2018	2019	2020	2021	2022	2023
Burundi	105	78	86	84	82	108
Congo, Dem. Rep.	115	142	144	168	109	50
Kenya	5,477	5,601	3,724	4,628	6,926	5,443
Rwanda	914	1,015	521	579	883	1,043
South Sudan	148	157	154	411	842	842
Tanzania	4,015	4,281	2,184	3,228	4,762	6,261
Uganda	2,447	2,208	1,217	1,683	1,781	2,056

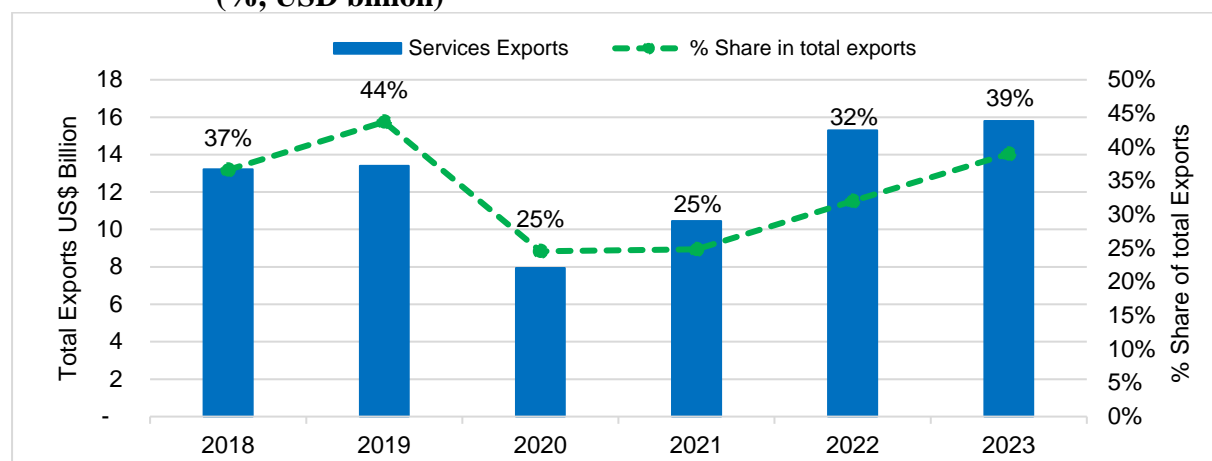
Source: UNCTAD Statistics

EAC economies continued their recovery from the post-pandemic effects coupled with the war in Ukraine. Services exports in the EAC continued its growth pattern in 2023 from 2022 (*Table 3.4*). Most notably in 2023 Tanzania (31.5%), Burundi (26.3%), Rwanda (18.4%) and Uganda (11.7) all recorded double digit growth in services exports. Kenya (-15.5%) and DRC (-27.9) registered a decline in exports with S. Sudan exports at the same levels in 2023 as in 2022.

Services share of total exports retained its constant growth in 2023, following the pandemic induced decline in 2020 (*Figure 3.8*). Services exports comprised 39 percent in 2022 from 32% in the previous year. This growth has been driven by the post-pandemic recovery of the transport and travel sectors in EAC economies in the period after 2020. The tourism industry

in the EAC region recovered strongly with increased tourist arrivals following lifting of COVID restrictions. Similarly, with the emergence of a growing middle class in the region demand for services such as transportation, communication, retail, banking, insurance and healthcare has also increased.

**Figure 3. 8: EAC Region Services Exports Share in total Regional Exports 2018 - 2023 (% , USD billion)**



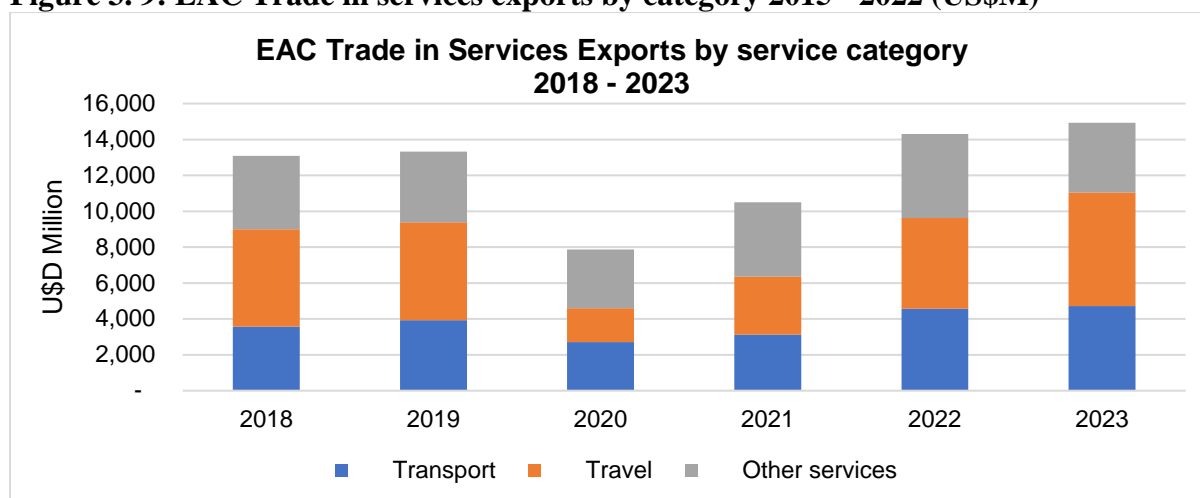
Source: Calculations from UNCTAD Statistics

In 2022 EAC travel exports increased 34 percent to US\$ 4.5 billion from US\$ 3.3 billion in 2021. In the same year transport services exports increased by 22 percent to US\$ 4.5 billion compared to US\$ 3.5 billion in 2021. Similarly, the other services category exports increased by 11 percent to US\$ 4.6 billion in 2022 from US\$ 4.1 billion in 2021.

Travel and other services categories were the top exported services by share in 2022 by the EAC (Figure 3.9). Travel services accounted for 46 percent of total services exports in 2023, increasing from 35 percent in 2022. Transport services was unchanged from the 2022 at 32 percent share in 2023. However, the other services category<sup>4</sup> share in total services exports declined to 26 percent in 2023, from 33 percent in 2022.

<sup>4</sup> For individual economies, other services are further split in construction, insurance and pension, financial services, intellectual property charges, telecommunication, computer, and information services, other business services, and personal, cultural, and recreational services

**Figure 3. 9: EAC Trade in services exports by category 2015 - 2022 (US\$M)**

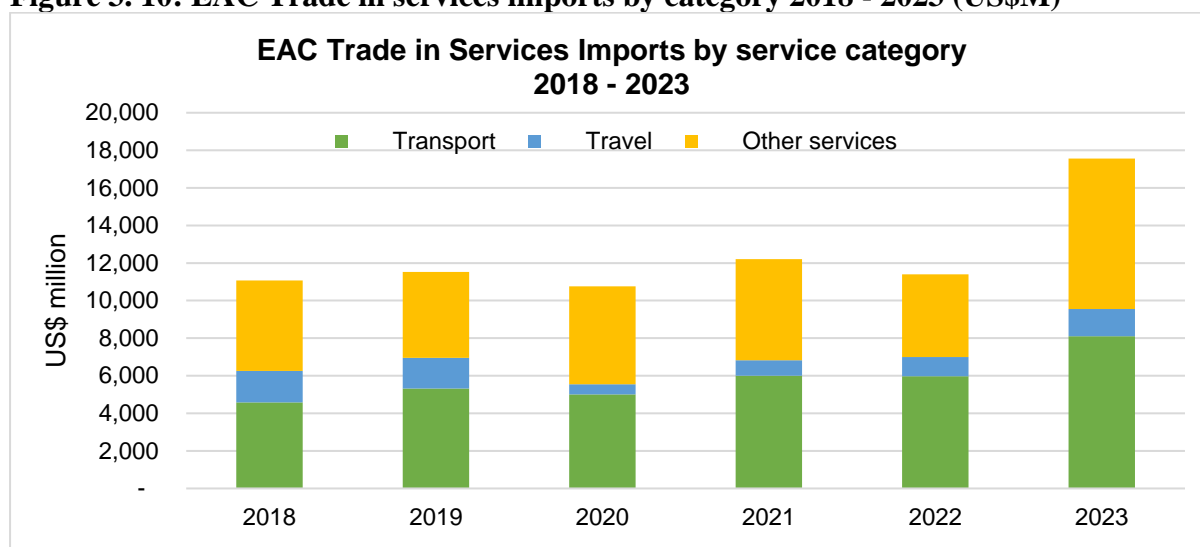


Source: UNCTAD Statistics

Finance and ICT services emerged as potential drivers of economic growth in the EAC region as these service activities and operations are reliant on professional and high-skill knowledge and high-technology. The growth of these two categories in the EAC has been driven by increased investment in technology, manufacturing capacities, labour force skills, infrastructure (transport and logistics), and reduced trade barriers. As a result, the region has witnessed an increasing demand for technology- and digitization-driven services with spillover effects in the form of technological advancement, innovation, and job creation opportunities.

Services imports into the EAC Region increased in 2023 by US\$ 6.1 billion to US\$ 17.7 billion a 35 percent growth. Imports were dominated in terms of percentage share of total services imports trade by transport services 46 percent (US\$ 8.1 billion), and other services 46% (US\$ 8.01 billion), in 2021 (Figure 3.10).

**Figure 3. 10: EAC Trade in services imports by category 2018 - 2023 (US\$M)**

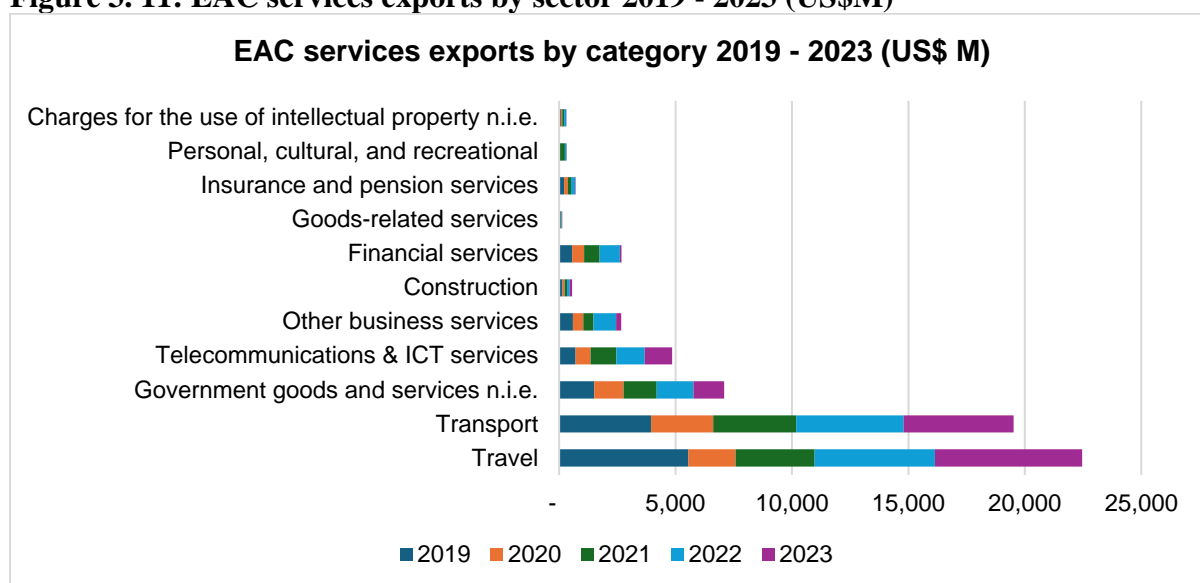


Source: UNCTAD Statistics

### EAC Trade in Priority Services Sectors

The services sector continues to be the driving force behind the post-pandemic recovery and economic growth of the EAC. Travel and transport services continue to be the two leading services sectors in 2023 (Figure 3.11). However, the remarkable post-pandemic growth of other sectors such as financial services, ICT, other business services (e.g. R&D, professional and technical services), insurance and pension services, highlights regional investments in economic diversification in the EAC are beginning to bear results.

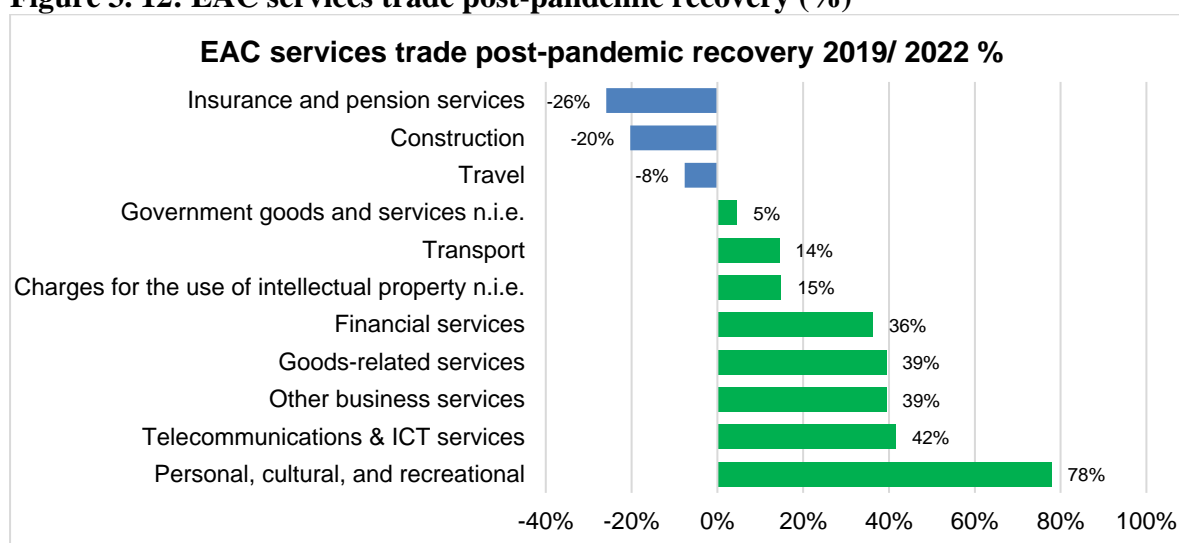
**Figure 3. 11: EAC services exports by sector 2019 - 2023 (US\$M)**



Source: UNCTAD Statistics

The services sector has greater potential for expansion and innovation beyond agriculture and mining, which are the traditional sources of income in East Africa. Figure 3.12 shows that the majority of EAC services sectors have recovered in 2023 surpassing pre-pandemic levels in 2019.

**Figure 3. 12: EAC services trade post-pandemic recovery 2019/ 2022 (%)**



Source: UNCTAD Statistics

### **3.3.1 New Opportunities for EAC Services Trade**

Global shocks and other geopolitical dynamics – the global financial and economic crisis, the pandemic and the war in Ukraine – continue to pose negative effects on the services sector in the EAC region which contributed almost half of GDP growth in 2023. These global shocks affect the reliability, cost-effectiveness and resilience of global supply chains in services resulting in industries and Governments adopting measures aimed at securing the supply of components in critical industries and reducing their dependence on a few suppliers and source markets. The increased interest in global supply chain diversification by switching to or expanding relationships with suppliers closer to the market served or suppliers located in regions and countries with shared values opens opportunities for the EAC economies to enhance their services trade through participation in global value chains (*UNCTAD 2023*).

#### *i. AfCFTA Potential for EAC*

The potential benefits of increased regional integration and the African Continental Free Trade Area provide an added advantage for the EAC countries to develop and strengthen regional supply chains, which can help foster their competitive position in global supply chains with enhanced opportunities for higher value capture and specialization. The African Continental Free Trade Area has the potential to bolster regional supply chains addressing many of the cross-border trade issues but will also create opportunities to enhance supply chain agility by embracing digitization and enabling innovations in supply chains. A host of other factors – demand, spatial, economic, political, trade, investment, social and environmental – can help the EAC position itself and become attractive destinations and supply partners in the drive to achieve supply chain diversification and resilience.

#### *ii. Technology supply-chains*

The high-technology supply chains involve a variety of economic activities and services and require many different inputs and raw materials. Although EAC countries are marginally integrated in the supply chains of high-technology intensive industries, except for the export of raw materials, there is potential for deeper substantive integration in local and regional supply chains.

Technology contributes to production efficiency, faster delivery, cost-effective product customization, enhanced information flows across supplier networks and increased supply chain integration. Digital platforms and technology-enabled services allow better integration and smooth coordination between different sectors and processes and across miles-away markets, thus facilitating supply chain diversification. In addition, various technology services, including supply chain connectivity and logistics, supply chain digitization, electronic data interchange, supply chain traceability software and smart services, enable supply chain resilience and sustainability.

The EAC region's information and communications sector is growing in sophistication facilitated by increased regional integration and infrastructure development improving its competitiveness and preparedness for the 4<sup>th</sup> Industrial Revolution.

### *iii. Innovative financial services*

The growing private in the EAC sector notably start-ups and SMEs has been identified as key to leveraging potential market-creating innovations. The growth of small and medium-sized enterprises has long been a strong driver of economic development and employment, while financial constraints have been shown to be barriers to innovation, which is necessary to improve long-run productivity levels. Financial services therefore are increasingly essential in driving investments into the EAC economies increasing regions attractiveness as an ideal destination for global manufacturers and suppliers.

Furthermore, the robust financial services sector in the EAC and been at the forefront of the technology boom enabling the private sector and micro, small and medium-sized enterprises, as well as banking and other financial institutions, to embed some of the new technologies, such as machine-to-machine communication, the Internet of things, cloud computing, big data analytics, the monetization of growth in data tracking, cybersecurity, advanced robotics, artificial intelligence, smart sensors, augmented and virtual reality, and three-dimensional printing. As a result, these technologies are transforming the EAC region into a competitive market in the continent.

### *iv. EAC Services Strategy*

The first EAC Trade in Services (TiS) Strategy 2023–2033 aims to enhance the service sector in the region and increase intra-EAC trade in services and exports of services to the continent and the world. EAC Partner States made commitments to liberalise a total of 136 sub-sectors in seven priority sectors: business, communications, distribution, education, finance, transport, and tourism and travel. The selection of the sectors was based mainly on their role as an intermediate input across the region’s economy, their degree of tradability, the extent to which they provide employment, and their prioritisation under the AfCFTA.

In addition to these sectors, five cross-cutting interventions have also been prioritised:

- Reinforce the (public and private) institutional framework for service sector development.
- Generate information to drive service policies and business strategies.
- Build the capacity of service sector firms to enhance export capability and competitiveness.
- Reinvigorate and broaden service integration and regulatory reform.
- Address horizontal restrictions.

## **3.4 Trade in Services in EAC Partner States**

### **3.4.1 Republic of Burundi**

#### **Burundi Global Trade in Services**

Burundi’s total services exports to RoW grew by 37.49 percent to US\$0.118 billion in 2023 from US\$0.086 billion in 2022, whereas total services imports increased by 6 percent to US\$0.361 billion in 2023 from US\$0.340 billion in 2022. Total trade in services grew by 12.51 percent to US\$0.48 billion in 2023 from US\$0.43 billion in 2022. Burundi registered a negative trade in services trade balance for two consecutive years; US\$0.243 billion in 2023 and US\$0.254 billion in 2022.

**Table 3.3: Burundi's Total Trade in Services with RoW; 2019-2023 (US\$ B)**

Service Category	2019	2020	2021	2022	2023	% Change	
						2022	2023
Total Services Exports	0.079	0.086	0.109	0.086	0.118	-21.16	37.49
Total Services Imports	0.256	0.241	0.287	0.340	0.361	18.40	6.19
<b>Total Trade in Services</b>	<b>0.335</b>	<b>0.327</b>	<b>0.397</b>	<b>0.426</b>	<b>0.480</b>	<b>7.51</b>	<b>12.51</b>
<b>Trade in Services Trade Balance</b>	<b>-0.177</b>	<b>-0.155</b>	<b>-0.178</b>	<b>-</b>	<b>-</b>	<b>42.64</b>	<b>-4.40</b>

Source: Banque De La Republique du Burundi

### 3.4.1.2.1 Burundi's Trade in Services by Category with RoW

#### Exports

In 2023 Burundi's services export sectors were transport which recorded US\$0.008 billion, travel US\$0.003 billion, business services US\$0.002 billion, telecommunications, computer and information services US\$0.005 billion, government services earned US\$0.041 billion, financial services recorded US\$0.003 billion).

#### Imports

Burundi imported from the RoW transport services valued at US\$0.227 billion in 2023 compared to US\$0.238 billion in 2022 registering a decline of 4.3 percent in 2023. Imports of postal and courier services recorded US\$0.001 billion in 2023 compared to US\$0.0012 billion in 2022 representing an increase of 1.1 percent. Imports of travel services recorded US\$0.033 billion, business services registered US\$0.023 billion, and refer to the table below for other service category performances.

**Table 3. 4: Burundi's Trade in Services by Category with RoW; 2019-2023 (US\$ B)**

SERVICE CATEGORY		2019	2020	2021	2022	2023	% Change	
							2022	2023
Transport	Trade Balance	-0.163	-0.162	-0.181	-0.234	-0.220	29.4	-6.0
	Export	0.002	0.002	0.003	0.004	0.008	29.9	94.1
	Import	0.165	0.164	0.184	0.238	0.227	29.4	-4.3
Postal and courier services	Trade Balance	-0.001	0.000	-0.000	-0.001	-0.001	94.9	8.8
	Export	0.000	0.000	0.000	0.000	0.000	-31.4	-33.5
	Import	0.001	0.000	0.000	0.001	0.001	46.1	1.1
Travel	Trade Balance	-0.023	-0.011	-0.018	-0.023	-0.030	27.7	27.2
	Export	0.002	0.001	0.001	0.003	0.003	368.2	5.3
	Import	0.025	0.012	0.019	0.026	0.033	38.1	25.0
Business	Trade Balance	-0.014	-0.004	-0.009	-0.014	-0.021	64.2	51.2
	Export	0.000	0.000	0.000	0.001	0.002	406.9	98.8
	Import	0.015	0.004	0.009	0.015	0.023	70.6	53.8
Personal	Trade Balance	-0.009	-0.007	-0.010	-0.009	-0.009	-3.9	-8.4
	Export	0.002	0.001	0.000	0.002	0.001	353.0	-35.7

SERVICE CATEGORY		2019	2020	2021	2022	2023	% Change	
							2022	2023
	<i>Import</i>	0.011	0.007	0.010	0.011	0.010	10.5	-12.9
Health-related	Trade Balance	-0.001	-0.001	-0.001	-0.000	-0.000	-87.4	492.4
	<i>Export</i>	0.000	0.000	0.000	0.001	0.001	467.0	-10.8
	<i>Import</i>	0.001	0.001	0.001	0.001	0.001	40.8	23.8
Education-related	Trade Balance	-0.008	-0.006	-0.009	-0.009	-0.008	2.9	-11.5
	<i>Export</i>	0.000	0.000	0.000	0.000	0.000	133.9	-46.7
	<i>Import</i>	0.008	0.006	0.009	0.010	0.008	5.0	-12.7
Construction	Trade Balance	-0.016	-0.012	-0.033	-0.027	-0.027	-15.8	-1.7
	<i>Export</i>	-	-	-	-	0.000	0	0
	<i>Import</i>	0.016	0.012	0.033	0.027	0.027	-15.8	-0.5
Financial services	Trade Balance	-0.000	-0.000	0.002	0.003	0.002	20.1	-24.2
	<i>Export</i>	0.000	0.000	0.003	0.003	0.003	11.3	-16.5
	<i>Import</i>	0.001	0.001	0.001	0.000	0.001	-27.9	40.4
Telecommunications, computer, and information services	Trade Balance	-0.007	-0.006	-0.007	-0.010	-0.010	54.5	-1.1
	<i>Export</i>	0.003	0.004	0.003	0.004	0.005	8.3	33.4
	<i>Import</i>	0.010	0.010	0.010	0.014	0.015	39.3	7.8
Telecommunications services	Trade Balance	-0.004	-0.001	-0.000	-0.001	-0.003	7,825.6	138.1
	<i>Export</i>	0.002	0.003	0.002	0.003	0.002	15.5	-11.7
	<i>Import</i>	0.006	0.004	0.002	0.004	0.005	63.1	32.6
Computer services	Trade Balance	-0.002	-0.004	-0.006	-0.009	-0.007	40.9	-19.5
	<i>Export</i>	0.001	0.001	0.001	0.001	0.002	-19.9	270.2
	<i>Import</i>	0.003	0.005	0.007	0.010	0.009	34.9	-2.5
Information services	Trade Balance	-0.000	-0.000	-0.000	0.000	0.000	-120.4	-26.4
	<i>Export</i>	0.000	0.000	0.000	0.000	0.000	30.9	-11.1
	<i>Import</i>	0.000	0.000	0.000	0.000	0.000	-63.8	-5.7
Government goods and services n.i.e.	Trade Balance	0.046	0.040	0.053	0.027	0.047	-48.5	70.1
	<i>Export</i>	0.055	0.055	0.068	0.041	0.061	-39.8	47.7
	<i>Import</i>	0.010	0.016	0.015	0.014	0.014	-9.1	2.9

Source: Banque De La Republique du Burundi

### 3.4.2 Republic of Kenya

#### 3.4.2.1 Kenya's Trade in Services by Category with RoW

Kenya's total services exports to RoW declined by 16.44 percent to US\$ 5.45 billion in 2023 from US\$6.53 billion in 2022, whereas total services imports declined by 8.16 percent to US\$4.82 billion in 2023 from US\$ 5.25 billion in 2022. Total trade in services dropped by 12.75 percent to US\$1,992 billion in 2023 in 2023 from US\$1,759 billion in 2022.



