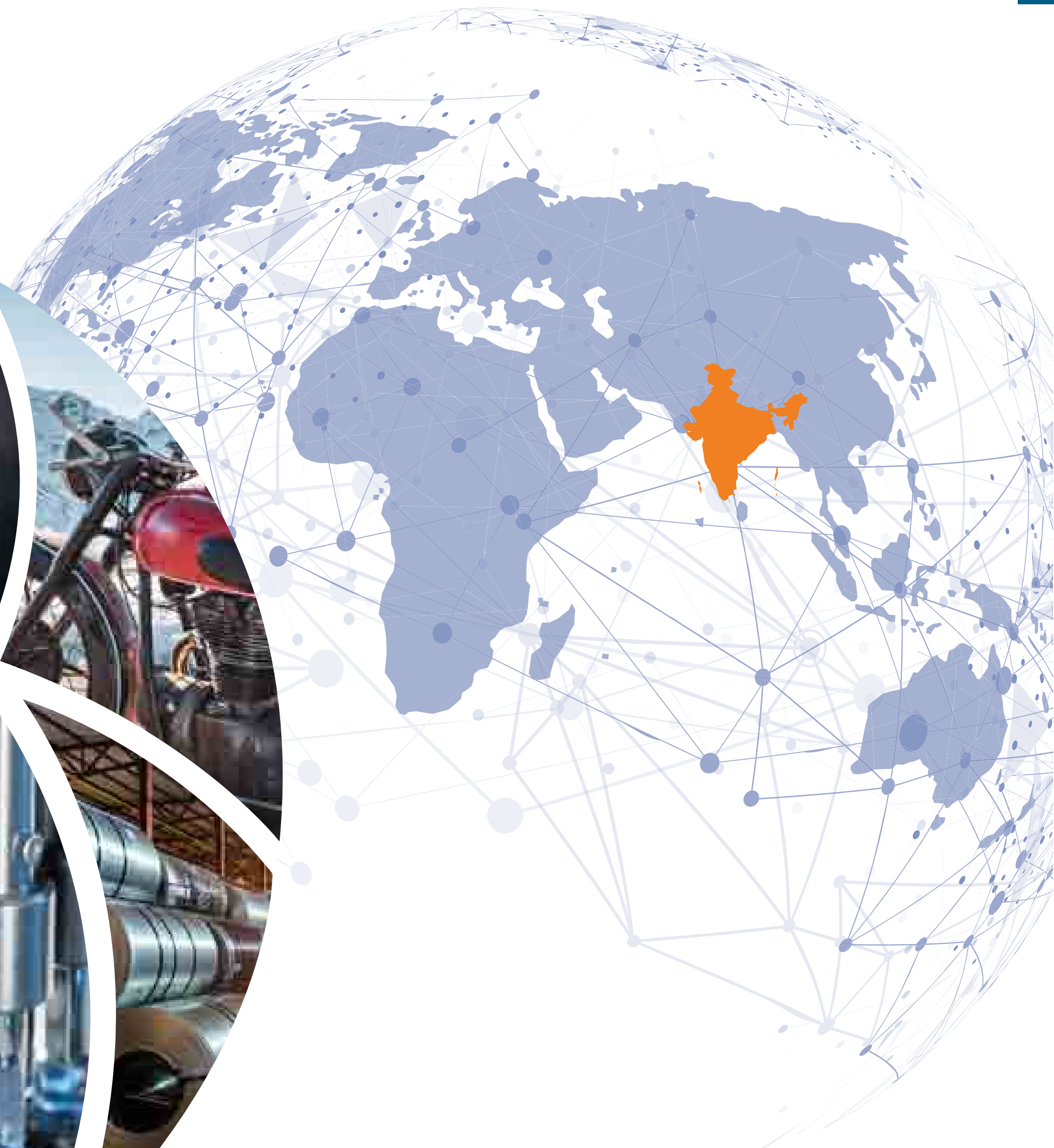
Exploring Economic Opportunities for India in East Africa



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Exploring Economic Opportunities for India in East Africa

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Project Team: Research and Analysis Group

Mr. David Sinate, Chief General Manager

Ms. Sara Joy, Chief Manager

Ms. Alfiya Ansari, Deputy Manager

Mr. Kanishk Choudhary, Officer

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Executive Summary

The East Africa region is one of the most dynamic and fastest growing regions within the African continent, with growth projected to rise to 5.1% in 2024 and 5.7% in 2025 from an estimated 3.5% in 2023. East Africa accounted for the highest number of countries in Africa, with GDP growth exceeding 5% in 2023, underscoring its continued strong performance and diversified economies. The East African Community (EAC) is a regional intergovernmental organisation of 8 countries in East Africa - Burundi, Democratic Republic of Congo (DR Congo), Kenya, Rwanda, South Sudan, Uganda, Tanzania and Somalia, with its headquarters in Arusha, Tanzania.

The EAC is one of the most integrated regional economic communities of the African Union. The EAC has an estimated 317.9 million population, of which over 30% remains urban. With a land area of 5.4 million square kilometres and a combined estimated gross domestic product (GDP) of US$ 344.7 billion in 2023, the EAC bears great strategic and geopolitical significance. Among member countries, Rwanda, DR Congo and Kenya witnessed the highest growth during 2023, while South Sudan continued to remain in recession.

Merchandise Trade of EAC Countries

Total merchandise trade of the EAC increased by around 30% to US$ 135.5 billion in 2022 from US$ 104.5 billion in 2021. The EAC's global merchandise exports more than doubled during the last decade from US$ 24.2 billion in 2013 to US$ 50.2 billion in 2022, growing at an annual average growth rate (AAGR) of 9.8%. Imports have also seen a similar trend, growing at an AAGR of 8.0%.

The EAC accounted for 7.4% of Africa's exports and 0.2% of world exports in 2022. DR Congo is the largest exporter among the EAC countries, accounting for 58.8% of the region's total exports in 2022. Other major exporters from the EAC include Kenya, Tanzania and Uganda, accounting for over 35% of total exports from the region.

Merchandise exports of the EAC are dominated by commodities for which the EAC countries are price takers, such as tea, coffee, cut flowers and non-monetary gold. The EAC accounts for 61% of Africa's copper exports and 7.7% of the world exports of copper and its articles in 2022. Mining activities in DR Congo forms the base for significant metal exports by the region. Copper and its articles were the largest category of products exported from the EAC in 2022, accounting for 33.7% of total exports by the region, followed by inorganic chemicals.

In 2022, China was the largest export destination for the region, accounting for 29.9% of the EAC's global exports. Other key export destinations of the EAC include South Africa (8.7% of total exports in 2022), UAE (6.8%), Singapore (4.7%) and Mozambique (4.7%). India is currently the eighth largest export destination for the EAC.

As regards imports, DR Congo and Kenya dominate imports of the EAC, accounting for 31.6% and 24.8% of the region's total imports in 2022, respectively. Other major importers in the region include Tanzania, Uganda and Somalia, together accounting for over 35% of imports.

In contrast to the EAC's export basket, which is largely dominated by copper articles, metals and inorganic chemicals, the EAC's imports are relatively diversified. Imports are dominated by manufactured products, including fuels, chemicals (e.g. medicaments and fertilizers), machinery and transport equipment. China has emerged as the leading supplier to the EAC, accounting for as much as 20.9% of the EAC's total imports in 2022, followed by UAE (14.3%). India was the third-largest source for the EAC's imports, accounting for 11% share in the EAC's global imports in 2022.

Services Trade of EAC Countries

According to WTO-OECD BaTiS database, the EAC's trade in services has remained consistent over the last decade, reaching an all-time high in 2019 at US$ 27.2 billion, before moderating to reach US$ 25.6 billion in 2021. Services exports have gradually increased in the past decade for the EAC from US$ 9.2 billion in 2012 to US$ 10.4 million in 2021. The EAC is a net importer of services, with the services trade deficit remaining largely stable over the better part of the last decade, seeing a rise in 2020 to US$ 4.9 billion and US$ 4.8 billion in 2021.

Within the bloc, Kenya emerged as the largest services exporter at US$ 4.5 billion in 2021, accounting for 43.6% of the total services exports, followed by Tanzania (27.9%) and Uganda (11.0%). In case of services imports, DR Congo was the largest importer at US$ 4.7 billion (31.2% of total services imports by the EAC in 2021), closely followed by Kenya (30.9%). Other major importers were Uganda (13.8%) and Tanzania (11.1%). The EAC's services trade, both exports and imports, was concentrated in transport, travel and other business services.

India's Merchandise Trade with EAC Countries

India - EAC merchandise trade has shown significant growth in the last decade. Total trade which stood at US$ 9.7 billion in 2013 has grown to reach US$ 12.9 billion in 2022. India's exports to the EAC which were at US$ 8.6 billion in 2013 increased to US$ 9.4 billion in 2022. India's imports from the EAC were a meagre US$ 1 billion in 2013. Since then, imports have registered consistent growth, and merchandise imports peaked at US$ 3.5 billion in 2022. India runs a positive trade balance with the EAC, with the trade surplus reaching US$ 5.8 billion in 2022.

Tanzania, with a share of 43.6% was the largest market for India's exports in the region in 2022. Kenya, with a share of 31.4%, Somalia (9.8%) and DR Congo (6.7%) were the second, third and fourth largest destinations for India's exports in 2022, respectively. India's imports from the EAC in 2022 stood at US$ 3.5 billion. Tanzania, with a share of 80.1% was the largest source of imports for India among the EAC countries. Other major EAC countries supplying to India in 2022 were Uganda (with a share of 13.1%), Kenya (3.5%) and DR Congo (1.6%).

India's major export item to the EAC in 2022 was mineral fuel and oils, with a share of 33.7% in total exports to the region amounting to US$ 3.2 billion. Other major export categories for India were pharmaceutical products (10.5% of total exports in 2022), vehicles other than railway or tramway (7.6%), machinery and mechanical appliances (6.4%), sugar and sugar confectionery (6.1%) and cereals (4.4%). In 2022, copper and articles accounted for 40.5% of India's total imports from the region. Other major imported products in the same year were pearls, precious stones and metals (40.1%), edible fruits and nuts (4.5%), edible vegetables (4%), coffee, tea, mate and spices (1.9%) and cocoa and cocoa preparations (1.6%).

