EAST AFRICAN COMMUNITY

EAC TRADE AND INVESTMENT REPORT 2022

TABLE OF CONTENTS

ACRONYMS vii
FORWARD ix
EXECUTIVE SUMMARY x

CHAPTER 1: BACKGROUND 1
1.1 Brief Overview of the East African Community 1
1.2 EAC Regional Integration Initiatives 2
1.3 Macroeconomic Development 7
1.3.1 Global Economic Outlook 7
1.3.2 Africa Economic Outlook 12
1.3.3 EAC Macro Economic Performance 14

CHAPTER 2: MERCHANDISE TRADE IN THE EAC 17
2.1 World Merchandise Trade Trends 17
2.2 Africa Export and Imports of Goods 17
2.3 EAC Regional Merchandise Trade 17
2.4 Country Specific Merchandise Trade 20
2.4.1 Republic of Burundi 20
2.4.2 Republic of Kenya 25
2.4.3 Republic of Rwanda 31
2.4.4 Republic of South Sudan 37
2.4.5 The United Republic of Tanzania 42
2.4.6 Republic of Uganda 48
2.4.7 Democratic Republic of Congo 54
2.5 Special Category Considerations in the EAC Customs Union 56
2.5.1 EAC Imports of Goods under Exemption and Remission Schemes 56
Republic of Burundi 56
Democratic Republic of Congo DRC 56
Republic of Kenya 57
Republic of Rwanda 57
Republic of South Sudan 58
United Republic of Tanzania 58
Republic of Uganda 59
2.5.2 EAC Imports of Sensitive Products 60
Republic of Burundi 63
Republic of Kenya 65
Republic of Rwanda 66
Republic of South Sudan 66
United Republic of Tanzania 67
Republic of Uganda 68
2.5.3 EAC Imports of Sensitive Goods from Rest of the World 69

Republic of Burundi 74
Republic of Kenya 76
Republic of Rwanda 77
Republic of South Sudan 78
United Republic of Tanzania 79
Republic of Uganda 80
2.5.4 EAC Imports of Excisable Goods 81
Republic of Burundi 81
Republic of Kenya 81
Republic of Rwanda 81
Republic of South Sudan 82
United Republic of Tanzania 82
Republic of Uganda 83
2.5.5 EAC Imports Categorised by Tariff Bands 83
Republic of Burundi 83
Republic of Kenya 84
Republic of Rwanda 84
Republic of South Sudan 85
United Republic of Tanzania 85
Republic of Uganda 86
2.5.6 Customs Revenue Performance 86
Republic of Burundi 86
Republic of Kenya 87
Republic of Rwanda 87
Republic of South Sudan 87
United Republic of Tanzania 88
Republic of Uganda 88

CHAPTER 3: TRADE IN SERVICES IN THE EAC 91
3.1 Trends and Prospects 91
3.1.1 Trends of Global Trade in Services 91
3.1.2 Trends of Africa's Trade in Services 94
3.1.3 Trends of EAC's Trade in Services 96
3.2 Trade in Services in EAC Partner States 99
3.2.1 Republic of Burundi 99
3.2.2 Republic of Kenya 106
3.2.3 Republic of Rwanda 112
3.2.4 Republic of South Sudan 119
3.2.5 United Republic of Tanzania 123
3.2.6 Republic of Uganda 129
3.2.7 Democratic Republic of Congo 135

CHAPTER 4: INVESTMENT TRENDS IN THE EAC 140

4.1 Global Investment Trends 140
4.2 Foreign Direct Investments to Africa 141
4.3 East Africa Community Total Investment Outlook 143
4.4 EAC Total Investment Flows 143
4.5 Domestic Investments within Partner States 144
4.6 EAC FDI Inflows 144
4.7 EAC FDI Investments and Employment 145
4.8 Intra-EAC Investment 146
4.9 EAC Region Sectoral Distribution of Total Investments, 2021 149
4.10 Initiatives to Support Investments at Regional Level 152
4.11 Country Specific Analysis 152
4.11.1 Republic of Burundi 152
4.11.2 Republic of Kenya 156
4.11.3 Republic of Rwanda 161
4.11.4 Republic of South Sudan 165
4.11.5 United Republic of Tanzania 166
4.11.6 Republic of Uganda 169

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS 174
5.1 Conclusion 174
5.2 Nexus between trade -investment and poverty 176
5.3 Policy Recommendations 181

REFERENCES 184

LIST OF TABLES

Table 1.1: Summary of Global Output Growth 2015-2022 (% change) 7
Table 1. 2: FDI inflows, by region and economy, 2018–2021 (US$ Million) 8

Table 2. 1: World Merchandise Trade in (US$ millions) 17
Table 2. 2: Merchandise Trade in Africa 2018 - 2022 (US$ million) 17
Table 2. 3: EAC Total Trade Flows, 2018-2022 (US$ millions) 19
Table 2. 4: Burundi's Trade with the Rest of the World; 2018-2022 (US$ M) 20
Table 2. 5: Burundi's Exports to EAC Partner States 2018-2022 (US$ million) 20
Table 2. 6: Burundi's Domestic Exports to Partner States, 2018-2022 (US$ M) 21
Table 2. 7: Burundi's Domestic Exports to selected Regional Economic Communities (RECs), 2018- 2022 (US$ Million) 22
Table 2. 8: Burundi's Re-exports to the World, 2018 - 2022 (US$ millions) 22
Table 2. 9: Burundi's Intra-EAC Exports. 2018 -2022 (US$ millions) 22
Table 2. 10: Burundi's Imports from EAC Partners 2018-2022 (US$ M) 23
Table 2. 11: Burundi's Trade Balance with Partner States. 2018-2022 (US$) 23
Table 2. 12: Burundi's Imports from selected Trade Partners. 2018-2022 (US$M) 24
Table 2. 13: Burundi's Imports from selected Regional Economic Communities. 2018-2022 (US$ Million) 25
Table 2. 14: Kenya's Trade with the Rest of the World; 2018-2022 (US$ M) 25
Table 2. 15: Kenya's Total Exports to Partner States;2018-2022 (US$ M) 26
Table 2. 16: Kenya's Domestic Exports EAC Partner States, 2018-2022 (US$ M) 26
Table 2. 17: Kenya's Domestic Exports to selected Trade Partners 2018- 2022 (US$ M) 27
Table 2. 18: Kenya's Domestic Exports to selected RECs 2018- 2022 (US$ M) 27
Table 2. 19: Kenya's Re-exports to the Rest of the World, 2018 -2022 (US$ M) 28
Table 2. 20: Kenya's Intra-EAC Exports, 2018-2022 (US$ millions) 28
Table 2. 21: Kenya's Imports from EAC Partners 2018-2022 (US$ M) 29
Table 2. 22: Kenya's Intra-EAC Trade by Partner State, 2018-2022 (US$ M) 29
Table 2. 23: Kenya's Imports from selected RECs; 2018-2022 (US$ millions) 30
Table 2. 24: Kenya's Imports from selected Trade Partners, 2018-2022 (US$ M) 31
Table 2. 25: Rwanda's Imports, Exports and Trade Balance with RoW 2018-2022 (US$ M) 32
Table 2. 26: Rwanda's Total Exports (Domestic and re-exports) to EAC Partner States; 2018-2022 US$ M) 32
Table 2.27: Rwanda's Domestic Exports EAC Partner States 2018-2022 (US$ M) 32
Table 2. 28: Rwanda's Domestic Exports to selected Trade Partners, 2018-2022 (US$ M) 33
Table 2. 29: Rwanda's Domestic Exports to selected RECs, 2018-2022 (US$ M) 34
Table 2. 30: Rwanda's Re-exports to the Rest of the World, 2018 -2022 (US$ M) 34
Table 2. 31: Rwanda's Intra-EAC Exports, 2018 - 2022 (US$ M) 34
Table 2. 32: Rwanda's Imports from EAC Partner States 2018-2022 (US$ M) 35
Table 2. 33: Rwanda's Intra-EAC Trade with EAC Partner State, 2018-2022 (US$M) 35
Table 2. 34: Rwanda's Imports from selected RECs, 2018-2022 (US$ M) 36
Table 2. 35: Rwanda's Imports from selected Trade Partners, 2018-2022 (US$M) 37
Table 2. 36: S. Sudan's Exports, Imports, Total Trade and Trade Balance, 2018-2022 (US$ M) 37

Table 2. 37: S. Sudan's Total Exports to EAC Partner States, 2018-2022 (US$ M) 38
Table 2. 38: S. Sudan's Domestic Exports to EAC Partner States, 2018-2022 (US$ M) 38
Table 2. 39: S. Sudan's Domestic Exports selected Trade Partners, 2018-2022 (US$ M) 39
Table 2. 40: S. Sudan Domestic Exports to selected RECs, 2018-2022 (US$ M) 39
Table 2. 41: S. Sudan's Re-exports to the Rest of the World, 2018-2022 (US$ M) 39
Table 2. 42: S. Sudan's Intra-EAC Re-exports, 2018-2022 (US$ millions) 40
Table 2. 43: S. Sudan Imports from EAC Partner States, 2018-2022 (US$ M) 40
Table 2. 44: S. Sudan's Intra-EAC Trade Balance, 2018-2022 (US$ M) 41
Table 2. 45: S. Sudan's Imports from selected RECs, 2018-2022 (US$ M) 41
Table 2. 46: S. Sudan's Imports from selected Trade Partners, 2018-2022 (U$$ M) 42
Table 2. 47: Tanzania Exports, Imports and Trade Balance with the RoW; 2018-2020 (US$ M) 42
Table 2. 48: Tanzania's Total Exports to EAC Partner States, 2018-2022 (US$ M) 43
Table 2. 49: Tanzania's Domestic Exports to EAC Partner States, 2018-2022 (US$ M) 43
Table 2. 50: Tanzania's Domestic Exports selected Trade Partners, 2018-2022 (US$ M) 44
Table 2. 51: Tanzania's Domestic Exports to RECs, 2018-2022 (US$ M) 44
Table 2. 52: Tanzania's Re-exports to the Rest of the World, 2018-2022 (US$ M) 45
Table 2. 53: Tanzania's Intra-EAC Exports, 2018-2022 (US$ M) 45
Table 2. 54: Tanzania's Imports from EAC Partners, 2018-2022 (US$ M) 45
Table 2. 55: Tanzania's Intra-EAC Trade with EAC Partner State, 2018-2022 (US$ M) .. 46
Table 2. 56: Tanzania's Imports from selected RECs, 2018-2022 (US$ M) 47
Table 2. 57: Tanzania's Imports from selected Trade Partners, 2018-2022 (US$ M) 47
Table 2. 58: Uganda's Total Exports, Total Imports, total Trade and Trade Balance with the RoW, 2018-2022 (US$ million) 48
Table 2. 59: Uganda's Total Exports to EAC Partner States, 2018-2022 (US$ M) 49
Table 2. 60: Uganda's Domestic Exports to selected Trade Partners, 2018-2022 (US$ M) 50
Table 2. 61: Uganda's Domestic Exports to selected RECs, 2018-2022 (US$ M) 50
Table 2. 62: Uganda's Re-exports to the Rest of the World, 2018 - 2022 (US$ M) 51
Table 2. 63: Uganda's Intra-EAC Exports, 2018-2022 (US$ M) 51
Table 2. 64: Uganda's Imports from EAC Partners 2018-2022 (US$ million) 51
Table 2. 65: Uganda's Intra-EAC Trade Balance, 2018-2022 (US$ millions) 52
Table 2. 66 Uganda's Imports from selected RECs, 2018-2022 (US$ M) 53
Table 2. 67: Uganda's Imports from selected Trade Partners, 2018-2022 (US$ M) 54
Table 2. 68: DR Congo's Exports to EAC Partner States, 2018-2022 (US$ M) 55
Table 2. 69: DR Congo's Imports from EAC Partner States, 2018-2022 (US$ M) 55
Table 2. 70: DR Congo's Intra-EAC Trade Balance, 2018-2022 (US$ M) 56
Table 2. 71: Burundi Total Exemptions and Remissions granted for 2018 - 2022, (US$ M) 57
Table 2. 72: Sensitive Goods Transferred into EAC Partner States, 2018-2022 (US$ M) 58
Table 2. 73: Burundi imported sensitive goods from EAC Partner States 2018 - 2022 (US$ M) 61
Table 2. 74: EAC Imports of Sensitive Goods from RoW, 2018-2022 (US$ millions) 63
Table 2. 75: Burundi imported sensitive goods from EAC Partner States 2018 - 2022 (US$ M) 68

Table 2. 76: Burundi Imported Products attracting Excise Duty for 2018 to 2022 (US$ M) 70
Table 2. 77: Burundi Imports by Tariff Bands, 2010- 2022, US$ M 71
Table 2. 78: Tanzania Imports Categorized by Tariff Bands (US$ M) 71
Table 2. 79: Burundi Customs Revenue collected 2018-2022 (US$ M) 72
Table 2. 80: S. Sudan Customs Revenue collected 2018-2022 (US$ M) 72
Table 2. 81: Tanzania Revenue Performance, 2020-2022 (US$ M, % Change) 72
Table 2. 82: Uganda Customs Revenue collected 2018-2022 (US$ M) 73

Table 3. 1: Trade in Services by group of Economies 75
Table 3. 2: Africa Trade in services by service category 78
Table 3. 3: EAC Region Services Exports 2018 - 2021 (US$ million) 80
Table 3. 4: Growth of EAC Region Trade in services Exports 2015 - 2021 (%) 80
Table 3. 5: Total Trade in Services in Burundi 2017 - 2021 (US$ million) 83
Table 3. 6: Top services exported to the world by Burundi in 2021 84
Table 3. 7: Top services imported from the world by Burundi in 2021 85
Table 3. 8: Burundi Commercial Services by Partner 2016 - 2021 (US$ million) 87
Table 3. 9: Burundi Commercial Services Global Trade by service category 2016 – 2021 (US$ million) 88
Table 3. 10: Total Trade in Services in Kenya 2017- 2021 (US$ million) 90
Table 3. 11: Top services exported to the world by Kenya in 2021 91
Table 3. 12: Top services imported from the world by Kenya in 2021 92
Table 3. 13: Kenya Commercial Services by Partner 2016 - 2021 (US$ million) 93
Table 3. 14: Kenya Commercial Services Global Trade by service category 2016 - 2021 (US$ million) 95
Table 3. 15: Total Trade in Services in Rwanda 2016 - 2022 (US$ million) 96
Table 3. 16: Top services exported to the world by Rwanda in 2021 97
Table 3. 17: Top services imported from the world by Rwanda in 2021 98
Table 3. 18: Rwanda Commercial Services by Partner 2016 - 2021 (US$ million) 100
Table 3. 19: Rwanda Commercial Services Global Trade by service category 2016 - 2021 (US$ million) 101
Table 3. 20: Total Trade in Services in South Sudan 2016 - 2021 (US$ million) 103
Table 3. 21: Top services exported to the world by South Sudan in 2021 103
Table 3. 22: Top services imported from the world by South Sudan in 2021 104
Table 3. 23: South Sudan Commercial Services Global Trade by service category 2016 - 2021 (US$ million) 106
Table 3. 24: Total Trade in Services in URT 2016 - 2021 (US$ million) 107
Table 3. 25: Top services exported to the world by Tanzania in 2021 108
Table 3. 26: Top services imported from the world by Tanzania in 2021 109
Table 3. 27: URT Commercial Services by Partner 2016 - 2021 (US$ million) 110
Table 3. 28: URT Commercial Services Global Trade by service category 2016 - 2021 (US$ million) 112
Table 3. 29: Total Trade in Services in Uganda 2016 - 2022 (US$ million) 113
Table 3. 30: Top services exported to the world by Uganda in 2021 114
Table 3. 31: Top services imported from the world by Uganda in 2021 115
Table 3. 32: Uganda Commercial Services by Partner 2016 - 2021 (US$ million) 116
Table 3. 33: Uganda Commercial Services Global Trade by service category 2016 - 2021 (US$ million) 118

Table 3. 34: Total Trade in Services in DRC 2016 - 2022 (US$ million) 119
Table 3. 35: Top services exported to the world by DRC in 2021..... 119
Table 3. 36: Top services imported from the world by DRC in 2021 120
Table 3. 37: Commercial Services by Partner 2016 - 2021 (US$ million) 121
Table 3. 38: DRC Commercial Services Global Trade by service category 2016 - 2021 (US$ million) 123

Table 4. 1: FDI inflows by region 2018 - 2022 (US$ M) 125
Table 4. 2: Countries in Middle East and Africa with FDI projects, 2021 125
Table 4. 3: Africa Foreign direct investment (FDI) 2018 - 2022 (US$ Billion) 126
Table 4. 4: Africa: announced international project finance deals, selected industries, 2019–2021 127
Table 4. 5:EAC Total Investment Inflows, 2017 – 2021 (US$ M and % Growth)..... 127
Table 4. 6: EAC Domestic Investments, 2019-2021 (US$ M, % Change)..... 128
Table 4. 7: EAC FDI Inflows in Individual Countries, 2017-2022 (US$ Millions) 129
Table 4. 8: Number of Jobs Created Through EAC FDI, 2017-2021 129
Table 4. 9: Intra-EAC FDI investments from the regions of the world (US$ M), 2017-2021 130
Table 4. 10: EAC Region Sectoral Distribution of FDI, 2017-2021 (No. of projects and Value US$ Million) 131
Table 4. 11: EAC Region Sectoral Distribution of Investments, 2021 134
Table 4. 12: EAC Region Sectoral Distribution of Investments, 2022 135
Table 4. 13: Burundi Intra-EAC Investment and FDI Inflows, 2017-2021 (US$M) 137
Table 4. 14: Burundi's Sectoral Distribution of Foreign Investment 2018-2022..... 138
Table 4. 15: Burundi's Major Sources of Foreign Direct Investments, 2018-2022 (US$ million)..... 139
Table 4. 16: Intra-EAC Investments into Kenya, 2018-2022 (US$ million) 141
Table 4. 17: Kenya's Sectoral Distribution of Foreign Direct Investment, 2018-2022 . 142
Table 4. 18: Kenya's Major Sources of Foreign Direct Investment, 2018-2022 143
Table 4. 19: Intra-EAC Investment into Rwanda, 2018-2022 (US$ million) 145
Table 4. 20: Rwanda-Sectoral Distribution of FDI, 2018-2022 (US$M, No. of Jobs)..... 146
Table 4. 21: Rwanda's Major Sources of Foreign Direct Investment, 2018-2022 (US$ million)..... 147
Table 4. 22: United Republic of Tanzania Intra Investment Flows, 2018-2022 (US$ million)..... 149
Table 4. 23: United Republic of Tanzania Sectoral Distribution FDI, 2018-2022 (US$ million)..... 150
Table 4. 24: United Republic of Tanzania Major source of Foreign Direct Investment, 2018-2021 151
Table 4. 25: Foreign Direct Investment flows to Uganda, 2017-2022 (US$M) 153
Table 4. 26: Uganda – Sectoral Distribution of FDI Trends 2017-2021 (US$ million) .. 154
Table 4. 27: Uganda: Source of Foreign Direct Investment, 2018-2022 (US$ million). 155

Table 5. 1: EAC Partner States Poverty Indices, %, 2019-2022..... 160
Table 5. 2: The Cost and Affordability of a Healthy Diet by Region and Country 2017 - 2020 162
Table 5. 3: EAC Partner States Debt Burden, 2018-2022 (%) 163

LIST OF FIGURES

Figure 1. 1: Real GDP Growth in Africa by region 2018 - 2022 (%) 12
Figure 1. 2: Sectoral decomposition of GDP growth 2016 - 2023 (%)..... 13
Figure 1. 3: Africa Regional Sectoral GDP Shares 2018 - 2021 (%) 14

Figure 3. 1: World Services Exports 2016 – 2022 (US$ Trillion) 74
Figure 3. 2: World Trade in Services annual growth rates 2021 (%)..... 75
Figure 3. 3: Annual growth rate of services exports 2019 - 2021..... 76
Figure 3. 4: Structure of Services Exports 2019-2021..... 76
Figure 3. 5: Growth of exports of telecommunications, computer, and information services, by group of economies, 2019–2021..... 77
Figure 3. 6: Africa Trade in Services 2018 - 2021 (US$M)..... 78
Figure 3. 7: Africa Services Exports 2015 - 2021..... 79
Figure 3. 8: EAC Region Services Exports Share in total Regional Exports 2015 - 2021 (%, USD billion) 81
Figure 3. 9: EAC Trade in services exports by category 2015 - 2021 (US$M)..... 81
Figure 3. 10: EAC Trade in services imports by category 2015 - 2021 (US$M) 83
Figure 3. 11: Burundi Commercial Services by Partner 2021 (US$ million)..... 84
Figure 3. 12: Burundi Global Services exports by category 2016 - 2021 (USDM)..... 85
Figure 3. 13: Burundi Global Services imports by category 2016 - 2021 (USDM)..... 86
Figure 3. 14: Burundi Services Exports to EAC 2019-2021..... 89
Figure 3. 15: Burundi Services Imports from EAC 2019-2021..... 89
Figure 3. 16: Kenya Commercial Services by Partner 2021 (US$ million) 90
Figure 3. 17: Kenya Services Exports by category 2016 - 2021 (USD M)..... 91
Figure 3. 18: Kenya Services Imports by category 2016 - 2021 (US$ M) 92
Figure 3. 19: Kenya Services Exports to EAC 2019 - 2021..... 94
Figure 3. 20: Kenya Services Imports from EAC 2019 - 2021..... 94
Figure 3. 21: Rwanda Commercial Services by Partner 2021 (US$ million)..... 97
Figure 3. 22: Rwanda Services exports by category 2016-2021..... 98
Figure 3. 23: Rwanda Services Imports by Category 2016 - 2021..... 99
Figure 3. 24: Rwanda Services Exports to EAC by category 2016-2021..... 102
Figure 3. 25: Rwanda Services Imports from EAC by category 2016-2021..... 102
Figure 3. 26: South Sudan Services Exports, category 2016 - 2021 (US$M)..... 104
Figure 3. 27: South Sudan Services Imports, category 2016 - 2021 (US$M)..... 105
Figure 3. 28: URT Commercial Services by Partner 2021 (US$ million)..... 107
Figure 3. 29: URT Global Services Exports by category 2016-2021 108
Figure 3. 30: URT Global Services Imports by category 2016-2021..... 109
Figure 3. 31: URT Services Exports to EAC 2016-2021..... 111
Figure 3. 32: URT Services Imports from EAC 2016-2021 111
Figure 3. 33: Commercial Services by Partner 2021 (US$ million) 113
Figure 3. 34: Uganda World Services Exports 2016-2021..... 114
Figure 3. 35: Uganda World Services Imports 2016-2021..... 115
Figure 3. 36: Uganda Services Exports to EAC 2016-2021..... 117
Figure 3. 37: Uganda Services Imports from EAC 2016-2021..... 117
Figure 3. 38: DRC Commercial Services by Partner 2021 (US$ million) 119

Figure 3. 39: DRC Global Services Exports 2016-2021 120
Figure 3. 40: DRC Global Services Imports 2016-2021..... 120
Figure 3. 41: DRC Services Exports to EAC 2016-2021..... 122
Figure 3. 42: DRC Services Imports from EAC 2016-2021..... 122

Figure 4. 1: FDI Inflows, Global and by Economic Grouping 2016-2021 (US$ billion, %) 124
Figure 4. 2: EAC Total Investments Inflow to the EAC Region 2015-2022 (US$M) 128

Figure 5. 1: Value of Imports in total merchandise exports (%) 2013-2020..... 162

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

FORWARD

I would like to take this opportunity to welcome the Democratic Republic of Congo (DRC), the youngest and seventh member of the East African Community into our family of Partner States. And I would also like to recall that DRC was admitted into the Community in March 2022. The admission of DRC into the Community is a key milestone because of its strategic geographical location that allows it to share the borderline with five EAC Partner States.

The Community is moving through the Post-COVID-19 economic recovery process and movement of people and goods have picked up again. In 2022, the Community continued to consolidate key integration milestones, specifically the implementation of the Customs Union and the Common Market, and 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. Following which the Community will focus on achieving the last integration pillar which is forming 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 continued to implement the Single Customs Territory (SCT) through which interconnectivity of customs systems and exchange of trade information have been enhanced. This has seen the full implementation of SCT to cover both import and export regimes for goods imported to EAC and those exported outside the region.

Despite achieving the above integration milestones, Intra-EAC trade remains low at fifteen (15) percent in 2022 due to, among others, the imposition of Non-Tariff Barriers (NTBs) by Partner States. The persistence of NTBs continued to negatively affect Intra-EAC trade. Nevertheless, efforts have been put in place to resolve the existing ones 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 work towards addressing barriers that impede trade with the objective of increasing Intra-EAC trade in the coming years.

I wish to express my gratitude to the EAC Secretariat officials who contributed to the compilation of the EAC Trade and Investment Report 2022.

Hon. Dr. Peter Mathuki

Secretary General, EAC

EXECUTIVE SUMMARY

The East African Community (EAC) offers a large market for trade in merchandise and services. With a population of about 283.7 million consumers alongside millions of others from inter-regional trade with other African blocs. Consequently, the region's demand for goods and services is quite high. In addition, the abundance of most precious natural resources ranging from minerals, oil and gas, fish, arable land, and beautiful and beautiful climate and tourist attractions, quality human capital and the region's strategic location in the world, makes it the best 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 enhances the conduciveness of the environment for both local and foreign investors.

The Partner States have been committed to ensuring a smooth flow of people, goods and services and facilitates movement of people by removing barriers to trade, services and investment. Consequently, export and import trade comprising of agricultural goods and manufactured goods is liberalised and supported by a wide range of trade facilitation instruments. Intra-EAC trade has continued to grow with trends showing that each Partner State is gaining a significant share of the EAC market. This is facilitated further with the EAC CMP on free movement of people including service within the region.

Nevertheless, the global business environment for international trade and cross border investment has changed dramatically with the onset of the war in Ukraine in 2022, which occurred while the world was still reeling from the impact of the COVID 19 pandemic and climate change. The spillover effects of the persistent Ukraine-Russia war and the associated sanctions on Russia as well as the risks of the financial crises caused by high inflation, interest rates and exacerbated currency 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. Furthermore, the associated political instigated sanctions and trade restrictions continue to undermine the liberalized global business environment. Investor uncertainty and risk aversity has manifested in significant downward pressure on global FDI. The vagaries of climate change add to the misery of the global production and trading mechanisms.

Against this overall background, the EAC total trade increased by 13.4 percent to US$74,030.9 million in 2022 from US$65,268.9 million in 2021. In 2022, EAC total exports to the rest of the world (RoW) were valued at US$20,139.4 million and EAC total imports from the RoW amounted to US$53,891.48 million thereby recording and EAC recorded a trade deficit of negative US$33752.1 million in 2022. Total Intra-EAC trade grew by 11.2 percent to US$10,910.9 million in 2022 from US$9,810.4 million

in 2021, whereas the percentage share of Intra-EAC trade to EAC total trade stood at 15 percent in 2022. In 2022, Intra-EAC exports amounted to US$6,366.27 million while Intra-EAC imports amounted to US$4,544.63 million. The major Intra-EAC traded products are cereals, cement, iron and steel, live animals, petroleum products, sugar, foods and beverages.

The Regional Economic Communities (RECs)' continue to be the major export destinations while China and the EU remain, and EU remain the dominant source markets. Trade in services remains the dominant sector across the Partner States economies with the liberalization of the seven service sectors, namely: business; financial; communication; transport; tourism and travel related; educational; and distribution. In the EAC, trade in services had been relatively better and increasingly growing in terms of value and shares at a significant average rate of 6 percent between 2010 and 2020, when it slowed down with containment measures from COVID 19. The but recovered in 2021 with the easing of COVID 19 lockdowns. The recovery of the services sectors in 2021 and 2022 has boosted development prospects in the region. Growth in services exports is projected at 14.6 percent for 2022. Intra-regional trade in services is expected to expand.

Burundi's total trade with the Rest of the World (RoW) increased by 23.53 percent to US$1,468.36 million in 2022 from US$1,188.06 million in 2021. Burundi's total exports to the RoW increased by 27.02 percent to US$207.87 million in 2022 from US$163.66 million in 2021. That was attributed to sustainable positive economic policies to avert the negative impact of COVID-19 pandemic on the economy, but also the policy of putting coffee sales under the responsibility of Burundi Office for Coffee Development instead of cooperatives, which improved coffee exports. Burundi's export destinations were, United Arab Emirates (UAE), DR Congo, Switzerland, Belgium and Pakistan the rest of the World. Regarding Burundi's total imports, they increase by 22.97 percent to US$1,260.49 million in 2022 from US$1,025.03 million in 2021. The main imports into Burundi included refined petroleum products, mineral fertilizers, medicaments, cement, vehicles and wheat.

Kenya's total trade with RoW increased by 9.77 percent to US$29,033.29 million in 2022 from US$26,447.95 million in 2021. Kenya's trade deficit with the rest of the world widened by 9.72 percent to US$14,138.94 million in 2022 from a deficit of US$12,885.97million in 2021. Kenya's total exports to the RoW improved by 9.82 percent to US$7,447.18 million in 2022 from US$6,780.99 million in 2021. Kenya's exports consisted of; coffee, tea, horticulture, apparel and clothing accessories, edible oil, cement, iron and steel, medicaments, petroleum products and household consumables. And Kenya's total imports from the RoW increased by 9.76 per cent to US$21,586.12 million in 2022 from US$19,666.96 million in 2021. Kenya's imports, among others, consisted of petroleum products, industrial machinery, motor vehicles, cereals, transport equipment, and chemicals.

Rwanda's total trade in goods increased by 34.5 percent to US$7,036.92 million in 2022 from US$5,199.12 million in 2021. Rwanda's total exports increased by 37.5 percent to US$1,980.39 million in 2022 from US$1,440.09 million in 2021, similarly, total imports increased by 34.52 percent to US$5,056.53 million in 2022 from US$3,759.03 million in 2021. Rwanda's trade deficit with the RoW widened by 35.3 percent to negative US$3,076.14 million in 2022 from negative US$2,318.94 million in 2021. Imports comprise of transport equipment, petroleum products, fertilizers, industrial machinery, industrial raw materials, foodstuffs, construction materials, edible oils, pharmaceuticals and other consumer goods.

South Sudan's merchandise total trade increased to US$443.6 million in 2022 from US$216.7 million in 2021, while the trade balance deteriorated to US$436 million in 2022 from US$147.1 million in 2021. South Sudan's main merchandise exports include crude oil, wood and minerals, while the main imports into the country comprise food products, petroleum products, and household consumer goods.

Tanzania's Merchandise total trade with the RoW increased by 31.1 percent to US$22,603 million in 2022 from US$17,240.7 million in 2021, and Tanzania's negative trade balance widened by 101 percent to negative US$8,953.3 million from US$4,459 million in 2021. URT's main exports consisted of minerals, horticulture products, maize, spices and sugar. The imports consisted of manufactured products.

Uganda's total trade with the RoW increased by 2.1 percent to US$13,323.7 million in 2022 from US$13,051.35 million in 2021. Uganda's total exports declined by 9.86 percent to US$3,574.2 million in 2022 from US$3,965.3 million in 2021, while total imports increased by 6.8 percent to US$9,749.6 million in 2022 from US$9,086 million in 2021. Uganda's trade deficit widened by 20.6 percent to negative US$6,175.4 million in 2022 from negative US$5,120.7 million in 2021. The data demonstrated that Uganda's that import bill continued to increase at a higher rate than the export bill.

Using mirror statistics, DRC's total EAC exports increased by 35.6 percent to 92.9 million in 2022 from US$68.5 in 2021, and Rwanda is the leading destination for DRC exports valued at US$35.7 million, followed by Kenya with US$30.8 million and Uganda with US$17.8 million. DRC exports consisted of minerals and timber.

The Community exhibited a resilience economy through increased public investments in 2021, and this recovery was mainly driven by the service and industry sectors on the supply side. Overall, there were more FDI investments in the region ($ 4.7 billion) than investments by its citizens outside the region ($160 million) in 2021. This presents a 10.6% growth compared to the previous year, 2020. The total registered investment projects in the region in 2021 increased by 107 percent to US$ 12,914.25 million from US$6,250.20 million in 2020. Uganda registered the highest inflows at US$ 4448.67 million followed by Rwanda (US$ 3,749.36 million. Tanzania experienced the highest growth (US$ 3,636.10 million, almost a fourfold increase- of

382%. Other than Tanzania and Uganda which registered a modest employment increase with the additional investments, the other Partner States registered employment reduction.

Burundi's intra-EAC investment inflows decreased tremendously to US$ 13.28 million (4 projects) from US$56.4 million (6 projects) in 2020. Kenya's intra-EAC investment flows declined to US$ 1.41 million (7 projects) from US$21.3 million (6 projects). Uganda's Intra-EAC Investment inflows increase to US$ 264.8 million (17 projects) in 2021 from US$20.3 million (7 projects) in 2020. The trend showed that attracting larger amounts of inflows did not indicate that more projects were initiated. In fact, no relationship was established between the number of projects and the value of investment. However, it is preferable to attract more inflows and increase the number of projects as both influence the number of jobs created.

CHAPTER 1: BACKGROUND

1.1 Brief Overview of the East African Community

The East African Community (EAC) is a regional intergovernmental organisation comprising the Republics of Burundi, Democratic Republic of Congo, Kenya, Rwanda, South Sudan, Uganda and the United Republic of Tanzania. The EAC has its headquarters in Arusha, United Republic of Tanzania. It is home to approximately 283.7 million people, 22 percent of whom form urban population. The EAC land area is 4.8 million square kilometres, and the combined Gross Domestic Product of the Partner States is US$305.3 billion (EAC Facts and Figures, 2021).

With the EAC countries being agriculturally based, the Russia Ukraine war has impacted on both fertilisers and energy critical in food production and food imports to meet shortfalls. Further, AfDB has realized 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 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 three Partner States, namely Republic of Kenya, Republic of Uganda and United Republic of Tanzania. The Republic of Burundi and Republic of Rwanda acceded to the EAC Treaty on 18th June 2007 and became full Partners of the Community on 1st July, 2007. The Republic of South Sudan joined the Community on 15th April 2016 and became a full Partner on 15th August 2016 while the Democratic Republic of Congo joined EAC on 8th April 2022 and became a full member on 11th July 2022.

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. Since its establishment, the Customs Union came into effect in 2005, a Common Market was established in 2010, a Protocol on the Monetary Union was signed in 2013 that will be realised in 2031. The ultimate goal is a Political Federation, however in the short term, work is going on 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.

The EAC 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 fresh water 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 and tuna species for export. Mount Kilimanjaro, the highest mountain in Africa, among others, are 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 in order 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 ongoing in all Partner States.

1.2 EAC Regional Integration Initiatives

Review of the Regional Laws

The Customs Union remains a cornerstone of the EAC integration agenda. To continuously reposition EAC as a major player in international trade and strengthen intra-EAC trade, the Community commenced the comprehensive review of the EAC Common External Tariff (CET) and the EAC Customs Management Act (CMA), 2004. Under the CET review, Partner States in 2022 adopted a four-band structure: 0 percent, 10 percent, 25 percent and 35 percent for select products in the value chains and those where there is adequate supply in the region. In addition, the CMA,2004 was reviewed to streamline and rationalise customs administration operations and procedures, to harmonise the provisions of the Act with the improved customs operational procedures adopted by the Community and to rationalise the Act with initiatives adopted by the Community to facilitate trade. These included rationalisation of the EAC products to benefit from the Duty Remission Scheme, exemption regimes and export promotion schemes. The EAC Customs Management Regulations, 2010 are also currently under review in order to align them with the amendments done to the Act. The Community also adopted a framework for the digitalization of the EAC CET (e-Tariff tool kit) aiming at enhancing the participation and access to international trade information by the private sector.

Further, effort was made to harmonise various instruments with Tripartite Free Trade Area (TFTA) with the adoption of Tripartite Free Trade Area instruments on trade and customs and, on road transport. Once the threshold required for Member/Partner States to ratify the agreement is attained and AfCFTA (2021).

Implementation of the Single Customs Territory

The Community has continued to streamline clearance processes under the Single Customs Territory (SCT). Toward this, a centralized platform to facilitate exchange of Customs and Trade data was implemented. In addition, the platform will automate all aspects of the Regional Authorised Economic Operators (AEO) Programme including accreditation and post-authorization workflows as well providing a centralized database of all entities accredited under the Programme. This is aimed at providing Partner States with information necessary to grant expedited treatment in cargo clearance and other benefits to the AEOs, further enhancing trade facilitation in the region. The Community has accredited 188 operators under the Regional Authorised Economic Operator Programme, contributing 11 percent of revenue collected at regional level.

The community is also in the process of undertaking other technology-driven interventions to further improve movement of cargo in the region such as non-intrusive verification using drive-through cargo scanners, interfacing of Electronic Cargo Tracking Systems and implementation of Smart Gates in key borders and at the ports.

The Community is also developing a regional customs bond, which will facilitate Partner States to secure customs duties and taxes for goods not accounted for while being transferred through the Partner States.

Establishment of One-Stop Border Posts

The Community has established One-Stop Border Posts (OSBPS) as one of the initiatives to facilitate trade. As a trade facilitation measure applied at borders, 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 15 borders earmarked to operate as OSBPs are complete and operational. The operationalisation of OSBPs has resulted in a 79 percent saving in border crossing clearance time, from 14 hours to 1 hour 18 minutes (source: surveys conducted on 8 OSBPs by Trade Mark Africa (TMA). The Community has identified 10 additional borders to operate as OSBPs. An OSBP Performance Measurement Tool has been developed and digitized the to enhance collection and analysis of data for performance measurement purposes and dissemination of findings to stakeholders.

Trade Information Portals

As a means of facilitating trade and increasing transparency, the EAC Secretariat developed and launched a Trade Information Portal (TIP). TIP gives access to step-

by-step guides on licenses, pre- clearance permits and clearance formalities for the most traded goods within, to and from the region.

The TIP is linked with national trade portals that present step-by-step the national import and export procedures in Burundi, Kenya, Rwanda, Tanzania, Uganda and South Sudan. (For each step, the trade portal provides the user with 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), 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. The EAC trade information portal and trade information portals (TIPs) in Partner States are accessible at: https://tradehelpdesk.eac.int/.

Elimination of NTBs

The Community has 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 operationalised in 2007. The Community resolved 23 out of 33 NTBs reported during the period and reviewed the EAC Elimination of Non -Tariff Barriers Act, 2017 on 27th May 2022 which is awaiting clearance by the 24th Sectoral Council on Legal and Judicial Affairs.

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.

In this regard, the EAC Secretariat has conducted a comprehensive assessment of the Intra- EAC ecosystem in all the Partner States, covering e-commerce from the perspective of various stakeholders: government (policy makers and regulators), private sector (logistics and online marketplaces), and the postal sector, as key facilitators of e-commerce. The objective of this comprehensive assessment was to determine the status of Intra-EAC e-commerce and generate actionable recommendations to guide further development of e-commerce in the region. On the basis of the assessment, an EAC E-Commerce Strategy is being developed to address gaps and opportunities in key policy areas that have Intra-EAC effects such as regulatory frameworks, trade logistics/facilitation, payment systems, skills development, SMEs and gender issues.

The Strategy will improve legal and regulatory frameworks, increase trust in digital trade, and contribute to enhanced capacities for growth. To expedite its implementation, a provision has been made for the establishment of an E-Commerce Engagement Platform (EEP).

Furthermore, the EAC Secretariat, in collaboration with Partner States, is developing an EAC Online Buyer-Seller Platform to bring to light products that are generated within the Region. It is envisaged that this Platform will contribute to the growth of intra-EAC trade, since it will increase the visibility of products by creating awareness and market for them. It will also provide the necessary space and conditions for the MSMEs to virtually showcase and sell their products.

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, 22 of the 29 Tripartite Member States have signed the TFTA, the pending seven countries being Ethiopia, Eritrea, Lesotho, Mozambique, South Sudan, Tunisia and Somalia. The TFTA Agreement will come into force once ratified by 14 Member States. So far, 11 countries, including Egypt, Eswatini, Kenya, South Africa, Rwanda, Burundi, Uganda, Botswana, Namibia, Zambia and Zimbabwe have ratified it.

Negotiations are ongoing 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.

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 have 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 had deposited instruments of ratification, including Burundi, Kenya, Rwanda Tanzania and Uganda.

Operationalisation of the Agreement commenced on 1st January 2021. 88.3% of the tariff lines have been agreed under the Rules of Origin negotiations. Outstanding Rules of Origin include sugar, edible oils, textiles and apparel, and automotive sectors. 46 Provisional Schedules of Tariff Concessions have been submitted representing 85% of the AU membership. 46 Provisional Schedules of Specific Commitments on Trade in Services have been submitted and 36 of these offers have been technically verified. 25 offers including EAC's were adopted by the AfCFTA Council of Ministers.

The agreement has an in-built mechanism for negotiations on Phase II issues (Competition Policy, Intellectual Property Rights and Investment, E-Commerce) which have been completed. Negotiations will be undertaken on the Annexes to these Protocols. Negotiations on the Protocol on Digital Trade and on Women and Youth in Trade are ongoing with a view to concluding negotiations by July 2023 as directed by the AU Assembly.

In order to maximise on trade benefits that would arise from the Agreement, the Community has embarked on the development of an EAC Regional AfCFTA implementation Strategy, which will identify opportunities, gaps and steps required to take full advantage of continental and global markets resulting from the AfCFTA induced opportunities.

Private Sector Development

The Treaty establishing the East African Community prioritises harmonisation and rationalisation of Partner States' investment initiatives and incentives aimed at promoting the Community as a single investment destination. The Treaty further provides for Partner States to undertake measures to improve the business environment through promulgation and implementation of appropriate investment policies and codes, alongside protecting property rights, removing barriers to investment, and developing the private sector. In that regard, the EAC Council of Ministers adopted an EAC Investment Policy to improve the EAC investment climate, attract investments, and promote the region as a single investment destination. The Policy provides for a regional investment promotion agenda that

leverages the Community for competition for investors from Africa and the rest of the world. This is a key ingredient for economic growth in the region.

The Community also adopted an EAC Private Sector Development Strategy (PSDS) that aims at ensuring that the private sector play a leading role in accelerating regional growth and development of EAC economies and 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

Global Trade Growth

The global economy is yet again at a highly uncertain moment, with the cumulative effects of the past three years of adverse shocks—most notably, the COVID-19 pandemic and Russia's invasion of Ukraine—manifesting in unforeseen ways. Spurred by pent-up demand, lingering supply disruptions, and commodity price spikes, inflation reached multi decade highs last year in many economies leading central banks to tighten aggressively to bring it back toward their targets and keep inflation expectations anchored (IMF World Economic Outlook, 2023).

A slowdown in global growth is forecast, from 6.3 percent in 2021 to 3.4 percent in 2022 and 2.8 percent in 2023 (Table 1.1). This slowdown reflects the continuing effects of global shocks in 2022; a sharper slowdown in China due to extended lockdowns and the worsening property market crisis; and spillover effects from the war in Ukraine with gas supplies from Russia to Europe tightening. (IMF World Economic Outlook, 2023).

Similarly, global trade growth is slowing down sharply: from 10.1 percent in 2021 to 5.1 percent in 2022 and projected to 2.4 percent in 2023. This is a higher growth than in 2019, when rising trade barriers constrained global trade and during the COVID-19 crisis in 2020. However, growth in the volume of world trade is expected to decline due to the pandemic recession, effects of US dollar appreciation in 2022, and the war in Ukraine.

Table 1.1: Summary of Global Output Growth 2015-2022 (% change)

					Projections		
	2019	**2020**	**2021**	**2022**	***2023***	***2024***	***2028***
World	2.8	–2.8	6.3	3.4	2.8	3.0	3.0
Advanced Economies	1.7	–4.2	5.4	2.7	1.3	1.4	1.8
United States	2.3	–2.8	5.9	2.1	1.6	1.1	2.1
Euro Area	1.6	–6.1	5.4	3.5	0.8	1.4	1.4
Japan	–0.4	–4.3	2.1	1.1	1.3	1.0	0.4
Other Advanced Economies	1.9	–4.1	5.8	3.1	1.3	1.9	2.0
Emerging Market and Developing	3.6	–1.8	6.9	4.0	3.9	4.2	3.9

	2019	2020	2021	2022	Projections		
					2023	2024	2028
Economies							
Regional Groups							
Emerging and Developing Asia	5.2	–0.5	7.5	4.4	5.3	5.1	4.4
China	6.1	2.3	8.1	3.0	5.2	4.5	-
India	4.2	-7.3	8.7	6.8	5.9	6.3	-
Emerging and Developing Europe	2.5	–1.6	7.3	0.8	1.2	2.5	2.3
Latin America and the Caribbean	0.2	–6.8	7.0	4.0	1.6	2.2	2.3
Middle East and Central Asia	1.6	–2.7	4.6	5.3	2.9	3.5	3.7
Sub-Saharan Africa	3.3	–1.7	4.8	3.9	3.6	4.2	4.4

Source: IMF World Economic Outlook Report 2022

Global Investment Trends

Global foreign direct investment (FDI) flows in 2021 were $1.58 trillion, up 64 per cent from the level during the first year of the COVID-19 pandemic of less than $1 trillion *(Table 1.2)*. The global environment for international business and cross-border investment changed in 2022 with the onset of the war in Ukraine in the shadow of the impacts of the pandemic recovery. The war is having effects well beyond its immediate vicinity, causing a triple food, fuel and finance crisis, with rising prices for energy and basic commodities driving inflation and worsening debt spirals.

Table 1. 2: FDI inflows, by region and economy, 2018–2021 (US$ Million)

Region/ economy	2018	2019	2020	2021
World	1,448,276.17	1,480,626.05	963,138.54	1,582,309.76
Europe	398,049.18	404,755.69	80,786.45	219,032.60
North America	240,895.92	275,257.50	174,003.58	27,051.71
Africa	45,384.22	45,678.07	38,952.20	82,990.54
Asia	496,897.81	511,631.77	518,893.11	618,983.38
Latin America & the Caribbean	151,978.39	158,744.18	86,171.55	134,457.78
Oceania	695.43	116.36	(68.11)	138.85

Source: UNCTAD WIR Report 2022

(i) Developed Economies

As a result of these growth factors, developed economies saw the biggest rise by far, with FDI reaching $746 billion in 2021 – more than double the exceptionally low level in 2020. In 2021, most developed countries – 34 out of 48 – saw an increase in FDI. The overall rise was characterized by strong fluctuations in conduit FDI, financial flows resulting from corporate restructurings, and Mergers and Acquisitions (M&As). Among subregions, flows rose in North America, other Europe and other developed countries while they fell in the European Union (EU).

North America

In **North America**, flows to the United States more than doubled to $367 billion, the third highest level ever recorded, after those of 2015 and 2016. The United States

remained the largest recipient of FDI. The increase in corporate profits had a direct impact on reinvested earnings, which rose to a record $200 billion. In addition, equity investments were up by 54 percent, reflecting a steep increase in cross-border M&As. New greenfield project announcements also increased, by 28 percent to $86 billion. FDI in Canada increased by 157 per cent to $60 billion, 30 per cent above the 10-year average before the pandemic. Reinvested earnings reached a record $29 billion, from only $3 billion in 2020. Equity flows rose also, by 50 per cent to $25 billion, driven by a doubling of cross-border M&A sales to $29 billion.

Europe

FDI flows to the **EU** reached $138 billion – the lowest level since 1997– mostly due to continued large swings in conduit flows, including negative values in the Netherlands (-$81 billion in 2021 from -$105 billion in 2020) and an enormous drop of flows to Luxembourg (from $102 billion in 2020 to -$9 billion in 2021). Equity flows in EU countries fell sharply from $220 to -$4.2 billion. Cross-border M&A sales also dropped by 26 percent to $139 billion.

FDI flows to the **United Kingdom** also rose, by 51 per cent to $28 billion, still one of the lowest levels ever recorded. Equity investment there more than doubled, together with cross-border M&A values.

Although developed economies are more prone to large fluctuations in FDI caused by financial flows and M&A transactions – clearly the case in the 2021 rebound from the 2020 lows – there were upswings in new productive project announcements as well. The value of new greenfield projects announced in developed economies rose by 27 percent to $401 billion. Projects in the **primary sector** remained minimal (at $7 billion), while the value of projects in the services sector rose slightly, by 9 per cent, to $215 billion. **Manufacturing industries** experienced a return to pre-pandemic values, at $179 billion. Greenfield projects announced in **electronics and electrical equipment**, strongly affected during the first year of the pandemic by supply chain concerns, more than doubled to $73 billion. The value of announced projects in **information and communication** kept rising in 2021 to $68 billion.

(i) Developing Economies

FDI flows to developing economies increased by 30 per cent, to $837 billion, with 19 per cent growth in developing Asia (to a record $619 billion), a partial recovery in Latin America and the Caribbean (to $134 billion) and an uptick in Africa (to $83 billion). International project finance deals rose by 64 percent in number (142 per cent in value). In 2022, FDI flows to developing economies are expected to be strongly affected by the war in Ukraine and its wider ramifications, and by macroeconomic factors including rising interest rates.

Africa.

FDI flows to Africa reached $83 billion – a record level – from $39 billion in 2020, accounting for 5.2 per cent of global FDI. Southern Africa, East Africa and West Africa saw their flows rise; Central Africa remained flat and North Africa declined.

Flows to **North Africa** fell by 5 percent to $9.3 billion. Egypt saw its FDI drop by 12 per cent as large investments in exploration and production agreements in extractive industries were not repeated. Flows to Morocco rose by 52 percent to $2.2 billion.

FDI in **West Africa** increased by 48 percent to $14 billion. Nigeria saw its flows double to $4.8 billion, mainly because of the resurgence in oil investment and expansion in gas. FDI flows to Ghana rose by 39 percent to $2.6 billion, again mainly owing to projects in extractive industries.

FDI to **East Africa** grew by 35 percent to $8.2 billion. Flows to Ethiopia reached $4.3 billion. Chinese investments tripled in 2021. FDI to the United Republic of Tanzania rose by 35 percent to $922 million, and new greenfield project announcements tripled in value.

Flows to **Central Africa** remained flat at $9.4 billion. FDI to the Democratic Republic of the Congo rose by 14 percent to $1.9 billion, with investment remaining buoyant because of flows in offshore oil fields and mining. Flows to Congo fell by 8 percent to $3.7 billion in 2022. FDI to Southern Africa jumped to $42 billion due to a large corporate reconfiguration in South Africa.

Despite the overall positive FDI trend on the continent, total greenfield announcements remained depressed, at $39 billion, showing only a modest recovery from the low of $32 billion in 2020 (down from $77 billion in 2019).

In contrast, international project finance deals targeting Africa showed a rise of 26 per cent in number (to 116) and a resurgence in value to $121 billion (after $36 billion in 2020). The rise was supported by strong investment by multilateral finance and capital market investors targeting power ($56 billion) and renewables ($26 billion). European investors remain by far the largest holders of foreign assets in Africa, led by the United Kingdom ($65 billion) and France ($60 billion).

Developing Asia

Despite successive waves of COVID-19, FDI in developing **Asia** rose for the third consecutive year to an all-time high of $619 billion, underscoring the resilience of the region. It is the largest recipient region of FDI in the world, accounting for 40 percent of global inflows. FDI in **East Asia** increased 16 per cent to $329 billion in 2021. FDI growth in China picked up pace, growing by 21 percent to $181 billion, after only a 6 percent increase in 2020. **South-East Asia** resumed its role as an engine of growth for FDI in developing Asia and globally, with inflows up 44 percent to $175 billion and increases across most countries. The rise was underpinned by strong investment in

manufacturing, the digital economy and infrastructure. FDI in **West Asia** increased by 59 percent to $55 billion in 2021 from $35 billion in 2020, mainly driven by a significant rise in cross-border M&As. While the United Arab Emirates remained the largest recipient with stable flows at $20 billion, inflows more than tripled in Saudi Arabia and rose by 60 percent in Turkey.

FDI in **South Asia** fell by 26 per cent, to $52 billion, as the large M&As registered in 2020 were not repeated. Flows to India declined to $45 billion. Flows to **Central Asia** rose by 12 per cent to $7 billion. Flows to Kazakhstan – the largest host in the subregion – fell by 14 per cent to $3.2 billion, with declines in extractive industries and transportation. Flows rose by 18 per cent to $2 billion in Uzbekistan and by 24 per cent to $1.5 billion in Turkmenistan.

Latin America and the Caribbean

In 2021, FDI in **Latin America and the Caribbean** rose by 56 per cent to $134 billion, sustained by strong inflows in traditional target industries such as automotive manufacturing, financial and insurance services, and electricity provision, and pushed up by record high investments in information and communication services across the region. In **South America**, FDI grew by 74 per cent to $88 billion, sustained by higher demand for commodities and green minerals. In **Central America**, FDI reached $42 billion. Flows to Mexico, the second largest recipient in the subregion, increased by only 13 per cent to $32 billion, with new equity investments in the mining and extractive industries as well as in automotive. In the **Caribbean**, FDI increased by 39 per cent to $3.8 billion, mainly driven by growth in inflows to the Dominican Republic, to $3.1 billion. Flows increased in mining, financial services and special economic zones.

Sectoral Investment

The communication sector Intra-EAC capital investment grew to US$56 billion in 2020, a 41 percent increase from 2019. The biotechnology sector experienced a significant increase in capital investment of 88 percent 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 is a 67 percent 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 percent from 2019. However, job creation more than halved, falling from 16,356 in 2019 to 7,967 in 2020. Capital investment in the global textiles sector dropped by 56 percent in 2020 from the previous year, while project activity and jobs created fell by 57 percent and 70 percent, respectively, in the period (FDI report, 2021). Surprisingly, the consumer products sector witnessed a 13 percent 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 percent in 2020 from a year earlier.

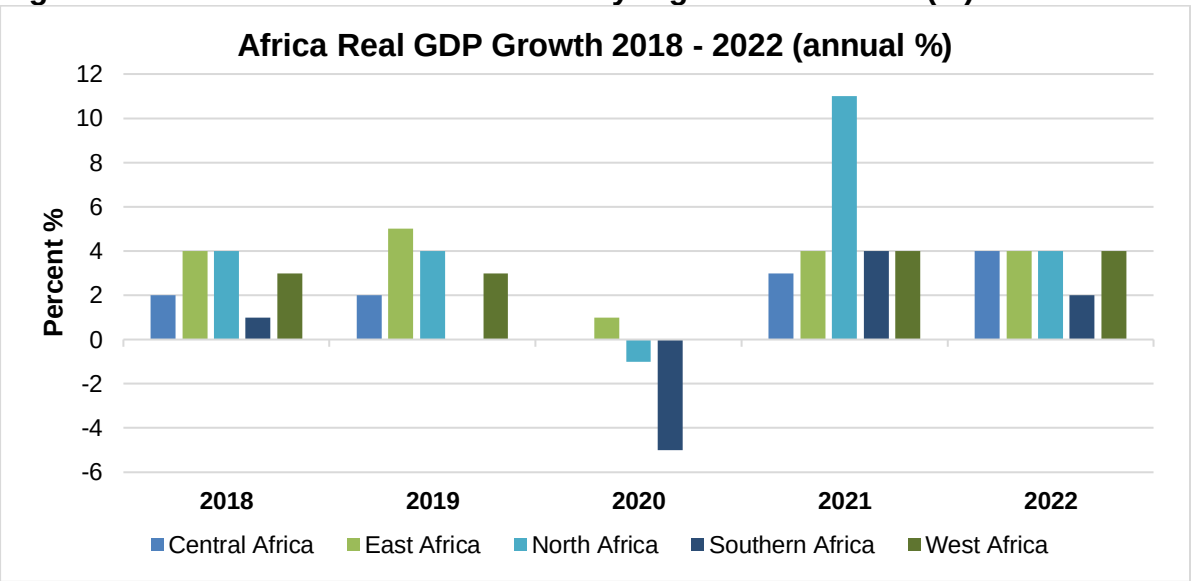
The software and IT services sector attracted the most projects in 2020, with 2,226 investments secured, representing a market share of 20 percent. This was however a 28 percent decrease in projects from 2019. The sector also experienced a 28 percent fall in the number of jobs created during the period.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

The aerospace sector faced turbulence in 2020. Measured by project activity, the sector 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).

1.3.2 Africa Economic Outlook

Africa's economy rebounded in 2021 where GDP grew by 6.9% from the pandemic-induced contraction of 1.6% in 2020. This GDP growth faces challenges from two existing shocks namely; the persistence of the COVID-19 pandemic and the war in Ukraine, that threaten Africa's economic growth.

Figure 1. 1: Real GDP Growth in Africa by region 2018 - 2022 (%)



Source: AfDB Statistics

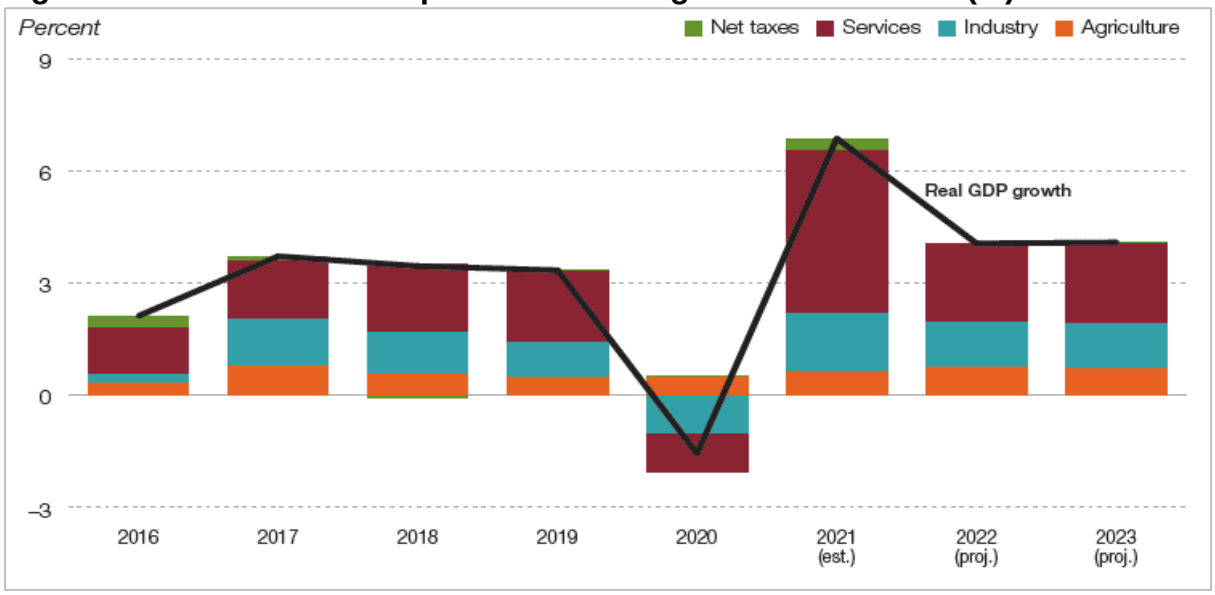
North Africa's growth to 11.7 percent, the highest in the continent. That was followed by **East Africa** at 4.8 percent, which benefited to a large extent from its more diversified economy and the recovery of tourism in tourism-dependent countries. S**outhern Africa's** estimated growth of 4.2 percent represented the fastest rebound, from a contraction of 6.0 percent, underpinned by strong recoveries in Botswana (12.5%), Zimbabwe (6.3%), and South Africa (4.9%). In **Central Africa**, growth reached an estimated 3.4 percent in 2021 with a rebound in all countries in the region except the Republic of Congo. The rebound was driven by increased trade in both oil and non-oil primary commodities. **West Africa's** 4.3 percent growth in 2021 on the other hand was driven largely by Nigeria, whose economy grew by an estimated 3.6 percent in 2021 benefiting from the high oil prices, recovery in services and manufacturing, and policy support in agriculture.