**Table 3.5: Kenya's Total Trade in Services with RoW; 2019-2023 (US\$ B)**

Service Category	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>Total Services Exports</b>	5.60	3.66	5.01	6.53	5.45	30.28	-16.44
<b>Total Services Imports</b>	3.85	3.33	4.06	5.25	4.82	29.47	-8.16
<b>Total Trade in Services</b>	0.0095	0.0070	0.0091	0.0118	0.0103	29.91	-12.75
<b>Trade in Services Trade Balance</b>	0.0017	0.0003	0.0010	0.0013	0.0006	33.72	-50.50

Source: KNBS Economic Survey 2024

### Exports

Kenya's overall earnings from trade in services declined in 2023 compared to 2022 due to global economic challenges. Despite certain sectors showing robustness, the overall earnings were lower, driven by decreased revenues from key areas like travel and transport. Revenue from transport services decreased to \$2.02 billion in 2023 from \$2.45 billion in 2022. The sector faced challenges such as increased operational costs and fluctuating demand. However, the financial services sector remained robust, driven by the growth of mobile money and other digital financial services.

### Import

Kenya's import of trade in services declined to \$ 4.8 billion in 2023 from \$ 5.3 billion in 2022. The reduction was attributed to global economic challenges and a decrease in demand for certain services. The main categories of imported services included transport (\$ 1.72 billion), travel (\$0.14 billion), and other business services (\$1.53 billion). Transport services accounted for a significant portion of these imports due to Kenya's position as a regional trade hub and its need for logistics and shipping services. Other notable imports included travel services, driven by business travel and tourism, as well as financial and insurance services.

**Table 3. 6: Kenya's Trade in Services by Sector with RoW; 2019-2023 (US\$ B)**

SERVICE CATEGORY		2019	2020	2021	2022	2023	% Change	
							2022	2023
<b>Transport</b>	Trade Balance	0.73	(0.03)	0.06	0.28	0.31	343.82	11.43
	Export	2.18	1.08	1.63	2.42	2.02	48.39	-16.52
	Import	1.45	1.12	1.57	2.15	1.72	36.72	-20.10
<b>Travel</b>	Trade Balance	0.81	0.44	0.71	0.95	0.88	34.16	-7.77
	Export	1.01	0.54	0.84	1.11	1.02	31.27	-7.93
	Import	0.20	0.11	0.13	0.15	0.14	15.81	-8.89
<b>Construction</b>	Trade Balance	(0.40)	(0.40)	(0.33)	(0.32)	(0.28)	-2.09	-12.86
	Export	-	-	-	-	-	0.00	0.00
	Import	0.40	0.40	0.33	0.32	0.28	-2.09	-12.86
<b>Insurance &amp; pension</b>	Trade Balance	0.04	0.03	(0.04)	(0.14)	(0.29)	217.37	111.26
	Export	0.16	0.13	0.11	0.13	0.13	18.35	-4.88
	Import	0.13	0.11	0.16	0.27	0.42	74.00	54.36
	Trade	0.26	0.18	0.28	0.37	0.40	30.03	9.61

SERVICE CATEGORY		2019	2020	2021	2022	2023	% Change	
							2022	2023
Financial services	Balance							
	Export	0.48	0.42	0.55	0.73	0.80	32.09	10.45
	Import	0.22	0.24	0.27	0.36	0.40	34.24	11.30
Telecoms & info services	Trade Balance	0.57	0.50	0.90	0.95	0.67	5.74	-30.03
	Export	0.63	0.57	0.97	1.04	0.77	7.62	-26.40
	Import	0.05	0.06	0.07	0.09	0.10	32.46	11.93
Other business services	Trade Balance	(0.88)	(0.97)	(1.14)	(1.57)	(1.49)	37.00	-5.10
	Export	0.08	0.05	0.05	0.06	0.05	3.92	-13.04
	Import	0.96	1.02	1.20	1.62	1.53	35.51	-5.37
Government services	Trade Balance	0.71	0.64	0.56	0.75	0.51	34.20	-32.79
	Export	0.97	0.79	0.76	0.93	0.61	22.42	-34.98
	Import	0.26	0.15	0.20	0.18	0.10	-10.63	-44.23

Source: Central Bank of Kenya

### 3.4.3 Republic of Rwanda

#### 3.4.3.1 Rwanda Global Trade in Services with RoW

Rwanda's total services exports to RoW grew by 18.39 percent to US\$1.043 billion in 2023 from US\$0.881 billion in 2022, whereas total services imports increased by 8.1 percent to US\$0.948 billion in 2023 from US\$0.878 billion in 2022. Total trade in services grew by 13.24 percent to US\$1,992 billion in 2023 from US\$1,759 billion in 2022. Rwanda registered a positive trade in services trade balance for two consecutive years; US\$0.004 billion in 2022 and US\$0.095 billion in 2023.

**Table 3.7: Rwanda's Total Trade in Services with RoW; 2019-2023 (US\$ B)**

Service Category	2019	2020	2021	2022	2023	% Change	
						2022	2023
Total Services Exports	1.015	0.521	0.576	0.881	1.043	52.89	18.39
Total Services Imports	1.033	0.520	0.701	0.878	0.948	25.24	8.07
<b>Total Trade in Services</b>	<b>2.047</b>	<b>1.041</b>	<b>1.277</b>	<b>1.759</b>	<b>1.992</b>	<b>37.72</b>	<b>13.24</b>
<b>Trade in Services Trade Balance</b>	<b>(0.018)</b>	<b>0.002</b>	<b>(0.124)</b>	<b>0.004</b>	<b>0.095</b>	<b>(102.85)</b>	<b>2,574.79</b>

Source: National Bank of Rwanda

### Rwanda Trade in Services by Category

#### Exports

Rwanda's services sector continued to grow in 2023 and showed and the key sectors that drove growth were travel (US\$0.056 billion), educational services (US\$0.044 billion), telecommunications, computer and information services (US\$0.032 billion), government services (US\$0.025 billion), financial services (US\$0.025 billion), transport (US\$0.017 billion), and business services (US\$0.014 billion). The travel sector was the main leading foreign exchange earner in 2023.

### **Imports**

Rwanda imported from the RoW transport services valued at US\$0.409 billion in 2023 compared to US\$0.459 billion in 2022 registering a decline of 10 percent in 2023. Imports of travel services recorded US\$0.356 billion in 2023 compared to US\$0.272 billion in 2022 representing a 30.78 percent. Imports of business services increased by 24.47 percent in 2023 to US\$0.193 billion in 2023 from US\$0.155 billion in 2022. Personal services registered an increase of 39.67 percent to US\$0.162 billion in 2023 from US\$0.116 billion in 2022.

**Table 3. 8: Rwanda's Trade in Services by Sector with RoW; 2019-2023 (US\$ B)**

SERVICE CATEGORY		2019	2020	2021	2022	2023	% Change	
							2022	2023
<b>Transport</b>	Trade Balance	-0.238	-0.180	-0.187	-0.224	-0.239	19.82	6.59
	<i>Export</i>	0.213	0.107	0.146	0.235	0.170	60.70	-27.57
	<i>Import</i>	0.451	0.287	0.333	0.459	0.409	37.74	-10.88
<b>Postal and courier services</b>	Trade Balance	0.004	0.001	-0.001	-0.001	-0.002	27.57	8.23
	<i>Export</i>	0.006	0.002	0.000	0.000	0.001	27.57	8.23
	<i>Import</i>	0.002	0.001	0.002	0.002	0.002	27.57	8.23
<b>Travel</b>	Trade Balance	0.122	0.016	-0.039	0.129	0.208	-427.15	61.79
	<i>Export</i>	0.458	0.120	0.150	0.400	0.564	167.02	40.88
	<i>Import</i>	0.336	0.104	0.189	0.272	0.356	43.57	30.98
<b>Business</b>	Trade Balance	0.014	-0.005	-0.048	-0.032	-0.057	-33.01	79.72
	<i>Export</i>	0.133	0.030	0.049	0.123	0.136	150.37	10.17
	<i>Import</i>	0.119	0.035	0.097	0.155	0.193	60.19	24.47
<b>Personal</b>	Trade Balance	0.108	0.021	0.008	0.161	0.265	1,815.07	65.36
	<i>Export</i>	0.325	0.091	0.101	0.277	0.428	175.17	54.57
	<i>Import</i>	0.217	0.069	0.092	0.116	0.162	26.11	39.67
<b>Health-related</b>	Trade Balance	-0.015	-0.003	-0.002	-0.002	-0.001	-7.14	-23.93
	<i>Export</i>	0.003	0.001	0.001	0.001	0.003	16.16	211.79
	<i>Import</i>	0.018	0.004	0.003	0.003	0.005	0.65	67.08
<b>Education-related</b>	Trade Balance	-0.101	-0.029	-0.019	0.023	0.021	-218.88	-10.41

SERVICE CATEGORY		2019	2020	2021	2022	2023	% Change	
							2022	2023
	<i>Export</i>	0.012	0.011	0.027	0.033	0.044	19.74	35.73
	<i>Import</i>	0.112	0.039	0.047	0.010	0.024	-79.09	144.34
<b>Construction</b>	Trade Balance	0.030	0.011	-0.010	-0.014	-0.026	32.96	91.62
	<i>Export</i>	0.039	0.014	0.003	0.004	0.005	28.10	6.02
	<i>Import</i>	0.009	0.003	0.014	0.018	0.031	31.76	71.13
<b>Financial services</b>	Trade Balance	0.010	0.007	-0.026	0.009	-0.001	-135.07	-114.65
	<i>Export</i>	0.014	0.013	0.016	0.017	0.025	8.28	51.40
	<i>Import</i>	0.004	0.006	0.042	0.008	0.027	-81.56	249.28
<b>Telecommunications, computer, and information services</b>	Trade Balance	0.003	0.004	0.007	0.004	0.008	-45.59	113.65
	<i>Export</i>	0.020	0.021	0.028	0.026	0.032	-5.19	21.51
	<i>Import</i>	0.016	0.017	0.021	0.023	0.024	8.04	6.31
<b>Telecommunications services</b>	Trade Balance	0.003	0.003	0.006	0.003	0.007	-52.54	133.38
	<i>Export</i>	0.018	0.019	0.026	0.024	0.029	-6.19	21.42
	<i>Import</i>	0.016	0.016	0.020	0.021	0.023	8.04	6.31
<b>Computer services</b>	Trade Balance	0.000	0.000	0.001	0.001	0.001	7.72	43.26
	<i>Export</i>	0.001	0.001	0.002	0.002	0.002	7.89	22.55
	<i>Import</i>	0.001	0.001	0.001	0.001	0.001	8.01	6.29
<b>Information services</b>	Trade Balance	0.000	0.000	0.000	0.000	0.000	7.51	65.56
	<i>Export</i>	0.000	0.000	0.000	0.001	0.001	7.90	22.36
	<i>Import</i>	0.000	0.000	0.000	0.000	0.000	8.04	6.31
<b>Government services</b>	Trade Balance	0.146	0.191	0.177	0.156	0.209	-12.12	34.35
	<i>Export</i>	0.268	0.245	0.232	0.197	0.245	-15.16	24.61
	<i>Import</i>	0.123	0.053	0.054	0.041	0.036	-25.03	-12.56

Source: National Bank of Rwanda

### 3.4.4 United Republic of Tanzania

Tanzania's Global Trade in Services

## Exports

In 2023, the revenue generated by the services business was worth US\$6.28 billion compared to US\$ 4.76 billion in 2022 representing an increase of 32 percent. 3476 million. Travel services was the leading sector with US\$3.37 billion in 2023 compared to US\$ 2.52 billion in 2022. Transport services was the second worth US\$2.42 billion in 2023 while in 2022 it was US\$1.87 billion representing an increase of 29.6 percent. Other services generated US\$0.48 billion in 2023 from US\$0.36 billion in 2022 representing an increase of 34.8 percent.

## Imports

In 2023, transport services were the leading major imports accounting for US\$1.31 billion from US\$1.37 billion in 2022 representing a decline of 4.98 percent. Other services accounted for US\$ 0.06 billion in 2023 from US\$0.73 billion in 2022 representing a decline 16.93 percent. Tanzania recorded a positive trade balance with the Rest of the World of US\$3.95 billion in 2023 compared to US\$2.29 billion in 2022 which was an increase of 72.26 percent.

**Table 3. 9: Tanzania's Trade in Services Total Exports to RoW; 2019-2023 (US\$ B)**

Services Category	2019	2020	2021	2022	2023	% Change	
						2022	2023
<b>Services: Exports</b>	<b>4.281</b>	<b>2.184</b>	<b>3.118</b>	<b>4.762</b>	<b>6.286</b>	<b>52.74</b>	<b>32.00</b>
Transport	1.350	1.282	1.558	1.872	2.426	20.14	29.60
Travel	2.604	0.715	1.310	2.528	3.374	92.91	33.47
Other	0.326	0.187	0.249	0.362	0.486	45.33	34.18
<b>Services: Imports</b>	<b>1.788</b>	<b>1.319</b>	<b>1.607</b>	<b>2.465</b>	<b>2.330</b>	<b>53.41</b>	<b>-5.50</b>
Transport	0.683	0.607	0.806	1.378	1.310	70.93	-4.98
Travel	0.651	0.204	0.196	0.357	0.414	82.16	15.84
Other	0.454	0.508	0.604	0.730	0.606	20.71	-16.93
<b>Trade Balance on Trade in Services</b>	<b>2,493</b>	<b>865</b>	<b>1,511</b>	<b>2,297</b>	<b>3,956</b>	<b>52.02</b>	<b>72.26</b>

Source: Bank of Tanzania

### 3.4.5 Republic of Uganda

The economy grew 5.3% in 2022/23 from 4.6% the previous year, with this growth driven by the services and industry sectors, particularly trade, manufacturing and construction. The services sector grew 6.2% in the same period 2.1% points higher than the previous year's growth, largely due to the expansion of trade and repair activities which contributed 8.3% to the sector growth. Real estate activities and education activities also contributed to growth of the services sector. Financial services continue to be a key driver of economic growth with access to financial services at 66% largely enabled by mobile money penetration.

Total services trade grew moderately in 2022 by 3% valued at US\$ 5 billion increasing by US\$ 166 million from the previous year (*Table 3.10*). During the same year growth in services exports were higher at 6% compared to imports growth at 2%. Services imports continued to dominate trade driven by increased activity in the construction and financial services sub-sectors.

**Table 3. 10: Total Trade in Services in Uganda 2019 - 2023 (US\$M)**

Category	2019	2020	2021	2022	2023	% Change 2021/22
Total Services Exports	2,208	1,217	1,683	1,781		6%
Total Services Imports	2,945	3,099	3,164	3,232		2%
Total Services	5,153	4,316	4,847	5,013		3%

Source: OECD-WTO Balanced Trade in Services (BaTIS) Database

### Uganda Trade in Services by Composition

#### Exports

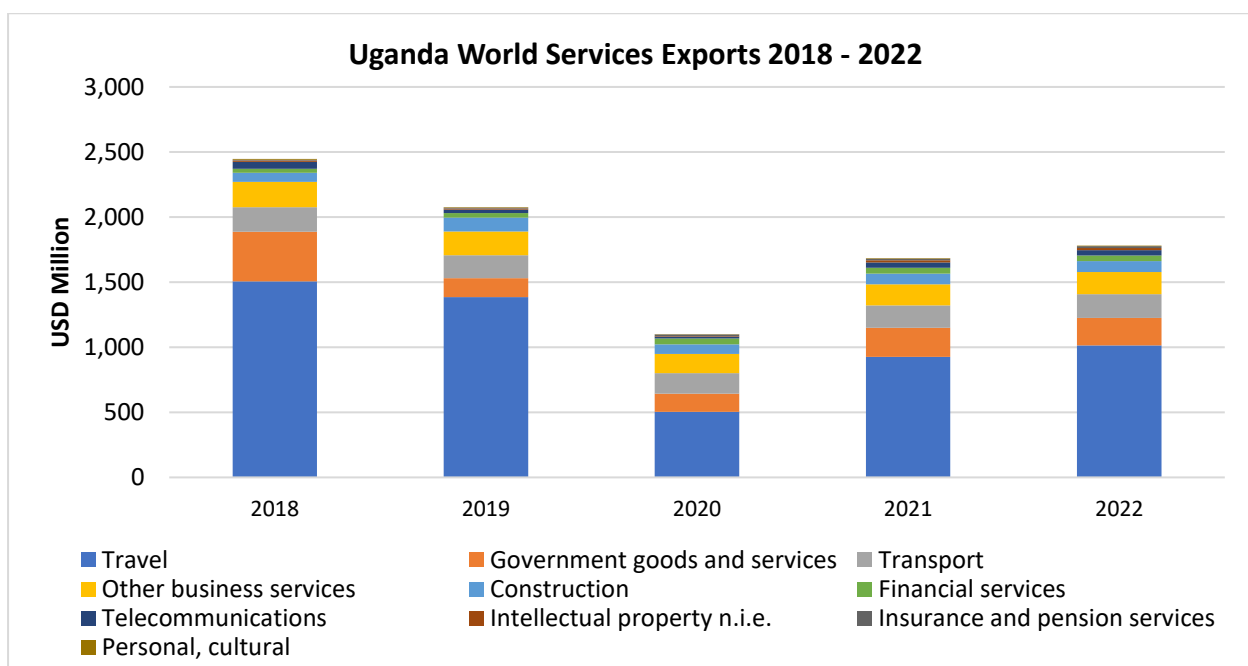
Uganda's services exports increased by 6% from US\$ 1.6 billion in 2021, to US\$ 1.7 billion in 2022. Table 3.30 indicates that in 2021, by value share travel services contributed 57%, government goods and services 11.9%, and Transport 10.2%, were the major sectors involved in exportation of services. Travel services increased to US\$ 1.01 billion in 2022 from US\$ 927 million in 2021, while government goods and services declined from US\$ 221 million in 2021 to US\$ 212 million in 2022. Other notable gainers were other business services and construction respectively.

**Table 3. 11: Top services exported to the world by Uganda in 2021 (US\$ million)**

Rank	EBOPS Service Type	2021	2022	% of total services exported
1	Travel	927	1,014	57.0%
2	Government goods and services n.i.e.	221	212	11.9%
3	Transport	174	181	10.2%
4	Other business services	162	170	9.5%
5	Construction	81	84	4.7%
<b>All services exported</b>		<b>1,683</b>	<b>1,781</b>	<b>100.0%</b>

Source: OECD-WTO Balanced Trade in Services (BaTIS) Database & UNCTAD Statistics

**Figure 3. 13: Uganda World Services Exports 2018-2022 (US\$ million)**



Source: OECD-WTO Balanced Trade in Services (BaTIS) Database & UNCTAD Statistics

### Imports

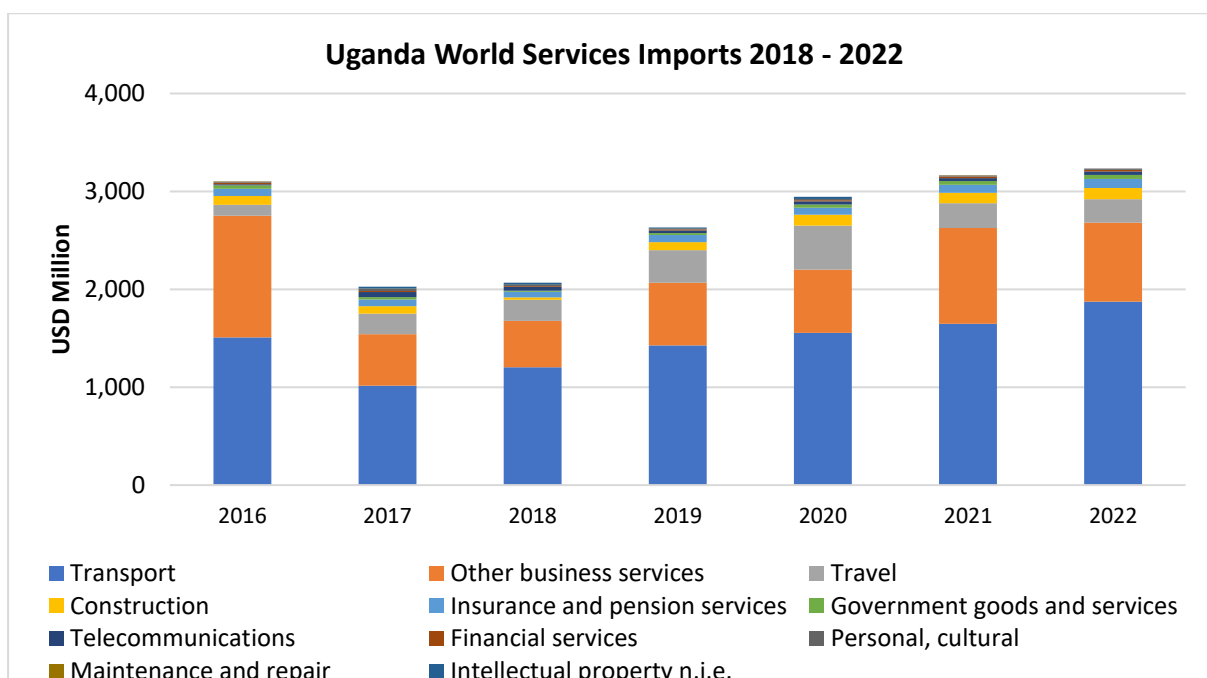
In 2022 services imports accounted for 64% (US\$ 3,2 billion) of total services trade continuing the trend from the previous year. Uganda's services imports increased marginally by 2% in 2022, dominated by transport (58%) and other business services (24.9%) (Table 3.12). These two categories accounted for over 80% percent of total imports services in 2022 with a combined value of US\$ 2.7 billion. Transport services increased from US\$ 1.6 billion in 2021 to US\$ 1.9 billion in 2022, while other business services imports declined from US\$ 0.9 billion in 2021 to US\$ 0.8 billion in 2022. The other sub-sector services imports all remained relatively the same in 2022 compared to the previous year except for insurance and pension services.