India - EAC Bilateral Trade in Services

India's services exports to the EAC stood at US$ 943 million in 2021, increasing by a compound annual growth rate (CAGR) of 4% from 2012 when it was at US$ 636 million. Kenya's share in India's exports to the EAC was the highest at 42.9% in 2021, followed by exports to Uganda, DR Congo and Tanzania. India's services imports from the EAC increased from US$ 315 million in 2012 to US$ 520 million in 2021, growing by a CAGR of 5.1%, with Tanzania accounting for 49.6% of India's services imports from the region in 2021. Transport and travel services dominate India's services trade with the EAC countries.

Revealed Comparative Advantage Analysis of India and EAC

To identify the products based on their export competitiveness in the EAC, a four-quadrant analysis has been undertaken based on the HS Code classifications at 6-digit level, whilst calculating their normalized revealed comparative advantage (NRCA) and mapping them against the AAGR of global imports of the EAC for all products. The quadrants are drawn by comparing the overall AAGR of global imports of the EAC for all products during 2012-2022 (which was 9.4%), to the NRCA of India's exports to the EAC during the same period. This exercise aims to identify those products where imports in the EAC over the period 2012-2022 have performed better than the overall average of the EAC for all products during this period, implying that the share of such products in the EAC's import basket has witnessed an increase, a reflection of their rising demand and dynamism.

At 6-digit HS Code, with minimum exports of US$ 1 million from India to the EAC, 577 products have been identified with total exports from India to the EAC amounting to US$ 8.5 billion while the total world imports to the EAC in the same products stood at US$ 55.3 billion in 2022. Out of the 577 items at the HS 6-digit level, 305 items fell into the category of the product champions. The combined exports of these items from India to the EAC were US$ 5.7 billion in 2022, representing approximately 67.2% of India's exports to the EAC in 2022. Major product champions include mineral oil preparations, rice, motor cars, motorcycles, wheat flour and machinery, among others. These products are low hanging fruits for India and can be targeted in the short to medium term.

The total number of products in winners in declining markets category is 93, with India's exports amounting to US$ 1.6 billion, accounting for a share of 18.9% in India's exports to the EAC in 2022. These are the product items in which India has attained a significant share in the EAC's import basket, but the EAC's import demand for these products has been falling in the last decade. This was followed by underachievers with 139 items with India's exports worth US$ 993.2 million to the EAC. These products constituted a marginal share of 11.7% in India's total exports to the EAC. These are the product items in which import demand in the EAC is rising, but India has limited competitiveness in the export of these items. The underachievers category broadly includes light oils and preparations, semi-finished products of iron or non-alloy steel and self-propelled mechanical shovels.

Foreign Direct Investment in EAC and Bilateral Investment with India

According to the United Nations Conference on Trade and Development (UNCTAD) database, FDI inflows into the EAC in 2022 accounted for 14.3% of total FDI inflows into Africa. Investment inflows are largely channelled to the mining, manufacturing and construction sectors. On the other hand, FDI outflows from the EAC accounted for 9.9% of total FDI outflows from Africa.

According to fDi Markets, total envisaged capital investment in the EAC during 2013 - 2023 was US$ 90.3 billion. The maximum investment into the EAC were recorded from France, accounting for 13.3% of total capex invested in the region during January 2013 to December 2023. France was followed closely by China at 13.2% of total envisaged capex invested. Other key investors in the region were UK (8.3%), the US (8.2%), Canada (6.5%), UAE (6.4%), South Africa (3.2%) and Luxembourg (3.1%).

During 2013 - 2023, Kenya emerged as the largest destination for investments coming into the EAC region, receiving 31.9% of total envisaged investments, followed closely by Uganda (21.7%), DR Congo (19.1%), Tanzania (16.8%) and Rwanda (6.6%). During 2013 - 2023, coal, oil and gas sector accounted for the largest share of global envisaged investments into the EAC countries (18% of total investments received by the EAC), followed by metals (13%), transportation and warehousing (11%), renewable energy (11%), communications (7%), building materials (6%) and real estate (6%).

A total outward envisaged investment of US$ 8.1 billion was made by the EAC entities in 301 projects, resulting in 34,885 jobs across the globe from January 2013 to December 2023. Most of the outward investments from the EAC countries went to the region itself. India received the largest investment from the EAC region outside of the EAC countries, in 12 projects and US$ 748.8 million (9.2%) in capital expenditure during 2013 - 2023. During 2013 - 2023, financial services sector accounted for the largest share of approved investments from the EAC to the rest of the world (22% of total investments by the EAC), followed by software and IT services (13%), building materials (8%), transport and warehousing (8%), hotel and tourism (7%) and renewable energy (7%).

Total capital investment of India in the EAC region stood at a cumulative amount of US$ 1.8 billion, through 100 projects and creating 9,598 jobs in the region. During 2013 - 2023, Kenya received 35.8% of India's outward direct investments in the region, followed by Tanzania (29.5%), Uganda (18.9%), DR Congo (10.7%) and Rwanda (5.2%). During 2013 - 2023, communications sector received the largest share of approved investments from India into the EAC countries (35.1% of total investments received by the EAC), followed by transportation and warehousing (9.5%), non-automotive transport OEM (7.6%), industrial equipment (6.4%), real estate (6.1%), leisure and entertainment (5.9%) and healthcare (5.6%).

Investments from the EAC to India have been tepid over the last decade, with 12 projects and US$ 748.8 million in total capital investment during 2013 - 2023. All the 12 projects have been undertaken majorly by Kenya (98.9%) and Tanzania (1.1%), in software and IT services sector and communications sector.

Investment Opportunities for India in EAC Countries

East Africa is a region overflowing with potential – from agriculture to mining to tourism to energy – with investment avenues abound. There is no investment agreement between the EAC members, although their objective is to promote the Community as a single investment area. The 2006 EAC Model Investment Code remains the reference guide for the design of national investment policies and laws. However, it does not have any binding effect on countries. It provides for national treatment of, and non-discrimination against, foreign investors. Furthermore, it also provides for the free transfer of assets, and protection from uncompensated expropriation. Major investment opportunities for India in the EAC region exist in the following sectors:

- Burundi – Renewable energy and Manufacturing
- DR Congo – Energy and Mining
- Kenya – Information and Communication Technology and Healthcare
- Rwanda – Agriculture and Infrastructure
- Somalia – Livestock and Farming
- South Sudan – Agri and agribusiness and Infrastructure
- Tanzania – Cotton Textile and Manufacturing
- Uganda – Tourism and Mineral Value Addition

The East African Community has made great strides in recent years towards integrating the economies of its member countries. The positive trajectory in India-EAC trade and investment in recent years reflects the growing interest from Indian private sector companies in the region. Hence, a strategy to enhance trade and investment relations with countries in the EAC would entail an integrated approach comprising a trade and investment related development agenda focussing on meeting development challenges in the region and increasing cooperation in areas of competitiveness. Some of the areas for collaboration between India and the EAC would include strengthening partnership in strategic minerals, facilitating financial inclusion, defence cooperation, collaboration in pharmaceutical sector, digital trade and infrastructure and exploring counter trade opportunities.

Chapter 1

Macroeconomic Background of East African Community

The East Africa region is one of the most dynamic and fastest growing regions within the African continent, with growth projected to rise to 5.1% in 2024 and 5.7% in 2025 from an estimated 3.5% in 2023. East Africa accounted for the highest number of countries in Africa, with GDP growth exceeding 5% in 2023, underscoring its continued strong performance and diversified economies. According to the African Development Bank (AfDB), the East Africa region covers 13 countries with overlapping memberships in four African Union-recognized regional economic communities. These regional economic communities are the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Intergovernmental Authority on Development (IGAD) and the Southern African Development Community (SADC).

This study focuses on the EAC, which has been an important driver for the continent's growth for over a decade. The EAC is a regional intergovernmental organisation of 8 countries in East Africa - Burundi, Democratic Republic of Congo (DR Congo), Kenya, Rwanda, South Sudan, Uganda, Tanzania and Somalia, with its headquarters in Arusha, Tanzania. The EAC operates under its founding Treaty, signed on November 30, 1999, and entered into force on July 7, 2000, initially ratified by Kenya, Tanzania and Uganda. Rwanda and Burundi joined on June 18, 2007, followed by South Sudan on April 15, 2016, and DR Congo on April 8, 2022. Somalia's accession occurred on December 15, 2023, and its full membership was solidified on March 4, 2024.

As one of the world's rapidly growing regional economic blocs, the EAC fosters cooperation among its members across various domains, including political, economic and social realms. Currently, the region is witnessing active integration efforts, exemplified by advancements in the East African Customs Union, the establishment of the Common Market in 2010, and the initiation of the East African Monetary Union (EAMU) Protocol. The EAMU Protocol was signed on November 30, 2013, with its main objective of having a single currency for all the partner countries within the EAC region.

Macroeconomic Overview of EAC Member Countries

East African Community is home to several of the fastest-growing economies, including Kenya, Rwanda, Tanzania and Uganda. The EAC has an estimated 317.9 million population, of which over 30% remains urban. With a land area of 5.4 million square kilometres and a combined estimated gross domestic product (GDP) of US$ 344.7 billion in 2023, the EAC bears great strategic and geopolitical significance. Among member countries, Rwanda, DR Congo and Kenya witnessed the highest growth during 2023, while South Sudan continued to remain in recession.

Burundi

Burundi, a small and landlocked country, covers a land area of 26,338 sq. km and has an estimated total population of 13.0 million in 2023 **(Table 1.1)**. Burundi is bordered by Rwanda to the north, Tanzania to the east and southeast and DR Congo to the west, while Lake Tanganyika lies along its southwestern border. The economy of Burundi is primarily dependent on subsistence farming and trade, with the majority (more than 70%) of labour force being engaged in the agriculture sector as subsistence farmers. Agricultural sector accounted for 36.5% of Burundi's GDP in 2022. The major food crops and exports are coffee and tea. The industrial sector accounted for 20.1% of GDP, while the services sector accounted for 43.4% of GDP.

Burundi is abundant in natural resources, primarily water resources and minerals. It has large deposits of nickel and uranium as well as rare earth oxides, peat, cobalt, copper, platinum, vanadium, niobium, tantalum, gold, tin, tungsten, kaolin and limestone. The significant water resources are used for hydropower generation. Despite possessing significant reserves of minerals critical for the energy transition, the mining sector is underdeveloped, stifled by uncompetitive business environment.