Sectoral Growth

The main drivers of growth in 2021 were private consumption and investment on the demand side and services and industry on the supply side After collapsing during the pandemic, the pulse of domestic demand— private consumption and investment-rebounded strongly in 2021. Stronger domestic demand reflected an overall surge in economic activity, with services and industry leading growth on the supply side.

On the supply side, services grew by 4.4 percent, accounting for 63.6 percent of overall GDP growth, and industry grew by 1.5 percent, accounting for 22.4 percent of overall GDP growth (figure xxx).

Figure 1. 2: Sectoral decomposition of GDP growth 2016 - 2023 (%)

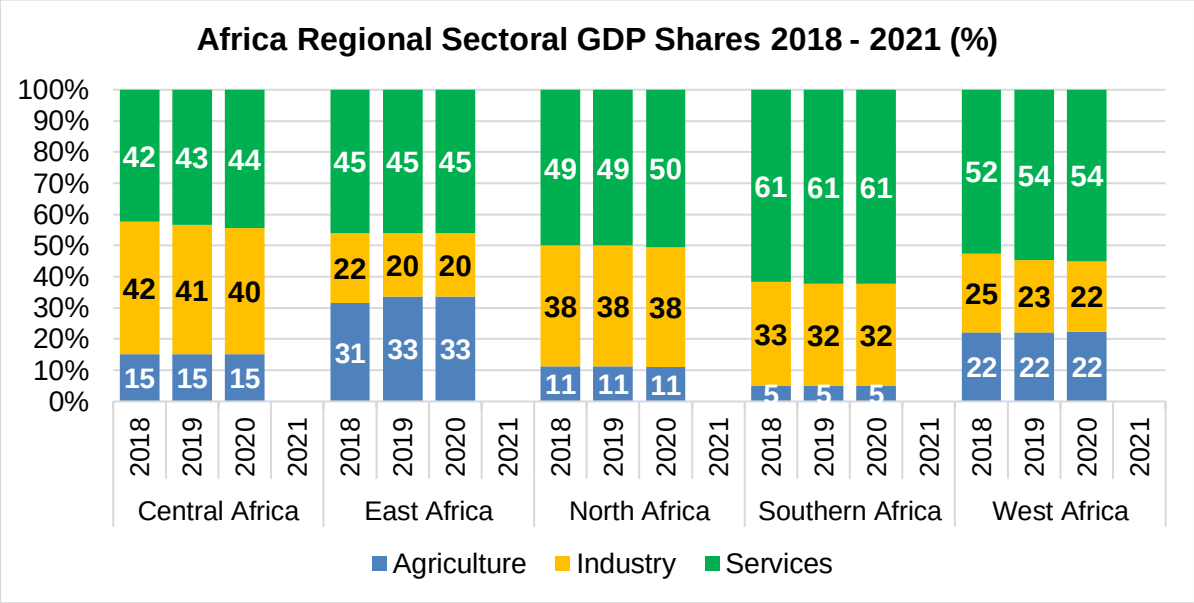


Source: AfDB Statistics

GDP Sectoral Shares by Region

Throughout the continent, economic growth has been largely driven by strong performance in the industry and services sectors, coupled with policy support in agriculture. The services sector, especially tourism, has shown strong post pandemic recovery and is likely to remain buoyant in the medium term, supported by industry, especially in mining, underpinned by soaring metal prices.

Figure 1. 3: Africa Regional Sectoral GDP Shares 2018 - 2021 (%)



Source: AfDB Statistics

1.3.3 EAC Macro Economic Performance

East Africa recorded relatively strong economic recovery in 2021, expanding by 4.8 percent from a weak growth of 1.5 percent in 2020, but the recovery momentum is being affected by the persistence of the COVID-19 pandemic and the effects of the Russia/Ukraine war. Growth in 2021 was supported by sustained public spending on flagship infrastructure projects, reopening of travel and trade as COVID-19 vaccine uptake increased, deeper regional ties under the East African Community (EAC), and the recovery in tourism for tourism-dependent countries. The region's economic growth is merely expected to stabilize at 4.7 percent in 2022 due to lingering effects of the COVID-19 pandemic and the spill-over impacts of the Russia-Ukraine war, which is already putting pressure on energy and food prices before recovering in 2023 (5.52%). The persistent climate shocks such as drought and floods that have engulfed the East Africa regional countries have negatively affected food security.

Before the onset of COVID-19, the service sector was the main driver of East Africa's GDP growth, contributing 2.2 percentage points of the 4.9 percent average growth in the 2017–2019 period. The industrial sector was the second contributor to real GDP growth, accounting for 1.8 percentage points of the 4.9 percent average growth recorded during 2017–2019, mainly driven by construction and manufacturing. The agriculture sector led GDP growth in Kenya, Rwanda and Uganda respectively.

Burundi

After a contraction of 1% in 2020, the economy bounced back in 2021 with GDP growth of 3.1%, driven mainly by agriculture and by investment in public infrastructure. In 2022, Burundi economic growth decelerated to 1.8% due to decline recorded in the agriculture and crops. However, Burundi's economic outlook is favourable, with projected GDP growth rates of 3.0% in 2023 and to 4.3% in 2023 owing to the continuing recovery of agriculture and public investment. Global inflationary pressure intensified by the Russia–Ukraine conflict is increasing the inflation rate to 18.9% in 2022.

Democratic Republic of Congo

After a year of moderate, with 1.7% growth in 2020, the economy recorded 5.7% expansion in 2021, on the back of solid mining output and high world prices for export commodities such as copper and cobalt. Growth of non-extractive sectors went from a 1.3% contraction in 2020 to 3.3% growth in 2021, owing to telecommunications, energy, and non-commercial services. The country's growth is driven by strong exports of raw material (11.5%) and private investment (9.8%). The outlook is favourable but remains fragile in a context marked by the persistence of the COVID-19 pandemic and the global consequences of the Russia–Ukraine conflict. GDP growth is projected at 4.3% in 2022 and 3.2% in 2023, driven by higher oil production, and dynamics in the agricultural and mining sectors, allowing growth of the nonoil sector (building and public works, wood, mining, and services) to pick up to 3.3%.

Kenya

The Kenyan economy grew by 6.7% in 2021 after a 0.3% contraction in 2020. Growth was driven by services on the supply side and by private consumption on the demand side, both benefiting from supportive policies and eased COVID-19 restrictions. Growth is projected to decelerate to 5.9% in 2022 and 5.7% in 2023, driven on the demand side by a decline in domestic and external demand caused by lower income and by an increase in food and fuel import costs and on the supply side by tepid economic activity across sectors due to cost-push factors.

Rwanda

After contracting by 3.4% in 2020 due to COVID-19, GDP growth reached 10% in 2021, buoyed by sustained fiscal stimulus, accelerated vaccination rollout (7.9 million people or 61% of the population vaccinated by March 20, 2022), relative easing of COVID-19 restrictions, and recovery in global demand. Growth was driven by expansion in services (12%), industry (13%), and agriculture (6%). GDP per capita recovered from a 5.9% contraction in 2020 to post 7.4% growth in 2021. Inflation declined from 7.7% to 0.8% over the period, owing mainly to low food prices. GDP growth is projected at 6.9% and 7.9% in 2022 and 2023 driven by strong performance in services.

Tanzania

The Tanzanian economy was not affected by COVID 19 pandemic. GDP grew at 4.90% in 2021, up from 4.8% in 2020, supported by the global economic recovery. Growth was driven by agriculture and services on the supply side and final consumption and investment on the demand side. GDP growth is projected at 5.0% and 5.6% in 2022 and 2023, due to improved performance in tourism, and the reopening of trade corridors.

Uganda

Economic activity was hit by COVID-19 lockdowns in 2020 and 2021. Growth recovered from a contraction of 1.5% in 2020 to 6.0% in 2021, lifted by household consumption and investment. Agriculture was the least affected sector; industry was supported by strong expansion in mining and construction, while manufacturing remained sluggish. The economic recovery is expected to continue, with GDP projected at 4.6% and 6.2% in 2022 and 2023 respectively, driven by services, following the reopening of schools in 2022 and recovery in the hospitality sector. As the global value chains stabilize and consumer demand rises, manufacturing growth is projected to accelerate. The pandemic has propelled expansion in mobile money transactions, which is projected to continue.

CHAPTER 2: MERCHANDISE TRADE IN THE EAC

2.1 World Merchandise Trade Trends

The World Merchandise Total Trade increased by 12.4 percent to US$50,525,651 million in 2022 from US$44,964,051 million in 2021. World Merchandise total exports increased by 11.5 percent to US$24,904,489 million in 2022 from US$22,343,840 million in 2021. The World merchandise total imports also increased by 13.3 percent to US$25,621,162 million in 2022 from US$22,620,211 million in 2021.The increase in global trade was attributed to Post-COVID 19 economic recovery measures implemented globally. Despite increase in global trade, it was interrupted by Russia's invasion of Ukraine which affected supply and distribution of key products namely; wheat, maize, sunflower oil and fertilizers which are highly demanded in Africa generally and specifically in East African Region. This eventually caused food inflation which spilled over to other sectors and together with increase in international prices of petroleum products caused general inflation in Partner States' economies.

Table 2. 1: World Merchandise Trade in (US$ millions)

Trade Flow	2021	2022	% Change 2022
World Merchandise Total Exports	22,343,840	24,904,489	11.46
World Merchandise Total Imports	22,620,211	25,621,162	13.27
World Merchandise Total Trade	**44,964,051**	**50,525,651**	**12.37**

Source: WTO Stats Dashboard

2.2 Africa Export and Imports of Goods

After contracting by 13.6% in 2020, Africa's total merchandise imports grew by about 25% in 2021, and further by 15% in 2022. Total trade in Africa in 2021 increased to US$ 1,178 billion from US$ 886 billion in 2020 and improved further to US$ 1,378 billion in 2022. There was a steady increase in merchandise exports in 2022 at US$ 655 billion up from US$ 394 billion in 2020 in the height of the fallout from the COVID-19 pandemic.

Table 2. 2: Merchandise Trade in Africa 2018 - 2022 (US$ million)

Category	2018	2019	2020	2021	2022	% Change 2021-22
Imports	588,868	589,873	491,747	622,375	723,663	14%
Exports	508,966	479,916	394,404	556,149	655,239	15%
Total Trade	1,097,834	1,069,789	886,151	1,178,524	1,378,902	15%
Trade Balance	-79,902	-109,957	-97,343	-66,226	-68,424	3%

Source: WTO Stats Dashboard

2.3 EAC Regional Merchandise Trade

The East African Community offers a large market for merchandise trade with a population estimated at 283.7 million citizens who are consumers of locally produced goods or imported from the Rest of the World (RoW). The Region has a high demand for intra and extra regional trade in goods with the rest of the world. The EAC has implemented a number of measures to facilitate trade in the Region. The Customs Union Protocol 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 included coffee, tea, tobacco and horticultural commodities while minerals especially gold and diamonds continued to constitute a large proportion of exports from the region. In recent years, most Partner States have undergone 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. In spite of the current optimism, there is 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 system. Imports into the Region consist of, among others, petroleum products, industrial machinery, textiles, crude palm oil, motor vehicles, cereals, rice, transport equipment, fertilizers, chemicals and raw materials for industrial production.

The EAC total trade increased by 13.4 percent in to US$74,030.9 million in 2022 from US$65,268.9 million in 2021 and is partly attributed to improved EAC total exports to ECOWAS Region which increased by 48.5 percent to US$136.1 million in 2022 from US$91.6 million in 2021. The EAC total exports to Japan increased by 35.9 percent to US$188.2 million in 2022 from US$138.5 million in 2021 and EAC total exports to United States of America (USA) increased by 27.5 percent to US$ million in 2022 from US$ million in 2021 too EAC total exports to Africa increased by 10.7 percent to US$8,938.5 million in 2022 from US$8,069.9 million in 2021.

Further, EAC total trade increased by a surge in EAC total imports from key partners namely; United Arab Emirates (UAE) increased by 81.9 percent to US$8,012.3 million from US$4,404 million in 2021, EAC total imports from India increased by 20.9 percent to US$5,858.6 million in 2022 from US$4,845.4 million in 2021. And EAC total imports from the RoW increased by 19.1 percent to US$53,891.5 million in 2022 from US$45,252.2 million in 2021, whereas EAC total imports from COMESA

grew by 18.5 percent to US$4,645.8 million in 2022 from US$3,920.2 million in 2021. And EAC total imports from China grew by 16.6 to US$10,989.3 million in 2022 from US$9,422.8 million in 2021, while EAC total imports from USA raised by 15.7 percent to US$1,517.1 million from US$1,311.6 million in 2021.

The total Intra-EAC Trade grew by 11.2 percent to US$10,910.9 million in 2022 from US$9,810.4 million in 2021, whereas the percentage share of Intra-EAC Trade to EAC total trade stood at 15 percent in 2022.

Table 2. 3: EAC Total Trade Flows, 2018-2022 (US$ millions)

Trade Flow	Destination	2018	2019	2020	2021	2022	% Change	
							2021	2022
Exports	World	14,229.54	15,739.02	17,843.39	20,016.76	20,139.43	12.18	0.61
	Africa	5,893.16	6,163.79	6,553.53	8,069.87	8,938.46	23.14	10.76
	ASEAN	423.07	604.19	504.59	728.36	598.16	44.35	(17.88)
	COMESA	4,039.69	4,020.05	4,175.31	5,625.18	6,098.71	34.72	8.42
	EAC	**4,011.86**	**4,068.96**	**4,319.84**	**5,595.53**	**6,366.27**	29.53	13.77
	ECOWAS	80.65	88.76	87.06	91.63	136.10	5.25	48.52
	EU	2,045.56	1,879.29	2,083.99	2,393.64	2,560.79	14.86	6.98
	SADC	2,386.47	2,719.80	2,867.56	3,279.12	3,788.40	14.35	15.53
	China	314.49	437.83	427.68	639.30	661.75	49.48	3.51
	UK	478.31	459.97	526.19	530.55	479.71	0.83	(9.58)
	USA	601.39	623.53	590.82	692.24	882.62	17.17	27.50
	India	885.08	986.47	673.27	1,313.80	1,400.84	95.14	6.62
	Japan	137.78	132.62	107.04	138.46	188.17	29.36	35.90
	UAE	1,106.98	2,384.79	3,649.39	3,130.77	1,822.26	(14.21)	(41.80)
Imports	WORLD	36,293.94	38,557.77	36,711.18	45,252.23	53,891.48	23.3	19.1
	Africa	5,337.17	6,447.42	7,131.93	7,429.54	8,085.80	4.2	8.8
	ASEAN	1,960.77	2,135.07	2,329.27	3,002.17	3,173.56	28.9	5.7
	COMESA	2,986.64	3,264.07	3,459.47	3,920.21	4,645.80	13.3	18.5
	EAC	**2,537.74**	**3,029.17**	**3,629.08**	**4,214.91**	**4,544.63**	16.1	7.8
	ECOWAS	105.15	210.39	478.77	257.35	207.49	-46.2	-19.4
	EU	3,702.85	3,781.38	4,091.15	4,376.61	4,685.76	7.0	7.1
	SADC	2,740.57	3,533.30	3,842.37	4,082.08	3,914.23	6.2	-4.1
	China	7,238.28	7,707.87	7,706.62	9,422.83	10,989.34	22.3	16.6
	UK	579.91	595.07	506.70	582.85	563.18	15.0	-3.4
	USA	936.57	1,132.60	998.17	1,311.57	1,517.08	31.4	15.7
	India	4,211.08	4,221.41	4,203.54	4,845.35	5,858.55	15.3	20.9
	Japan	1,754.05	1,834.65	1,614.68	1,878.29	1,906.16	16.3	1.5
	UAE	3,461.93	3,725.05	2,489.01	4,404.00	8,012.29	76.9	81.9
Total Intra-EAC Trade		**6,549.60**	**7,098.13**	**7,948.92**	**9,810.44**	**10,910.90**	**23.42**	**11.22**
Total EAC Trade		**50,523.48**	**54,296.79**	**54,554.57**	**65,268.98**	**74,030.91**	**19.64**	**13.42**
% share of Intra-EAC Trade to Total Trade		**13**	**13**	**15**	**15**	**15**		

Source: EAC Open Data Portal
Notes:
(1). COMESA: includes Burundi, Democratic Republic of Congo, Kenya, Rwanda & Uganda
(2). SADC: includes Democratic Republic of Congo and Tanzania

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) increased by 23.53 percent to US$1,468.36 million in 2022 from US$1,188.06 million in 2021. Burundi's total exports to the RoW increased by 27.02 percent to US$207.87 million in 2022 from US$163.66 million in 2021. That was attributed to sustainable positive economic policies to avert the negative impact of COVID-19 pandemic on the economy, but also the policy of putting coffee sales under the responsibility of Burundi Office for Coffee Development instead of cooperatives, which improved coffee exports.

Burundi's export destinations were, United Arab Emirates (UAE), DR Congo, Switzerland, Belgium and Pakistan the rest of the World. Regarding Burundi's total imports, they increase by 22.97 percent to US$1,260.49 million in 2022 from US$1,025.03 million in 2021. The main imports into Burundi included refined petroleum products, mineral fertilizers, medicaments, cement, vehicles and wheat.

Table 2. 4: Burundi's Trade with the Rest of the World; 2018-2022 *(US$ M)*

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Total exports	180.20	180.85	164.39	163.66	207.87	-0.45	27.02
Total imports	793.48	887.75	916.00	1,025.03	1,260.49	11.90	22.97
Total Trade	973.69	1,068.60	1,080.38	1,188.69	1,468.36	10.02	23.53
Trade balance	**-613.3**	**-706.9**	**-751.6**	**-861.37**	**-1,260.49**	**14.60**	**46.34**

Source: National Institute of Statistics of Burundi (INSBU)

Burundi's Exports to EAC Partner States

Burundi's exports to the EAC increased by 8.47 percent from US$51.07 million in 2021 to US$55.39 million in 2022. Most of the country's exports in the region were exported to DR Congo to the tune of US$38.73 million followed by Tanzania at US$9.92 million.

Table 2. 5: Burundi's Exports to EAC Partner States 2018-2022 (US$ million)

Partner	2018	2019	2020	2021	2022.00	% Change	
						2021	2022
Congo DR	18.91	51.81	31.90	33.65	38.73	5.48	15.10
Kenya	4.20	8.21	5.61	6.42	2.55	14.36	-60.27
Rwanda	5.44	2.65	0.11	0.23	1.33	104.73	491.45
South Sudan	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tanzania	2.52	11.89	8.73	7.76	9.92	-11.14	27.85

Uganda	4.43	9.20	2.92	3.02	2.86	3.40	-5.12
Total EAC	**35.50**	**83.77**	**49.28**	**51.07**	**55.39**	**3.63**	**8.47**

Source: National Institute of Statistics of Burundi (INSBU)

Burundi's Domestic Exports to EAC Partner States

Table 2.6 below shows that domestic export earnings for Burundi increased by 9.35% to US$48.65 million in 2022, from US$44.49 million in 2021.

Table 2. 6: Burundi's Domestic Exports to Partner States, 2018-2022 (*US$ M)*

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Kenya	2.34	5.00	4.12	4.74	1.24	14.96	-73.76
Rwanda	4.56	1.15	0.06	-	0.13	-	-
South Sudan				-	-	-	-
Uganda	4.41	8.31	2.08	2.27	2.36	9.08	4.13
Tanzania	2.40	10.47	7.61	5.39	8.65	-29.12	60.31
Congo DR	16.01	48.99	30.45	32.09	36.27	5.38	13.02
Total	**29.72**	**29.60**	**44.31**	**44.49**	**48.65**	**0.40**	**9.35**

Source: National Institute of Statistics of Burundi (INSBU)

Table 2.7 below shows that Burundi's domestic export earnings from the World increased by 26.96 percent to US$195.50 million in 2022 from US$153.99 million in 2021. Further, Burundi exported goods to Asian worth US$77.13 million in 2022 than to any other country or region.

Table 2.7: Burundi's Domestic Exports to selected Trade Partners 2018 - 2022 *(US$ Million)*

Destination	2018	2019	2020	2021	2022	% Change	
						2021	2022
Africa	42.25	43.21	57.28	66.44	68.11	16.00	2.51
ASEAN	88.64	97.37	70.59	67.95	77.13	-3.74	13.52
EU	22.84	14.49	15.09	19.43	22.93	28.74	18.01
China	5.40	5.55	1.88	1.17	0.02	-37.58	-98.06
UK	4.57	4.04	2.74	3.09	4.08	12.66	32.11
USA	2.02	1.97	1.35	0.86	1.92	-36.46	123.81
India	0.49	0.33	0.06	-	0.00	-100.00	0.00
Japan	0.17	0.26	0.01	0.25	0.30	2426.00	19.71
UAE	60.77	70.20	52.09	44.98	58.23	-13.65	29.47
WORLD	**171.46**	**173.05**	**156.36**	**153.99**	**195.50**	**-1.52**	**26.96**

Source: National Institute of Statistics of Burundi (INSBU)

Table 2.8 below illustrates that Burundi's domestic exports worth US$58.96 million were exported to COMESA compared to US$48.65million exported to EAC in 2022

thus COMESA is a major market for Burundi's exports. However, a country can belong to more than one community.

Table 2. 7: Burundi's Domestic Exports to selected Regional Economic Communities (RECs), 2018- 2022 *(US$ Million)*

REC	2018	2019	2020	2021	2022.00	% Change	
						2021	2022
EAC	29.72	29.60	44.31	44.49	48.65	0.40	9.35
COMESA	39.66	39.80	49.58	52.15	58.96	5.18	13.06
ECOWAS	0.02	0.15	0.05	0.10	0.13	99.69	34.44
SADC	21.74	23.43	40.48	40.13	49.48	-0.85	23.29

Source: National Institute of Statistics of Burundi (INSBU)

Burundi's Re-Exports

Burundi's total re-exports to the rest of the World increased by 27.97 percent to US$12.37 million in 2022 from US$9.67 in 2021. Burundi's total exports (domestic exports plus re-exports) to the World increased by 27.02 percent to US$207.87 million in 2022 from US$163.66 million in 2021.

Table 2. 8: Burundi's Re-exports to the World, 2018 - 2022 *(US$ millions)*

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Re-exports	8.75	7,8	8,02	9.67	12.37	20.56	27.97
Domestic exports	171.46	173.05	156.36	153.99	195.50	-1.52	26.96
Exports	180.20	180,85	164,39	163.66	207.87	-0.45	27.02

Source: National Institute of Statistics of Burundi (INSBU)

Burundi's Intra-EAC Re-exports

Burundi's Intra-EAC re-exports increased by 2.51 percent to US$ 6.74 million in 2022 from US$ 6.58 million in 2021. The table below shows Burundi's Intra-EAC re-exports for selected period.

Table 2. 9: Burundi's Intra-EAC Exports. 2018 -2022 *(US$ millions)*

Trade Flow	2018	2019	2020	2021	2022,00	% Change	
						2021	2022
Intra EAC re-exports	5.78	4.89	4.97	6.58	6.74	32.37	2.51
Intra-EAC Domestic Exports	29.72	29.60	44.31	44.49	48.65	0.40	9.35
Total Intra-EAC Exports	**35.50**	**34.49**	**49.28**	**51.07**	**55.39**	**3.63**	**8.47**

Source: National Institute of Statistics of Burundi (INSBU)

Burundi's Imports from EAC Partner States (US$ million)

Burundi's imports from the EAC increased by 17.6 percent to US$273.33 in 2022 compared with US$233.49 million in 2021. In 2022, most imports came from Tanzania, valued at US$114.36 million, followed by Uganda at the value of US$75.34 million. In 2022, Burundi's lowest imports came from Rwanda that was valued at US$4.22 million, and this low trade is attributed to border closures during the period under review. Burundi's imports from EAC mainly consisted of mineral fertilizer, cement, iron and steel products and sugar.

Table 2. 10: Burundi's Imports from EAC Partners 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Kenya	39.24	94.09	47	57.11	67.58	21.50	18.35
Rwanda	4.54	9.87	2.01	3.50	4.22	73.92	20.73
Uganda	40.76	83.03	45.96	56.65	75.34	23.26	32.99
Tanzania	49.81	128.73	79.91	101.62	114.36	27.17	12.53
Congo DR	3.92	11.23	8.44	14.62	11.84	73.21	-19.04
South Sudan	-	-	-	-	-	-	-
Total	**138.27**	**326.94**	**183.32**	**233.49**	**273.33**	**27.37**	**17.06**

Source: National Institute of Statistics of Burundi (INSBU)

Burundi's intra-EAC Trade Balance

Burundi only had a positive trade balance of US$26.89 million with DR Congo. 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$104.44 million in 2022. Burundi's Intra EAC total trade increased by 12.99 percent to US$328.73 million in 2022 from US$290.93 million in 2021. However. Burundi's Intra-EAC trade balance deteriorated to negative US$217.94 million in 2022 compared to US$176.06 in 2021, which is an increase of 23.79 percent.

Table 2. 11: Burundi's Trade Balance with Partner States. 2018-2022 (US$)

Partner	Trade Flow	2018	2019	2020	2021	2022	% Change	
							2021	2022
Kenya	Imports	39.24	94.09	47.0	57.11	67.58	21.50	18.35
	Exports	4.20	8.21	5.61	6.42	2.55	14.36	-60.27
	Total trade	43.44	102.30	52.61	63.52	70.13	20.74	10.41
	Trade balance	-35.04	-85.88	-41.39	-50.69	-65.04	22.47	28.30
Rwanda	Imports	4.54	9.87	2.01	3.50	4.22	73.92	20.73
	Exports	5.44	2.65	0.11	0.23	1.33	104.73	491.45
	Total trade	9.98	12.52	2.12	3.72	5.55	75.52	49.22
	Trade balance	0.89	-7.22	-1.9	-3.27	-2.89	72.14	-11.68
Uganda	Imports	40.76	83.03	45.96	56.65	75.34	23.26	32.99
	Exports	4.43	9.20	2.92	3.02	2.86	3.40	-5.12
	Total trade	45.19	92.23	48.88	59.67	78.20	22.07	31.06
	Trade balance	-36.32	-73.83	-43.04	-53.63	-72.47	24.61	35.13

Partner	Trade Flow	2018	2019	2020	2021	2022	% Change	
							2021	2022
Tanzania	Imports	49.81	128.73	79.91	101.62	114.36	27.17	12.53
	Exports	2.52	11.89	8.73	7.76	9.92	-11.14	27.85
	Total trade	52.33	140.62	88.64	109.38	124.27	23.40	13.62
	Trade balance	-47.29	-116.84	-71.18	-93.86	-104.44	31.87	11.26
Congo. Dem. Rep	Imports	3.92	11.23	8.44	14.62	11.84	73.21	-19.04
	Exports	18.91	51.81	31.9	33.65	38.73	5.48	15.10
	Total trade	22.83	63.04	40.34	48.27	50.56	19.65	4.76
	Trade balance	14.99	40.58	23.46	19.03	26.89	-18.88	41.32
Intra-Eac Trade	Imports	138.27	326.94	183.32	233.49	273.33	27.37	17.06
	Exports	35.50	83.77	49.28	51.07	55.39	3.63	8.47
	Total trade	173.77	410.71	232.6	284.56	328.73	22.34	15.52
	Trade balance	-102.77	-243.17	-134.05	-182.43	-217.94	36.09	19.47

Source: National Institute of Statistics of Burundi (INSBU)

Burundi's Imports from selected Trade Partners. 2018-2022

Burundi's imports from Asian amounted to US$736.43 million compared to US$559.37 million in 2021, which represents an increase of 31.65 percent. Imports from Asian are mainly petroleum products, medicaments, fertilizers and vehicles. Africa was the second source of Burundi's imports, which totalled to US$337.09 million from US$308.43 million. which is an increase of 9.29 percent. Among selected countries, China is the first partner of Burundi. Most of the imports from China consisted of flat-rolled iron and steel products, tyres and household consumable products. In 2022 Burundi's imports from the rest of the World increased by 22.97 per cent to US$1,260.49 million from US$1,025.03 million in 2021.

Table 2. 12: Burundi's Imports from selected Trade Partners. 2018-2022 (US$M)

Destination	2018	2019	2020	2021	2022	% Change	
						2021	2022
Africa	195.14	236.82	266.51	308.43	337.09	15.73	9.29
ASEAN	14.94	26.34	22.04	559.37	736.43	2437.96	31.65
EU	108.18	110.05	115.76	109.40	122.73	-5.50	11.27
China	102.93	136.33	143.53	189.52	178.28	32.04	-5.93
UK	8.00	16.33	19.3	16.53	7.70	-14.34	-53.42
USA	9.57	14.47	11.47	10.00	9.72	-12.80	-2.86
India	55.97	70.09	86.39	88.28	106.75	2.19	20.92
Japan	30.63	37.23	37.21	33.88	41.07	-8.95	21.22
UAE	69.85	61.22	62.63	73.82	174.94	17.86	137.00
World	793.45	887.73	912.68	1025.03	1260.49	12.31	22.97

Source: National Institute of Statistics of Burundi (INSBU)

Burundi's Imports from selected Regional Economic Communities (RECs)
Burundi imported most products from EAC than other RECs, COMESA comes in the 2nd position after EAC. In 2022, most of Burundi's imports were from EAC which increased by 17.06 percent to US$273.33 million in 2022 from US$233.49 million in 2021. Burundi's imports from COMESA grew by 8.89 per cent to US$210.98 million in 2022 from US$193.75 in 2021.

Table 2. 13: Burundi's Imports from selected Regional Economic Communities. 2018-2022 *(US$ Million)*

Bloc	2018	2019	2020	2021	2022	% Change	
						2021	2022
EAC	138.24	143.62	180.03	233.49	273.33	29.70	17.06
COMESA	124.60	152.98	167.05	193.75	210.98	15.99	8.89
ECOWAS	1.14	2.23	1.15	2.05	1.28	78.26	-37.65
SADC	98.89	123.43	146.76	166.05	168.89	13.14	1.71

Source: INSBU

2.4.2 Republic of Kenya

Kenya's Total Trade in Goods
Kenya's total trade with RoW increased by 9.77 percent to US$29,033.29 million in 2022 from US$26,447.95 million in 2021. Kenya's trade deficit with the rest of the world widened by 9.72 percent to US$14,138.94 million in 2022 from a deficit of US$12,885.97million in 2021. Kenya's total exports to the RoW improved by 9.82 percent to US$7,447.18 million in 2022 from US$6,780.99 million in 2021. Kenya's exports consisted of; coffee, tea, horticulture, apparel and clothing accessories, edible oil, cement, iron and steel, medicaments, petroleum products and household consumables. And Kenya's total imports from the RoW increased by 9.76 per cent to US$21,586.12 million in 2022 from US$19,666.96 million in 2021. Kenya's imports, among others, consisted of petroleum products, industrial machinery, motor vehicles, cereals, transport equipment, and chemicals.

Table 2. 14: Kenya's Trade with the Rest of the World; 2018-2022 (US$ M)

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Total Exports	6,052	5,842	6,033	6,781	7,447	12.40	9.82
Total Imports	17,376	17,683	15,430	19,667	21,586	27.46	9.76
Total Trade	**23,428**	**23,525**	**21,463**	**26,448**	**29,033**	**23.23**	**9.77**
Trade Balance	**(11,324)**	**(11,841)**	**(9,397)**	**(12,886)**	**(14,139)**	**37.13**	**9.72**

Source: EAC Open Data Portal

Kenya's Total Exports to EAC Partner States
Kenya's total exports to EAC Partner States increased marginally by 4.36 percent to US$2,060.85 million in 2022 from US$1,974.60 million in 2021, the increase was driven by Kenyan total exports to South Sudan which rose 26.4 percent to

US$198.45 million in 2022 from US$156.97 million in 2021. In EAC, Uganda continues to be the leading destination for Kenya's exports which amounted to US$820.26 million in 2022 from US$834.90 million in 2021 posting a slight decline of negative 1.8 percent in 2022. In EAC, Kenya exported to least to Burundi equivalent to US$70.20 million.

Table 2. 15: Kenya's Total Exports to Partner States;2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% change	
						2021	2022
Burundi	65.16	65.96	55.19	68.91	70.20	24.86	1.87
Congo DR	149.94	132.14	133.96	224.88	150.68	67.87	-33.00
Rwanda	176.21	226.92	236.50	278.50	341.04	17.76	22.46
South Sudan	127.91	123.07	217.85	156.97	198.45	-27.95	26.43
Tanzania	293.82	329.32	294.66	410.44	480.23	39.29	17.00
Uganda	610.87	627.03	675.07	834.90	820.26	23.68	-1.75
Total	**1,423.89**	**1,504.43**	**1,613.22**	**1,974.60**	**2,060.85**	**22.40**	**4.37**

Source: EAC Open Data Portal

Kenya's Domestic Exports to EAC Partner States

Kenya's Domestic exports to EAC Partner States rose by 6.29 percent to US$1,757.45 million in 2022 from US$1,653.52 million in 2021. Uganda was the leading destination for Kenya's domestic exports at the tune of US$680.76 million in 2022 from US$661.84 million in 2021 representing an increase of 2.9 percent. Kenya's main 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 detergents.

Table 2. 16: Kenya's Domestic Exports EAC Partner States, 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Burundi	49.18	54.75	49.69	52.95	62.83	6.56	18.66
Congo DR	131.60	120.65	121.05	204.40	135.54	68.86	-33.69
South Sudan	96.84	103.68	147.66	119.26	170.15	-19.23	42.67
Rwanda	149.34	211.38	222.28	238.16	293.38	7.14	23.19
Uganda	503.53	523.19	557.02	661.84	680.76	18.82	2.86
Tanzania	245.47	278.80	277.26	376.91	414.79	35.94	10.05
Total	**1,175.98**	**1,292.45**	**1,374.96**	**1,653.52**	**1,757.45**	**20.26**	**6.29**

Source: EAC Open Data Portal

Kenya's Domestic Exports to selected Trade Partners

Kenya's domestic exports to the Rest of the World (RoW) improved by 9.06 percent to US$6,629.00 million in 2022 from US$6,078.10 million in 2021. The increase is attributed to raise in Kenya's domestic exports to African Countries which increased by US$250.70 million to US$2,577.91 million in 2022. Domestic exports to European Union (EU) declined by negative 3.1 percent to US$976.79 million in 2022 from

US$1,008.40 million in 2021. The decline in value of domestic exports to EU may have been caused by, among others, contracted demand in EU market due to COVID-19 effect, unfavourable weather conditions which caused drought in EAC Region and negatively affected productivity of agricultural products such as horticulture products, for instance, Kenya's domestic exports to Netherlands decreased by negative 14 percent to US$443.64 million from US$516.11 million in 2021. Domestic exports to United Kingdom (UK) declined by negative 16.2 percent to US$376.49 million in 2022 from US$449.18 million in 2021, whereas domestic exports to China improved by 16.8 to US$225.12 million in 2022 from US$192.79 million in 2021. Kenya's main export products outside EAC region consist of, among other; coffee, tea, cut flowers, hides and skins, pyrethrum extract, meat and meet preparations, pineapples (fresh and canned) and vegetables (beans, peas and lentils).

Table 2. 17: Kenya's Domestic Exports to selected Trade Partners 2018- 2022 (US$ M)

Destination	2018	2019	2020	2021	2022	% Change	
						2021	2022
World	5,345.83	5,098.30	5,308.87	6,078.10	6,629.00	14.49	9.06
EU	879.93	878.51	872.86	1,008.40	976.79	15.53	-3.13
ASEAN	78.81	85.75	68.93	78.18	117.90	13.42	50.81
AFRICA	1,787.23	1,864.09	1,948.27	2,327.21	2,577.91	19.45	10.77
China	103.52	136.48	133.04	192.79	225.12	44.91	16.77
India	68.15	48.25	69.48	93.87	66.74	35.10	-28.90
Japan	50.08	53.64	45.04	61.43	50.59	36.39	-17.65
Netherlands	447.31	441.96	419.19	516.11	443.64	23.12	-14.04
Pakistan	582.44	442.05	512.17	484.28	542.17	-5.45	11.95
UAE	228.22	182.15	180.98	214.36	253.41	18.44	18.22
UK	394.36	389.38	465.95	449.18	376.49	-3.60	-16.18
USA	465.44	490.81	453.04	531.71	644.85	17.36	21.28

Source: EAC Open Data Portal

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

The East African Community continues to be a major market for Kenya's domestic exports. Kenya's domestic exports to the EAC rose by 8.80 percent in 2022 to US$1,799.00 million in 2022 from US$1,653.52 million in 2021. Similarly, Kenya's domestic exports to COMESA and SADC increased by 6.84 percent and 5.11 per cent to US$1,838.69 million and US$784.91 million respectively, in 2022.

Table 2. 18: Kenya's Domestic Exports to selected RECs 2018- 2022 (US$ M)

REC	2018	2019	2020	2021	2022	% Change	
						2021	2022

COMESA	1,371.25	1,400.76	1,417.97	1,720.99	1,838.69	21.37	6.84
SADC	514.68	530.35	529.57	746.78	784.91	41.02	5.11
ECOWAS	34.07	36.00	55.87	54.17	67.87	-3.04	25.29
EAC	1,175.98	1,292.45	1,374.96	1,653.52	1,799.00	20.26	8.80

Source: EAC Open Data Portal

Kenya's Re-Exports

Re-exports to the RoW increased by 16.4 percent to US$818.17 million in 2022 from US$702.89 million in 2021, while re-exports a percentage share of total exports stood at 11.0 percent in 2022. The key re-export products from Kenya to the RoW included petroleum products, and other industrial products.

Table 2. 19: Kenya's Re-exports to the Rest of the World, 2018 -2022 (US$ M)

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Exports	5,345.83	5,098.30	5,308.87	6,078.10	6,629.00	14.49	9.06
Re-exports	705.70	743.81	724.62	702.89	818.17	-3.00	16.40
Total Exports	6,051.53	5,842.11	6,033.49	6,780.99	7,447.17	12.39	9.82
% Share of Re-exports to total exports	**11.7**	**12.7**	**12.0**	**10.4**	**11.0**	**-13.7**	**4.0**

Source: EAC Open Data Portal

Kenya's Intra-EAC Re-exports

Kenya's Intra-EAC Exports increased by 4.37 percent to US$2,060.85 million in 2022 from US$1,974.59 million in 2021 while the percentage share of Intra-EAC re-exports to total intra-EAC exports declined to 14.7 percent in 2022 from 16.3 percent in 2021.

Table 2. 20: Kenya's Intra-EAC Exports, 2018-2022 (US$ millions)

Trade Flow	2018	2019	2020	2021	2022	% change	
						2021	2022
Intra EAC Domestic Exports	1,175.98	1,292.45	1,374.96	1,653.52	1,757.45	20.26	6.29
Intra EAC Re-exports	247.90	211.97	238.27	321.07	303.40	34.75	-5.50
Total Intra EAC Exports	1,423.88	1,504.42	1,613.23	1,974.59	2,060.85	22.40	4.37
% share of Intra-EAC re-exports to total Intra-EAC Exports	**17.4**	**14.1**	**14.8**	**16.3**	**14.7**	**10.10**	**-9.88**

Source: EAC Open Data Portal

Kenya's Imports from EAC Partner States

Kenya's total imports from EAC Partner States declined by 2.2 percent to US$846.95 million in 2022 from US$865.92 million in 2021. In EAC, Tanzania is the main source of imports for Kenya, and in 2022 Kenya's imports from Tanzania's amounted to US$452.96 million.

Table 2. 21: Kenya's Imports from EAC Partners 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% change	
						2021	2022
Burundi	0.67	0.64	3.28	4.57	1.13	39.33	-75.27
Congo DR	12.72	19.11	25.88	33.16	30.83	28.13	- 7.03
South Sudan	0.16	0.14	0.39	0.64	0.13	64.10	-79.69
Rwanda	11.72	13.74	19.12	29.76	30.02	55.65	0.87
Uganda	487.82	360.67	237.97	306.32	331.89	28.72	8.35
Tanzania	175.84	269.44	257.32	491.47	452.96	91.00	- 7.84
Total EAC	**688.94**	**663.74**	**543.96**	**865.92**	**846.95**	**59.19**	**- 2.19**

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 9.49 percent in 2022 to US$1,213.90 million in 2022 from US$1,108.68 million in 2021. Kenya's Intra-EAC total trade improved by 2.37 percent to US$2,907.80 million in 2022 from US$ from US$2,840.52 million in 2021 and the increase was attributed to a marginal increase in Kenya's total exports to EAC Partner States as well as a slight decline in Kenya's Intra-EAC total imports from EAC Partner States. Kenya's Intra-EAC total exports increased by 4.37 to US$2,060.85 million in 2022 from US$1,974.60 million in 2022, whereas total imports decreased by negative 2.2 percent to US$846.95 million in 2022 from US$865.92 million in 2021.

Table 2. 22: Kenya's Intra-EAC Trade by Partner State, 2018-2022 (US$ M)

Partner	Trade Flow	2018	2019	2020	2021	2022	% Change	
							2021	2022
Burundi	Total Exports	65.16	65.96	55.19	68.91	70.20	24.86	1.87
	Total Imports	0.67	0.64	3.28	4.57	1.13	39.33	(75.27)
	Total Trade	65.83	66.60	58.47	73.48	71.33	25.67	(2.93)
	Trade Balance	64.49	65.32	51.91	64.34	69.07	23.95	7.35
Congo DR	Total Exports	149.94	132.14	133.96	224.88	150.68	67.87	(33.00)
	Total Imports	12.72	19.11	25.88	33.16	30.83	28.11	(7.03)
	Total Trade	162.66	151.25	159.84	258.04	181.51	61.44	(29.66)
	Trade Balance	137.22	113.03	108.08	191.72	119.85	77.39	(37.49)
Rwanda	Total Exports	176.21	226.92	236.50	278.50	341.04	17.76	22.46

Partner	Trade Flow	2018	2019	2020	2021	2022	% Change	
							2021	2022
	Total Imports	11.72	13.74	19.12	29.76	30.02	55.65	0.87
	Total Trade	187.93	240.66	255.62	308.26	371.06	20.59	20.37
	Trade Balance	164.49	213.18	217.38	248.74	311.02	14.43	25.04
S. Sudan	Total Exports	127.91	123.07	217.85	156.97	198.45	(27.95)	26.43
	Total Imports	0.16	0.14	0.39	0.64	0.13	64.10	(79.69)
	Total Trade	128.07	123.21	218.24	157.61	198.58	(27.78)	25.99
	Trade Balance	127.75	122.93	217.46	156.33	198.32	(28.11)	26.86
Tanzania	Total Exports	293.82	329.32	294.66	410.44	480.23	39.29	17.00
	Total Imports	175.84	269.44	257.32	491.47	452.96	91.00	(7.84)
	Total Trade	469.66	598.76	551.98	901.91	933.19	63.40	3.47
	Trade Balance	117.98	59.88	37.34	(81.03)	27.27	(317.01)	(133.65)
Uganda	Total Exports	610.87	627.03	675.07	834.90	820.26	23.68	(1.75)
	Total Imports	487.82	360.67	237.97	306.32	331.89	28.72	8.35
	Total Trade	1,098.69	987.70	913.04	1,141.22	1,152.15	24.99	0.96
	Trade Balance	123.05	266.36	437.10	528.58	488.37	20.93	(7.61)
Intra-EAC Trade	**Total Exports**	**1,423.89**	**1,504.43**	**1,613.22**	**1,974.60**	**2,060.85**	**22.40**	**4.37**
	Total Imports	**688.94**	**663.74**	**543.96**	**865.92**	**846.95**	**59.19**	**(2.19)**
	Total Trade	**2,112.83**	**2,168.17**	**2,157.18**	**2,840.52**	**2,907.80**	**31.68**	**2.37**
	Trade Balance	**734.95**	**840.69**	**1,069.26**	**1,108.68**	**1,213.90**	**3.69**	**9.49**

Source: EAC Open Data Portal

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

In 2022 Kenya recorded the highest value of imports from SADC over other Africa trading blocs, followed by COMESA and EAC, respectively. Kenya's imports from EAC region decreased by 1.14 percent to USD$856.09 million in 2022 from US$865.92 million in 2021, whereas Kenya's exports to COMESA decreased by 3.47 percent to US$1,091.15 million in 2022 from US$1,130.41 million in 2021. Although Kenya is not a member of SADC, she imported substantial quantities from the bloc amounting to US$1,328.26 million compared to US$1,228.76 million in 2021 representing an increase 8.10 percent.

Table 2. 23: Kenya's Imports from selected RECs; 2018-2022 (US$ millions)

	% change							
REC	Trade Flow	2018	2019	2020	2021	2022	2021	202
EAC	Imports	688.94	663.74	543.96	865.92	846.95	59.19	-2.1
COMESA	Imports	2,986.64	3,264.07	3,459.47	3,920.21	4,645.80	13.32	18.5
SADC	Imports	2,740.57	3,533.30	3,842.37	4,082.08	3,914.23	6.24	-4.1

ECOWAS	Imports	105.15	210.39	478.77	257.35	207.49	-46.25	-19.3

Source: EAC Open Data Portal

Kenya's Imports from Selected Trade Partners

Kenya's imports from the RoW increased by 9.76 percent to US$21,586.12 million in 2022 from US$19,666.96 million in 2021. Kenya's imports from EU decreased by 17.84 percent to US$1,716.11 million in 2022 from US$2,088.79 million in 2021. Also, Kenya's imports from China declined by negative 5.00 percent to US$3,842.63 million 2022 from US$ 4,045.76 million in 2021.China and United Arab Emirates (UAE) were the key sources of Kenya's imports each recorded US$3,842.63 million and US$3,442.00 million respectively in 2022.

Kenya's imports were comprised of; petroleum products, animal/vegetable fats and oils; wheat, pharmaceutical products, iron and steel, sugar (beet and cane), rice, wheat, industrial machinery, motor vehicles, cereals, transport equipment, and chemicals.

Table 2. 24: Kenya's Imports from selected Trade Partners, 2018-2022 (US$ M)

Destination	2018	2019	2020	2021	2022	% Change	
						2021	2022
World	17,375.59	17,683.19	15,430.27	19,666.96	21,586.12	27.46	9.76
EU	1,856.41	1,964.55	1,915.54	2,088.79	1,716.11	9.04	-17.84
ASEAN	958.14	1,079.99	1,331.04	1,643.64	1,646.74	23.49	0.19
Africa	2,032.08	2,267.50	1,722.40	2,090.23	2,296.56	21.36	9.87
China	3,662.59	3,692.43	3,391.32	4,045.76	3,842.63	19.30	-5.00
India	1,828.62	1,753.00	1,777.33	2,113.76	2,130.96	18.93	0.81
Japan	984.44	974.46	822.94	895.88	828.54	8.86	-7.50
Netherlands	190.82	315.30	390.68	428.24	271.59	9.61	-36.35
Pakistan	211.49	243.79	202.87	174.42	224.37	-14.02	28.64
UAE	1,457.14	1,646.81	867.40	1,633.87	3,442.00	88.36	110.73
UK	311.39	345.74	274.10	307.49	294.40	12.18	-3.61
USA	525.01	610.51	529.21	770.46	804.01	45.59	4.35

Source: EAC Open Data Portal

2.4.3 Republic of Rwanda

Rwanda's Merchandise Trade

Total trade in goods increased by 34.5 percent to US$7,036.92 million in 2022 from US$5,199.12 million in 2021. Rwanda's total exports increased by 37.5 percent to US$1,980.39 million in 2022 from US$1,440.09 million in 2021, similarly, total imports increased by 34.52 percent to US$5,056.53 million in 2022 from US$3,759.03 million in 2021. Rwanda's trade deficit with the RoW widened by 35.3 percent to negative US$3,076.14 million in 2022 from negative US$2,318.94 million in 2021.

Table 2. 25: Rwanda's Imports, Exports and Trade Balance with RoW 2018-2022 (US$ M)

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Total exports	1,007.93	1,138.35	1,412.00	1,440.09	1,980.39	1.99	37.52
Total imports	2,879.24	3,223.47	3,538.93	3,759.03	5,056.53	6.22	34.52
Total trade	**3,887.17**	**4,361.82**	**4,950.93**	**5,199.12**	**7,036.92**	5.01	34.52
Trade balance	**(1,871.32)**	**(2,085.12)**	**(2,126.92)**	**(2,318.94)**	**(3,076.14)**	9.03	35.35

Source: EAC Open Data Portal

Rwanda's Total Exports to EAC Partner States

In 2022, Rwanda's exports to EAC Partner States mainly re-exports destined to DR Congo amounting to US$773.17 million and the 2nd Rwanda's export destination in EAC was Uganda with an export value of US$22.87 million in 2022. Rwanda's total exports to EAC increased by 34 percent to US$840.75 million from US$628.52 million in 2021.Rwanda's exports consisted of; tea, coffee, maize, beans, cassava flour, maize flour, animals and vegetables.

Table 2. 26: Rwanda's Total Exports (Domestic and re-exports) to EAC Partner States; 2018-2022 US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Burundi	15.81	38.31	5.20	0.34	3.88	-93.43	1,037
Kenya	16.964	12.279	9.6513	24.035	11.84	149.03	-50.74
Congo DR	337.47	374.76	386.08	561.33	773.17	45.39	37.74
South Sudan	4.91	20.20	12.74	7.94	21.84	-37.68	175.14
Tanzania	14.69	5.03	5.02	9.76	7.15	94.38	-26.76
Uganda	34.05	31.72	21.81	25.11	22.87	15.13	-8.94
Total EAC	**423.89**	**482.30**	**440.49**	**628.52**	**840.75**	42.68	33.77

Source: EAC Open Data Portal

Rwanda's Domestic Exports EAC Partner States

Rwanda's total domestic exports to EAC increased by 17.7 percent to US$210.14 million in 2022 from US$178.52 million in 2021 and were mostly exported to Congo DR with products worth US$154.6 million in 2022. Rwanda's least domestic exports were transferred to Burundi at the value of US$3.1 million in 2022.

Table 2.27: Rwanda's Domestic Exports EAC Partner States 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022

Burundi	4.48	27.39	2.44	0.32	3.09	-87.05	879.02
Kenya	16.19	11.84	9.42	23.96	9.10	154.22	-62.00
Congo DR	64.73	62.11	88.39	118.35	154.60	33.90	30.63
South Sudan	4.26	19.97	12.29	7.23	21.15	-41.18	192.68
Tanzania	14.44	3.45	3.53	6.38	4.26	81.02	-33.21
Uganda	30.15	28.64	19.23	22.30	17.93	15.95	-19.57
Total EAC	**134.24**	**153.39**	**135.28**	**178.52**	**210.14**	31.96	17.71

Source: EAC Open Data Portal

Rwanda's Domestic Exports to selected Trade Partners

Rwanda's domestic exports to RoW improved by 34.5 percent to US$421.4 million in 2022 from US$313.3 million in 2021, and domestic exports to Africa increased by 25 percent to US$285.6 million in 2022 from US$228.3 million in 2021. Rwanda's domestic exports to China improved by 118.5 percent to US$36 million in 2022 from US$16.46 million in 2021. Rwanda's domestic exports to India recorded the highest percentage increase of 511 with a value of US$71 million in 2022 from US$11.6 million in 2021. Rwanda's exports consisted of; tea, coffee, minerals (gold, tin, coltan, wolfram and cassiterite), and horticultural products.

Table 2. 28: Rwanda's Domestic Exports to selected Trade Partners, 2018-2022 (US$ M)

Destination	2018	2019	2020	2021	2022	% Change	
						2021	2022
World	694.22	785.09	1,097.82	977.24	1,324.23	0.36	34.52
Africa	162.68	170.05	154.65	228.30	285.62	47.62	25.10
ASEAN	81.92	45.92	27.18	37.52	46.11	38.07	22.87
EU	89.16	41.12	39.15	57.68	92.40	47.33	60.18
China	20.14	9.12	8.03	16.46	35.96	104.94	118.53
India	10.24	6.66	15.63	11.63	71.04	-25.62	511.12
Japan	1.79	2.20	0.99	2.21	6.92	123.75	213.46
Netherlands	4.85	5.35	9.43	12.88	15.36	36.60	19.26
Pakistan	44.41	39.27	32.73	37.17	38.14	13.58	2.60
UAE	40.26	341.10	668.99	434.22	583.76	-35.09	34.44
UK	43.24	37.62	26.92	42.60	49.10	58.24	15.26
USA	21.34	12.45	19.11	28.59	19.81	49.61	-30.70

Source: EAC Open Data Portal

Rwanda's Domestic Exports to selected RECs

In 2022, Rwanda's trade with African trading blocs showed that the bulk of the country's domestic exports went to COMESA at US$235.57million, while goods exported to EAC were valued at US$210.14 million and SADC at US$163.25 million. This demonstrated that Rwanda enjoys market access opportunities in COMESA and EAC, and also to SADC even though Rwanda is not a member of the REC. Rwanda also exported to ECOWAS goods worth US$3.8 million in 2022.

Table 2. 29: Rwanda's Domestic Exports to selected RECs, 2018-2022 (US$ M)

REC	2018	2019	2020	2021	2022	% Change	
						2021	2022
EAC	134.24	153.39	135.28	178.52	210.14	31.96	17.71
SADC	81.05	67.87	93.85	128.16	163.25	36.56	27.38
COMESA	131.72	142.62	136.11	202.59	235.57	48.85	16.28
ECOWAS	0.43	2.28	1.31	3.66	3.82	178.87	4.43

Source: EAC Open Data Portal

Rwanda' Re-exports

Rwanda's Re-exports to the RoW improved by 41.8 percent to US$656.2 million in 2022 from US$462.9 million in 2021. The main re-export products included petroleum products, vehicles, construction materials, foodstuffs (including maize, beans, rice, edible oil) and other consumer goods.

Table 2. 30: Rwanda's Re-exports to the Rest of the World, 2018 -2022 (US$ M)

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Re-exports	313.70	353.26	314.18	462.85	656.16	47.32	41.76
Exports	694.22	785.09	1,097.82	977.24	1,324.23	-10.98	35.5
Total exports	**1,007.93**	**1,138.35**	**1,412.00**	**1,440.09**	**1,980.39**	**1.99**	**37.52**

Source: EAC Open Data Portal

Rwanda's Intra-EAC Exports

Rwanda's re-exports to the EAC Partner States Increased by 40 percent to US$630.6 million in 2022 from US$450 million in 2021, 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.

Table 2. 31: Rwanda's Intra-EAC Exports, 2018 - 2022 (US$ M)

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Intra EAC re-exports	289.65	328.91	305.21	449.99	630.61	47.44	40.14
Intra-EAC Domestic exports	134.24	153.39	135.28	178.52	210.14	24.22	15.05
Total Intra-EAC exports	**423.89**	**482.30**	**440.49**	**628.52**	**840.75**	**71.66**	**55.18**
% share of Intra-EAC re-exports to total Intra-EAC Exports	**68.33**	**68.20**	**69.29**	**71.60**	**75.01**	**3.33**	**4.76**

Source: EAC Open Data Portal

Rwanda's Imports from EAC Partner States

Rwanda's Imports comprise of transport equipment, petroleum products, fertilizers, industrial machinery, industrial raw materials, foodstuffs, construction materials, edible oils, pharmaceuticals and other consumer goods. The country's top import origins from EAC Partner States in 2022 were Tanzania (US$578 million), Kenya (US$496.4 million), and Uganda (US$ 57.64 million). The lowest import originated from Burundi at a value of 0.15 million in 2022 and this is attributed to border closures between two Partner States during the period under review. However, there was a steady increase of Rwanda's imports from Uganda which stood at US$57.6 million in 2022 from US$0.2 million in 2021, after opening of the borders between the two Partner States. Rwanda's total intra-EAC imports rose by 47 percent to US$1,168.1 million in 2022 from US$ to US$796.04 million in 2021.

Table 2. 32: Rwanda's Imports from EAC Partner States 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Burundi	3.90	1.66	0.03	0.17	0.15	562.32	-15.15
Kenya	176.53	278.42	391.87	280.74	496.38	-28.36	76.81
South Sudan	0.00	0.11	0.01	0.38	0.28	3,247.86	-27.36
Uganda	242.34	41.61	0.60	0.19	57.64	-68.80	30,796.51
Tanzania	138.90	269.59	513.48	496.14	577.96	-3.38	16.49
Congo DR	14.82	16.74	10.04	18.42	35.73	83.46	94.01
Intra-EAC imports	**576.49**	**608.13**	**916.03**	**796.04**	**1,168.13**	**-13.10**	**46.74**

Source: EAC Open Data Portal

Rwanda's Intra-EAC Trade with EAC Partner States

Rwanda recorded a negative trade balance with EAC Partner States which widened by 95.4 percent to negative US$327.38 million in 2022 from negative US$167.52 million in 2021. In 2022, Rwanda recorded positive trade balances with; Burundi (0.17 million), Uganda (US$24.93 million) and Congo DR (US$542.91 million).