**Table 3. 12: Top services imported from the world by Uganda in 2021 (US\$ billion)**

Rank	EBOPS Service Type	2021	2022	% of total services imported
1	Transport	1.6	1.9	58.0%
2	Other business services	0.9	0.8	24.9%
3	Travel	0.2	0.2	7.4%
4	Construction	0.1	0.1	3.2%
5	Insurance and pension services	0.08	0.1	3.1%
<b>All services imported</b>		<b>3.1</b>	<b>3.2</b>	<b>100.0%</b>

Source: OECD-WTO Balanced Trade in Services (BaTIS) Database

**Figure 3. 14: Uganda World Services Imports 2018-2022 (US\$ million)**

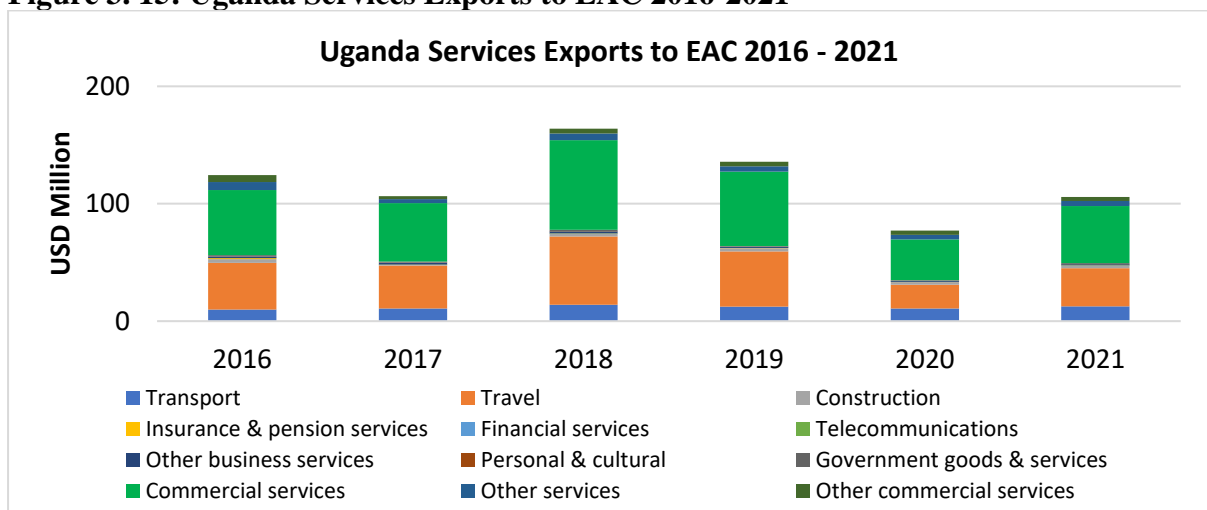


Source: OECD-WTO Balanced Trade in Services (BaTIS) Database

### Uganda Intra-EAC Trade in Services

In 2019 30.4 percent of Uganda's services were exported to East African Community, 32.6 percent to Other African countries not in EAC, 21.8 percent to the European Union ,8.6 percent to the North America/Caribbean and 6.5 percent to unidentified regions. In 2021, majority of Uganda's services exports to the EAC were to Kenya (71%), and Uganda (11%), DRC, Rwanda and Burundi combined contributed 18%. Travel and transport services were the two main economic sector services exported by Uganda to the EAC region. Travel services in the period increased from US\$ 20.1M in 2020 to US\$ 32.6M in 2021. Travel services grew 16% to US\$ 12.6M in 2021 from US\$ 10.85M in 2020.

**Figure 3. 15: Uganda Services Exports to EAC 2016-2021**

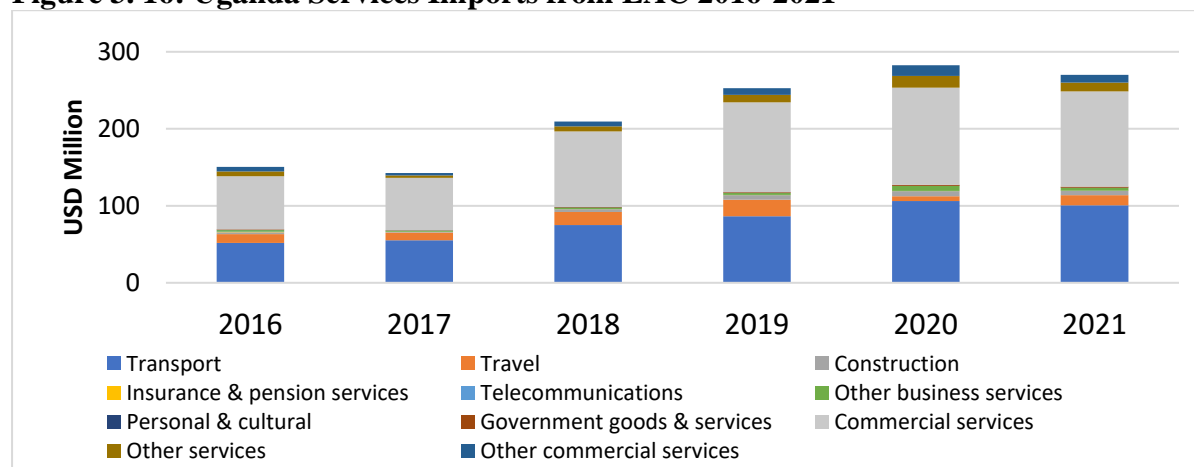


Source: OECD-WTO Balanced Trade in Services (BaTIS) Database



Uganda’s services imports from the EAC contracted by 4% to US\$ 269.9M in 2021 from US\$ 282.4M in 2020. Transport services imports reduced from US\$ 106.2M in 2020 to US\$ 100.5M in 2021. On the other hand, travel services imports increased twofold from US\$ 6.04M in 2020 to US\$ 13.18M in 2021 (*Figure 3.37*).

**Figure 3. 16: Uganda Services Imports from EAC 2016-2021**



Source: OECD-WTO Balanced Trade in Services (BaTIS) Database

### 3.4.6 Democratic Republic of Congo

In recent years, DRC has been a net exporter of goods and a net importer of services, especially with its top trading partners. DRC trade in services continued its upward trend in 2022 dominated by imports. The top services imported in 2021 were other services, transportation, other business services, insurance and pension services and Government services, n.i.e. On the other hand, the top services exported in 2020 were business travel, other services, government services, n.i.e., transportation, telecommunications, and financial services.

**Table 3. 13: Total Trade in Services in DRC 2019 - 2023 (US\$M)**

Category	2019	2020	2021	2022	2023	% Change 2021/ 22
Total Services Exports	142	144	169	109		12%
Total Services Imports	2,260	2,691	3,948	4,492		11%
Total Services	2,402	2,835	4,117	4,601		11%

Globally DRC was a net importer of services in 2021. The top trading partners for services with DRC in the world were the USA, UK, China, Japan and France (*Figure 3.38*). Despite the vast potential for services in DRC the Covid-19 pandemic in 2020 halted the manufacturing sector, led to the closure of several companies and weakened demand in transport services, manufacturing and retail sectors in DRC greatly affecting the sector.

### DRC Trade in Services by Composition

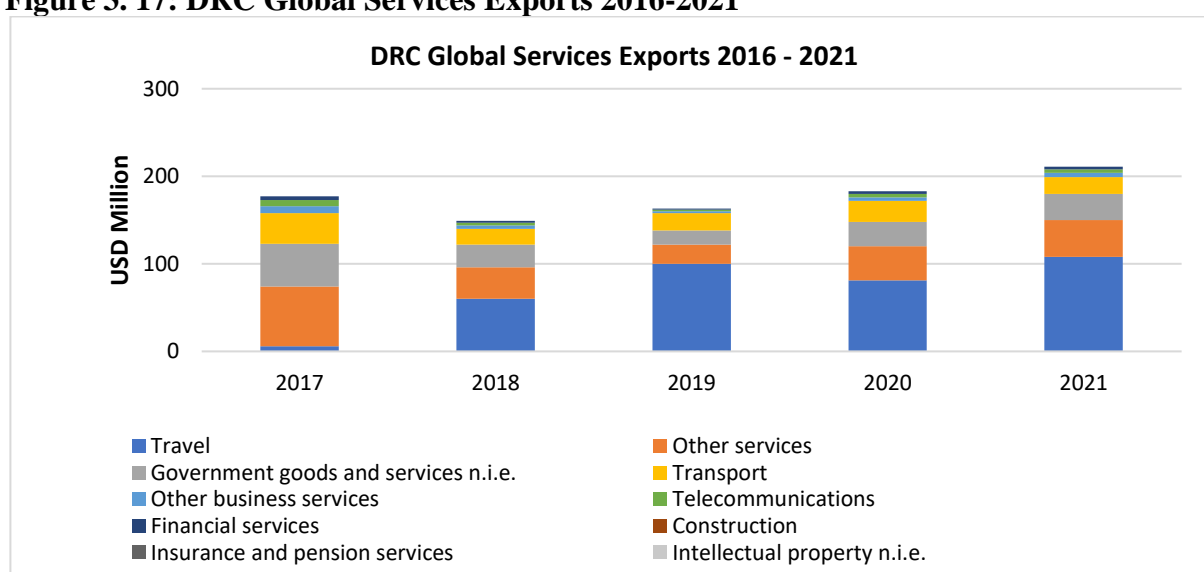
DRC services exports to global trading partners were primarily three categories namely transport, travel and government services. Travel services grew from US\$ 80.8M in 2020 to US\$ 107.7M in 2021 illustrating the country’s great assets as a tourism destination. Transport services exports however declined from US\$ 23.5M in 2020 to US\$ 19.2M in 2021 (*Table 3.14*). This decline can be attributed to the lingering effects of the pandemic on movement of

goods and services. Despite the negative effects, investments in the services sector (transport, telecommunications and financial services), and in infrastructure upgrading, have enabled the sector to rebound gradually from the pandemic induced decline.

**Table 3. 14: Top services exported to the world by DRC in 2021**

Rank	EBOPS Service Type	\$USD million	% of total services exported
1	Travel	107.7	64%
2	Government goods and services n.i.e.	30.3	18%
3	Transport	19.2	11%
4	Other business services	4.7	3%
5	Telecommunications, ICT, services	4.1	2%
<b>All services exported</b>		<b>168.7</b>	<b>100.0%</b>

**Figure 3. 17: DRC Global Services Exports 2016-2021**



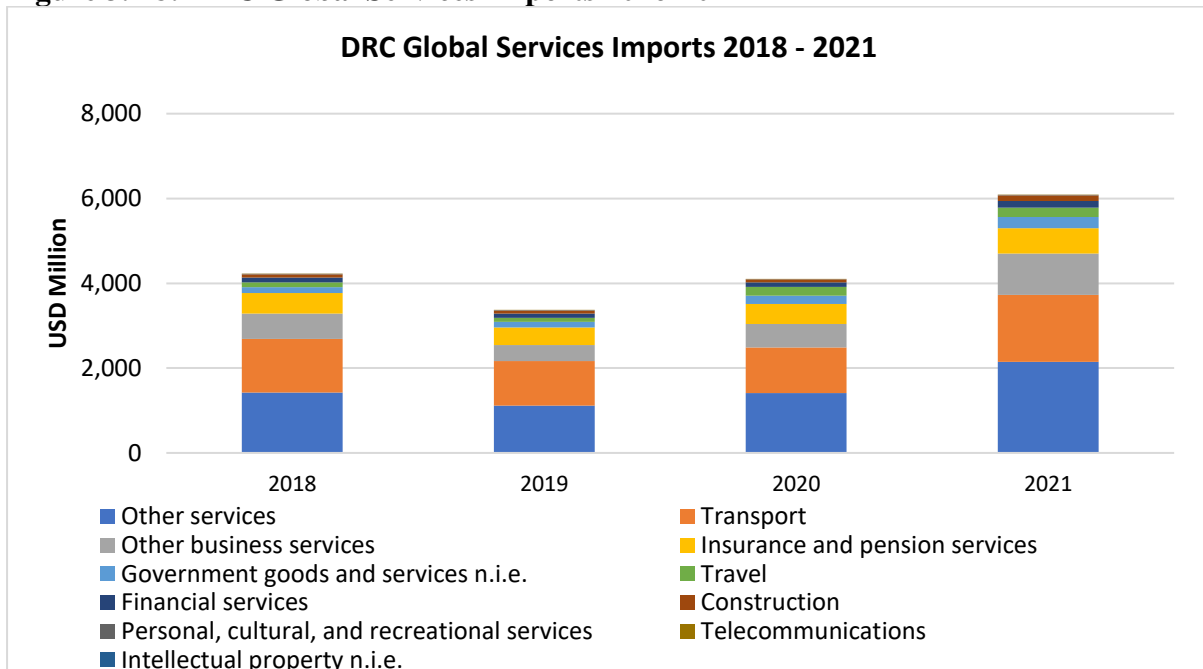
Source: OECD-WTO Balanced Trade in Services (BaTIS) Database

### Imports

Imports of tradable services by DRC increased by 46% from US\$ 2.69 billion in 2020 to US\$ 3.9 billion in 2021. Transport remained the main import item in DRC since 2018 due to the remoteness of key markets (Table 3.15). Transport services imports grew by 40% from US\$ 1.07 billion in 2020 to US\$ 1.58 billion in 2021. Other business services almost double in value from US\$ 551M in 2020 to US\$ 974M in 2021.

**Table 3. 5: Top services imported from the world by DRC in 2021**

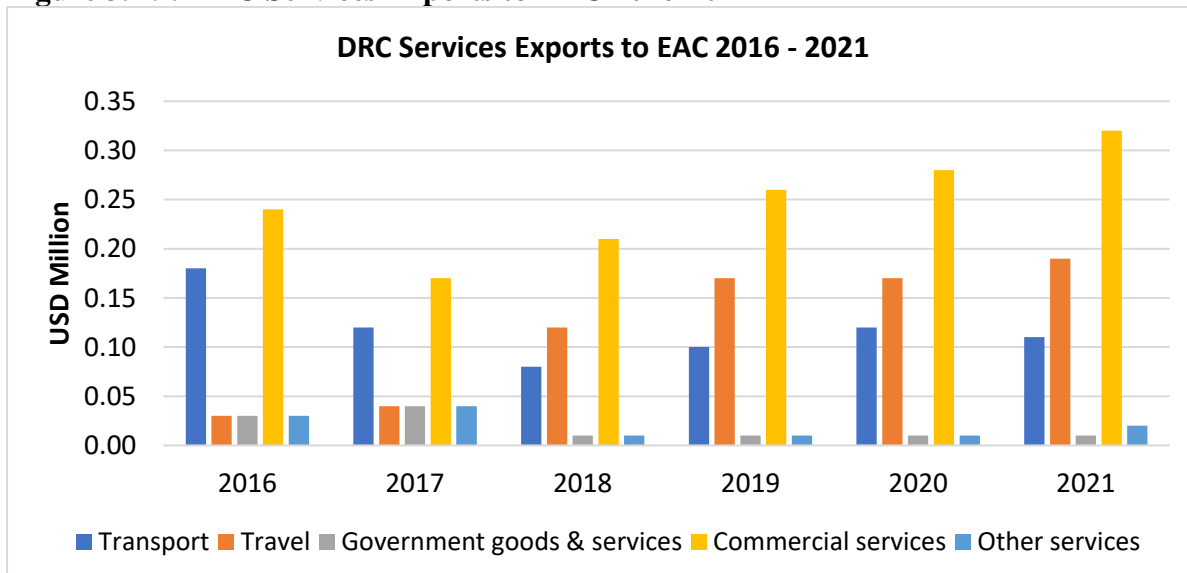
Rank	EBOPS Service Type	\$USD million	% of total services imported
1	Transport	1,581	40.0%
2	Other business services	974.9	25%
3	Insurance and pension services	598.2	15%
4	Travel	219.5	6%
5	Government goods and services n.i.e.	263.6	7.2%

**Figure 3. 18: DRC Global Services Imports 2016-2021**

Source: OECD-WTO Balanced Trade in Services (BaTIS) Database

### 2.5.5.1 DRC Intra-EAC Trade in Services

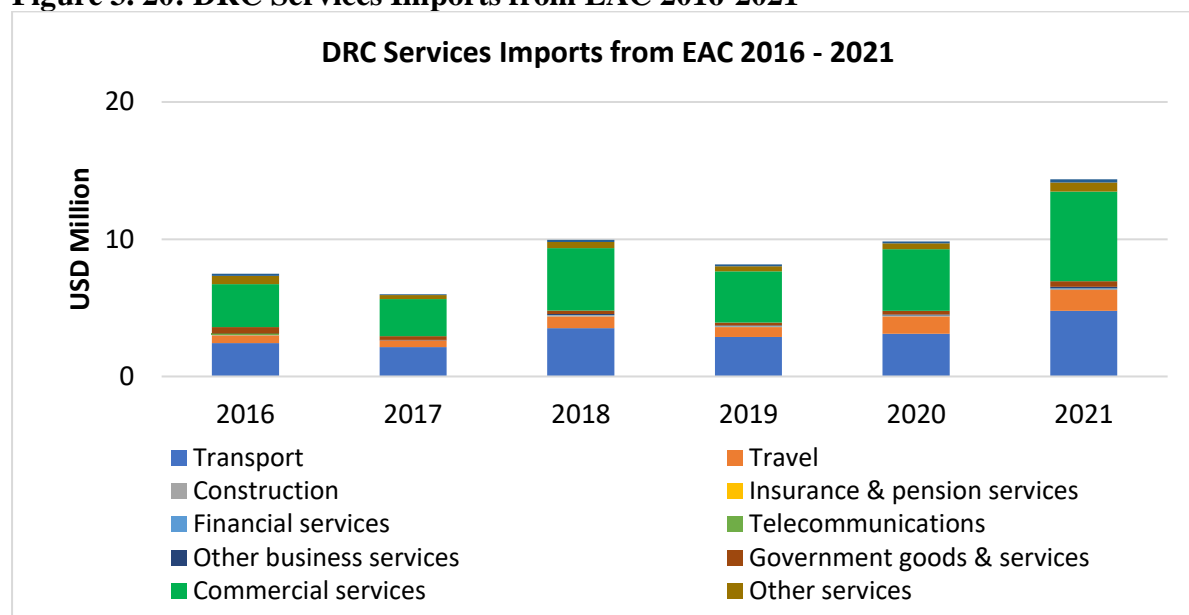
Major trading partners in the EAC for DRC services were Kenya and Tanzania. In terms of total share in services, services trade with Kenya was 52%, Tanzania 33%, Uganda 10%, Rwanda 3% and Burundi 2%.

**Figure 3. 19: DRC Services Exports to EAC 2016-2021**

Source: OECD-WTO Balanced Trade in Services (BaTIS) Database

The same service categories namely transport, travel and government goods and services were again the key imports by DRC from the EAC region.

**Figure 3. 20: DRC Services Imports from EAC 2016-2021**



Source: OECD-WTO Balanced Trade in Services (BaTIS) Database

### 3.5 Services in EAC Structural Transformation

#### 3.5.1 Services led Pathway to growth and development

Services are increasingly linked to other sectors, expanding productivity by creating economy-wide spillovers, particularly in the development of the manufacturing sector. The ability to supply, access and export efficient, affordable and innovative services has become central to the realization of development strategies. The growing contribution of services to economic transformation is attributed, among other factors, to their increasing tradability and to the greater contestability of the services markets.

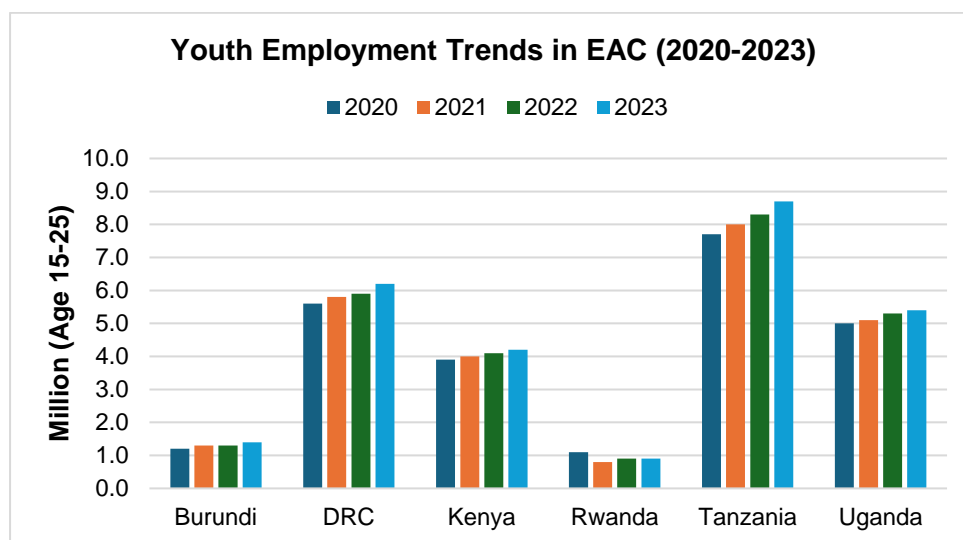
The ICT applications across a range of services, from transport and logistics to professional services, have seen sustained product and process innovation fuel important gains in labour productivity (Nayyar *et al.*, 2021). Services such as telecommunications, energy, transport, financial, and business services contribute directly and indirectly to economic growth, including by lowering transactions costs and creating spillovers of knowledge to other sectors. With their roles in cross-sectoral linkages, increasing tradability and trade facilitation through digitalization, services offer promising opportunities for export diversification.

Professional services are important enablers for economic development. The creation of infrastructure requires engineering, architectural, and surveying skills; the development of conditions likely to encourage foreign direct investment (FDI) requires specialist legal and accounting services; and the development of an employable workforce presupposes access to adequate health care services.

### 3.5.2 Gender dimensions in the EAC Service sectors

Services have a positive gender dimension and play an important role in women’s and youth empowerment in developing economies but are dominated by MSMEs. Women-led firms have more success in the services sector – for services delivered remotely over digital platforms (Sauvé, 2020). Services now account for 87 per cent of total female employment in high-income countries (up from 80 per cent in 2000) 62 per cent in upper middle-income countries (up from 40 per cent), 43 per cent in lower middle-income countries (up from 29 per cent), and 30 per cent in low-income countries (up from 19 per cent).

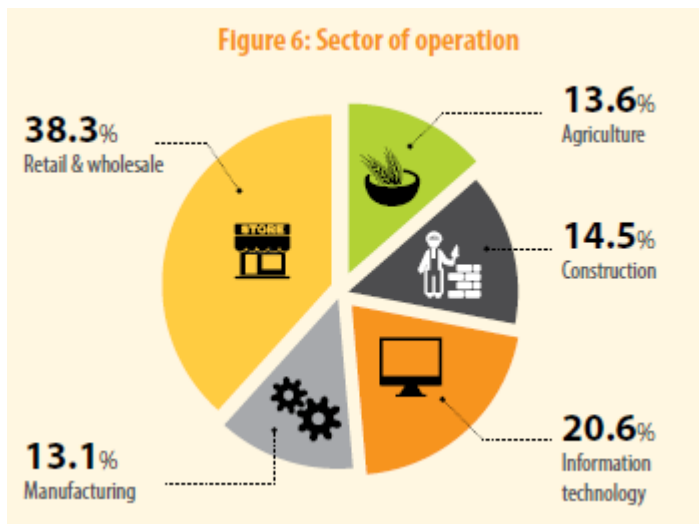
Figure 3.21: Youth Employment Trends in EAC (2020-2023)



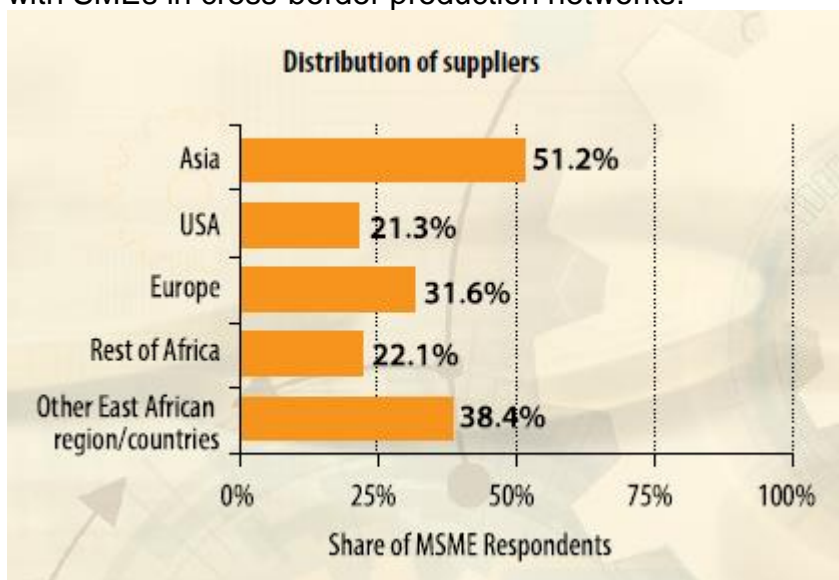
Source: ILO Statistics

At 53.2 per cent in 2023, the youth employment-to-population ratio (EPR) in Eastern Africa was above the global average (35 per cent). Most of the traders are MSMEs, a trend likely to be sustained cross border trade in services, while cutting across all sectors (Fig 3.21).

Figure 3.21: MSME Sector operations



There is a growing importance of services in regional supply chains in Eastern Africa, with SMEs in cross-border production networks.