Owing to climate shocks and weaking global scenario, Burundi has experienced challenging economic situation in recent years, often marked by macroeconomic imbalances. In 2023, economic growth rebounded to 2.7% from 1.8% in 2022, spurred by robust agricultural production. Real GDP growth of Burundi is expected to be at 4.3% in 2024, increasing to 5.4% in 2025. Net export earnings from agricultural products (such as tea and coffee) are expected to be a major growth driver during 2024-25. Growth is also expected to be driven by government spending on the social sector as well as on large-scale public-works projects, including several hydroelectric dams, roads and a solar-power project.

Table 1.1: Macroeconomic Profile of Burundi

Economic Indicators	2019	2020	2021	2022	2023[e]	2024[f]	2025[f]
GDP (US$ bn)	3.0	3.1	3.4	3.9	4.2	3.1	3.3
Real GDP growth (%)	1.8	0.3	3.1	1.8	2.7	4.3	5.4
Inflation (% change, avg CPI)	-0.7	7.3	8.3	18.9	27.0	22.0	20.0
GDP per capita (US$)	261.3	259.9	274.0	311.0	324.9	230.0	239.7
Population (mn)	11.5	11.9	12.2	12.6	13.0	13.4	13.8
Current account balance (US$ bn)	-0.3	-0.3	-0.4	-0.6	-0.6	-0.5	-0.5
Current account balance (% of GDP)	-11.6	-9.7	-11.6	-16.2	-13.3	-17.3	-15.3
General government gross debt (% of GDP)	60.0	66.0	66.6	68.4	62.8	72.7	62.7
Foreign-exchange reserves (US$ mn)	109.9	88.49	264.4	156.78	82.9	137.4	149.0
Exchange rate Bufr: US$ (avg)	1,845.6	1,915.1	1,975.9	2,034.3	2,573.9	2,894.4	2,984.4

Note: [e-]estimates; [f-]forecasts

Source: International Monetary Fund (IMF) World Economic Outlook (WEO) April 2024 and Economist Intelligence Unit (EIU)

From an estimated 27% in 2023, consumer price inflation is expected to decelerate to 22% in 2024 as imported inflation eases in line with a dip in global commodity prices and pass-through effects of monetary tightening. However, inflation is expected to remain high, reflecting the sustained currency depreciation and rising demand-side inflationary pressures as economic growth strengthens. The current account deficit remained high at 13.3% of GDP in 2023, pressured by soaring oil prices and sluggish exports amid delayed mining contract negotiations. The large and persistent current-account deficit is expected to weigh on the exchange rate throughout 2024-25. The Burundian franc is expected to depreciate from Bufr 2,573.9: US$ 1 during 2023 to Bufr 2,894.4: US$ 1 in 2024.

DR Congo

DR Congo is the largest country in Sub-Saharan Africa, having land area of 2,344,885 sq. km and an estimated total population of 99.9 million in 2023. Except for a 40 km coastline on the Atlantic Ocean, DR Congo is landlocked and shares borders with Angola, Burundi, Central African Republic, Republic of Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia. Since 2019, the economy is on the path of modernization with planned investments and expansions in health, education, electricity and water access and social rehabilitation programs.

DR Congo is rich in natural resources with the most significant industry being mining (copper, cobalt, gold, diamonds, coltan, zinc, tin and tungsten), followed by mineral processing, consumer products (textiles, plastics, footwear and cigarettes), metal products, processed foods and beverages, timber, cement and commercial ship repair. Industrial sector dominated the economy in 2022, accounting for an estimated 49.8% of the country's GDP, followed by services (32.3%) and agriculture (17.9%).

After rising to an estimated 6.1% in 2023, largely reflecting high prices of global metals such as copper, real GDP growth of DR Congo is expected to moderate to 4.7% in 2024 and stabilise around 5.7% in 2025 **(Table 1.2).** GDP growth is expected to be driven by a recovery in private consumption and expansion in the copper and cobalt mining sectors as domestic capacity meets rising demand.

Mining expansion projects, such as the Kamoa-Kakula mine, which is on track to become the world's third-largest copper mine by 2024, coupled with planned increases in output at the Tenke Fungurume mine and the KFM mine are expected to boost fixed investment in the mining sector (which accounts for more than a quarter of GDP) and drive domestic production throughout the next 3 years.

Table 1.2: Macroeconomic Profile of DR Congo

Economic Indicators	2019	2020	2021	2022	2023^{e}	2024^{f}	2025^{f}
GDP (US$ bn)	50.9	49.6	58.2	65.9	67.3	73.8	83.1
Real GDP growth (%)	4.5	1.7	6.0	8.8	6.1	4.7	5.7
Inflation (% change, avg CPI)	4.7	11.4	9.0	9.3	19.9	17.2	8.5
GDP per capita (US$)	578.9	546.4	620.6	681.1	673.0	714.8	779.7
Population (mn)	87.9	90.8	93.8	96.8	99.9	103.2	106.6
Current account balance (US$ bn)	-1.6	-1.1	-0.6	-3.3	-3.6	-3.0	-2.6
Current account balance (% of GDP)	-3.2	-2.1	-1.0	-5.0	-5.4	-4.1	-3.2
General government gross debt (% of GDP)	14.8	16.2	15.7	14.3	14.3	11.1	8.9
Foreign-exchange reserves (US$ mn)	109.9	88.49	264.41	156.78	82.9	137.4	149.0
Exchange rate FC: US$ (avg)	1,845.6	1,915.1	1,975.9	2,034.3	2,573.9	2,894.4	2,984.4

Note: $^{e-}$estimates; $^{f-}$forecasts

Source: IMF WEO April 2024 and EIU

Inflation continued to move upwards in 2023 to 19.9% from 9.3% in the previous year, driven by rapid currency depreciation and increasing dollarisation of the economy. Despite rising imports of capital goods, the current account deficit is expected to narrow to 4.1% of GDP in 2024, due to improved terms of trade associated with favourable commodity prices. Increased FDI flows are expected to contribute to building up reserves and maintaining exchange rate stability, while inflation is expected to decline over the medium term. The Congolese franc is expected to weaken from FC 2,573.9: US$ 1 in 2023 to FC 2,894.4:US$ 1 in 2024 and to FC 2,984.4:US$ 1 in 2025.

Kenya

Kenya is Sub-Saharan Africa's fourth largest country, with a total land area of 569,259 sq. km and an estimated population of 51.5 million in 2023 **(Table 1.3)**. Kenya shares common borders with five countries, Tanzania in the South, Uganda in the West, South Sudan in the Northwest, Ethiopia in the North and Somalia in the East. The Indian Ocean coastline which forms the Eastern border stretches around 480 kms from the Somali border to the Tanzania border. The country is endowed with rich agricultural land and abundant wildlife. Kenya hosts a wide variety of mineral resources including, gold, diatomite, fluorspar, gypsum, refined lead and salt.

Kenya in the recent past has emerged as a technological and financial hub for East and Central Africa. The spread of broadband internet and e-commerce and a rise in financial inclusion fuelled by mobile-money platforms is creating new opportunities for growth. The Kenya Vision 2030, which was launched in June 2008, aims to transform Kenya into an industrialized upper middle-income economy, offering a high quality of life to all its citizens by 2030.

Kenya's private sector has been vibrant and dynamic in recent years. Kenya has a relatively small formal sector, engaged mainly in manufacturing focusing on agro-processing, textile manufactures, commodity exports and services. Driven by booming tourism and the growth of telecommunication sectors, services sector dominated the economy, accounting for 58.6% of the nation's GDP in 2022, followed by agriculture (22.6%) and industry (18.8%).

Kenya is the 7th largest economy in Africa, with nominal GDP at US$ 108.9 billion in 2023. Kenya's economy is the largest among the EAC members in terms of the size of GDP, and accounts for over 31% of the combined GDP of the EAC.

The real GDP is expected to grow by 5% in 2024, marginally down from 5.5% in 2023. The crucial farming sector will remain buoyant, underpinned by the persistence of an El Niño weather system, which typically brings wetter weather to East Africa. However, growth will be constrained by the combined impact of domestic fiscal and monetary tightening and a second year of weak global conditions.

Inflation is expected to moderate to 6.6% in 2024, down from 7.7% in 2023. Food prices which constitute the largest component of the consumer price index is expected to rise much more slowly in 2024. A fall in oil prices and a slower pace of shilling depreciation are also expected to dampen inflation in 2024. The Eurobond transactions eliminated the threat of a debt default in June 2024, leading to a strong shilling rally. This shift in external debt dynamics ended a lengthy period of shilling depreciation arising from US monetary tightening and a strong US dollar. Foreign direct investment (FDI), tourism and remittance inflows are expected to support external financing; while the current account deficit is expected to remain within 3.9% and 4.3% of GDP in the medium term. The shilling depreciation is expected to continue at a modest pace in the medium term as US dollar strength dissipates.

Table 1.3: Macroeconomic Profile of Kenya

Economic Indicators	2019	2020	2021	2022	2023^{e}	2024^{f}	2025^{f}
GDP (US$ bn)	100.3	100.9	109.9	113.7	108.9	104.0	109.6
Real GDP growth (%)	5.1	-0.3	7.6	4.8	5.5	5.0	5.3
Inflation (% change, avg CPI)	5.2	5.3	6.1	7.6	7.7	6.6	5.5
GDP per capita (US$)	2,107.7	2,068.0	2,208.7	2,245.3	2,113.4	1,983.1	2,055.1
Population (mn)	47.6	48.8	49.7	50.6	51.5	52.4	53.4
Current account balance (US$ bn)	-5.3	-4.8	-5.7	-5.9	-4.3	-4.5	-4.6
Current account balance (% of GDP)	-5.2	-4.7	-5.2	-5.2	-3.9	-4.3	-4.2
General government gross debt (% of GDP)	59.1	68.0	68.2	68.4	73.3	73.0	70.3
Foreign-exchange reserves (US$ bn)	9.1	8.3	9.5	8.0	8.6	9.6	10.4
Exchange rate KSh: US$ (avg)	101.9	106.4	109.6	117.8	139.9	145.3	151.9

Note: $^{e-}$estimates; $^{f-}$forecasts

Source: IMF WEO April 2024 and EIU

Rwanda

Rwanda is a landlocked country, bordered by Tanzania, DR Congo, Uganda and Burundi, with a total land area of 26,338 sq. km. Rwanda is one of the most densely populated countries in Africa, with an estimated population of 13.5 million in 2023 **(Table 1.4)**. The country is abundant in natural resources such as gold, methane, cassiterite (tin ore), wolframite (tungsten ore), hydropower and arable land. In 2022, services sector contributed to 50.2% of GDP, followed by agriculture sector (26.9% of GDP) and industry (22.9% of GDP).