Table 2. 33: Rwanda's Intra-EAC Trade with EAC Partner State, 2018-2022 (US$M)

Partner	Trade Flow	2018	2019	2020	2021	2022	% Change	
							2021	2022
Burundi	Imports	3.90	1.66	0.03	0.17	0.15	562.3	-15.1
	Exports	15.81	38.31	5.20	0.34	3.88	-93.4	1036.5
	Total trade	19.71	39.97	5.22	0.51	4.03	-90.2	684.0
	Trade balance	11.91	36.65	5.17	0.17	3.73	-96.7	2106.0
Kenya	Imports	176.53	278.42	391.87	280.74	496.38	-28.4	76.8
	Exports	16.96	12.28	9.65	24.03	11.84	149.0	-50.7
	Total trade	193.49	290.70	401.53	304.77	508.22	-24.1	66.8
	Trade balance	-159.56	-266.14	-382.22	-256.70	-484.54	-32.8	88.8
Uganda	Imports	242.34	41.61	0.60	0.19	57.64	-115.1	30,796.51

Partner	Trade Flow	2018	2019	2020	2021	2022	% Change	
							2021	2022
	Exports	34.05	31.72	21.81	25.11	22.87	15.1	(8.94)
	Total trade	276.39	73.34	22.41	25.30	80.51	12.9	218.22
	Trade balance	-208.29	-9.89	21.21	24.93	-34.77	17.5	(239.50)
Tanzania	Imports	138.90	269.59	513.48	496.14	577.96	-3.4	16.49
	Exports	14.69	5.03	5.02	9.76	7.15	94.4	(26.76)
	Total trade	153.58	274.62	518.50	505.90	585.11	-2.4	15.66
	Trade balance	-124.21	-264.56	-508.46	-486.38	-570.81	-4.3	17.36
Congo DR	Imports	14.82	16.74	10.04	18.42	35.73	83.5	94.01
	Exports	337.47	374.76	386.08	561.33	773.17	45.4	37.74
	Total trade	352.29	391.50	396.11	579.75	808.91	46.4	39.53
	Trade balance	322.65	358.02	376.04	542.91	737.44	44.4	35.83
South Sudan	Imports	0.00	0.11	0.01	0.38	0.28	3247.9	(27.36)
	Exports	4.91	20.20	12.74	7.94	21.84	-37.7	175.14
	Total trade	4.91	20.31	12.75	8.32	22.12	-34.7	165.84
	Trade balance	4.91	20.10	12.72	7.55	21.56	-40.6	185.39
Intra-EAC Trade	**Total Imports**	**576.49**	**608.13**	**916.03**	**796.04**	**1,168.13**	**-13.1**	**46.74**
	Total Exports	**101.24**	**748.44**	**440.49**	**628.52**	**840.75**	**42.7**	**33.8**
	Total Trade	**677.73**	**1,356.57**	**1,356.52**	**1,424.55**	**2,008.88**	**5.0**	**41.0**
	Trade balance	**-475.24**	**140.32**	**-475.53**	**-167.52**	**-327.38**	**-64.77**	**95.43**

Source: EAC Open Data Portal

Rwanda's Imports from selected RECs

In 2022, EAC was the leading source of Rwanda's imports (US$1,168.13 million) SADC was in 2nd position (US$854 million), and the 3rd was COMESA (US$763 million) while ECOWAS had the lowest value of US$61 million.

Table 2. 34: Rwanda's Imports from selected RECs, 2018-2022 (US$ M)

REC	2018	2019	2020	2021	2022	% Change	
						2021	2022
EAC	576.49	608.13	916.03	796.04	1,168.13	-13.1	46.7
COMESA	472	421	507	443	763	-12.7	72.3
SADC	267	459	707	725	854	2.5	17.9
ECOWAS	2	21	113	28	61	-75.3	119.7

Source: EAC Open Data Portal

Rwanda's Imports from selected Trade Partners

The value of Rwanda's imports with the RoW increased by 34.5 percent to US$5,056.5 million in 2022 from US$3,759.03 million in 2021. Rwanda's imports from China increased by 46.6 percent to US$1,053.21 million from US$718.4 million in 2021, whereas imports from United Arab Emirates rose by 33.3 percent in 2022 to US$408.5 million in 2022 from US$306.60 million in 2021. However, Rwanda's imports from UK declined by negative 24.4 percent to US$28 million from US$37.3 million in 2021. Rwanda's Imports comprised; petroleum products, fertilizers, industrial machinery, raw materials, motor vehicles, foodstuffs and household consumer goods.

Table 2. 35: Rwanda's Imports from selected Trade Partners, 2018-2022 (US$M)

Destination	2018	2019	2020	2021	2022	% Change	
						2021	2022
World	2879.24	3,223.47	3,538.93	3,759.03	5,056.53	6.22	34.52
Africa	730.69	920.75	1,391.82	1,151.61	1,577.08	-17.26	36.95
ASEAN	129.36	141.05	125.71	184.76	244.63	46.98	32.40
EU	357.46	309.29	313.56	377.43	420.04	20.37	11.29
China	525.54	633.54	650.05	718.39	1,053.21	10.51	46.61
UK	20.14	21.47	20.16	37.25	28.15	84.73	-24.41
USA	47.32	53.94	72.81	84.89	88.99	16.59	4.83
UAE	279.38	243.61	232.76	306.60	408.52	31.73	33.24
India	291.47	281.40	289.58	299.55	467.90	3.44	56.20
Japan	23.96	29.98	24.79	58.39	77.35	135.50	32.47
Netherlands	25.97	19.65	25.20	25.84	33.66	2.56	30.25
Pakistan	42.88	36.60	42.67	18.28	50.05	-57.17	173.89

Source: EAC Open Data Portal

2.4.4 Republic of South Sudan

South Sudan's Merchandise Trade with the RoW

South Sudan's merchandise total trade increased to US$443.6 million in 2022 from US$216.7 million in 2021, while, the trade balance deteriorated to negative US$436 million in 2022 from US$147.1 million in 2021. South Sudan's main merchandise exports include crude oil, wood and minerals, while the main imports into the country comprise food products, petroleum products, and household consumer goods.

Table 2. 36: S. Sudan's Exports, Imports, Total Trade and Trade Balance, 2018-2022 (US$ M)

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Total exports	-	3.89	3.69	34.82	3.83	89.4	-808.1
Total imports	-	3.06	7.90	181.89	439.76	95.7	58.6
Total Trade	-	**6.95**	**11.59**	**216.71**	**443.59**	1,770.20	104.69
Trade	-	**0.84**	**- 4.2**	**-147.1**	**- 435.9**	**3,392.34**	**196.41**

balance							

Source: EAC Open Data Portal

South Sudan Total Exports to EAC Partner States

South Sudan's total exports to EAC Partner States decreased by 52.6 percent to US$20.6 million in 2022 from US$43.5 million in 2021. In 2022, the leading destination in EAC for South Sudan's exports was Uganda which recorded a value of US$16.5 million, followed by Tanzania with a value of US$3.2 million.

Table 2. 37: S. Sudan's Total Exports to EAC Partner States, 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Burundi	0	0.01	0.01	-	-	0	0
Congo DR	0	0.03	0.01	0.41	0.44	3,370.9	6.7
Kenya	0.16	0.14	0.39	0.01	0.19	-97.0	1,484.4
Rwanda	0	0.11	0.01	0.38	0.28	3,247.9	-27.4
Uganda	3.2	6.51	86.72	8.28	16.50	-90.5	99.3
Tanzania	0.2	3.85	3.66	34.40	3.17	839.3	-90.8
Total EAC	**3.56**	**10.65**	**90.82**	**43.48**	**20.58**	**-52.12**	**-52.67**

Source: EAC Open Data Portal

South Sudan's Domestic Exports to EAC Partner States

South Sudan's domestic exports to EAC Partner States reduced drastically from US$34.2 million in 2021 to US$3.6 million in 2022, and majority of the domestic exports were transferred to Uganda.

Table 2. 38: S. Sudan's Domestic Exports to EAC Partner States, 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Burundi	0	0	0	0	0	0	0
Kenya	0	0.01	0.00	0.07	0.42		476.97
Rwanda	0	-	-	0.01	0.13		979.24
Congo DR	0	-	-	0.00	-		0
Tanzania	0	-	-	-	0.00		0
Uganda	0	3.72	3.56	34.12	3.02		-91.15
Total EAC	0	**3.73**	**3.56**	**34.21**	**3.57**	**861.48**	**-89.58**

Source: EAC Open Data Portal

South Sudan's Domestic Exports to selected Trade Partners

South Sudan's domestic exports to the World was US$38.2 million in 2022 compared to US$1,268.04 million in 2021.

Table 2. 39: S. Sudan's Domestic Exports selected Trade Partners, 2018-2022 (US$ M)

Destination	2018	2019	2020	2021	2022	% change	
						2021	2022
World	**0**	9.45	7.49	1,268.04	38.19	16,838.71	(96.99)
Africa	-	8.96	7.16	224.42	5.73	3,035	-97.445
ASEAN	-	-	-	274.18	0.18		-99.9349
EU	-	0.00	-	249.64	0.56		-99.7738
China	-	0.02	-	110.23	0.05		-99.9578
India	-	0.45	0.32	114.73	0.59	36,048	-99.4844
Japan	-	0.01	-	0.18	30.73		17,225.73
Netherlands	-	-	-	38.99	-		-100
UAE	-	0.01	0.01	217.99	-	4,191,949	-100
UK	-	0.00	0.00	0.00	0.14	250	20,250.71
USA	-	0.00	-	0.00	0.01		447.25

Source: EAC Open Data Portal

South Sudan's Domestic Exports to selected RECs

South Sudan's domestic exports to EAC was US$3.6 million compared to US$34.2 million in 2021, whereas the domestic exports to COMESA were US$3.6 million in 2022 compared to US$221.3 million in 2021.

Table 2. 40: S. Sudan Domestic Exports to selected RECs, 2018-2022 (US$ M)

REC	2018	2019	2020	2021	2022	% Change	
						2021	2022
EAC	-	3.73	3.56	34.21	3.57	861.5	-89.6
COMESA	-	3.74	3.57	221.30	3.59	6,094.7	-98.4
ECOWAS	-	0.03	0.02	0.11	0.04	650.7	-64.1
SADC	-	-	-	-	-		

Source: EAC Open Data Portal

South Sudan's Re-exports to the RoW

South Sudan's Re-exports to the RoW increased to US$6.3 million in 2022 from US$1.5 million in 2021.

Table 2. 41: S. Sudan's Re-exports to the Rest of the World, 2018-2022 (US$ M)

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Re-exports	-	0.70	0.65	1.48	6.26	128	323
Domestic	-	9.45	7.49	1,268.50	38.20		

Exports							
Total Exports	**-**	**10.14**	**8.14**	**1,269.98**	**44.46**		

Source: EAC Open Data Portal

South Sudan's Intra-EAC Re-exports

South Sudan's Intra-EAC Re-exports decreased to US$0.3 million in 2022 from US$0.6 million in 2021, whereas total Intra-EAC Exports declined to US$3.8 million in 2022 from US$34.8 million in 2021.

Table 2. 42: S. Sudan's Intra-EAC Re-exports, 2018-2022 (US$ millions)

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Intra EAC re-exports	-	0.17	0.13	0.61	0.27	369.90	-55.88
Intra-EAC Domestic exports	-	3.73	3.56	34.21	3.57	861.48	-89.58
Total Intra-EAC Exports	**-**	**3.89**	**3.69**	**34.82**	**3.83**	**844.15**	**-88.99**

Source: EAC Open Data Portal

South Sudan's Imports from EAC Partner States

South Sudan's imports from EAC Partner States increased to US$412.6 million in 2022 from 181.8 million in 2021. Kenya is the leading source of South Sudan imports with a value of US$256.5 million, followed by Uganda with a value of US$128.8 million in 2022.

Table 2. 43: S. Sudan Imports from EAC Partner States, 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Burundi	-	-	-	-	0.05	-	100.00
Kenya	-	1.65	3.25	95.31	256.50	96.59	62.84
Congo DR	-	-	-	-	-	0.00	0.00
Rwanda	-	0.01	0.06	0.18	14.30	66.42	98.77
Tanzania	-	0.05	0.01	0.57	12.95	97.39	95.58
Uganda	-	1.35	4.58	85.84	128.88	94.67	33.40
Total EAC	**-**	**3.06**	**7.90**	**181.89**	**412.66**	**95.66**	**55.92**

Source: EAC Open Data Portal

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

South Sudan's Intra-EAC total trade increased to US$443.5 million in 2022 from US$216.7 million in 2021, and Intra-EAC trade balance deteriorated by to negative US$436 million in 2022 from negative US$147.1 million in 2021.

Table 2. 44: S. Sudan's Intra-EAC Trade Balance, 2018-2022 (US$ M)

Partner	Trade Flow	2018	2019	2020	2021	2022	% Change	
							2021	2022
Burundi	Total Exports	0	0.01	0.01	-	-	-	-
	Total Imports	0	-	-	-	0.05	-	
	Total Trade	0	0.01	0.01	-	0.05	-	-
	Trade Balance	0	0.01	0.01	-	(0.05)	-	-
Kenya	Total Exports	0	0.03	0.01	0.41	0.44	44	107
	Total Imports	0	1.65	3.25	95.29	281.74	2932	295
	Total Trade	0	1.68	3.26	95.70	282.18		
	Trade Balance	0	(1.63)	(3.24)	(94.88)	(281.31)		
Rwanda	Total Exports	0	-	-	0.01	0.19		
	Total Imports	0	0.01	0.06	0.18	14.30		
	Total Trade	0	0.01	0.06	0.19	14.49		
	Trade Balance	0	(0.01)	(0.06)	(0.16)	(14.11)		
Congo DR	Total Exports	0	-	-	-	-		
	Total Imports	0	-	-	-	-		
	Total Trade	0	-	-	-	-		
	Trade Balance	0	-	-	-	-		
Tanzania	Total Exports	0	-	-	-	0.00		
	Total Imports	0	0.05	0.01	0.57	14.75		
	Total Trade	0	0.05	0.01	0.57	14.75		
	Trade Balance	0	(0.05)	(0.01)	(0.57)	(14.75)		
Uganda	Total Exports	0	3.85	3.66	34.40	3.17		
	Total Imports	0	1.35	4.58	85.84	128.88		
	Total Trade	0	5.20	8.24	120.23	132.05		
	Trade Balance	0	2.51	(0.91)	(51.44)	(125.71)		
Intra-EAC Trade	**Total Exports**	**0**	**3.89**	**3.69**	**34.82**	**3.80**	844.04	-89.09
	Total Imports	**0**	**3.06**	**7.90**	**181.87**	**439.71**	2,202.38	141.77
	Total Trade	**0**	**6.95**	**11.59**	**216.69**	**443.51**	1,770.03	104.68
	Trade Balance	**0**	**0.84**	**(4.21)**	**(147.05)**	**(435.92)**	3,392.06	196.43

Source: EAC Open Data Portal

South Sudan's Imports from selected RECs

South Sudan's imports from EAC were US$412.7 million, Imports from COMESA were valued at US$402.8 million and imports from SADC and ECOWAS were US$25.2 million and US$1.3 million respectively in 2022.

Table 2. 45: S. Sudan's Imports from selected RECs, 2018-2022 (US$ M)

REC	2018	2019	2020	2021	2022	% Change	
						2021	2022
EAC	-	3.06	7.90	181.89	412.66	95.66	55.92
COMESA	-	3.10	8.78	185.79	402.75	95.28	53.87
ECOWAS	-	0.28	0.74	1.23	1.31	39.96	6.21
SADC	-	0.10	0.25	6.95	25.24	96.46	72.45

Source: EAC Open Data Portal

South Sudan Imports from selected Trade Partners

South Sudan's imports from the RoW increased to US$882.7 million in 2022 from US$865.7 million in 2021, while imports from rest of Africa increased to US$429.5 million in 2022 from US$193.4 million in 2021.

Table 2. 46: S. Sudan's Imports from selected Trade Partners, 2018-2022 (U$$ M)

Destination	2018	2019	2020	2021	2022	% Change	
						2021	2022
World	-	12.65	58.95	865.73	882.69	93.19	1.92
Africa	-	3.50	9.79	193.44	429.53	94.94	54.97
ASEAN	-	0.10	0.27	13.56	9.78	98.04	(38.67)
EU	-	0.65	7.59	73.28	69.32	89.64	(5.71)
China	-	1.33	13.29	116.66	41.01	88.61	(184.50)
India	-	3.35	1.54	83.80	23.72	98.17	(253.30)
Japan	-	0.98	10.63	30.39	41.70	65.02	27.12
Netherlands	-	0.28	0.04	4.86	10.03	99.24	51.52
Pakistan	-	0.01	0.04	1.34	2.37	96.83	43.40
UAE	-	1.10	6.02	200.70	71.86	97.00	(179.31)
UK	-	0.06	0.11	3.79	22.16	97.09	82.89
USA	-	0.13	0.32	17.11	31.83	98.12	46.24

Source: EAC Open Data Portal

2.4.5 The United Republic of Tanzania

Tanzania's Trade in Goods

Tanzania's total trade to the RoW increased by 31.1 percent to US$22,603 million in 2022 from US$17,240.7 million in 2021, and Tanzania's negative trade balance widened by 101 percent to negative US$8,953.3 million from US$4,459 million in 2021.

Table 2. 47: Tanzania Exports, Imports and Trade Balance with the RoW; 2018-2020 (US$ M)

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Total exports	3,902.46	5,003.69	6,076.41	6,390.86	6,824.85	4.92	6.36
Total imports	8,516.18	9,054.67	8,516.52	10,849.86	15,778.17	21.51	31.24
Total Trade	**12,418.64**	**14,058.36**	**14,592.93**	**17,240.72**	**22,603.02**	**18.14**	**31.10**
Trade balance	**(4,613.73)**	**(4,050.98)**	**(2,440.11)**	**(4,458.99)**	**(8,953.33)**	**82.74**	**100.79**

Source: EAC Open Data Portal

Tanzania's Total Exports to EAC Partner States

Tanzania's total exports to EAC Partner States increased by 3.4 percent to US$1,414.8 million in 2022 from US$ 1,368.48 million in 2021, and the leading export destination was Kenya with a value of (US$381.7million), and Congo DR (US$280.5 million) was in second position, followed by Uganda at (US$264.2 million). The lowest total export value was recorded with South Sudan equivalent to US$13.1 million in 2022. 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. fertilizers, chemical products, paperboard, live animals and cosmetics.

Table 2. 48: Tanzania's Total Exports to EAC Partner States, 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Burundi	61.37	87.93	181.10	163.26	212.82	-9.9	30.4
Congo DR	150.75	164.08	144.21	207.23	280.54	43.7	35.4
Kenya	228.03	269.80	230.23	397.22	381.66	72.5	-3.9
Rwanda	107.18	190.92	216.87	277.80	262.54	28.1	-5.5
South Sudan	1.31	2.03	3.42	8.95	13.11	161.6	46.6
Uganda	121.16	123.66	191.28	314.02	264.20	64.2	-15.9
Total EAC	**669.80**	**838.43**	**967.11**	**1,368.48**	**1,414.87**	**41.5**	**3.4**

Source: EAC Open Data Portal

Tanzania's Domestic Exports to EAC Partner States

Tanzania's total domestic exports to EAC Partner States slightly declined by 0.1 percent to US$1,334.6 million in 2022 from US1,336.4 million in 2021, and is attributed to the decrease of domestic exports to Uganda and Kenya which declined by negative 17 percent and 11 percent respectively. In 2022, Kenya is the leading export market for Tanzania's domestic exports with value of US$341.5 million.

Table 2. 49: Tanzania's Domestic Exports to EAC Partner States, 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Burundi	48.56	60.77	174.12	162.39	210.94	-6.7	29.9
Congo DR	136.44	150.01	129.17	193.10	256.68	49.5	32.9
Kenya	213.98	242.29	219.91	385.47	341.45	75.3	-11.4
Rwanda	80.48	119.92	207.21	276.26	256.32	33.3	-7.2
South Sudan	1.06	1.85	3.22	8.50	12.32	164.1	44.9
Uganda	105.71	99.70	189.21	310.62	256.93	64.2	-17.3
Total EAC	**586.23**	**674.55**	**922.84**	**1,336.35**	**1,334.65**	**44.81**	**-0.13**

Source: EAC Open Data Portal

Tanzania's Domestic Exports to selected Trade Partners

Tanzania's domestic exports to the RoW increased slightly by 6.2 percent to US$6,693.6 million in 2022 from US$ 6,300.7 million in 2021. Africa is a major market destination for Tanzania's domestic exports and registered a low 3.5 percent growth to US$2,529.4 million in 2022 from US$2,444.8 in 2021. Tanzania's domestic exports to EU rose by 67.3 percent to US$573.4 million in 2022 from US$342.7 million in 2021. In terms of Tanzania's domestic exports to countries, India stood out with the highest value of US$1,177.5 million, followed by UAE at US$761.5 million in 2022. Tanzania's domestic exports to the United Kingdom registered the lowest value of US$18.3 million in 2022. Tanzania's exports consisted of coffee, tea, minerals, cashew nuts, spices, horticultural products, fruits, and vegetables.

Table 2. 50: Tanzania's Domestic Exports selected Trade Partners, 2018-2022 (US$ M)

Destination	2018	2019	2020	2021	2022	% Change	
						2021	2022
World	3,704.68	4,760.92	5,984.86	6,300.67	6,693.62	5.3	6.2
EU	487.87	392.98	601.07	342.68	573.44	-43.0	67.3
ASEAN	122.82	360.42	311.34	274.19	372.44	-11.9	35.8
Africa	1,496.89	1,850.72	2,243.99	2,444.81	2,529.36	8.9	3.5
China	145.97	233.32	233.67	265.77	289.17	13.7	8.8
India	742.87	865.74	525.95	1,008.37	1,177.48	91.7	16.8
Japan	67.50	63.95	55.71	67.43	88.75	21.0	31.6
Netherlands	77.24	77.21	63.73	78.63	117.18	23.4	49.0
Pakistan	30.75	49.09	81.30	61.98	75.19	-23.8	21.3
UAE	86.80	394.57	754.03	1,050.87	761.53	39.4	-27.5
UK	15.77	14.84	14.07	15.66	18.33	11.3	17.0
USA	61.06	48.65	45.76	37.58	74.36	-17.9	97.9

Source: EAC Open Data Portal

Tanzania's Domestic Exports to RECs

Tanzania's domestic exports to COMESA were the highest at US$1,496.1 million followed by SADC at US$1,386.8 million and EAC at US$1,334.65 million in 2022. ECOWAS registered the lowest value of Tanzania's domestic exports at US$38.4 million in 2022.

Table 2. 51: Tanzania's Domestic Exports to RECs, 2018-2022 (US$ M)

REC	2018	2019	2020	2021	2022	% Change	
						2021	2022
COMESA	716.65	823.15	1,042.32	1,475.81	1,496.10	41.6	1.4
ECOWAS	14.82	24.99	13.52	14.68	38.35	8.6	161.3
SADC	1,013.18	1,282.22	1,422.86	1,254.67	1,386.88	-11.8	10.5
EAC	586.23	674.55	922.84	1,336.35	1,334.65	44.8	-0.1

Source: EAC Open Data Portal

Tanzania's Re-exports to the RoW

Tanzania's Re-exports to the RoW increased by 46 percent to US$131 million in 2022 from US$90.2 million in 2021, and the percentage share of Re-exports to total exports was 1.9 percent in 2022.

Table 2. 52: Tanzania's Re-exports to the Rest of the World, 2018-2022 (US$ M)

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Exports	3,704.68	4,760.92	5,984.86	6,300.67	6,693.62	5.3	6.2
Re-exports	197.78	242.77	91.55	90.20	131.23	-1.5	45.5
Total Exports	3,902.46	5,003.69	6,076.41	6,390.86	6,824.85	5.2	6.8
% Share	**5.1**	**4.9**	**1.5**	**1.4**	**1.9**	-36.2	36.2

Source: EAC Open Data Portal

Tanzania's Intra-EAC Re-exports

Tanzania's Intra-EAC Re-exports grew exponentially by 149.6 percent to US$80.23 million in 2022 from US$32.14 million in 2021. 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. The main export destinations were Congo DR, Rwanda, Burundi and Uganda.

Table 2. 53: Tanzania's Intra-EAC Exports, 2018-2022 (US$ M)

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Intra EAC Domestic Exports	586.23	674.55	922.84	1,336.35	1,334.65	44.81	-0.13
Intra EAC Re-exports	83.51	163.88	44.28	32.14	80.23	-27.42	149.64
Total Intra EAC Exports	669.74	838.43	967.11	1,368.48	1,414.87	41.50	3.39
% Share	**12.5**	**19.5**	**4.6**	**2.3**	**5.7**		

Source: EAC Open Data Portal

Tanzania's Imports from EAC Partner States

Tanzania's total imports from EAC Partner States grew by 25 percent to US$701.7 million in 2022 from US$528 million in 2021 this was driven by increased imports from Burundi which grew by 76 percent to US$2.6 million and imports from Uganda raised by 59 percent to US$266.3 million in in 2022.

Table 2. 54: Tanzania's Imports from EAC Partners, 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Burundi	1.02	0.36	0.28	0.63	2.58	56.1	75.5
Congo DR	0.56	1.28	2.14	2.59	3.09	17.2	16.1

Kenya	247.47	267.03	247.74	412.98	426.62	40.0	3.2
Rwanda	1.36	1.50	2.25	2.20	3.08	-2.4	28.8
S. Sudan	0.20	-	0.00	0.07	0.02	98.6	- 238.7
Uganda	52.67	60.32	74.04	109.56	266.33	32.4	58.9
Total EAC	**303.29**	**330.49**	**326.45**	**528.03**	**701.72**	**38.2**	**24.8**

Source: EAC Open Data Portal

Tanzania's Intra-EAC Trade with Partner States

Tanzania's Intra-EAC total exports grew by 3.4 percent to US$1,414.5 million in 2022 from US$1,368.5 million in 2021, while, Intra-EAC total imports raised by 33 percent to US$701.7 million in 2022 from US$528 million in 2021. Tanzania's Intra-EAC total trade grew by 12 percent to US$2,116.6 million in 2022 from US$ million in 2021. And Tanzania recorded a positive Intra-EAC trade balance of US$713.2 million in 2022, though it deceased by negative 16 percent from US$840.5 million recorded in 2021.

Table 2. 55: Tanzania's Intra-EAC Trade with EAC Partner State, 2018-2022 (US$ M)

Partner	Trade Flow	2018	2019	2020	2021	2022	% Change	
							2021	2022
Burundi	Total Exports	61.37	87.93	181.10	163.26	212.82	-9.9	30.4
	Total Imports	1.02	0.36	0.28	0.63	2.58	127.6	308.8
	Total Trade	62.39	88.29	181.38	163.89	215.40	-9.6	31.4
	Trade Balance	60.35	87.57	180.82	162.63	210.24	-10.1	29.3
Congo DR	Total Exports	150.75	164.08	144.21	207.23	280.54	43.7	35.4
	Total Imports	0.56	1.28	2.14	2.59	3.09	20.8	19.1
	Total Trade	151.31	165.37	146.36	209.83	283.63	43.4	35.2
	Trade Balance	150.19	162.80	142.07	204.64	277.45	44.0	35.6
Kenya	Total Exports	228.03	269.80	230.23	397.22	381.66	72.5	-3.9
	Total Imports	247.47	267.04	247.74	412.98	426.62	66.7	3.3
	Total Trade	475.50	536.83	477.97	810.21	808.27	69.5	-0.2
	Trade Balance	(19.45)	2.76	(17.51)	(15.76)	(44.96)	-10.0	185.3
Rwanda	Total Exports	107.18	190.92	216.87	277.80	262.54	28.1	-5.5
	Total Imports	1.36	1.50	2.25	2.20	3.08	-2.3	40.4
	Total Trade	108.54	192.42	219.12	279.99	265.62	27.8	-5.1
	Trade Balance	105.82	189.42	214.62	275.60	259.45	28.4	-5.9
South Sudan	Total Exports	1.31	2.03	3.42	8.95	13.11	161.6	46.6
	Total Imports	0.20	-	0.00	0.07	0.02	7227.8	-70.5
	Total Trade	1.51	2.03	3.42	9.02	13.14	163.6	45.7
	Trade Balance	1.11	2.03	3.42	8.88	13.09	159.6	47.5
Uganda	Total Exports	121.16	123.66	191.28	314.02	264.20	64.2	-15.9
	Total Imports	52.67	60.32	74.04	109.56	266.33	48.0	143.1
	Total Trade	173.83	183.98	265.33	423.58	530.53	59.6	25.2

	Trade Balance	68.50	63.34	117.24	204.46	(2.12)	74.4	-101
Intra-EAC Trade	**Total Exports**	**669.80**	**838.42**	**967.11**	**1,368.48**	**1,414.87**	**41.5**	**3.39**
	Total Imports	**303.29**	**330.50**	**326.45**	**528.03**	**701.72**	**61.75**	**32.89**
	Total Trade	**973.09**	**1,168.92**	**1,293.57**	**1,896.52**	**2,116.59**	**46.61**	**11.6**
	Trade Balance	**366.51**	**507.92**	**640.66**	**840.45**	**713.16**	**31.18**	**-15.2**

Source: EAC Open Data Portal

Tanzania's Imports from selected RECs

Tanzania's leading RECs in terms of import sources are; COMESA (US$979.46 million), SADC (US$779.25 million), EAC (US$701.72 million) and ECOWAS (US$51.13 million) being the lowest.

Table 2. 56: Tanzania's Imports from selected RECs, 2018-2022 (US$ M)

REC	2018	2019	2020	2021	2022	% Change	
						2021	2022
COMESA	480.65	499.40	478.09	753.51	979.46	57.6	30.0
ECOWAS	4.95	2.72	2.20	5.58	51.13	153.8	816.6
SADC	604.35	594.04	470.32	616.64	779.25	31.1	26.4
EAC	303.29	330.49	326.45	528.03	701.72	61.7	32.9

Source: EAC Open Data Portal

Tanzania's Imports from selected Trade Partners

Tanzania's imports from the RoW grew by 45.4 percent to US$15,778.2 million 2022 from US$10,849.7 million in 2021. Tanzania's imports from Africa increased by 43 percent to US$1,729.3 million in 2022 from US$1,212.1 million in 2021. Tanzania's imports from EU raised by 62 percent US$1,497.2 million in 2022 from US$924.9 million in 2021. While Tanzania's imports from China grew by 46.2 percent to US$3,946.3 million in 2022 from US$2,700 million in 2021. During the same period Tanzania's imports from India grew by 62 percent to US$1,960.6 million in 2022 from US$1,209.1 million in 2021. Further, Tanzania's imports from UAE increased by 81 percent to US$2,492.3 million in 2022 from US$ 1,378.6 million in 2021, while imports from UK slightly grew by 7.3 percent to US$133.2 million in 2022 from US$124.2 million in 2022. And Tanzania's imports from USA increased by 29 percent to US$335.1 million in 2022 from US$260.4 million in 2021.

Table 2. 57: Tanzania's Imports from selected Trade Partners, 2018-2022 (US$ M)

Destination	2018	2019	2020	2021	2022	% Change	
						2021	2022
World	8,516.18	9,054.67	8,516.52	10,849.86	15,778.17	27.4	45.4
Africa	990.93	977.18	858.20	1,212.05	1,729.28	41.2	42.7
ASEAN	474.86	481.50	387.09	561.87	638.19	45.1	13.6

EU	861.37	909.01	1,029.20	924.86	1,497.19	-10.1	61.9
China	1,762.78	1,987.66	2,156.48	2,700.04	3,946.26	25.2	46.2
India	1,218.07	1,258.48	1,089.59	1,209.13	1,960.59	11.0	62.1
Japan	398.13	485.18	376.23	465.52	521.60	23.7	12.0
Netherlands	85.21	84.37	134.24	94.35	185.52	-29.7	96.6
Pakistan	39.44	30.95	28.63	31.48	46.70	9.9	48.4
UAE	871.50	949.92	824.33	1,378.57	2,492.32	67.2	80.8
UK	159.24	139.70	116.62	124.22	133.23	6.5	7.3
USA	237.97	320.57	241.17	260.44	335.13	8.0	28.7

Source: EAC Open Data Portal

2.4.6 Republic of Uganda

Uganda's Total Trade

Uganda's total trade with the RoW increased by 2.1 percent to US$13,323.7 million in 2022 from US$13,051.35 million in 2021. Uganda's total exports declined by negative 11 percent to US$3,574.2 million in 2022 from US$3,965.3 million in 2021, while, total imports increased by 6.8 percent to US$9,749.6 million in 2022 from US$9,086 million in 2021. Uganda's trade deficit widened by 20.6 percent to negative US$6,175.4 million in 2022 from negative US$5,120.7 million in 2021. The data demonstrated that the Uganda's import bill continued to increase at a higher rate than the export bill.

Table 2. 58: Uganda's Total Exports, Total Imports, total Trade and Trade Balance with the RoW, 2018-2022 (US$ million)

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Total exports	3,087.36	3,563.78	4,148.96	3,965.32	3,574.16	-4.6	-10.9
Total imports	6,729.44	7,696.03	8,250.51	9,086.04	9,749.55	9.2	6.8
Total Trade	**9,816.80**	**11,259.81**	**12,399.47**	**13,051.35**	**13,323.71**	**5.3**	**2.1**
Trade Balance	**(3,642.07)**	**(4,132.24)**	**(4,101.55)**	**(5,120.72)**	**(6,175.39)**	**24.85**	**20.6**

Source: EAC Open Data Portal

Uganda's Total Exports to EAC Partner States

Uganda's total exports to EAC Partner States improved by 27 percent to US$1,943.5 million in 2022 from US$1,532 million in 2021. In 2022 most of Uganda's exports with a value of US$605.9 million were transferred to South Sudan, followed by Kenya at US$601.2 million, Congo DR at US$$422.3 million. The data demonstrated that there was resumption of trade between Uganda and Rwanda, with exports valued at US$77.7 million transferred to Rwanda in 2022 compared to US$1.7 million in 2021. Uganda's exports to 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. The increase in exports was partly attributed to improved weather conditions that resulted in bumper harvests of agricultural commodities and value addition on the agricultural commodities; and increased manufacturing of manufactures.

Table 2. 59: Uganda's Total Exports to EAC Partner States, 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Burundi	40.67	51.39	58.53	72.39	86.91	23.7	20.1
Congo DR	204.31	249.14	267.19	339.45	422.25	27.0	24.4
Kenya	580.15	442.43	465.55	525.57	601.24	12.9	14.4
Rwanda	211.61	41.94	2.31	1.69	77.68	-27.0	4,504.2
South Sudan	355.75	351.63	357.34	483.89	605.89	35.4	25.2
Tanzania	66.28	68.82	95.13	108.82	149.51	14.4	37.4
Total EAC	**1,458.77**	**1,205.33**	**1,246.04**	**1,531.81**	**1,943.49**	**22.9**	**26.9**

Source: EAC Open Data Portal

Uganda's Domestic Exports to EAC Partner States

Uganda's domestic exports to EAC Partner States increased by 30 percent to US$1,586 million in 2022 from US$1,223 million in 2021. The leading domestic export destination was Kenya with a value of US$588 million, followed by South Sudan with US$465 million, Congo DR with US$244 million, Tanzania with US$134 million, Burundi US$82 million and Rwanda with US$73.5 million. The exports consisted of; sugar, edible oil, maize, beans, Sorghum, eggs, fish, cement, iron and steel, beer and live animals.

Table 2.61: Uganda's Domestic Exports to EAC Partner States, 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Burundi	36.32	46.00	54.84	69.22	81.58	26.2	17.9
Congo DR	91.24	119.22	133.22	200.53	244.02	50.5	21.7
Kenya	563.16	429.94	456.86	515.44	587.91	12.8	14.1
Rwanda	179.21	31.52	1.18	0.95	73.49	-19.8	7641.3
South Sudan	224.59	234.11	239.84	336.16	464.74	40.2	38.2
Tanzania	58.11	64.67	91.35	100.31	133.75	9.82	33.3
Total EAC	**1,152.63**	**925.48**	**977.29**	**1,222.62**	**1,585.50**	**25.10**	**29.7**

Source: EAC Open Data Portal

Uganda's Domestic exports to selected Trade Partners

Uganda's domestic exports to the RoW decreased by negative 13 percent to US$3,076.6 million in 2022 from US$3,527.5 million in 2021. The decrease in the value of domestic exports may be partly attributed to the decline in agricultural commodity prices at the global market which affected Uganda's key exports namely, coffee and tea. Uganda's domestic export to EU increased by 12.3 percent to US$698.2 million in 2022 from US$621.7 million in 2021. Uganda's exports to China

increased from US$85.3 million in 2022 to US$37.3 million in 2021. Uganda's domestic exports to Netherlands was valued at US$84.5 million, UK exports were valued at 20.2 million, whereas the exports to the USA amounted to US$78.7 million. Uganda domestic exports consisted of coffee, tea, cotton, minerals, fish, flowers, fruits and vegetables.

Table 2. 60: Uganda's Domestic Exports to selected Trade Partners, 2018-2022 (US$ M)

Destination	2018	2019	2020	2021	2022	% Change	
						2021	2022
World	2,624.39	3,133.60	3,786.99	3,527.50	3,076.57	-6.8521	-12.78
Africa	1,265.19	1,033.64	1,125.88	1,431.57	1,825.48	27.15	27.5
ASEAN	76.25	91.60	91.85	56.21	52.10	-38.80	-7.3
EU	480.93	450.11	464.22	621.71	698.21	33.93	12.3
China	31.97	39.28	39.24	37.31	85.29	-4.93	128.6
India	40.48	55.23	52.84	82.99	77.60	57.04	-6.5
Japan	8.00	6.76	3.97	6.60	7.37	66.11	11.6
Netherlands	90.55	75.63	68.73	92.70	84.53	34.86	-8.8
Pakistan	6.44	7.77	13.57	20.27	16.38	49.40	-19.2
UAE	539.15	1,173.67	1,833.75	1,045.24	18.87	-43.00	-98.2
UK	8.91	7.65	11.16	9.86	20.22	-11.65	105.1
USA	35.15	43.95	50.97	69.08	78.72	35.53	14.0

Source: EAC Open Data Portal

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

In 2022, Uganda's domestic exports to EAC amounted to US$1,585.5 million, exports to COMESA were valued at US$1,153.3 million, and exports to SADC were equivalent to US$413 million, while exports to ECOWAS were the lowest and valued at US$6 million. The data showed that EAC was the leading destination for Uganda's domestic exports in 2022.

Table 2. 61: Uganda's Domestic Exports to selected RECs, 2018-2022 (US$ M)

REC	2018	2019	2020	2021	2022	% Change	
						2021	2022
EAC	1,152.63	925.48	977.29	1,222.62	1,585.50	25.10	29.68
COMESA	948.19	702.13	752.97	879.14	1,153.26	16.76	31.2
ECOWAS	2.26	2.74	4.20	2.64	5.90	-37.11	123.3
SADC	174.18	196.17	249.41	343.30	412.92	37.64	20.3

Source: EAC Open Data Portal

Uganda's Re-export to the Rest of the World

Uganda's Re-exports to the Row increased by 14 percent to US$497.6 million in 2022 from US$438 million in 2021, and the percentage share of Re-exports to total exports increased to 14 percent in 2022.

Table 2. 62: Uganda's Re-exports to the Rest of the World, 2018 - 2022 (US$ M)

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Re-exports	462.97	430.19	361.96	437.81	497.59	20.95	13.65
Domestic Exports	2,624.39	3,133.60	3,786.99	3,527.50	3,076.57	-6.85	-12.78
Total Exports	3,087.36	3,563.78	4,148.96	3,965.32	3,574.16	-4.43	-9.86
% share of total exports	**15.00**	**12.07**	**8.72**	**11.04**	**13.92**		

Source: EAC Open Data Portal

Uganda's Intra-EAC Exports

Uganda's total Intra-EAC Exports increased by 27 percent to US$1,943.5 million from US$1,532 million in 2021, and the percentage share of Intra EAC Re-exports to total Intra-EAC exports was 18.4 percent in 2022. The main re-exports consisted of petroleum products, edible oil, pharmaceuticals and motor vehicles. Most of Uganda's re-exports were transferred to South Sudan and Congo DR.

Table 2. 63: Uganda's Intra-EAC Exports, 2018-2022 (US$ M)

Trade Flow	2018	2019	2020	2021	2022	% Change	
						2021	2022
Intra EAC Re-exports	306.14	279.86	268.75	309.19	358.00	15.05	15.79
Intra-EAC Domestic exports	1,152.63	925.48	977.29	1,222.62	1,585.50	25.10	29.68
Total intra-EAC exports	**1,458.77**	**1,205.33**	**1,246.04**	**1,531.81**	**1,943.49**	22.93	26.88
% share of total Intra EAC exports	**20.99**	**23.22**	**21.57**	**20.18**	**18.42**		

Source: EAC Open Data Portal

Uganda's Imports from EAC Partner States

Uganda's total imports from EAC Partner States declined by negative 50.4 percent to US$1,070.2 million in 2022 from US$1,609.6 million in 2021. The decrease is partly attributed to a decline of imports from Tanzania which decreased to US$278.4 million in 2022 from US$1,609.6 million in 2021. Kenya was the leading import source valued at US$745.1 million followed by Tanzania with US$278.4 million. Imports consisted of petroleum products, rice, chemicals, fertilizers, hides and skins, iron and steel.

Table 2. 64: Uganda's Imports from EAC Partners 2018-2022 (US$ million)

Partner	2018	2019	2020	2021	2022	% Change

						2021	2022
Burundi	5.37	9.68	33.88	0.82	0.95	-4,052.5	13.77
Congo DR	34.49	10.07	10.44	6.69	17.83	-56.11	62.50
Kenya	515.85	768.69	773.23	769.73	745.12	-0.45	-3.30
Rwanda	13.08	14.24	3.46	3.31	11.43	-4.35	70.99
South Sudan	3.21	6.51	86.72	8.28	16.50	-947.36	49.83
Tanzania	258.76	470.93	743.68	820.73	278.41	9.39	-194.8
Total EAC	**830.76**	**1,280.14**	**1,651.42**	**1,609.56**	**1,070.23**	**-2.60**	**-50.39**

Source: EAC Open Data Portal

Uganda's Intra-EAC Trade with Partner States

Uganda registered a positive Intra-EAC trade balance of US$873.3 million in 2022 from a trade deficit of negative US$77.8 million in 2021. Uganda's Intra-EAC total trade declined by negative 4 percent to US$3,013.7 million from US$3,141.4 in 2021. The Intra-EAC total exports increased by 27 percent to US$1,943.5 million in 2022 from US$1,532 million in 2021. And Intra-EAC total imports decreased by negative 34 percent to US$1,070.2 million in 2022 from US$1,609.7 million in 2021.

Table 2. 65: Uganda's Intra-EAC Trade Balance, 2018-2022 (US$ millions)

Partner	Trade Flow	2018	2019	2020	2021	2022	% Change	
							2021	2022
Burundi	Total Exports	40.67	51.39	58.53	72.39	86.91	19.15	16.70
	Total Imports	5.37	9.68	33.88	0.82	0.95	(4,052.56)	13.77
	Total Trade	46.04	61.07	92.41	73.21	87.85	(26.23)	16.67
	Trade Balance	35.30	41.71	24.64	71.58	85.96	65.57	16.73
Congo DR	Total Exports	204.31	249.14	267.19	339.45	422.25	21.29	19.61
	Total Imports	34.49	10.07	10.44	6.69	17.83	(56.11)	62.50
	Total Trade	238.80	259.21	277.62	346.14	440.08	19.79	21.35
	Trade Balance	169.82	239.06	256.75	332.76	404.42	22.84	17.72
Kenya	Total Exports	580.15	442.43	465.55	525.57	601.24	11.42	12.59
	Total Imports	515.85	768.69	773.23	769.73	745.12	(0.45)	(3.30)
	Total Trade	1,096.01	1,211.12	1,238.78	1,295.30	1,346.35	4.36	3.79
	Trade Balance	64.30	(326.27)	(307.68)	(244.16)	(143.88)	(26.01)	(69.70)
Rwanda	Total Exports	211.61	41.94	2.31	1.69	77.68	(37.03)	97.83
	Total Imports	13.08	14.24	3.46	3.31	11.43	(4.35)	70.99
	Total Trade	224.69	56.19	5.77	5.00	89.11	(15.37)	94.39
	Trade Balance	198.54	27.70	(1.15)	(1.63)	66.26	29.54	102.46
South Sudan	Total Exports	355.75	351.63	357.34	483.89	605.89	26.15	20.14
	Total Imports	3.21	6.51	86.72	8.28	16.50	(947.36)	49.83
	Total Trade	358.96	358.14	444.06	492.17	622.40	9.77	20.92
	Trade Balance	352.54	345.11	270.61	475.61	589.39	43.10	19.31

Partner	Trade Flow	2018	2019	2020	2021	2022	% Change	
							2021	2022
Tanzania	Total Exports	66.28	68.82	95.13	108.82	149.51	12.58	27.22
	Total Imports	258.76	470.93	743.68	820.73	278.41	9.39	(194.80)
	Total Trade	325.04	539.75	838.81	929.55	427.92	9.76	(117.23)
	Trade Balance	(192.48)	(402.12)	(648.55)	(711.91)	(128.89)	8.90	(452.33)
Intra EAC Trade	**Total Exports**	**1,458.77**	**1,205.33**	**1,246.04**	**1,531.81**	**1,943.49**	**22.93**	**26.88**
	Total Imports	**830.76**	**1,280.14**	**1,651.42**	**1,609.56**	**1,070.23**	**-2.53**	**-33.51**
	Total Trade	**2,289.53**	**2,485.47**	**2,897.46**	**3,141.37**	**3,013.72**	**8.42**	**-4.06**
	Trade Balance	**628.01**	**(74.80)**	**(405.37)**	**(77.76)**	**873.26**	**-80.82**	**-1,223.1**

Source: EAC Open Data Portal

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

In 2022, COMESA was the leading source of Uganda's imports valued at US$1,170.8 million, followed by imports from EAC valued to US$1,070.2 million, and imports from SADC were equivalent to US$724 million, while imports from ECOWAS were the lowest and valued at US$6.5 million.

Table 2. 66 Uganda's Imports from selected RECs, 2018-2022 (US$ M)

REC	2018	2019	2020	2021	2022	% Change	
						2021	2022
EAC	830.76	1,280.14	1,651.42	1,609.56	1,070.23	(2.60)	(50.39)
COMESA	717.55	963.85	1,310.30	1,214.11	1,170.78	(7.92)	(3.70)
ECOWAS	77.38	170.48	356.91	210.96	6.48	(69.18)	(3,154.70)
SADC	654.86	955.42	1,519.48	1,338.62	723.99	(13.51)	(84.89)

Source: EAC Open Data Portal

Uganda's Imports from selected Trade Partners

Uganda's imports from the RoW increased by 7.3 percent to US$9,749.6 million in 2022 from US$9,086 million in 2021. Uganda's imports from Africa declined by negative 50.4 percent to US$1,645.3 million in 2022 from US$2,473.8 million in 2021. And imports from EU raised by 6 percent to US$854.2 million in 2022 from US$803 million in 2021. Uganda's imports from China raised by 14.3 percent to US$1,927.7 million from US$1,652.5 million in 2021, whereas imports from United Arab Emirates increased by 45 percent to US$ 1,465 million in 2022 from US$810.5 million in 2021.Uganda's imports from United Kingdom decreased by negative 23

percent to US$76 million in 2022 from US$93.5 million in 2022. Uganda's imports from the USA increased by 35 percent to US$258.1 million in 2022 from US$168.7 million in 2021. Uganda's imports consisted of industrial machinery, petroleum products, iron and steel, chemicals, fertilizers, edible oil, motor vehicles, pharmaceuticals, industrial raw materials, and textiles.

Table 2. 67: Uganda's Imports from selected Trade Partners, 2018-2022 (US$ M)

Destination	2018	2019	2020	2021	2022	% Change	
						2021	2022
World	6,729.44	7,696.03	8,250.51	9,086.04	9,749.55	10.13	7.30
Africa	1,388.30	2,041.66	2,879.91	2,473.78	1,645.33	(16.42)	(50.35)
ASEAN	383.48	406.10	463.12	580.73	615.08	20.25	5.59
EU	519.43	487.83	709.48	802.88	854.18	11.63	6.01
China	1,184.44	1,256.57	1,351.95	1,652.46	1,927.73	18.19	14.28
India	816.94	855.07	959.11	1,050.83	1,167.05	8.73	9.96
Japan	316.89	306.81	342.87	394.27	394.85	13.04	0.15
Netherlands	77.86	66.87	200.48	236.97	186.97	15.40	(26.75)
Pakistan	58.78	49.78	34.84	21.42	25.74	(62.67)	16.80
UAE	784.06	822.39	495.87	810.53	1,464.98	38.82	44.67
UK	81.13	71.77	76.41	93.48	75.96	18.26	(23.06)
USA	116.70	132.98	143.19	168.69	258.11	15.12	34.64

Source: EAC Open Data Portal

2.4.7 Democratic Republic of Congo

The Democratic Republic of Congo (DRC) is the youngest and seventh member of the East African Community and was admitted into the Community in March 2022. The EAC Secretariat developed a road map to fast-track the integration of DRC into the projects and programmes of the Community. The objective of the road map is to bring on board DRC at a much faster speed and enable it to understand EAC integration matters and move along with other Partner States on all integration issues.

During the compilation of EAC Trade and Investment Report for 2022, the Secretariat observed that it is necessary to capture DRC trade statistics in the Report, because DRC is a natural trade partner of many EAC Partner States. However, DRC is still a new member and has not yet submitted her trade statistics to the EAC Secretariat Department of Statistics, faced with this scenario, we opted to use mirror statistics (DRC exports) from Partner States' because DRC is already captured as a trade partner in the EAC Open Data Portal.

DR Congo's Exports to EAC Partner States

DRC's total EAC exports increased by 35.6 percent to 92.9 million in 2022 from US$68.5 in 2021, and Rwanda is the leading destination for DRC exports valued at US$35.7 million, followed by Kenya with US$30.8 million and Uganda with US$17.8 million. DRC exports consisted of minerals and timber.

Table 2. 68: DR Congo's Exports to EAC Partner States, 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Burundi	3.92	2.79	5.51	7.65	5.40	27.91	-41.46
Kenya	12.72	19.11	25.88	33.16	30.83	21.9	- 7.0
Rwanda	14.82	16.74	10.04	18.42	35.73	83.46	94.01
South Sudan	0	0	0	0	0	0	0
Tanzania	0.56	1.28	2.14	2.59	3.09	17.2	16.1
Uganda	34.49	10.07	10.44	6.69	17.83	-56.1	62.50
Total EAC	**66.51**	**49.99**	**54.02**	**68.50**	**92.88**	**26.81**	**35.59**

Source: EAC Open Data Portal

DR Congo's Imports from EAC Partner States

DR Congo's total imports from EAC Partner States increased by 21.8 percent to US$1,664.8 million in 2022 from US$1,366.9 million in 2021. In EAC, Rwanda is the major source of DRC imports amounting to US$773.2 million, followed by Uganda with a value of US$422.3 million, Tanzania with US$280.5 million, Kenya with US$150.7 million, Burundi with US$37.7 million and South Sudan with US$0.4 million. The DRC imports from Partner States consisted of foodstuffs (maize, maize flour, cassava, cassava flour, rice, beans, fish, meat, tomatoes, onions, carrots, cabbages, eggs etc..), live animals, petroleum products, edible oils, motor vehicles, iron and steel, cement, footwear, apparels, pharmaceuticals and other processed industrial products.

Table 2. 69: DR Congo's Imports from EAC Partner States, 2018-2022 (US$ M)

Partner	2018	2019	2020	2021	2022	% Change	
						2021	2022
Burundi	18.91	51.81	31.90	33.63	37.73	5.15	10.86
Kenya	149.94	132.14	133.96	224.88	150.68	67.9	-33.0
Rwanda	337.47	374.76	386.08	561.33	773.17	45.39	37.74
South Sudan	0	0.03	0.01	0.41	0.44	3,370.85	6.73
Tanzania	150.75	164.08	144.21	207.23	280.54	43.7	35.4
Uganda	204.31	249.14	267.19	339.45	422.25	27.0	24.4
Total EAC	**861.37**	**971.95**	**963.35**	**1,366.93**	**1,664.82**	**41.89**	**21.79**

Source: EAC Open Data Portal

DR Congo Intra-EAC Trade Balance

The DRC Intra- EAC total trade increased by 22.5 percent to US$1,757.7 million in 2022 from US$1,435.4 million in 2021, whereas the Intra-EAC trade balance increased by 21.1 percent to US$1,571.9 million in 2022 from US$1,298.4 million in 2021.

Table 2. 70: DR Congo's Intra-EAC Trade Balance, 2018-2022 (US$ M)

Partner	Trade Flow	2018	2019	2020	2021	2022	% Change	
							2021	2022
Burundi	Total Exports	18.91	51.81	31.90	33.63	37.73	5.15	10.86
	Total Imports	3.92	2.79	5.51	7.65	5.40	27.91	-41.46
	Total Trade	22.83	54.60	37.41	41.28	43.13	9.37	4.30
	Trade Balance	14.99	49.03	26.39	25.99	32.33	-1.55	19.61
Kenya	Total Exports	149.94	132.14	133.96	224.88	150.68	67.9	-33.0
	Total Imports	12.72	19.11	25.88	33.16	30.83	21.9	- 7.6
	Total Trade	162.65	151.24	159.84	258.04	181.51	38.1	- 42.2
	Trade Balance	137.22	113.03	108.07	191.72	119.85	43.6	-60.0
Rwanda	Total Exports	337.47	374.76	386.08	561.33	773.17	45.39	37.74
	Total Imports	14.82	16.74	10.04	18.42	35.73	83.46	94.01
	Total Trade	352.29	391.50	396.11	579.75	808.91	46.36	39.53
	Trade Balance	322.65	358.02	376.04	542.91	737.44	44.38	35.83
South Sudan	Total Exports	0	0.03	0.01	0.41	0.44	3370.9	6.7
	Total Imports	-	-	-	-	-	-	-
	Total Trade	-	0.03	0.01	0.41	0.44	3,370.85	6.73
	Trade Balance		0.03	0.01	0.41	0.44	3,370.85	6.73
Tanzania	Total Exports	150.75	164.08	144.21	207.23	280.54	43.7	35.4
	Total Imports	0.56	1.28	2.14	2.59	3.09	17.2	16.1
	Total Trade	151.31	165.37	146.36	209.83	283.63	30.2	26.0
	Trade Balance	150.19	162.80	142.07	204.64	277.45	30.6	26.2
Uganda	Total Exports	204.31	249.14	267.19	339.45	422.25	27.0	24.4
	Total Imports	34.49	10.07	10.44	6.69	17.83	-56.11	62.50
	Total Trade	238.80	259.21	277.62	346.14	440.08	19.79	21.35
	Trade Balance	169.82	239.06	256.75	332.76	404.42	22.84	17.72
Intra EAC Trade	**Total Exports**	**861.37**	**971.95**	**963.35**	**1,366.93**	**1,664.82**	**41.89**	**21.79**
	Total Imports	**66.51**	**49.99**	**54.02**	**68.50**	**92.88**	**26.81**	**35.59**
	Total Trade	**927.89**	**1,021.94**	**1,017.36**	**1,435.43**	**1,757.70**	**41.09**	**22.45**
	Trade Balance	**794.86**	**921.96**	**909.33**	**1,298.43**	**1,571.93**	**42.79**	**21.06**

Source: EAC Open Data Portal

2.5 Special Category Considerations in the EAC Customs Union

2.5.1 EAC Imports of Goods under Exemption and Remission Schemes

Exemption and Remission Schemes, which are mechanisms for increasing industrialisation and trading in the region, have been operational since the establishment of the EAC Customs Union. Below is the summary of the value of imported goods under exemption among Partner States for 2021 and 2022.

Republic of Burundi

The value for Burundi increased by 16.3 percent from US$314.0 million to US$365.2 million. The value of revenue foregone increased by 21.2 percent from US$97.8 million to US$ 118.6 million.

Table 2. 71: Burundi Total Exemptions and Remissions granted for 2018 - 2022, (US$ M)

Heading	2018	2019	2020	2021	2022	% Change	
						2021	2022
Value of Exemptions	341.67	246.87	359.20	314.08	365.18	-12.56	16.27
Revenue Foregone	84.09	89.25	122.21	97.85	118.57	-19.93	21.17
Total customs revenue	199.33	**221.39**	**247.12**	**286.93**	**305.34**	16.11	6.41
% Foregone	**42.19**	**40.31**	**49.45**	**34.10**	**38.83**		

Source:

2.5.2 EAC Imports of Sensitive Products

The transfer of sensitive goods among EAC Partner States decreased by negative 10.9 percent to US$612,304.8 million in 2022 from US$687,428.7 million in 2021. The major sensitive goods that were traded most in EAC in 2022 were; rice worth US$ 211,379.8 million, maize worth US$ 187,005.20 million, sugar valued at US$54,514.1 million and milk valued at US$46,346.3 million. The production of sensitive goods within Partner States is low compared to existing demand to consumer them, therefore, there is need to boost domestic production of sensitive goods to reduce importation of the same goods from outside the Region.