## CHAPTER 4: INVESTMENT TRENDS IN THE EAC

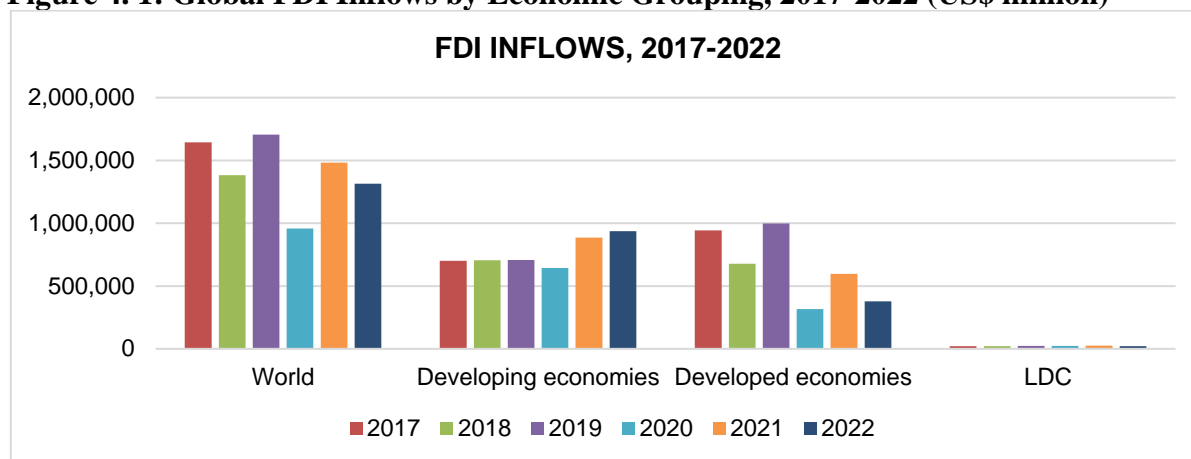
### 4.1 Global Investment Trends

The UNCTAD World Investment Report 2023 highlights that the global Foreign Direct Investment (FDI) declined by 12% in 2022 to US\$ 1.3 trillion and this was mainly due to lower volumes of financial flows and transactions in developed countries. Real investment trends were positive with growth in new investment project announcements in most regions and sectors.

FDI in developing countries had a marginal increase though the growth was concentrated in a few large emerging economies. Inflows in many smaller developing countries were stagnant, and FDI to the least developed countries (LDCs) declined. The cross-border Mergers and Acquisitions (M&As) and international project finance were affected by tighter financing conditions, rising interest rates and uncertainty in capital markets.

The global environment for international business and cross-border investment remains challenging in 2023 where the Geopolitical tensions are still high. Recent financial sector turmoil has added to investor uncertainty.

**Figure 4. 1: Global FDI Inflows by Economic Grouping, 2017-2022 (US\$ million)**



Source: UNCTAD 2023

In 2022, the decline in developed economies was caused by the uncertainty in financial markets and the windup of the stimulus packages. However, the volatile nature of FDI flows in developed markets continued to affect aggregate values. FDI flows in Europe were affected by fluctuations in the major conduit economies as well as by a large withdrawal of capital by a telecommunication MNE operating in Luxembourg. FDI flows to developing economies as a group increased. Inflows to developing Asia remained flat at \$662 billion. Those to Latin America and the Caribbean rose by 51 per cent to \$208 billion and inflows to Africa fell by 44 per cent following the anomalous peak in 2021 caused by a large corporate reconfiguration in South Africa. Developing economies accounted for more than two-thirds of global FDI, reflecting an increase from 60 per cent in 2021.

The World's top 5 economies in FDI inflows in 2022 are United States of America (US \$ 285 billion), China (US \$ 189 billion), Singapore (US \$ 141 billion), Hong Kong, China (US \$ 118 billion), and Brazil (US \$ 86 billion).

## 4.2 Foreign Direct Investments to Africa

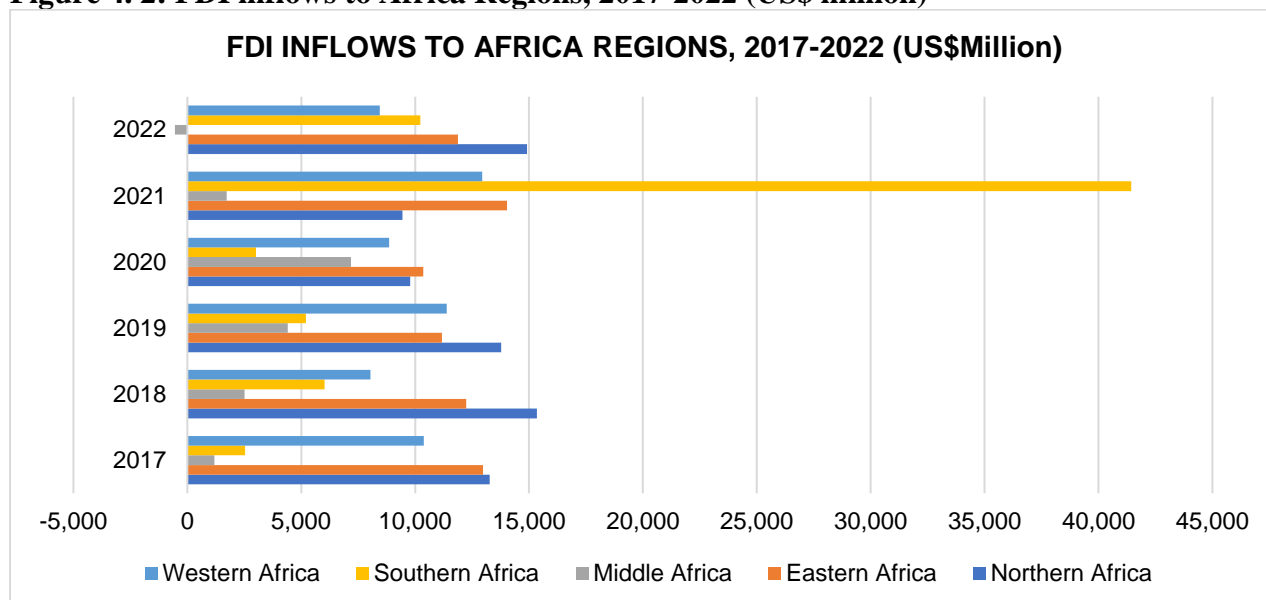
In 2022, the FDI flows to Africa decreased by 44% to US\$ 45 billion following a surge in 2021 due to a single intrafirm financial transaction in South Africa. Removing this deal, the change in FDI flows to Africa in 2022 would have increased by 7 per cent. Africa’s share of global FDI flows in 2022 was only 3.5 per cent, compared with 5.2 per cent in 2021, but its share of global FDI flows has increased since the 2000s, from an average of 2.8 per cent in the first decade of the century to 3.3 per cent in 2010–22 (Africa Macroeconomic performance and Outlook, 2024). Also, despite the decline in FDI flows to Africa, the number of new projects announced rose 39 per cent, to 766, indicating improving investment conditions on the continent.

The value of greenfield projects announced in Africa almost quadrupled to US\$195 billion from US\$52 billion in 2021. The biggest increases were in energy and gas supply (US\$120 billion), construction (US\$24 billion) and extractive industries (US\$21 billion). Six of the top 15 greenfield mega projects announced in 2022 were in Africa. European investors are the largest holders of FDI stock in Africa, led by the United Kingdom (US\$60 billion), France (US\$54 billion) and the Netherlands (US\$54 billion).

In North Africa, there was an increase of 58% to US\$ 15 billion, Egypt inflows were US\$ 11 billion which was more than double in 2021, with increased cross-border M&A sales. Announced greenfield projects more than doubled in number to 161. Flows to Morocco decreased slightly, by 6 per cent, to \$2.1 billion. Flows to Central Africa fell by 7 per cent to US \$6 billion, while flows to East Africa increased by 3% US\$8.7 billion and FDI to Southern Africa returned to normal levels, at \$6.7 billion after the peak in 2021 caused by a one-off transaction.

Greenfield projects increased, mostly due to the strong growth in some countries such as Kenya.

**Figure 4. 2: FDI inflows to Africa Regions, 2017-2022 (US\$ million)**



Source: UNCTAD 2023



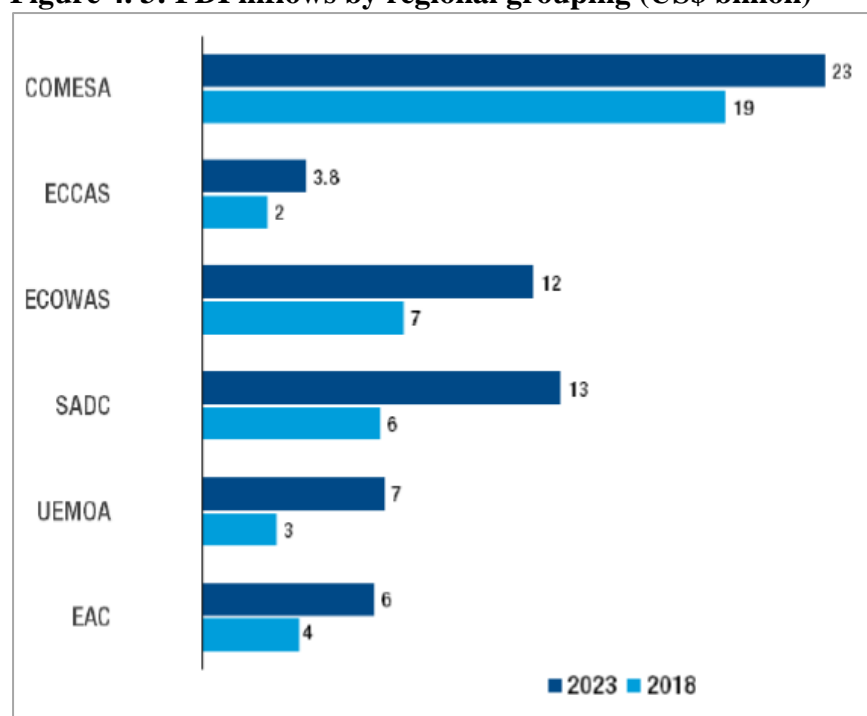
**Table 4. 1: Africa Foreign Direct Investment (FDI) Inflows 2017 - 2022 (US\$ million)**

REGION	2017	2018	2019	2020	2021	2022	Growth rate%
<b>Africa</b>	<b>40,358</b>	<b>44,171</b>	<b>45,962</b>	<b>39,195</b>	<b>79,583</b>	<b>44,929</b>	<b>-43.5</b>
Northern Africa	13,273	15,346	13,782	9,783	9,441	14,917	58.00
Eastern Africa	12,977	12,244	11,182	10,355	14,039	11,880	-15.4
Central Africa	1,192	2,515	4,404	7,189	1,724	-548	-131.8
Southern Africa	2,535	6,021	5,205	3,011	41,432	10,225	-75.3
Western Africa	10,381	8,044	11,389	8,857	12,947	8,454	-34.7

Source: UNCTAD 2023

### Regional Trends

The FDI inflow distributions in Africa Regional Economic Communities (RECs) have increased over the past 5 years in four of the African RECs, where COMESA has a 14% increase to US\$ 22 billion, SADC flows have quadruple to US \$ 10 billion, in WAEMU it doubled to US\$ 5.2 billion, and in EAC it increased by 9% to US\$ 3.8 billion (World Investment Report, 2023). Most of the investment flows were in Energy and gas supply and extractive industries (73% of FDI inflow), the service sector, and especially in construction (12.3%), transportation and storage (4%) and information and communication (3%). The Sectoral distribution of the investments reflects the structural distortion of the African economies. It has been alluded that the increase in investments in the Oil sector in Africa is caused by the disruptions in the Russia Oil supply and the Russia-Ukraine war.

**Figure 4. 3: FDI inflows by regional grouping (US\$ billion)**

Source: UNCTAD WIR 2024

The major sources of FDI flows to Africa were the USA, which remains the largest investor in Africa contributing to 13% of Africa's total investment, UAE, France and India. In 2022, the United States invested US\$ 7 billion in Africa, the most since 2018, with South Africa, Egypt, and Kenya receiving the most funds. Many initiatives were established under the African

Continental Free Trade Area (AfCFTA) between the United States and Africa to enhance bilateral trade and investment. At the US-Africa Leaders' Summit in December 2022, the U.S. announced its intention to invest \$55 billion in Africa over the next three years. Of this, \$15 billion will be in trade and investment commitments, deals and partnerships that advance key priorities in sustainable energy, health systems, agribusiness, digital connectivity, infrastructure and finance. Africa's capital inflows were led by the UAE in 2022 at \$50 billion which is seven times more than the amount committed by U.S. investors, these projects created employment of more than 18,000 jobs where Egypt and South Africa were the main beneficiaries, making up 95% of Africa's total capital inflows from the UAE. The UAE is focused on developing Egypt's CleanTech and South Africa's smart and sustainable infrastructure development. The UAE announced a Comprehensive Economic Partnership Agreement (CEPA) with Kenya to deepen trade and investment ties.

### ***FDI by Industry***

The largest year-to-year increases in greenfield project value by industry were in chemicals (to \$13 billion) and electronics (to \$7.6 billion), while in electricity and gas supply projects values dropped by \$33 billion compared with 2022. This drop alone explains much of the overall decline in greenfield projects' value. Africa attracted a growing share of greenfield megaprojects, with six valued at more than \$5 billion.

Table 4.2: EAC FDI by Industry, 2021-2023

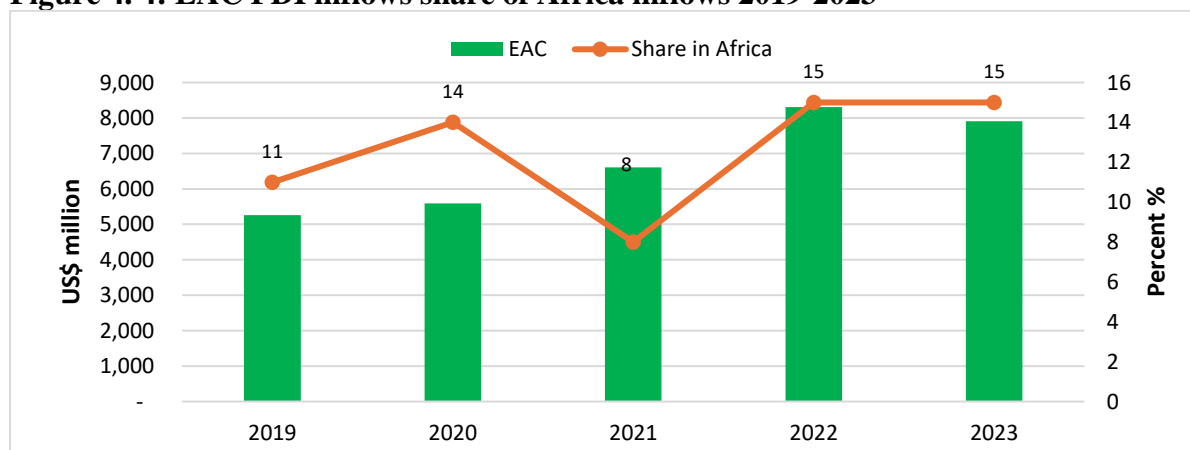
Sector/ Industry	Value (US\$ million)			Growth 2022– 2023 (%)	Number			Growth 2022– 2023 (%)
	2021	2022	2023		2021	2022	2023	
<b>Total</b>	<b>52,211</b>	<b>195,957</b>	<b>174,745</b>	<b>-11</b>	<b>558</b>	<b>775</b>	<b>830</b>	<b>7</b>
Primary	4,343	22,195	16,657	-25	17	23	29	26
Manufacturing	10,684	9,985	41,590	317	160	206	278	35
Services	37,184	163,777	116,499	-29	381	546	523	-4
<i>Top 10 industries in value terms</i>								
Electricity and gas supply	22,664	120,656	87,993	-27	40	71	79	11
Extractive industries	4,125	22,160	16,554	-25	12	22	27	23
Chemicals	837	1,649	12,500	658	11	20	28	40
Information and communication	4,623	6,913	9,200	33	115	161	134	-17
Electronics and electrical equipment	465	699	7 588	986	39	37	46	24
Transportation and storage	2,399	7,161	7,547	5	63	78	61	-22
Construction	3,768	23,522	6,369	-73	7	7	10	43
Coke and refined petroleum	2,693	-	6,191	..	2	-	7	..
Non-metallic mineral products	2,525	1,868	5,268	182	12	13	14	8
Automotive	1,357	1,749	3,335	91	19	24	51	113

Source UNCTAD WIR 2024

### 4.3 East Africa Total Investment Outlook

In 2022, East Africa recorded increases in FDI flows of 3.5 per cent to US \$ 8.7 billion and accounted for 11% of the flows to Africa. Uganda registered an increase in 2022 where FDI increased by 39% to US 1.5 billion (World Investment Report 2023). In 2022, FDI flows to the United Republic of Tanzania increased by 8 per cent to \$1.1 billion, and the number of announced greenfield projects in the country also increased by 60 per cent.

**Figure 4. 4: EAC FDI inflows share of Africa inflows 2019-2023**



Source: UNCTAD WIR 2024

The Republic of Rwanda increased the number of FDI projects in 2023 to 330 in 2023 from 245 in 2022, and the value of the FDI projects registered increased by 51% to US\$ 1467.91 million in 2023 compared to US\$ 971.65 million.

### 4.4 EAC Total Investment Flows

In 2023, the registered planned investment project in the EAC Region highlights that Uganda registered an increase in the number of FDI projects, Uganda Investment Authority (UIA) registered 219 from 178 projects in 2022 (*Uganda Investment Authority, 2023*). Though the value of the projects decreased in 2023 by 32.5% to US \$ 1611.31 million from US \$ 2387.2 million in 2022.

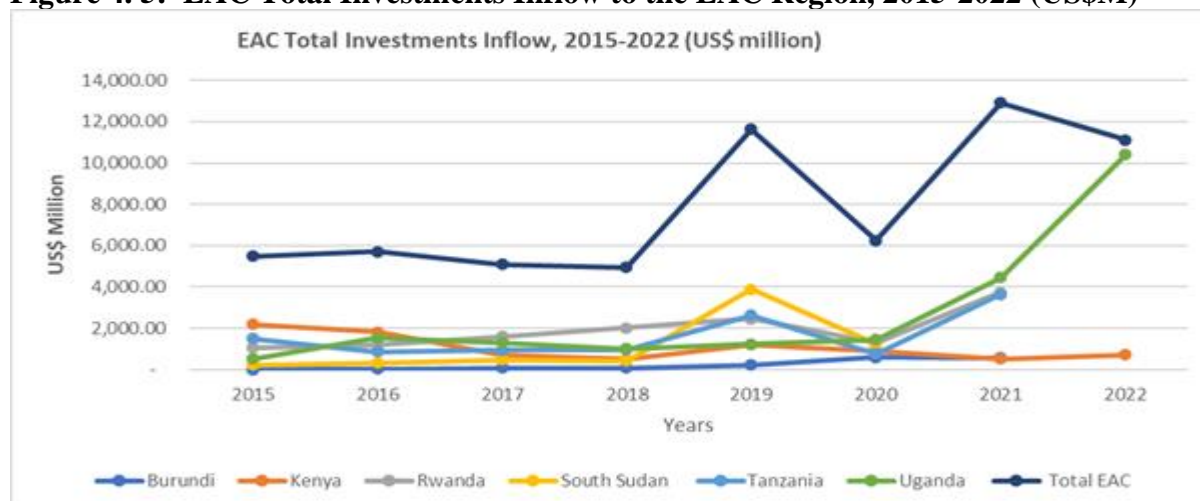
The Republic of Rwanda registered an increase of 50% in terms of total planned investments that amounted to US\$ 2.4 billion from US\$ 1.6 billion in 2022. The Republic of Kenya experienced a decrease of 22.2% in FDI projects registered to US \$373.3 million in 2023 from US \$ 479.91 million in 2022. The Republic of Burundi had a decrease of 10.9% in 2023 from US\$ 3122.32 million, in total investments in 2022.

**Table 4. 3: EAC Total Investment Inflows, 2019 – 2023 (US\$ M and % Growth)**

Partner State / Year	2019	2020	2021	2022	2023	% Change 2022/2023
Burundi	214.4	599.67	566.48	3,122.32	2781.96	-10.9%
Kenya	1,217.90	917.93	513.64	479.91	373.3	-22.2%
Rwanda	2,460.70	1,281.39	3,749.36	1.6B	2.4B	50%
South Sudan	3,879.60	1,251.14	67			
Tanzania	2,624.40	754.59	3,636.10			
Uganda	1,240.00	1,445.48	4,448.67		2630.4	
<b>Total EAC</b>	<b>11,637.00</b>	<b>6,250.20</b>	<b>12,914.25</b>			

Source: World Investment Report 2022, Investment Promotion Agencies, 2023

**Figure 4. 5: EAC Total Investments Inflow to the EAC Region, 2015-2022 (US\$M)**



Source: EAC Investment Promotion Agencies, 2022

#### 4.5 Domestic Investments within Partner States

In 2023, Rwanda's planned domestic investments recorded an 81% increase from those registered in 2022. Uganda's planned domestic investment projects' share to total investment was 38.7% in 2023, and Burundi's domestic investments share of total investments was 52.4% of total investments, indicating the Partner States efforts in promoting domestic investments to catalyse economic growth. However, the Burundi's domestic investments for 2023 decreased by 52.5% from 2022.

**Table 4. 4: EAC Domestic Investments, 2019-2023 (US\$ M, % Change)**

Country	2019	2020	2021	2022	2023	% Change
Burundi	87.20	251.57	463.11	3,066	1457	-52.5%
Kenya		103.63	83.04		67.42	
Rwanda	992.11	331.39	1,475.19	529.9	959.5	81.1%
S. Sudan	563.70	67.94				
Tanzania	1,407.20	582.84	1,663.88	2,894.37		
Uganda	433.00	518.38	963.77		1,018.83	
<b>Total EAC</b>	<b>3,483.21</b>	<b>1,855.75</b>	<b>4,648.99</b>			

Source: EAC Investment Promotion Agencies, 2023

#### 4.6 EAC FDI Inflows

The Republic of Rwanda's planned foreign investment projects increased to US\$ 1.47 billion in 2023 from US \$ 975 million in 2022 representing a 50% increase. The Republic of Uganda suffered a decrease in FDI from US\$ 2387.2 million in 2022 to US\$ \$ 1611.31 million in 2023 following an increase in 2022 (Table 4.5). The Republic of Burundi had a decrease in FDI inflow in 2023 of 56.87% from 2022 where the FDI inflows were US\$ 3071.66 million. The Republic of Kenya had a decline in 2023 of 47.2% to US \$374.6 million from US\$ 710.21 million in 2022.

**Table 4. 5: EAC FDI Inflows in Individual Countries, 2019-2023 (US\$ M)**

Country	2019	2020	2021	2022	2023	% Change 2022 / 2023
Burundi	127.2	348.1	90.1	3071.66	1324.79	-56.87%

Country	2019	2020	2021	2022	2023	% Change 2022 / 2023
DRC	1350.99	1498.08	1677.67	1845.77		
Kenya	1,217.9	814.3	429.2	710.21	374.6	-47.2%
Rwanda	1,451.5	950.0	2,146.9	975	1469.6	50.73%
S. Sudan	3,315.9	1,183.2	67.5	121.5		
Tanzania	1,217.2	1,040.0	1,702.5	1,954.30		
Uganda	807.0	927.1	3,220.1	2387.2	1611.31	-32.5%
Total EAC	<b>8,136.7</b>	<b>5,262.7</b>	<b>9,333.97</b>	<b>11,065.64</b>		

Source: EAC Investment Promotion Agencies, 2023, World Investment Report, 2023

#### 4.7 EAC FDI Investments and Employment

With the increase in FDI across most of the Partner States, there has been an increase in the number of jobs created through EAC FDI such as the Republic of Burundi and the Republic of Kenya. Even for Partner States that had a decrease in FDIs, they recorded an increase in jobs created through FDI.

Rwanda's planned investments for 2022 created 51,9000 jobs, an increase from 16,578 jobs in 2021 though it decreased by 30.25% in 2023 to 36,200 jobs. Uganda had a decrease of 67.4% in the jobs created in 2023 compared to those created in 2022.

**Table 4. 6: Number of Jobs Created Through EAC FDI, 2017-2023**

Country	2018	2019	2020	2021	2022	2023	% change 2023
Burundi	1,953	2,129	6,135	1,448	18,483	20,166	9.11%
DRC							
Kenya	9,385	16,573	4,738	4,369	5,957	6,962	16.87%
Rwanda	16,799	35,715	19,218	16,578	51,900	36,200	-30.25%
S. Sudan	2,357	47,026	3,948				
Tanzania	43,021	46,765	6,487	19,211	22,832		
Uganda	16,362	62,876	21,818	40,118	52,834	17,212	-67.4%
Total EAC	<b>89,877</b>	<b>211,084</b>	<b>62,344</b>	<b>81,724</b>			

Source: EAC Investment Promotion Agencies, 2023

#### 4.8 Intra-EAC Investment

In 2023, intra EAC planned investments decreased by 5.6% to US \$ 567.17 million from US\$ 600.78 million in 2022. The number of projects also decreased in 2023 to 72 from 76 projects. The Republic of Uganda attracted the most intra-EAC investments in 2023 and was worth US 280.74 million though it was a decrease from US\$ 391 million in 2022. The Republic of Burundi was second in terms of intra-EAC investments and attracted US \$ 155.18 million in 2023. Burundi intra-EAC investments increased both in terms of the number and value of projects where the projects increased from 2 to 4 and the value of the projects increased from US\$ 1.90 million in 2022 to US \$ 155.18 million in 2023.