Through a series of seven-year plans called National Strategies for Transformation, Rwanda aims to achieve the middle-income country status by 2035 and further aspires to become a high-income country by 2050. These plans are guided by the sectoral schemes focused on meeting the United Nation's Sustainable Development Goals (UNSDGs).

Rwanda has experienced strong economic and social performance over the last decade. Growth averaged 7.2% a year over the decade to 2019, with per capita GDP growing at 5%. With a strong focus on homegrown initiatives, Rwanda saw massive improvement in human development indicators. It also became one of the two countries in Sub-Saharan Africa to achieve all the health Millennium Development Goals (MDGs).

Recently, the economy faced several challenges from post pandemic issues, conflict in Ukraine, inflationary pressures and various climate-related shocks. Despite the setbacks, the economy showed resilience, with the GDP expanding by an estimated 6.9% in 2023. Rwanda is one of Africa's fastest-growing economies. In absolute terms, GDP amounted to US$ 14.0 billion in 2023, with per capita GDP at US$ 1,038.6.

After two consecutive years of double-digit inflation in 2022 and 2023, driven by high global commodity prices and supply disruptions, inflation is expected to decelerate to 5.8% in 2024 from 14% in 2023. Inflation began moderating towards end 2023, and an expected decline in global prices of fuel in 2024-25 will further ease price pressures. The Rwandan franc is expected to weaken from Rwfr 1,160.1:US$ 1 in 2023 to Rwfr 1,301.6:US$ 1 in 2024, reflecting depreciatory pressures from a large current account deficit. The current-account deficit is expected to widen in 2024, before narrowing in 2025 owing to a fall in global prices of major imports, including fuel.

Table 1.4: Macroeconomic Profile of Rwanda

Economic Indicators	2019	2020	2021	2022	2023^{e}	2024^{f}	2025^{f}
GDP (US$ bn)	10.3	10.2	11.1	13.3	14.0	13.7	14.1
Real GDP growth (%)	9.5	-3.4	10.9	8.2	6.9	6.9	7.0
Inflation (% change, avg CPI)	2.4	7.7	0.8	13.9	14.0	5.8	5.0
GDP per capita (US$)	836.0	803.4	853.1	1,004.7	1,038.6	988.7	998.0
Population (mn)	12.4	12.7	13.0	13.2	13.5	13.9	14.2
Current account balance (US$ mn)	-1.2	-1.2	-1.2	-1.3	-1.6	-1.7	-1.4
Current account balance (% of GDP)	-11.9	-12.1	-11.2	-9.8	-11.7	-12.1	-9.8
General government gross debt (% of GDP)	49.9	65.6	66.7	61.1	62.1	69.9	71.7
Foreign-exchange reserves (US$ bn)	1.5	1.7	1.9	1.7	2.2	2.1	2.3
Exchange rate Rwfr: US$ (avg)	899.3	943.2	988.6	1,030.3	1,160.1	1,301.6	1,373.7

Note: $^{e-}$estimates; $^{f-}$forecasts

Source: IMF WEO April 2024 and EIU

South Sudan

The Republic of South Sudan was formed on July 9, 2011, following a peaceful secession from Sudan. It is a landlocked country, bordered by Ethiopia, Sudan, Central African Republic, DR Congo, Uganda and Kenya and has an estimated population of 15.0 million in 2023 **(Table 1.5)**.

Since its inception, South Sudan has faced various setbacks including civil unrest in 2013 and 2016 that posed a complex challenge of working the development needs of the country in a politically unstable environment. Due to this, even after more than a decade of its independence, the country is faced by economic stagnation and instability. South Sudan is also vulnerable to major climate shocks in the form of climate change and natural disasters, which slows development efforts.

South Sudan is endowed with a fertile agricultural land and hydropower resources. It is also abundant in oxides and minerals such as gold, diamonds, petroleum, hardwoods, limestone, iron ore, copper, chromium ore, zinc, tungsten, mica and silver. Oil accounts for nearly all exports and about 90% of government revenues. Industrial sector is the biggest contributor to South Sudan’s economy with 52% contribution to the GDP in 2022. Oil is the biggest contributor in the industrial output of the economy. Services sector constitutes 44% of the GDP while agriculture sector contributes around 4%. Despite having fertile land, inadequate infrastructure has hampered South Sudan’s potential growth in the agriculture sector.

South Sudan’s real GDP contracted by an estimated 0.1% in 2023, after contracting by 5.2% in 2022, driven by climate shocks affecting the oil sector. Oil production moderated to 156,000 barrels per day in 2023, down from 169,000 barrels per day in 2022 after several oilfields were damaged by floods. Growth is expected to rebound during 2024-25, supported by a sustained recovery in the non-oil sector and expanding crop planting.

The IMF supported reforms initiated since 2021 have helped improve macroeconomic situation and price stability and supported a recovery in the non-oil private sector. Higher oil prices following the war in Ukraine have lifted fiscal revenues. Inflation has increased significantly to 40.2% in 2023 from a deflation of 3.2% in 2022.

The current account surplus narrowed to 1.7% of GDP in 2023 from 9.7% in 2022 due to reduced financial transfers to Sudan under the transitional financial arrangement for oil transit fees. The Special Drawing Rights allocation (3.8% of GDP) boosted international reserves.

Table 1.5: Macroeconomic Profile of South Sudan

Economic Indicators	2019	2020	2021	2022	2023^{e}	2024^{f}	2025^{f}
GDP (US$ bn)	4.0	5.4	5.9	8.0	7.3	6.5	7.0
Real GDP growth (%)	0.9	-6.5	5.3	-5.2	-0.1	5.6	6.8
Inflation (% change, avg CPI)	49.3	24.0	30.2	-3.2	40.2	54.8	21.7
GDP per capita (US$)	302.3	393.6	419.0	550.9	485.9	421.9	439.5
Population (mn)	13.4	13.8	14.2	14.6	15.0	15.4	15.9
Current account balance (US$ mn)	0.1	-1.0	-0.6	0.8	0.1	0.3	0.4
Current account balance (% of GDP)	2.1	-18.9	-9.4	9.7	1.7	3.9	5.7
General government gross debt (% of GDP)	42.8	49.3	52.2	39.9	54.1	48.3	42.1

Note: $^{e-}$estimates; $^{f-}$forecasts

Source: IMF WEO April 2024 and EIU

Somalia

Somalia is a low-income country, positioned on the Horn of Africa and sharing borders with Ethiopia to the west, Djibouti to the northwest and Kenya to the southwest. The economy is dependent on donor grants, remittances and diaspora investments and has a large informal economy that relies on subsistence agriculture and pastoralism. International assistance, livestock exports and remittances from the diaspora are the main drivers of growth. Its coastal borders include the Gulf of Aden to the north and the Indian Ocean to the east. Somalia boasts the lengthiest coastline among African countries.

Somalia has several opportunities to strengthen its economic prospects through rapid urbanization, growing use of digital technologies and planned investments in energy, ports, education and health. However, floods, locust infestation, the pandemic, volatile global prices, as well insecurity and conflict have slowed the transition from fragility. The risk of famine in Somalia remains high, with the country relying on the international community for aid and assistance.

The economy is expected to remain weak against a backdrop of political instability, militant violence and a deepening food security crisis, which depress investor and consumer confidence. The economy continues its recovery as improved weather conditions boost agriculture production, private consumption and exports. The real GDP is estimated to have grown at 2.8% in 2023, up from 2.4% in 2022 **(Table 1.6)**. The real GDP is expected to record a 3.7% growth in 2024, supported largely by a rise in earnings from livestock exports to Gulf countries and Khat exports to Kenya. Somalia achieved a historic Heavily Indebted Poor Countries

(HIPC) Completion Point milestone on December 13, 2023. Following the Completion Point, Somalia received full and irrevocable debt relief for the country of US$ 4.5 billion.

The economy is expected to be boosted by increased external inflows compared to 2023, as the government was able to access various channels of external finance after a successful restructuring of its external debt in December 2023. Port services, animal husbandry and subsistence agriculture are the major economic activities in Somaliland. The development of Berbera port by DP World is expected to drive growth over the medium term.

Inflationary pressures eased in 2023, supported by better agriculture performance and declining commodity prices, averaging 6.1% in 2023 compared to 6.8% in 2022. All the Somali currency notes currently in circulation were issued before 1991, and the central bank is expected to print new bank notes by end 2024 in order to reestablish confidence in the Somali shilling and curtail the thriving parallel market for counterfeit currency.

Table 1.6: Macroeconomic Profile of Somalia

Economic Indicators	2019	2020	2021	2022	2023[e]	2024[f]	2025[f]
GDP (US$ bn)	9.4	9.2	9.8	10.4	11.7	12.8	13.9
Real GDP growth (%)	3.6	-2.6	3.3	2.4	2.8	3.7	3.9
Inflation (% change, avg CPI)	4.5	4.3	4.6	6.8	6.1	4.8	3.9
GDP per capita (US$)	302.3	393.6	419.0	550.9	485.9	421.9	439.5
Population (mn)	14.4	14.8	15.2	15.6	16.1	16.5	17.0
Current account balance (US$ mn)	-0.8	-0.4	-0.7	-0.8	-1.1	-1.1	-1.2
Current account balance (% of GDP)	-8.9	-4.4	-6.8	-8.0	-9.6	-8.7	-8.8

Note: [e-]estimates; [f-]forecasts

Source: IMF WEO April 2024 and EIU

Tanzania

Tanzania is one of the largest countries in the EAC in terms of geographical size, with a land area of 9,47,403 sq. km and an estimated population of 63.3 million in 2023 **(Table 1.7)**. Population of Tanzania is mostly rural, with around 73.6% of population living in rural areas. It is bordered by Kenya and Uganda to the north, Zambia, Malawi and Mozambique to the south, Rwanda, Burundi and DR Congo to the west and the Indian Ocean to the east. Tanzania is a member of the EAC and the SADC.