Table 2. 72: Sensitive Goods Transferred into EAC Partner States, 2018-2022 (US$ M)

Commodity	2018	2019	2020	2021	2022	% change	
						2021	2022
04011000 - Of a fat content, by weight, not exceeding1%	1,319.95	144.18	48.55	326.70	1,540.92	572.89	3.72
04012000 - Of a fat content, by weight, exceeding 1% but not exceeding 6%	74,059.86	97,800.49	44,951.77	41,308.34	46,346.25	(8.11)	0.12
04021000 - In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5%	12,302.20	24,862.36	14,532.74	23,625.07	34,202.60	62.56	0.45
04022100 - In powder, granules or other solid forms, of a fat content, by weight, exceeding 1.5%: Not containing added sugar or other sweetening matter:	3,100.12	2,446.48	2,535.80	3,415.28	3,340.62	34.68	(0.02)
04022900 - In powder, granules or other solid forms, of a fat content, by weight, exceeding 1.5%: Other:	9,588.77	6,368.20	3,214.12	3,157.82	7,496.47	(1.75)	1.37
04029100 - Other: Not containing added sugar or other sweetening matter	102.19	21.99	299.55	613.49	-	104.80	(1.00)
04029900 - Other: Other:	256.95	304.14	47.24	17.37	422.60	(63.24)	23.34
04031000 - Yogurt	64.56	63.92	134.14	145.78	264.47	8.68	0.81
04014000 - Of a fat content, by weight, exceeding 6% but not exceeding 10%	3,278.86	71.75	-	324.52	100.10	#DIV/0!	(0.69)
04015000 - Of a fat content, by weight, exceeding 10%	1.54	0.12	0.39	0.16	1.70	(59.53)	9.68
04039000 - Other	74.95	23.67	115.98	4.64	42.13	(96.00)	8.07
04061000 - Fresh (unripened or uncured) cheese, including whey cheese, and curd	64.18	92.56	59.82	54.88	153.14	(8.27)	1.79
04062000 - Grated or powdered cheese, of all kinds	-	0.82	1.91	0.94	1.66	(50.62)	0.75
04063000 - Processed cheese, not grated or powdered	258.51	289.50	134.51	185.08	266.09	37.60	0.44
04064000 - Blueveined cheese and other cheese	-	-	0.46	0.41	-		

Commodity	2018	2019	2020	2021	2022	% change	
						2021	2022
containing veins produced by Penicillium roqueforti						(10.78)	(1.00)
04069000 - Other cheese	28.26	11.59	32.21	41.77	75.38	29.67	0.80
10019910 - Other: Hard Wheat	20.42	5.89	14.43	-	2.08	(100.00)	
10019990 - Other: Other	384.78	180.38	252.78	266.57	317.09	5.45	0.19
10059000 - Other	40,439.34	58,278.76	42,460.72	133,030.37	187,005.20	213.30	0.41
10061000 - Rice in the husk (paddy or rough)	5,049.88	4,909.01	6,350.76	14,787.76	1,697.49	132.85	(0.89)
10062000 - Husked (brown) rice	2,113.67	1,234.91	4,729.49	7,965.67	4,422.03	68.43	(0.44)
10063000 - Semimilled or wholly milled rice, whether or not polished or glazed	28,920.23	28,829.06	141,604.44	370,472.44	211,379.80	161.62	(0.43)
10064000 - Broken rice	9,647.35	8,812.70	4,587.47	1,746.38	1,772.02	(61.93)	0.01
11010000 - Millet: Wheat or meslin flour.	8,597.12	263.46	1,799.99	2,702.75	6,307.47	50.15	1.33
11022000 - Maize (corn) flour	15,341.15	5,625.79	3,138.46	1,855.48	17,402.71	(40.88)	8.38
11029000 - Other	132.28	217.29	81.60	613.85	79.37	652.31	(0.87)
17011210 - Beet sugar: Jaggery	0.40	0.37	1.08	54.60	69.24	4,976.24	0.27
17011290 - Beet sugar: Other	34,145.55	31,893.78	33.98	7.93	9.93	(76.66)	0.25
17011310 - Cane sugar specified in Subheading Note 2 to this Chapter: Jaggery	0.33	-	0.11	27.00	9.01	24,007.14	(0.67)
17011390 - Cane sugar specified in Subheading Note 2 to this Chapter: Other	33.37	8.03	732.52	1,813.16	962.27	147.52	(0.47)
17011490 - Other cane sugar: Other	10.02	689.12	9,591.66	9,883.22	10,291.22	3.04	0.04
17019100 - Other: Containing added flavouring or colouring matter	36.45	1.99	0.09	769.78	366.68	874,653.14	(0.52)
17019910 - Other: Sugar for industrial use	618.07	348.39	100.66	2,061.27	9,564.81	1,947.69	3.64
17019990 - Other: Other	5,757.76	5,449.22	14,133.27	55,457.58	54,514.07	292.39	(0.02)
24031100 - Smoking tobacco, whether or not containing tobacco substitutes in any proportion: Water pipe tobacco specified in Subheading Note 1 to this Chapter	-	-	1.88	-	2.29	(100.00)	
24022010 - Cigarettes containing tobacco: Of length not exceeding 72 mm in length including the filter tip	5,937.64	13,786.71	13,087.24	3,471.70	4,302.20	(73.47)	0.24
24031900 - Smoking tobacco, whether or not containing tobacco substitutes in any proportion: Other	-	0.09	-	-	0.34		
52085110 - Plain weave, weighing notmore than	372.12	618.13	433.85	939.60	543.93	116.57	(0.42)

Commodity	2018	2019	2020	2021	2022	% change	
						2021	2022
100g/m2: Khanga, Kikoi and Kitenge							
52085210 - Plain weave,weighing more than 100 g/m2: Khanga, Kikoi and Kitenge	11.52	10.19	6.96	17.37	283.83	149.47	15.34
52095110 - Plain weave: Khanga, Kikoi and Kitenge	2.70	7.65	0.68	2.86	5.10	320.02	0.78
52105110 - Plain weave: Khanga, Kikoi and Kitenge	0.39	4.15	0.96	4.46	0.61	362.34	(0.86)
52115110 - Plain weave: Khanga, Kikoi and Kitenge	121.02	0.86	13.31	2.71	6.45	(79.65)	1.38
52121510 - Printed: Khanga, Kikoi and Kitenge	38.93	598.11	1,469.72	3,644.75	2,049.82	147.99	(0.44)
52122510 - Printed: Khanga, Kikoi and Kitenge	4.19	1.50	2.29	0.95	1.09	(58.37)	0.15
55134110 - Of polyester staple fibres, plain weave: Khanga, Kikoi and Kitenge	13.94	17.91	2.92	1,220.13	2,990.73	41,739.54	1.45
55144110 - Of polyester staple fibres, plain weave: Khanga, Kikoi and Kitenge	36.05	6.18	19.01	5.93	0.06	(68.80)	(0.99)
62114910 - Of other textile materials: Khanga, Kikoi and Kitenge	6.70	9.57	0.04	1.58	3.37	4,050.51	1.14
63022100 - Other bed linen, printed: Of cotton	83.30	51.98	128.26	149.53	354.16	16.58	1.37
63023100 - Other bed linen: Of cotton	31.36	0.31	6.00	7.43	1.08	23.80	(0.86)
63025100 - Other table linen: Of cotton	0.87	0.23	0.05	1.39	1.36	2,483.10	(0.02)
63029100 - Other: Of cotton	2.26	0.26	0.10	1.19	0.92	1,115.28	(0.22)
63090010 - Worn items of clothing	192.27	328.70	371.21	534.97	413.88	44.11	(0.23)
63090020 - Worn items of footwear	18.90	18.23	22.83	73.88	60.50	223.62	(0.18)
63090090 - Other worn items	169.11	121.75	97.51	393.21	103.63	303.26	(0.74)
85063000 - Mercuric oxide	-	-	-	-	-	-	
85065000 - Lithium	0.07	2.78	1.37	0.16	6.88	(88.46)	42.45
85061000 - Manganese dioxide	0.04	56.41	3.09	141.53	562.11		2.97
85066000 - Airzinc	-	-	-	10.33	0.10	-	(0.99)
85068000 - Other primary cells and primary batteries	193.90	61.15	113.95	64.99	183.71	4,486.23	1.83
Total	**262,986.35**	**294,952.79**	**311,505.94**	**687,428.70**	**612,304.76**	**120.68**	**(10.93)**

Source: EAC Open Data Portal

Republic of Burundi

The value for Burundi imported sensitive goods from EAC partner states increased by 50.3 percent from US$33.8 million to US$50.9 million, and included cane or beet sugar and chemically pure sucrose, in solid form, Portland cement and other manufactured tobacco and substitute homogenized tobacco.

Table 2. 73: Burundi imported sensitive goods from EAC Partner States 2018 - 2022 (US$ M)

HS Subheading	Description of Goods	2018	2019	2020	2021	2022	% Change
0401	Milk And Cream, Not Concentrated Or Sweetened	0.07	0.09	0.04	0.02	0.03	46.3
0402	Milk And Cream, Concentrated Or Sweetened	0.06	0.15	0.11	0.06	0.03	-42.4
1001	Wheat And Meslin	0.00	0.01	0.00		0.03	
1005	Maize (Corn)	9.32	4.40	0.00	2.50	1.98	-20.8
1006	Rice	2.04	1.24	3.43	8.00	4.65	-41.9
1101	Wheat Flour	2.47	0.10	4.76	1.76	0.51	-70.9
1102	Cereal Flours, (Excl. Wheat Or Meslin)	2.33	2.29	1.19	0.61	0.05	-92.0
1701	Cane Or Beet Sugar And Chemically Pure Sucrose, In Solid Form	0.53	0.35	1.30		14.26	
2203	Beer Made From Malt	0.48	0.86	0.06	1.73	0.75	-56.6
2402	Cigars, Cigarillos, Cigarettes, Etc, Of Tobacco Or Tobacco Substitutes	0.00	0.01	1.38			
2403	Other Manufactured Tobacco And Substitutes; Homogenized Tobacco, Etc	0.00	1.21	0.00	4.44	8.32	87.3
2523	Portland Cement, Aluminous Cement, Persulphate Cement, Etc	8.25	9.69	6.61	9.95	12.55	26.1
3303	Perfumes And Toilet Water	0.00	0.01	6.59	0.01	0.01	105.5
3307	Shaving Preparations, Personal Deodorants, Etc, Nes; Room Deodorizers	0.00	0.00	0.00	0.01	0.02	40.4
3605	Matches, Other Than Pyrotechnic Articles Of Heading No 3604	0.14	0.09	0.00	0.04	0.12	202.7
4421	Other Articles Of Wood	0.00	0.00	0.05		0.00	
5208	Woven Fabrics Of Cotton, With >=85% Cotton,	0.02	0.06	0.00	0.00	0.01	71.0

HS Subheading	Description of Goods	2018	2019	2020	2021	2022	% Change
	But <200G/M2						
5209	Woven Fabrics Of Cotton, With >=85% Cotton, >=200G/M2	0.00	0.01	0.02	0.00		-100.0
5210	Woven Cotton Fabrics With Man-Made Fibres And <85% Cotton, =<200G/M2	0.00	0.00	0.00		0.00	
5211	Woven Cotton Fabrics With Man-Made Fibres, With <85% Cotton, >200G/M2	0.00	0.00	0.01			
5212	Other Woven Fabrics Of Cotton, Nes	0.01	0.00	0.00		0.00	
5513	Woven Fabrics, <85% Synthetic Staple Fibres, With Cotton, =<170G/M2	0.05	0.05	0.00		0.21	
5514	Woven Fabrics, <85% Synthetic Fibres, Mixed With Cotton, >170G/M2	0.05	0.00	0.02		0.00	
6211	Track Suits, Ski Suits And Swimwear; Other Than Garments	0.03	0.00	0.01		0.00	
6302	Bed Linen, Table Linen, Toilet Linen And Kitchen Linen	0.10	0.06	0.00	0.01	0.02	96.4
6305	Sacks And Bags, Used For Packing Goods	2.27	2.83	0.06	4.37	5.00	14.4
6309	Worn Clothing	0.05	0.01	4.34	0.01	0.03	194.7
8309	Stoppers, Caps And Lids	0.63	2.42	0.01		2.21	
8506	Primary Cells And Primary Batteries	0.03	0.01	0.45	0.01	0.06	468.0
8704	Motor Vehicles For The Transport Of Goods	0.06	0.06	0.00	0.32	0.01	-95.4
	Total	**29.00**	**26.04**	**30.48**	**33.84**	**50.86**	50.3

2.5.3 EAC Imports of Sensitive Goods from Rest of the World

In 2022 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. The importation of sensitive goods in 2022 increased by 25.1 percent to US$2,905,033.2 million in 2022 from US$2,322,895.3 million in 2021. The major sensitive goods that were imported from the RoW in 2022 consisted of; wheat valued at US$1,345,769.4 million, industrial sugar (and other sugar) US$509,936.4 million, worn items of clothing amounting to US$350,752.4 million, rice worth US$349,414.3 million, worn items of footwear valued at US$75,805 million and maize valued at US$52,352.9 million. Over the last three years the importation of sensitive goods from the RoW has been increasing and there is need to increase their domestic production to curtail the importation of these goods from outside the Community.

Table 2. 74: EAC Imports of Sensitive Goods from RoW, 2018-2022 (US$ millions)

Commodity	2018	2019	2020	2021	2022	% change	
						2021	2022
04011000 - Of a fat content, by weight, not exceeding1%	1,319.95	144.18	48.55	326.70	1,540.92	572.89	3.72
04012000 - Of a fat content, by weight, exceeding 1% but not exceeding 6%	74,059.86	97,800.49	44,951.77	41,308.34	46,346.25	(8.11)	0.12
04021000 - In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5%	12,302.20	24,862.36	14,532.74	23,625.07	34,202.60	62.56	0.45
04022100 - In powder, granules or other solid forms, of a fat content, by weight, exceeding 1.5%: Not containing added sugar or other sweetening matter:	3,100.12	2,446.48	2,535.80	3,415.28	3,340.62	34.68	(0.02)
04022900 - In powder, granules or other solid forms, of a fat content, by weight, exceeding 1.5%: Other:	9,588.77	6,368.20	3,214.12	3,157.82	7,496.47	(1.75)	1.37

Commodity	2018	2019	2020	2021	2022	% change	
						2021	2022
04029100 - Other: Not containing added sugar or other sweetening matter	102.19	21.99	299.55	613.49	-	104.80	(1.00)
04029900 - Other: Other:	256.95	304.14	47.24	17.37	422.60	(63.24)	23.34
04031000 - Yogurt	64.56	63.92	134.14	145.78	264.47	8.68	0.81
04014000 - Of a fat content, by weight, exceeding 6% but not exceeding 10%	3,278.86	71.75	-	324.52	100.10	#DIV/0!	(0.69)
04015000 - Of a fat content, by weight, exceeding 10%	1.54	0.12	0.39	0.16	1.70	(59.53)	9.68
04039000 - Other	74.95	23.67	115.98	4.64	42.13	(96.00)	8.07
04061000 - Fresh (unripened or uncured) cheese, including whey cheese, and curd	64.18	92.56	59.82	54.88	153.14	(8.27)	1.79
04062000 - Grated or powdered cheese, of all kinds	-	0.82	1.91	0.94	1.66	(50.62)	0.75
04063000 - Processed cheese, not grated or powdered	258.51	289.50	134.51	185.08	266.09	37.60	0.44
04064000 - Blueveined cheese and other cheese containing veins produced by Penicillium roqueforti	-	-	0.46	0.41	-	(10.78)	(1.00)
04069000 - Other cheese	28.26	11.59	32.21	41.77	75.38	29.67	0.80
10019910 - Other: Hard Wheat	20.42	5.89	14.43	-	2.08	(100.00)	
10019990 - Other: Other	384.78	180.38	252.78	266.57	317.09	5.45	0.19
10059000 - Other	40,439.34	58,278.76	42,460.72	133,030.37	187,005.20	213.30	0.41
10061000 - Rice in the husk (paddy or rough)	5,049.88	4,909.01	6,350.76	14,787.76	1,697.49	132.85	(0.89)
10062000 - Husked (brown) rice	2,113.67	1,234.91	4,729.49	7,965.67	4,422.03	68.43	(0.44)
10063000 - Semimilled or wholly milled rice,	28,920.23	28,829.06				161.62	(0.43)

Commodity	2018	2019	2020	2021	2022	% change	
						2021	2022
whether or not polished or glazed			141,604.44	370,472.44	211,379.80		
10064000 - Broken rice	9,647.35	8,812.70	4,587.47	1,746.38	1,772.02	(61.93)	0.01
11010000 - Millet: Wheat or meslin flour.	8,597.12	263.46	1,799.99	2,702.75	6,307.47	50.15	1.33
11022000 - Maize (corn) flour	15,341.15	5,625.79	3,138.46	1,855.48	17,402.71	(40.88)	8.38
11029000 - Other	132.28	217.29	81.60	613.85	79.37	652.31	(0.87)
17011210 - Beet sugar: Jaggery	0.40	0.37	1.08	54.60	69.24	4,976.24	0.27
17011290 - Beet sugar: Other	34,145.55	31,893.78	33.98	7.93	9.93	(76.66)	0.25
17011310 - Cane sugar specified in Subheading Note 2 to this Chapter: Jaggery	0.33	-	0.11	27.00	9.01	24,007.14	(0.67)
17011390 - Cane sugar specified in Subheading Note 2 to this Chapter: Other	33.37	8.03	732.52	1,813.16	962.27	147.52	(0.47)
17011490 - Other cane sugar: Other	10.02	689.12	9,591.66	9,883.22	10,291.22	3.04	0.04
17019100 - Other: Containing added flavouring or colouring matter	36.45	1.99	0.09	769.78	366.68	874,653.14	(0.52)
17019910 - Other: Sugar for industrial use	618.07	348.39	100.66	2,061.27	9,564.81	1,947.69	3.64
17019990 - Other: Other	5,757.76	5,449.22	14,133.27	55,457.58	54,514.07	292.39	(0.02)
24031100 - Smoking tobacco, whether or not containing tobacco substitutes in any proportion: Water pipe tobacco specified in Subheading Note 1 to this Chapter	-	-	1.88	-	2.29	(100.00)	
24022010 - Cigarettes containing tobacco: Of length not exceeding 72 mm in length including the filter tip	5,937.64	13,786.71	13,087.24	3,471.70	4,302.20	(73.47)	0.24
24031900 - Smoking tobacco, whether or not containing tobacco substitutes in any proportion:	-	0.09	-	-	0.34	#DIV/0!	

Commodity	2018	2019	2020	2021	2022	% change	
						2021	2022
Other							
52085110 - Plain weave, weighing notmore than 100g/m2: Khanga, Kikoi and Kitenge	372.12	618.13	433.85	939.60	543.93	116.57	(0.42)
52085210 - Plain weave,weighing more than 100 g/m2: Khanga, Kikoi and Kitenge	11.52	10.19	6.96	17.37	283.83	149.47	15.34
52095110 - Plain weave: Khanga, Kikoi and Kitenge	2.70	7.65	0.68	2.86	5.10	320.02	0.78
52105110 - Plain weave: Khanga, Kikoi and Kitenge	0.39	4.15	0.96	4.46	0.61	362.34	(0.86)
52115110 - Plain weave: Khanga, Kikoi and Kitenge	121.02	0.86	13.31	2.71	6.45	(79.65)	1.38
52121510 - Printed: Khanga, Kikoi and Kitenge	38.93	598.11	1,469.72	3,644.75	2,049.82	147.99	(0.44)
52122510 - Printed: Khanga, Kikoi and Kitenge	4.19	1.50	2.29	0.95	1.09	(58.37)	0.15
55134110 - Of polyester staple fibres, plain weave: Khanga, Kikoi and Kitenge	13.94	17.91	2.92	1,220.13	2,990.73	41,739.54	1.45
55144110 - Of polyester staple fibres, plain weave: Khanga, Kikoi and Kitenge	36.05	6.18	19.01	5.93	0.06	(68.80)	(0.99)
62114910 - Of other textile materials: Khanga, Kikoi and Kitenge	6.70	9.57	0.04	1.58	3.37	4,050.51	1.14
63022100 - Other bed linen, printed: Of cotton	83.30	51.98	128.26	149.53	354.16	16.58	1.37
63023100 - Other bed linen: Of cotton	31.36	0.31	6.00	7.43	1.08	23.80	(0.86)
63025100 - Other table linen: Of cotton	0.87	0.23	0.05	1.39	1.36	2,483.10	(0.02)
63029100 - Other: Of cotton	2.26	0.26	0.10	1.19	0.92	1,115.28	(0.22)
63090010 - Worn items of clothing	192.27	328.70	371.21	534.97	413.88	44.11	(0.23)
63090020 - Worn items of footwear	18.90	18.23	22.83	73.88	60.50	223.62	(0.18)

Commodity	2018	2019	2020	2021	2022	% change	
						2021	2022
63090090 - Other worn items	169.11	121.75	97.51	393.21	103.63	303.26	(0.74)
85063000 - Mercuric oxide	-	-	-	-	-	-	
85065000 - Lithium	0.07	2.78	1.37	0.16	6.88	(88.46)	42.45
85061000 - Manganese dioxide	0.04	56.41	3.09	141.53	562.11		2.97
85066000 - Airzinc	-	-	-	10.33	0.10	#DIV/0!	(0.99)
85068000 - Other primary cells and primary batteries	193.90	61.15	113.95	64.99	183.71	4,486.23	1.83
Total	**262,986.35**	**294,952.79**	**311,505.94**	**687,428.70**	**612,304.76**	**120.68**	**(10.93)**

Source: EAC Open Data Portal

Republic of Burundi

The value for Burundi imported sensitive goods from Non EAC partner states increased by 75.9 percent from US$67.4 million to US$135.1 million, and included wheat and Meslin, cane or beat sugar and chemical pure sucrose in solid form, Portland cement, worm clothing and other worm articles.

Table 2. 75: Burundi imported sensitive goods from EAC Partner States 2018 - 2022 (US$ M)

HS Subheading	Description of Goods	2018	2019	2020	2021	2022	% Change
0401	Milk And Cream, Not Concentrated Or Sweetened	0.01	0.02	0.01	0.01	0.03	307.83
0402	Milk And Cream, Concentrated Or Sweetened	0.11	0.54	0.24	0.27	0.46	71.41
0403	Buttermilk, curdled milk and cream, yogurt, etc	-	0.02	0.01	0.00	0.01	132.09
1001	Wheat And Meslin	-	30.94	22.93	8.76	34.18	290.26
1005	Maize(Corn)	2.53	1.82	1.50	1.85	3.23	74.52
1006	Rice	7.49	13.46	3.25	3.71	7.10	91.55
1101	Wheat Or Meslin Flour	0.00	0.01	0.00	0.29	0.01	- 97.84
1102	Cereal Flours, (Excl. Wheat Or Meslin)	3.09	1.90	0.38	0.27	0.00	- 98.89
1701	Cane Or Beet Sugar And Chemically Pure Sucrose, In Solid Form	20.64	17.25	20.91	0.00	11.53	5,477,238.88
2203	Beer Made From Malt	2.38	2.15	1.64			
2402	Cigars, Cigarillos, Cigarettes, Etc, Of Tobacco Or Tobacco Substitutes	0.09	0.09	0.06	0.06	0.26	309.22
2403	Other Manufactured Tobacco And Substitutes; Homogenized Tobacco, Etc	0.00	0.02	0.01	0.00	0.00	22.34
2523	Portland Cement, Aluminous Cement, Persulphate Cement, Etc	11.47	34.60	23.94	29.31	21.93	- 25.17
3303	Perfumes And Toilet Water	0.21	0.23	0.17	0.18	0.30	69.45
3307	Shaving Preparations, Personal Deodorants, Etc, Nes; Room Deodorizers	0.06	0.12	0.03	0.05	0.08	50.42
3605	Matches (Excl.Pyrotechnic Articles Of 36.04)	0.00	0.00	0.01	0.03	0.12	272.16
4421	Other Articles Of Wood	0.09	0.01	0.10			
5208	Woven Fabrics Of Cotton, With >=85% Cotton,	3.60	1.37	4.07	0.01	6.00	39,977.16

HS Subheading	Description of Goods	2018	2019	2020	2021	2022	% Change
	But <200G/M2						
5209	Woven Fabric Of Cotton Containing >=85% Weight Of Cotton, Weighing >200G/M2	0.07	0.10	0.02		0.01	
5210	Woven Fabric Of Cotton Containing <85% Weight Of Cotton, Weighing <=200G/M2	0.01	0.03	0.01	0.00	0.01	2,994.51
5211	Woven Cotton Fabrics With Man-Made Fibres, With <85% Cotton, >200G/M2	0.02	0.20	0.02	0.01	0.03	295.95
5212	Other Woven Fabrics Of Cotton, Nes	1.25	2.45	2.81	0.00	2.08	470,447.05
5513	Woven Fabrics, <85% Synthetic Staple Fibres, With Cotton, =<170G/M2	0.12	0.20	0.42		2.06	
5514	Woven Fabrics, <85% Synthetic Fibres, Mixed With Cotton, >170G/M2	0.04	0.19	0.06		0.10	
6211	Track Suits, Ski Suits And Swimwear; Other Than Garments	0.02	0.02	0.10		1.66	
6302	Bed Linen, Table Linen, Toilet Linen And Kitchen Linen	0.09	0.12	0.21	0.03	0.27	716.75
6305	Sacks And Bags, Used For Packing Goods	0.37	0.76	0.38	0.01	0.68	12,225.52
6309	Worn Clothing And Other Worn Articles	11.60	14.00	12.23	1.72	23.36	1,261.48
8309	Stoppers, Caps And Lids, Capsules For Bottles... Of Base Metal	1.36	0.50	3.02		1.34	
8506	Primary Cells And Primary Batteries	2.61	2.03	2.64	0.22	1.68	675.50
8704	Motor Vehicles For The Transport Of Goods	12.78	19.47	2.64	20.59	16.63	- 100.00
	Total	**82.09**	**144.62**	**103.80**	**67.38**	**135.15**	**75.91**

2.5.4 EAC Imports of Excisable Goods

Summarised below is the value of EAC imports of excisable goods for 2018 and 2022.

Republic of Burundi

Burundi recorded an increase to US$435.7 million from US$224.8 million. The goods included petroleum oils (excluding crude) (US$298.3 million); motor cars and other motor vehicles for the transport of persons (US$81.5 million); sugar and sugar confectionary (US$12.2 million); beverages, spirits and vinegar (US$16.7 million).

Table 2. 76: Burundi Imported Products attracting Excise Duty for 2018 to 2022 (US$ M)

HS chapter	Hs Description	2018	2019	2020	2021	2022
17	Sugars and Sugar Confectionary	23.5	21.5	21.0	17.5	30.75
22	Beverages, Spirits and Vinegar	6.0	6.8	8.7	13.3	16.68
24	Tobacco and Manufactured Tobacco substitutes	3.4	3.5	6.7	4.51	8.46
27	Petroleum Oils, Etc, (Excl. Crude); Preparations Thereof, Nes	156.1	165.0	137.4	166.8	298.32
87	Motor Cars And Other Motor Vehicles For The Transport Of Persons	55.9	80.7	18.0	22.7	81.54
	Subtotal	**244.9**	**277.5**	**191.8**	**224.8**	**435.7**

2.5.5 EAC Imports Categorised by Tariff Bands

With the coming into force of the Customs Union, the EAC Partner States eliminated tariffs on intra-regional trade and adopted a three-band Common External Tariff structure, for imports into the Region. These are: 0 percent tariff for raw materials and capital goods; 10 percent tariff for intermediate goods; and 25 percent tariff for finished goods. There are items classified as sensitive goods, which consist of locally manufactured products (and some agricultural goods) which are widely produced in the region; thus, receiving special protection from imports. These attract rates higher than 25 percent, ranging from 35 percent to 100 percent. A large percentage of imports is constituted of raw materials and capital goods due to the drive among Partner States to undertake industrialisation by importing machinery and raw materials. The following is a summary of the effect of the special tariff bands on the imports of EAC Member Partners for 2018 and 2022.

Republic of Burundi

Import of goods under the 0 percent tariff band for Burundi increased by 35.7 percent at US$632.7 million from US$466.3. A decrease was recorded in the 10 percent and 25 percent tariff. Goods imported under 10 percent decreased by 35.5percent from

US$164.5 million to US$106.million while goods under 25 percent deceased by 1.4 from US$330.7 to US$326.0 million. Since July 2022, a new tariff band was created, and goods imported under this tariff band is valued to US$150.0million.

Table 2. 77: Burundi Imports by Tariff Bands, 2010- 2022, US$ M

Tariff Band	2018	2019	2020	2021	2022	% Change	
						2020	2021
0%	419.99	403.44	418.70	466.30	632.68	11.37	35.68
10%	97.76	136.11	135.15	164.48	106.07	21.70	-35.51
15%		-					
25%	220.11	265.11	286.41	330.68	325.95	15.46	-1.43
35%					150.03		
>25%	55.62	83.09	69.18	68.56		-0.90	-33.26
>35%					45.76		
Total	**793.47**	**887.75**	**909.43**	**1,030.02**	**1,260.49**	**13.26**	**22.38**

Source:

United Republic of Tanzania

In 2022, Tanzania's merchandise imports under the zero tariff bands increased by 57.1 percent to US$ 9,881 Million from US$ 6,290 Million recorded in 2021. Similarly, the value of imports under 10 percent tariff band increased by 31.5 percent to US$ 2,095 Million in 2022, from US$ 1,593 Million recorded in 2021. The value of goods imported under the 25 percent tariff band increased by 21.2 percent to US$ 3,021 Million in 2022, from US$ 2,493 Million recorded in 2021. The value of goods imported under the tariff bands above 25 percent increased by 34.0 percent to US$ 657 million in 2022, from US$ 490 million registered in 2021.

Table 2. 78: Tanzania Imports Categorized by Tariff Bands (US$ M)

Tariff Band	2018	2019	2020	2021	2022	% Share			% Change 2022-21
						2020	2021	2022	
0	4,905	5,329	1,484	6,290	9,881	17.5%	57.9%	63.1%	57.1%
10%	1,316	1,372	2,631	1,593	2,095	31.0%	14.7%	13.4%	31.5%
25%	1,952	2,154	4,377	2,493	3,021	51.5%	22.9%	19.3%	21.2%
> 25%	275	250	7	490	657	0.1%	4.5%	4.2%	34.0%
Total	**8,448**	**9,104**	**8,499**	**10,867**	**15,654**	**100%**	**100%**	**100%**	**44%**

Source: Tanzania Revenue Authority

2.5.6 Customs Revenue Performance

Republic of Burundi

The total customs revenue for Burundi in 2022 increased by 6.4 percent to US$305.3million from US$286.9 million in 2021. In the same period, excise duty and import duty decreased by 7.6 percent to US$52.4million, and 27.0 percent to

US$48.0 million, respectively. The increase in total customs revenue was due to increased VAT (17 percent) from US$132.million to US$155.0 million.

Table 2. 79: Burundi Customs Revenue collected 2018-2022 (US$ M)

Tax head	2018	2019	2020	2021	2022
Import Duty	31.22	35.28	38.19	65.80	48.00
VAT	94.37	105.55	112.52	132.11	155.07
Excise Duty	41.98	44.31	47.81	56.78	52.43
Other	31.77	36.26	48.58	32.25	49.83
Total Customs Revenue	**199.33**	**221.39**	**247.12**	**286.93**	**305.34**
Total Tax Revenue	**469.40**	**536.36**	**560.48**	**626.00**	**722.53**
% of Trade taxes to Total Revenue	**42.46**	**41.28**	**44.09**	**45.84**	

Source:

South Sudan

Table 2. 80: S. Sudan Customs Revenue collected 2018-2022 (US$ M)

Tax head	2018	2019	2020	2021	2022
Import Duty	31.22	35.28	38.19	65.80	48.00
VAT	94.37	105.55	112.52	132.11	155.07
Excise Duty	41.98	44.31	47.81	56.78	52.43
Other	31.77	36.26	48.58	32.25	49.83
Total Customs Revenue	**199.33**	**221.39**	**247.12**	**286.93**	**305.34**
Total Tax Revenue	**469.40**	**536.36**	**560.48**	**626.00**	**722.53**
% of Trade taxes to Total Revenue	**42.46**	**41.28**	**44.09**	**45.84**	

Source:

United Republic of Tanzania

Tanzania's total revenue collected increased marginally by 17.8 percent to US$ 10,088.22 million in 2022 from US$ 8,562.28 million in 2021. Similarly, customs revenue increased by 2.3 percent to US$ 3,566.78 million in 2022 from US$ 3,486.45 million in 2021. This can be explained by an increase in import duty to US$ 697.92 million in 2022 from US$ 604.65 million in 2021. The share of customs revenue to total revenue amounted to 35.4 percent in 2022 compared to 40.7 percent in 2021. Import duty and excise duty performed at 101 percent and 86 percent of the set targets of US$ 693.36 million and US$ 709.10 million, respectively.

Table 2. 81: Tanzania Revenue Performance, 2020-2022 (US$ M, % Change)

Tax Heads	2018	2019	2020	2021	2022	% Change	
						2021	2022
Import Duty	521.04	556.60	545.86	604.65	697.92	10.8	15.4
Excise duty	480.86	566.31	576.55	625.29	606.80	8.5	-3.0
VAT	970.09	1,039.19	1,042.79	1,321.37	1,099.66	26.7	-16.8
Others	716.25	808.82	794.37	935.15	1,162.40	17.7	24.3

Total Trade Taxes	2,688.24	2,970.93	2,959.58	3,486.45	3,566.78	17.8	2.3
Total Revenue	6,782.52	7,415.67	7,750.15	8,562.28	10,088.22	10.5	17.8
% of Trade Taxes on Total Revenue	39.6%	40.1%	38.2%	40.7%	35.4%		

Source: Tanzania Revenue Authority

Republic of Uganda

Uganda's total customs revenue increased to 305.54 million in 2022 from 286.93 million in 2021 while the total trade taxes increased by 1.1 percent to US$722.53 billion from US$ 626.0 billion in 2021. The increase was attributed to VAT collections by 1.2 percent from US$ 132.11 million in 2021 t0 UAD$ 155.07 million in 2022.

Table 2. 82: Uganda Customs Revenue collected 2018-2022 (US$ M)

						% Change	
Tax head	**2018**	**2019**	**2020**	**2021**	**2022**	**2021**	**2022**
Import Duty	31.22	35.28	38.19	65.80	48.00	1.7	0.7
VAT	94.37	105.55	112.52	132.11	155.07	1.2	1.2
Excise Duty	41.98	44.31	47.81	56.78	52.43	1.2	0.9
Other	31.77	36.26	48.58	32.25	49.83	0.7	1.9
Total Customs Revenue	**199.33**	**221.39**	**247.12**	**286.93**	**305.34**	**1.2**	**1.1**
Total Tax Revenue	**469.40**	**536.36**	**560.48**	**626.00**	**722.53**	**1.1**	**1.2**
% of Trade taxes to Total Revenue	**42.46**	**41.28**	**44.09**	**45.84**			

Source:

CHAPTER 3: TRADE IN SERVICES IN THE EAC

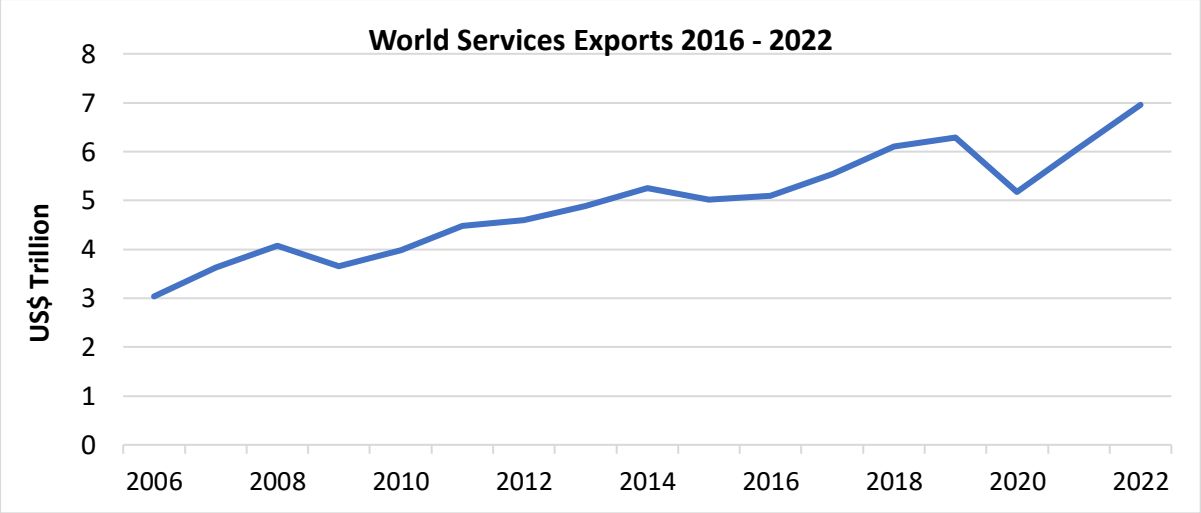
3.1 Trends and Prospects

After the pandemic-driven decline of 17.7 per cent in 2020, world services exports entered a recovery path in 2021. Growth in services exports of 14.6 per cent is nowcast for 2022. This would mean a new record high of US$7 trillion.

In 2021, global services exports were valued at US$6.1 trillion, representing 6.3 per cent of world GDP and 21.4 per cent of total world trade in both goods and services. After the plunge of travel and transport during the pandemic in 2020, international services flows recovered in 2021 and almost reached their 2019 levels.

In 2021, the services exports' share in GDP exceeded 30 per cent in 22 economies. Those are either small islands where travel exports are important, or other small economies with significant business and financial services exports. Notably, Luxembourg and Malta recorded services exports at 165 and 110 per cent of GDP, respectively. (UNCTAD Statistics handbook)

Figure 3. 1: World Services Exports 2016 – 2022 (US$ Trillion)

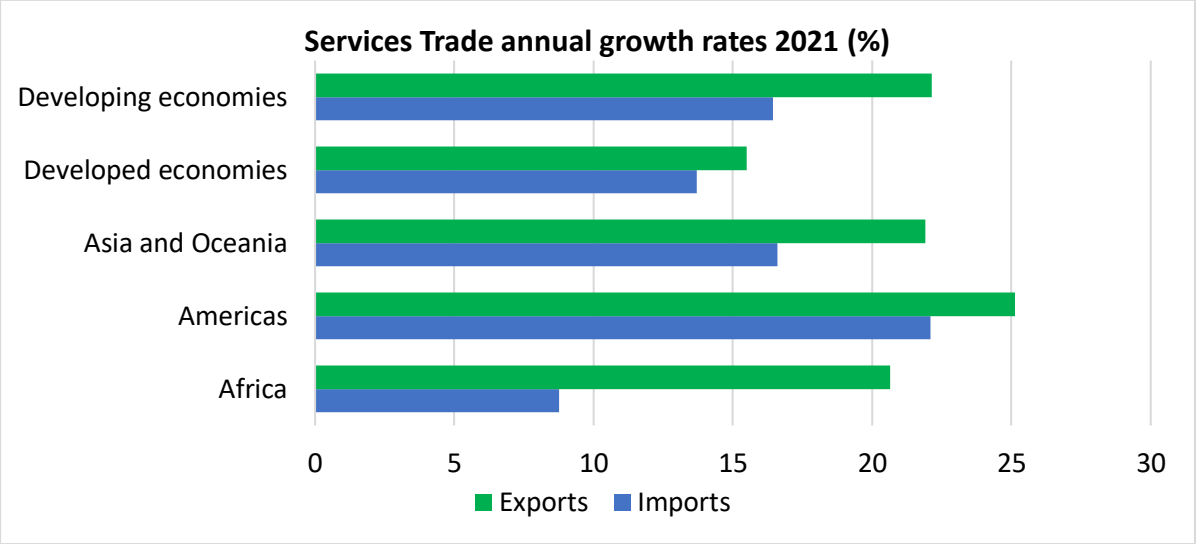


Source: UNCTAD Statistics

3.1.1 Trends of Global Trade in Services

Looking at the trends by development status and region, a solid recovery of services exports was observed in all groups of economies. The highest relative rise was measured in American developing economies, where travel and transport have held a prominent role and had more ground to recover after the pandemic. Asian developing economies' growth was less driven by recovery in travel, but rather by a significant rise in transport exports, as well as in intellectual property, insurance, and business services that those economies supplied abroad. (UNCTAD Statistics handbook)

Figure 3. 2: World Trade in Services annual growth rates 2021 (%)



Source: UNCTAD Statistics

Table 3. 1: Trade in Services by group of Economies

	Exports				Imports			
	Value		Share in world	Biannual change	Value		Share in world	Biannual change
	(Billions of US$)		*(%)*	*(%)*	*(Billions of US$)*		*(%)*	*(%)*
	2019	2021	2021	2019–2021	2019	2021	2021	2019–2021
World	**6 291**	**6 072**	**100.0**	**-3.5**	**6 033**	**5 623**	**100.0**	**-6.8**
Developed economies	4 505	4 421	72.8	-1.9	3 971	3 768	67.0	-5.1
Developing economies	1 786	1 651	27.2	-7.6	2 062	1 855	33.0	-10.0
Africa	126	100	1.7	-20.3	191	160	2.8	-16.4
Americas	201	158	2.6	-21.8	229	198	3.5	-13.6
Asia and Oceania	1 458	1 393	22.9	-4.5	1 642	1 498	26.6	-8.8

Source: UNCTAD Statistics

Leading Services Exporters

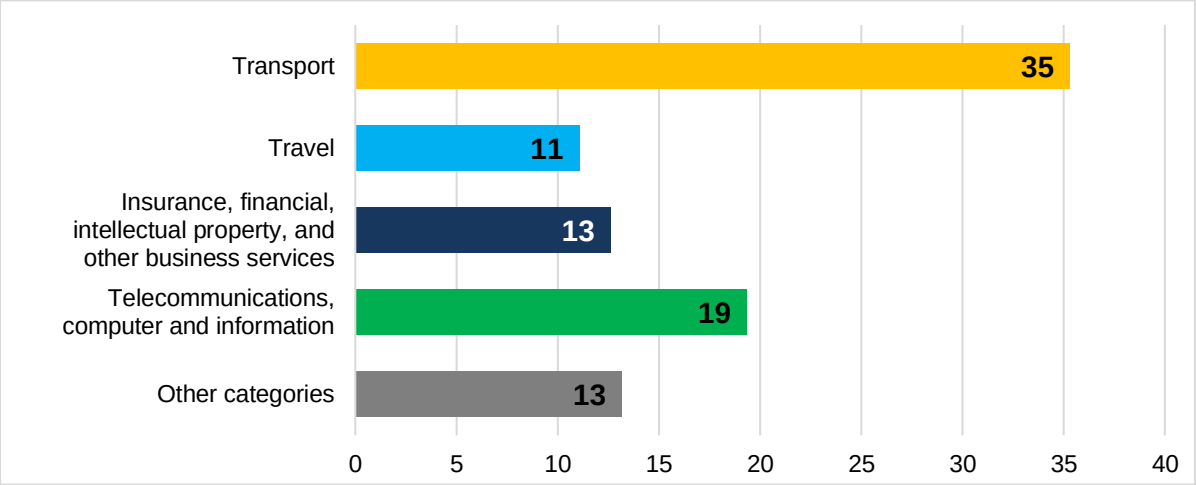
With US$795 billion worth of services sold internationally in 2021, the United States of America remained the world's leading exporter, capturing a 13 per cent share of the global market. It was followed, at some distance, by the United Kingdom (US$418 billion). China, the leading exporter among developing economies, ranked third (US$392 billion). The top five services exporters from the developing world were Asian. In 2021, they captured 17 per cent of the global market.

Regional Trends pre-pandemic and post-pandemic

International trade in services was more severely hit by the COVID-19 pandemic than merchandise trade. Among services, travel and transport were most affected. Owing to a renewed demand for goods, transport recovered rapidly and strongly in 2021, especially in Asia and Europe. By contrast, travel, particularly long-distance travel, continued to suffer, pinning the five-year average growth rate of global international travel receipts to -16 per cent.

From 2016 to 2019, services trade enjoyed growth across main services categories on all continents. Africa's travel exports rose substantially, while other regions registered solid gains in telecommunications and computer services. Financial, insurance, business, and intellectual property services rose globally before and then remained afloat during the pandemic. Expectedly, telecommunications and computer services' exports grew during the pandemic, especially in Europe and Asia.

Figure 3. 3: Annual growth rate of services exports 2019 - 2021

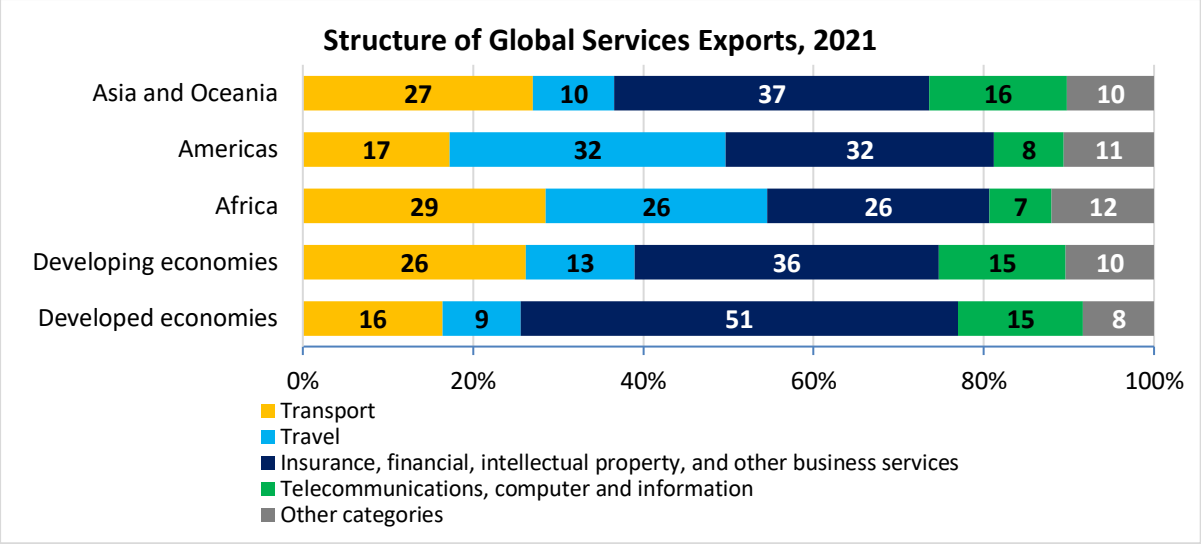


Source: UNCTAD Statistics

Global trends by service category in 2021

Among main service categories, transport exports recorded the highest annual growth in 2021 (+35%). They were followed by exports of telecommunications, computer, and information services, which rose by 19%. After plummeting by over 60% in 2020, travel recovered just partially during 2021, rising by 11%. This sector remained particularly significant in services trade of Africa and developing America. Transport and travel together accounted for over half of their services exports. In developed economies, travel and transport represented one quarter of total services sold abroad.

Figure 3. 4: Structure of Services Exports 2019-2021

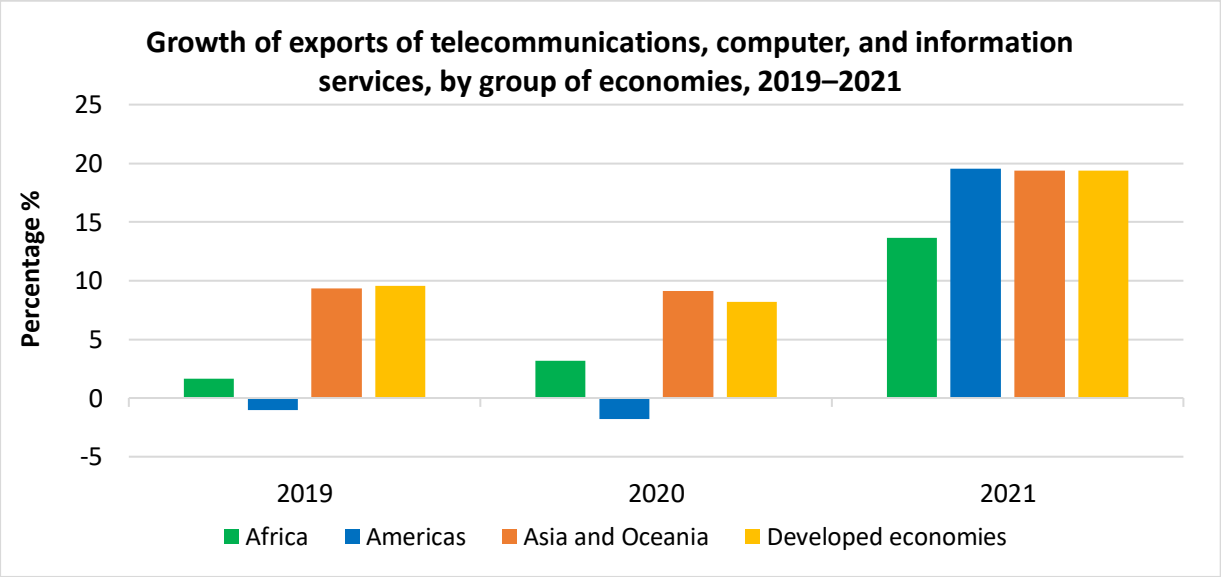


Source: UNCTAD 2022

Telecommunications, computer, and information services

In 2021, 73% of global services were supplied from developed economies, whose exports were dominated by insurance, financial, intellectual property, telecommunications, computer, and other business services. Telecommunications, computer, and information services continued to build on the strong demand during the pandemic. Globally, they expanded by 19% in 2021, more than double their growth from the year before. African exports of those services were 14% higher in 2021 than in 2020 *(Figure 3.5)*. With 20% growth, American developing economies caught up with the increasing trend in other regions for this service category. These services often underpin intra-firm collaboration, business-to business and business-to-clients connectivity, and digital trade.

Figure 3. 5: Growth of exports of telecommunications, computer, and information services, by group of economies, 2019–2021



Source: UNCTAD 2022

3.1.2 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. The role of services in enhancing the diversity and quality of manufactured goods and in facilitating this process at the regional level becomes clearer when the linkages of services as inputs in the production and export of manufactured goods and commodities are considered. Africa only accounts for 1.7% of global services exports and African services exports are largely dominated by travel comprising 26% of total services exports by Africa in 2021 *(Table 3.2)*.

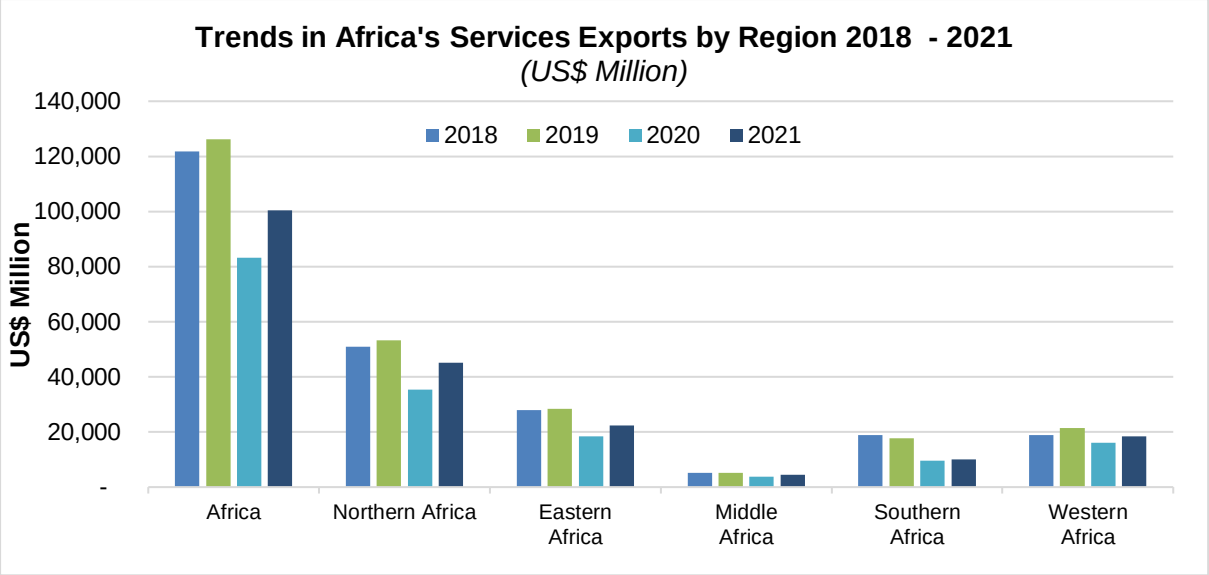
Table 3. 2: Africa Trade in services by service category

Service Category	Exports			Imports			Balance	
	Value		Annual growth rate	Value		Annual growth rate		
	(Billions of US$)		*(%)*	*(Billions of US$)*		*(%)*	*(Billions of US$)*	
	2016	2021	2021	2016	2021	2021	2016	2021
Total Services	**35**	**100**	**20.6**	**142**	**260**	**8.8**	**-4.7**	**-59**
Transport	26	29	16.0	55	64	18.7	-28	-36
Travel	35	26	33.9	20	19	10.2	14	7
Others	34	46	17.0	66	76	1.3	-32	-31

Source: UNCTAD 2022

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$ 100 billion in 2021 from a low of US$ 83 billion in 2020. Regionally North Africa contributed the largest share in Africa's overall services exports followed by Eastern Africa *(Figure 3.6)*.

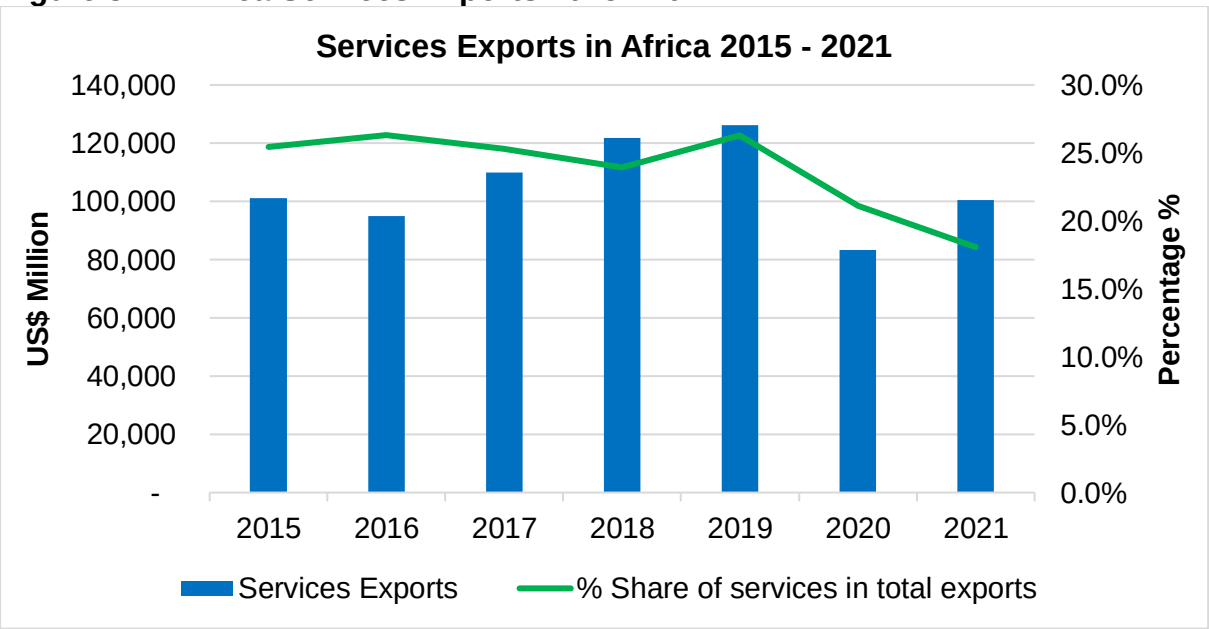
Figure 3. 6: Africa Trade in Services 2018 - 2021 (US$M)



Source: UNCTAD Statistics

Africa services exports rebounded from the decline in 2020, reaching US$ 100 billion in 2022, and accounting for 18.1% of total exports in the same period (*Figure 3.7)*. The sharp drop in services exports in 2020 (to US$ 83.7 billion) was primarily due to the restrictive measures put in place to contain the spread of COVID-19 pandemic, which affected all sectors of the economy, mainly transport and travel.

Figure 3. 7: Africa Services Exports 2015 - 2021



Source: Calculations from UNCTAD data

3.1.3 Trends of EAC's Trade in Services

Services play a critical role in global and regional value chains and international trade.

In the EAC, the contribution of trade in services to economic growth was on the rise with services exports becoming one of the single largest sources of foreign exchange for Member States prior to the sharp drop experience in 2020 due to the COVID-19 pandemic *(Table 3.3).* Apart from Burundi, there was a general recovery in the services sector for the remaining EAC Partner States.

Table 3. 3: EAC Region Services Exports 2018 - 2021 (US$ million)

Country	2018	2019	2020	2021
Burundi	105	78	86	84
Congo, Dem. Rep.	115	142	144	168
Kenya	5,477	5,601	3,724	4,628
Rwanda	914	1,015	521	579
South Sudan	148	157	154	158
Tanzania	4,015	4,281	2,184	3,228
Uganda	2,447	2,208	1,217	1,852

Source: UNCTAD Statistics

There was a decline in services exports in the region as EAC economies were still rebounding from the pandemic effects and the war in Ukraine. However, exports rebounded in 2021 with Kenya (24%), Rwanda (11%), Tanzania (47%) and Uganda (52%) all registering double digit growth rates in services exports in 2021 *(Table 3.4)*.

Table 3. 4: Growth of EAC Region Trade in services Exports 2015 - 2021 (%)

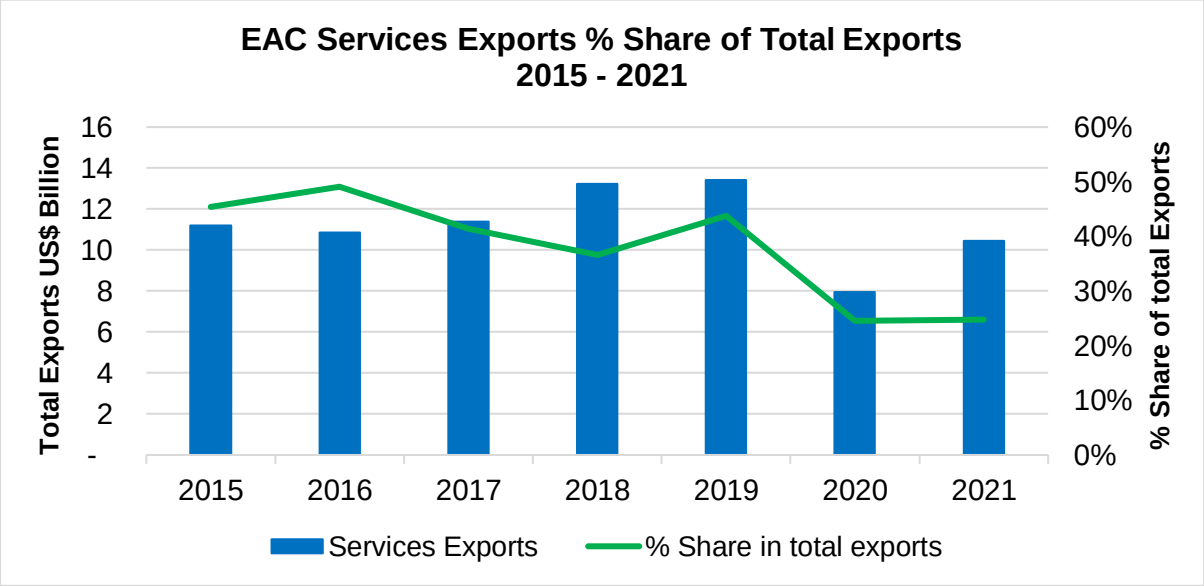
Country	2015	2016	2017	2018	2019	2020	2021
Burundi	-20.7	27.1	34.6	7.0	-	-	-
Congo, Dem. Rep.	-44.9	-26.3	-15.4	6.2	23.6	1.2	-
Kenya	-7.7	-10.2	11.6	17.9	2.2	-33.5	24.3
Rwanda	26.7	3.0	9.3	5.8	11.1	-48.6	11.0
South Sudan	172.4	96.2	9.9	-24.2	6.3	-2.5	2.7
Tanzania	0.5	5.5	6.5	4.8	6.6	-49.0	47.8
Uganda	-5.5	-7.1	-14.1	48.7	-9.8	-44.9	52.2

Source: UNCTAD Statistics

While the share of services in total exports has followed a steady trend averaging 43% between 2015 and 2019, despite a slight decline in 2017. There is a sharp decline in 2020 with services exports comprising 25% of total exports compared to 44% in 2019 *(Figure 3.8).* This decline was due to the onset of the COVID-19

pandemic which greatly impacted all sectors of the EAC economy especially transport and travel primarily due to restrictions and declining global trade.