Rwanda's Intra-EAC Investment inflows increased to US\$55.16 million from US\$ 46.78 million, and the number of projects also increased from 15 to 18 projects in 2023. Kenya's intra-EAC investment decreased to US\$ 1.32 million in 2023 from US\$ 22.6 million in 2022.

The United Republic of Tanzania intra-EAC investments decreased in 2023 to US \$ 74.77 million from US\$ 138.5 million in 2022.

**Table 4.7: Intra-EAC investments from the regions of the world, 2017-2023 (US\$ M)**

Recipient States	2017		2018		2019		2020		2021		2022		2023	
	No of Projects	US\$ M	No of Projects	Value US\$ M	No of Projects	Value US\$ M	No of Projects	Value US\$ M	No of Projects	Value US\$ M	No of Projects	Value US\$ M	No of Projects	Value US\$ M
Burundi			1	0.4	3	10.3	6	56.4	5	13.3	2	1.90	4	155.18
DRC														
Kenya	2	25.3	6	2.8	16	66.1	6	21.3	7	1.4	10	22.6	8	1.32
Rwanda	10	66.6	6	29.4	6	17.1	8	12.8	7	27.3	15	46.78	18	55.16
S. Sudan			13	22.8	31	532.4	10	20						
Tanzania	20	30	16	69.4	8	13	17	11.75	26	269.7	28	138.5	30	74.77
Uganda	27	71.3	18	27.9	10	85.7	7	20.3	17	264.8	21	391	12	280.7
<b>Total Intra-EAC</b>	<b>59</b>	<b>193.2</b>	<b>60</b>	<b>152.7</b>	<b>74</b>	<b>724.6</b>	<b>61</b>	<b>143</b>	<b>62</b>	<b>676.4</b>	<b>76</b>	<b>600.7</b>	<b>72</b>	<b>567.1</b>

*Source: EAC Investment Promotion Agencies, 2023*

**Table 4.8: EAC Distribution of FDI, 2017-2023 (No. of projects and Value US\$ M)**

Partner State	Source	2018		2019		2020		2021		2022		2023	
		No of Projects	Value US\$ M	No of Projects	Value US\$ M	No of Projects	Value US\$ M	No of Projects	Value US\$ M	No of Projects	Value US\$ M	No of Projects	Value US\$ M
Burundi	Tanzania	1	0.40	2	7.30	1	-	3	11.75	2	0.15	-	-
	Uganda	-	-	-	-	2	-	-	-	3	0.17	1	1.68
	Kenya	-	-	1	3.00	2	53.80	1	0.05	5	2.86	2	153.28
	Rwanda	-	-	-	-	1	2.6	1	1.48	2	0.11	-	-
	DRC	-	-	-	-	-	-	-	-	2	1.90	1	0.22
	<b>ROW</b>	<b>5</b>	<b>14.70</b>	<b>45</b>	<b>116.90</b>	<b>145</b>	<b>291.70</b>	<b>23</b>	<b>90.08</b>	<b>659</b>	<b>3,066.47</b>	<b>19</b>	<b>1169.61</b>
	<b>Total</b>	<b>6</b>	<b>15.10</b>	<b>48</b>	<b>127.20</b>	<b>150</b>	<b>347.90</b>	<b>28</b>	<b>103.37</b>	<b>673</b>	<b>3,071.66</b>	<b>23</b>	<b>1324.79</b>
Kenya	Tanzania	2	0.4	5	49.4	3	21	5	1.23	3	0.32	1	0.10
	S. Sudan	-	-	1	0.1	-	-	-	-	-	-	1	0.09
	Uganda	2	1.8	7	12.5	3	0.3	1	0.09	2	21.3	4	0.92
	Rwanda	2	0.6	1	2.2	-	-	1	0.09	2	0.68	1	0.12
	Burundi	-	-	2	1.9	-	-	-	-	1	0.11	-	-
	DRC	-	-	-	-	-	-	-	-	2	0.17	1	0.08
	<b>ROW</b>	<b>186</b>	<b>482.7</b>	<b>245</b>	<b>1,151.70</b>	<b>149</b>	<b>813.7</b>	<b>159</b>	<b>429.19</b>	<b>154</b>	<b>502.1</b>	<b>141</b>	<b>373.3</b>
	<b>Total</b>	<b>192</b>	<b>485.5</b>	<b>261</b>	<b>1217.8</b>	<b>155</b>	<b>835</b>	<b>166</b>	<b>430.60</b>	<b>164</b>	<b>524.7</b>	<b>149</b>	<b>374.6</b>
Rwanda	Tanzania	3	7.5	3	5.5	3	4	-	-	3	1.01	6	10.7
	Uganda	1	0.2	-	-	1	5	2	31.53	-	-	4	18.26
	Kenya	2	21.7	3	11.6	3	3.5	3	92.65	3	35.9	6	24.51
	Burundi	-	-	-	-	-	-	1	2.58	5	3.16	-	-
	S. Sudan	-	-	-	-	1	0.3	-	-	1	0.2	-	-
	DRC	-	-	-	-	-	-	1	0.52	5	3.16	-	-
	<b>ROW</b>	<b>81</b>	<b>985.8</b>	<b>17</b>	<b>2,443.6</b>	<b>175</b>	<b>937.2</b>	<b>134</b>	<b>2,146.89</b>	<b>228</b>	<b>928.22</b>	<b>314</b>	<b>1414.44</b>
	<b>Total</b>	<b>87</b>	<b>1,015.2</b>	<b>180</b>	<b>2,460.7</b>	<b>183</b>	<b>950.0</b>	<b>141</b>	<b>2,274.17</b>	<b>245</b>	<b>971.65</b>	<b>330</b>	<b>1467.91</b>
S. Sudan	Tanzania	4	14.8	5	16.8	2	2.2						
	Kenya	7	7.7	16	217.6	6	16.7						
	Rwanda	-	-	-	-	-	-						

Partner State	Source	2018		2019		2020		2021		2022		2023	
		No of Projects	Value US\$ M	No of Projects	Value US\$ M	No of Projects	Value US\$ M	No of Projects	Value US\$ M	No of Projects	Value US\$ M	No of Projects	Value US\$ M
	Uganda	2	0.3	10	298	2	1.1						
	Burundi	-	-	-	-	-	-						
	DRC	-	-	-	-	-	-	-	-				
	<b>ROW</b>	<b>37</b>	<b>385.5</b>	<b>222</b>	<b>3,347.30</b>	<b>55</b>	<b>1163.2</b>						
	<b>Total</b>	<b>50</b>	<b>408.3</b>	<b>253</b>	<b>3,879.70</b>	<b>63</b>	<b>1,183.20</b>						
Tanzania	Kenya	12	42.7	7	9	14	9.79	22	89.17	20	50.9	24	50.94
	Uganda	4	26.7	1	4	2	0.51	-	-	5	12.7	1	0.30
	Rwanda	-	-	-	-	1	1.45	-	-	2	64.9	3	18.65
	S. Sudan	-	-	-	-	-	-	-	-	-	-	0	0
	Burundi	-	-	-	-	-	-	4	180.53	1	10	2	4.88
	DRC	-	-	-	-	-	-	-	-	1	6.8		
	<b>ROW</b>	<b>254</b>	<b>3,053.0</b>	<b>767</b>	<b>2,605.7</b>	<b>31</b>	<b>684.3</b>	<b>372</b>	<b>1,702.51</b>	<b>83</b>	<b>1,195.9</b>		
	<b>Total</b>	<b>270</b>	<b>3,122.4</b>	<b>775</b>	<b>2,618.7</b>	<b>61</b>	<b>696.05</b>	<b>398</b>	<b>1,972.21</b>	<b>112</b>	<b>1341.2</b>		
Uganda	Tanzania	5	4.7	-	-	-	-	2	3.0	5	138.4	3	231.13
	Kenya	9	9.9	8	57.7	7	20.3	14	252.6	15	242.6	6	33.02
	Rwanda	1	2	2	28.0	-	-	-	-	1	10	1	6
	S. Sudan	2	4.7	-	-	-	-	-	-	-	-	-	-
	Burundi	1	6.6	-	-	-	-	1	9.2	-	-	1	6.61
	DRC	-	-	-	-	-	-	-	-	-	-	1	4
	<b>ROW</b>	<b>165</b>	<b>602.7</b>	<b>299</b>	<b>1,127.7</b>	<b>195</b>	<b>907</b>	<b>342</b>	<b>3,220.1</b>	<b>157</b>	<b>1996</b>	<b>207</b>	<b>1330.57</b>
	<b>Total</b>	<b>183</b>	<b>630.6</b>	<b>309</b>	<b>1,213.4</b>	<b>202</b>	<b>927.3</b>	<b>359</b>	<b>3,484.9</b>	<b>178</b>	<b>2387.2</b>	<b>219</b>	<b>1611.31</b>

Source: EAC Investment Promotion Agencies, 2023



#### 4.9 EAC Sectoral Distribution of Total Investments, 2023

The Sectoral Distribution of FDIs in 2023 were mainly in: Manufacturing; Transport, Communication and Storage; Finance, Insurance, Real Estate and Business Services; Agriculture, Fishing, Forestry and Hunting; Wholesale, Retail Trade and Tourism; and construction, whereas in 2022 the distribution was in Transport, Communication and Storage, Manufacturing, Construction, and in Agriculture, Fishing, Forestry. The sector that created most jobs was Manufacturing, and followed by the Agriculture, Fishing and Forestry. This is a good indication for the development of the Partner States economies.

**Table 4.9: EAC Region Sectoral Distribution of Investments, 2022**

Country	Burundi			Kenya			Rwanda			Tanzania			Uganda			Total		
Year	2022			2022			2022			2022			2022			2022		
Sector	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of projects	Jobs	Value (US\$M)
Agriculture, Fishing, Forestry and Hunting	58	1,222	27.50	13	246	27.06	24	6139	82.99	29	29	29.00	55	9771	1718	179	17,407	1884.55
Community, Social and Personal Services	53	1,887	35.84	8	155	8.71	10	2660	59.22	13	1,271	28.65	21	844	40.7	105	6,817	173.12
Construction	18	203	2,461.20	12	353	41.66	7	419	4.59	14	772	184.16	28	1733	105.5	79	3,480	2797.11
Finance, Insurance, Real Estate and Business Services	115	1,229	73.87	60	1475	37.39	62	4496	229.85	12	1,271	68.54	27	1682	323.2	276	10,153	732.85
Manufacturing	117	8,262	396.66	27	1319	296.41	44	3887	420.76	141	23,341	3,217.04	136	33,699	2142.3	465	70,508	6473.17
Mining and Quarrying	6	102	0.93	6	1236	89.07	4	528	9.54				15	1329	29.32	31	3,195	128.86

Country	Burundi			Kenya			Rwanda			Tanzania			Uganda			Total		
Year	2022			2022			2022			2022			2022			2022		
Sector	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of projects	Jobs	Value (US\$M)	No of projects	Jobs	Value (US\$M)	No of projects	Jobs	Value (US\$M)
Transport, Communication and Storage	61	1,459	35.15	37	432	177.74	14	2559	103.13	60	9,923	799.59	20	1914	5687.8	192	16,287	6803.41
Utilities (Water and Energy)	3	112	7.55	10	228	25.65	3	234	30.16	1	3	10.04	12	400	281.9	29	977	355.3
Wholesale, Retail Trade, Tourism	282	4,007	83.62	36	513	6.53	1	9	10	23	1,109	66.32	12	1462	85.1	354	7,100	251.57
<b>Total</b>	<b>713</b>	<b>18,483</b>	<b>3,122.32</b>	<b>209</b>	<b>5,957</b>	<b>710.22</b>	<b>16</b>	<b>5736</b>	<b>76.12</b>	<b>293</b>	<b>37,719</b>	<b>4,403.33</b>	<b>326</b>	<b>52,834</b>	<b>10,413.82</b>	<b>1557</b>	<b>120,729</b>	<b>18725.8</b>

Source: EAC Investment Promotion Agencies, 2022

**Table 4.10: EAC Region Sectoral Distribution of Investments, 2023**

Country	Burundi			Kenya			Rwanda			Tanzania			Uganda			Total		
Year	2023			2023			2023			2023			2023			2023		
Sector	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of projects	Jobs	Value (US\$M)	No of projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)
Agriculture, Fishing, Forestry and Hunting	29	655	73.11	17	948	8.28		7600	206.1	48	30,718	793.10	19	2154	358.2		42,075	1438.79
Community, Social and	31	498	12.85	8	905	62.30		200	173.2	13	50,762	256.44	15	987	273.51		53,352	778.3

Country	Burundi			Kenya			Rwanda			Tanzania			Uganda			Total		
Year	2023			2023			2023			2023			2023					
Sector	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)
Personal Services																		
Construction	10	114	3.56	4	30	30.05		2700	208.6	57	3,596	1,054.21	7	796	47.07		7,236	1343.49
Finance, Insurance, Real Estate and Business Services	73	852	603.8	45	842	62.90		6700	478.5	20	1,832	282.66	11	507	30.49		10,733	1,458.35
Manufacturing	77	5307	403.58	25	3442	126.82		14300	437.1	208	26,563	1,688.51	136	11025	713.7		60,637	3,369.71
Mining and Quarrying	14	10,404	673.28	4	97	29.94		-	-	6	495	47.52	9	743	46.05		11,739	796.79
Transport, Communication and Storage	28	711	58.37	19	210	39.59		-	-	113	18,823	1,351.05	7	623	13.15		20,367	1462.16
Utilities (Water and Energy)	-	-	-	4	126	5.46		1500	103.8	3	118	58.22	10	191	128.08		1935	295.56
Wholesale, Retail Trade, Tourism	113	1625	953.41	20	459	9.32		2600	223.6	58	4,103	188.65	4	186	1.06		8,973	1,376.04
Arts, Entertainment and recreation	-	-	-					600	270.6								600	270.6

Country	Burundi			Kenya			Rwanda			Tanzania			Uganda			Total		
Year	2023			2023			2023			2023			2023			2023		
Sector	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)	No of Projects	Jobs	Value (US\$M)
and other services																		
<b>Total</b>	<b>375</b>	<b>20166</b>	<b>2781.96</b>	<b>146</b>	<b>7059</b>	<b>374.6</b>		<b>36,200</b>	<b>2101.5</b>	<b>526</b>	<b>137,010</b>	<b>5,720.36</b>	<b>218</b>	<b>17212</b>	<b>1611.31</b>		<b>217,647</b>	<b>12,589.79</b>

Source: EAC Investment Promotion Agencies, 2023

#### **4.10 Initiatives to Support Investments at the Regional Level**

As of 2023, the EAC was comprised of seven Partner States endowed with natural resources, agricultural raw materials, oil and gas, and minerals. There are quite several initiatives in place to support investment through regional integration. The Community has adopted policy documents that are aimed at facilitating the attraction of investments and these include: EAC Special Economic Zones Policy, and EAC Investment Policy.

Other initiatives include:

1. Mechanisms put in place to eliminate NTBs.
2. Adoption of a four (4) band CET structure to attract investments in the manufacturing sector.
3. Infrastructure development projects (roads, OSBPs) to reduce cost of doing business.
4. Removal of work permit fees in some Partner States (Kenya, Uganda, and Rwanda).
5. Tax exemptions on capital goods on tools and machinery, raw materials and transport equipment.
6. One Network Area (ONA) to improve communication links.

#### **4.11 Country Specific Analysis**

##### **4.11.1 Republic of Burundi**

##### **Overview of the Burundi Investment Environment**

The government of Burundi continuously strive to attract more Foreign Direct Investments (FDIs) and is undertaking measures to develop infrastructure, including hydroelectric power plants, road construction projects, rehabilitation of Bujumbura Port, upgrading Bujumbura's international airport among others to reduce transaction costs and boost regional trade.

Government policies are supportive of FDIs and seek to attract investments to promote economic growth and are promoting initiatives to modernise and diversify agricultural production, seeking to diversify and increase production of crops beyond coffee and tea. The country investment code was revised in 2021 and offers the same advantages to both Burundian and foreign investors. Further, the law revised the minimum investment thresholds from US\$ 50,000 to US\$ 500,000 for all investors to be eligible for certain benefits in the code. The essence of the new regulation is to prioritise the attraction of quality investments that will lead the country into prosperity and create decent jobs for its population. Further, the country issued its national industrialisation policy and implementation strategy for the development of the industrial sector which contributes to about 17% of GDP.

##### **Domestic Investments**

In 2023, Burundi's domestic investments were US \$ 1457 million and created 8197 employment opportunities from 352 projects. Domestic investments represent a 52.4% share of the total investments registered in 2023.

##### **Burundi Intra-EAC Investment Flows**

Burundi's cross-border investments increased in 2023 to US \$ 155.18 million from US 1.90 million in 2022 representing an 80.67% increase. The number of projects also increased from 2 in 2022 to 4 in 2023. The largest cross-border investments for Burundi were from Kenya (US \$153.28 million).

**Table 4.11: Burundi Intra-EAC Investment and FDI Inflows, 2017-2023 (US\$M)**

Source	2017		2018		2019		2020		2021		2022		2023	
	No of Projects	Value (US\$M)	No of Projects	Value (US\$M)	No of Projects	Value (US\$M)	No of Projects	Value (US\$M)	No of Projects	Value (US\$M)	No of Projects	Value (US\$M)	No of Projects	Value (US\$M)
Tanzania	-	-	1	0.4	2	7.3	1	0.01	3	11.75	2	0.15	0	0
Uganda	-	-	-	0	-	0	2	0.04	-	-	3	0.17	1	1.68
Kenya	-	-		0	1	3	2	53.8	1	0.05	5	2.86	2	153.28
Rwanda	-	-	0	-	-	0	1	2.6	1	1.48	2	0.11	0	0
DRC											1	1.9	1	0.22
South Sudan													0	0
Total			1	0.4	3	10.3	6	56.4	5	13.28	2	1.90	4	155.18
RoW	10	65.1	5	14.7	45	116.9	144	291.7	23	90.08	659	3,066.47	19	1,169.61
Total		65.1	6	15.1	48	127.2	150	348	28	103.37	673	3,071.66	23	1324.79

Source: Burundi Investment Promotion Authority, 2023

### Mode of Market Entry

Investors attracted to the most performing sectors such as manufacturing are mostly into greenfield projects alongside those in finance, insurance, real estate & business services, wholesale and retail trade. However, partnerships have been preferred especially in service-derived sectors such as tourism where investors leverage their connections from their countries of origin to promote their local investments (MEA, 2023).

### Sectoral Distribution of Investment

Burundi's total investment in 2023 was US \$ 2781.96 million from the 8 economic sectors. Most of the investments were in Wholesale, Retail Trade, and Tourism (US 953.41 million) accounting for 34.3% of the total investments, followed by Mining and Quarrying (US \$ 673.28), Finance, Insurance, Real Estate and business services (US\$ 603.8 million), and Manufacturing (US\$ 403.58 million). The highest number of projects were in wholesale, retail trade and tourism (113) Manufacturing (77), and Finance, Insurance, Real Estate and business services (73). Though Mining and Quarrying didn't have that many projects it had the highest potential for job creation with 10,404 jobs to be created.

**Table 4.12: Burundi's Sectoral Distribution of Investments, 2018-2023 (US \$ Million)**

YEARS	2018			2019			2020			2021			2022			2023		
Sector	No of projects	Jobs	Value (US\$M)	No of projects	Jobs	Value (US\$M)	No of projects	Jobs	Value (US\$M)	No of projects	Jobs	Value (US\$M)	No of projects	Jobs	Value (US\$M)	No of projects	Jobs	Value (US\$M)
Agriculture, fishing, Forestry and Hunting	0	0	0	2	45	1.25	9	359	3.9	14	234	3.39	58	1,222	27.50	29	655	73.11
Community, social & Personal services	0	0	0	3	194	7.3	10	402	7.5	19	334	8.33	53	1,887	35.84	31	498	12.85
Construction	2	120	1	2	113	5.2	11	102	83.8	2	501	1.07	18	203	2,461.20	10	114	3.56
Finance, Insurance, Real Estate, and business services	3	61	6	5	118	17	12	1,400	39.6	25	1234	24.55	115	1,229	73.87	73	852	603.8
Manufacturing	8	968	20	10	543	28.2	51	1,325	86.5	66	8346	385.93	117	8,262	396.66	77	5307	403.58
Mining & quarrying	2	37	1	5	339	23.5	8	1,006	38.6	0	0	-	6	102	0.93	14	10404	673.28
Transport, communication, and storage	2	178	8	5	244	5.5	24	855	67.3	17	341	41.80	61	1,459	35.15	28	711	58.37
Utilities (water and energy)	2	131	34	2	72	4	0	0	0	1	26	42.98	3	112	7.55	-	-	-
Wholesale, Retail Trade, Tourism	2	75	2	14	461	35.25	25	686	20.7	37	564	55.89	282	4,007	83.62	113	1625	953.41

Total	21	1,570	72	48	2,129	127.2	150	6,135	348	181	11,580	563.92	713	18,483	3,122.32	375	20166	2781.96
-------	----	-------	----	----	-------	-------	-----	-------	-----	-----	--------	--------	-----	--------	----------	-----	-------	---------

Source: Burundi Investment Promotion Authority, 2023



### **Burundi's Sources of Foreign Direct Investment**

The major sources of foreign investments in 2023 were China (US \$ 654.78 million), Netherlands (US \$ 434.78 million), India (US \$ 51.39 million), and Morocco (US \$ 24.99 million). India had the highest number of projects (7) though this didn't translate with regards to the project's total value whereas China had 5 projects, but the value of the projects was more than those of India and thus being a leading source of FDIs in 2023. Therefore, suggesting that having more projects doesn't mean their total value will also be more though it's good to attract more projects. China's planned investment projects create 11,120 jobs, followed by India with 396 jobs, and Morocco with 80 jobs. Many of the investments were into Finance, Insurance, Real Estate & Business Services, Manufacturing, wholesale, retail trade and tourism sector (Table 4.13).

### **Prospects for Investment and Development in Burundi**

The government of the Republic of Burundi has identified the importance of FDI in its efforts to spur economic development and create employment to lift most of the population from poverty. In adhering to economic transformation blueprints laid out by the SDGs and the AU's Agenda 2063, the government in 2019 launched the National Development Plan (NDP) for 2018-2027 aimed at reducing poverty in the country. It is based on the Plan that rigorous marketing campaigns are ongoing into labour-intensive sectors with large employment multipliers such as the manufacturing sector. The country set policies and action plans to implement the NDP (IMF, 2022). Heavy investments have been directed toward the improvement of infrastructure by building more roads and improving the quality of the airport. This is intended to reduce business-related costs associated with transportation.

To attain this, the country has embarked on reforms, both in policy and legislative framework, aimed at attracting investment at regional and international levels. This is evidenced by the government's policy shifts aimed at encouraging the private sector to be at the centre of economic growth through public-private partnership arrangements. In addition to these, other initiatives include offering fiscal and non-fiscal incentives to attract investors into the country and enable them to make profitable foreign direct investments; as well as reforms to improve the investment climate and to promote small and medium enterprises. Other reforms relate to simplifying the tax system to enable small and medium-sized enterprises to meet their statutory obligations, provision of tax incentives, VAT exemptions, and improved electricity supply and road infrastructure.

Burundi Government recently created thousands of cooperatives in rural communities, particularly where private businesses hesitate to venture, and public authorities do not provide basic services. Cooperatives are also meant to create employment and sustainable development. Burundi's private sector is small and relatively underdeveloped. Private sector investments have also been boosted by a robust investment promotion strategy which involves a reduction in redundant procedures and bureaucratic processes which cost investors time and money (MEA, 2023).