Tanzania has significant deposits of a variety of minerals including gold and diamonds which are commercially viable to the country. It also holds various gemstones, notably tanzanite, which is a blue gemstone unique to Tanzania. Gold constitutes for around 25% of the country’s exports. Other minerals found in the country include uranium, coal and nickel. Apart from minerals, Tanzania has large reserves of natural gas.

Tanzania has a large workforce, with about 52% of the total population belonging to the age group of 15-64. Services sector dominates the Tanzanian economy, accounting for 39.6% of GDP in 2022, followed by industry (32.1% of GDP) and agriculture (28.3% of GDP). Following brisk economic expansion in 2023, averaging an estimated 5.0%, real GDP growth is expected to accelerate to 5.5% in 2024. Growth is anticipated to be broad-based, but mining sector activities, mineral exports and high investment spending on infrastructure are likely to emerge as major drivers.

Consumer price inflation is expected to remain stable at 4.0% in 2024, stable from 2023. The exchange rate is expected to weaken from TSh 2,383:US$ 1 in 2023 to TSh 2,596.4: US$ 1 in 2024, driven by a widening current-account deficit and gradual correction following sharp real-effective exchange-rate appreciation in 2023.

Table 1.7: Macroeconomic Profile of Tanzania

Economic Indicators	2019	2020	2021	2022	2023[e]	2024[f]	2025[f]
GDP (US$ bn)	58.8	63.4	68.0	74.1	79.4	79.6	86.1
Real GDP growth (%)	6.9	4.5	4.8	4.7	5.0	5.5	6.0
Inflation (% change, avg CPI)	3.4	3.3	3.7	4.4	4.0	4.0	4.0
GDP per capita (US$)	1,043.9	1,092.6	1,137.9	1,205.1	1,254.2	1,220.4	1,282.1
Population (mn)	56.3	58.0	59.7	61.5	63.3	65.2	67.2
Current account balance (US$ mn)	-1.8	-1.6	-2.6	-4.1	-4.2	-3.3	-3.1
Current account balance (% of GDP)	-3.0	-2.5	-3.8	-5.6	-5.3	-4.2	-3.6
General government gross debt (% of GDP)	40.4	41.3	43.4	44.9	46.3	46.1	44.4
Foreign-exchange reserves (US$ bn)	5.6	4.8	6.4	5.2	5.4	5.5	5.6
Exchange rate TSh: US$ (avg)	2,288.2	2,294.1	2,297.7	2,303.1	2,383.0	2,596.4	2,699.5

Note: [e-]estimates; [f-]forecasts

Source: IMF WEO April 2024 and EIU

Uganda

Uganda is a landlocked country, bordered by Sudan, Kenya, DR Congo, Tanzania and Rwanda, covering a total land area of 199,810 sq. km, of which 34.4% is arable land. Uganda joined the list of prospective oil-producing countries in 2006, with six billion barrels of proven oil reserves in the Albertine Graben, of which 1.4 billion barrels are economically viable for extraction.

Uganda produces several metallic minerals, including copper, cobalt, gold, iron ore, steel and tungsten. Uganda also produces industrial minerals, such as gypsum, kaolin and other clays, lime, salt and vermiculite, and building materials such as cement, limestone and pozzolanic materials. Services sector dominates the economy, accounting for 44.7% of Uganda's GDP in 2022, followed by industrial sector (28.2% of GDP) and agricultural sector (27.1%).

Real GDP growth of Uganda is expected to increase from an estimated 4.8% in 2023 to 5.6% in 2024 owing to a rebound in trade and, in particular, ramping up of oil sector development, which will drive investment and industrial expansion **(Table 1.8)**. However, high inflation and slowing global growth present notable downside risks to real GDP growth in 2024. The inflation rate is expected to moderate from 5.4% in 2023 to 3.8% in 2024, owing to a gradual fall in prices for crucial imports (energy and agricultural products), base effects and reduced transport prices.

Elevated risk-aversion to emerging markets, owing to high interest rates in advanced markets, created depreciatory pressure in 2023. Reflecting this trend, the exchange rate is expected to weaken from Ush 3,725.9: US$ 1 in 2023 to Ush 3,912.1: US$ 1 in 2024. During the 2024-27 period, inward investment and industrial growth led by construction and manufacturing are expected to receive a push from the ongoing development of the Kingfisher and Tilenga oil projects and from the East African Crude Oil Pipeline (EACOP) from 2024. The EACOP, also known as the Uganda–Tanzania Crude Oil Pipeline, is a 1,443 km pipeline that will transport oil produced from Uganda's Lake Albert oilfields to the port of Tanga in Tanzania where the oil will then be sold onwards to world markets.

Table 1.8: Macroeconomic Profile of Uganda

Economic Indicators	2019	2020	2021	2022	2023[e]	2024[f]	2025[f]
GDP (US$ bn)	37.9	37.9	42.7	47.6	51.8	56.3	62.1
Real GDP growth (%)	7.6	-1.1	5.5	6.3	4.8	5.6	6.5
Inflation (% change, avg CPI)	2.1	2.8	2.2	7.2	5.4	3.8	4.9
GDP per capita (US$)	951.5	919.4	1,006.7	1,082.3	1,139.3	1,202.0	1,286.0
Population (mn)	39.8	41.2	42.5	44.0	45.5	46.8	48.3
Current account balance (US$ mn)	-2.6	-3.6	-4.0	-4.2	-4.0	-4.1	-4.7
Current account balance (% of GDP)	-6.9	-9.5	-9.3	-8.8	-7.7	-7.3	-7.6
General government gross debt (% of GDP)	37.6	46.3	50.4	49.9	49.9	49.7	48.6
Foreign-exchange reserves (US$ bn)	3.2	3.8	4.3	3.6	3.7.	3.8	3.9
Exchange rate Ush: US$ (avg)	3,699.2	3,710.7	3,580.2	3,682.4	3,725.9	3,912.1	3,984.2

Note: [e-]estimates; [f-]forecasts

Source: IMF WEO April 2024 and EIU

Chapter 2

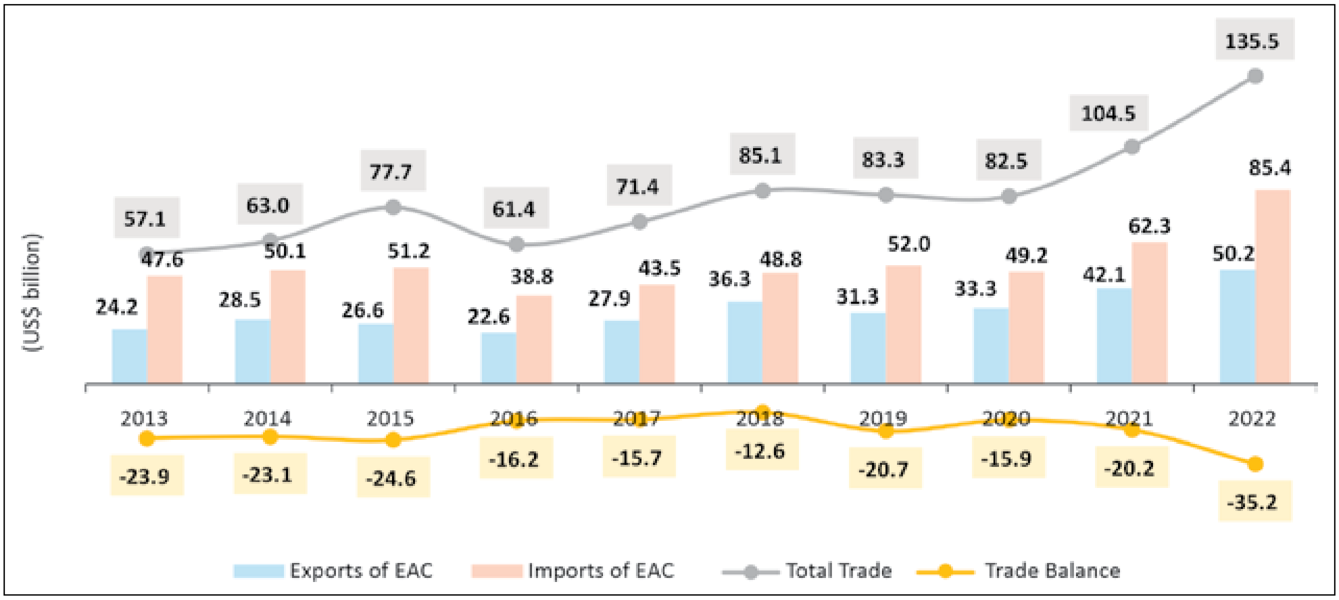
International Trade of EAC Countries

The EAC is one of the most integrated regional economic communities of the African Union. With a population of 317.9 million consumers, the EAC offers a large market for trade in merchandise and services. It is a customs union, with most goods and services being traded duty-free between the member states and having a common external tariff with third countries. The EAC has implemented a number of measures to facilitate trade in the region. A number of export promotion instruments are harmonized within the EAC, including manufacturing under bond, export processing zones and duty remission schemes. Goods benefiting from any of these schemes are destined primarily for export, and manufacturers are required to sell at least 80% of their products outside the EAC.

In June 2015, negotiations were concluded for a Tripartite (COMESA-EAC-SADC) Free Trade Agreement (FTA) in Goods, with a view to rationalizing the integration process in the region. Negotiations on trade in services and on other trade-related areas (including competition policy and intellectual property rights) are expected to start after the launch of the FTA on trade in goods. Under the US African Growth and Opportunity Act (AGOA), DR Congo, Kenya, Rwanda and Tanzania benefit from duty-free and quota-free access for a range of products, including selected agricultural and textile products. Under the Everything but Arms (EBA) initiative of the European Union, all the EAC countries, except Kenya, are eligible for preferences.

The East African Community member countries have seen a positive growth in international trade over the years. Total trade of the EAC increased by around 30% to US$ 135.5 billion in 2022 from US$ 104.5 billion in 2021. The EAC's global merchandise exports more than doubled during the last decade from US$ 24.2 billion in 2013 to US$ 50.2 billion in 2022, growing at an annual average growth rate (AAGR) of 9.8% **(Chart 2.1).** The region is highly dependent on export of primary agricultural and mineral commodities, with little value addition. As the EAC countries remain agriculturally based, the Russia-Ukraine war has impacted availability of both fertilisers and energy critical in food production and food imports. Imports have also seen a similar trend, growing at an AAGR of 8.0%.