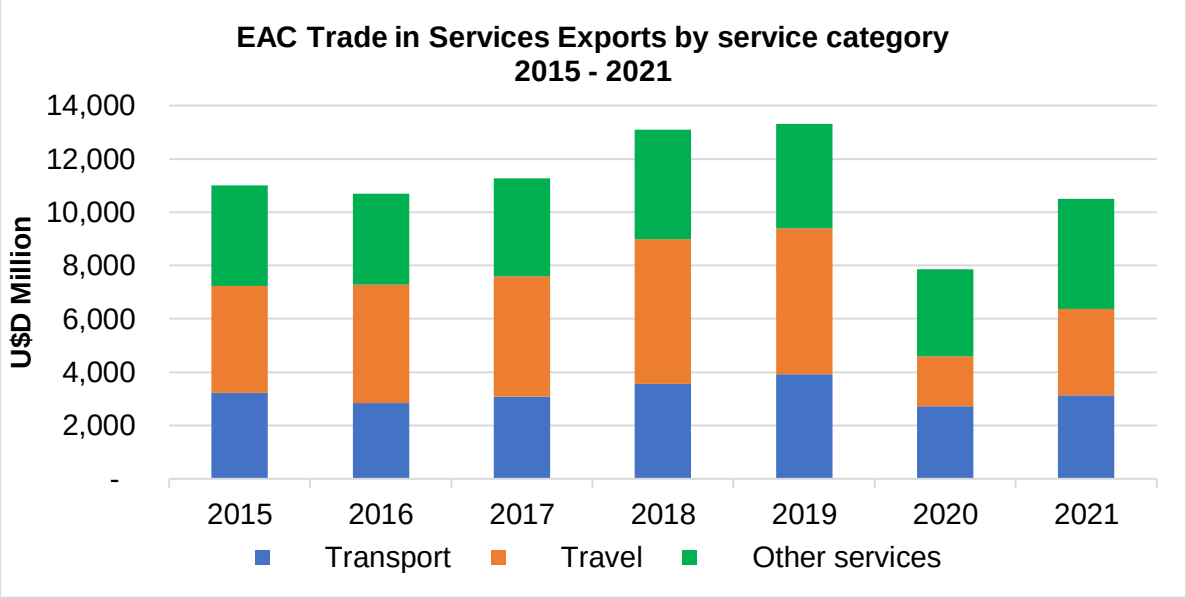
Figure 3. 8: EAC Region Services Exports Share in total Regional Exports 2015 - 2021 (%, USD billion)



Source: Calculations from UNCTAD Statistics

EAC services exports are dominated by the travel and other services categories representing more than two thirds of total trade in services *(Figure 3.9)*. Transport services accounted for 29.7% representing US$ 3.1 billion of total trade in services, down from 34.4% in 2020. Travel services increased its share of total trade in services from 23.8% in 2020 to 30.8% in 2021. This increase can be attributed to the easing of travel restrictions globally that were in place during the pandemic.

Figure 3. 9: EAC Trade in services exports by category 2015 - 2021 (US$M)

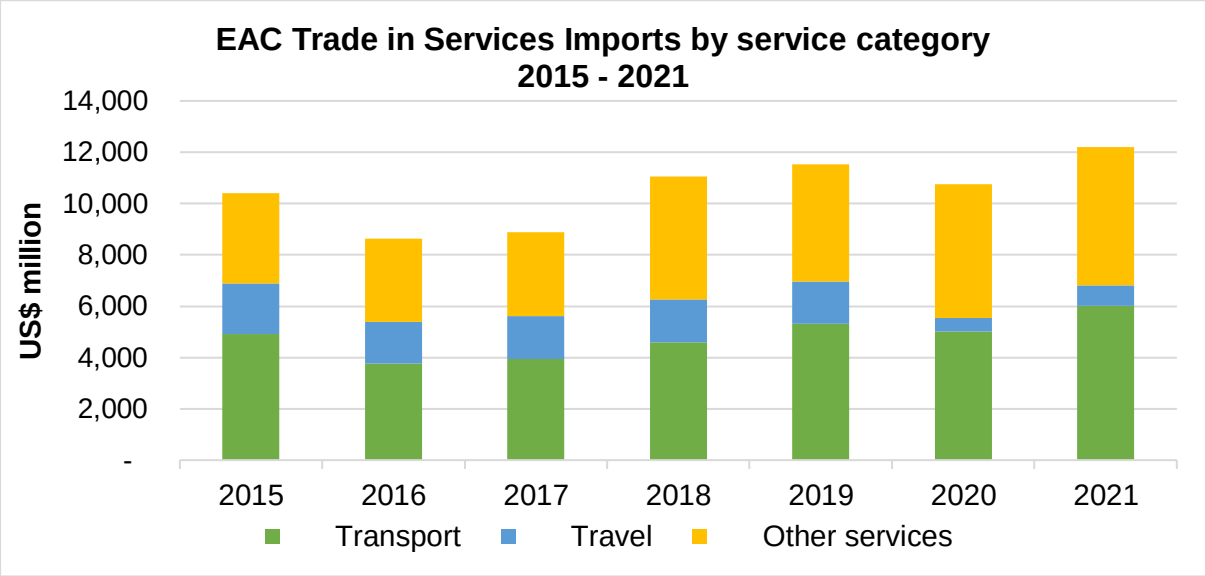


Source: UNCTAD Statistics

On the other hand, other services exports registered strong growth in the period 2019 – 2021 and is expected to gain further in 2022. This service category increased its share in total services exports from 29% in 2019, to 41.5% in 2020, and 39.2% in 2021. This growth has been driving by significant growth from 2020 figures in the other service categories namely; financial (22%), business (31%), telecommunication and information services (33%); all which rose slightly before the onset of the pandemic and maintained the growth trajectory further during the pandemic.

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. The growth of these two categories occurring in the shadow of the pandemic recovery was largely driven by the telecommunications sector which witnessed a surge in mobile penetration across Partner States. Similarly the EAC region has witnessed increased investment in financial technology and increased trade in ICT services post-pandemic.

Figure 3. 10: EAC Trade in services imports by category 2015 - 2021 (US$M)



Source: UNCTAD Statistics

Services imports into the EAC Region increased in the period US$ 10.9 billion in 2020 to US$ 12.3 billion in 2021 dominated in terms of percentage share of total services imports trade by transport services 48.6% (US$ 6 billion), and other services 43.6% (US$ 5.3 billion), in 2021 *(Figure 3.10)*.

3.2 Trade in Services in EAC Partner States

3.2.1 Republic of Burundi

Burundi Global Trade in Services

Trade in services in was moderate with total trade in services increasing in 2021 by 19% from US$ 328 Million in 2020 to USD$ 390 in 2021 *(Table 3.5)*. There was increased growth of 19% in services imports in 2021 from 2020, while services exports declined by 2% in 2021 from 2020. This was due to the continuing post-pandemic effects being experienced in the region coupled with the conflict in Ukraine.

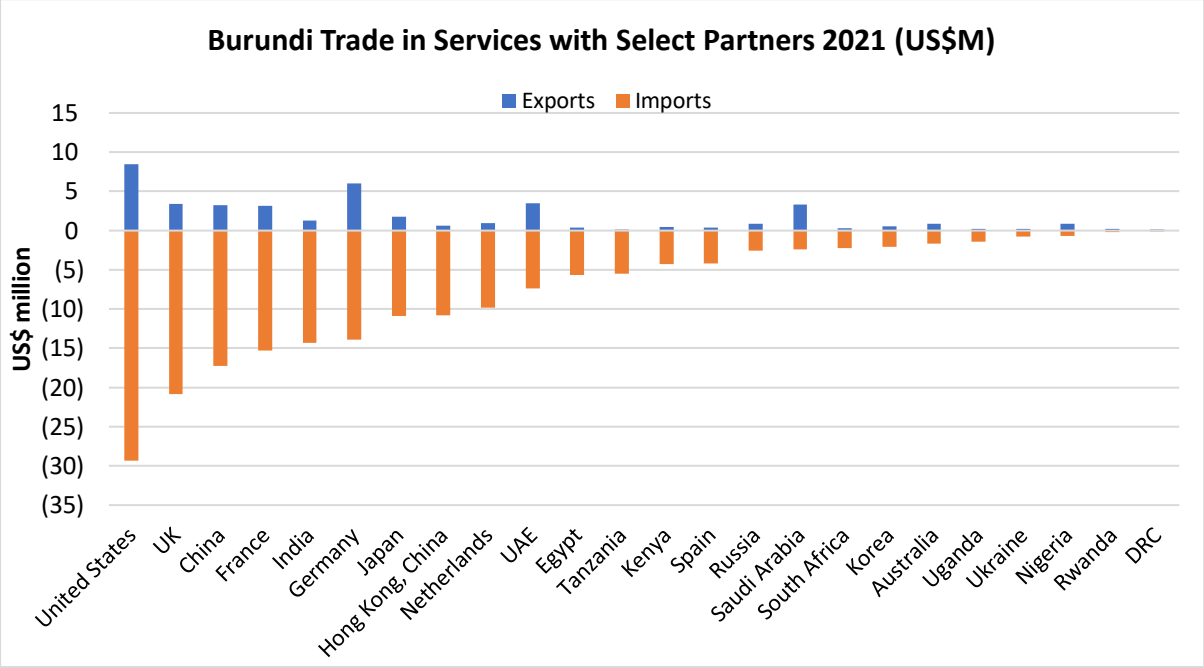
Table 3. 5: Total Trade in Services in Burundi 2017 - 2021 (US$ million)

Category	2017	2018	2019	2020	2021	% Change
Total Services Exports	98	105	79	87	84	(2)
Total Services Imports	232	223	256	241	306	27
Total Trade in Services	330	328	335	328	390	19

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

In 2021, total trade in services increased by 16% from 2020 when trade was affected by the pandemic. In the same period, the total services exports decreased by 2% percent accounting for US$ 84 million from US$ 87 million in 2020. Further, total services imports experienced a growth of 19% which accounted for US$ 306 million in 2021, from US$ 241 million in 2020.

Figure 3. 11: Burundi Commercial Services by Partner 2021 (US$ million)



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

The Top 5 global trading partners in services with Burundi in 2021 were the USA, UK, China, France and India *(Figure 3.11)*. The United States was the top source of services imports by in 2021 at US$ 29 million representing 10% share of total services imports. In 2021 Switzerland was the largest importer of services from Burundi at US$ 11.43 million representing 7.3% of total services exports in 2021.

Burundi Trade in Services by Composition

Exports

In 2021 the top 5 services by category exported by Burundi included government goods and services; other business services; telecommunications and information services; transport; and travel services respectively *(Table 3.6)*. Cumulatively these 5 services categories accounted for US$ 82 million or 78% of total services exports in 2021.

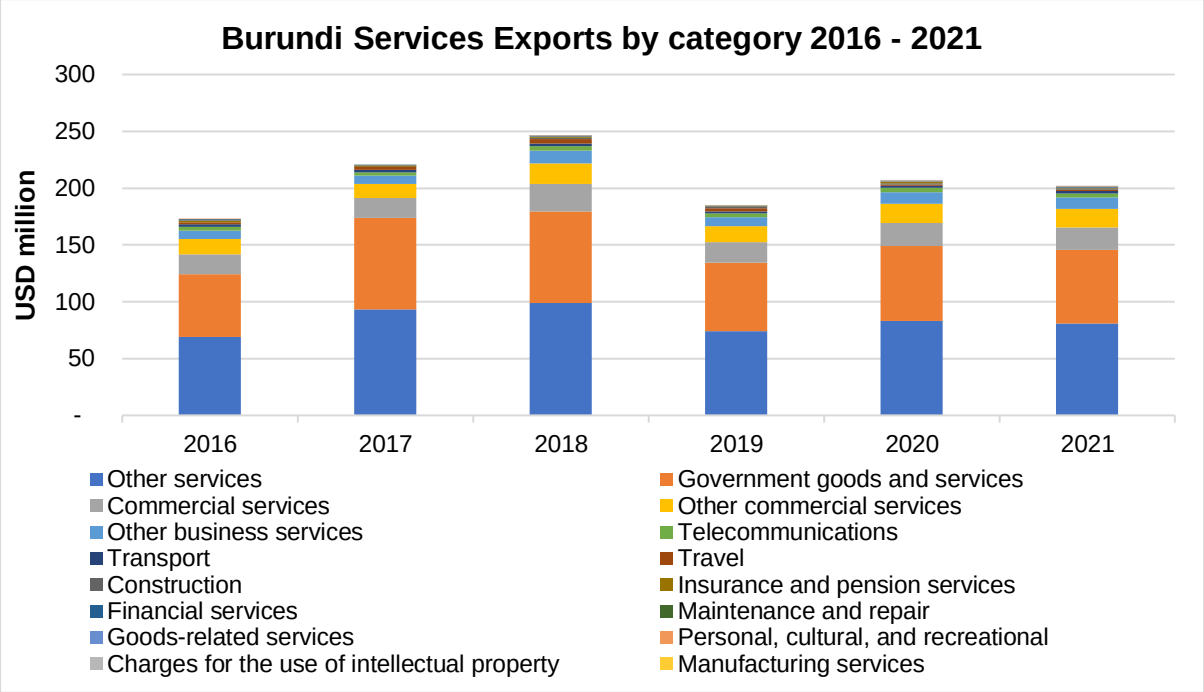
Table 3. 6: Top services exported to the world by Burundi in 2021

Rank	EBOPS Service Type	$USD million	% of total services exported
1	Government goods and services	65	79%
2	Other business services	10	12%
3	Telecommunications, computer, and information services	4	5%
4	Transport	2	2%
5	Travel	1	1%

All services exported	**104**	**100.0%**

Provisional estimates

Figure 3. 12: Burundi Global Services exports by category 2016 - 2021 (USDM)



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

Imports

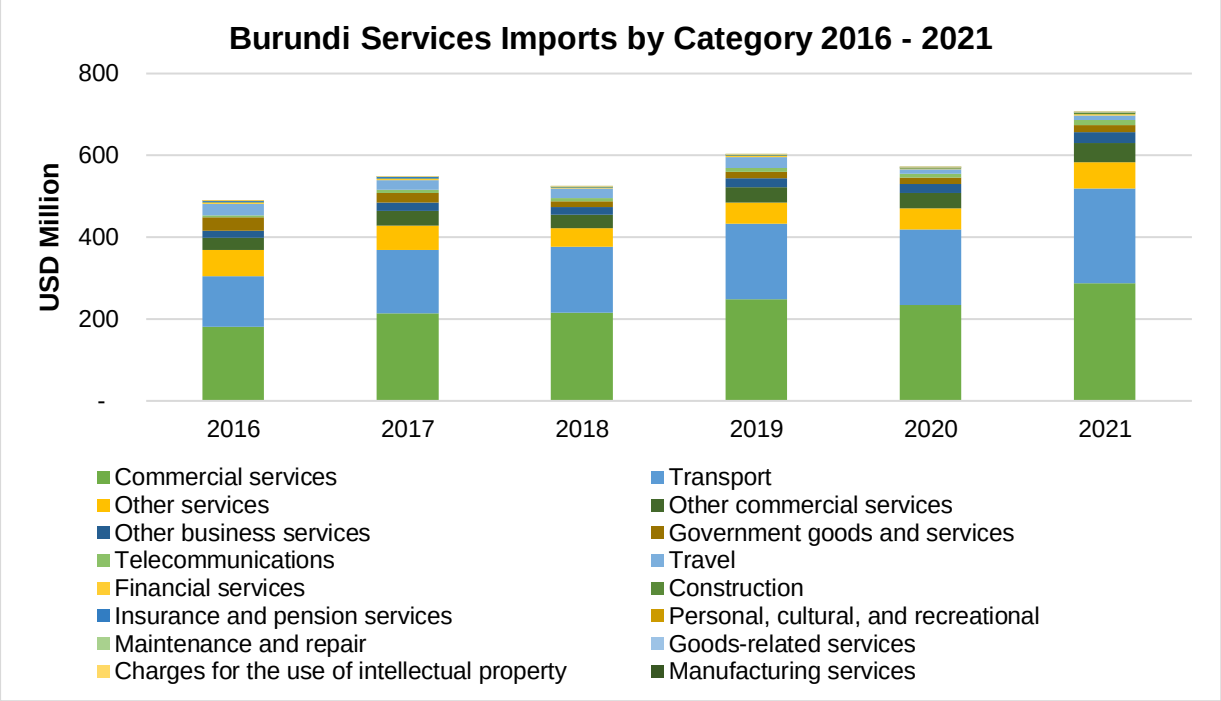
In 2021 the top 5 imported services by Burundi were transport; other business services; government goods and services; telecommunications, and information services; and travel services *(Table 3.7)*. These 5 services categories accounted for US$ 299 million and formed 97% of total services imports by Burundi in the year 2021.

Table 3. 7: Top services imported from the world by Burundi in 2021

Rank	EBOPS Service Type	$USD million	% of total services imported
1	Transport	230	75%
2	Other business services	27	9%
3	Government goods and services	18	6%
4	Telecommunications, computer, and information services.	12	4%
5	Travel	11	4%
	All services imported	**306**	**100.0%**

Provisional estimates

Figure 3. 13: Burundi Global Services imports by category 2016 - 2021 (USDM)



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

Table 3. 8: Burundi Commercial Services by Partner 2016 - 2021 (US$ million)

Year	2016		2017		2018		2019		2020		2021	
Flow	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Partner Country												
World	72.85	214.72	98.05	237.65	104.92	229.18	78.67	263.41	86.23	247.97	84.28	305.94
United States	7.00	25.07	10.37	28.00	10.42	28.59	7.90	24.62	8.79	24.80	8.48	29.33
United Kingdom	2.66	13.64	4.37	12.00	4.10	13.41	3.16	18.54	3.56	16.45	3.39	20.86
China	2.37	10.92	4.52	11.22	3.81	10.42	3.02	14.51	3.48	14.13	3.23	17.26
France	2.80	16.45	3.20	13.98	4.05	13.86	2.87	13.05	3.10	12.76	3.12	15.33
India	0.72	9.36	2.21	10.79	1.32	9.25	1.19	12.07	1.44	11.92	1.25	14.35
Germany	5.99	10.38	7.04	10.24	7.23	9.66	5.84	13.10	6.18	10.22	6.03	13.92
Japan	1.64	6.52	1.98	7.06	2.26	7.47	1.68	9.42	1.81	9.19	1.80	10.85
Hong Kong, China	0.46	7.71	0.61	17.29	0.79	12.50	0.53	9.20	0.59	9.10	0.59	10.79
Netherlands	0.96	7.30	0.97	9.14	1.22	8.55	0.91	8.26	0.95	8.28	0.96	9.85
United Arab Emirates	3.14	5.63	3.92	5.72	4.44	5.50	3.29	6.62	3.57	6.00	3.52	7.41
Egypt	0.30	3.51	0.62	3.63	0.44	3.37	0.38	4.33	0.44	5.05	0.40	5.68
Tanzania	0.13	3.26	0.15	3.27	0.18	2.91	0.13	4.01	0.14	5.03	0.14	5.47
Kenya	0.50	3.32	0.43	3.32	0.61	3.10	0.45	3.78	0.46	3.43	0.47	4.28
Spain	0.26	2.25	0.48	1.96	0.52	2.97	0.35	3.65	0.41	3.49	0.40	4.22
Russia	0.84	1.76	1.02	2.00	1.14	2.36	0.86	2.35	0.93	1.89	0.91	2.53
Saudi Arabia	2.99	1.76	3.70	1.79	4.22	1.76	3.12	2.11	3.38	1.92	3.35	2.38
South Africa	0.28	1.23	0.31	1.41	0.33	1.35	0.26	1.94	0.28	1.86	0.27	2.27
Korea	0.47	1.50	0.69	2.17	0.64	1.92	0.51	1.55	0.56	1.86	0.54	2.05
Australia	0.85	1.16	0.92	1.45	1.16	1.06	0.84	1.20	0.90	1.47	0.90	1.63
Uganda	0.17	1.08	0.23	1.04	0.25	0.97	0.19	1.20	0.21	1.22	0.20	1.45
Ukraine	0.17	0.41	0.38	0.29	0.26	0.37	0.23	0.59	0.27	0.67	0.24	0.77
Nigeria	0.79	0.50	0.93	0.48	1.13	0.47	0.82	0.57	0.88	0.54	0.88	0.64
Rwanda	0.20	0.15	0.25	0.15	0.28	0.14	0.21	0.17	0.23	0.16	0.23	0.20
DRC	0.15	0.10	0.19	0.10	0.21	0.10	0.16	0.13	0.17	0.12	0.17	0.14

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

Table 3. 9: Burundi Commercial Services Global Trade by service category 2016 – 2021 (US$ million)

Year	2016		2017		2018		2019		2020		2021	
Flow	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Service												
Total services	72.85	214.72	98.05	237.65	104.92	229.18	78.67	263.41	86.23	247.97	84.28	305.94
Manufacturing services on physical inputs owned by others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance and repair services n.i.e.	0.00	0.00	0.00	0.01	0.07	0.01	0.06	0.01	0.06	0.01	0.06	0.02
Transport	2.20	123.62	1.87	154.91	2.22	160.62	1.66	184.60	2.05	185.67	1.99	230.39
Travel	1.89	27.69	3.01	23.97	3.92	22.79	2.94	26.20	1.10	10.37	1.19	11.21
Construction	0.00	1.59	0.15	1.86	1.27	1.39	0.95	1.60	1.18	1.60	1.14	1.99
Insurance and pension services	1.26	2.23	0.89	2.34	0.79	1.17	0.59	1.34	0.73	1.35	0.71	1.67
Financial services	1.18	3.71	0.84	2.53	0.77	2.20	0.58	2.52	0.72	2.54	0.70	3.15
Charges for the use of intellectual property n.i.e.	0.00	0.15	0.01	0.02	0.00	0.01	0.00	0.01	0.00	0.01	0.00	0.01
Telecommunications, computer, and information services	3.61	4.83	3.17	8.04	4.17	8.58	3.13	9.87	3.86	9.92	3.75	12.31
Other business services	7.37	17.31	7.34	20.89	11.09	19.11	8.31	21.96	10.27	22.09	9.98	27.41
Personal, cultural, and recreational services	0.03	0.04	0.00	0.03	0.02	0.01	0.02	0.01	0.02	0.02	0.02	0.02
Government goods and services n.i.e.	55.31	33.54	80.77	23.05	80.59	13.30	60.43	15.29	66.24	14.39	64.75	17.76
Commercial services	17.54	181.18	17.28	214.60	24.32	215.88	18.24	248.12	19.99	233.58	19.54	288.18
Other services	68.76	63.41	93.17	58.75	98.71	45.76	74.02	52.59	83.02	51.91	81.04	64.32
Other commercial services	13.45	29.87	12.40	35.70	18.11	32.46	13.58	37.31	16.78	37.52	16.30	46.56
Goods-related services	0.00	0.00	0.00	0.01	0.07	0.01	0.06	0.01	0.06	0.01	0.06	0.02

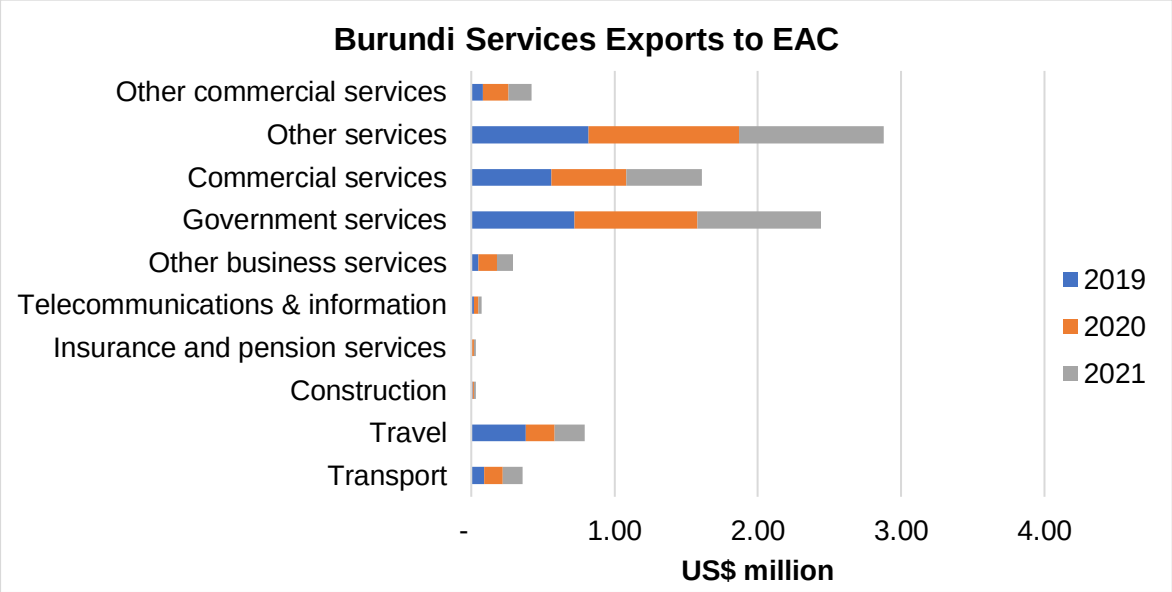
Source: OECD-WTO Balanced Trade in Services (BaTIS) Database

Burundi Intra-EAC Services Trade

Intra-EAC Exports

Main services exports by Burundi to the EAC region in 2021 were; other services US$ 1.1 million; government goods and services US$ 0.86 million, and commercial services US$ 0.53 million *(Figure 3.14)*.

Figure 3. 14: Burundi Services Exports to EAC 2019-2021

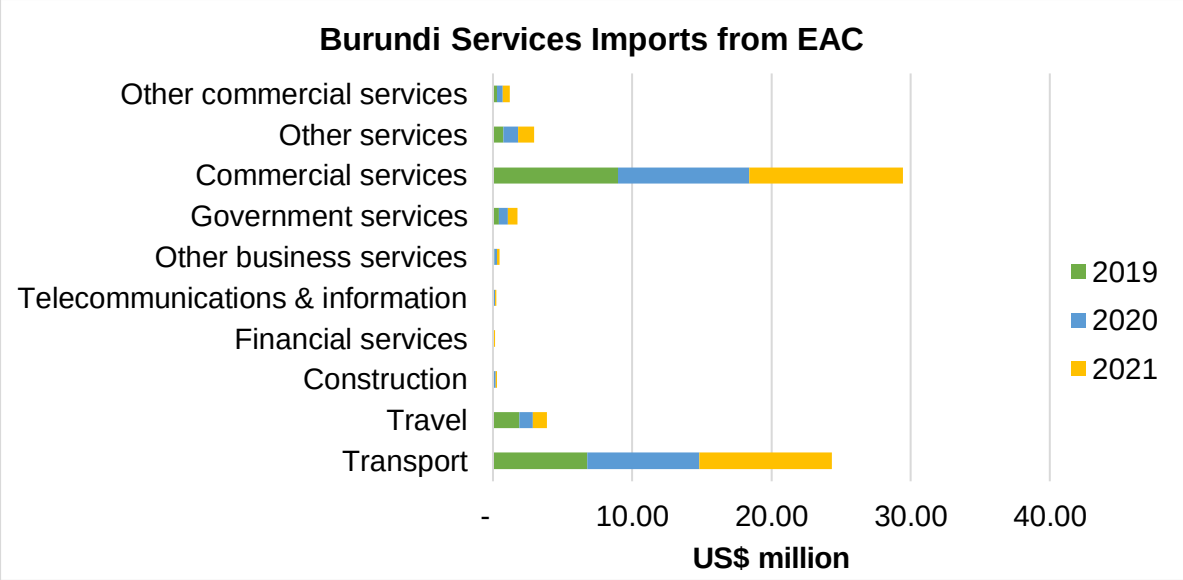


Source: OECD-WTO Balanced Trade in Services (BaTIS) Database

Intra-EAC Imports

Service imports categories by Burundi from the EAC were commercial services US$ 11 million, transport services US$ 9 million, and other services US$ 1.1 million in 2021 (Figure 3.13).

Figure 3. 15: Burundi Services Imports from EAC 2019-2021



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

3.2.2 Republic of Kenya

Kenya Global Trade in Services

International trade in services recorded a growth of US$ 1.9 billion from 2020 with Kenya recording US$ 9 billion in total trade in services in 2021 *(Table 3.10)*. The significant growth was partly as a result of 60.6% increase in travel receipts which reflected a recovery as international travel continues to improve following gradual easing of travel restrictions earlier imposed to contain the spread of COVID-19 pandemic. The global economy is projected to remain robust in 2022 as the world copes better with the COVID-19 pandemic. Against this backdrop, the world trade is expected to remain strong and therefore supportive of external demand for Kenyan's services.

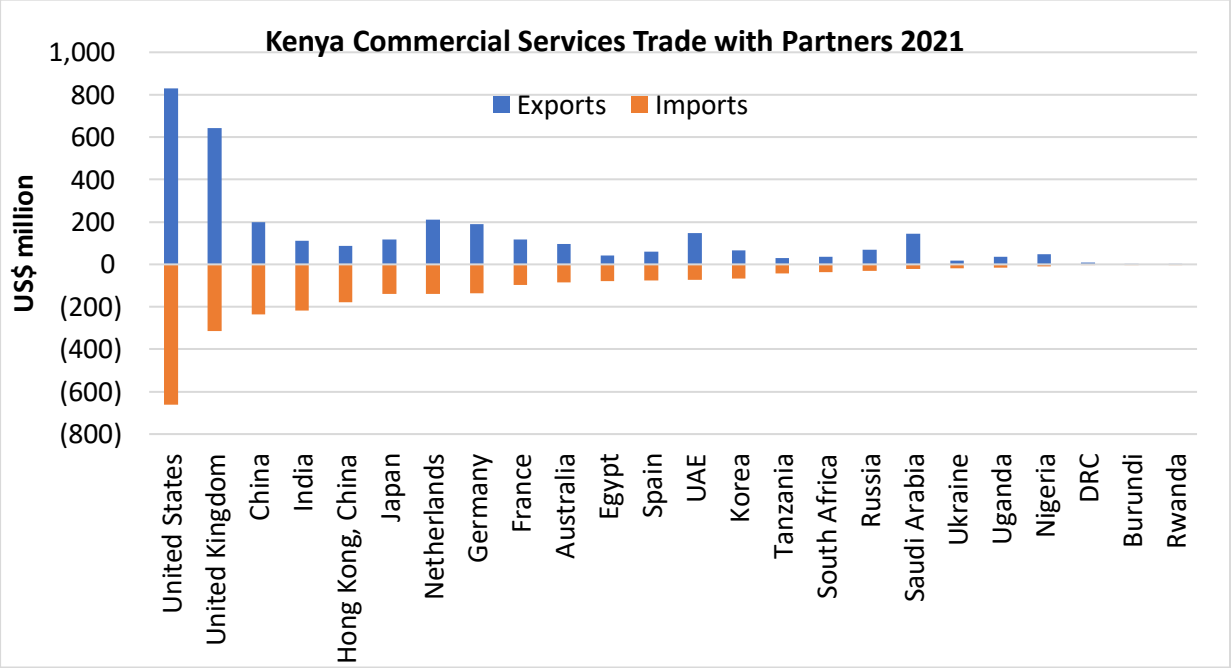
In 2021 the real value of exports and imports of goods and services recovered from a contraction of 8.8% and 9.2% in 2020 to register growths of 35.2% cent and 20.2 % in 2021. Total services increased by US$ 1983 billion from US$ 7052 billion in 2020 to US$ 9035 billion in 2021. Similarly total service imports increased by US$ 672 million from US$ 3.3 billion in 2020 to US$ 3.9 billion in 2021 *(Table 3.10)*.

Table 3. 10: Total Trade in Services in Kenya 2017- 2021 (US$ million)

Category	2017	2018	2019	2020	2021	% Change 2021/2020
Total Services Exports	4,648	5,477	5,601	3,724	5,036	35.2
Total Services Imports	3,092	3,881	3,855	3,327	3,999	20.2
Total Trade in Services	7,739	9,359	9,455	7,052	9,035	28.1

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

Figure 3. 16: Kenya Commercial Services by Partner 2021 (US$ million)



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

Kenya Trade in Services by Composition

Exports

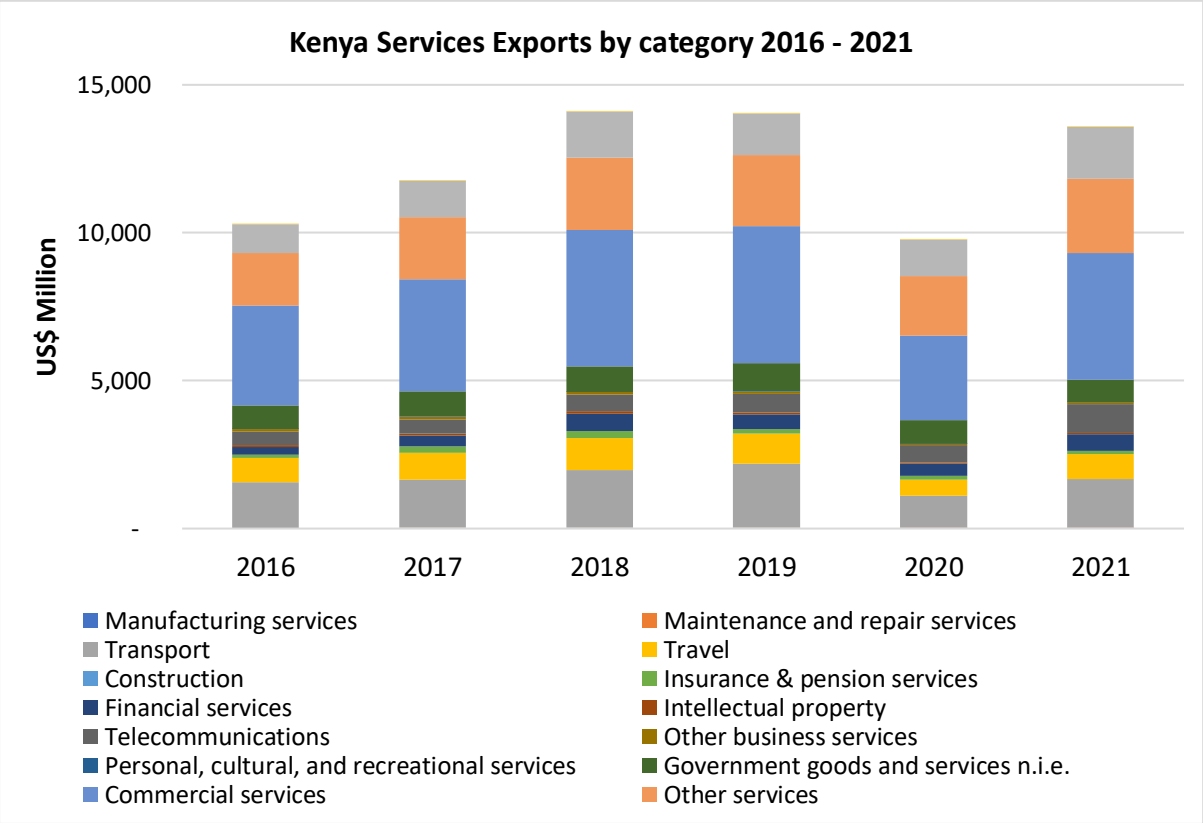
Kenya's services exports increased in 2021, reflecting continued improvement in international travel and transport. The continued strong performance of the services sector is expected to continue in 2022 despite the downside risks to global growth. The top 5 services exports by value from Kenya in 2021 were transport US$ 1.3 billion, Government services US$ 1 billion, travel US$ 0.8 billion, telecommunications US$ 0.7 billion and financial services US$ 0.5 billion *(Table 3.11)*. in 2021, the uptake of most of the financial services and ICTs such as mobile telephony services registered modest growth in the year from 2020.

Table 3. 11: Top services exported to the world by Kenya in 2021

Rank	EBOPS Service Type	$USD billion	% of total services exported
1	Transport	*1.3*	*28.1%*
2	Government goods and services n.i.e.	*1.0*	*21.0%*
3	Travel	*0.8*	*17.7%*
4	Telecommunications, computer, and information services	*0.7*	*15.1%*
5	Financial services	*0.5*	*11.3%*
	All services exported	***4.6***	***100.0%***

Source: Central Bank of Kenya Monetary Policy Reports

Figure 3. 17: Kenya Services Exports by category 2016 - 2021 (USD M)



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

Imports

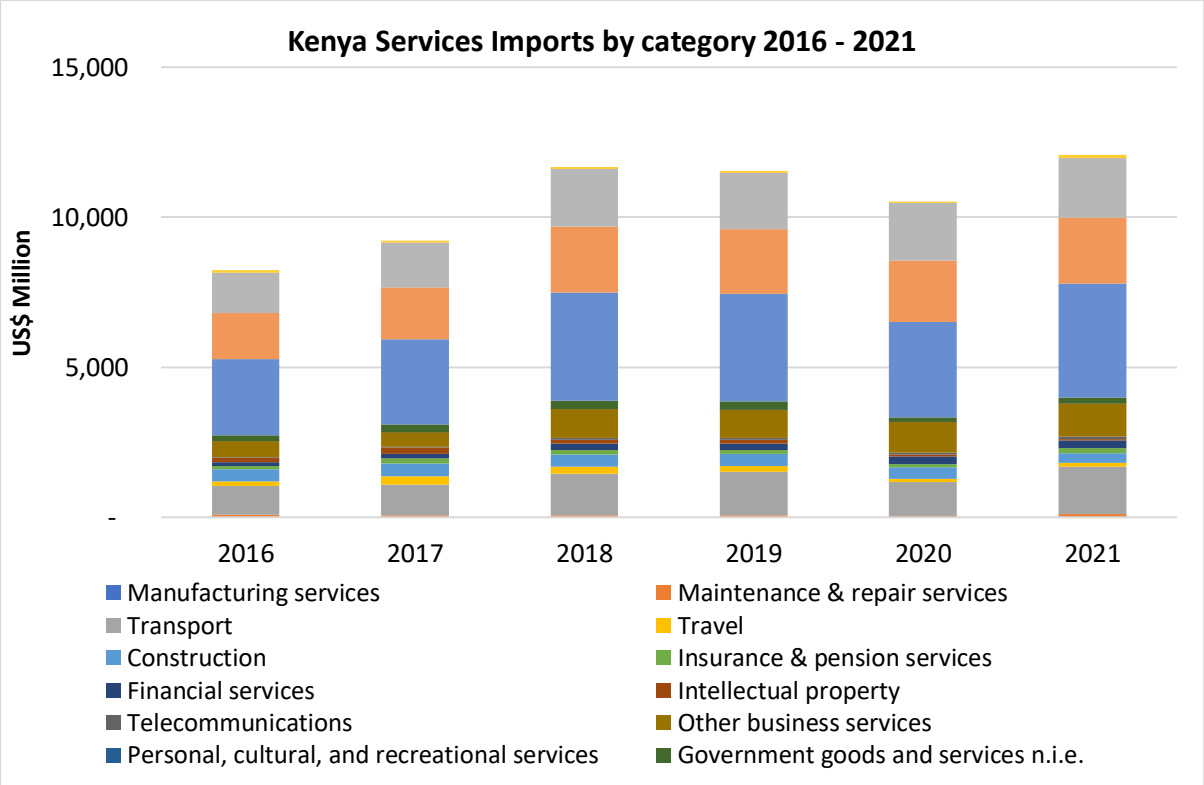
In 2021, trade in services imports increased by 18.9% from 2020, to US$ 4 billion in 2021. Services categories that recorded the highest growth in the period were telecommunications (42%), travel (36%), transport (34%) and financial services (23%). The top services exports in 2021 terms of value included transport US$ 1.7 billion, other business services US$ 1.1 billion, and financial services US$ 0.3 billion *(Table 3.12)*.

Table 3. 12: Top services imported from the world by Kenya in 2021

Rank	EBOPS Service Type	$USD billion	% of total services imported
1	Transport	*1.7*	*41.2%*
2	Other business services	*1.1*	*26.7%*
3	Construction	*0.4*	*10.6%*
4	Financial services	*0.3*	*6.4%*
5	Government goods and services n.i.e.	*0.2*	*4.3%*
	All services imported	***4.0***	***100.0%***

Source: Central Bank of Kenya Monetary Policy Reports

Figure 3. 18: Kenya Services Imports by category 2016 - 2021 (US$ M)



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

Table 3. 13: Kenya Commercial Services by Partner 2016 - 2021 (US$ million)

Year	2016		2017		2018		2019		2020		2021	
Expression	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Partner Country												
World	4,165.13	2,732.44	4,647.51	3,091.97	5,477.48	3,881.15	5,600.51	3,854.79	3,657.65	3,327.11	5,036.09	3,999.17
United States	688.92	421.87	765.06	492.59	888.36	581.41	949.95	601.00	607.28	510.45	829.19	660.34
United Kingdom	535.91	244.30	578.16	265.03	677.62	343.71	676.41	329.29	476.20	265.29	643.43	315.27
China	126.58	159.80	155.86	175.98	183.88	220.45	202.97	216.88	131.72	193.78	198.27	234.60
India	95.29	160.77	83.90	163.26	114.89	211.41	103.69	204.35	72.29	180.55	111.11	218.68
Hong Kong, China	100.47	144.96	134.34	170.48	156.52	199.42	108.95	194.59	59.92	157.99	86.82	178.61
Japan	97.52	100.56	107.23	109.80	126.19	145.66	134.05	142.22	86.72	117.71	116.50	139.38
Netherlands	168.30	72.85	187.83	87.28	220.18	107.76	227.54	114.59	153.42	115.74	210.79	138.48
Germany	167.65	108.54	180.63	117.95	199.04	155.99	205.02	149.33	146.59	121.92	188.66	135.74
France	92.83	72.89	107.81	85.94	125.28	105.12	127.48	102.89	86.96	86.94	117.44	96.67
Australia	78.50	32.57	90.08	45.86	108.09	53.33	107.63	49.51	68.66	45.98	95.26	85.15
Egypt	39.68	50.33	37.93	54.51	43.63	71.77	48.84	78.76	32.08	71.45	42.29	80.33
Spain	39.77	53.10	46.55	58.48	59.63	76.85	61.02	74.22	43.34	63.81	58.60	76.63
UAE	119.30	49.01	136.55	54.92	162.89	72.80	170.98	71.87	104.63	60.15	146.76	71.63
Korea	69.54	34.85	59.11	41.92	73.08	54.78	70.60	46.65	45.47	46.82	64.76	67.83
Tanzania	23.07	24.02	22.52	27.26	27.36	34.24	29.90	35.30	19.72	30.46	29.40	42.34
South Africa	29.79	29.11	29.72	35.59	38.58	45.07	36.75	45.37	24.15	32.24	35.77	35.26
Russia	58.56	18.18	67.10	23.95	74.68	29.09	69.74	27.76	46.40	26.19	67.80	29.54
Saudi Arabia	112.83	15.29	128.49	17.08	158.84	23.13	166.41	22.81	102.63	19.18	144.80	22.92
Ukraine	9.96	7.43	12.39	11.79	14.24	13.40	15.96	13.81	12.29	12.54	17.47	19.30
Uganda	26.14	10.48	28.52	13.73	33.15	17.81	38.16	15.88	26.04	13.34	35.08	15.36
Nigeria	41.16	6.07	44.04	6.53	53.12	8.71	57.59	8.77	36.99	7.56	48.97	8.69
DRC	5.23	0.82	5.88	0.90	7.41	1.24	8.06	1.25	5.20	1.08	7.26	1.29
Burundi	3.21	0.83	3.47	0.57	3.70	0.73	3.95	0.62	2.58	0.80	3.62	0.88
Rwanda	2.71	0.49	3.08	0.54	3.60	0.71	3.92	0.72	2.55	0.62	3.45	0.73

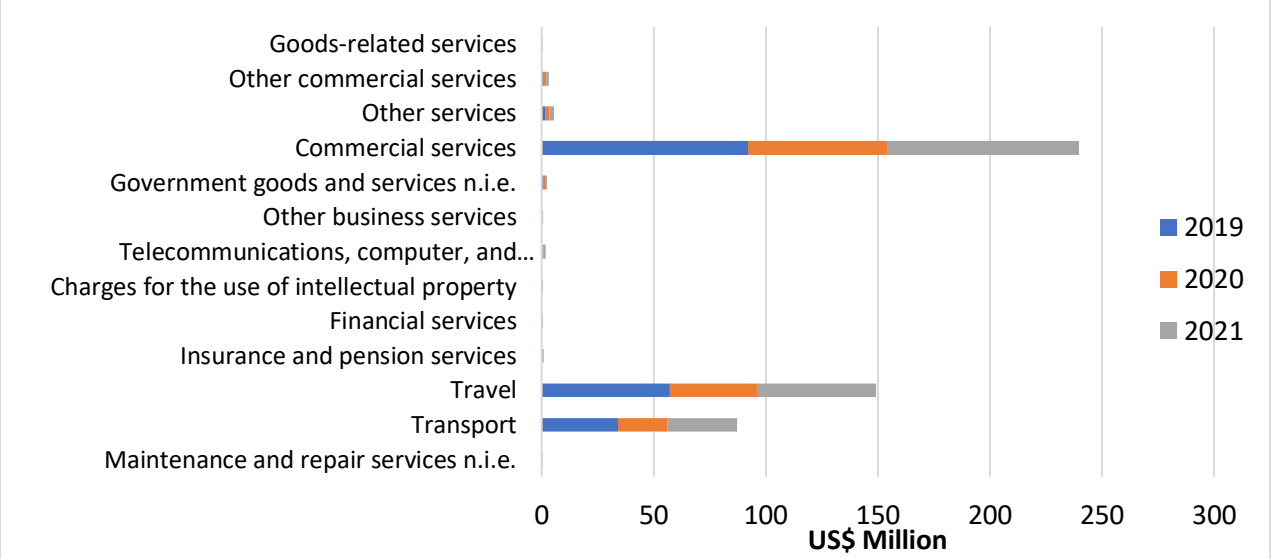
Source: OECD-WTO Balanced Trade in Services (BaTIS) Database

Kenya Intra-EAC Services Trade

Exports

In 2021 the three major services exports by Kenya to the EAC comprised commercial, travel and transport services *(Figure 3.19)*. during the period 2019 to 2021 these three service categories remained the largest components of Kenya's intra-EAC services exports. Total exports by Kenya increased by US$ 47.9 million from US$ 127.5 million in 2020, to 175.4 million in 2021.

Figure 3. 19: Kenya Services Exports to EAC 2019 - 2021

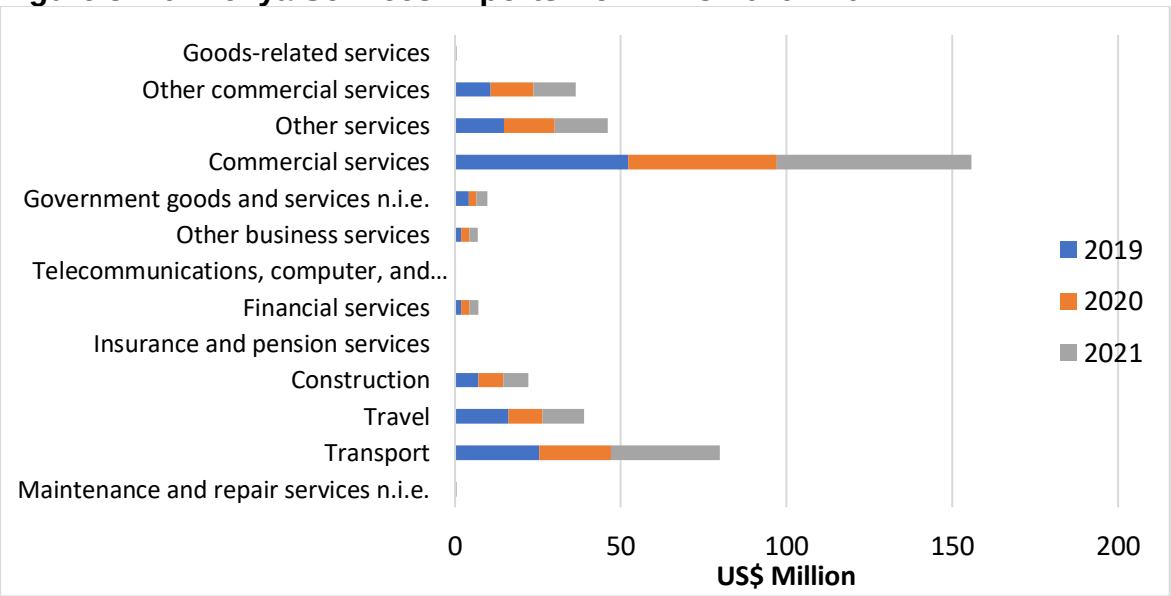


Source: OECD-WTO Balanced Trade in Services (BaTIS) Database

Imports

The three major services imports by Kenya from the EAC comprised commercial, travel and transport services *(Figure 3.20)*. Services imports increased by US$ 29 million from US$ 120.03 million in 2020, to US$ 149.3 million in 2021.

Figure 3. 20: Kenya Services Imports from EAC 2019 - 2021



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

Table 3. 14: Kenya Commercial Services Global Trade by service category 2016 - 2021 (US$ million)

	2016		2017		2018		2019		2020		2021	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Service												
Manufacturing services on physical inputs owned by others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.89	5.54	8.82	5.44
Maintenance and repair services n.i.e.	15.99	78.33	18.55	68.23	19.29	66.42	19.77	67.47	16.21	42.43	20.80	106.84
Transport	1,550.61	972.16	1,622.92	1,031.54	1,958.83	1,395.87	2,180.67	1,448.69	1,078.46	1,118.22	1,645.95	1,567.95
Travel	823.75	144.50	915.82	261.97	1,072.29	228.63	1,007.37	196.06	541.25	106.76	843.91	132.83
Construction	0.00	397.43	0.00	421.70	0.00	403.47	0.00	402.34	0.00	400.33	0.00	330.25
Insurance and pension services	107.99	125.24	209.93	180.91	249.87	146.69	164.82	127.53	134.31	107.73	113.07	156.92
Financial services	256.78	115.06	383.48	149.49	589.71	214.81	478.40	217.88	424.67	242.07	550.69	268.43
Charges for the use of intellectual property n.i.e.	65.96	144.48	68.57	206.82	71.29	131.73	63.05	121.64	43.02	76.19	55.48	42.25
Telecommunications, computer, and information services	451.36	29.37	473.09	37.96	570.25	53.74	628.83	54.97	567.13	61.28	973.33	68.17
Other business services	85.04	531.53	84.04	486.95	85.76	970.93	76.91	957.16	50.48	1,019.25	52.38	1,119.82
Personal, cultural, and recreational services	11.04	1.09	8.57	1.05	8.51	1.04	8.61	1.06	7.85	0.71	8.03	0.76
Government goods and services n.i.e.	796.61	193.24	862.54	245.34	851.70	267.82	972.07	259.99	786.39	146.59	763.63	199.53
Commercial services	3,368.52	2,539.19	3,784.97	2,846.62	4,625.78	3,613.33	4,628.44	3,594.80	2,871.26	3,180.52	4,272.46	3,799.64
Other services	1,774.78	1,537.44	2,090.22	1,730.23	2,427.08	2,190.23	2,392.69	2,142.57	2,013.84	2,054.16	2,516.62	2,186.12
Other commercial services	978.18	1,344.20	1,227.68	1,484.89	1,575.39	1,922.41	1,420.63	1,882.58	1,227.45	1,907.57	1,752.98	1,986.59
Goods-related services	15.99	78.33	18.55	68.23	19.29	66.42	19.77	67.47	24.10	47.97	29.62	112.27

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

3.2.3 Republic of Rwanda

Rwanda Global Trade in Services

The recovery in services sector, slower at the beginning of 2021, strengthened since the second quarter. After contracting by 5.5 percent in 2020, the sector rebounded by 11.9 percent in 2021 despite the second and third waves of COVID-19 in January and July 2021, respectively. The remarkable services sector's recovery was driven by the rebound of some services, including tourism related services and education that were severely hit by the COVID-19 shock in 2020. In this regard, with the gradual reopening of the global economy and Rwanda's tourism recovery measures, hotels and restaurants grew by 20.4 percent in 2021 after contracting by 40.2 percent in 2020 while transport services recorded a growth of 14.6 percent from a decline of 23.7 percent.

The good performance of services sector is linked also to the uptick in trade services (+11.7 percent from -3.3 percent) and financial services (+18.0 percent from -2.4 percent) as well as outstanding performance of information and communication (+18.8 percent from +29.2 percent).

Table 3. 15: Total Trade in Services in Rwanda 2016 - 2022 (US$ million)

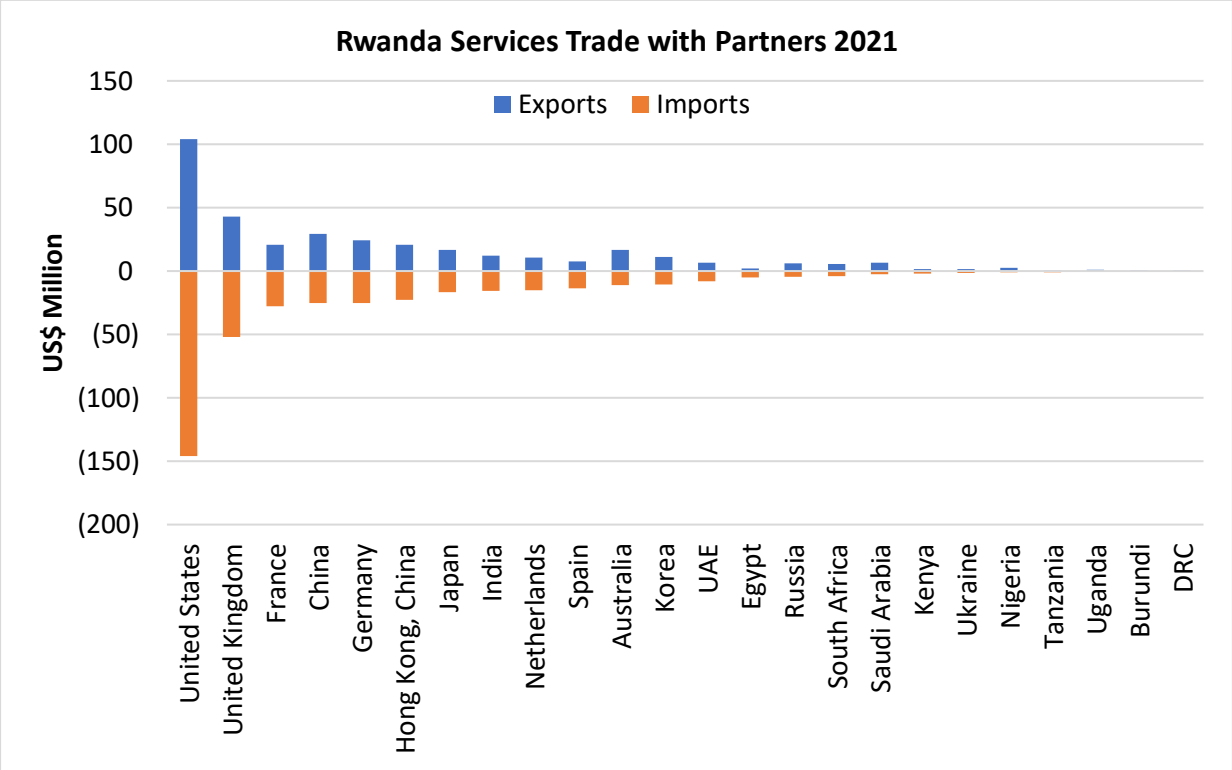
Category	2017	2018	2019	2020	2021	2022	% Change
Total Services Exports	863	914	1,015	521	579		
Total Services Imports	1,056	1,057	1,033	520	666		
Total Trade in Services	1,920	1,971	2,048	1,041	1,245		

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

On the domestic front, the Rwandan economy continued its recovery path from the disruptive impact of the Covid-19 pandemic during the first half of 2022, growing by 7.7 percent on average against 11.6 percent recorded in the corresponding period of 2021. This growth was mainly driven by the strong performance of industry and services sectors (NBR 2022).

The services sector grew by 11.4 percent in 2022H1 from 10.8 percent in 2021H1, mainly boosted by tourism-related services. Due to relaxed Covid-19 restriction measures, international tourist arrivals increased in 2022H1 compared to the corresponding period of last year with positive spillovers to transport services (+23.5 percent from +9.8 percent) and hotels and restaurants (+129.1 percent from -15.9 percent) subsectors. The good performance of services sector was also associated with good progress in trade services (+12.0 percent), health (+12.0 percent), financial services (+11.8 percent), information and communication (+11.7 percent), professional, scientific & technical services (+3.4 percent) and real estate (+3.4 percent).

Figure 3. 21: Rwanda Commercial Services by Partner 2021 (US$ million)



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

Rwanda Trade in Services by Composition

Exports

The recovery of Rwandan exports of services continued in 2021, increasing by 43% due to easing of Covid-19 restrictions combined with the rising number of international meetings hosted in Rwanda. The mobile financial services continued to grow when compared to other modes of payment due to its accessibility, simplicity, and low cost.