**Table 4.13: Burundi's Major Sources of Foreign Direct Investments, 2018-2023 (US\$ M)**

2019				2020				2021				2022				2023			
Source	No of projects	Jobs	Value (US\$M)	Source	No of projects	Jobs	Value (US\$M)	Source	No of projects	Jobs	Value (US\$M)	Source	No of projects	Jobs	Value (US\$M)	Source	No of projects	Jobs	Value (US\$M)
India	1	15	3.5	Sweden	1	21	#####	France	1	26	#####	India	13	581	25.86	China	5	11,120	654.78
China	5	119	13.5	Canada	1	200	8.33	India	7	425	#####	Ukraine	1	100	14.75	Netherlands	2	60	434.78
Kenya	1	60	3	Russia	1	48	2.36	UK	2	187	9.78	Nigeria	3	305	2.97	India	7	396	51.39
URT	2	65	7.3	China	3	165	1.24	China	4	140	6.09	Canada	1	37	2.81	Morocco	1	80	24.99
Sri Lanka	2	217	17	India	7	40	1.21	Canada	6	128	1.61	USA	1	10	1.23	Germany	1	16	1.84
Bulgaria	1	27	1	Pakistan	1	70	0.84	Mali	1	530	0.50	Egypt	3	12	0.56	Canada	1	25	1.01
Lithuania	1	15	0.5	Australia	1	100	0.50	USA	1	2	0.05	UK	2	7	0.53	Oman	1	54	0.62
Russia	2	95	6.5	S. Africa	1	8	0.49	Egypt	1	10	0.05	Australia	1	6	0.49	Iran	1	5	0.18
				Switzerland	1	38	0.05					Ethiopia	1	5	0.25				
				Nigeria	1	1	0.02					Vietnam	1	2	0.25				
				Korea	1	20	0.02												
				Iran	1	1	0.01												

Source: Burundi Investment Promotion Authority, 2023

#### **4.11.2 Republic of Kenya**

##### **Overview of Kenya Investment Environment**

Kenya's positive investment climate has made it attractive to international firms seeking to locate in the region. FDI inflows have been relatively robust, with the country being one of the top recipients in Africa. The economy is largely liberalized and open to foreign direct investment (FDI) across various sectors of the economy. The country has implemented several reforms to create a favorable investment climate, such as improving infrastructure, simplifying regulatory procedures, and offering incentives to investors. The five-year government development plan, dubbed the Bottom-Up Economic Transformation Agenda (BETA) identifies agriculture; micro, small and medium enterprises (MSMEs); affordable housing and settlement; universal healthcare coverage; digital superhighway; and the creative economy as core pillars towards achieving transformational inclusive economic growth. Foreign investors can invest up to 100% own equity, except in securities, insurance, power and lighting, mining and extractives and any other sector identified by government; to safeguard national interests, promote local enterprise, safety and health, and ensure sustainable and equitable development.

Data sourced from Kenya Investment Authority (KenInvest) shows that a total of 176 projects (both local and foreign) were facilitated in 2023 as compared to 178 projects the previous year 2022. The planned investment projects totalled US\$ 637 Million in 2023 as compared to US\$ 747 million in 2022. During the period, economic performance improved with a GDP growth rate of 5.6 percent in 2023 as compared to 4.9 percent in 2022. Kenya's agriculture sector powered the nation's economic growth to 5.6 per cent in 2023, up from 4.9 per cent in 2022, (KNBS Economic Survey 2024).

##### **Kenya Domestic Investments**

The Kenyan government has created an enabling environment for domestic investment to thrive. Some of the reforms include improved regulatory and licensing regimes, digitization in government services, improved infrastructure, and enhanced access to credit for local businesses.

In 2023, Kenya's total planned Domestic Direct Investments (DDI) facilitated by KenInvest was US \$ 67.42 million creating 944 jobs compared to USD 23.3 Million in 2022. Though there were several projects that were licenced that were of joint venture that involved Kenyan investors with other investors from outside Kenya. Most of the domestic investments were in the Manufacturing sector. The investments in the sector were mainly in textiles, apparel, and agro-processing value chains. The share of the sector to GDP, was 7.6 per cent in 2023. Significant investments continued in infrastructure projects such as roads, railways, and ports, enhancing connectivity and trade within the East African region. Kenya remained a leader in the ICT sector within Africa, often dubbed the "Silicon Savannah." Investment opportunities abound in fintech, mobile technology, and digital innovations.

##### **Kenya intra-EAC investment flows**

Kenya had intra-EAC investments of US\$ 1.32 million in 2023, a 94.16% decrease from US\$ 22.6 million in 2022. There were 8 projects in 2023, a decrease of two projects from the previous year. Of the 8 projects, 4 originated from Uganda with a value of US\$ 0.92 million.

**Table 4.14: Intra-EAC Investments into Kenya, 2018-2023 (US\$ M)**

YEARS	2018		2019		2020		2021		2022		2023	
SOURCE	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)
Burundi	-	-	2	1.9	-	-	-	-	1	0.11	-	-
DRC	-	-	-	-	-	-	-	-	2	0.17	1	0.08
Rwanda	2	0.6	1	2.2	-	-	1	0.09	2	0.68	1	0.12
S. Sudan			1	0.1	-	-	-	-	-	-	1	0.09
Tanzania	2	0.4	5	49.4	3	21	5	1.23	3	0.32	1	0.10
Uganda	2	1.8	7	12.5	3	0.3	1	0.09	2	21.3	4	0.92
Total	6	2.8	16	66.1	6	21.3	7	1.41	10	22.6	8	1.32
ROW	186	482.7	245	1,151.7	149	813.7	159	429.19	154	502.1	141	373.3
Total	192	485.5	261	1217.8	155	835	166	430.60	209	710.21	149	374.6

Source: Kenya Investment Authority, 2023

### **Sectoral Distribution of FDI Inflows to Kenya**

The country is home to a wide range of investment opportunities in nearly all the sectors of the economy. In 2023, emerging sectors such as renewable energy, digital economy, and fintech presented opportunities for investors. Kenya's commitment to green energy is demonstrated through significant investments in geothermal, wind, and solar power projects. The country's leadership in mobile money and fintech innovation, exemplified by the success of MPESA, continues to draw interest from tech investors globally.

In 2023, Kenya registered foreign investments excluding cross-border investments (EAC investments) worth US\$ 374.6 million with 146 projects, down from US\$710.21 million with 209 projects in the previous year. The Manufacturing Sector continues to lead in offering jobs to 3442 of the 7059 created. In terms of value of investments, the Manufacturing Sector was still in the lead with investments worth US\$ 126.82 million, followed by Finance, Insurance, Real Estate and Business services with US\$ 62.90 million, and Community, social and Personal services with US\$ 62.30 million with investments in the health sector.

Economic growth was also bolstered by strategic investments in infrastructure (roads, water ways, major ports and airports). FinTech start-ups in Kenya also played a pivotal role in promoting financial inclusion in the country and improving access to credit with a strong focus on mobile banking, digital lending and cutting-edge payment solutions.

**Table 4.15: Kenya's Sectoral Distribution of Foreign Direct Investment, 2018-2023**

YEARS	2018			2019			2020			2021			2022			2023		
SECTOR	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)
Agriculture, Fishing, Forestry and Hunting	9	767	2	16	411	41.3	5	117	2.0	8	283	3.45	13	246	27.06	17	948	8.28
Community, social and Personal services	-	-	-	23	389	40.5	34	1,366	8.6	7	63	3.55	8	155	8.71	8	905	62.30
Construction	10	288	46	18	245	6.7	7	610	623.4	18	707	89.01	12	353	41.66	4	30	30.05
Finance, Insurance, Real Estate and Business services	52	757	145	45	9,234	503.0	7	33	0.8	40	900	62.33	60	1,475	37.39	45	842	62.90
Manufacturing	47	3,834	142	46	3,830	345.0	21	1,239	43.2	28	1,967	59.25	27	1,319	296.41	25	3442	126.82
Mining and Quarrying	2	38	-	2	48	0.4	2	114	1.1	1	40	40.73	6	1,236	89.07	4	97	29.94
Transport, communication & storage	17	251	19	25	239	8.2	25	351	25.7	28	319	4.73	37	432	177.74	19	210	39.59
Utilities (water & supply)	8	654	73	15	353	228.2	13	149	22.5	6	159	171.10	10	228	25.65	4	126	5.46

Wholesale, Retail Trade, Tourism	42	2,79 6	58	71	1,824	44.9	41	1,43 6	6.1	59	981	79.47	36	513	6.53	20	459	9.32
Total	<b>18</b> <b>7</b>	<b>9,38</b> <b>5</b>	<b>48</b> <b>6</b>	<b>26</b> <b>1</b>	<b>16,57</b> <b>3</b>	<b>1,217.</b> <b>9</b>	<b>15</b> <b>5</b>	<b>5,41</b> <b>5</b>	<b>835.</b> <b>0</b>	<b>19</b> <b>5</b>	<b>5,41</b> <b>9</b>	<b>513.6</b> <b>4</b>	<b>20</b> <b>9</b>	<b>5,95</b> <b>7</b>	<b>710.2</b> <b>1</b>	<b>14</b> <b>6</b>	<b>705</b> <b>9</b>	<b>374.6</b>

Source: Kenya Investment Authority, 2023

### Kenya's Source of Foreign Direct Investment

Kenya's main source of investments in terms of the value of the projects for 2023 were: UK had the highest investment values with US\$ 110.85 million from 13 projects, followed by China (US\$ 90.56 million), and Netherlands (US\$ 35.77 million). The country with most projects among the top 10 sources is India with 18 projects. Investments from China created most jobs with 2966 jobs.

Further, there were a significant number of joint venture investments (16) contributing 7% of the total FDIs and with the value of US\$ 26.28 million.

**Table 4.16: Kenya's Major Sources of Foreign Direct Investment, 2018-2023**

2019				2020				2021				2022				2023			
Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)
UK	28	6,839	203.1	China	8	802	634.4	UK	16	757	178.2	USA/GER	1	517	255.5	UK	13	999	110.85
France	5	78	5.1	URT/SUI	3	148	21.5	China	7	759	77.03	India	11	227	157.7	China	10	2966	90.56
China	31	1,970	407	India	13	660	17.1	Mauritius	3	52	40.9	ZIM	1	710	47.7	Netherlands	13	267	35.77
India	16	226	6.8	USA	15	214	8	India	14	629	22.5	Yemen/ZIM	1	459	39.1	Denmark	1	40	34.42
URT	5	505	49.4	NED	5	81	5.7	USA	22	350	18.3	SUI	2	167	24.4	India	18	682	20.26
NED	8	74	1.9	S. Africa	4	23	4.2	NED	8	491	14.5	NED	15	144	23.9	Egypt	3	25	14.40
Japan	7	19	1	Italy	5	57	1.4	Cameroon	1	10	13.6	Uganda	2	74	21.3	Ethiopia	7	240	9.71
S. Africa	13	216	63.2	Japan	4	13	3.6	Turkey	2	22	6.6	USA	27	290	16.8	UAE	2	13	9.37
GER	9	116	9.6	Hungary	1	75	3.2	China/NED	1	120	4.6	China	11	299	14.0	USA	13	636	7.71
USA	22	377	59.8	Qatar	1	2	15.7	Egypt	25	217	2.5	Sierra Leone	1	19	5.4	Saudi Arabia	1	49	4.80



2019				2020				2021				2022				2023			
Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)
				UK	1	308	1.8	France	2	26	2.2	UK	9	85	5.3				
								SUI	3	17	1.9	France	3	28	4.0				
								Nigeria	6	152	1.6	Morocco	1	916	3.2				

Source: Kenya Investment Authority, 2023

GER - Germany, NED - Netherlands, SUI - Switzerland, ZIM - Zimbabwe

## **Modes of Market Entry**

The modes of entry have been mainly via joint venture, greenfield investments, mergers and acquisitions, equity and non-equity, and wholly owned subsidiaries.

## **Prospects for Investment Flows into Kenya**

Despite the internal and external environment challenges Kenya faces, its strategic investment initiatives, diversified economy, and emerging sectors offer substantial opportunities for foreign investors looking to tap into one of Africa's most dynamic markets. Kenya has been proactive in improving its investment climate, supported by legal and regulatory reforms. The government has undertaken several initiatives to enhance infrastructure, including the expansion of the Standard Gauge Railway and upgrade of major ports and airports.

Information and communication technology (ICT) provides promising area for FDI development in Kenya. The reversal of the equity participation in the National ICT Policy that initially allowed at least 30% equity ownership by a Kenyan provides opportunities for increased investments in ICT sector. Further, increased presence of major global tech companies in Kenya such as Oracle, Microsoft, Cisco, IBM among others provides an increased appetite for investments in the sector in Kenya. The other sector with the greatest potential is the service sector that has driven the country's economic transformation. Kenya has sought to position itself as one of the foremost destinations for private energy investment and is a regional leader in clean energy development, having harnessed its natural potential for geothermal energy where more than 80% of its on-grid electricity derives from renewable sources.

The petroleum and energy sectors have significant potential for growth, especially considering that several offshore gas fields are falling within Kenya's maritime territories. In terms of energy, the geographic activities within the Kenyan Rift Valley have seen Kenya become a leading global producer of clean geothermal energy with the resource potential and capacity yet to be fully exploited (Kenya Investment Authority, 2023).

### **4.11.3 Republic of Rwanda**

#### **Overview of Rwanda Investment Environment**

The Rwanda economy exhibited strong performance with a GDP growth of 8.2% in 2023. The highest-performing sectors in terms of contribution to GDP include the services sector (44%); the agriculture sector (27%); and the industry sector (22%). The overall growth of the industry sector was 10%, attributed to the strong performance of manufacturing and construction activities. The unemployment rate decreased from 20% in 2022 to 17% in 2023, while annual job creation increased to 235,000 in 2023 from 196,000 in 2022.

In 2023, RDB recorded US \$ 2.4 billion in new investment registrations that are expected to create 40,000 jobs and it's a 50% increase from those of 2022 reflecting Rwanda's attractiveness as an investment destination. During the period, Rwanda demonstrated resilience and dedication amidst global challenges that reflect its commitment to progress despite the challenges. This was through concerted efforts and strategic foresight that made it possible and that has laid the foundation for an outstanding future.

Rwanda prioritised investments in key sectors like the green economy, infrastructure, ICT, health, and conservations to foster inclusive growth and resilience. Some of the notable achievements in the year include the inauguration of high-tech facilities such as the BioNtech mRNA vaccine manufacturing facility and IRCAD Africa, positioning Rwanda as a hub for innovation and

excellence. Other projects include Zaria courts, Gabiro Agribusiness Hub (GAH), hosting 7 companies in the production of high-value crops for export and staple crops for food security purposes, and Rwanda Global Business Services (GBS) Initiative, a significant step towards positioning Rwanda as a leading GBS destination, with an aim to create 10,000 jobs by 2030.

Other notable achievements in 2023 include being ranked 1st in sub-Saharan Africa in the World Justice Project Rule of Law Index, 1st position in the Visa Openness Index, reflecting a continued commitment to connectivity and openness for business and tourism, and the expansion of the One Stop Center (OSC) that was launched in March 2023. The OSC has 22 institutions, providing 440 services, including facilitation with participation in AfCFTA.

### **Rwanda's Domestic Investment flows**

In 2023, Rwanda's Domestic investments increased by 81.07% to US\$ 959.5 Million from US \$529.9 million. The top sectors attracting significant investments included Real Estate, manufacturing, arts, entertainment and recreation and most jobs will be created in the manufacturing, agriculture, forestry, fishing, and real estate sector activities.

### **Rwanda's Cross-border and Foreign Investment Inflows**

Rwanda registered an increase in the value of foreign investments worth US\$ 1469.6 million (332 projects) in 2023, accounting for a 50.7% increase from US\$ 975 million (243 projects) in 2022. The top source countries for the FDI's were India (US\$ 175.2 million) with 42 projects and UAE (US\$ 138.2 million) with 2 projects.

The intra-EAC investments increased in terms of number of projects and values in 2023. The intra-EAC investment projects registered in 2023 were worth US\$ 55.16 million, compared to US\$ 46.78 million in 2022. The largest source of intra-EAC investments in 2023 was Kenya (US \$24.51 million) followed by Uganda (US \$ 18.26 million).

**Table 4.17: Intra-EAC Investment into Rwanda, 2018-2023 (US\$ M)**

YEARS	2018		2019		2020		2021		2022		2023	
SOURCE	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of projects	Values (US \$ m)
Burundi	-	-	-	-	-	-	1	2.5	3	1.01	6	10.7
DRC	-	-	-	-	-	-	1	0.5	5	3.16	-	-
Kenya	2	21.7	3	11.6	3	3.5	3	92.6	3	35.9	6	24.51
S. Sudan	-	-	-	-	1	0.3	-	-	1	0.2	-	-
Tanzania	3	7.5	3	5.5	3	4.0	-	-	3	6.51	2	1.69
Uganda	1	0.2	-	-	1	5.0	2	31.5	-	-	4	18.26
Intra-EAC	<b>6</b>	<b>29.4</b>	<b>6</b>	<b>17.1</b>	<b>8</b>	<b>12.8</b>	<b>7</b>	<b>127.2</b>	<b>15</b>	<b>46.78</b>	<b>18</b>	<b>55.16</b>
ROW	81	2,006.4	174	2,443.6	125	924.4	134	2,146.8	228	928.22	314	1414.44
Total	<b>87</b>	<b>2,035.8</b>	<b>180</b>	<b>2,460.7</b>	<b>133</b>	<b>950.2</b>	<b>141</b>	<b>2,274.1</b>	<b>243</b>	<b>975</b>	<b>332</b>	<b>1469.6</b>

Source: Rwanda Development Board, 2023

### Mode of Entry into Rwanda

In Rwanda, the most common mode of market entry for FDI is through greenfield investments whose flow into various sectors of the economy has been encouraged by the policy shifts within the Rwandese government as led by the Rwanda Development Board. Most of the investments registered, including joint ventures, were of Rwandan origin.

### Rwanda Sectorial Distribution of FDI Inflows.

The value of FDI increased to US\$ 1.469 billion in 2023 from US\$ 975 million in 2022 which highlights the government's concerted efforts to improve the business environment. The sectors that had the highest investments in 2023 include Real Estate Activities (US \$ 350.1 million), Manufacturing (US\$ 300.1million), Arts, Entertainment and recreation (US\$ 270.6 million), Accommodation and food service activities (US \$ 223.6 million), Construction (US\$ 208.6 million), and Agriculture, forestry and fishing (US\$ 206.1 million).

**Table 4.18: Rwanda-Sectoral Distribution of FDI, 2018-2023 (US\$M, No. of Jobs)**

YEARS	2018			2019			2020			2021			2022			2023		
Sector	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)
Agriculture, Fishing, Forestry and Hunting	9	4,041	21	11	2,261	111	6	1,189	224.4	20	2,766	222.48	24	6139	82.99		7600	206.1
Community, social & Personal services, administrative and support services	8	1,217	61	5	185	13	18	2,413	50.5	12	1,945	104.95	10	2660	59.22		200	173.2
Construction	2	324	162	7	3,332	23	6	2,066	82.2	11	1,952	1,146.03	7	419	4.59		2700	208.6
Finance, Insurance Real Estate and Business services	24	3,516	772	11	1,382	304	13	5,309	174.3	38	22,040	1,335.61	62	4496	229.85		6700	478.5
Manufacturing & Agroprocessing	81	11,726	441	112	22,895	750	49	5,209	111.7	124	13,430	558.83	44	3887	420.76		14,300	437.1
Mining & Quarrying	10	2,312	89	7	637	38	3	243	8.2	8	1,460	19.55	4	528	9.54		-	-
Transport, communication and storage	13	3,668	276	10	494	50	5	302	61.9	14	1,476	109.45	14	2559	103.13		-	-

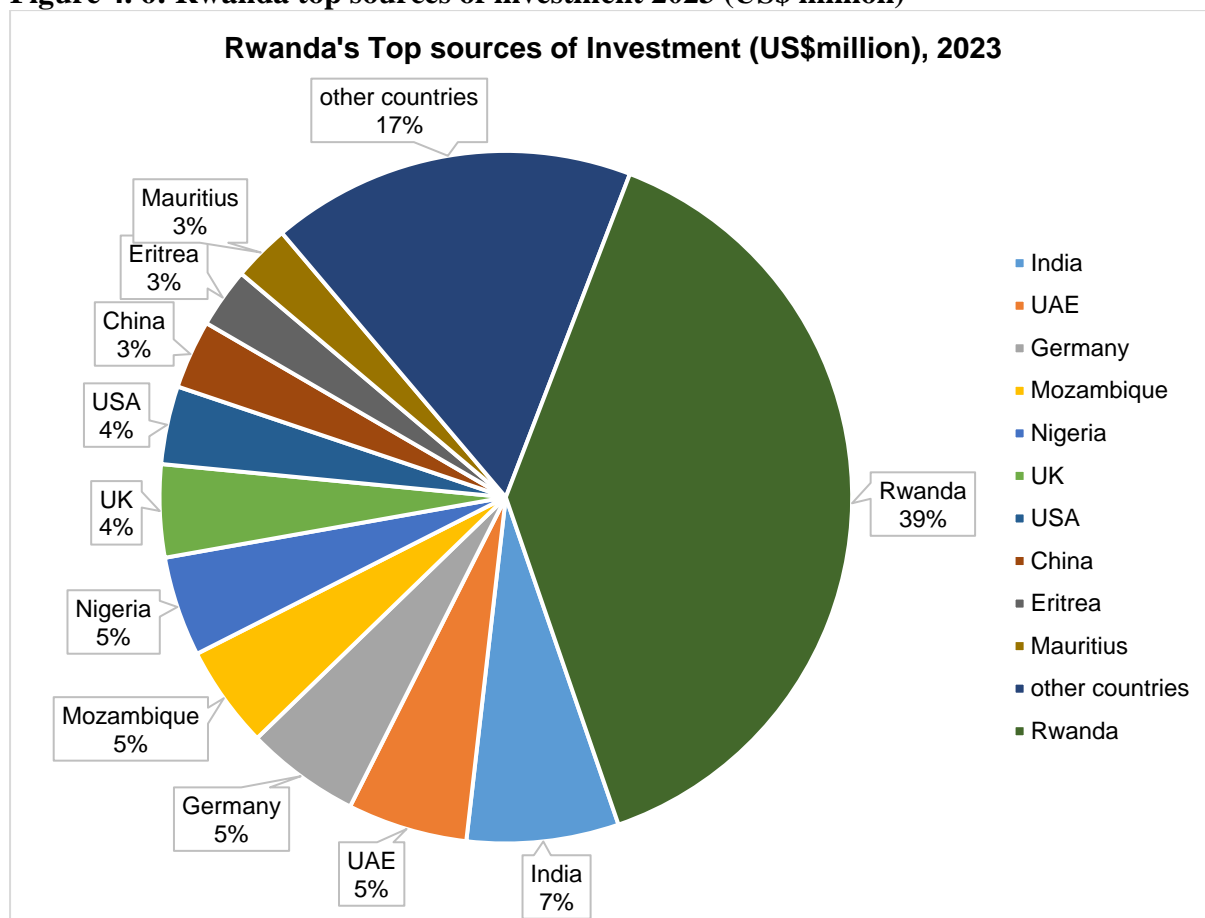
Utilities (water and energy)	8	3,273	80	6	4,028	1,112	4	194	36.5	4	1,653	108.39	3	234	30.16		1500	103.8
Wholesale, Retail, Trade, Tourism	18	1,161	105	11	501	59	-	-	-	21	1,647	144.07	1	9	10		2600	223.6
Arts, Entertainment and recreation and other services													16	5736	76.12		600	270.6

*Source: Rwanda Development Board, 2023*

### Rwanda's Major Sources of Foreign Direct Investment

Rwanda registered a significant number of foreign investments in 2023, with India and UAE being the top source countries for FDIs. The other major sources include Germany; Mozambique; Nigeria; and United Kingdom.