Chart 2.1: Merchandise Trade of EAC, 2013 - 2022



Source: ITC Trade Map and India Exim Bank Research

Merchandise Exports of EAC

The EAC accounted for 7.4% of Africa's exports and 0.2% of world exports in 2022 **(Table 2.1)**. DR Congo is the largest exporter among the EAC countries, accounting for 58.8% of the region's total exports in 2022. Other major exporters from the EAC include Kenya, Tanzania and Uganda, accounting for over 35% of total exports from the region.

Table 2.1: Major Exporters of EAC, 2013 - 2022 (US$ billion)

Country	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	% Share in EAC's Global Exports in 2022	% Share in Africa's Exports in 2022
EAC's Total Exports	**24.2**	**28.5**	**26.6**	**22.6**	**27.9**	**36.3**	**31.3**	**33.3**	**42.1**	**50.2**	**100.0**	**7.4**
DR Congo	7.6	8.5	8.7	7.2	12.3	20.0	13.4	14.2	22.3	29.5	58.8	4.4
Kenya	5.8	6.1	5.9	5.7	5.7	6.0	5.8	6.0	6.7	7.4	14.7	1.1
Tanzania	4.4	5.7	5.9	4.4	4.1	3.8	4.9	6.0	6.4	6.8	13.6	1.0
Uganda	2.4	2.3	2.3	2.5	2.9	3.1	3.6	4.1	4.0	3.6	7.1	0.5
Rwanda	0.6	0.6	0.5	0.6	0.9	1.0	1.1	1.4	1.6	1.4	2.9	0.2
Somalia	0.6	0.7	0.7	0.6	0.4	0.5	0.6	0.5	0.5	0.7	1.4	0.1
South Sudan	2.5	4.4	2.3	1.5	1.3	1.7	1.7	0.9	0.5	0.5	1.0	0.1
Burundi	0.2	0.1	0.2	0.1	0.1	0.2	0.2	0.2	0.1	0.2	0.4	0.03

Source: ITC Trade Map and India Exim Bank Research

Merchandise exports of the EAC are dominated by commodities for which the EAC countries are price takers, such as tea, coffee, cut flowers and non-monetary gold. The EAC accounts for 61% of Africa's copper exports and 7.7% of the world exports of copper and its articles in 2022. Mining activities in DR Congo forms the base for significant metal exports by the region. Copper and articles were the largest category of products exported from the EAC in 2022, accounting for 33.7% of total exports by the region **(Table 2.2)**. These mainly included refined copper and copper alloys (HS 7403), copper anodes (HS 7402) and waste and scrap of copper (HS 7404). DR Congo accounted for almost all of the EAC's exports of copper, followed by marginal exports by Kenya.

Table 2.2: Major Export Items of EAC, 2013 - 2022

HS Code	Products	2013		2017		2021		2022	
		Value (US$ bn)	% Share in EAC's Exports	Value (US$ bn)	% Share in EAC's Exports	Value (US$ bn)	% Share in EAC's Exports	Value (US$ bn)	% Share in EAC's Exports
	EAC's Total Exports	**24.2**	**100.0**	**27.9**	**100.0**	**42.1**	**100.0**	**50.2**	**100.0**
74	Copper and articles	0.05	0.2	5.3	18.9	14.6	34.6	16.9	33.7
28	Inorganic chemicals	0.1	0.6	5.0	18.0	5.5	13.1	8.3	16.5
71	Pearls, precious and semi-precious stone and metals	1.9	7.7	2.4	8.7	4.6	11.0	4.7	9.3
26	Ores, slag and ash	0.6	2.6	1.9	6.7	2.3	5.5	3.7	7.5
09	Coffee, tea, maté and spices	2.4	9.7	2.7	9.8	2.8	6.7	3.6	7.2
27	Mineral fuels, oil and products	3.0	12.5	2.3	8.4	1.1	2.7	1.3	2.6
06	Live trees and other plants	0.6	2.6	0.7	2.5	0.9	2.2	0.8	1.6
07	Edible vegetables, roots and tubers	0.4	1.7	0.5	1.7	0.8	1.8	0.6	1.1
08	Edible fruit and nuts	0.3	1.2	0.8	2.7	0.5	1.2	0.6	1.1
72	Iron and steel	0.3	1.2	0.2	0.8	0.4	0.9	0.5	1.0

Source: ITC Trade Map and India Exim Bank Research

The second largest exported commodities were inorganic chemicals, mainly composed of cobalt oxides and hydroxides (HS 2822), carbonates, peroxocarbonates, commercial ammonium carbonate (HS 2836) and silicates, commercial alkali metal silicates (HS 2839). Within the region, major exporters of mineral fuels and products include DR Congo and Kenya, with major exports being petroleum products (HS 2710), crude petroleum (HS 2709) and coal (HS 2701). The EAC accounted for 3.5% of the world exports of mineral fuels in 2022.

In 2022, China was the largest export destination for the region, accounting for 29.9% of the EAC's global exports. The major suppliers to China from the EAC region include DR Congo, Kenya and Tanzania. Other key export destinations of the EAC include South Africa (8.7% of total exports in 2022), UAE (6.8%), Singapore (4.7%) and Mozambique (4.7%). India's share in the EAC's global exports has moderated from 3.9% in 2013 to 2.8% in 2022. India is currently the eighth largest export destination for the EAC **(Table 2.3)**.

Table 2.3: Major Export Destinations of EAC, 2013 - 2022

Export Destinations	2013		2017		2021		2022	
	Value (US$ bn)	% Share in EAC's Exports	Value (US$ bn)	% Share in EAC's Exports	Value (US$ bn)	% Share in EAC's Exports	Value (US$ bn)	% Share in EAC's Exports
EAC's Total Exports	**24.2**	**100.0**	**27.9**	**100.0**	**42.1**	**100.0**	**50.2**	**100.0**
China	5.7	23.4	3.5	12.5	11.3	26.8	15.0	29.9
South Africa	0.8	3.4	7.4	26.7	3.0	7.2	4.3	8.7
UAE	0.7	2.7	2.0	7.3	4.3	10.3	3.4	6.8
Singapore	0.1	0.5	0.7	2.4	2.1	5.1	2.4	4.7
Mozambique	0.1	0.3	0.03	0.1	1.0	2.4	2.3	4.7
Hong Kong	0.1	0.5	0.2	0.6	0.9	2.2	2.2	4.5
Tanzania	0.5	2.2	0.7	2.7	2.8	6.5	2.0	4.1
India	0.9	3.9	1.1	4.0	1.3	3.0	1.4	2.8
Zambia	2.0	8.3	0.8	2.9	1.6	3.7	1.3	2.6
Switzerland	0.7	3.1	0.8	2.9	1.1	2.5	1.2	2.5

Source: ITC Trade Map and India Exim Bank Research

Merchandise Imports of EAC

As regards imports, DR Congo and Kenya dominate imports of the EAC, accounting for 31.6% and 24.8% of the region's total imports, respectively **(Table 2.4)**. Other major importers in the region include Tanzania, Uganda and Somalia, together accounting for over 35% of imports. China is the largest supplier for DR Congo, with major imports including machinery and mechanical appliances and mineral fuels and oil.

Table 2.4: Major Importers of EAC, 2013 - 2022 (US$ billion)

Country	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	% Share in EAC's Global Imports in 2022	% Share in Africa's Imports in 2022
EAC's Total Imports	**47.6**	**50.1**	**51.2**	**38.8**	**43.5**	**48.8**	**52.0**	**49.2**	**62.3**	**85.4**	**100.0**	**11.8**
DR Congo	7.1	7.0	8.1	5.5	5.8	7.9	8.8	6.9	12.0	27.0	31.6	3.7
Kenya	16.4	18.4	16.1	14.1	16.7	17.4	17.2	15.4	19.3	21.1	24.8	2.9
Tanzania	12.5	12.7	14.7	7.7	7.7	8.5	9.1	8.5	10.9	15.7	18.3	2.2
Uganda	5.8	6.1	5.5	4.8	5.6	6.7	7.7	8.3	9.1	9.7	11.4	1.3
Somalia	2.4	2.2	2.5	2.9	3.4	3.7	4.2	4.5	5.1	5.8	6.8	0.8
Rwanda	2.0	2.2	2.6	2.6	2.9	3.0	3.2	3.7	3.7	3.4	3.9	0.5
South Sudan	0.6	0.8	0.7	0.6	0.6	0.8	1.0	1.0	1.3	1.5	1.7	0.2
Burundi	0.7	0.7	1.0	0.6	0.8	0.8	0.9	0.9	1.0	1.2	1.4	0.2

Source: ITC Trade Map and India Exim Bank Research

In contrast to the EAC's export basket, which is largely dominated by copper articles, metals and inorganic chemicals, the EAC's imports are relatively diversified. Imports are dominated by manufactured products, including fuels, chemicals (e.g. medicaments and fertilizers), machinery and transport equipment. Mineral fuels and machinery are the two largest import items, followed by vehicles other than railway or tramway, electrical equipment, iron and steel, plastics and its articles, cereals and pharmaceutical products **(Table 2.5)**.

Table 2.5: Major Imports of EAC, 2013 - 2022

HS Code	Products	2013		2017		2021		2022	
		Value (US$ bn)	% Share in EAC's Imports	Value (US$ bn)	% Share in EAC's Imports	Value (US$ bn)	% Share in EAC's Imports	Value (US$ bn)	% Share in EAC's Imports
	EAC's Total Imports	**47.6**	**100.0**	**43.5**	**100.0**	**62.3**	**100.0**	**85.4**	**100.0**
27	Mineral fuels, mineral oils and products	10.7	22.5	6.4	14.7	9.8	15.8	24.2	28.3
84	Machinery and mechanical appliances	3.5	7.3	4.3	10.0	5.8	9.2	7.6	9.0
87	Vehicles other than railway or tramway	3.3	6.9	3.0	6.8	4.8	7.7	5.3	6.2
85	Electrical machinery and equipment	2.7	5.6	2.9	6.7	4.0	6.4	4.5	5.2
72	Iron and steel	1.7	3.6	1.5	3.5	3.3	5.3	3.6	4.3
39	Plastics and articles	1.5	3.2	1.7	3.9	2.9	4.7	3.4	4.0
10	Cereals	1.5	3.1	2.2	5.1	2.4	3.9	2.9	3.4
30	Pharmaceutical products	1.3	2.8	1.7	3.8	2.4	3.8	2.8	3.3
25	Salt, sulphur, earths and stone	0.5	1.1	0.7	1.6	1.5	2.4	2.5	3.0
15	Animal, vegetable or microbial fats	1.2	2.5	1.5	3.5	2.2	3.5	2.3	2.6

Source: ITC Trade Map and India Exim Bank Research

The EAC's import of mineral fuels, oils and its products were mainly dominated by petroleum oil, not crude (HS 2710). The region's mineral products imports were mainly sourced from UAE, India, Saudi Arabia, Belgium and Bahrain. The EAC's imports of machinery and equipment, the second-largest import item were mainly from China, India, USA, South Africa, UAE and Germany.