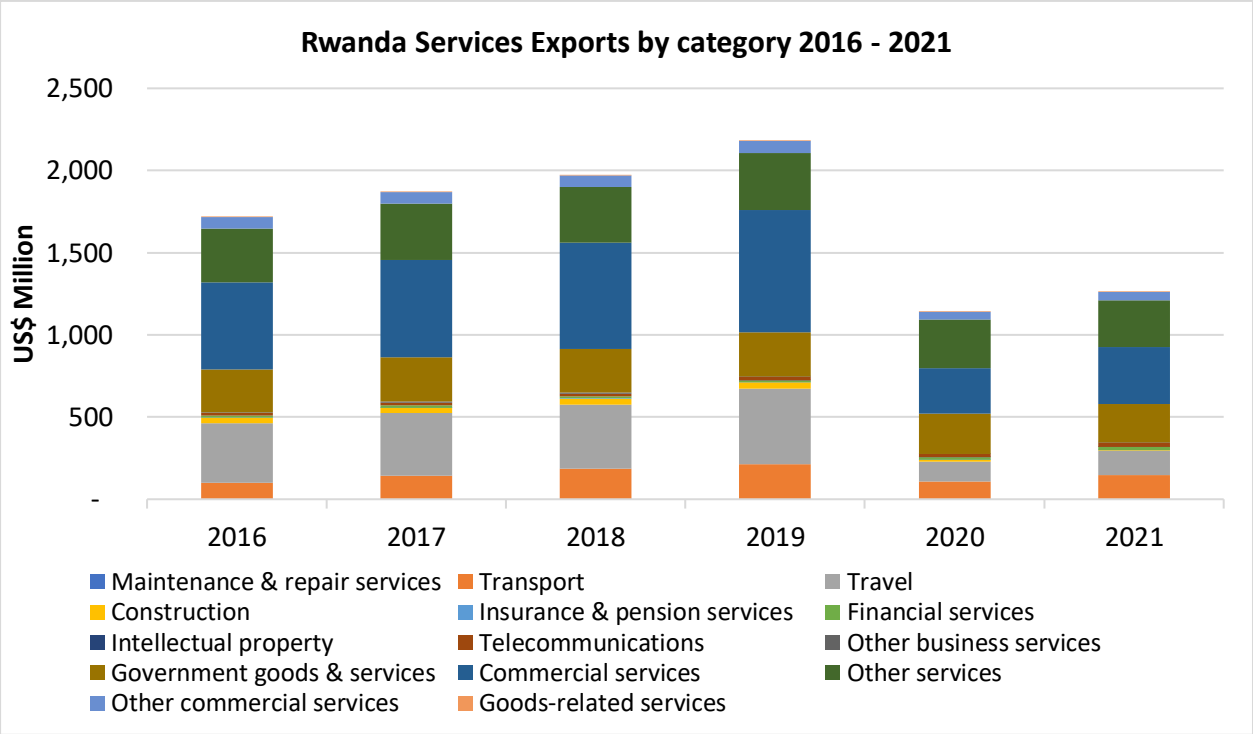
The exports of services recorded an increase of 11%, up to USD 579.0 million, mainly due to increase of air transport for passengers, and improvement in tourism recorded in 2021, mainly due to the ease of Covid-19 restrictions.

Table 3. 16: Top services exported to the world by Rwanda in 2021

Rank	EBOPS Service Type	$USD million	% of total services exported
1	Government goods and services n.i.e.	*232*	*40.1%*
2	Travel	*150*	*25.9%*
3	Transport	*146*	*25.2%*
4	Telecommunications, computer, and information services	*28*	*4.8%*
5	Financial services	*18*	*3.1%*
	All services exported	***579***	***100.0%***

Source: National Bank of Rwanda

Figure 3. 22: Rwanda Services exports by category 2016-2021



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

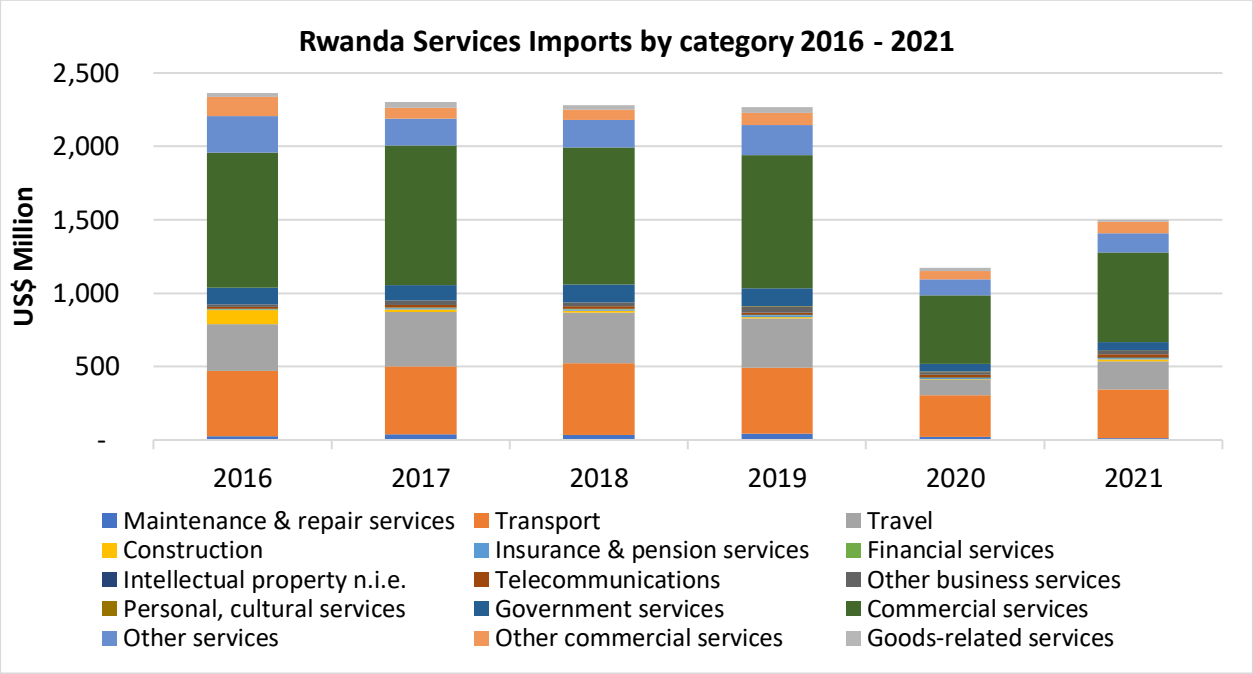
Imports

The imports of services also recorded an increase of 28.2%, mainly related to the services transport costs related to imports of goods. Top import categories in 2021 were dominated by transport (50%) and travel (28.4%) *(Table 3:17)*.

Table 3. 17: Top services imported from the world by Rwanda in 2021

Rank	EBOPS Service Type	$USD million	% of total services imported
1	Transport	*333*	*50.0%*
2	Travel	*189*	*28.4%*
3	Government goods and services n.i.e.	*54*	*8.1%*
4	Other business services	*23*	*3.5%*
5	Telecommunications, computer, and information services	*21*	*3.2%*
	All services imported	***666***	***100.0%***

Figure 3. 23: Rwanda Services Imports by Category 2016 - 2021



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

Table 3. 18: Rwanda Commercial Services by Partner 2016 - 2021 (US$ million)

Year	2016		2017		2018		2019		2020		2021	
Expression	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Partner Country												
World	790.04	1,035.49	863.44	1,056.23	913.63	1,057.23	1,014.97	1,032.53	521.44	519.78	579.03	666.30
United States	143.26	227.51	155.34	231.19	163.45	230.60	184.25	227.08	93.89	114.69	104.28	146.10
United Kingdom	60.72	82.28	64.30	82.41	68.28	82.65	75.30	80.31	38.82	40.34	43.10	52.07
France	28.39	43.95	30.88	44.75	32.80	44.89	35.95	43.45	18.61	21.87	20.65	28.01
China	38.25	36.99	42.36	38.08	45.96	38.70	51.70	38.06	26.12	19.53	29.20	25.44
Germany	33.08	39.24	36.20	40.10	38.48	40.24	42.18	38.96	21.82	19.80	24.22	25.19
Hong Kong, China	28.50	35.61	31.18	36.40	32.90	36.36	36.48	35.45	18.78	17.76	20.83	22.46
Japan	24.19	27.46	25.58	27.48	26.55	27.18	29.60	26.58	15.26	13.45	16.88	16.59
India	15.86	23.46	18.01	24.52	18.68	24.24	21.11	23.91	10.79	11.95	11.95	15.56
Netherlands	14.16	23.37	15.50	23.88	16.60	24.08	18.34	23.43	9.42	11.90	10.48	15.21
Spain	10.12	21.89	11.08	22.37	11.80	22.49	12.95	21.78	6.69	10.82	7.43	13.82
Australia	23.12	17.15	25.61	17.66	26.62	17.48	29.19	16.93	15.22	8.55	16.80	11.17
Korea	15.19	16.50	16.75	16.95	17.70	16.94	19.21	16.31	10.03	8.28	11.10	10.55
UAE	9.09	12.41	10.02	12.73	10.72	12.83	11.81	12.46	6.08	6.08	6.76	7.87
Egypt	3.51	7.93	3.21	7.27	3.40	7.28	4.09	7.46	1.99	3.99	2.23	5.09
Russia	7.80	6.58	9.11	6.99	9.56	6.97	10.71	6.83	5.49	3.35	6.09	4.37
South Africa	7.13	6.56	8.17	6.90	8.61	6.89	9.37	6.64	4.89	3.25	5.41	4.27
Saudi Arabia	8.67	3.90	9.50	3.99	10.54	4.11	11.59	3.98	5.90	1.95	6.61	2.54
Kenya	2.29	2.69	2.54	2.77	2.75	2.81	3.16	2.80	1.57	1.43	1.76	1.81
Ukraine	2.12	2.08	2.45	2.20	2.70	2.25	3.22	2.29	1.56	1.17	1.76	1.55
Nigeria	3.64	1.76	3.75	1.73	4.06	1.76	4.62	1.74	2.32	0.88	2.59	1.09
Tanzania	0.70	1.22	0.76	1.25	0.81	1.25	0.92	1.24	0.46	0.64	0.52	0.81
Uganda	1.22	0.94	1.33	0.96	1.42	0.97	1.65	0.97	0.82	0.49	0.92	0.63
Burundi	0.43	0.26	0.47	0.27	0.47	0.26	0.52	0.26	0.27	0.13	0.30	0.17
DRC	0.43	0.22	0.47	0.22	0.53	0.23	0.60	0.23	0.30	0.12	0.34	0.15

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

Table 3. 19: Rwanda Commercial Services Global Trade by service category 2016 - 2021 (US$ million)

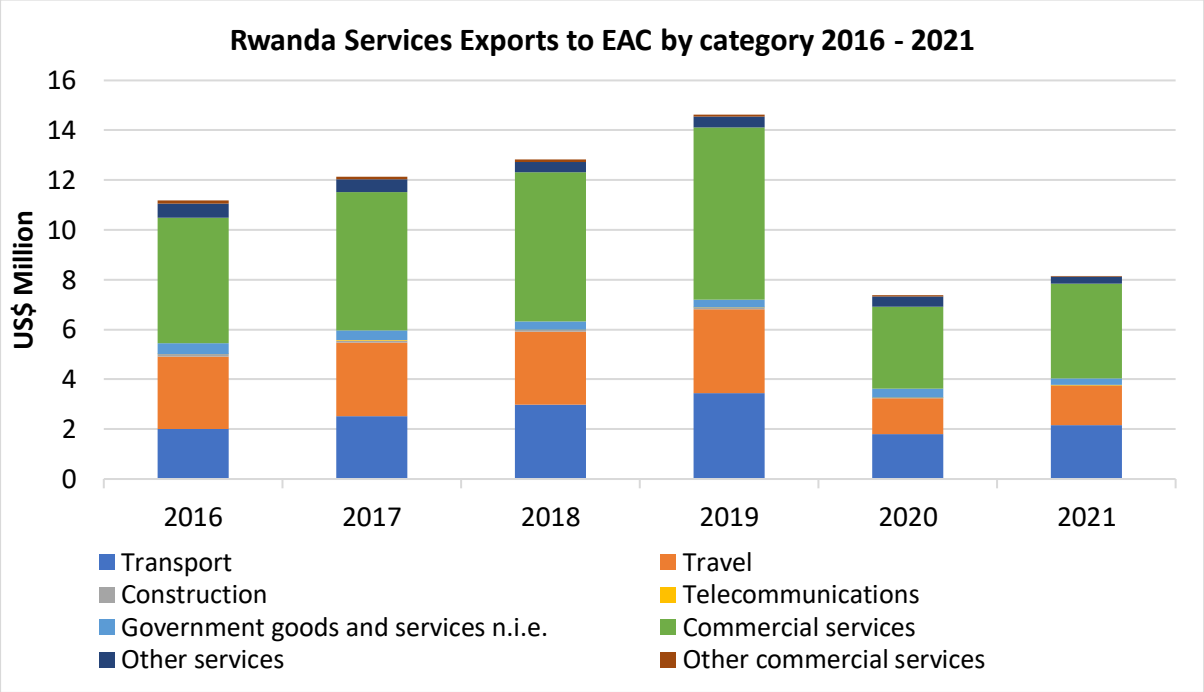
	2016		2017		2018		2019		2020		2021	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Service												
Manufacturing services on physical inputs owned by others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance and repair services n.i.e.	0.08	24.72	0.58	37.00	0.08	32.78	0.08	41.31	0.08	19.77	0.08	11.99
Transport	98.42	443.69	141.39	465.02	184.25	491.23	212.84	451.29	106.93	286.61	146.07	333.19
Travel	363.05	321.14	381.07	370.78	392.00	345.17	458.00	336.11	120.46	104.37	149.90	189.21
Construction	36.91	94.04	34.28	16.29	35.78	10.19	39.48	9.18	13.97	3.26	3.34	13.58
Insurance and pension services	0.55	4.65	0.59	8.71	0.61	9.68	0.67	10.51	0.37	8.18	0.33	8.59
Financial services	9.11	6.58	11.85	5.59	12.90	4.84	14.14	4.22	12.67	5.79	18.23	7.18
Charges for the use of intellectual property n.i.e.	0.00	0.00	0.00	0.00	0.00	0.00	0.18	0.21	0.44	0.19	0.54	0.23
Telecommunications, computer, and information services	18.59	11.84	18.60	14.51	17.89	15.22	19.74	16.45	20.81	17.12	27.82	20.96
Other business services	2.74	16.44	5.54	30.99	4.83	27.07	1.43	39.44	0.95	18.04	0.93	23.14
Personal, cultural, and recreational services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.05	0.00	3.11	0.00	3.77
Government goods and services n.i.e.	260.60	112.40	269.54	107.33	265.29	121.07	268.41	122.76	244.78	53.34	231.79	54.47
Commercial services	529.44	923.09	593.91	948.90	648.34	936.16	746.56	909.77	276.67	466.43	347.23	611.83
Other services	328.49	245.95	340.39	183.43	337.30	188.06	344.05	203.81	293.98	109.03	282.98	131.92
Other commercial services	67.89	133.54	70.86	76.10	72.01	66.99	75.64	81.06	49.20	55.68	51.19	77.45
Goods-related services	0.08	24.72	0.58	37.00	0.08	32.78	0.08	41.31	0.08	19.77	0.08	11.99

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

Rwanda Intra-EAC Services Trade

Exports

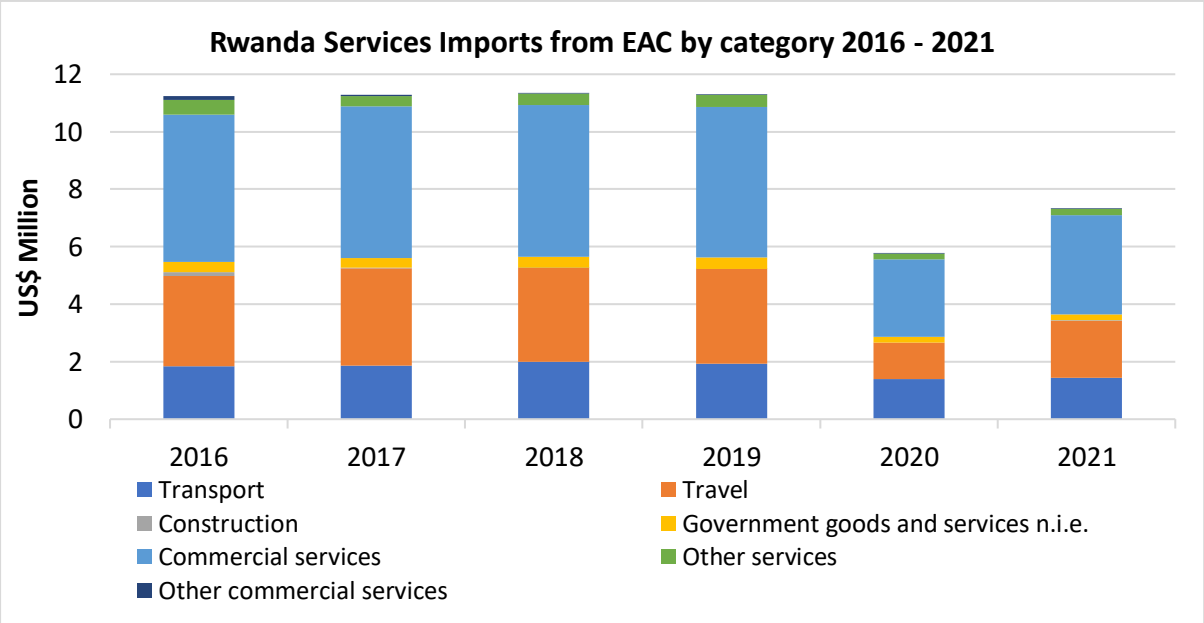
Figure 3. 24: Rwanda Services Exports to EAC by category 2016-2021



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

Imports

Figure 3. 25: Rwanda Services Imports from EAC by category 2016-2021



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

3.2.4 Republic of South Sudan

South Sudan Global Trade in Services

South Sudan services trade increased by US$ 126 million from US$ 2,481 million in 2020 to US$ 2,610 million in 2021. Services imports increased by US$ 125 million registering US$ 2,452 in 2021. However, services exports growth was marginal increasing by US$ 4 million in 2021 from 2020 (Table 3.20).

Table 3. 20: Total Trade in Services in South Sudan 2016 - 2021 (US$ million)

Category	2017	2018	2019	2020	2021	% Change 2021/2022
Total Services Exports	195	148	157	154	158	1.0
Total Services Imports	559	1,519	1,878	2,327	2,452	1.1
Total Services	754	1,667	2,035	2,481	2,610	1.1

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

South Sudan Trade in Services by Composition

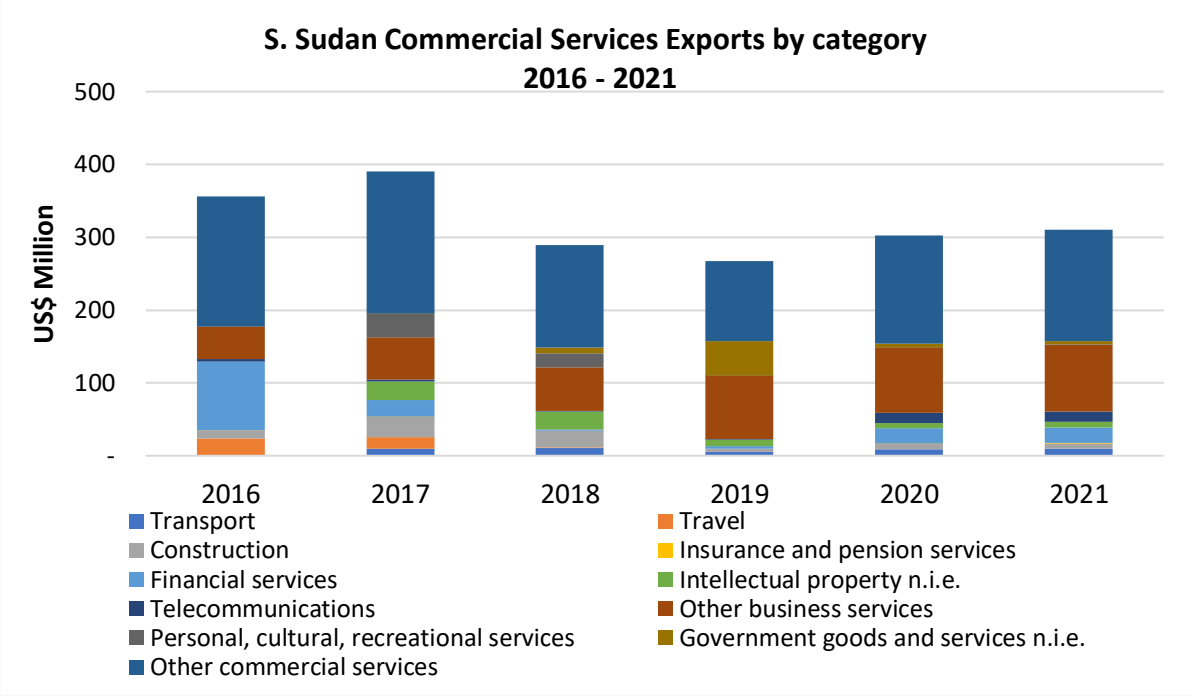
Exports

Business services (US$ 92 million), financial services (US$ 21 million) and telecommunications (US$ 14 million) were the top services exports in the year 2021 *(Table 3.21)*.

Table 3. 21: Top services exported to the world by South Sudan in 2021

Rank	EBOPS Service Type	$USD million	% of total services exported
1	Other business services	*92*	*58.2%*
2	Financial services	*21*	*13.3%*
3	Telecommunications, computer, and information services	*14*	*8.9%*
4	Transport	*9*	*5.7%*
5	Charges for the use of intellectual property n.i.e.	*8*	*5.1%*
	All services exported	***158***	***100.0%***

Figure 3. 26: South Sudan Services Exports, category 2016 - 2021 (US$M)



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

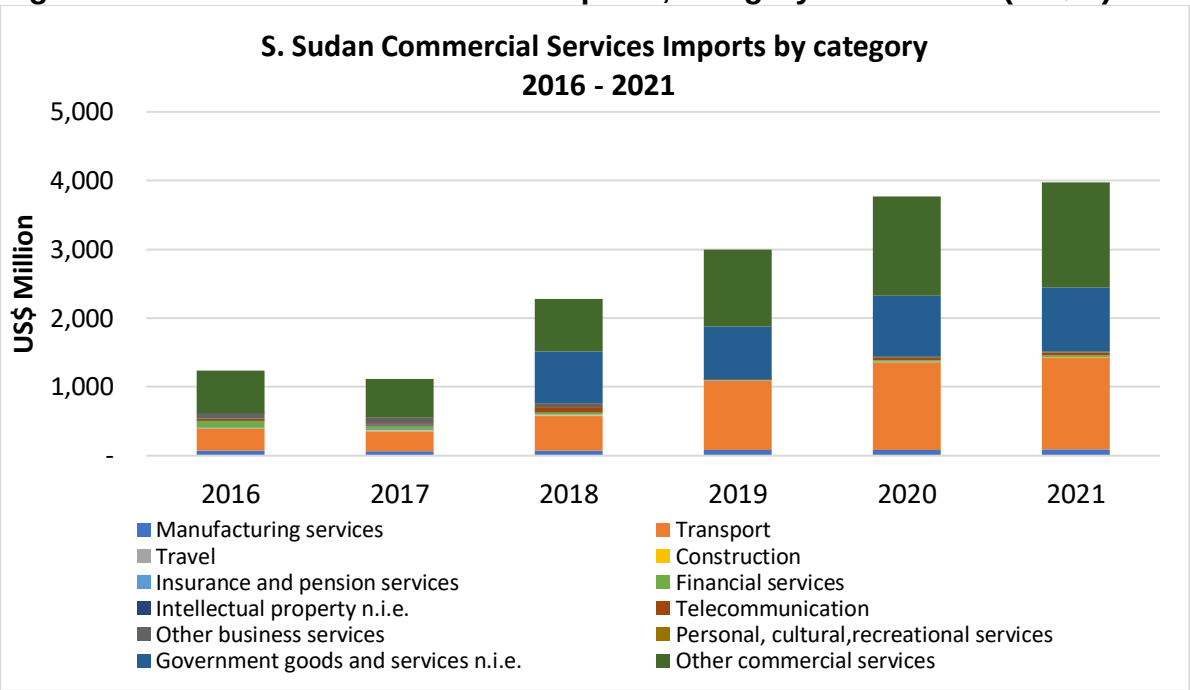
Imports

South Sudan service imports were dominated by transport services which were valued at US$ 1,337 million in 2021.

Table 3. 22: Top services imported from the world by South Sudan in 2021

Rank	EBOPS Service Type	$USD million	% of total services imported
1	Transport	*1,337*	*54.5%*
2	Government goods and services n.i.e.	*931*	*38.0%*
3	Manufacturing services on physical inputs owned by others	*87*	*3.5%*
4	Telecommunications, computer, and information services	*39*	*1.6%*
5	Financial services	*23*	*0.9%*
	All services imported	***2,452***	***100.0%***

Figure 3. 27: South Sudan Services Imports, category 2016 - 2021 (US$M)



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

Table 3. 23: South Sudan Commercial Services Global Trade by service category 2016 - 2021 (US$ million)

	2016		2017		2018		2019		2020		2021	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Service												
Manufacturing services on physical inputs owned by others	0.00	72.34	0.00	65.89	0.00	69.63	0.00	87.26	0.00	82.99	0.00	87.44
Maintenance and repair services n.i.e.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transport	0.48	312.96	9.74	285.94	10.88	504.50	5.51	1,001.79	9.12	1,269.48	9.37	1,337.50
Travel	22.90	10.41	16.11	7.31	1.00	8.16	0.00	0.00	-	1.04	-	-
Construction	11.75	3.36	27.98	8.39	22.09	16.87	4.45	0.00	7.27	6.09	7.47	6.42
Insurance and pension services	0.02	10.88	0.00	19.86	0.00	4.68	0.00	5.10	0.41	4.91	0.42	5.17
Financial services	93.98	97.69	22.28	47.88	2.13	24.10	3.26	14.99	20.79	21.38	21.35	22.53
Charges for the use of intellectual property n.i.e.	-	1.77	25.80	22.03	24.43	0.83	8.96	1.44	7.70	0.00	7.91	0.00
Telecommunications, computer, and information services	3.31	33.08	3.07	20.25	1.47	80.24	0.35	1.06	13.48	36.93	13.84	38.91
Other business services	45.39	72.54	57.55	77.79	59.08	53.36	87.54	8.17	89.53	19.98	91.95	21.05
Personal, cultural, and recreational services	0.02	0.22	32.50	3.26	19.53	1.28	0.07	0.36	0.68	0.39	0.70	0.41
Government goods and services n.i.e.	0.00	2.25	0.46	0.00	7.59	754.97	47.33	758.32	4.59	884.03	4.71	931.41
Commercial services												
Other services												
Other commercial services	177.85	615.25	195.03	558.60	140.61	763.65	110.14	1,120.17	148.98	1,443.19	153.01	1,520.54
Goods-related services												

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

3.2.5 United Republic of Tanzania

URT Global Trade in Services

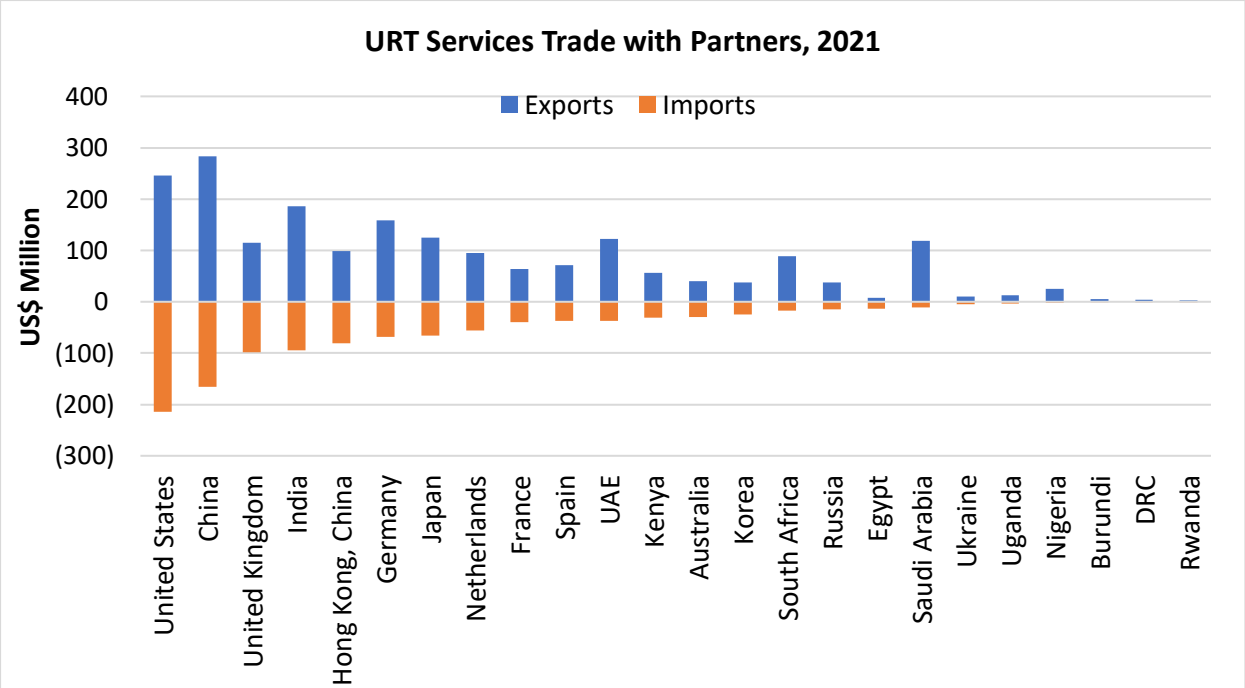
In 2021, the revenue generated by the services business was worth of $4947 million compared to $ 3476million. In 2020, it was a 44.3% increase. This was due to the rise in revenue from tourism services as well as transportation services. Income Tourism services increased by 96.3 percent and reached the dollar of USD 1,402.5 million in 2021 compared to USD 714.5 million in 2020. In addition, the revenue generated by the transportation service increased and reached US$ 1,415.7 million in 2021 compared to USD 1,281.7 million U.S. in 2020, an increase of 10.5 percent. This was derived from and the rise of tourist and transport activities in the country following the country Around the world to reduce the spread of the disease - 19 including allowing air travel and opening borders (Economic Survey 2021)

Table 3. 24: Total Trade in Services in URT 2016 - 2021 (US$ million)

Category	2017	2018	2019	2020	2021	% Change 2021/2020
Total Services Exports	3,832	4,015	4,281	2,184	3,228	47.8
Total Services Imports	2,040	1,916	1,783	1,292	1 ,719	33.0
Total Services	5,872	5,931	6,063	3,476	4,947	42.3

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

Figure 3. 28: URT Commercial Services by Partner 2021 (US$ million)



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

URT Global Trade in Services by Composition

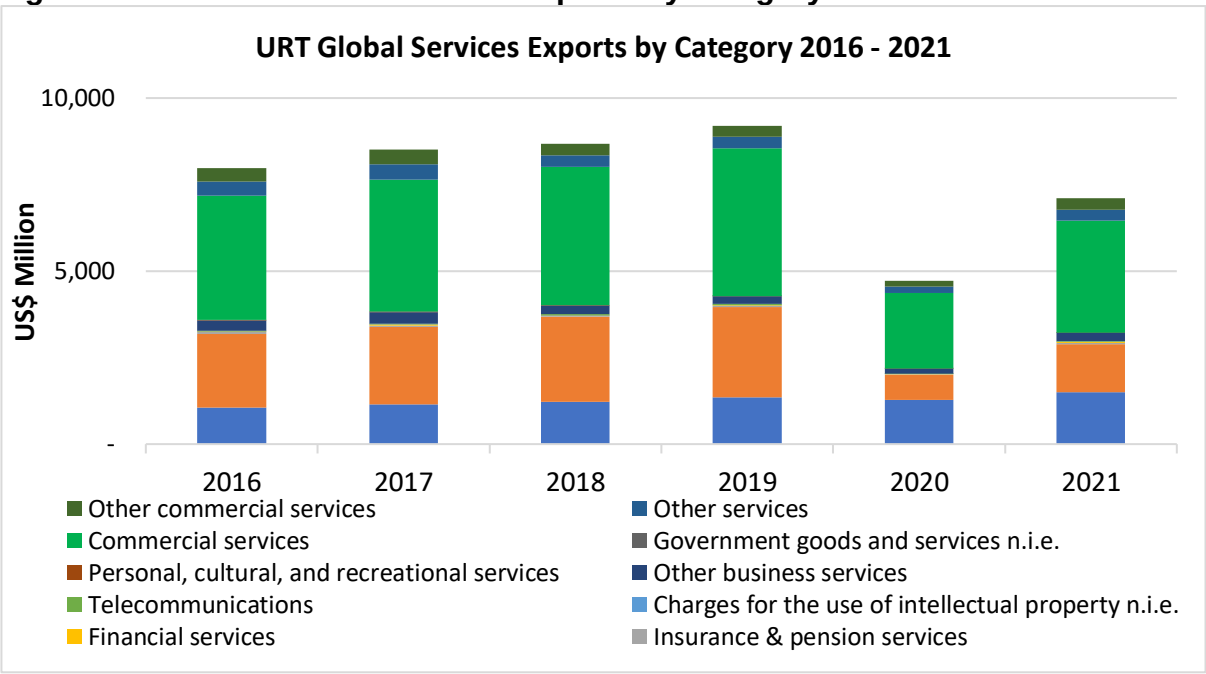
Exports

Trade in service exports showed positive recovery in 2021 and is expected to growth further in 2022 as the country recovers from the pandemic effects. Transport services was the highest export in services by Tanzania at US$ 1.5 billion in 2021, making up 46.5% of total services exports in the year. Travel services was the second category of services exported by Tanzania at US$ 1.4 billion in 2021 making up 43.2% of total services exports in the year *(Table 3.25).*

Table 3. 25: Top services exported to the world by Tanzania in 2021

Rank	EBOPS Service Type	$USD billion	% of total services exported
1	Transport	*1.5*	*46.5%*
2	Travel	*1.4*	*43.2%*
3	Other business services	*0.2*	*7.5%*
4	Insurance and pension services	*0.0*	*0.9%*
5	Financial services	*0.0*	*0.8%*
	All services exported	***3.2***	***100.0%***

Figure 3. 29: URT Global Services Exports by category 2016-2021



Imports

Transport (US$ 813 million) and other business services (US$ 300 million) dominated Tanzania's services imports in 2021. Cumulatively these two categories

formed 66% of total services imported by Tanzania in the year 2021 *(Table 3.26).* Other categories were travel and government goods and services.

Table 3. 26: Top services imported from the world by Tanzania in 2021

Rank	EBOPS Service Type	$USD million	% of total services imported
1	Transport	*813*	*47.3%*
2	Other business services	*333*	*19.4%*
3	Travel	*239*	*13.9%*
4	Government goods and services n.i.e.	*151*	*8.8%*
5	Insurance and pension services	*76*	*4.4%*
	All services imported	***1719***	***100.0%***

Figure 3. 30: URT Global Services Imports by category 2016-2021

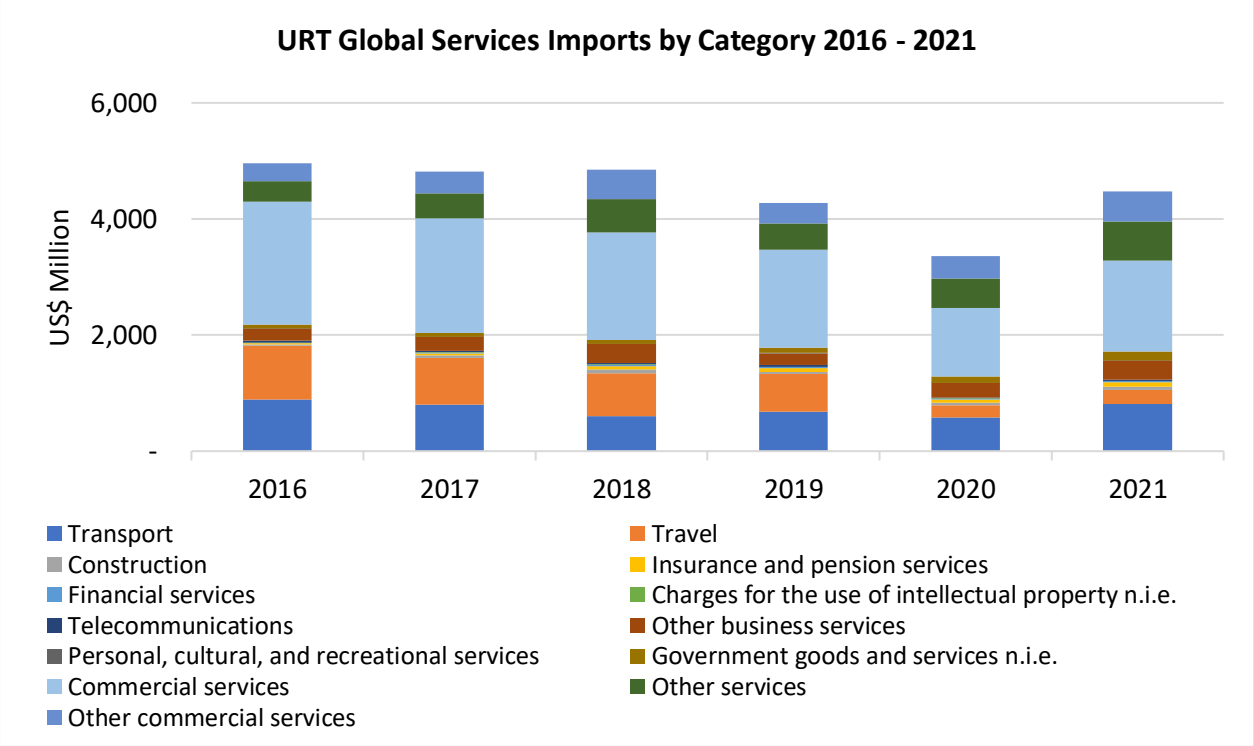


Table 3. 27: URT Commercial Services by Partner 2016 - 2021 (US$ million)

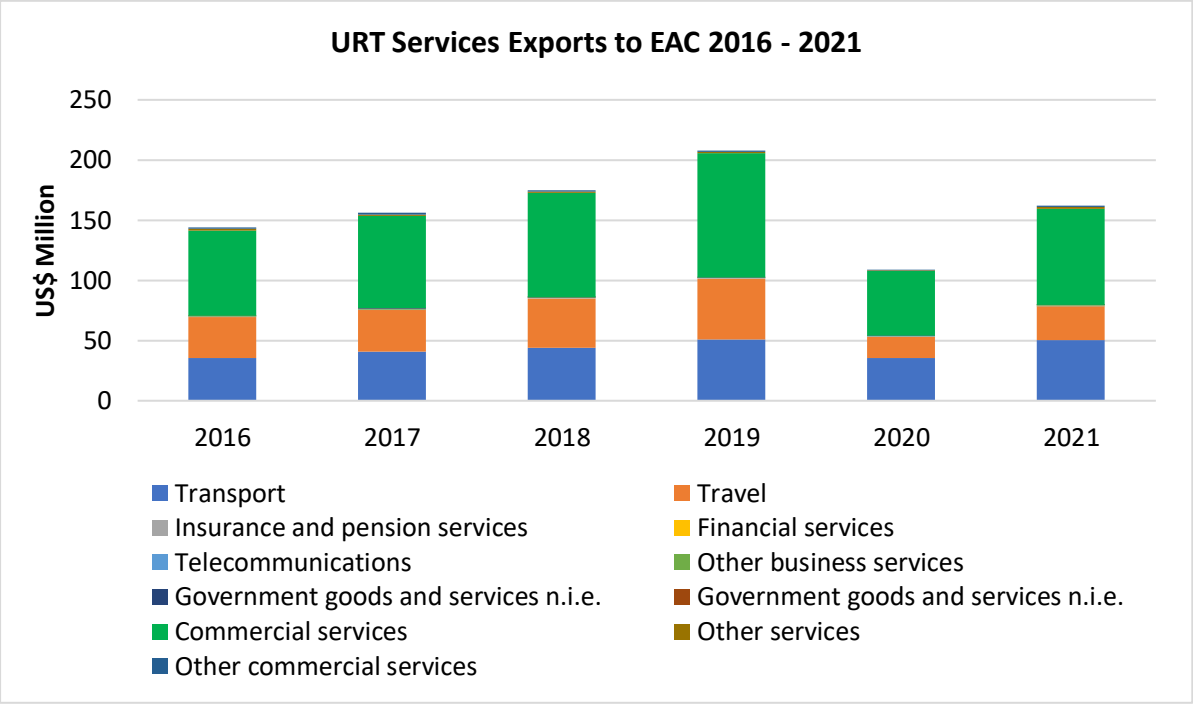
Year	2016		2017		2018		2019		2020		2021	
Flow	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Partner Country												
World	3,599.30	2,176.43	3,831.87	2,039.88	4,014.67	1,915.91	4,280.98	1,782.50	2,183.77	1,292.04	3,227.86	1,718.85
United States	328.20	275.43	335.03	237.78	355.33	260.43	383.91	255.16	190.43	171.55	246.01	213.99
China	249.00	155.27	239.34	138.03	256.55	132.34	300.04	126.85	160.00	99.55	282.95	165.02
United Kingdom	160.24	148.02	159.07	139.39	185.77	125.27	172.31	111.56	82.64	78.33	114.55	97.92
India	163.67	123.18	200.31	116.61	175.33	102.44	213.87	93.71	101.03	65.85	185.63	95.04
Hong Kong, China	82.03	106.85	94.56	97.66	108.68	88.86	130.75	81.71	85.95	62.37	98.86	81.37
Germany	204.37	92.42	177.73	90.89	153.73	81.88	180.14	77.54	91.85	58.26	158.33	67.90
Japan	185.57	82.94	162.82	81.29	146.99	73.42	170.75	71.11	83.96	48.83	125.08	66.12
Netherlands	97.39	66.56	109.73	57.20	116.94	54.01	131.06	51.65	62.64	43.80	95.24	55.42
France	86.57	67.97	91.82	52.66	85.61	62.10	86.37	47.35	45.93	35.59	64.10	39.94
Spain	40.32	39.52	47.28	40.64	45.22	35.16	50.35	39.53	63.52	26.35	71.61	37.19
UAE	140.42	49.63	165.36	52.03	180.86	45.98	187.01	41.64	82.62	28.76	122.65	36.84
Kenya	49.66	36.71	55.26	31.13	57.78	29.71	67.62	28.88	33.73	21.05	55.74	30.43
Australia	41.54	32.23	42.89	29.42	76.04	27.14	46.35	31.56	22.84	16.81	40.05	30.19
Korea	50.67	30.64	49.76	27.16	48.08	25.64	54.41	21.86	30.34	17.22	37.23	25.21
South Africa	64.47	24.72	73.48	22.94	62.93	20.65	93.82	19.29	49.70	12.75	89.28	17.40
Russia	44.49	16.47	49.49	17.95	47.15	15.50	49.81	12.84	25.58	12.47	37.27	15.17
Egypt	5.46	19.98	5.06	16.43	11.82	16.98	12.12	14.41	4.92	11.80	7.35	13.57
Saudi Arabia	130.39	15.22	152.77	15.91	173.15	14.37	178.71	13.00	79.57	9.02	118.81	11.60
Ukraine	12.90	4.69	15.29	3.70	15.11	5.20	14.84	5.07	7.68	5.62	9.96	5.20
Uganda	8.45	4.00	9.00	3.46	14.89	3.58	19.45	3.47	11.87	2.90	12.91	3.16
Nigeria	29.94	3.74	32.96	3.76	36.45	3.35	38.94	3.09	18.05	2.20	25.30	2.72
Burundi	3.98	0.55	4.35	0.46	4.07	0.56	5.07	0.51	3.45	0.55	4.70	0.55
DRC	3.90	0.52	4.51	0.53	5.22	0.49	5.59	0.45	2.60	0.32	3.85	0.41
Rwanda	2.41	0.36	2.82	0.38	3.01	0.33	3.23	0.30	1.52	0.22	2.18	0.27

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

URT Intra-EAC Trade in Services

Exports

Figure 3. 31: URT Services Exports to EAC 2016-2021



Imports

Figure 3. 32: URT Services Imports from EAC 2016-2021

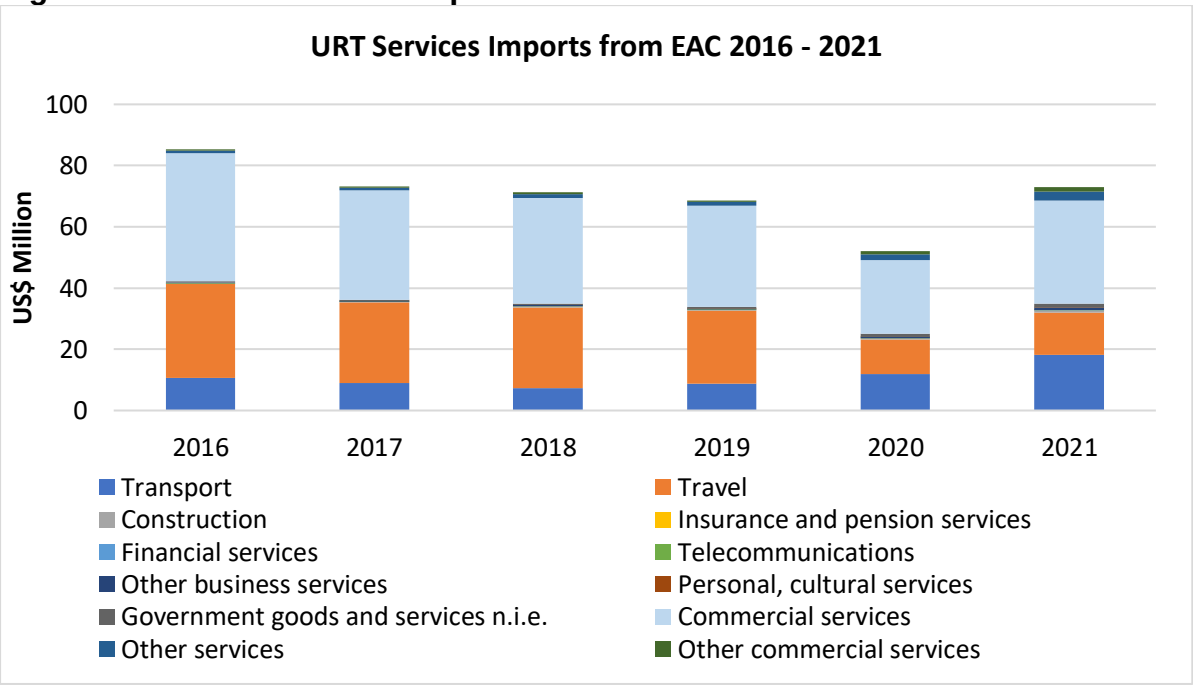


Table 3. 28: URT Commercial Services Global Trade by service category 2016 - 2021 (US$ million)

	2016		2017		2018		2019		2020		2021	
Flow	**Exports**	**Imports**	**Exports**	**Imports**	**Exports**	**Imports**	**Exports**	**Imports**	**Exports**	**Imports**	**Exports**	**Imports**
Service												
Manufacturing services on physical inputs owned by others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance and repair services n.i.e.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transport	1,053.61	893.71	1,141.05	800.34	1,227.53	605.11	1,355.90	681.46	1,284.64	583.67	1,500.37	813.10
Travel	2,131.60	922.33	2,250.30	807.27	2,449.37	738.07	2,604.46	651.11	714.54	203.83	1,396.18	238.92
Construction	0.00	22.63	0.00	39.18	0.00	63.07	0.00	35.80	0.00	47.73	0.00	63.16
Insurance and pension services	45.35	23.39	35.94	37.07	38.28	57.38	38.59	63.38	16.72	57.47	30.13	76.04
Financial services	20.53	6.04	27.70	13.88	11.98	21.72	23.36	17.32	14.57	11.56	26.25	15.29
Charges for the use of intellectual property n.i.e.	0.26	1.40	0.10	3.85	0.08	6.13	0.02	5.75	0.01	3.30	0.01	4.36
Telecommunications, computer, and information services	29.08	38.51	15.96	26.22	22.25	24.93	28.74	28.80	13.57	16.71	24.45	22.11
Other business services	296.08	208.54	339.90	243.32	249.14	335.90	223.53	203.55	134.07	251.69	241.63	333.01
Personal, cultural, and recreational services	0.58	0.06	0.96	3.00	1.16	1.62	1.79	2.72	1.46	1.32	2.63	1.74
Government goods and services n.i.e.	22.21	59.83	19.97	65.74	14.88	61.99	4.61	92.60	4.20	114.76	6.20	151.12
Commercial services	3,577.09	2,116.60	3,811.90	1,974.14	3,999.79	1,853.92	4,276.37	1,689.90	2,179.57	1,177.28	3,221.66	1,567.73
Other services	414.09	360.39	440.53	432.26	337.77	572.73	320.63	449.93	184.59	504.54	331.32	666.84
Other commercial services	391.88	300.56	420.55	366.52	322.90	510.74	316.02	357.33	180.39	389.78	325.11	515.71
Goods-related services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

3.2.6 Republic of Uganda

Uganda Global Trade in Services

Economic activity was hit by COVID-19 lockdowns in 2020 and 2021. Growth recovered from a contraction of 1.5% in 2020 to 6.0% in 2021. The economic acceleration was spurred by the lifting of all COVID-19- related mobility restrictions, which more than offset any spillover effects from the war in Ukraine and the increase in global commodity prices.

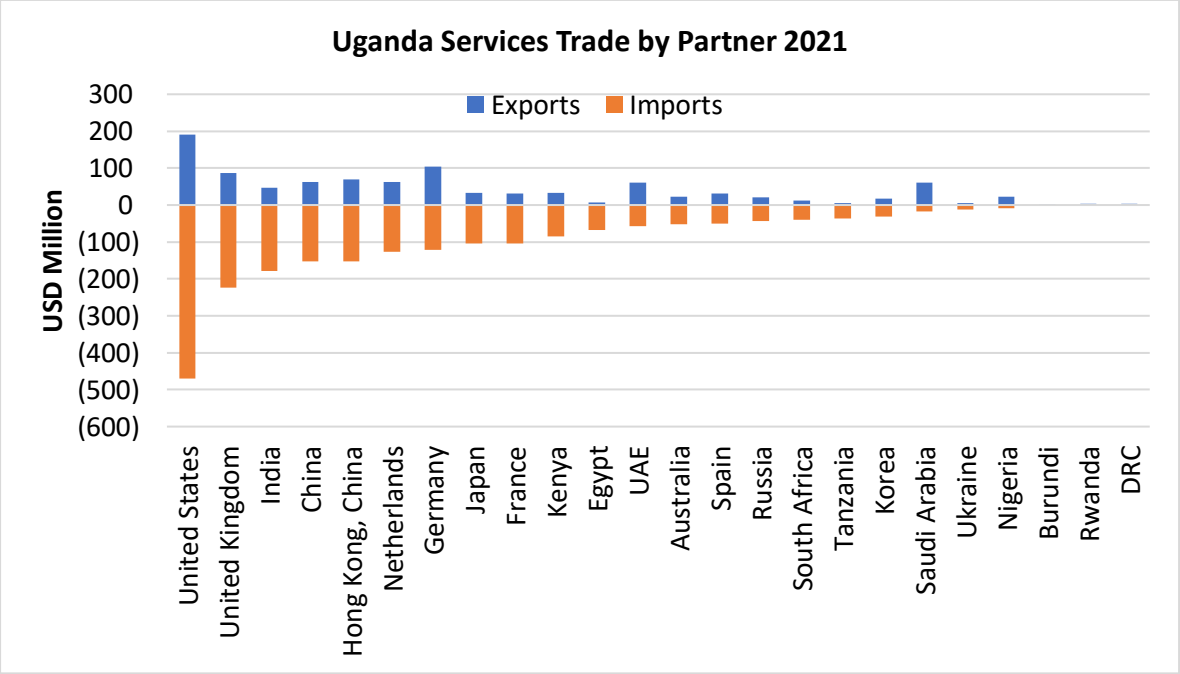
The Services sector continue to be the lead contributor to GDP in Uganda in 2021. The overall services sector activities value added grew by 2.7 percent in FY2020/21, compared to 2.5 percent in FY2019/20. The main contributors to the growth in services sector were Public administration, Real estate activities, Information and communication then Health & social work activities. The sector contributed 41.9 percent to GDP growth in FY2020/21, compared to 42.8 percent in FY2019/20.

The revised Gross Domestic Product estimates for the Fiscal Year (FY) 2020/21 indicate that the Ugandan economy grew by 3.4 percent. This growth is 0.4 percentage points lower than the revised growth of 3.0 percent registered in FY2019/20. The Services sector grew by 2.7 percent in FY2020/21 which is a 0.2 percent higher than the previous year's growth. Services continue to be the lead contributor to GDP, accounting for 41.9 percent of the overall GDP in FY2020/21.

Table 3. 29: Total Trade in Services in Uganda 2016 - 2022 (US$ million)

Category	2017	2018	2019	2020	2021	2022	% Change
Total Services Exports	1,646	2,447	2,208	1,217	1,852		
Total Services Imports	2,067	2,632	2,945	3,099	3,164		
Total Services	3,713	5,078	5,153	4,316	5,016		

Figure 3. 33: Commercial Services by Partner 2021 (US$ million)



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

Uganda Trade in Services by Composition

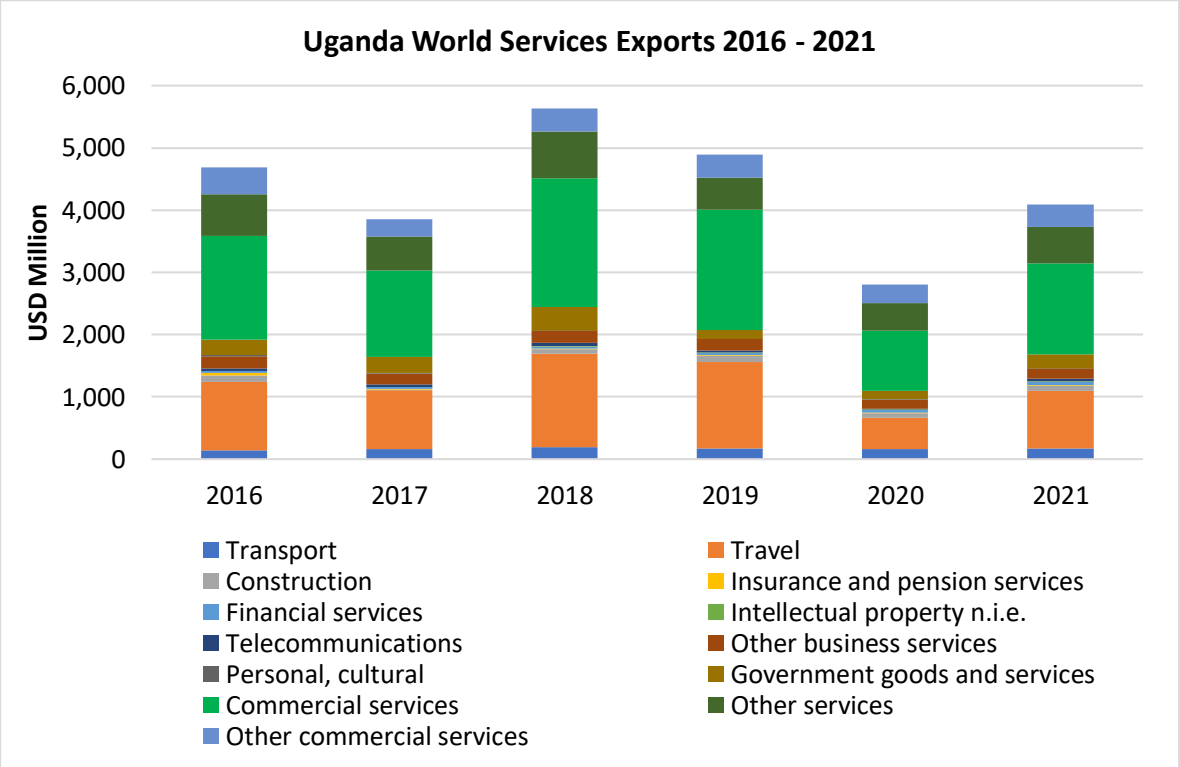
Exports

Uganda's services exports in 2021 were dominated by travel (US$ 877 million), government services (US$ 374 million), and transport (US$ 173 million). Travel services alone accounted for 47.4% of total services exports by Uganda in 2021 *(Table 3.30)*. The value added for Information and communication services grew by 11.8 percent in FY2020/21, from 19.6 percent in 2019/20. The largest contributor to the growth of Information and communication services was telecommunications (14.7 percent).

Table 3. 30: Top services exported to the world by Uganda in 2021

Rank	EBOPS Service Type	$USD million	% of total services exported
1	Travel	*877*	*47.4%*
2	Government goods and services n.i.e.	*374*	*20.2%*
3	Transport	*173*	*9.3%*
4	Other business services	*162*	*8.7%*
5	Telecommunications, computer, and information services	*105*	*5.7%*
	All services exported	***1852***	***100.0%***

Figure 3. 34: Uganda World Services Exports 2016-2021



Imports

Uganda's services imports were dominated by transport and other business services in 2021 *(Table 3.31)*. Combined these two categories accounted for over 80% percent of total imports services in 2021. Cumulatively the value of the two categories was over US$ 2 billion in 2021.