**Figure 4. 6: Rwanda top sources of investment 2023 (US\$ million)**



Source: Rwanda Investment Authority

**Table 4.19: Rwanda's Major Sources of Foreign Direct Investment, 2018 - 2023 (US\$ M)**

2019				2020				2021				2022				2023			
Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)
Nigeria	6	2,135	444.61	China	24	6,524	301.30	Rwanda & Qatar	1	1,200	1,101.3	China	49		182.4	India	42		175.2
USA	8	1,679	327.30	USA	9	1,455	206.70	China	22	3,046	360.2	India	36		151	UAE	2		138.2
India	9	493	10.30	France	7	2,832	137.10	Turkey & Libya	1	121	76.9	Germany	5		131.2	Germany	8		131.5
China	26	13,201	120.40	UAE	2	139	64.00	Canada	1	46	59.7	USA	28		120.7	Mozambique	1		117.9
GER	1	22	9.80	NED	3	140	31.60	India	16	1,360	52.6	Canada	5		79.7	Nigeria	11		115.2
UK	1	976	0.60	UK	3	284	30.70	SGP	1	200	50.0	UK	6		75.4	UK	11		106.8
DRC	3	2,045	614.50	India	16	1,206	30.60	Spain	1	123	43.8	South Africa	3		41.6	USA	26		90
URT	3	79	5.50	Slovakia	1	150	27.20	Belgium	2	312	42.3	Kenya	3		35.8	China	38		79.1
Kenya	3	500	13.70	Egypt	3	227	17.70	USA	7	485	39.4	Nigeria	13		32.4	Eritrea	51		68.7
Egypt	6	2,776	6.70	SSD	2	275	12.90	CMR	3	804	34.5					Mauritius	2		65.3
ROW	114	11,809	907.30	Sweden	1	6	12.10	Nigeria	7	378	32.5								
				DRC	1	28	10.00	UK	5	1,567	32.4								
				GER	3	83	4.20	Mauritius	4	459	21.5								
				URT	3	239	4.00	GER	1	222	18.7								
								ROW	62	6,255	180.5								

Source: Rwanda Development Board, 2023

CMR – Cameroon, GER - Germany, NED - Netherlands, SGP – Singapore, SLO – Slovenia, SSD – South Sudan, SUI - Switzerland, ZIM - Zimbabwe



## **Prospects for Investment Flows into Rwanda**

Rwanda's concerted efforts towards sustainable and strong economic growth forge ahead the country amidst evolving global economic dynamics, Rwanda Development Board (RDB) has laid plans for a transformative journey aimed at catalysing private sector-driven economic growth and has set a target of facilitating the registration of total investments amounting to USD 3 billion in 2024 (Rwanda Development Board Annual Report, 2023). Further, The Rwanda Innovation Fund will continue to nurture groundbreaking ideas and support visionary entrepreneurs, bolstering Rwanda's presence in the global technology arena thus fostering an enabling environment for investment attraction in ICT and in building partnerships and joint ventures.

Rwanda is set to continue its growth trajectory with growth projected at 7.2%, and strategic investments, deepening intraregional trade and coupled with ongoing country initiatives to boost productivity will drive performance (Africa Macroeconomic Outlook, 2023). The economic performance will benefit from higher public investment in major growth sectors (mainly manufacturing and services) and substantial capital outlays in critical public infrastructure, including electricity, transport, and logistics networks. This optimism is driven by the recovery in global tourism, new construction projects and manufacturing activities (World Bank Group, 2024).

The potential for more rapid private sector investment growth in Rwanda is linked to the domestic savings capacity that will require further interventions to increase domestic and national savings rates in efforts to achieve Rwanda's Vision 2050.

### **4.11.4 United Republic of Tanzania Overview of Tanzania Investment Environment**

In 2023, TIC continued its efforts to encourage and facilitate both domestic and foreign investments. The 6th Government under H.E. Dr. Samia Suluhu Hassan, the President of the United Republic of Tanzania has made efforts to improve the investment climate and embarked on efforts to make the country more investment-competitive by improving the business environment and procedures. In efforts to simplify business procedures for investors, Tanzania Investment Centre established the One-Stop Facilitation Centre (OSFC) and given the technological advancements, the OSFC is automated and advanced into a single electronic window for service provision through which investors can access the services without having to visit the Centre.

As the government arm in coordinating, encouraging, promoting and facilitating investments, Tanzania Investment Centre (TIC) unveiled its ambitious five-year strategic plan (December 2023/2024- 2027/2028). The Strategic plan seeks to position Tanzania as an ideal investment destination for attraction of investments and marks a significant shift by the country to navigate the evolving investment landscape.

### **United Republic of Tanzania Intra-EAC Investment**

The United Republic of Tanzania witnessed a slight drop in FDI inflow from US\$ 1,972.21 million in 2021 to US\$ 1,954.3 million in 2022. The number of FDI projects decreased from 398 to 193, but of more value. The highest-value project from EAC was from Rwanda worth US\$ 64.94 million displacing Burundi in the first position. Nevertheless, Burundi invested in 1 of the 27 projects in 2022 getting a market share of 3.7%.

**Table 4.20: United Republic of Tanzania Intra Investment Flows, 2018-2022 (US\$ M)**

YEARS	2017		2018		2019		2020		2021		2022		2023	
SOURCE	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)
Burundi	0	0	0	0	0	0	0	0	4	180.5	1	10	2	4.88
Kenya	16	29.1	12	42.7	7	9	27	0.303	22	89.1	19	48.34	24	50.94
Rwanda	1	0.3	0	0	0	0	0	0	0	0	2	64.94	3	18.65
S. Sudan	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Uganda	3	0.6	4	26.7	1	4	7	0.096	0	0	5	7.62	1	0.30
Total	20	30	16	69.4	8	13	34	0.399	26	269.7	27	130.9	30	74.77
RoW	202	3021.4	254	3,053	767	2,605.7	31	684.5	372	1,702.5	166	1,823.4		
Total	222	3051.4	270	3,122.4	775	2,618.7	65	684.9	398	1,972.2	193	1,954.3		

Source: Tanzania National Bureau of Statistics, 2022

### Sectoral Distribution of FDI Inflows

The total value of investments in 2023 was US\$ 5,720.36 million compared to the US\$ 4,403.33 million of 2022 representing a 29.90% increase. A total of 137,010 jobs were created from the 526 projects in 2023. This shows the government resilience and efforts in improving the legal and regulatory framework for investment. In terms of the origin of the investor, France injected US\$ 1.85 billion into the economy. The manufacturing sector continued to attract most investments with US \$1688.51 million in 2023, followed by Transport, Communication and Storage with US\$ 1351.05 million. Construction was also one of the major sectors in investment attraction having projects worth US\$ 1054.21 million.

**Table 4.21: United Republic of Tanzania Sectoral Distribution FDI, 2018-2023 (US\$ M)**

YEARS SECTOR	2019			2020			2021			2022			2023		
	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)
Agriculture, Fishing, Forestry & Hunting	19,686	53	456.4	5	179	83.845	63	2,535	251.75	29	29	29.00	48	30,718	793.10
Community, social & personal services	685	21	26.1	0	-	0	34	396	9.98	13	1,271	28.65	13	50,762	256.44
Construction	786	13	8.2	2	156	151.78	29	472	17.30	14	772	184.16	57	3,596	1,054.21
Finance, Insurance, Real Estate and Business services	1,923	68	174.3	2	156	22.78	84	6,960	1,848.62	12	1,271	68.54	20	1,832	282.66
Manufacturing	17,746	466	1,161.9	45	1,310	331.18	424	19,938	953.58	141	23,341	3,217.04	208	26,563	<b>1,688.51</b>
Mining & Quarrying	25	2	2	3	125	12.351	11	581	54.23	0	0	0	6	495	47.52
Transport, Communication, and storage	4,602	116	477.6	7	321	28.89	68	2,990	148.29	60	9,923	799.59	113	18,823	1,351.05
Utilizes (Water & Energy)	60	4	253.8	0	-	0	12	7,092	16.12	1	3	10.04	3	<b>118</b>	58.22

YEARS	2019			2020			2021			2022			2023		
SECTOR	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)
Wholesale, Retail Trade, Tourism	1,252	32	58.4	6	195	123.76	53	1,830	336.22	23	1,109	66.32	58	4,103	188.65
<b>TOTAL</b>	<b>46,765</b>	<b>4</b>	<b>2,618.7</b>	<b>65</b>	<b>2,442</b>	<b>684.9</b>	<b>778</b>	<b>42,794</b>	<b>3,636.1</b>	<b>293</b>	<b>37,719</b>	<b>4,403.33</b>	<b>526</b>	<b>137,010</b>	<b>5,720.36</b>

Source: Tanzania National Bureau of Statistics, 2023

### United Republic of Tanzania's Major Sources of Foreign Direct Investment

China was the leading investor for 2023 with 129 projects worth US\$ 1,111.91 million, followed by India with US \$ 190.53 million, and Mauritius with US\$ 145.29 million. The other major sources of investments include Singapore, Germany, Italy, Kenya, United Kingdom, South Africa and Oman.

**Table 4.22: United Republic of Tanzania Major source of Foreign Direct Investment, 2018-2023**

2019				2020				2021				2022				2023			
Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)
China	196	5,777	530.0	Bulgaria	2	150	201.26	CUW	1	48	499.9	China	60	8,894	973.3	China	129	9,665	1,111.9
MUS	11	2,042	297.8	China	22	426	138.52	China	128	4,969	409.0	UK	23	1,758	427.4	India	53	3,945	190.53
Canada	3	2,125	60.4	Virgin Islands	3	128	5.80	Egypt	5	542	301.8	UAE	5	1,923	327.6	Mauritius	11	3,151	145.29
India	33	2,138	50.4	Egypt	4	128	3.92	Virgin Islands	5	1,163	186.1	India	32	2,422	67.6	Singapore	5	445	143.29
UK	22	1,433	34.2	Canada	1	5	0.35	British	29	2,155	56.7	Rwanda	2	135	64.7	*****	1	306	135.00
Australia	9	52	31.9	British	4	85	111.99	Russia	9	238	50.3	Kenya	19	2,164	48.3	Germany	5	196	131.25
USA	3	618	20.4	France	1	7	0.10	MUS	8	699	39.8	Nigeria	3	206	46.0	Italy	4	17	49.89
S. Africa	15	262	17.3	Italy	1	51	11.17	India	71	1,228	33.8	Oman	4	218	29.3	Kenya	24	927	48.45
UAE	5	266	13.5	Kenya	5	27	0.30	NLD	3	1,759	21.7	Sudan	4	263	22.7	United Kingdom/ British	28	789	35.37
Ethiopia	6	352	10.6	Lebanon	1	8	0.18	BGD	5	1,758	20.7	SAU	1	385	19.6	South Africa	7	486	29.09
				Serbia	1	5	0.10	USA	13	188	15.4					Oman	3	452	28.25
								UAE	4	428	11.4								

Source: Tanzania National Bureau of Statistics, 2023

AUS Australia; BEL - Belgium, BGD - Bangladesh; CHE - Switzerland; CUW - Curaçao; MUS - Mauritius; NLD - Netherlands; SAU - Saudi Arabia;  
SGP - Singapore; ZAF - South Africa

### **Prospects for Investment Flows into the United Republic of Tanzania**

Political stability in the wake of the death of President John Magufuli and the accession of President Samia Suluhu during the COVID-19 pandemic period of 2020 ensured that Tanzania's economy did not suffer the economic shocks associated with political transitions especially in Africa. This was in addition to the resilience to external shocks and their potential to affect the financial sector in Tanzania. Investor confidence therefore remained at a high and the government continued implementation of the National Five-Year Development Plan 2016/17 – 2020/2021 which had been on track especially for the key infrastructural projects aimed at supporting improved transport and communication (LEX Africa, 2023). All these were aimed to attain National Development Vision 2025 which was in danger of being derailed by the economic downturn experienced in 2020.

Thus, the areas which had the highest prospects for investors included:

- A recovery in the tourism industry, which was very important for a country dotted with wonderful sites and attractions such as the Serengeti, Mt Kilimanjaro and the pristine sandy beaches at the coast and the islands. In 2021, the tourism dominated service sectors of Zanzibar accounted for 50% of its GDP (TIC, 2023).
- The strategic maritime resources of Tanzania such as the port of Dar es Salaam and the accompanying infrastructural upgrades of the berths, warehouses, railways and roads connecting it to the rest of the country and other regional countries such as DRC, Rwanda and Burundi that depend on the Dar es Salaam port.
- The progress of the Crude Oil Pipeline from Hoima in Western Uganda to Tanga Port which was started in 2020.

#### **4.11.5 Republic of Uganda**

##### **Overview of Uganda Investment Environment**

Uganda's economy has exhibited signs of resilience evidenced by a robust recovery post covid-19. Uganda's investment regime is liberal and is supportive of foreign direct investment. As in many other market economies, the movement of Investment capital in Uganda is regulated by rules and regulations to ensure the smooth conduct of business and boost confidence for investors. Uganda over the years has undertaken reforms to foster an attractive investment environment and facilitate investment and includes automation of business processes such as investment licencing, company registration, tax registration, Environment Impact Assessment (EIA), and land and title verification. These interventions have improved the turnaround time of licencing investment from 1 month to under 48 hours.

Uganda has a double Taxation Treaty with three (3) of the top 10 investment sources, India, United Kingdom, and Mauritius and these have reflected favourably in terms of investment attraction from these countries. In 2023, Uganda was awarded by 13th Annual Investment Meeting (AIM) in Abu Dhabi as the best investment destination for attracting some of the most significant foreign direct investment (FDI) projects in Africa following submission of three green investment projects that attracted over \$400 million worth of FDI to Uganda. Further, Uganda ranks 3rd amongst the top 5 countries in Africa, in terms of regulatory maturity of the digital economy. A mature regulatory framework is key for maintaining a competitive, transparent and fair investment environment. These recognitions go to highlight the efforts by the Government of Uganda in creating a conducive environment for investments including in the green economy.

##### **DOMESTIC INVESTMENTS**

The total planned investment value in 2023 was US \$ 2630.27 million and the direct domestic investments was US \$ 1018.83 million accounting for 38.73% of total investments. Uganda

Investment Authority licenced 131 domestic projects that plans to create 31386 jobs. In terms of concentration of investments, the top sectors include Manufacturing Sector (US \$ 666.80 Million), Agriculture, forestry and fishing (US \$ 64 Million), and Accommodation and food service activities (US \$ 50.61 Million).

**Table 4.23: DIRECT DOMESTIC INVESTMENTS (DDI) BY SECTOR, 2023**

DDI Distribution by Sector	Number of projects	Jobs	Values (US \$ million)
Agriculture, forestry and fishing	23	1513	64.00
Mining and quarrying	3	301	32.69
Manufacturing	64	12,365	666.80
Electricity, gas, steam and air conditioning supply	3	195	40.94
Construction	6	7,001	24.36
Transportation and Storage	6	830	47.75
Accommodation and food service activities	11	1,492	50.61
Information and communication	1	33	1.22
Financial and Insurance activities	2	56	2.25
Real estate activities	3	262	73.01
Professional, scientific and technical activities	1	5	0.08
Education	1	5	0.25
Human health and social work activities	2	95	8.07
Other Service Activities	5	7,233	6.81
TOTAL	131	31386	1018.83

Source: Uganda Investment Authority, 2023

## FDI Inflows to Uganda

### Intra-EAC Investment Inflows to Uganda

The Intra-EAC Investment flows for Uganda decreased in 2023 to US \$ 280.74millions from US \$ 391 million in 2022, the number of projects also decreased to 12 in 2023 from 21 in 2022. The highest cross-border investments in 2023 were from Tanzania accounting for 82.3% (US \$231.129 million) of the investments registered in 2023 from EAC countries. The highest number of projects came from Kenya and were 6 projects creating 464 jobs.

**Table 4.24: Foreign Direct Investment flows to Uganda, 2018-2023 (US\$M)**

YEARS	2019		2020		2021		2022		2023	
COUNTRY	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No. of Projects	Value (US\$ m)	No of projects	Value (US\$ m)
Burundi	-	-	-	-	1	9.17	-	-	1	6.61
Kenya	8	57.7	7	20.3	14	252.59	15	242.6	6	33.002
Rwanda	2	28	-	-	-	-	1	10	1	6
S. Sudan	-	-	-	-	-	-	-	-	-	-
Tanzania	-	-	-	-	2	3.00	5	138.4	3	231.129
DRC									1	4
Total	10	85.7	7	20.3	17	264.7	21	391	12	280.741
ROW	299	1,127.7	195	907	342	3,220.1	157	1,996	207	1330.57



Total	309	1213.4	202	927.3	359	3,484.9	178	2,387.2	219	1611.31
-------	-----	--------	-----	-------	-----	---------	-----	---------	-----	---------

*Source: Uganda Investment Authority, 2023*

### Sectoral Distribution of Foreign Direct Investment

Uganda has continued its drive to industrialisation and attracted most of the FDIs into its high-ranking manufacturing sector with US\$ 713.70 million in 2023 though it was a decrease of 66.7% from investments made in the sector in 2022. The Manufacturing sector created 11025 jobs accounting for 66% of the jobs created from FDIs. The Agriculture, Forestry and Fishing was second highest sector in terms of FDI attraction with 19 projects worth US \$ 358.2 million creating 2154 jobs. The other major sectors in FDI attraction include Education and Health services sector accounting for 15 projects worth US \$ 273.51 million and creating 987 jobs; Energy and Water (US \$ 128.08 million); construction (US \$ 47.07 million); and Mining and Quarrying (US \$ 46.05 million).

**Table 4.25: Uganda – Sectoral Distribution of FDI Trends, 2017-2023 (US\$ M)**

YEARS SECTOR	2019			2020			2021			2022			2023		
	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)
Agriculture, Fishing, Forestry and Hunting	57	7,555	120	19	1,566	28.4	66	12,530	238.6	55	9,771	1,718.0	19	2154	358.20
Community, Education, Social, Personal Services, and other services	3	159	4	22	1,997	85.9	13	751	42.5	21	844	40.7	15	987	273.51
Construction	17	3,826	251	10	2,981	149	40	3,423	108.6	28	1,733	105.5	7	796	47.07
Finance, Insurance, Real Estate and Business services	14	670	58	16	1,634	77.6	35	2,472	643.4	27	1,682	323.3	11	507	30.49
Manufacturing	166	23,955	447	108	11,752	303.4	343	32,677	1,369.7	316	33,699	2,142.3	136	11025	713.70
Mining and Quarrying	4	676	45	4	366	27	13	5,520	931.3	15	1,329	29.32	9	743	46.05
Transport, Communication, & Storage	23	21,086	53	6	209	5.8	24	2,254	459.3	20	1,914	5,687.8	7	623	13.15

<b>YEARS</b>	<b>2019</b>			<b>2020</b>			<b>2021</b>			<b>2022</b>			<b>2023</b>		
<b>SECTOR</b>	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)	No. of Projects	Jobs	Value (US\$ m)
Utilities (Energy & Water)	9	3,491	24	9	370	238.6	19	1,991	581.7	12	400	281.9	10	191	128.08
Wholesale, Retail Trade, Tourism, Professional, scientific and technical activities and Administrative and support service activities	16	1,458	212	3	177	2.8	18	1,739	73.1	12	1,462	85.1	4	186	1.06

*Source: Uganda Investment Authority, 2023*

### Uganda's Sources of Foreign Direct Investment

There were 37 investing economies in Uganda in 2023. China had the highest investment worth US\$ 321.68 million of the US\$ 1.611 billion of FDIs registered. China continued to create the largest share of jobs and providing 6050 jobs in 2023 and having 64 projects (18.3%) of all the investment projects registered in Uganda in 2023. The other major sources of FDIs were India having projects worth US \$ 282.53 million, Russia (US \$ 257.2 millions), Tanzania (US \$ 231.13 million), and UK (US \$122.37 million).

**Table 4.26: Uganda: Source of Foreign Direct Investment, 2018-2023 (US\$ M)**

2019				2020				2021				2022				2023			
Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)	Origin	No. of Projects	Jobs	Value (US\$ m)
China	75	10,454	421.2	China	55	6,597	2,345.5	India	98	9,191	847.1	UK	13	1,251	5,112.6	China	64	6050	321.68
India	38	3,768	64.5	MRI	8	746	227.5	CAY	1	1,487	620.0	China	101	11,210	1,095.4	India	54	3890	282.53
ETH	5	247	5.0	India	45	3,752	93.5	China	104	9,395	343.3	India	101	10,575	968.8	Russia	2	572	257.2
Turkey	2	99	1.2	Sri Lanka	8	354	61.0	SGP	1	162	300.0	Kenya	15	2,441	242.6	Tanzania	3	118	231.13
VGB	-	-	-	USA	2	697	35.7	UK	17	7,482	262.3	SGP	5	187	221.1	UK	6	674	122.37
UK	10	840	48.9	UAE	1	94	19.5	Chile	1	189	150.0	URT	5	654	138.4	Mauritius	5	646	96.56
LBN	2	706	5.6	Kenya	5	242	20.3	MRI	13	869	100.2	Italy	3	157	100.3	Lebanon	1	153	70.65
Norway	1	16	0.2	France	2	527	17.1	DEN	5	155	90.6	UAE	2	86	85.0	Turkey	2	64	39.44
USA	6	525	3.2	Egypt	4	461	16.8	Spain	1	128	85.4	USA	11	596	74.1	Denmark	1	15	36.80
Italy	-	-	-	UK	6	720	10.6	USA	7	1,399	52.4	RSA	3	597	64.0	Kenya	6	464	33.0
								Egypt	3	152	51.4	MRI	4	166	56.6				
								UAE	1	44	50.0	DEN	2	65	34.8				
								Italy	5	817	40.7	Cyprus	2	312	30.0				

Source: Uganda Investment Authority, 2023

VGB - British Virgin Islands, CAY - Caymen Islands, DEN - Denmark, MRI - Mauritius, RSA - South Africa, SGP - Singapore,

### **Prospects for Investment Flows into Uganda**

Uganda is a country of young people with thousands of job seekers entering the market every year. The entry of foreign investors in the economy provides opportunities to link domestic firms with international firms and boost knowledge spillovers across the sectors. Research shows that when foreign investment flows to sectors with well-functioning and productive local firms, the productivity spillovers are largely positive. Thus, these local firms are the main job creators in the economy. Uganda's potential for FDI is a significant untapped opportunity given the youthful and innovative population, market access through the regional integration initiatives. The FDI provides opportunities for linkages with domestic economy and firms. This will require a combination of investments in firm upgrading, product and service diversification, and workforce training. Further, can be capitalized through a combination of institutional reforms and firm-level support which can diversify areas for foreign direct investment inflows and integration of FDI with the domestic economy.

Though there was a slowdown in investment attraction in 2023, Uganda continues to hold great potential for investors who wants to generate competitive returns. Much of this potential will be driven by investments in the Manufacturing Sector, Mining, Oil and Gas sector, with the county having a significant oil reserve, Agricultural development, Real Estate with an increasing demand for both residential and commercial properties, technology industry given the growing number tech startups.

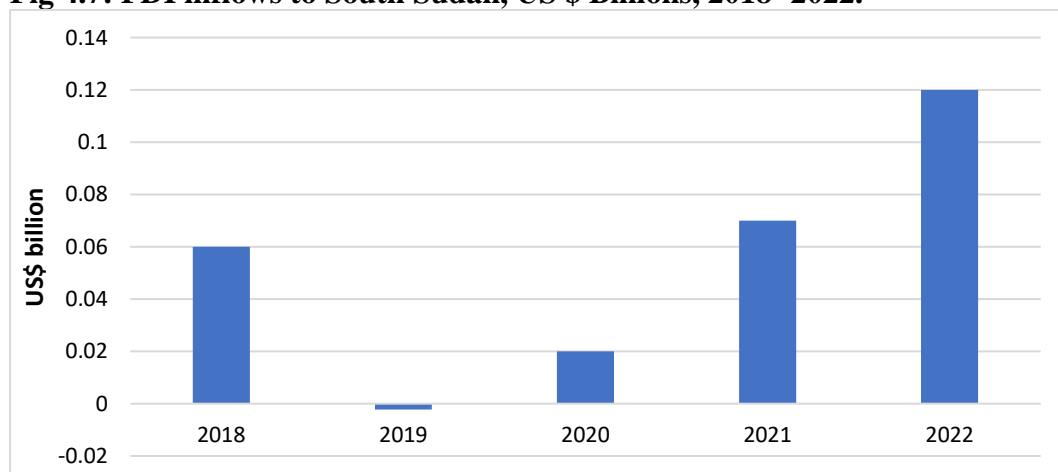
#### **4.11.6 Republic Of South Sudan**

South Sudan embarked on rebuilding its legislative framework since signing the Comprehensive Peace Agreement in 2005, to promote a vibrant private sector. South Sudan's government has made efforts to improve the investment environment, some of the measures undertaken have included: simplify and centralize taxation; automation of business registry; amendment of the EAC Investment Law through the South Sudan Investment Promotion Act, 2009 (Amendment) Bill, 2023. The government has also placed priority on implementation of the national development strategy that seeks to transform Agriculture through value addition to be an export contributor and facilitate infrastructure development that requires investments up to the tune of US\$ 200 million a year over the medium term (AfDB).

The country is endowed with unlimited potential with opportunities in oil, gas, agriculture, forestry, fishery, mining, tourism and energy sector. The country offers investment opportunities that awaits exploitation, there are opportunities for establishing manufacturing plants for the Agro-processing sector for sawmills, palm oil, shea butter and textiles. Further, there is potential to diversify its economy from oil sector, and opportunities exist in the minerals such as iron, diamond, gold, and copper. Regional infrastructure projects also place South Sudan as a destination for investments.