Within vehicles, motor vehicles for the transport of goods (HS 8704) and motor cars and other motor vehicles (HS 8703) were the major import items of the EAC. Major import sources of electrical machinery and equipment (majorly telephone sets and insulated wires) include China, Japan, India, South Africa and UAE.

Table 2.6: Major Import Sources of EAC, 2013 - 2022

Import Sources	2013		2017		2021		2022	
	Value (US$ bn)	% Share in EAC's Imports	Value (US$ bn)	% Share in EAC's Imports	Value (US$ bn)	% Share in EAC's Imports	Value (US$ bn)	% Share in EAC's Imports
EAC's Total Imports	**47.6**	**100.0**	**43.5**	**100.0**	**62.3**	**100.0**	**85.4**	**100.0**
China	5.8	12.2	8.3	19.1	13.5	21.7	17.9	20.9
UAE	3.9	8.2	3.9	9.0	6.6	10.7	12.2	14.3
India	8.6	18.1	4.7	10.8	6.4	10.3	9.4	11.0
Saudi Arabia	1.0	2.1	2.4	5.4	2.4	3.9	4.6	5.4
South Africa	3.3	6.9	2.1	4.8	2.9	4.6	3.7	4.4
Tanzania	0.6	1.2	0.5	1.2	2.5	4.0	2.3	2.7
USA	1.3	2.7	2.5	5.7	2.0	3.2	2.2	2.6
Japan	2.0	4.1	1.8	4.1	2.0	3.3	2.1	2.5
Malaysia	0.4	0.8	0.6	1.4	1.4	2.3	2.1	2.4
Belgium	0.9	2.0	0.6	1.3	0.8	1.3	2.0	2.3

Source: ITC Trade Map and India Exim Bank Research

As regards the EAC's global imports, China has emerged as the leading supplier to the EAC, accounting for as much as 20.9% of the EAC's total imports in 2022, followed by UAE (14.3%). India was the third-largest source for the EAC's imports, accounting for 11% share in 2022 **(Table 2.6)**. China's main markets in the EAC remain DR Congo, Kenya and Tanzania.

Merchandise Trade of EAC Countries

Burundi

- Coffee, tea and spices were the principal export items of Burundi, accounting for 35.8% of its total exports in 2022. Other major items exported by Burundi in 2022 include natural or cultured pearls (27.4% of total exports), beverages, spirits and vinegar (5.2%), tobacco (5.1%) and products of the milling industry (4.9%).

- Mineral fuels and oils were the major items imported by Burundi in 2022, accounting for 18.2% of Burundi's total imports. Other principal items imported by Burundi in 2022 include vehicles other than railway or tramway (6.6%), iron and steel (6.5%), fertilisers (6.3%), machinery and mechanical appliances (5.6%) and pharmaceutical products (4.7%).

- UAE was the leading export destination for Burundi, accounting for 28.3% of total exports of Burundi in 2022. Other major destinations of exports from Burundi in 2022 include DR Congo (19.8%), Belgium (7.9%), Pakistan (6.3%), Switzerland (5.4%) and Tanzania (5.1%).

- China was the major source of Burundi's imports, accounting for 14.5% of its total imports in 2022. Other important sources of imports in 2022 include UAE (13.4%), Saudi Arabia (13.3%), Tanzania (10.5%), India (8.7%) and Uganda (6.2%).

DR Congo

- Major items exported by DR Congo in 2022 include copper and its articles (57.0% of total exports of DR Congo), inorganic chemicals (27.6%), ores, slag and ash (10.7%) and precious or semi-precious stones (3.0%).
- Major export destinations of DR Congo in 2022 include China (47.9% of total exports in 2022), followed by South Africa (11.3%), Mozambique (7.8%), Singapore (7.0%) and Hong Kong (6.9%).
- DR Congo's major imports in 2022 included mineral fuels and oils (43.1% of total imports), machinery and mechanical appliances (11.7%), salt, sulphur, earth and stone (7.2%), transport vehicles (5.5%), electrical machinery and equipment (4.6%) and organic or inorganic compounds of precious metals (3.8%).
- DR Congo's major sources of imports in 2022 were China (22.4% of total imports), India (9.7%), South Africa (9.0%), Saudi Arabia (8.5%), UAE (7.7%) and Belgium (4.6%).

Kenya

- The principal component of Kenya's merchandise exports include coffee, tea, mate and spices, accounting for 24.4% of its total exports in 2022. Other major exports in the same year included live trees and plants (9.4%), mineral fuels and oils (6.1%), ores, slag and ash (4.5%), animal or vegetable fats and oils (4.2%) and edible fruits and nuts (3.8%).
- Uganda was the major destination for Kenya's exports in 2022, accounting for 11.1% of its total exports, followed by the US (9.2%), Netherlands (8%), Pakistan (7.4%), Tanzania (6.6%) and UK (5.1%).
- Major components in Kenya's import basket include mineral fuel and oil (26.5% of total imports in 2022), machinery and mechanical appliances (6.7%), iron and steel (5.9%), cereals (5.7%), animal or vegetable fats and oils (5.5%) and electrical and electronic equipment (5.1%).
- China was a major import source for Kenya in 2022, accounting for 18.2% of its total imports, followed by UAE (16.4%), India (10.1%), Saudi Arabia (4.9%), Malaysia (4.8%) and Japan (3.9%).

Rwanda

- Coffee, tea and spices were the principal export items of Rwanda, accounting for 38.7% of its total exports in 2022. Other major items exported by Rwanda in 2022 were pearls, precious stones and metals (31.7% of total exports), iron and steel (4.9%), products of the milling industry (4.1%), miscellaneous manufactured articles (4%) and pastrycooks' products (3%).
- UAE was the leading export destination for Rwanda, accounting for 31.8% of total exports in 2022. Other major destinations of exports from Rwanda in the same year include Greece (19.2% of total exports), Republic of Congo (10.7%), Kenya (8.1%) and Zambia (6.9%).
- Mineral fuels, mineral oils and products of their distillation were the major items imported by Rwanda in 2022, accounting for 17.2% of the total imports. Other principal items imported by Rwanda in 2022 include electrical machinery and equipment (7.6%), machinery and mechanical appliance (6.8%), vehicles other than railway or tramway (5.3%), cereals (5.2%) and iron and steel (4.2%)
- China was the major source of Rwanda's imports, accounting for 21.4% of the total imports in 2022. Other important sources of imports in the same year include UAE (10% of total imports), India (8.6%), Tanzania (8.3%), Kenya (8.1%) and Belgium (3.3%).

South Sudan

- Mineral fuels and mineral oils were the principal export items of South Sudan, accounting for 99.4% of its total exports in 2022. Other major items exported by South Sudan in 2022 were wood and articles of wood (0.3%) and machinery and mechanical appliances (0.1%).
- China was the leading export destination for South Sudan, accounting for 52.8% of total exports in 2022. Other major destinations of exports from South Sudan in the same year include Italy (31.5% of total exports), Singapore (15%) and India (0.3%).
- Machinery and mechanical appliances were the major items imported by South Sudan in 2022, accounting for 13.1% of the total imports. Other principal items imported by South Sudan in 2022 include electrical machinery and equipment (10.9%), vehicles other than railway or tramway (6.2%), beverages, spirits and vinegar (5.8%) and preparations of cereals, flour, starch or milk (5.0%).
- Kenya was the major source of South Sudan's imports, accounting for 38.8% of total imports in 2022. Other major sources of imports in the same year include China (30.5% of total imports), India (6.0%), Italy (4.0%) and Rwanda (3.9%).

Somalia

- Live animals were the principal export items of Somalia, accounting for 46.5% of the total exports in 2022. Other major items exported by Somalia in 2022 included pearls and precious stones (34.9% of total exports), fish and aquatic products (5.5%), lac, gum, resins (4.7%), articles of paper pulp (1.7%) and oil seeds and oleaginous fruits (1.3%).
- UAE was the leading export destination for Somalia, accounting for 39.1% of total exports in 2022. Other major destinations of exports from Somalia in the same year include Oman (25.0%), Saudi Arabia (18.1%), Bulgaria (2.6%), France (2.2%) and India (2.1%).
- Tobacco and manufactured tobacco substitute were the major items imported by Somalia in 2022, accounting for 9.3% of total imports. Other major items imported by Somalia in 2022 include sugar and sugar confectionery (7.7% of total imports), electrical machinery and equipment (7.1%), cereals (5.2%), animal, vegetable or microbial fats (5.0%), edible vegetables and roots (4.8%) and dairy produce (4.4%),
- UAE was the major source of Somalia's imports, accounting for 32.8% of total imports in 2022. Other important sources of imports in the same year included China (18.1% of total imports), India (15.8%), Turkey (6.7%) and Ethiopia (4.5%).

Tanzania

- Pearls and precious stones were the main exports of Tanzania in 2022, accounting for 44% of total exports of the country. The other major export items in 2022 include cereals (4.2%), coffee, tea and spices (3.8%), edible fruits and nuts (3.8%), mineral fuels and oils (3.8%) and oil seeds and oleaginous fruits (3.4%).
- Mineral fuels and oils formed the principal imports of Tanzania in 2022, accounting for 24.9% of total imports of the country. Other major import items in the same year include machinery and mechanical appliances (10.7%), vehicles other than railway, tramway (9.3%), plastics and articles (5.7%), electrical machinery and equipment (5.5%), iron and steel (5.4%) and pharmaceutical products (4.7%).