Table 3. 31: Top services imported from the world by Uganda in 2021

Rank	EBOPS Service Type	$USD billion	% of total services imported
1	Transport	*1.6*	*51.1%*
2	Other business services	*1.0*	*30.2%*
3	Travel	*0.3*	*7.8%*
4	Telecommunications, computer, and information services	*0.1*	*3.2%*
5	Construction	*0.1*	*3.1%*
	All services imported	***3.2***	***100.0%***

Figure 3. 35: Uganda World Services Imports 2016-2021

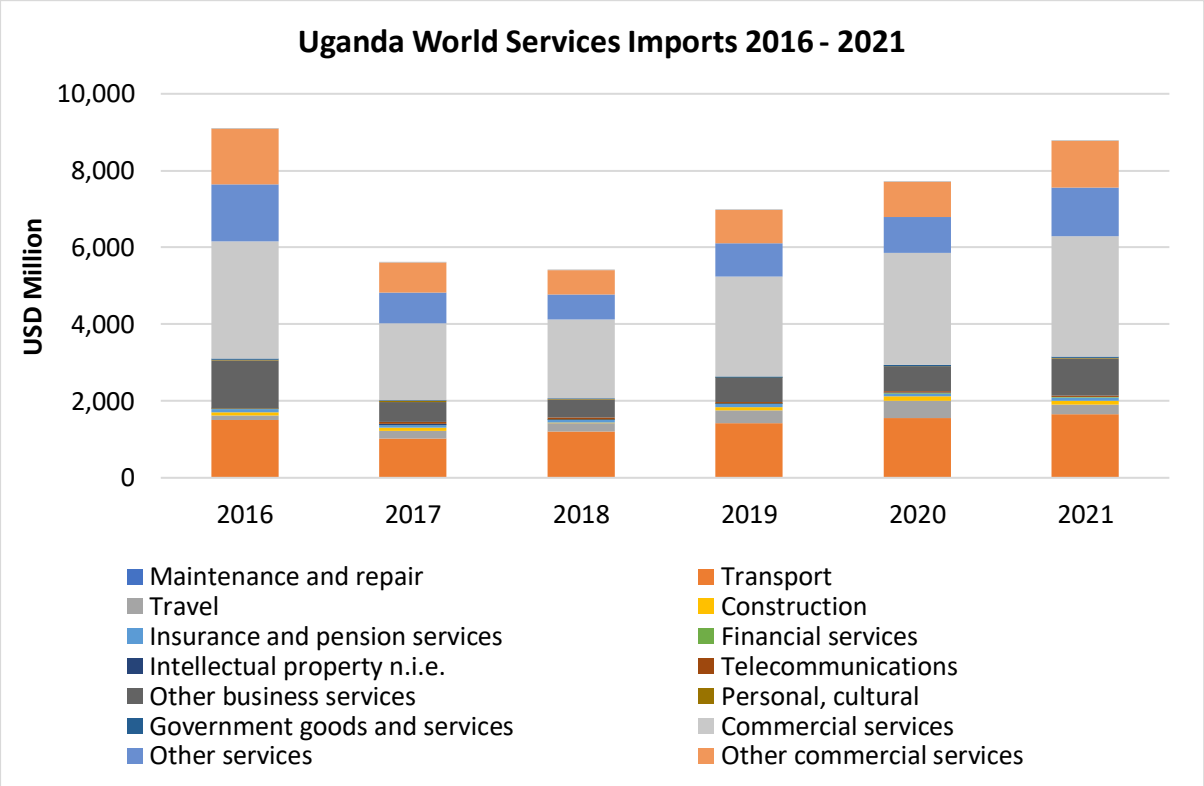


Table 3. 32: Uganda Commercial Services by Partner 2016 - 2021 (US$ million)

Year	2016		2017		2018		2019		2020		2021	
Flow	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Partner Country												
World	1,915.23	2,026.34	1,645.60	2,067.07	2,446.71	2,631.74	2,076.13	2,945.05	1,101.06	3,099.12	1,683.33	3,164.25
United States	212.81	271.44	206.80	295.91	273.61	379.78	251.05	437.72	145.57	443.44	191.09	469.28
United Kingdom	130.46	158.18	99.64	151.06	134.82	192.89	114.92	200.55	61.99	208.05	86.73	224.18
India	54.12	131.20	42.85	126.03	53.63	163.44	51.45	183.14	28.68	189.84	47.51	178.62
China	63.50	103.80	50.94	103.82	81.50	134.22	72.59	148.96	40.33	155.30	61.58	152.15
Hong Kong, China	82.09	128.74	69.99	114.73	115.91	107.07	87.89	111.19	49.14	123.27	68.64	152.01
Netherlands	70.42	59.83	58.57	60.46	88.30	82.21	71.85	83.62	37.34	115.42	62.86	126.46
Germany	105.31	82.19	90.98	83.81	136.17	107.73	108.47	114.96	64.28	126.18	103.57	121.67
Japan	39.34	75.69	38.61	88.55	51.58	100.96	42.99	107.12	21.71	111.06	33.65	103.80
France	34.97	50.04	29.25	52.77	41.87	56.73	36.18	59.23	18.17	94.99	31.79	103.43
Kenya	36.68	54.31	35.14	53.50	54.01	68.91	42.44	81.69	22.73	83.84	32.53	84.13
Egypt	4.73	37.67	3.65	40.37	9.39	57.30	9.34	62.93	5.43	62.80	6.97	68.14
UAE	67.30	37.00	57.22	36.82	96.82	47.61	81.65	52.86	36.91	50.82	60.91	57.53
Australia	25.21	17.64	20.15	27.38	28.53	25.44	25.30	25.05	14.84	25.82	22.59	52.87
Spain	33.16	37.60	28.19	34.92	41.01	48.76	31.54	52.26	21.30	52.52	31.68	49.52
Russia	21.02	13.17	19.79	15.89	20.98	21.77	19.07	21.40	10.55	31.99	20.09	42.48
South Africa	15.75	24.56	11.52	25.90	17.05	35.13	14.71	39.01	9.95	32.36	12.17	39.56
Tanzania	5.66	12.96	4.15	12.63	7.07	25.82	6.43	32.28	4.03	39.42	5.08	36.35
Korea	21.27	21.61	17.10	22.30	24.00	31.11	19.55	30.79	11.75	35.49	17.05	32.06
Saudi Arabia	64.45	11.25	54.52	11.16	95.60	14.70	80.47	16.31	36.66	15.74	60.85	17.87
Ukraine	6.54	5.42	4.61	7.39	9.65	9.35	7.99	13.29	3.53	9.82	5.65	12.00
Nigeria	25.11	5.54	19.95	5.33	34.14	6.92	29.74	7.82	14.11	7.70	21.98	8.47
Burundi	2.43	0.80	1.91	0.79	2.67	1.25	2.39	1.63	1.43	2.27	2.25	1.90
Rwanda	2.96	0.59	2.50	0.59	4.13	0.75	3.62	0.85	1.74	0.84	2.77	0.93
DRC	3.05	0.53	2.55	0.52	4.56	0.70	3.98	0.79	1.89	0.78	3.12	0.88

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.

Figure 3. 36: Uganda Services Exports to EAC 2016-2021

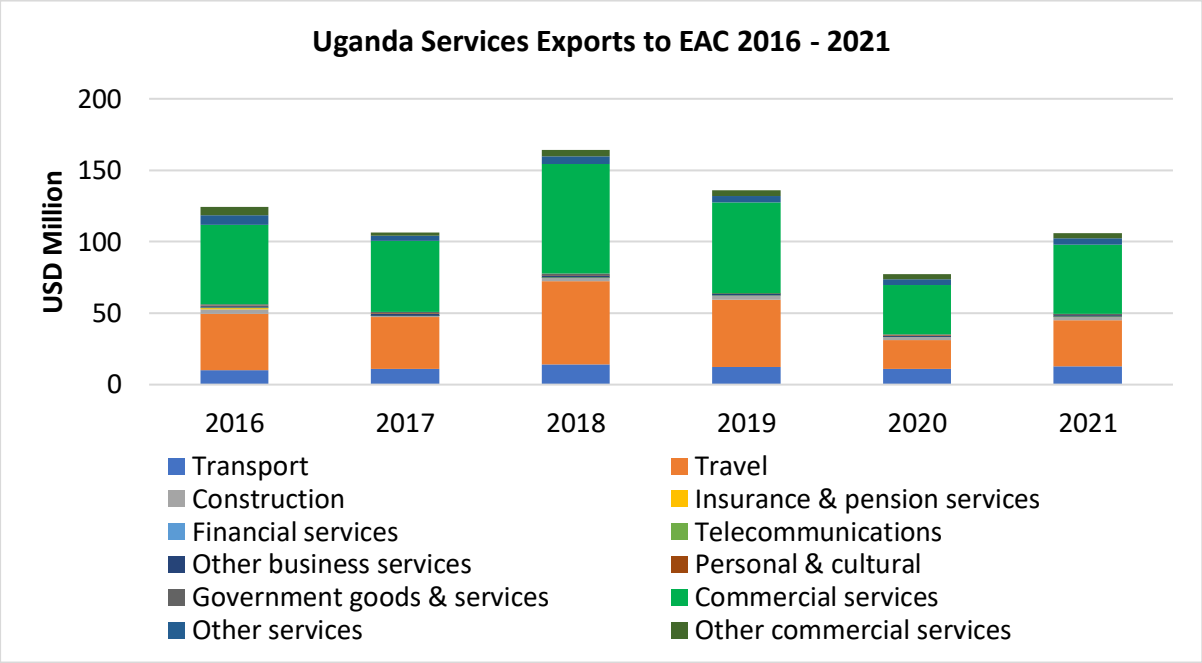


Figure 3. 37: Uganda Services Imports from EAC 2016-2021

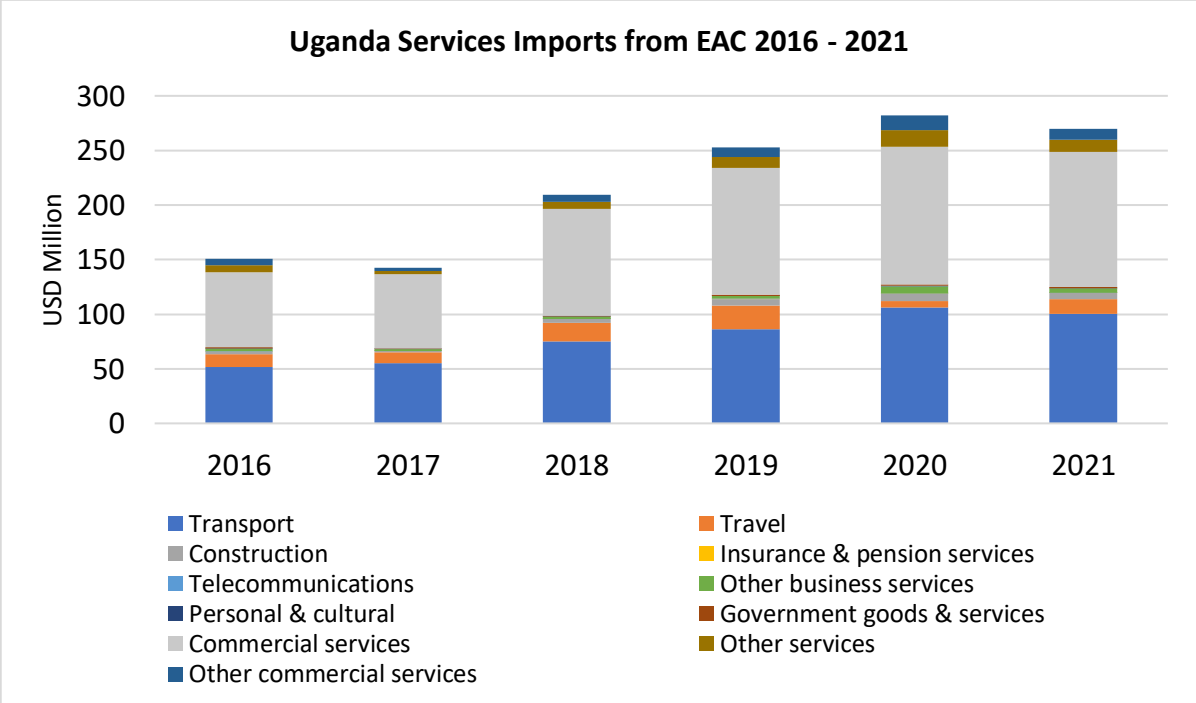


Table 3. 33: Uganda Commercial Services Global Trade by service category 2016 - 2021 (US$ million)

	2016		2017		2018		2019		2020		2021	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Service												
Manufacturing services on physical inputs owned by others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance and repair services n.i.e.	0.00	1.52	0.00	1.33	0.00	0.02	0.00	0.03	0.00	0.02	0.00	0.03
Transport	142.65	1,015.06	162.31	1,202.91	189.77	1,428.43	176.01	1,555.31	159.10	1,507.84	173.84	1,648.47
Travel	1,101.71	208.47	940.92	213.95	1,505.98	333.45	1,384.50	449.86	503.55	110.17	927.01	252.39
Construction	103.89	76.14	19.27	26.89	69.18	80.00	105.42	110.25	73.34	89.94	80.65	104.87
Insurance and pension services	38.78	68.84	4.42	55.77	6.86	74.56	7.25	72.20	11.96	75.25	12.70	82.21
Financial services	29.00	9.69	30.94	9.73	32.10	11.44	34.42	12.28	44.48	16.15	44.99	16.00
Charges for the use of intellectual property n.i.e.	1.53	19.74	1.57	17.64	10.39	11.05	7.53	22.37	3.17	0.00	14.78	0.00
Telecommunications, computer, and information services	39.94	53.91	39.11	36.70	52.39	27.78	27.77	31.98	14.76	11.71	41.54	30.47
Other business services	198.69	527.55	180.05	475.00	194.63	639.05	183.99	646.50	147.68	1,244.64	162.40	978.72
Personal, cultural, and recreational services	15.44	22.10	7.11	15.12	4.96	8.40	3.68	11.91	3.75	10.32	3.98	11.63
Government goods and services n.i.e.	243.61	23.31	259.91	12.01	380.46	17.58	145.56	32.35	139.27	33.08	221.45	39.46
Commercial services	1,671.62	2,003.03	1,385.69	2,055.06	2,066.25	2,614.17	1,930.57	2,912.69	961.79	3,066.04	1,461.88	3,124.78
Other services	670.88	801.29	542.37	648.87	750.96	869.85	515.61	939.85	438.41	1,481.10	582.48	1,263.36
Other commercial services	427.26	777.98	282.46	636.86	370.50	852.27	370.06	907.50	299.14	1,448.02	361.03	1,223.90
Goods-related services	0.00	1.52	0.00	1.33	0.00	0.02	0.00	0.03	0.00	0.02	0.00	0.03

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

3.2.7 Democratic Republic of Congo

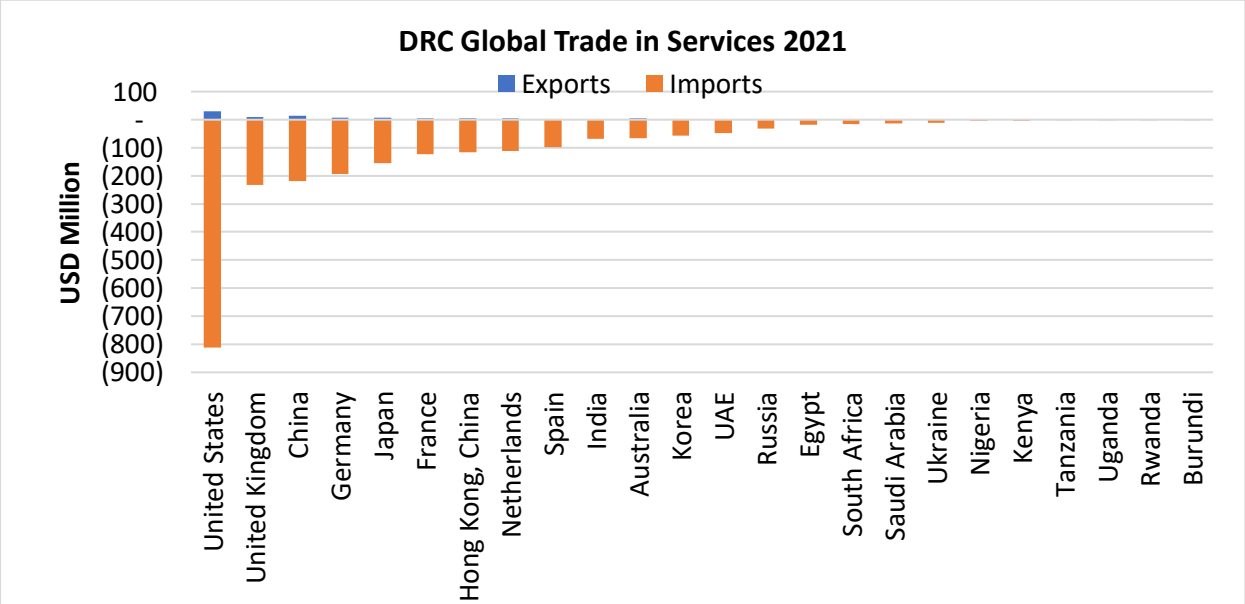
DRC Global Trade in Services

DRC trade in services declined in 2020 but recovered in 2021. It is dominated by imports. The top services imported in 2020 were Transportation ($1.08B), Merchanting and other trade-related services ($551M), Insurance services ($476M), Business travel ($204M), and Government services, n.i.e. ($195M). On the other hand, the top services exported in 2020 were business travel ($80.8M), Government services, n.i.e. ($28.4M), Transportation ($23.5M), Other personal, cultural, and recreational services ($8.97M), and Merchanting and other trade-related services ($4.41M).

Table 3. 34: Total Trade in Services in DRC 2016 - 2022 (US$ million)

Category	2017	2018	2019	2020	2021	2022	% Change
Total Services Exports	108	115	142	144	169		
Total Services Imports	2,089	1,773	2,802	2,260	2,691		
Total Services	2,197	1,887	2,944	2,404	2,860		

Figure 3. 38: DRC Commercial Services by Partner 2021 (US$ million)



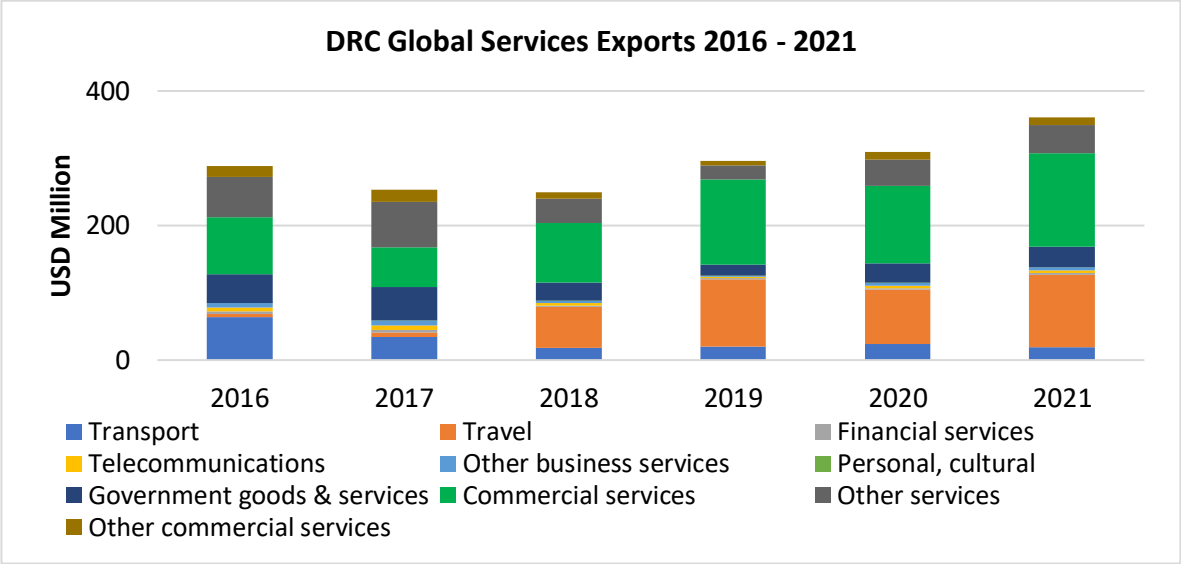
DRC Trade in Services by Composition

Exports

Table 3. 35: Top services exported to the world by DRC in 2021

Rank	EBOPS Service Type	$USD million	% of total services exported
1	Travel	81	56.3%
2	Government goods and services n.i.e.	28	19.4%
3	Transport	24	16.7%
4	Other business services	4	2.8%
5	Telecommunications, computer, and information services	4	2.8%
	All services exported	**144**	**100.0%**

Figure 3. 39: DRC Global Services Exports 2016-2021



Imports

Table 3. 36: Top services imported from the world by DRC in 2021

Rank	EBOPS Service Type	$USD million	% of total services imported
1	Transport	1076	40.0%
2	Other business services	551	20.5%
3	Insurance and pension services	476	17.7%
4	Travel	204	7.6%
5	Government goods and services n.i.e.	195	7.2%
	All services imported	**2691**	**100.0%**

Figure 3. 40: DRC Global Services Imports 2016-2021

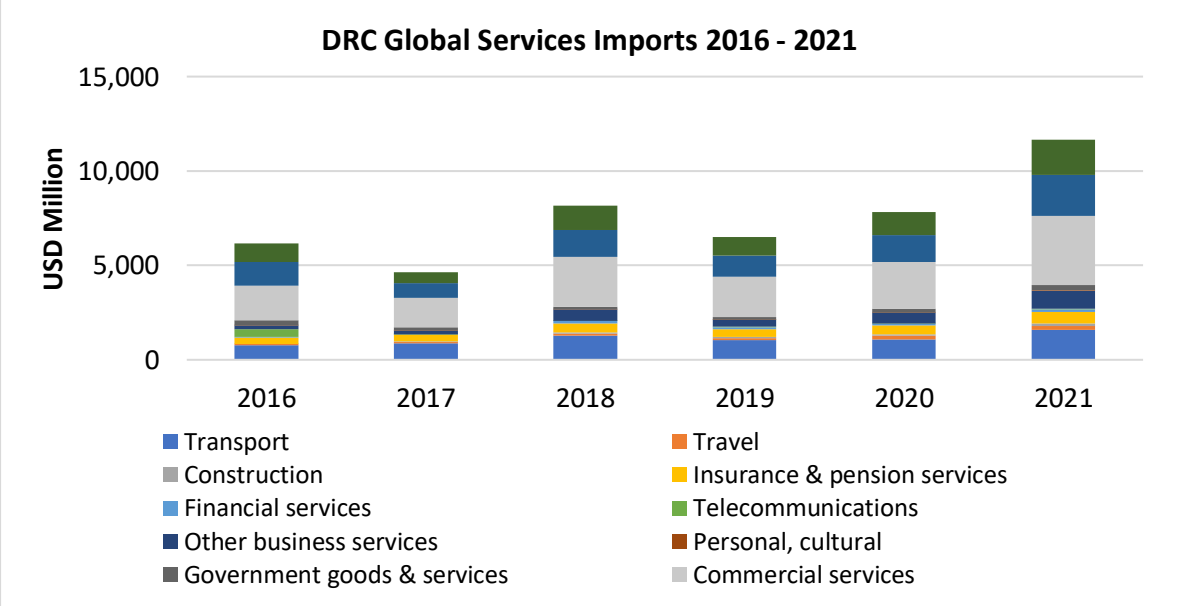


Table 3. 37: Commercial Services by Partner 2016 - 2021 (US$ million)

Year	2016		2017		2018		2019		2020		2021	
Flow	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Partner Country												
United States	22.03	429.82	18.47	352.82	19.52	571.85	24.48	465.22	24.95	555.93	28.96	810.64
United Kingdom	7.22	125.32	5.92	101.40	6.31	165.26	7.74	132.66	7.82	157.64	9.27	232.95
China	8.90	108.72	7.62	90.41	8.30	149.31	10.38	121.31	10.86	147.30	13.07	219.62
Germany	5.82	102.28	4.92	84.43	5.25	137.69	6.41	110.11	6.60	132.38	7.65	192.85
Japan	6.18	87.05	5.06	70.37	5.27	113.12	6.54	91.41	6.68	109.38	7.37	154.52
France	3.40	65.54	2.86	53.91	3.05	87.88	3.72	70.27	3.77	83.69	4.42	122.68
Hong Kong, China	4.04	62.69	3.42	51.75	3.62	84.01	4.47	67.66	4.50	80.22	5.16	116.08
Netherlands	2.74	58.19	2.31	48.03	2.49	78.71	3.06	63.25	3.15	76.03	3.68	111.25
Spain	1.94	52.23	1.64	43.13	1.75	70.44	2.14	56.36	2.12	66.22	2.48	96.88
India	1.88	34.57	1.65	29.19	1.72	46.88	2.16	38.20	2.16	45.19	2.60	67.33
Australia	3.82	33.91	3.27	28.20	3.42	45.37	4.17	36.29	4.25	43.38	5.14	64.84
Korea	2.30	30.54	1.96	25.33	2.08	41.15	2.52	32.72	2.59	39.29	3.00	57.31
United Arab Emirates	1.53	25.35	1.30	21.02	1.40	34.42	1.71	27.61	1.65	31.85	1.97	47.23
Russia	1.54	16.35	1.39	14.04	1.46	22.73	1.82	18.42	1.77	21.35	2.13	31.87
Egypt	0.32	9.46	0.23	7.00	0.24	11.39	0.32	9.65	0.36	12.20	0.42	17.82
South Africa	0.70	8.00	0.62	6.79	0.65	11.02	0.79	8.77	0.76	10.15	0.93	15.29
Saudi Arabia	1.29	7.57	1.09	6.25	1.21	10.47	1.49	8.39	1.44	9.72	1.73	14.47
Ukraine	0.37	4.96	0.33	4.23	0.37	7.06	0.49	5.94	0.51	7.17	0.63	10.88
Nigeria	0.31	1.99	0.25	1.58	0.27	2.61	0.34	2.13	0.35	2.53	0.39	3.63
Kenya	0.11	1.73	0.09	1.44	0.10	2.38	0.13	1.96	0.13	2.36	0.15	3.43
Tanzania	0.05	1.12	0.04	0.93	0.04	1.51	0.05	1.23	0.06	1.51	0.07	2.19
Uganda	0.03	0.34	0.03	0.28	0.03	0.45	0.03	0.38	0.04	0.45	0.04	0.66
Rwanda	0.01	0.08	0.01	0.07	0.01	0.11	0.01	0.09	0.01	0.11	0.02	0.16
Burundi	0.01	0.07	0.01	0.06	0.01	0.09	0.01	0.07	0.01	0.09	0.01	0.13

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

DRC Intra-EAC Trade in Services

Figure 3. 41: DRC Services Exports to EAC 2016-2021

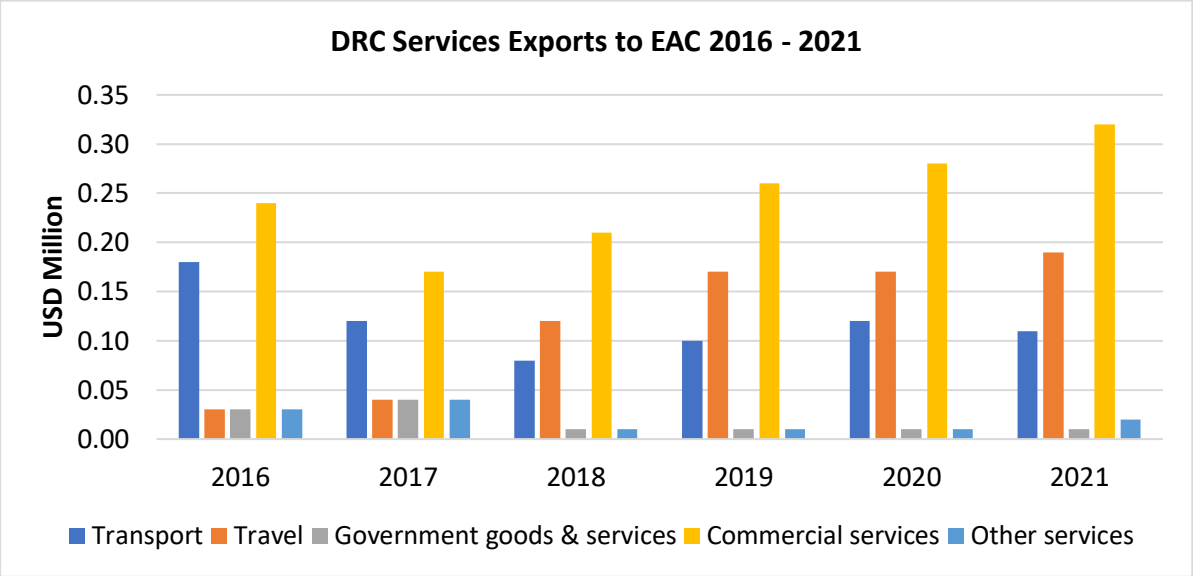


Figure 3. 42: DRC Services Imports from EAC 2016-2021

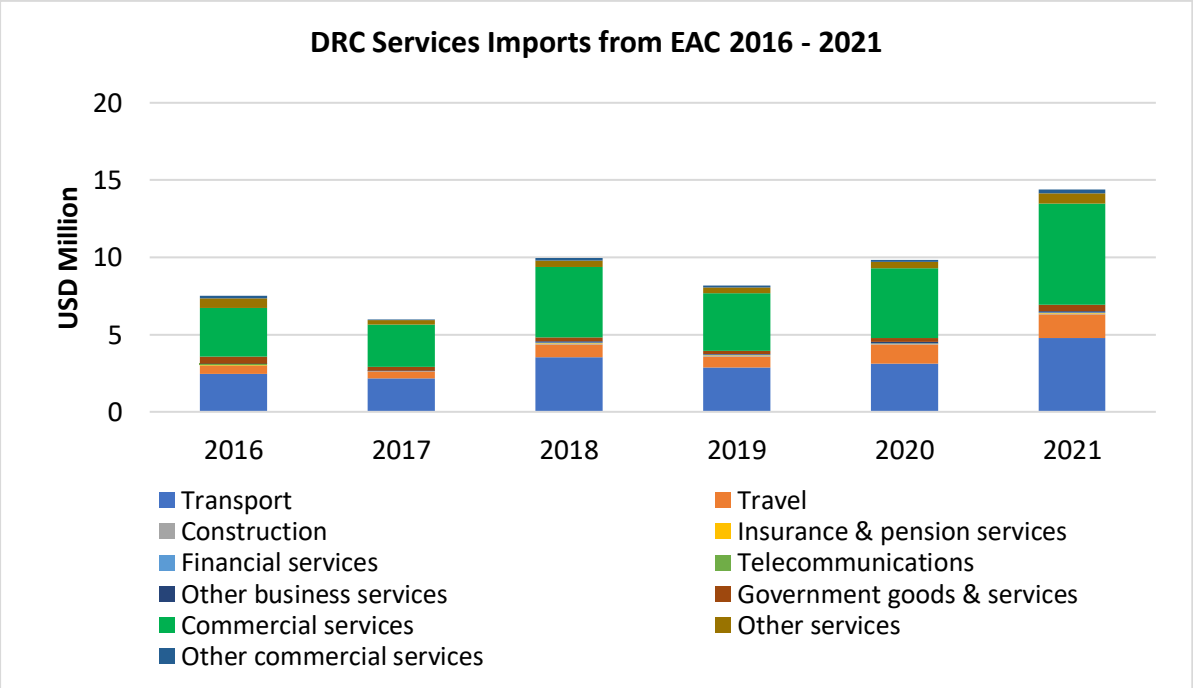


Table 3. 38: DRC Commercial Services Global Trade by service category 2016 - 2021 (US$ million)

Year	2016		2017		2018		2019		2020		2021	
Flow	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Service												
Manufacturing services on physical inputs owned by others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance and repair services n.i.e.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transport	63.94	772.42	34.57	874.24	18.46	1,264.05	20.36	1,051.45	23.55	1,076.06	19.21	1,581.08
Travel	4.26	59.77	6.01	67.52	60.49	114.83	99.73	95.63	80.79	203.73	107.68	219.49
Construction	0.00	19.44	0.00	18.10	0.00	73.27	0.00	71.14	0.00	65.44	0.00	126.47
Insurance and pension services	0.00	311.19	0.00	373.13	0.00	482.59	0.00	417.35	0.00	476.20	0.00	598.17
Financial services	3.88	36.09	4.40	24.67	2.33	116.83	1.42	100.80	2.56	110.31	2.72	160.21
Charges for the use of intellectual property n.i.e.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Telecommunications, computer, and information services	5.80	434.82	6.57	1.12	3.48	4.65	2.12	5.15	3.82	4.36	4.07	7.83
Other business services	6.69	188.40	7.58	183.44	4.02	599.31	2.45	380.15	4.41	551.17	4.69	974.91
Personal, cultural, and recreational services	0.10	2.60	0.12	2.30	0.06	9.56	0.04	10.60	0.07	8.97	0.07	16.12
Government goods and services n.i.e.	43.14	264.66	48.89	178.15	25.94	136.65	15.78	127.78	28.43	195.16	30.26	263.58
Commercial services	84.67	1,824.70	59.24	1,544.51	88.86	2,665.09	126.11	2,132.26	115.19	2,496.25	138.43	3,684.27
Other services	59.61	1,257.18	67.56	780.90	35.84	1,422.87	21.81	1,112.96	39.29	1,411.62	41.81	2,147.28
Other commercial services	16.47	992.52	18.66	602.75	9.90	1,286.22	6.03	985.18	10.85	1,216.46	11.55	1,883.71
Goods-related services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

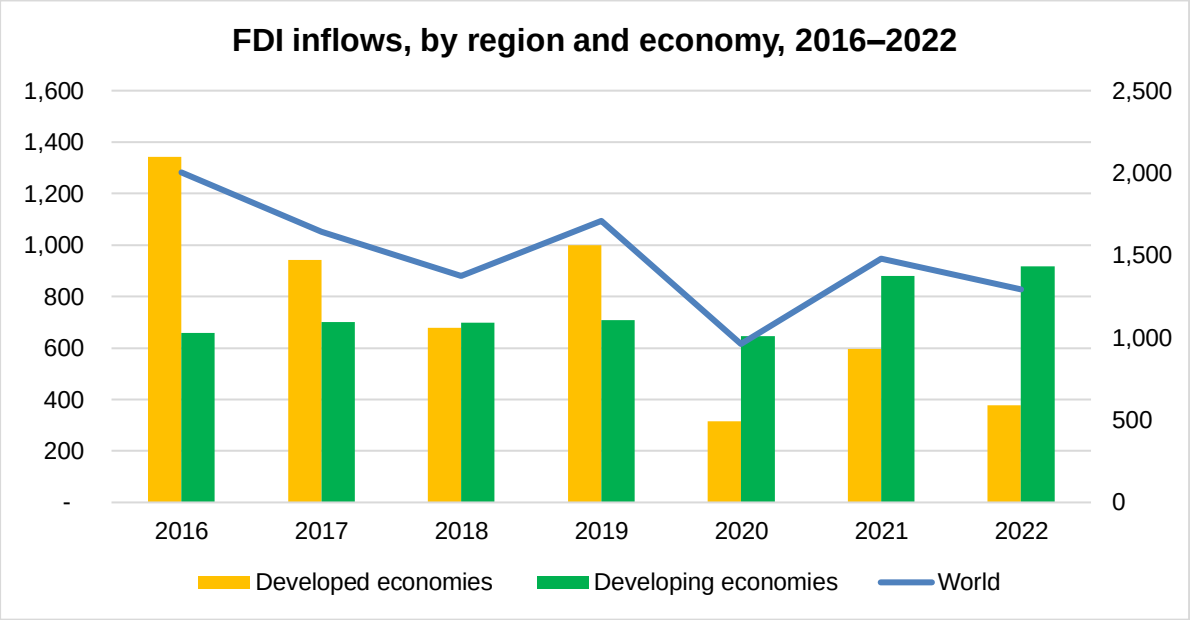
CHAPTER 4: INVESTMENT TRENDS IN THE EAC

4.1 Global Investment Trends

UNCTAD's World Investment Report 2022 shows that global foreign direct investment (FDI) grew 64% in 2021 to $1.58 trillion from the low levels recorded in 2020 (UNCTAD 2022). The FDI outflow was more than inflows across Europe and North America, whereas Africa, Asia and Caribbean states received more FDI in their countries than they did invest outside. Oceania countries recorded more of disinvestment in 2021.

The recovery and the increased FDI recovery were as a result of booming merger and acquisition (M&A) markets, growth in international project finance, and developments in infrastructure.

Figure 4. 1: FDI Inflows, Global and by Economic Grouping 2016-2021 (US$ billion, %)



Source: UNCTAD 2023

Despite this significant boom in FDI in 2022, the effects of the Russia-Ukraine war and the continued effects of the covid-19 pandemic greatly affected the price of fuel, food, and finance hence causing uncertainty to investors. Covid-19 resurgence in other parts of the world led to the imposition of new lock down measures thus slowing down greenfield projects. There were increases in lending rates thus causing inflation which were pointing towards recession, hence slowing down M&A and hampering the growth of international project finance. The new projects appear resilient, despite the FDI flows of 2022 showing a flat or downward trajectory.

Developed regions grew FDI flows more than developing economies, despite the latter having a 30% increase to $837 billion mainly due to Asia, Latin America and Caribbean, and Africa. International investments in sectors relevant to Sustainable

Development Goals (SDGs) in developing countries grew by 70% in 2021. Greenfield announcements and international project finance deals grew by 20% mostly due to renewable energy.

Table 4. 1: FDI inflows by region 2018 - 2022 (US$ M)

Region	2018	2019	2020	2021	2022
Europe	323,683	634,327	132,537	50,711	(106,770)
North America	240,896	280,473	122,766	453,439	337,690
Africa	44,171	45,962	39,195	79,583	44,929
Asia	497,309	503,480	516,465	662,137	661,807
Latin America & Caribbean	154,464	158,143	89,857	137,898	208,454
Oceania	1,293	1,529	1,004	1,276	1,227

Source: UNCTAD 2023

Middle East and Africa

Africa and middle East have experienced a 21% increase in FDI projects from 1083 in 2020 to 1312 in 2021. In addition, regional capital investment rose to $65.5 billion and job creation by 23%. Middle East growth was mainly in the United Arab Emirates, Qatar, and Israel. Specifically, UAE received 455 investments in the region (35%), Qatar had 82 projects, while Israel had 77, showing post covid-19 pandemic recovery (fDi Intelligence 2022).

Table 4. 2: Countries in Middle East and Africa with FDI projects, 2021

Country	Projects
UAE	455
Saudi Arabia	126
South Africa	111
Qatar	82
Israel	77
Egypt	58
Morocco	50
Nigeria	41
Kenya	32
Ghana	27
Other	253
Total	**1312**

Source: FDI Markets

4.2 Foreign Direct Investments to Africa

Africa's FDI flows to Africa more than doubled in 2021 from $39 billion to $83 billion, which was 5.2% of global FDI (UNCTAD, 2022).Best performing RECs in FDI were the Economic Community of Central African States (ECCAS -$1 billion, 21% increase), Southern African Development Community (SADC -$45 billion, increased

fourfold), and drop in Common Market for Eastern and Southern Africa (COMESA - $14 billion, 24% drop) and East African Community (EAC- $3 billion, 8% drop).

Table 4. 3: Africa Foreign direct investment (FDI) 2018 - 2022 (US$ Billion)

Region	2018	2019	2020	2021	2022	2021-2022 Growth rate %
Africa	880	932	965	1,031	1,053	2.1
North Africa	289	307	323	332	334	0.9
Central Africa	91	100	109	111	117	5.4
East Africa	78	85	91	99	107	8.6
Southern Africa	247	252	241	286	284	-0.8
West Africa	175	188	201	204	210	3.2

Source: UNCTAD 2023

The overall increment was in line with other developing nations. Southern Africa, East Africa, and West Africa also recorded an increase, whereas north Africa recorded a decrease. Central Africa experienced not much change of flow. More specifically, the decline in North Africa was driven by FDI drop in Egypt of 12%, though it is ranked second in the continent in FDI inflows. This decline in FDI in Egypt was as a result of investments in exploration and production agreements were not reinvested. The 48% increase in FDI in West Africa was driven by Nigeria ($4.8 billion) due to investments in oil and gas, whereas Ghana's extractive industries pushed the FDI to a high of $2.6 billion. Total greenfield announcements remained at a low of $39 billion in 2021, though an improvement from $32 billion in 2020. International project finance targeting Africa increased by 26% to 116 with a resurgence value of $121 billion, up from $36 billion in 2020, mainly driven by power ($56 billion) and renewables ($26 billion). European investors remain the largest holders of foreign assets in Africa, led by the United Kingdom ($65 billion) and France ($60 billion).

Central Africa's growth in FDI was by DRC's $1.9 billion offshore oil field and mining, while Congo's decline in FDI of $3.7 billion. Southern Africa's increase in FDI was due to $42 billion corporate reconfiguration, $4.6 billion clean energy finance deal, and $1 billion greenfield project for data centre campus.

Table 4. 4: Africa: announced international project finance deals, selected industries, 2019–2021

Sector/industry	Value (Millions of dollars) 2019	2020	2021	2020–2021 growth rate (%)	Number 2019	2020	2021	2020–2021 growth rate (%)
Total	132 442	36 232	121 479	235	149	92	116	26
Top 10 industries by number								
Renewable energy	10 228	12 145	26 407	117	65	41	40	-2
Mining	12 886	4 518	3 786	-16	35	18	16	-11
Oil and gas	42 175	1 031	11 330	999	9	4	15	275
Residential/commercial real estate	3 328	556	3 934	607	12	5	10	100
Industrial real estate	3 728	1 214	2 206	82	8	6	9	50
Transportation infrastructure	10 031	14 209	3 927	-72	8	7	7	0
Power	2 108	1 792	55 509	2 997	6	6	6	0
Telecommunication	47 320	-	1 985	..	3	-	4	..
Agriculture	-	-	7 202	..	-	-	3	..
Water and sewerage	130	351	215	-39	1	2	3	50

Source: UNCTAD 2022

4.3 East Africa Community Total Investment Outlook

The East Africa Community showed resilience in that there were increased public investments in 2021, and this recovery was mainly driven by the service and industry sectors on the supply side. Overall, there were more FDI investments in the EAC REC ($ 4.7 billion) than investments by its citizens outside the region ($160 million) in 2021. This presents a 10.6% growth in FDI in the region compared to the previous year 2020.

4.4 EAC Total Investment Flows

In 2021, the total registered planned investment project in the EAC Region increased by 107 percent to US$ 12,914.25 million from US$6,250.20 million in 2020. Uganda had registered the highest inflows at US$ 4448.67 million followed by Rwanda (US$ 3,749.36 million). Tanzania experienced the highest growth (US$ 3,636.10 million which is almost a fourfold increase.

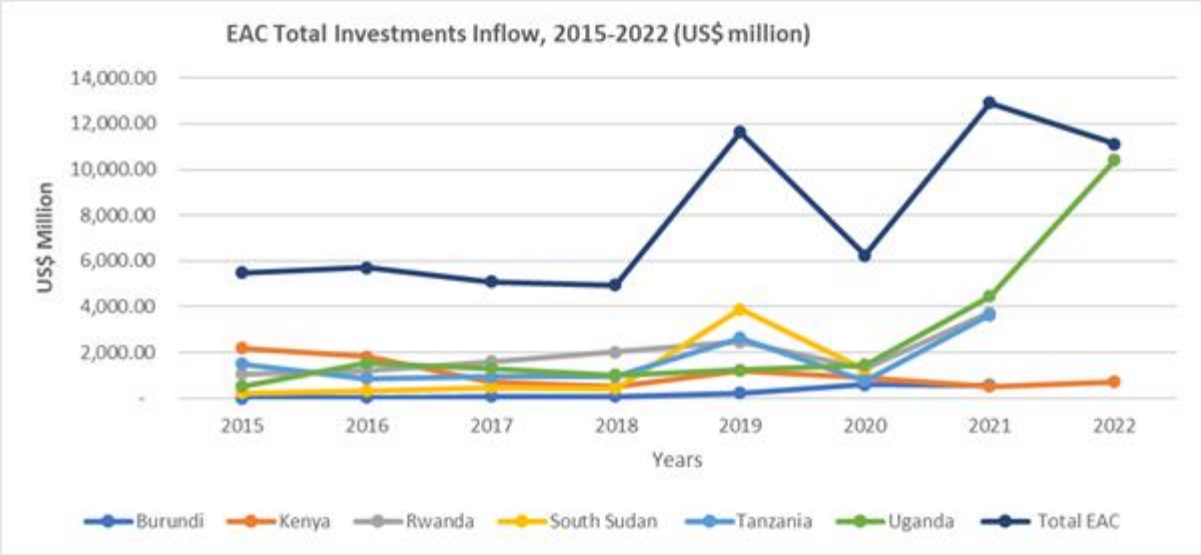
Table 4. 5:EAC Total Investment Inflows, 2017 – 2021 (US$ M and % Growth)

	2017	2018	2019	2020	2021	% Change 2021
Burundi	65.06	72.34	214.4	599.67	566.48	-6%
Kenya	717.7	485.5	1,217.90	917.93	513.64	-44%
Rwanda	1,600.00	2,010.00	2,460.70	1,281.39	3,749.36	193%
South Sudan	462.5	408.6	3,879.60	1,251.14		-100%
Tanzania	937.7	971.58	2,624.40	754.59	3,636.10	382%
Uganda	1,308.70	1,010.00	1,240.00	1,445.48	4,448.67	208%
Total EAC	**5,091.66**	**4,958.02**	**11,637.00**	**6,250.20**	**12,914.25**	**107%**

Source: World Investment Report 2022

In the EAC region, there has been a steady increase in investment projects since 2018, with the exception of 2020 (US$ 6252.20), at the height of covid-19 pandemic. Uganda and Rwanda have steadily increased their investments.

Figure 4. 2: 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

EAC Partner states have recorded mixed investments over the two-year period. In 2021, Rwanda recorded the largest increase in investments (US$ 1.48 billion,) whereas Tanzania had the highest domestic investment projects in the region (US$ 1.66 billion) possibly due to an improved business environment for investors. Kenya on the other hand experienced a 20% drop from US$103.63 million to US$ 83.04 million over the same period *(Table 4.6)*.

Table 4. 6: EAC Domestic Investments, 2019-2021 (US$ M, % Change)

Country	2019	2020	2021	2022	% Change
Burundi	87.20	251.57	463.11		84%
Kenya		103.63	83.04		-20%
Rwanda	992.11	331.39	1,475.19		345%
South Sudan	563.70	67.94			-100%
Tanzania	1,407.20	582.84	1,663.88	2,894.37	185%
Uganda	433.00	518.38	963.77		86%
Total EAC	**3,483.21**	**1,855.75**	**4,648.99**		**151%**

Source: EAC Investment Promotion Agencies, 2022

4.6 EAC FDI Inflows

EAC experienced an overall increase of FDI inflows in terms of the projects registered from US$ 5.26 billion to US$ 7.59 billion, representing 44%. The highest

inflows were witnessed in Uganda US$ 3.2 billion followed by Rwanda with US$ 2.1 billion with 247% and 126% respectively in 20212. Unfortunately, Burundi has continued to lag in investments over the years with the greatest reduction in inflows of 74% from a high of US$348.1 million to US$ 90.1 million in 2021 *(Table 4.5).* Kenya suffered the same fate of decrease in FDI from US$814.3 million in 2020 to US$429.2 million in 2021.

Table 4. 7: EAC FDI Inflows in Individual Countries, 2017-2022 (US$ Millions)

Country	2017	2018	2019	2020	2021	2022	% Change 2020/21
Burundi	65.1	15.1	127.2	348.1	90.1		-74%
Kenya	717.7	485.5	1,217.9	814.3	429.2		-47%
Rwanda	1,081.2	985.8	1,451.5	950.0	2,146.9		126%
S. Sudan	-	-	3,315.9	1,183.2			-100%
Tanzania	937.7	971.6	1,217.2	1,040.0	1,702.5	1,954.30	64%
Uganda	-	631.0	807.0	927.1	3,220.1		247%
Total EAC	**2,801.7**	**3,089.0**	**8,136.7**	**5,262.7**	**7,588.8**		**44%**

Source: EAC Investment Promotion Agencies, 2022

4.7 EAC FDI Investments and Employment

With the increase in FDI across most of the Partner States, there has been a slight increase in the number of jobs created through EAC FDI of 31%. This increment was driven by Tanzania from 6,487 to 19,211 jobs and Uganda from 21,818 to 40,118 *(Table 4.6)*. However, the majority of the Partner States experienced a reduction of jobs in 2021 with Burundi leading showing a decrease of 76% followed by Rwanda with 14%. South Sudan data on job creation over the given period is missing.

Table 4. 8: Number of Jobs Created Through EAC FDI, 2017-2021

Country	2018	2019	2020	2021	2022	% change 2021
Burundi	1,953	2,129	6,135	1,448		-76%
Kenya	9,385	16,573	4,738	4,369		-8%
Rwanda	16,799	35,715	19,218	16,578		-14%
S. Sudan	2,357	47,026	3,948			-100%
Tanzania	43,021	46,765	6,487	19,211	22,832	196%
Uganda	16,362	62,876	21,818	40,118		84%
Total EAC	**89,877**	**211,084**	**62,344**	**81,724**		**31%**

Source: EAC Investment Promotion Agencies, 2022

4.8 Intra-EAC Investment

Burundi's Intra-EAC Investment inflows decrease tremendously to US$ 13.28 million (4 projects) from US$56.4 million (6 projects) in 2020. Kenya's declined to US$ 1.41 million (7 projects) from US$21.3 million (6 projects). Uganda's Intra-EAC Investment inflows increase to US$ 264.8 million (17 projects) in 2021 from US$20.3 million for 7 projects in 2020. The trend showed that attracting larger amounts of inflows did not indicate that more projects were initiated. In fact, no relationship was established between the number of projects and the value of investment. However, it is preferable to attract more inflows and increase the number of projects as both influence the number of jobs created.

Table 4. 9: Intra-EAC FDI investments from the regions of the world (US$ M), 2017-2021

Recipient States	2017		2018		2019		2020		2021		2022	
	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	673	3,071.6
Kenya	2	25.3	6	2.8	16	66.1	6	21.3	7	1.4		
Rwanda	10	66.6	6	29.4	6	17.1	8	12.8	7	127.3		
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
Uganda	27	71.3	18	27.9	10	85.7	7	20.3	17	264.8		
Total Intra-EAC	**59**	**193.2**	**60**	**152.7**	**74**	**724.6**	**61**	**143**	**62**	**676.4**		

Source: EAC Investment Promotion Agencies, 2022

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Table 4. 10: EAC Region Sectoral Distribution of FDI, 2017-2021 (No. of projects and Value US$ Million)

Partner State	Source	2018		2019		2020		2021		2022	
		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
	Kenya		-	1	3.00	2	53.80	1	0.05	5	2.86
	Rwanda	-	-	-	-	1	2.6	1	1.48	2	0.11
	DRC	-	-	-	-	-	-	-	-	2	1.90
	ROW	**5**	**14.70**	**45**	**116.90**	**145**	**291.70**	**23**	**90.08**	**659**	**3,066.47**
	Total	**6**	**15.10**	**48**	**127.20**	**150**	**347.90**	**28**	**103.37**	**673**	**3,071.66**
Kenya	Tanzania	2	0.4	5	49.4	3	21	5	1.23		
	S. Sudan			1	0.1	-	-	-	-		
	Uganda	2	1.8	7	12.5	3	0.3	1	0.09		
	Rwanda	2	0.6	1	2.2	-	-	1	0.09		
	Burundi	-	-	2	1.9	-	-	-	-		
	DRC	-	-	-	-	-	-	-	-		
	ROW	**186**	**482.7**	**245**	**1,151.70**	**149**	**813.7**	**159**	**429.19**		
	Total	**192**	**485.5**	**261**	**1217.8**	**155**	**835**	**166**	**430.60**		
Rwanda	Tanzania	3	7.5	3	5.5	3	4	-	-		
	Uganda	1	0.2	-	-	1	5	2	31.53		
	Kenya	2	21.7	3	11.6	3	3.5	3	92.65		
	Burundi	-	-	-	-	-	-	1	2.58		
	S. Sudan	-	-	-	-	1	0.3	-	-		
	DRC	-	-	-	-	-	-	1	0.52		
	ROW	**81**	**985.8**	**17**	**2,443.6**	**175**	**937.2**	**134**	**2,146.89**		
	Total	**87**	**1,015.2**	**180**	**2,460.7**	**183**	**950.0**	**141**	**2,274.17**		
S. Sudan	Tanzania	4	14.8	5	16.8	2	2.2				
	Kenya	7	7.7	16	217.6	6	16.7				
	Rwanda	-	-	-	-	-	-				
	Uganda	2	0.3	10	298	2	1.1				

Partner State	Source	2018		2019		2020		2021		2022	
		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	-	-	-	-	-	-				
	DRC	-	-	-	-	-	-	-	-		
	ROW	**37**	**385.5**	**222**	**3,347.30**	**55**	**1163.2**				
	Total	**50**	**408.3**	**253**	**3,879.70**	**63**	**1,183.20**				
Tanzania	Kenya	12	42.7	7	9	14	9.79	22	89.17	20	50.9
	Uganda	4	26.7	1	4	2	0.51	-	-	5	12.7
	Rwanda	-	-	-	-	1	1.45	-	-	2	64.9
	S. Sudan	-	-	-	-	-	-	-	-	-	-
	Burundi	-	-	-	-	-	-	4	180.53	1	10
	DRC	-	-	-	-	-	-	-	-	1	6.8
	ROW	**254**	**3,053.0**	**767**	**2,605.7**	**31**	**684.3**	**372**	**1,702.51**	**83**	**1,195.9**
	Total	**270**	**3,122.4**	**775**	**2,618.7**	**61**	**696.05**	**398**	**1,972.21**	**112**	**1341.2**
Uganda	Tanzania	5	4.7	-	-	-	-	2	3.0		
	Kenya	9	9.9	8	57.7	7	20.3	14	252.6		
	Rwanda	1	2	2	28.0	-	-	-	-		
	S. Sudan	2	4.7	-	-	-	-	-	-		
	Burundi	1	6.6	-	-	-	-	1	9.2		
	DRC	-	-	-	-	-	-	-	-		
	ROW	**165**	**602.7**	**299**	**1,127.7**	**195**	**907**	**342**	**3,220.1**		
	Total	**183**	**630.6**	**309**	**1,213.4**	**202**	**927.3**	**359**	**3,484.9**		

Source: EAC Investment Promotion Agencies, 2022

4.9 EAC Region Sectoral Distribution of Total Investments, 2021

The EAC trade of both goods and services is distributed across various sectors of the economies namely whereby Intra-country trade within the member states and imports from other regional and international bodies spur economic development. The FDI is distributed along the performing sectors of the economies chiefly those of Agriculture, Finance, Manufacturing, Transportation and Trade both in commodities, utilities and services. To the most part all investments, especially those by foreign investors, follow sectors of the economy where there is a huge potential of growth. This is in stuck contrast to investments done by governments and other development partners whose investment isn't primarily guided by the potential for growth and monetary return on investment but is rather a social good in which when done end up improving the lives of the people and also as a means of spurring economic development hence why governments invest in roads, water, railways, electricity and schools.

The EAC Region in 2021 recorded US$ 12.9 billion in various sectors, creating 171,519 jobs with 1977 total number of projects. The Finance, Insurance, Real Estate and Business Services sector overtook the Manufacturing sector to emerge the top in FDI investments of at US$ 3.91 billion, creating 33,606 jobs, in 222 projects. Manufacturing sector ranked second in terms of FDI investments worth US$ 3.33 billion, creating 76,358 jobs in 985 projects. Community, Social and Personal Services sector continues to attract low investment for two consecutive years with 2021 FDI worth US$ 169.3 million, providing 3489 jobs in 85 projects. The Transport, Communication and Storage sector has attracted US$ 763.6 million, creating 7,380 jobs in 151 projects.

Table 4. 11: EAC Region Sectoral Distribution of Investments, 2021

Country	Burundi			Kenya			Rwanda			Tanzania			Uganda			Total		
Year	2021			2021			2021			2021			2021			2021		
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	14	234	3.39	8	283	3.45	20	2,766	222.48	63	2,535	251.75	66	12,530	238.67	171	18,348	719.75
Community, Social and Personal Services	19	334	8.33	7	63	3.55	12	1,945	104.95	34	396	9.98	13	751	42.52	85	3,489	169.33
Construction	2	501	1.07	18	707	88.99	11	1,952	1,146.03	29	472	17.30	40	3,423	108.68	100	7,055	1,362.07
Finance, Insurance, Real Estate and Business Services	25	1,234	24.55	40	900	62.32	38	22,040	1,335.61	84	6,960	1,848.62	35	2,472	643.47	222	33,606	3,914.57
Manufacturing	66	8,346	385.93	28	1,967	59.23	124	13,430	558.83	424	19,938	953.58	343	32,677	1,369.79	985	76,358	3,327.37
Mining and Quarrying	-	-	-	1	40	40.72	8	1,460	19.55	11	581	54.23	13	5,520	931.35	33	7,601	1,045.85
Transport, Communication and Storage	17	341	41.80	28	319	4.73	14	1,476	109.45	68	2,990	148.29	24	2,254	459.34	151	7,380	763.61
Utilities (Water and Energy)	1	26	42.98	6	159	171.06	4	1,653	108.39	12	7,092	16.12	19	1,991	581.74	42	10,921	920.28
Wholesale, Retail Trade, Tourism	37	564	55.89	59	981	79.45	21	1,647	144.07	53	1,830	336.22	18	1,739	73.10	188	6,761	688.73
Total	**181**	**11,580**	**563.93**	**195**	**5,419**	**513.50**	**252**	**48,369**	**3,749.36**	**778**	**42,794**	**3,636.10**	**571**	**63,357**	**4,448.67**	**1,977**	**171,519**	**12,911.56**

Source: EAC Investment Promotion Agencies, 2022

Table 4. 12: EAC Region Sectoral Distribution of Investments, 2022

Country	Burundi			Kenya			Rwanda			Tanzania			Uganda			Total		
	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							29	29	29.00						
Community, Social and Personal Services	53	1,887	35.84							13	1,271	28.65						
Construction	18	203	2,461.20							14	772	184.16						
Finance, Insurance, Real Estate and Business Services	115	1,229	73.87							12	1,271	68.54						
Manufacturing	117	8,262	396.66							141	23,341	3,217.04						
Mining and Quarrying	6	102	0.93															
Transport, Communication and Storage	61	1,459	35.15							60	9,923	799.59						
Utilities (Water and Energy)	3	112	7.55							1	3	10.04						
Wholesale, Retail Trade, Tourism	282	4,007	83.62							23	1,109	66.32						
Total	**713**	**18,483**	**3,122.32**							**293**	**37,719**	**4,403.33**						

4.10 Initiatives to Support Investments at Regional Level

The EAC comprises seven countries endowed with natural resources, agricultural raw materials, oil and gas, and minerals. There are quite a number of initiatives in place to support investment through regional integration. Some of the initiatives in place includes:

1. Simplified cross border business permit.
2. Single customs union
3. One Stop Border Posts
4. Removal of work permit fees in some Partner States (Kenya, Uganda, Rwanda)
5. Tax exemptions on capital goods on tools and machinery, raw materials and transport equipment.
6. One Network Area (ONA) thus improving communication links.
7. Available vast land for investment, among others

All these incentives are made to attract investors. There have also been developments in the mining sector in the oil and gas industries in Uganda and Tanzania.