The country has ten states located into three greater regions: Greater Bahr El Ghazal, Greater Upper Nile and Greater Equatoria where the seat of government is based in Juba, Central Equatoria State. Each one of ten states has its own potential and opportunities different from the other. South Sudan's FDI is concentrated in the Oil and Gas Sector, other sectors include Agriculture, Mining and Infrastructure development. The top countries investing in South Sudan include China, Malaysia, India, Eritrea, and Uganda.

**Fig 4.7: FDI inflows to South Sudan, US \$ Billions, 2018- 2022.**



Source: World Bank, 2024

Foreign Direct Investments has been on increasing trend from 2019, and in 2022, South Sudan attracted FDIs worth US \$0.12 billion representing an increase of 71.4% from US\$ 0.07 billion in 2021. The FDI upward trajectory signifies the government efforts to improve the business and investment environment.

#### **4.11.7 Democratic Republic of Congo**

The Democratic Republic of Congo (DRC) is endowed with exceptional natural resources such as mineral deposits that include cobalt, copper, diamond, uranium gold, etc; great hydroelectric potential, vast arable land, and a biodiversity that has remained largely untapped. DRC is the world's foremost cobalt producer and Africa's leading copper miner, and these opportunities have attracted investments in the sectors.

DRC is strategically located in Africa and with a large domestic market, and with the country being a member of the East African Community (EAC) and Common Market for Eastern and Southern Africa (COMESA) it offers a potentially attractive market for investors to access a bigger and wider Africa population. The DRC, being the world's foremost cobalt producer and Africa's leading copper miner, benefited from this in terms of investment inflows. The main source of investment for the country are South Africa, Belgium and China.

The prospects for DRC are favourable with the mining sector expected to grow further in 2024, as the Kamo-Kakula copper mine enters its second phase of production in late 2022. After peaking at 8.9% in 2022, real GDP growth in the DRC remained robust at 7.8% in 2023, supported by a strong mining sector, which grew by 15.4% contributing around 70% to overall growth in 2023. GDP growth is expected to moderate to 6% in 2024 and to stabilize around 5.8% over 2025-26, driven by the mining sector (World Bank 2023).

Agriculture production slowed to 2.2% growth in 2023 from 2.4 % in 2022. On the demand side, growth was led by private investment and exports, while inflationary pressures caused private consumption to contract, potentially impacting poverty reduction.

#### **DRC FDI inflows**

FDI into the Democratic Republic of the Congo remained stable at USD 1.8 billion in 2022, primarily driven by investments in offshore oil fields and mining. At the end of the same period,

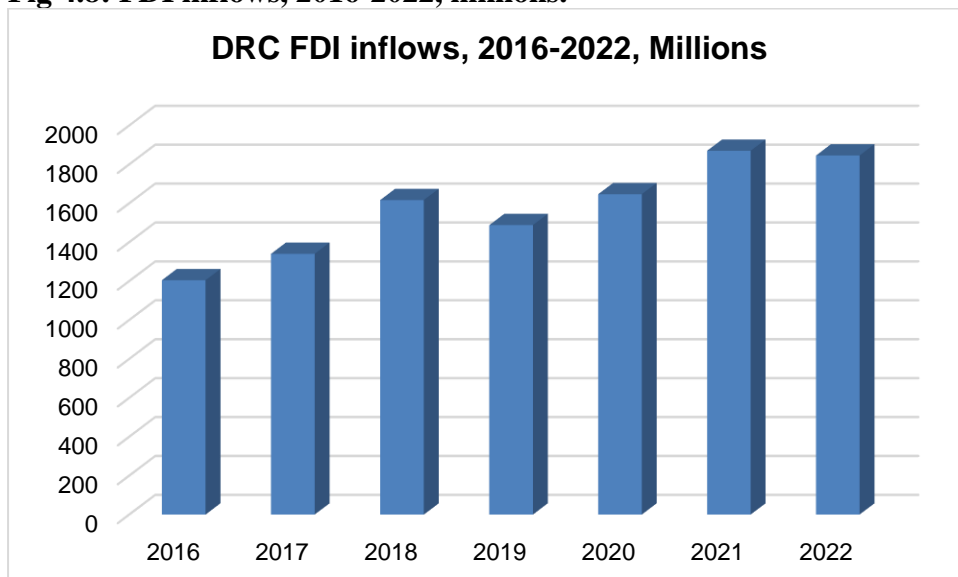
the FDI stock was estimated at USD 31 billion, around 49.3% of the country’s GDP. To date, the mining sector is the one that attracts most FDI, followed by telecommunications. Investments in the mining sector received a boost in FDI as cobalt prices surged due to heightened demand for its application in smartphones and electric car batteries.

**Figure.4.8: DRC Foreign Direct Investment, 2020-2022, millions**

<b>Foreign Direct Investment</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
FDI Inward Flow ( <i>million USD</i> )	1,647	1,870	1,846
FDI Stock ( <i>million USD</i> )	27,279	29,149	30,995
Number of Greenfield Investments*	12	4	6
Value of Greenfield Investments ( <i>million USD</i> )	1,172	197	3,309

Source: UNCTAD, 2023

**Fig 4.8: FDI inflows, 2016-2022, millions.**



Source: World Investment Report, 2023

## 5.0 CONCLUSION AND RECOMMENDATIONS

### 5.1 Conclusion

The EAC macroeconomic performance has remained resilient despite the upward risks arising from weather-related shocks, Russia-Ukraine war and geopolitical tensions in the ME and scattered political instability and conflicts in the region which have impacted negatively on food, energy, weak global demand for the regional exports and related economic conditions leading to high cost of living. There were marginal growth declines in Burundi, Uganda and South Sudan. Overall inflation increased in 2022 and early 2023 driven by high global commodity prices (mainly food and energy prices), owing to global shocks, as well as adverse weather conditions that affected agriculture production. Nevertheless, this was also buoyed by continued implementation of policies and reforms geared towards improving private and public sector investment.

With EAC's commitment to widen and deepen its regional integration agenda to expand market access, adopting new and better ways of doing business by way of trade and policy reforms within the Single Customs Territory (SCT) and expanded private sector involvement in customs processes, including technology assisted trade facilitation arrangements through e-commerce, digital information platforms, OSBPs, among others while benchmarking best practices have resulted in reduction of NTBs and increased economic activity. The Federal Republic of Somalia is the latest county joining the EAC.

The global economy decelerated in 2023 on account of the decline in global trade from reduced supply and distribution of key products, namely wheat, maize, sunflower oil, and fertilisers. The decline in global trade in 2023 was mainly caused by, among others, Russia's invasion of Ukraine which had a significant impact on the supply and distribution of key products such as wheat, maize, sunflower oil, and fertilisers. These are the same products with high demand in East Africa to sustain the agricultural sector. Thus, the **East African economy** declined to 3.5 percent in 2023 from 4.4 percent in 2022. However, the merchandise trade picked up, growing at 2.37% in 2023. Nevertheless, the EAC export basket remains dominated by commodities into the international market. The continental regions offer opportunities to manufactures. Key manufactured exports included textiles, chemicals, edible oil, cement, iron and steel, cosmetics and pharmaceuticals.

Whereas Burundi's total merchandise trade with the Rest of the World (RoW) decreased while, its intra-regional within EAC region registered substantial growth of close to 20%. Similar trends were observed for Rwanda and Uganda. However, Kenya, Tanzania and South Sudan global and regional trade declined.

The recovery of global trade in services in 2022 was sustained into 2023, with transport and tourism accounting for the highest contribution across the EAC region, but with variation across Partner States substantial FDIs inflows into the ICT, biotechnology and tourism sectors were recorded. However, the woes of the global financial crisis, sustained tight fiscal policies with resultant high inflation resulted in high cost of living leading to muted demand. Despite this, FDI flows into the EAC increase was concentrated in energy and gas supply, extractive industries and the service sectors. The Republic of Uganda attracted the most intra-EAC investments in 2023, worth US 280.74 million though it was a decrease from US\$ 391 million



in 2022. Positive service trade balance was registered in Burundi, Rwanda and Tanzania. Kenya's service trade balance was negative.

The regional economy is projected to continue improving, driven by expected strong performance in agriculture and services sectors, leading to increased output in industry, services, agriculture, construction, mining and quarrying, and manufacturing sectors. The region is highly dependent on export of primary agricultural and mineral commodities with little value addition. There is potential to diversify the export basket into more manufactures with the adoption of a 4-band CET tariff structure supportive value addition. Strong growth will also be supported by implementation of growth-supporting measures expected from increased private and public investment coupled with improved exports.

Downside risks remain, attributed to uncertainty in the global economic business environment, sustained tight financial conditions, high inflation and climate related challenges, global geopolitical conflicts and political conflicts and associated instability in the region, limited investment resources to expand productive capacities. Despite achieving the significant integration milestones, intra-EAC trade remains low at 15% in 2023 due to, among others, supply challenges, the imposition of Non-Tariff Barriers (NTBs) by Partner States which impact negatively on intra-EAC trade negatively. Additionally, Trade levels are even lower at the TFTA and AfCFTA markets because of poor transport and communication infrastructure connectivity, low digital literacy, lack of or inadequate policies and regulatory frameworks, limitations on competitiveness, among others. East Africa is expected to maintain its position as Africa's fastest growing region, with real GDP growth rising from an estimated 1.5 percent in 2023 to 4.9 percent in 2024 and 5.7 percent in 2025.

## **5.2 Nexus between trade, investment, climate change and poverty**

### **5.2.1 Global business environment**

The new remote work ethics adopted in the aftermath of the COVID 19 pandemic, coupled with rapid technological advancements, has reshaped how businesses operate. This was further exacerbated by the geopolitical tensions since 2022 with the onset of Russia-Ukraine war, the destabilizing ME and North Africa conflicts with devastating effects on oil prices associated with OPEC oil production cuts, the sustained monetary policy tightening in advanced economies and the ravages of climate change. The global environment for international business and cross-border investment remains challenging in 2023 when the Geopolitical tensions are still high. Recent financial sector turmoil, arising from tightening of the monetary policies, has added to investor uncertainty. The decline in global FDI flows and the windup of the stimulus packages has manifested in significant downward pressure and uncertainty in financial markets.

All these global crises are having effects well beyond its immediate vicinity, causing a cost-of-living crisis affecting billions of people around the world, with rising prices for energy and food and in the process reducing real incomes and aggravating debt stress. However, the technological advancements in AI applications including e-commerce trading align with consumer changing habits, when harnessed will expand growth prospects. Further, the return to a lower policy rate environment in advanced economies and some emerging markets could ease the cost of capital and limit capital outflows and other macroeconomic shocks in Africa,

with attendant benefits for medium-term economic growth prospects (AfDB Outlook Report, 2024).

The nexus between trade, investment and climate change has been analysed in the context of poverty, food security, unemployment, growth, trade, and debt burden.

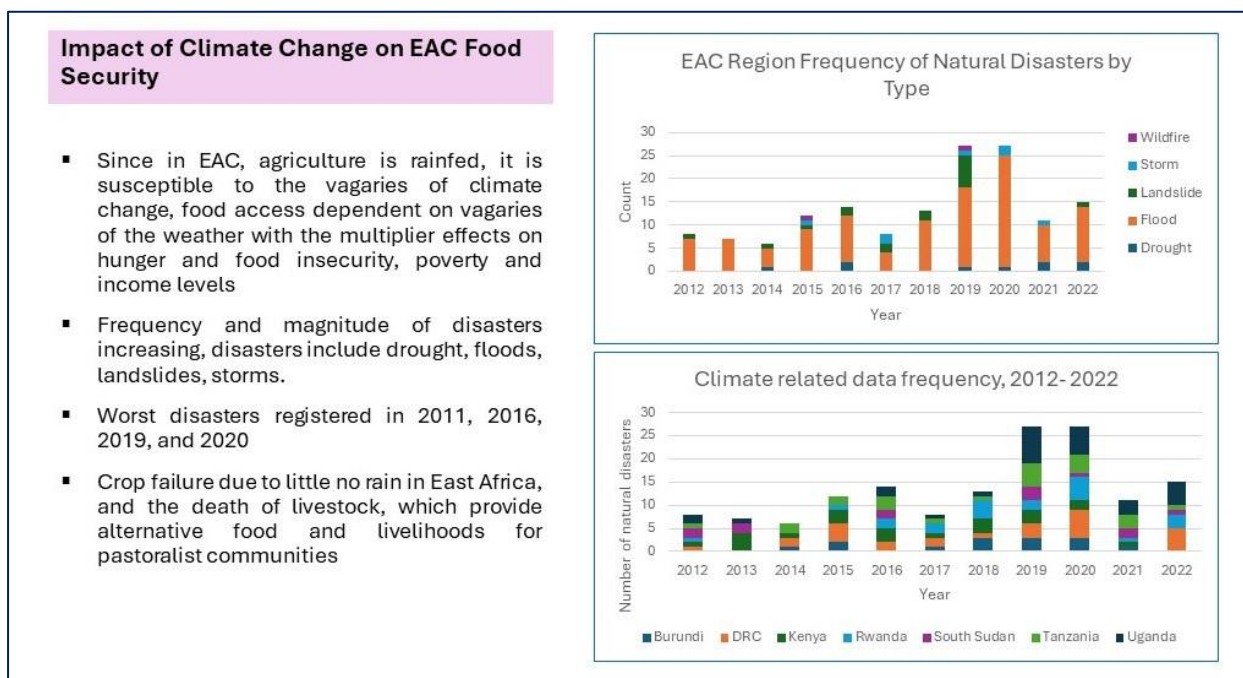
### 5.2.2 Trade and poverty among the EAC Partner States

The COVID 19 disruptions translated into rising food and energy prices and tightening of financial conditions, increasing unemployment and debt burden. Further, the low adaptation to climate change technology innovations is slowing Africa’s economic growth considerably. Poverty and food insecurity intensified.

### 5.2.2 Climate Change and poverty

Despite contributing less than 4% to total global carbon emissions, African countries face significant climate financing challenges to respond to mitigation and adaptation measures required to tackle climate change effects. Concurrently, the effects of climate change provided in Box 1 below confirms the link of climate change, food access and poverty. Severe droughts, floods and extreme weather events associated with climatic variability with agriculture and energy generation subjected to continuous and irregular stress. The most affected countries are those with large tracks of Arid and Semi-Arid Land (ASAL) areas (Kenya) and those countries that are in transition of improving their political environment, which heavily rely on food imports.

#### Box 1: Impact of Climate Change on EAC Food Security (2012-2022)



Source: International Monetary Fund. 2023. Climate Change Indicators Dashboard

### **5.2.3 Investment and poverty**

The global environment for international business and cross-border investment remained challenging in 2023 with the high Geopolitical tensions. Recent financial sector turmoil has added to investor uncertainty. The cross-border Mergers and Acquisitions (M&As) and international project finance were affected by tighter financing conditions, rising interest rates and uncertainty in capital markets. However, the FDI inflows into the SSA increased marginally. They were concentrated in energy and gas supply and extractive industries, and the service sectors (construction, transportation and storage and information and communication). The modest increase in FDI inflows, domestic and intra-EAC investment, there was an increase in the number of jobs. However, the sectoral distribution of the investments reflects the structural distortion of the EAC Partner States, with economies heavily reliant on traditional, low-productivity sectors like agriculture or low-skilled services for growth and employment.

### **5.3 POLICY RECOMMENDATIONS**

Despite positive economic growth trends, Africa still faces structural transformational challenges in achieving sustainable economic and social transformation (AfDB 2024). The continent remains heavily dependent on resource based traditional, low technology/knowledge content in low-productivity sectors like agriculture or low-skilled services for growth and employment. The same developments are replicated in EAC, with intra-regional trade maintain declining trends, and currently standing at 15% compared with America at 47.4%, Asia at 61.1%, and Europe at 67.1%. Deliberate efforts<sup>5</sup> must be made in the EAC to focus on strategic investments on critical activities that speed up structural transformation in key areas such as education, energy, productivity-enhancing technology and innovation, and productive transport infrastructure that stimulate and accelerate development, domestic production, employment, aggregate demand, which also helps to build resilience to external shocks. Other priorities include expansion and diversification of export product range, creating an enabling business environment for attracting and scaling up FDI and external financial flows to complement domestic investment resources.

Furthermore, the growing contribution of services to economic transformation is attributed, among other factors, to their increasing tradability and to the greater contestability of the services market. The ICT applications across a range of services, from transport and logistics to professional services, have seen sustained product and process innovation fuel important gains in labour productivity. Building on the prioritised initiatives of 2022 report, which covered investment in resilience initiatives in climate change and health, increasing production and productivity to mitigate global shocks, the 2023 report ventures to harness the trade

---

<sup>5</sup> A mix of short-medium term and long-term policies are needed to address Africa's macroeconomic challenges and put economies back on the path of sustained, higher growth.

opportunities in the services<sup>6</sup> sectors. With their roles in cross-sectoral linkages, increasing tradability and trade facilitation through digitalization, services offer promising opportunities for export diversification.

At regional level, these interventions will encompass harnessing the TFTA and AfCFTA market access initiatives through advocating for appropriate policy and regulatory reforms to move the region to higher value-added production and productivity, standardisation and harmonisation of the various trade/investment instruments, joint development of corridor-based infrastructure to improve connectivity, technology adoption for production and information access to sustain job creation and effective demand. Complementary Peace initiatives should be sustained to contain conflicts from political instability or climate resource sharing conflicts.

Through appropriate regional frameworks, Partner States should:

**i. Restructuring economic base to create job opportunities and wealth- through diversification of the economic activities moving into value addition**

For the EAC to support resilient sustainable growth and development, transformative structural adjustments must be undertaken to diversify economic activities through value addition, technology adoption and innovation along priority national and regional value chains, investment in technology assisted service sectors, increased employment in manufacturing.

- Assess the impact of TFTA, AfCFTA, introduction of the 4<sup>th</sup> band at 35% to support value addition on trade prospects, to reprioritise critical interventions to stimulate structural transformation,
- Promote manufacturing and ICT sectors as engines of growth
- Adopt modern technology in support of productivity in the different economic sectors
- increase investments in skills development to improve and increase the number of employable people and productivity.
- prioritise providing investment incentives into labour intensive sectors for job creation.
- promote domestic resource mobilisation initiatives, with increased domestic investment and FDIs for boosting productive capacities.
- establish domestic industrialization fund to support domestic investors, industrialists and regional value chains.

---

<sup>6</sup> Services such as telecommunications, energy, transport, financial, and business services contribute directly and indirectly to economic growth, including by lowering transactions costs and creating spillovers of knowledge to other sectors.

- expedite the elimination of all discriminative levies, fees and charges to promote intra- EAC trade.
- prioritise development of the selected regional value chains to stimulate local production.
- enhance domestic production capacities for sensitive goods to ensure that the domestic supply is sufficient to meet the demand for these goods. This will address the problem of importation of sensitive goods from outside the Community; and
- undertake value addition on minerals and agricultural commodities and desist from exporting unprocessed minerals and agricultural commodities to create jobs for the youths and fetch high foreign exchange earnings on the international market.
- Liberalise sectors prone to monopoly, for example energy, to create more opportunities for the private sector

**ii. Conclude negotiations on the AfCFTA negotiations on the priority trade in services sectors**

- To deepen growth and structural transformation, services with their strong multi-sectoral linkages have the potential to expand productivity by creating economy-wide spillovers, particularly in the development of the manufacturing sector.
  - Diversification of the export basket, given the large contribution of the services sector in the regional economies with potentials of inclusivity of gender dimensions will expand employment opportunities.
  - Professional services are important enablers for economic development, hence the need to streamline the legal frameworks across all the 4-modes of trade in services.

## 7. REFERENCES

1. AfDB 2022. East Africa Macroeconomic Outlook
2. AfDB 2023. Africa Macroeconomic Outlook 2023.
3. Bank of Uganda. (2021). Monetary Policy Reports 2021.
4. Bank of Uganda. (2021). State of the Economy Reports 2021.
5. CBK 2022. Twenty Ninth Bi-Annual Report of the Monetary Policy Committee.
6. EAC (2022). Retrieved from <https://www.eac.int/operating-environment/public-private-partnerships/243-sector/investment-promotion-private-sector-development/investment-guide/2498-setting-up-and-operating-an-investment-in-rwanda>
7. EAC Partner States Central Banks
8. EAC (2022). Retrieved from <https://www.eac.int/operating-environment/public-private-partnerships/243-sector/investment-promotion-private-sector-development/investment-guide/2496-setting-up-and-operating-an-investment-in-kenya>
9. EAC (2022). Retrieved from <https://www.eac.int/operating-environment/public-private-partnerships/243-sector/investment-promotion-private-sector-development/investment-guide/2501-setting-up-and-operating-an-investment-in-uganda>
10. EAC (2023). Retrieved from <https://www.eac.int/operating-environment/public-private-partnerships/243-sector/investment-promotion-private-sector-development/investment-guide>
11. EAC (2023). Retrieved from <https://www.eac.int/operating-environment/public-private-partnerships/243-sector/investment-promotion-private-sector-development/investment-guide/2495-setting-up-and-operating-an-investment-in-burundi>
12. FDI Intelligence (2022). THE fDi REPORT 2022 - Global greenfield investment trends. 1 Friday Street London: The Financial Times Ltd. Retrieved from <https://www.fdiinsights.com/publications?login=true>
13. IFC. (2022) Country Private Sector Diagnostic Creating Markets in Burundi Leveraging Private Investment for Inclusive Growth.
14. IMF. (2022) Burundi: Selected Issues 2022 IMF Country Report No. 22/258.
15. Kenya Investment Authority (2023). Retrieved from <http://www.invest.go.ke>
16. KNBS 2022. Kenya Economic Survey 2022.
17. KNBS 2023. Kenya Economic Survey 2023.
18. LEX Africa. (2023). Retrieved from <https://lexafrika.com/2022/11/increasing-confidence-in-tanzanias-economic-prospects-and-future-growth/>
19. Lloyds Bank Trade. (2023). Retrieved from <https://www.lloydsbanktrade.com/en/market-potential/kenya/investment>
20. MEA. (2023). Retrieved from MEA Burundi: <https://www.mae.gov.bi/en/burundi-investment-guide/>
21. MFA. (2023). Retrieved from <https://mfa.go.ke/invest-in-kenya/>
22. National Institute of Statistics of Rwanda. (2022). Rwanda Statistical Yearbook 2021.
23. National Planning Authority (2021). Third National Development Plan (NDPIII) 2020/21 – 2024/25.
24. NBR 2022. Monetary Policy and Financial Stability Statement Reports.
25. NBR 2022. Monetary Policy and Financial Stability Statement. September 2022.
26. OECD-WTO Balanced Trade in Services (BaTIS) dataset. <https://www.oecd.org/sdd/its/balanced-trade-statistics.htm>
27. Rwanda Development Authority (2023). Retrieved from <https://www.rdb.rw>
28. TIC. (2023). Retrieved from <https://www.tic.go.tz>
29. Uganda International Trade in Services Report
30. UIA. (2023). Retrieved from <https://www.ugandainvest.go.ug/why-uganda/>
31. UIA. (2023). Retrieved from <https://www.ugandainvest.go.ug/why-uganda/opportunities/>

32. UNBS 2020. International Trade in Services Survey Report 2020.
  33. UNCTAD 2022. Economic Development in Africa Report 2022
  34. UNCTAD 2022. Economic Development in Africa Report. United Nations Publications
  35. UNCTAD 2023. UNCTAD Statistical Database <https://unctad.org/statistics>
  36. UNCTAD 2023. World Investment Report 2023
  37. UNCTAD 2023. World Investment Report 2023.
  38. UNCTAD. (2022, June 9). Global foreign direct investment flows over the last 30 years. Retrieved May 14, 2023, from <https://unctad.org/data-visualization/global-foreign-direct-investment-flows-over-last-30-years>
  39. UNCTAD. (2022, June 9). Regional Trends Africa- Highlights. World Investment Report, p. 8.
  40. UNECA 2020. The African Continental Free Trade Area: A Catalyst for Accelerating Services Trade in Eastern Africa
  41. World Bank. (2023). Retrieved from <https://www.worldbank.org/en/country/sudan/overview>
- ZIPA. (2023). Retrieved from <https://www.zipa.go.tz>

UNCTAD Trade and Investment Report 2023/ 2024  
*UNCTAD Global Trade Update 2024*

**8. IMPLEMENTATION PLAN FOR EAC TRADE AND INVESTMENT REPORT 2023**

<b>S/ N</b>	<b>Policy Recommendation</b>	<b>Strategic Interventions Required</b>	<b>Specific Actions</b>	<b>Priority</b>	<b>Timeframe</b>	<b>Responsibility</b>	<b>Means of Verification</b>
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							



## ANNEXES