4.11 Country Specific Analysis

4.11.1 Republic of Burundi

Overview of Burundi Investment Environment

The Burundi Investment Promotion Authority is a government agency that is specifically tasked with identifying the different sectors of the economy for FDI (IFC, 2022). In addition to identification, the authority is also tasked with policy changes that are aimed to make investing in the Burundian economy easier. The manufacturing, transportation and financial sectors remain among the most attractive sectors for attracting investors and as a result the government has driven reforms to address institutional capacity in these sectors to match their importance in Burundi's GDP growth (MEA, 2023).

Burundi intra-EAC investment flows

Burundi's FDI from other EAC Partner States in 2021 declined by over 70% to US$ 103.7 million in 2021, from US$ 348 million in 2020. However, FDI recovered increasing by 97% from US$103.3 million (28 projects) in 2021, to US$ 3.07 billion (673 projects) in 2022. Then major investor in 2021 was URT contributing US$ 11.7 million (3 projects), while in 2022 Kenya was the top source of FDI with 5 projects worth US$2.86 million. However, majority of FDI to Burundi from the EAC was affected by the pandemic evident by the decline in investment levels during the period 2020-2021.

Table 4. 13: Burundi Intra-EAC Investment and FDI Inflows, 2017-2021 (US$M)

Source	2017		2018		2019		2020		2021		2022	
	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**
Uganda	-	-	-	0	-	0	2	0.04	-	-	**3**	**0.17**
Kenya	-	-		0	1	3	2	53.8	1	0.05	**5**	**2.86**
Rwanda	-	-	0	-	-	0	1	2.6	1	1.48	**2**	**0.11**
Total			**1**	**0.4**	**3**	**10.3**	**6**	**56.4**	**5**	**13.28**	**2**	**1.90**
ROW	10	65.1	5	14.7	45	116.9	144	291.7	23	90.08	**659**	**3,066.47**
Total		**65.1**	**6**	**15.1**	**48**	**127.2**	**150**	**348**	**28**	**103.37**	**673**	**3,071.66**

Source: Burundi Investment Promotion Authority, 2022

Mode of Market Entry

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

Sectoral Distribution of Foreign Direct Investment

From the 9 economic sectors, Burundi experienced investment of US$ 3.12 billion in 2022 which was an increase from US$ 563.9 million in 2020. The increment has consistently been driven by the Manufacturing sector accounting for 13% of the value of investments, creating 8,262 jobs, in 117 projects in 2022. The construction sector recorded a surge in 2022, attracting US$ 2.4 billion in 18 projects, representing for 79% of overall investment in the year. Other sectors were Tourism US$ 83.6 million (3%), Finance, insurance and real estate US$ 73.7 million (2%), followed by Agriculture US$ 27.5 million, and Transport US$ 37.15 million.

Table 4. 14: Burundi's Sectoral Distribution of Foreign Investment 2018-2022

	2018			2019			2020			2021			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)**
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
Community, social & Personal services	0	0	0	3	194	7.3	10	402	7.5	19	334	8.33	53	1,887	35.84
Construction	2	120	1	2	113	5.2	11	102	83.8	2	501	1.07	18	203	2,461.20
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
Manufacturing	8	968	20	10	543	28.2	51	1,325	86.5	66	8346	385.93	117	8,262	396.66
Mining & quarrying	2	37	1	5	339	23.5	8	1,006	38.6	0	0	-	6	102	0.93
Transport, communication, and storage	2	178	8	5	244	5.5	24	855	67.3	17	341	41.80	61	1,459	35.15
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
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**

Source: Burundi Investment Promotion Authority, 2022

Burundi's Sources of Foreign Direct Investment

The foreign investors were from 8 different countries in 2021, which was a decrease from 12 in 2020. There was a total of 23 projects with majority of them (7) from India. Mali offered the highest number of jobs in their investment in the country accounting for 530 of 1448 jobs. France was the main investor in terms of value accounting for US$ 42.98 million. On the other hand, USA had the least number of projects of the investors (1), offering 2 jobs only worth US$ 50,000. In 2022 India (US$ 25.5 million), Ukraine (US$ 14.7 million) and Nigeria (US$ 2.97 million) were the highest source of FDI into Burundi contributing of 80% of FDI related employment in 2022.

Table 4. 15: Burundi's Major Sources of Foreign Direct Investments, 2018-2022 (US$ million)

2018				2019				2020				2021				2022			
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)
Canada	1	92	1.20	India	1	15	3.5	Sweden	1	21	#####	France	1	26	#####	India	13	581	25.86
China	2	120	1.50	China	5	119	13.5	Canada	1	200	8.33	India	7	425	#####	Ukraine	1	100	14.75
India	1	49	1.20	Kenya	1	60	3	Russia	1	48	2.36	UK	2	187	9.78	Nigeria	3	305	2.97
Russia	1	260	#####	URT	2	65	7.3	China	3	165	1.24	China	4	140	6.09	Canada	1	37	2.81
URT	1	57	0.40	Sri Lanka	2	217	17	India	7	40	1.21	Canada	6	128	1.61	USA	1	10	1.23
				Bulgaria	1	27	1	Pakistan	1	70	0.84	Mali	1	530	0.50	Egypt	3	12	0.56
				Lithuania	1	15	0.5	Australia	1	100	0.50	USA	1	2	0.05	UK	2	7	0.53
				Russia	2	95	6.5	S. Africa	1	8	0.49	Egypt	1	10	0.05	Australia	1	6	0.49
								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, 2022

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 in the country while also by creating employment and lifting majority of their population from poverty. In adhering to economic transformation blueprints laid out by the SDG's 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 on the basis of 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 in the improvement of infrastructure by building more roads and improving the quality of the airport. This is intended to ease business related high costs associated with transportation challenges.

In order to attain this, the country has embarked on reforms, both in policy and legislative framework, aimed at attracting investment at regional and international level. 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 (EAC, 2022). In addition to these, other initiatives that have been put in place include the offering Fiscal and non-fiscal incentives in order to attract investors into the country and enable them to reap positive effects of foreign direct investment; and the country also undertaking several 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 meet their statutory obligations, provision of tax incentives, VAT exemptions, and improved electricity supply and road infrastructure.

Burundi Government recently created thousands of rural cooperatives to help rural people, 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 involve a reduction in redundant procedures and bureaucratic processes which end up costing investors time and rise in costs for investors (MEA, 2023).

4.11.2 Republic of Kenya

Overview of Kenya Investment Environment

Kenya has witnessed a decline in FDI investments in the country. In 2021, the FDI in the country stood at $448 million, which is a decline from $717 million in 2020 (UNCTAD 2022). According to the Foreign Investment Survey 2022, Kenya's main investors are United Kingdom (13.5%), Mauritius (11.0%), United States of America (10.3%), South Africa (9.8%), and France (5.2%). In terms of ranking of sectors,

Finance and Insurance leads with a third of the total, followed by ICT (16.1%) due to fibre optics, Wholesale and retail (15.4%), manufacturing activities (14.8%).

Kenya's location and position as the strongest economy within the EAC has made it to attract transitional investors hoping to get a foothold in the region (EAC, 2022). Kenya being a regional financial centre has also ended up attracting investors in the financial sector. Another advantage is that of housing various headquarters and regional bodies which has attracted a large number of expats who end up boosting investor confidence especially with regards to the security of their investments (Lloyds Bank Trade, 2023).

Through the public-private partnerships, strategic geographic location with sea ports, entrepreneurship, agriculture, clean energy, are just but a few areas where Kenya stands out (Kenya Investment Authority, 2023). However, shortage of skills, political instability, terrorist risks, ethnic division, corruption, slow judicial processes, land tenure systems only allow for leasing of up to 99 years and not full ownership, high cost of skilled labour, high unemployment and poverty, and the requirement to have a minimum of USD 100,000 for foreign investors make it hard to consider investments in the country (MFA, 2023).

Kenya intra-EAC investment flows

Kenya had an intra-EAC FDI of US$ 1.41 million in 2021, a decrease from US$ 23.1 million in 2020. There were 7 projects in 2021, an increase of one from the previous year. Of the 7 projects, 5 came from Tanzania with a value of US$ 300,000.

Table 4. 16: Intra-EAC Investments into Kenya, 2018-2022 (US$ million)

Source	2018		2019		2020		2021		2022	
	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
Rwanda	2	0.6	1	2.2	-	-	1	0.09	2	0.68
S. Sudan			1	0.1	-	-	-	-	-	-
Tanzania	2	0.4	5	49.4	3	21	5	1.23	3	0.32
Uganda	2	1.8	7	12.5	3	0.3	1	0.09	2	21.3
Total	**6**	**2.8**	**16**	**66.1**	**6**	**21.3**	**7**	**1.41**	**10**	**22.6**
ROW	186	482.7	245	1,151.7	149	813.7	159	429.19	154	502.1
Total	**192**	**485.5**	**261**	**1217.8**	**155**	**835**	**166**	**430.60**	**209**	**710.21**

Source: Kenya Investment Authority, 2022

Sectoral Distribution of FDI Inflows to Kenya

Year 2021 was not a good year for Kenya with foreign investments worth US$ 513.64 million with 195 projects, down from US$835.0 million in the previous year, though with reduced projects (155). The Manufacturing Sector continues to lead in offering jobs to 1,967 of the 5,419 created. In terms of value of investments, Utilities (water and supply) rank highest with US$171.1 million, whereas Wholesale and Retail had the highest projects (59 of 195). Mining and Quarry sector continues to offer least projects (1) and least jobs (40), probably due to the stringent policies of exploration. Agriculture, fishing and forestry sector had the least investment in the sector worth US$ 3.45 million.

Table 4. 17: Kenya's Sectoral Distribution of Foreign Direct Investment, 2018-2022

Sector	2018			2019			2020			2021			2022		
	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
Community, social and Personal services	-	-	-	23	389	40.5	34	1,366	8.6	7	63	3.55	8	155	8.71
Construction	10	288	46	18	245	6.7	7	610	623.4	18	707	89.01	12	353	41.66
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
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
Mining and Quarrying	2	38	-	2	48	0.4	2	114	1.1	1	40	40.73	6	1,236	89.07
Transport, communication & storage	17	251	19	25	239	8.2	25	351	25.7	28	319	4.73	37	432	177.74
Utilities (water & supply)	8	654	73	15	353	228.2	13	149	22.5	6	159	171.10	10	228	25.65
Wholesale, Retail Trade, Tourism	42	2,796	58	71	1,824	44.9	41	1,436	6.1	59	981	79.47	36	513	6.53
Total	**187**	**9,385**	**486**	**261**	**16,573**	**1,217.9**	**155**	**5,415**	**835.0**	**195**	**5,419**	**513.64**	**209**	**5,957**	**710.21**

Source: Kenya Investment Authority, 2022

Kenya's Source of Foreign Direct Investment

Kenya's investors for 2021 were from 11 main countries with the rest lumped together, with the main investor being Egypt with 25 out of 152 projects (16.4%); China led in job creation with 759 out of 4,332 (17.5%); and United Kingdom had the greatest value share of project worth of investment US$ 178.2 million (45.5%). Top sources for FDI in 2022 were USA, Germany and India with over 66% of total FDI in the year recording US$ 413.3 million.

Table 4. 18: Kenya's Major Sources of Foreign Direct Investment, 2018-2022

2018				2019				2020				2021				2022			
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)
POR	2	46	23	UK	28	6,839	203.1	China	8	802	634.4	UK	16	757	178.2	USA/ GER	1	517	255.5
Jordan	5	78	4	France	5	78	5.1	URT/ SUI	3	148	21.5	China	7	759	77.03	India	11	227	157.7
China	27	1,667	45	China	31	1,970	407	India	13	660	17.1	Mauritius	3	52	40.9	ZIM	1	710	47.7
India	14	464	6	India	16	226	6.8	USA	15	214	8	India	14	629	22.5	Yemen/ ZIM	1	459	39.1
USA	11	130	12	URT	5	505	49.4	NED	5	81	5.7	USA	22	350	18.3	SUI	2	167	24.4
Japan	7	50	40	NED	8	74	1.9	S. Africa	4	23	4.2	NED	8	491	14.5	NED	15	144	23.9
UK	6	75	1	Japan	7	19	1	Italy	5	57	1.4	Cameroon	1	10	13.6	Uganda	2	74	21.3
Egypt	6	64	1	S. Africa	13	216	63.2	Japan	4	13	3.6	Turkey	2	22	6.6	USA	27	290	16.8
Italy	5	75	1	GER	9	116	9.6	Hungary	1	75	3.2	China/ NED	1	120	4.6	China	11	299	14.0
SUI	4	237	16	USA	22	377	59.8	Qatar	1	2	15.7	Egypt	25	217	2.5	Sierra Leone	1	19	5.4
								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, 2022

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

Modes of Market Entry

The modes of entry have been mainly via joint-venture, import-export, greenfield investments, mergers and acquisitions, equity and non-equity, and wholly owned subsidiaries. This has been done by the by the Kenya Investment Authority as a way of encouraging various form of investments in the country and so as not to lock out any potential investors (Kenya Investment Authority, 2023).

Prospects for Investment Flows into Kenya

There are incentives in place for special economic zones and export processing zones in the country. These zones are spread across the country so as to cater to different sectors of the economy. For instance, the Dongo Kundu Special Economic Zone at the coast which is expected to be fully operational by the end of 2022 is aimed at attracting investments in value addition of products meant for export and aggregation of products before export (Kenya Investment Authority, 2023). The Naivasha Special Economic Zone is aimed at leveraging on the SGR that terminates at Naivasha for processing of goods for export from the hinterland and process imported goods for Uganda, DRC, South Sudan and Rwanda for onward transportation with all the port clearances done there.

There exists a policy framework allowing for investments in the country. The Kenya Investment Policy gives room for the creation of a conducive environment for investment in the country. This involves the elimination of policy overloads that contribute to redundancies especially in the registration phase and end up consuming time and resources in registration fees (EAC, 2022).

The Mining Laws which limited foreigners' participation was amended to attract investment in the extractive industries. As a result, there has been an influx of investments in mining which will in turn spur economic development in this sector in line with the potential that exists therein (Lloyds Bank Trade, 2023).

The petroleum and energy sectors have significant potential for growth especially considering that there are several offshore gas fields 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).

There have been changes to the Business Registration Services Act to allow for quick registration of the company thus cutting costs, and in the event of bankruptcy, the Insolvency Act 2015 was streamlined so as to make it easy to do so.

4.11.3 Republic of Rwanda

Overview of Rwanda Investment Environment

The Republic of Rwanda recorded a GDP of 10.56 percent in 2021 which represented a growth rate of 4.5 percent from the previous year meaning that once again Rwanda remained a preferred destination for FDI within the EAC and by extension the Great Lakes region of Africa (World Bank, 2023). This has been due to the deliberate establishment of a business-friendly environment involving tax incentives, environmental considerations and overall competitiveness of the economy. Particular focus has gone towards transforming the economy into one that emphasizes on the structural shift towards value addition in agriculture, infrastructural development, heavy investments in public goods, harnessing on its relatively high population for labour and the ICT sector (EAC, 2023).

Rwanda's Foreign Investment Inflows

Rwanda experienced an increase in value of foreign investments worth US$ 127.3 million (7 projects) in 2021, up from US$ 12.8 million (8 projects) the previous year. Kenya injected US$ 92.7 million for 3 of the 7 projects in Rwanda, which was a US$ 82.9 million increment from the previous year. Of the EAC investors, DRC had the least investment project, one, with a value of US 52,000.

Table 4. 19: Intra-EAC Investment into Rwanda, 2018-2022 (US$ million)

Source	2018		2019		2020		2021		2022	
	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	2.5		
DRC	-	-	-	-	-	-	1	0.5		
Kenya	2	21.7	3	11.6	3	3.5	3	92.6		
S. Sudan	-	-	-	-	1	0.3	-	-		
Tanzania	3	7.5	3	5.5	3	4.0	-	-		
Uganda	1	0.2	-	-	1	5.0	2	31.5		
Intra-EAC	**6**	**29.4**	**6**	**17.1**	**8**	**12.8**	**7**	**127.2**		
ROW	81	2,006.4	174	2,443.6	125	924.4	134	2,146.8		
Total	**87**	**2,035.8**	**180**	**2,460.7**	**133**	**950.2**	**141**	**2,274.1**		

Source: Rwanda Development Board, 2022

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 have been encouraged by the policy shifts within the Rwandese government as led by Rwanda Development Board (EAC, 2023).

Rwanda Sectorial Distribution of FDI Inflows

The value of FDI increased to US$ 3.75 billion in 2021 from US$ 950 million in the previous year; resulting jobs were up 48,369 from 16,925 in 2020; while projects increased from 133 to 252 in 2021. This shows a possibly improving business friendly economy. In terms of the sectors, Finance, Insurance, Real Estate 7 Business had the highest investment value of US$ 1.34 billion, followed by Construction worth US$ 1.15 billion. The greatest foreign employer over the period was France with 22,040 while most projects were from the Manufacturing sector (124).

Table 4. 20: Rwanda-Sectoral Distribution of FDI, 2018-2022 (US$M, No. of Jobs)

Year	2018			2019			2020			2021			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)
Agriculture, Fishing, Forestry and Hunting	9	4,041	21	11	2,261	111	6	1,189	224.4	20	2,766	222.48			
Community, social & Personal services	8	1,217	61	5	185	13	18	2,413	50.5	12	1,945	104.95			
Construction	2	324	162	7	3,332	23	6	2,066	82.2	11	1,952	1,146.03			
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			
Manufacturing	81	11,726	441	112	22,895	750	49	5,209	111.7	124	13,430	558.83			
Mining & Quarrying	10	2,312	89	7	637	38	3	243	8.2	8	1,460	19.55			
Transport, communication and storage	13	3,668	276	10	494	50	5	302	61.9	14	1,476	109.45			
Utilities (water and energy)	8	3,273	80	6	4,028	1,112	4	194	36.5	4	1,653	108.39			
Wholesale, Retail, Trade, Tourism	18	1,161	105	11	501	59	-	-	-	21	1,647	144.07			
Total	**173**	**31,238**	**2,006**	**180**	**35,715**	**2,461**	**133**	**16,925**	**950**	**252**	**48,369**	**3,749.36**			

Source: Rwanda Development Board, 2022

Rwanda's Major Sources of Foreign Direct Investment

Rwanda had 14 investors with 72 out of 134 projects from them, while the rest were from other regions of the world. These 14 investors created 10.323 jobs of all the 16,578 by all foreign investors in the country with a value of US$ 1.97 billion. The main investor was Rwanda & Qatar, who came together to come up with investment worth US$ 1.10 billion. China is the single largest investor in terms of job creation (3046, 18.4%) and number of projects (22, 16.4%) in Rwanda in 2021.

Table 4. 21: Rwanda's Major Sources of Foreign Direct Investment, 2018-2022 (US$ million)

2018				2019				2020				2021				2022			
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	2	640	264.6	Nigeria	6	2,135	444.61	China	24	6,524	301.30	Rwanda & Qatar	1	1,200	1,101.3				
USA	12	8,196	244.1	USA	8	1,679	327.30	USA	9	1,455	206.70	China	22	3,046	360.2				
India	19	2,265	181.1	India	9	493	10.30	France	7	2,832	137.10	Turkey & Libya	1	121	76.9				
China	14	1,045	61.5	China	26	13,201	120.40	UAE	2	139	64.00	Canada	1	46	59.7				
GER	2	673	57.6	GER	1	22	9.80	NED	3	140	31.60	India	16	1,360	52.6				
UK	3	114	54.0	UK	1	976	0.60	UK	3	284	30.70	SGP	1	200	50.0				
SLO	1	110	23.3	DRC	3	2,045	614.50	India	16	1,206	30.60	Spain	1	123	43.8				
UAE	2	341	22.0	URT	3	79	5.50	Slovakia	1	150	27.20	Belgium	2	312	42.3				
Kenya	2	180	21.7	Kenya	3	500	13.70	Egypt	3	227	17.70	USA	7	485	39.4				
Poland	1	121	16.0	Egypt	6	2,776	6.70	SSD	2	275	12.90	CMR	3	804	34.5				
ROW	115	17,553	1,060.5	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, 2022

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 strong economic growth coupled with high rankings in the World Bank's Ease of Doing Business Index and low corruption rates provide interesting prospects for investors willing to invest in the region (World Bank, 2023). The Rwanda Development Board (RDB) has facilitated and registered investment in construction, ICT, manufacturing, agriculture and overall trade in commodities and services. With regard to the above, RDB has facilitated:

- The implementation of construction laws and regulations which have greatly eased access to land, utilities and construction permits especially in the establishment of agro-processing and agricultural value addition plants (Rwanda Development Authority, 2023).
- The reforms in the approval and project implementation timelines in infrastructure development of roads, water and energy has greatly boosted investor confidence in the construction, utilities and energy sectors.
- Financing, licensing, registration and regulation of businesses has been greatly enhanced by adoption of new ICT tools that have made operating businesses in the economy hustle free and thus ended up encouraging capital injections in businesses and establishment of new enterprises especially in technology intensive sectors (National Institute of Statistics of Rwanda, 2022).

4.11.4 United Republic of Tanzania

Overview of Tanzania Investment Environment

FDI in the United Republic of Tanzania in the year 2022 was still mainly concentrated in the manufacturing, transportation, commercial building, telecommunications, tourism, agriculture, services, economic infrastructure and energy. Since the turn of the millennium, the government has had in place strategic economic five-year development plans aligned to the country's Vision 2025 in which policies have been put in place that are aimed at encouraging investors to come to Tanzania and building confidence in their economy through the government investing heavily in public goods such as the SGR, port expansion, roads and the World Bank funded Tanzania Rural Electrification Expansion Program (TREEP) (EAC, 2023). Consequently, both the Tanzania investment Centre for mainland Tanzania and Zanzibar Investment Promotion Authority for Zanzibar have been at the forefront in promoting the recovery of the Tanzanian economy in 2021 (ZIPA, 2023).

United Republic of Tanzania Intra-EAC Investment

The United Republic of Tanzania has 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 1 of the 27 projects in 2022 getting a market share of 3.7%.

Table 4. 22: United Republic of Tanzania Intra Investment Flows, 2018-2022 (US$ million)

Source	2017		2018		2019		2020		2021		2022	
	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
Kenya	16	29.1	12	42.7	7	9	27	0.303	22	89.1	19	48.34
Rwanda	1	0.3	0	0	0	0	0	0	0	0	2	64.94
S. Sudan	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
Total	**20**	**30**	**16**	**69.4**	**8**	**13**	**34**	**0.399**	**26**	**269.7**	27	130.9
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 2022 were US$ 1,954.3 million compared to the US$1,972.21 of 2021. A total of 37,719 jobs were created from the 193 projects in 2022. This showed a good post-COVID recovery of the economy. In terms of origin of the investor, France injected US$ 1.85 billion into the economy. Manufacturing sector continued to provide majority of jobs (23,341 out of 37,719). Energy sector had the least investment US$ 10.04 million translating to the least jobs created as well (3, 1.02%). The least projects were from the same sector as well (1 out of 193).

Table 4. 23: United Republic of Tanzania Sectoral Distribution FDI, 2018-2022 (US$ million)

Sector	2018			2019			2020			2021			2022		
	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	1,926	20	522.5	19,686	53	456.4	5	179	83.845	63	2,535	251.75	29	29	29.00
Community, social & personal services	660	7	9.2	685	21	26.1	0	-	0	34	396	9.98	13	1,271	28.65
Construction	365	34	405.6	786	13	8.2	2	156	151.78	29	472	17.30	14	772	184.16
Finance, Insurance, Real Estate and Business services	14,252	23	92	1,923	68	174.3	2	156	22.78	84	6,960	1,848.62	12	1,271	68.54
Manufacturing	11,666	133	1,425.4	17,74	466	1,161.9	45	1,310	331.18	424	19,938	953.58	141	23,341	3,217.04
Mining & Quarrying	0	1	0.9	25	2	2	3	125	12.351	11	581	54.23			
Transport, Communication, and storage	799	25	253.1	4,602	116	477.6	7	321	28.89	68	2,990	148.29	60	9,923	799.59
Utilizes (Water & Energy)	387	6	309.9	60	4	253.8	0	-	0	12	7,092	16.12	1	3	10.04
Wholesale, Retail Trade, Tourism	687	21	103.6	1,252	32	58.4	6	195	123.76	53	1,830	336.22	23	1,109	66.32
TOTAL	**30,742**	**270**	**3,122.2**	**46,765**	**4**	**2,618.7**	**65**	**2,442**	**684.9**	**778**	**42,794**	**3,636.1**	293	37,719	4,403.33

Source: Tanzania National Bureau of Statistics, 2022

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

The number of origin of investors was 47 with China leading by injecting US$ 973.36 million in the year 2022. The country continues to top in job creation by having 8,894 of the 37,719 and in terms of projects invested (60 of 293). In terms of capital the UK and the UAE follow China with capital injections of US$ 427.4 million and US$ 327.63 million respectively. In terms of jobs creation India (2,422 jobs) and Kenya (2,164 jobs) followed China. Saudi Arabia registered only one project with a value of US$ 19.62 employing 385 people.

Table 4. 24: United Republic of Tanzania Major source of Foreign Direct Investment, 2018-2021

2018				2019				2020				2021				2022			
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	86	20,794	264.5	China	196	5,777	530.0	Bulgaria	2	150	201.26	CUW	1	48	499.9	China	60	8,894	973.3
SGP	1	251	51.2	MUS	11	2,042	297.8	China	22	426	138.52	China	128	4,969	409.0	UK	23	1,758	427.4
India	11	827	41.7	Canada	3	2,125	60.4	Virgin Islands	3	128	5.80	Egypt	5	542	301.8	UAE	5	1,923	327.6
Kenya	12	1,012	36.9	India	33	2,138	50.4	Egypt	4	128	3.92	Virgin Islands	5	1,163	186.1	India	32	2,422	67.6
MUS	9	890	29.0	UK	22	1,433	34.2	Canada	1	5	0.35	British	29	2,155	56.7	Rwanda	2	135	64.7
AUS	3	308	27.0	Australia	9	52	31.9	British	4	85	111.99	Russia	9	238	50.3	Kenya	19	2,164	48.3
ZAF	9	299	14.1	USA	3	618	20.4	France	1	7	0.10	MUS	8	699	39.8	Nigeria	3	206	46.0
SAU	1	305	13.0	S. Africa	15	262	17.3	Italy	1	51	11.17	India	71	1,228	33.8	Oman	4	218	29.3
BEL	1	384	12.8	UAE	5	266	13.5	Kenya	5	27	0.30	NLD	3	1,759	21.7	Sudan	4	263	22.7
CHE	2	573	12.2	Ethiopia	6	352	10.6	Lebanon	1	8	0.18	BGD	5	1,758	20.7	SAU	1	385	19.6
								Serbia	1	5	0.10	USA	13	188	15.4				
												UAE	4	428	11.4				

Source: Tanzania National Bureau of Statistics, 2022

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 meant that Tanzania's economy did not suffer the economic shocks associated with political transitions especially in Africa. This is in addition to the resilience to external shocks and their potential to affect the financial sector in Tanzania. This meant that investor confidence remained at a high and the government could continue in its 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 had been in great danger of being derailed due to the economic downturn experienced in 2020. Thus, the areas which had the highest prospects for investors included:

- A recovery in the tourism industry, which 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. The tourism dominated service sectors of Zanzibar saw in 2021 tourism accounting for 50 percent 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 had commenced in 2020

4.11.5 Republic of Uganda

Overview of Uganda Investment Environment

In 2021, the Ugandan government was focused on jump starting the economy to pre-pandemic levels where an all-hands-on deck approach was adopted to champion resource mobilization both locally and internationally (Bank of Uganda, 2021). Under the stewardship of the Uganda Investment Authority (UIA) the country aimed to bolster investments in its performing sectors such as Agriculture, infrastructure, and ICT. This the UIA has been able to drive at by leveraging on the strong points and competitive advantage that Uganda has to offer to investors (EAC , 2022). These advantages include a strong natural resource base, a highly competitive and skilled labour force, a high GDP growth rate within one of the fastest growing regions and being the most open country to FDI in the region. For instance, a 100 percent foreign ownership, traders not needing an investment license and only foreign investments being required to have the investment license and when all registration conditions are met, it takes less than a day to incorporate a company in Uganda (UIA, 2023).

FDI Inflows to Uganda

Intra-EAC Investment Inflows to Uganda

Uganda continues to be among the leaders in FDI in the country having increased projects and value 17 and US$ 264.76 million respectively in 2020, up from 7 and US$ 20.3 million respectively. The highest value project came from Kenya, worth US$ 252.6 million, creating 14 of the 17 jobs from the Partner States. Tanzania followed by having invested 2 projects worth US$ 3 million.

Table 4. 25: Foreign Direct Investment flows to Uganda, 2017-2022 (US$M)

Source	2018		2019		2020		2021		2022	
	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	6.6	-	-	-	-	1	9.17	-	-
Kenya	9	9.9	8	57.7	7	20.3	14	252.59	15	242.6
Rwanda	1	2	2	28	-	-	-	-	1	10
S. Sudan	2	4.7	-	-	-	-	-	-	-	-
Tanzania	5	4.7	-	-	-	-	2	3.00	5	138.4
Total	**18**	**27.9**	**10**	**85.7**	**7**	**20.3**	**17**	**264.7**		
ROW	165	602.7	299	1,127.7	195	907	342	3,220.1	157	1,996
Total	**183**	**630.6**	**309**	**1213.4**	**202**	**927.3**	**359**	**3,484.9**	**178**	**2,387.2**

Source: Uganda Investment Authority, 2022

Sectoral Distribution of Foreign Direct Investment

Uganda has continued to attract FDI into its high-ranking Manufacturing sector with US$ 1.37 billion, creating more than half of the jobs (32,677 out of 63,357) and 343 out of all the 571 projects. Community Services attracted the least investments worth US$ 42.5 million, employing 751 (1.2%), and having only 13 projects. The mining sector also has only 13 (2.3%) projects invested.

Table 4. 26: Uganda – Sectoral Distribution of FDI Trends 2017-2021 (US$ million)

Sector	2017			2018			2019			2020			2021			2022		
	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	45	4,559	137	42	4,951	251.9	57	7,555	120	19	1,566	28.4	66	12,530	238.6	55	9,771	1,718.0
Community, Social and Personal Services	9	1,659	35	6	251	5.2	3	159	4	22	1,997	85.9	13	751	42.5	21	844	40.7
Construction	20	13,806	185	19	2,515	151.6	17	3,826	251	10	2,981	149	40	3,423	108.6	28	1,733	105.5
Finance, Insurance, Real Estate and Business services	58	4,776	117	11	832	120.1	14	670	58	16	1,634	77.6	35	2,472	643.4	27	1,682	323.3
Manufacturing	163	16,571	548	139	12,731	360.3	166	23,955	447	108	11,752	303.4	343	32,677	1,369.7	316	33,699	2,142.3
Mining and Quarrying	12	1,301	116	11	922	31.1	4	676	45	4	366	27	13	5,520	931.3	15	1,329	29.32
Transport, Communication, & Storage	17	1,678	59	18	1,038	57.6	23	21,086	53	6	209	5.8	24	2,254	459.3	20	1,914	5,687.8
Utilities (Energy & Water)	11	1,653	99	7	682	31.5	9	3,491	24	9	370	238.6	19	1,991	581.7	12	400	281.9
Wholesale, Retail Trade, Tourism	11	501	13	10	526	6.6	16	1,458	212	3	177	2.8	18	1,739	73.1	12	1,462	85.1

Source: Uganda Investment Authority, 2022

Uganda's Sources of Foreign Direct Investment

There were 13 investing economies in Uganda in 2021, up from 10 in 2020. India had the highest investment worth US$ 847.1 million of the US$ 3.0 billion FDI. China continued to create the largest share of jobs (9395, 29.2%) and 104 projects (40.5%). India invested in 98 (38.1%) of the projects. Italy had the least investment of the investor with only US$ 40.8 million, UAE had the least job creation 44 (1.4%), while Spain, USA, Singapore, and Chile each had one project in the country.

Table 4. 27: Uganda: Source of Foreign Direct Investment, 2018-2022 (US$ million)

2018				2019				2020				2021				2022			
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	57	5,598	362.6	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
Lebanon	1	150	65	India	38	3,768	64.5	MRI	8	746	227.5	CAY	1	1,487	620.0	China	101	11,210	1,095.4
UAE	2	363	51	ETH	5	247	5.0	India	45	3,752	93.5	China	104	9,395	343.3	India	101	10,575	968.8
India	43	3,675	14.2	Turkey	2	99	1.2	Sri Lanka	8	354	61.0	SGP	1	162	300.0	Kenya	15	2,441	242.6
Russia	1	22	12.3	VGB	-	-	-	USA	2	697	35.7	UK	17	7,482	262.3	SGP	5	187	221.1
Canada	7	686	9.9	UK	10	840	48.9	UAE	1	94	19.5	Chile	1	189	150.0	URT	5	654	138.4
Kenya	9	853	9	LBN	2	706	5.6	Kenya	5	242	20.3	MRI	13	869	100.2	Italy	3	157	100.3
DEN	1	453	6.6	Norway	1	16	0.2	France	2	527	17.1	DEN	5	155	90.6	UAE	2	86	85.0
Burundi	1	339	6.6	USA	6	525	3.2	Egypt	4	461	16.8	Spain	1	128	85.4	USA	11	596	74.1
VGB	2	701	588.4	Italy	-	-	-	UK	6	720	10.6	USA	7	1,399	52.4	RSA	3	597	64.0
												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, 2022

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

Prospects for Investment Flows into Uganda

The period under review falls under the Third National Development Plan (NDPIII) 2020/21 – 2024/25 where the government intends to achieve increased household incomes and improved quality of life of Ugandans (National Planning Authority, 2021). This is intended to be achieved by encouraging key investment in both the micro and macroeconomic levels. These opportunities are underpinned by policy and legislative interventions that are aimed at making investing in Uganda seamless while also incentivizing investment in specific regions and sectors by giving tax breaks and incentives for instance to investors who choose to set up within industrial parks and special economic zones (Bank of Uganda, 2021). In addition to such measures the prospects abound in the following sectors:

- A shift towards an increase in agriculture mechanization can significantly increase the sectors productivity and economic output specifically in the value addition end where the abundance of agro produce in Uganda can be tapped to increase farmer return and sale to neighbouring countries.
- The continued importance of the UIA in easing and streamlining investment opportunities for investors (UIA, 2023).
- Mining and crude oil exploration is still a growing sector of the economy where large investments can be directed.
- Setting up and reopening of one stop border posts with her neighbours has greatly reduced the costs and duration associated with cross border trade and this is especially important for Uganda a landlocked country that has to depend on cross border transportation to import products and ship its exports (UIA, 2023).

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The East African Community has been cited as the fastest growing regional economic community in Africa in terms of achieving integration milestones. The region offers a large market for merchandise with a population of consumers whose demand for goods is quite high. Intra-regional trade, and trade with other regions in Africa and the rest of the World offer further economic opportunities. The EAC Partner States have however continued to experience a deficit in trade in goods, evident in the composition of exports from the region which mainly consisted of agricultural goods with limited value added or processing, while imports comprised of manufactured goods which are expensive, and the Region suffers perpetual trade deficit with the Rest of the World. The new 4-band CET structure (0, 10, 25, 35) adopted in 2022 builds on the existing 3-band structure (0, 10, 25) which justifies that EAC Partner States are pursuing a policy towards industrialisation through enhanced value addition. It is encouraging importation of capital goods to increase domestic industrial production capacities. To achieve the desired industrialization, the region should create an enabling environment to attract and retain domestic and foreign investments in key sectors and specifically the manufacturing sector. Furthermore, in 2022, Partner States also continued to import sensitive goods into the Community through requests for stays of application of the EAC Common External Tariff. In essence therefore, the region stands to benefit from enhanced production of the sensitive products.

Despite establishment of various free trade regional and continental agreements, very little trade of substance takes place. The EAC trade within the continent accounts for 15% leaving 85% trade externally. Worse still, the region is highly dependent on export of primary agricultural and mineral commodities with little value addition. In spite of the current optimism, there is a need for substantial transformation in the industrial and agricultural sectors for the Community to benefit from regional integration and to facilitate entry of key products to enter into the global value chain system. Imports into the region consist of, among others, petroleum products, industrial machinery, textiles, crude palm oil, motor vehicles, cereals, rice, transport equipment, fertilizers, chemicals and raw materials for industrial production.

The EAC total trade increased by 13.4 percent in to US$74,030.9 million in 2022 from US$65,268.9 million in 2021. In 2022, EAC total exports to the rest of the world were valued at US$20,139.4 million and EAC total imports from the rest of the world amounted to US$53,891.48 million and EAC recorded a trade deficit of negative US$33752.1 million in 2022. The total Intra-EAC Trade grew by 11.2 percent to US$10,910.9 million in 2022 from US$9,810.4 million in 2021, whereas the percentage share of Intra-EAC Trade to EAC total trade stood at 15 percent in 2022. In 2022, intra-EAC Exports amounted to US$6,366.27 million while Intra-EAC

Imports amounted to US$4,544.63 million. The major Intra-EAC traded products are cereals, cement, iron and steel, live animals, petroleum products, sugar, foods and beverages. The RECs continue to be the major export destinations while China and the EU and the EU remain the dominant source markets.

Trade in services plays a major role in the Partner States' economies; hence the EAC Partner States agreed to liberalise seven service sectors, namely: business; financial; communication; transport; tourism and travel related; educational; and distribution services. The services sector has the potential to greatly contribute to the Regional Economic Growth and GDP of the Partner States. In the EAC, Trade in services had been relatively better and increasingly growing in terms of value and shares at a significant average rate of 6 percent between 2010 and 2020 but recovered in 2021 with the easing of COVID 19 lockdowns. Growth in services exports is projected at 14.6 per cent for 2022.

Whereas there was a decline in services exports in the region in 2020, as EAC economies were still rebounding from the COVID-19 pandemic, the exports rebounded in 2021 with all the Partner States registering a double digit growth in 2021; with Kenya (24%), Rwanda (11%), Tanzania (47%) and Uganda (52%). Similarly service imports into the EAC Region increased in the period from US$ 10.9 billion in 2020 to US$ 12.3 billion in 2021. The service imports were dominated by transport services 48.6% (US$ 6 billion), and other services 43.6% (US$ 5.3 billion), in 2021.

In 2021, the total registered planned investment projects in the EAC Region increased by 107 percent to US$ 12,914.25 million from US$6,250.20 million in 2020. Uganda had registered the highest inflows at US$ 4448.67 million followed by Rwanda (US$ 3,749.36 million). Tanzania experienced the highest growth (US$ 3,636.10 million which is almost a fourfold increase

The EAC Region in 2021 recorded US$ 12.9 billion in various sectors, creating 171,519 jobs with 1977 total number of projects. The Finance, Insurance, Real Estate and Business Services sector overtook the Manufacturing sector to emerge the top in FDI investments of at US$ 3.91 billion, creating 33,606 jobs, in 222 projects. Manufacturing sector ranked second in terms of FDI investments worth US$ 3.33 billion, creating 76,358 jobs in 985 projects. Community, Social and Personal Services sector continues to attract low investment for two consecutive years with 2021 FDI worth US$ 169.3 million, providing 3489 jobs in 85 projects. The Transport, Communication and Storage sector has attracted US$ 763.6 million, creating 7,380 jobs in 151 projects.

The negative trends of global FDI reversed in 2021. The global Foreign Direct Investment (FDI) grew by 64% in 2021, reaching $1.58nearly $1.6 trillion from the extremely low levels in 2020. (UNCTAD 2022). Globally, there were more

investments outside ($1,707,593.52) than there were within the domestic countries $(1,582,309.76). The FDI outflow was more than inflows across Europe and North America, whereas Africa, Asia and Caribbean states received more FDI in their countries than they did invest outside. Oceania countries recorded more disinvestment in 2021. The FDI is distributed along the performing sectors of the economies chiefly those of Agriculture, Finance, Manufacturing, Transportation and Trade both in commodities, utilities, and services.

Africa's FDI flows to Africa doubled in 2021 from $39 billion to $83 billion, which was 5.2% of global FDI (UNCTAD, 2022). Best performing RECs in FDI were the Economic Community of Central African States (ECCAS -$1 billion, 21% rise), Southern African Development Community (SADC -$45 billion, 4 times rise), and drop in Common Market for Eastern and Southern Africa (COMESA -$14 billion, 24% drop) and East African Community (EAC- $3 billion, 8% drop).

East Africa Community showed resilience in that there were increased public investments in 2021, and this recovery was mainly driven by the service and industry sectors on the supply side. Overall, there were more FDI investments in the EAC REC ($ 4.7 billion) than investments by its citizens outside the region ($160 million) in 2021. This presents a 107 percent growth in FDI to US$ 12,914.25 million from US$6,250.20 million in 2020.

Though Africa's contribution to carbon emissions is below the 3% share, its burden of climate change on the economies and livelihoods across the continent is disproportionately high. Africa is warming faster than the global average. Further, Africa is the least climate-resilient region in the world, with high vulnerability to climate change and a low adaptation readiness for its impacts. Climate change vulnerability threatens the livelihoods of millions of people, eroding production, productivity of local water and food systems and generate unintended consequences for sustainable development. Beyond macroeconomic impacts, climate change has significant impacts on socioeconomic outcomes. Africa's low adaptation to climate change is slowing Africa's economic growth considerably. Due to its impact on food production, climate change is the dominant factor in diminishing global food security and nutrition. The high frequency of climate change with the multiplier effect on hunger and food insecurity, poverty and income levels, and scarcity of already limited natural resources, remains critical in food security in the EAC. This is more so given that Agriculture in the EAC, like other continental countries, is rainfed, thus susceptible to the vagaries of climate change. Further, Africa's low access to modern energy is undermining its development goals and ability to build climate resilience.

5.2 Nexus between trade -investment and poverty

International trade and its liberalization can expand the range of goods and services available to the poor and reduce prices of those goods and services, increasing real

income and reducing poverty. In practice, trade expansion creates both winners and losers. Alongside the increasing per capita incomes on the back of deeper regional integration, poverty has maintained a downward trend. However, the recent shocks of COVID 19, Ukraine-Russia war and climate change have eroded the benefits accumulated so far. Poverty has intensified.

Economic growth in the EAC region averaged 5.9 percent in 2021, compared to an average of 2.3 percent in 2020. The strong regional economic growth in 2021 was largely supported by increased removal of COVID-19 related restrictions, public investments on flagship infrastructure projects and strong performance in the productive sectors. The growth was growth. The EAC growth rate of 7% in 2021, was supported by sustained public spending on flagship infrastructure projects, increased trade in services (tourism, transport, travel, telecommunication), industry and private consumption reopening of travel and trade as COVID-19 vaccine uptake increased, deeper regional ties. The region's economic growth is expected to slow down and stabilize at 4.7 percent in 2022 due to lingering effects of the COVID-19 pandemic, climate change and the spill-over impacts of the Russia-Ukraine war, which is already putting pressure on energy and food prices before recovering in 2023. These have translated into reduced employment opportunities and deepened poverty. The persistent climate shocks such as drought and floods that have engulfed the East Africa regional countries have negatively affected food security.

Poverty among the EAC Partner States

At Partner State level, comparatively higher levels of poverty were registered during COVID 19 in 2020 and the Ukraine-Russia conflicts in 2022 as highlighted in table 5.1 below. The United Republic of Tanzania and Uganda had the lowest levels of poverty, and this is reflected in the countries availability of adequate food supplies all year round. The levels of poverty are highest in South Sudan and Burundi.

Table 5. 1: EAC Partner States Poverty Indices, %, 2019-2022

Country	2019	2020	2021	2022
Burundi	70	75.1	70.0	83.0
DRC	80.0	77.2	52.0	52.5
Kenya	28.9	35.7	15.4	25.8
Rwanda	39.0	41.9	41.9	47.3
URT	26.2	25.7	27	26.7
Uganda	…	20.3	20.3	27
South Sudan	82	76.8	82.3	82.3

Source: EAC Trade Data Portal

Climate Change

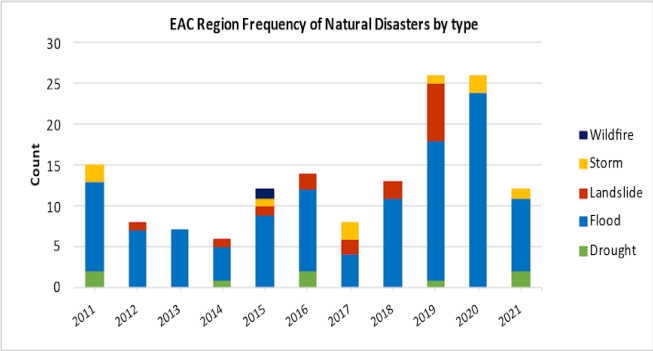
Concurrently, the effects of climate change provided in Box 1 below which confirms the link of climate change and food access. The most affected countries are those with large tracks of Arid and Semi-Arid Land (ASAL) areas (Kenya) and those

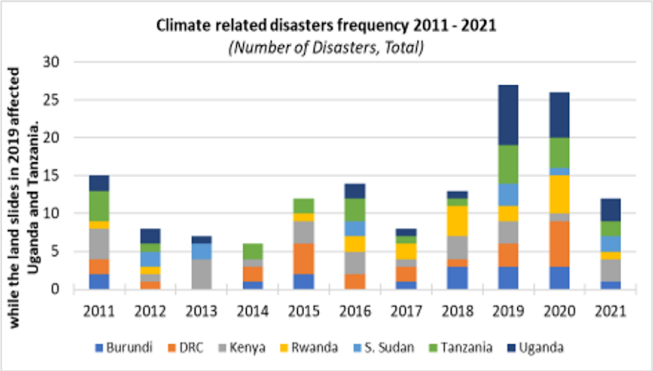
countries that are in transition of improving their political environment, which heavily rely on food imports.

Box 1: Impact of Climate Change on EAC Food Security

Impact of climate change on EAC Food Security

- Since EAC, agriculture is rainfed, it is susceptible to the vagaries of climate change, food access dependent on vagaries of the weather with the multiplier effects on hunger and food insecurity, poverty and income levels.
- Frequency and magnitude of disasters increasing. Disasters include drought, floods, landslides, storms.
- Worst disasters registered in 2011, 2016, 2019 and 2020.
- Crop failure due little to no rain in East Africa, and the death of livestock which provide alternative food and livelihoods for pastoralist communities

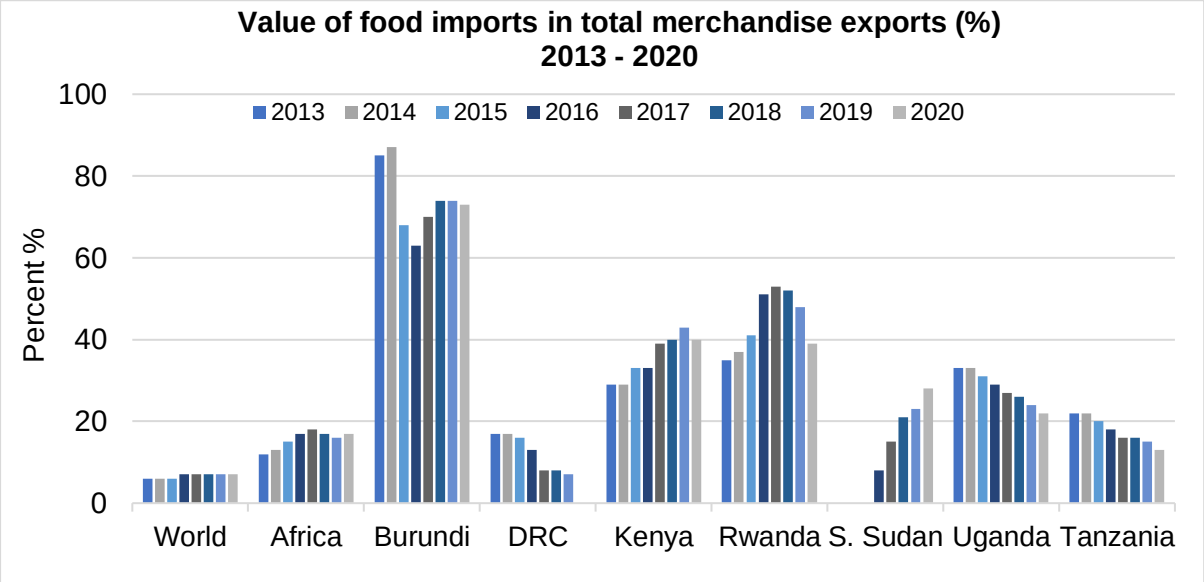




Food security

Food production in the EAC region is inadequate to meet the needs of the populations. The shortfalls are met from imports, the bulk of which are cereals and subject to variability of global prices. Most East African countries are net food importers, with Burundi, Rwanda and Kenya maintain high proportions of food import against total merchandize imports (Fig 5.1).

Figure 5. 1: Value of Imports in total merchandise exports (%) 2013-2020



Source: FAO 2023. FAOSTAT: Trade

Food Affordability

For a healthy diet, individuals daily healthy balanced diets should consist of 45-55% carbohydrates (from grains, tubers, lentils, fruits, vegetables, etc) for generation of energy, fibre; 20-35% fats for additional generation of energy from seeds (nuts, dairy products, etc); 10-35% proteins for growth and maintenance from meats, beans, nuts, pulses, etc; essential vitamins and trace minerals from vegetables, meats and seeds.

The affordability of a healthy diet measures the average cost of the diet relative to income. Changes in affordability can be due to either changes in costs of the diet (food production costs) or declining incomes or both. Rising food costs without corresponding rises in incomes have led to people being unable to afford healthy diets. The average cost of healthy diets and the number of people unable to afford them have been on rise globally.

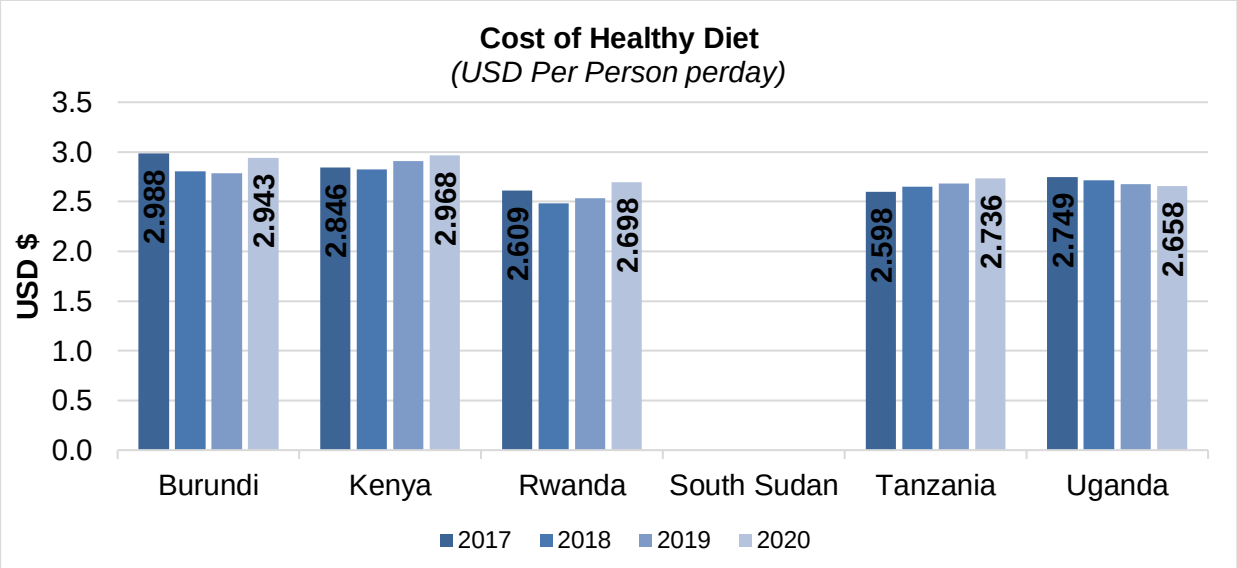
Table 5. 2: The Cost and Affordability of a Healthy Diet by Region and Country 2017 - 2020

	Cost of Healthy diet			People unable to afford a healthy diet					
	USD Per person per day			*Percent (%)*			*Total No. (millions)*		
	2017	**2019**	**2020**	**2018**	**2019**	**2020**	**2018**	**2019**	**2020**
WORLD	**3.314**	**3.425**	**3.537**	**41.5**	**40.9**	**42.0**	**2,973.8**	**2,961.9**	**3,074.2**
AFRICA	**3.248**	**3.376**	**3.460**	**80.2**	**79.9**	**79.9**	**985.3**	**1,005.6**	**1,031.0**
Eastern Africa	3.022	3.257	3.367	86.7	87.2	87.4	339.0	350.4	360.8
Burundi	2.988	2.783	2.943	97.0	96.9	97.2	10.8	11.2	11.6
Kenya	2.846	2.907	2.968	81.2	80.7	81.1	41.7	42.5	43.6
Rwanda	2.609	2.537	2.698	86.6	85.2	86.3	10.7	10.8	11.2
South Sudan	-	-	-	-	-	-	-	-	-
Tanzania	2.598	2.681	2.736	88.3	87.4	87.6	49.8	50.7	52.3
Uganda	2.749	2.678	2.658	83.5	82.7	82.2	35.7	36.6	37.6

Source: FAO Stat 2023

In the EAC region, the costs of a healthy diet have been rising except for Uganda where there has been a reduction in costs from 2017-2020 (figure 5.3). These costs are way above the minimum income of USD 2.15 per day, the cut-off poverty level point. Furthermore, the number of people unable to afford a healthy diet has been increasing especially with increased poverty caused poverty by the shocks caused by the COVID-19 pandemic and the war in Ukraine (Table 5.2).

Figure 5. 3: Cost of Health Diet EAC 2017-2020 (USD $ per person per day



Source: FAO Stat

Despite the resilient growth posted in the region, the debt burdens remain quite high, well above the sustainable level of 50% of the proportion of debt to GDP with the advent of COVID 19 in 2020 and the Ukraine war in 2022 (Table 5.3). However, Tanzania and Uganda debt levels were below the 50% marks from 2018 to 2022. .

Table 5. 3: EAC Partner States Debt Burden, 2018-2022 (%)

Country	2018	2019	2020	2021	2022	Sustainable level
Burundi	46.6	52.5	58.4	63.1	67.6	50% of GDP
Dem. Republic of Congo	10	11.8	12.8	….	….	
Kenya	51.0	54.1	63.4	64.0	66.0	
Rwanda	37.2	41.1	65.6	66.6	64.4	
South Sudan	42.2	28.1	36.4	64.7	…	
Tanzania	41.3	39.9	39.0	41.6	42.4	
Uganda	41.4	41.0	41.7	48.3	49	

Source: EAC Open Data Portal

5.3 Policy Recommendations

Existing policies globally and regionally have provided incentives and flexibilities to leverage available markets for development. However, weak productive capacities, poor competitiveness, and limited economic diversification in Africa and EAC in particular pose critical challenges in taking advantage of these available markets. These challenges constrict the range of intermediate and final goods that can be traded and potentially inhibit the fuller development of the regional value chains. They also influence the tariff and non-tariff -related trade costs that hamper competitiveness and market access. Furthermore, the spill over effects of the global crises- COVID 19, Ukraine-Russia war and other geopolitical conflicts and politically instigated sanctions, devastating climate change effects; 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. This has necessitated the tightening global financial conditions leading to risks of financial crisis caused by the high inflation and borrowing costs and exacerbated currency markets. The lack of preparedness to manage climate change effects, compromises the region's structural transformation and development prospects including socioeconomic outcomes impacting on macroeconomic fundamentals.

Through appropriate regional frameworks, Partner States should

i. **Building on the initiatives and capacities developed during COVID -19 pandemic, for future preparedness of other pandemics.**

- Partner States should continue to strengthen resilience against future health pandemics. In particular, having been excluded from accessing essential health commodities during the peak of COVID 19, there is a need to develop regional pharmaceutical manufacturing capacities.

ii. **Invest in climate resilience and a just energy transition, by focusing on innovation, technology facilitated agricultural systems and processes, diversified agricultural production to manage climate change effects. Prioritize investment in green energy**.

- Promote investment in green energy (sustainable interconnected regional energy systems), to support expansions in productive sectors and every day usage;
- Invest in climate change adaptation.
- Leverage innovation and technology in production and trade for gains in competitiveness.
- Strengthen social protection support mechanisms to support poor people against shocks of climate change, while minimizing associated loses;
- Building resilience requires transformative changes, with support from the public sector. Creating enabling environments for innovation and involving stakeholders, including the private sector, are key challenges.

- Build the human and institutional capacity to manage and access climate change resources to facilitate climate change adaptability.

iii. Maximize the potential benefits of the African Continental Free Trade Area for increased investments through ensuring policy coherence and investments in infrastructure to attract investments

- Promote coherent policies to investment across the region;
- Partner States to ensure reliable infrastructure to facilitate trade and investment with a focus on sufficient transport facilities, adequate and reliable supply of energy, ICT and adequate skilled workforce.

iv. Promote inclusive growth to address rising poverty and inequality through social programs and job opportunities targeting vulnerable people.

v. Expand investment in productive sectors, while prioritizing value chains, from the abundant natural resources in agriculture and minerals to diversify tradables, create employment, poverty reduction, generate government revenues, and contain inflation while safeguarding the recovery.

- Encourage local content development through value addition.
- Strengthen institutions along the supply and value addition chains and bulking;
- Partner States to fast-track the development of a should adopt a Regional Local Content Policy to catalyse industrialisation development and growth of regional value chains.
- Facilitate and promote investments in the industrial sector and reinforce linkages between industries to create and strengthen regional value chains

vi. Boosting local agricultural production to mitigate global supply risks

- Import substitute food products that can be produced regionally;
- Promote initiative on innovations to diversify range of food products and food production systems and distribution;
- Encourage establishment food reserve storage;
- Adopt standards to expand intra-regional food trade;
- Invest in drought tolerant crops;

vii. Undertake comprehensive review of the national and regional policy and regulatory frameworks to support the new proposed initiatives in

- Explore options for debt - climate swaps.
- Strengthen national, regional and international networks in order to improve on efficiency of resource utilization.

- Strengthen e-platforms on trade and investment for ease of market information and increase in trade.
- Partner States provide an open, transparent, and predictable regime for investment and improve the ease of doing business.
- Partner States to adopt digital technology to improve the quality of trade facilitation in order to enhance free movement of goods, persons and services.

viii. Public Debt management

- Implement complementary fiscal and monetary policies to manage effects of inflation and exchange rate depreciation.
- Invest in initiatives that reduce dependency on imports and generate revenue to government.

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