- India was the largest export destination of Tanzania, with an export share of 17.3% in Tanzania's total exports in 2022. Other major export destinations of Tanzania include South Africa (13.6%), UAE (11.2%), Kenya (5.6%), Switzerland (5.3%), China (4.3%) and DR Congo (4.1%).
- China was the largest source of Tanzania's imports, accounting for 25.2% of its total imports. Other major origins of Tanzania's imports in 2022 include UAE (15.9%), India (12.5%), Saudi Arabia (3.9%), South Africa (3.5%), Japan (3.3%) and Kenya (2.7%).

Uganda

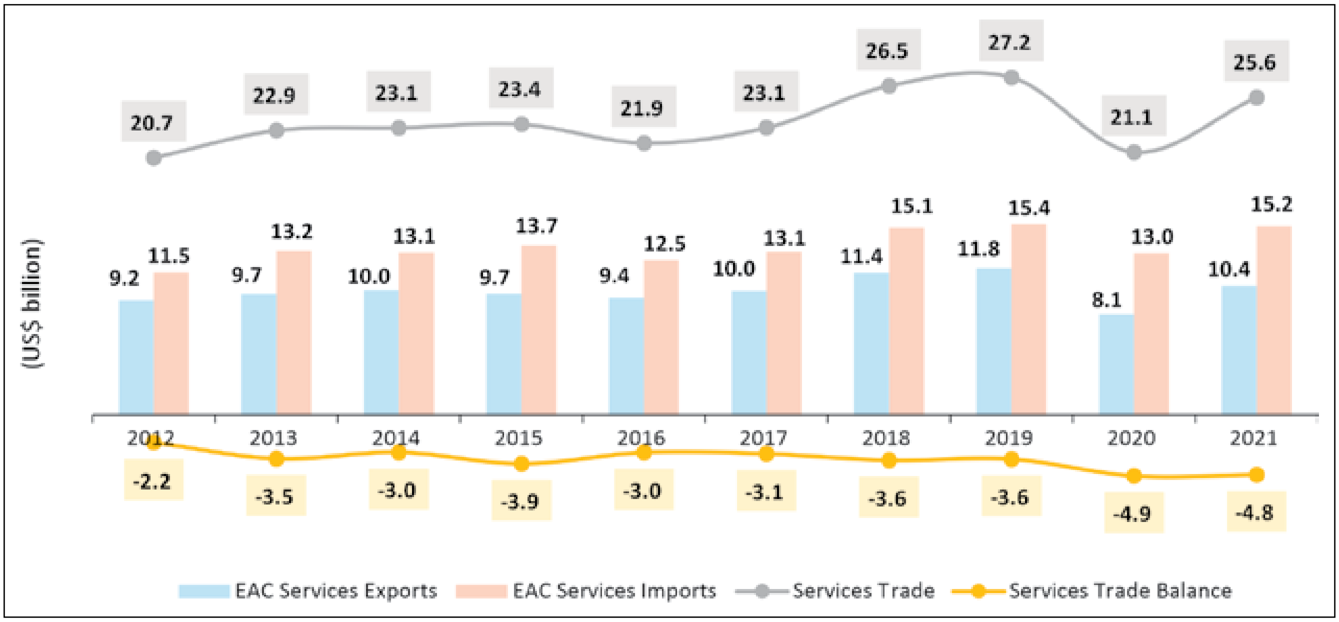
- Coffee, tea and spices were the principal export items of Uganda, accounting for 27.3% of the total exports of Uganda in 2022. Other major items exported by Uganda in 2022 include sugar and confectionery (4.6%), mineral fuels, oils (4.2%), fish and crustaceans (4%), edible vegetables and roots (3.8%) and products of milling industry (3.7%).
- Mineral fuels and oils were the major items imported by Uganda in 2022, accounting for 21% of its total imports. Other principal items imported by Uganda in 2022 include machinery and mechanical appliances (7.6%), vehicle other than railways (6.8%), iron and steel (6.6%) and plastics and its articles (6.2%).
- Kenya and South Sudan were the leading export destinations for Uganda, accounting for 16.9% each in Uganda's total exports in 2022. Other major destinations for Uganda's exports in the same year include DR Congo (11.7%), Italy (7%), Tanzania (4.3%), Germany (4.1%), Sudan (2.9%) and the US (2.6%).
- China was the major supplier of Uganda's imports, accounting for 19.7% of its total imports in 2022. Other major sources of imports in the same year include UAE (14.8%), India (11.9%), Kenya (7.7%), Japan (4%) and Saudi Arabia (3.9%).

Services Trade of EAC

According to WTO-OECD BaTiS[1] database, the EAC's trade in services has remained consistent over the last decade, reaching an all-time high in 2019 at US$ 27.2 billion, before moderating to reach US$ 25.6 billion in 2021 **(Chart 2.2)**. Services exports have gradually increased in the past decade for the EAC from US$ 9.2 billion in 2012 to US$ 10.4 million in 2021. The EAC is a net importer of services, with the services trade deficit remaining largely stable over the better part of the last decade, seeing a rise in 2020 to US$ 4.9 billion and US$ 4.8 billion in 2021.

[1] BaTiS is complete, consistent and balanced matrix of international trade in services statistics (ITSS). At present, only about 63% of world trade in services is bilaterally specified, and the percentage is even lower for the individual service categories. The OECD-WTO methodology leverages all available official statistics and combines them with estimations and adjustments to provide users with a complete matrix covering virtually all economies in the world. BaTIS is balanced. To resolve the asymmetries between reported and mirror flows, exports and imports are reconciled by calculating a symmetry-index weighted average between the two, following a similar approach to that developed for international merchandise trade statistics. It contains annual bilateral data covering 202 reporters and partners, broken down by the 12 main EBOPS2010 (BPM6) categories. BaTIS is the result of joint efforts by the OECD and WTO.

Chart 2.2: Services Trade of EAC, 2012 - 2021



Source: Balanced Trade in Services (BaTiS), WTO and India Exim Bank Research

Within the bloc, Kenya emerged as the largest services exporter at US$ 4.5 billion in 2021, accounting for 43.6% of the total services exports, followed by Tanzania (27.9%) and Uganda (11.0%). In case of services imports, DR Congo was the largest importer at US$ 4.7 billion (31.2% of total services imports by the EAC in 2021), closely followed by Kenya (30.9%). Other major importers were Uganda (13.8%) and Tanzania (11.1%). Except for Tanzania, rest of the six member countries, i.e., Burundi, DR Congo, Kenya, Rwanda, Somalia and Uganda recorded trade deficit in 2021 **(Table 2.7)**. Services trade data for South Sudan is not available.

Table 2.7: Services Exports and Imports of EAC Countries (US$ million)

Country	Exports				Imports				Trade Balance			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
Burundi	126	110	96	104	214	222	208	248	-88	-112	-112	-144
DR Congo	1,060	1,049	863	1,010	4,555	4,554	3,890	4,745	-3,495	-3,505	-3,027	-3,735
Kenya	4,841	5,205	3,585	4,533	4,782	4,911	4,125	4,699	59	294	-540	-166
Rwanda	394	425	277	391	769	761	483	573	-375	-336	-206	-182
Somalia	272	293	234	293	991	1,070	989	1,113	-719	-777	-755	-820
Tanzania	3,263	3,405	2,235	2,906	1,840	1,770	1,369	1,700	1,423	1,635	866	1,206
Uganda	1,467	1,324	833	1,146	1,914	2,074	1,959	2,107	-447	-750	-1,126	-961
EAC	**11,423**	**11,811**	**8,123**	**10,383**	**15,065**	**15,362**	**13,023**	**15,185**	**-1,460**	**-4,102**	**-5,887**	**-6,463**

Source: BaTiS, WTO and India Exim Bank Research

Services Exports of EAC Countries: Sectoral Analysis

The EAC's services trade, both exports and imports, was concentrated in transport, travel and other business services. In case of Burundi, government goods and services accounted for the largest share in 2021 at 58.7%, followed by transport services (27.9%) **(Table 2.8)**.

Table 2.8: Services Exports of Burundi (US$ million)

Product / Service	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Total Services Exports of Burundi	**126**	**110**	**96**	**100.0**	**104**	**100.0**
Government goods and services	76	66	57	59.4	61	58.7
Commercial services	50	44	38	39.6	43	41.3
Transport	36	32	25	26.0	29	27.9
Travel	1	1	-	-	-	-
Other commercial services	13	11	13	13.5	14	13.5
Insurance and pension services	1	1	1	1.0	1	1.0
Charges for the use of intellectual property	1	1	1	1.0	1	1.0
Telecommunications, computer and information services	4	4	4	4.2	4	3.8
Other business services	6	5	7	7.3	7	6.7
Personal, cultural and recreational services	1	1	1	1.0	1	1.0

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

In case of DR Congo, travel services accounted for 61.3% of total services exports in 2021 and 56.8% in 2020. The second largest sector accounting for services exports is transport services, accounting for 13.4% in 2021. Apart from these, other business services also accounted for 4.3% share in 2021 **(Table 2.9)**.

Table 2.9: Services Exports of DR Congo (US$ million)

Product / Service	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Total Services Exports of DR Congo	**1,060**	**1,049**	**863**	**100.0**	**1,010**	**100.0**
Government goods and services	194	140	206	23.9	204	20.2
Commercial services	867	910	657	76.1	807	79.9
Transport	109	105	122	14.1	135	13.4
Travel	727	780	490	56.8	619	61.3
Other commercial services	31	25	44	5.1	52	5.1
Financial services	2	1	2	0.2	2	0.2
Telecommunications, computer and information services	4	3	6	0.7	7	0.7
Other business services	26	20	37	4.3	43	4.3

Source: BaTiS, WTO and India Exim Bank Research

Transport services accounted for the largest share in services exports of Kenya in 2021 at 50%. Further, travel services accounted for 28.2% of total services exports. Other key services were telecommunications, computer and information services (9.1%) and personal, cultural and recreational services (1.8%) in 2021 **(Table 2.10)**.

Table 2.10: Services Exports of Kenya (US$ million)

Product / Sector	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Total Services Exports of Kenya	**4,841**	**5,205**	**3,585**	**100.0**	**4,533**	**100.0**
Government goods and services	195	222	211	5.9	180	4.0
Commercial services	4,646	4,983	3,374	94.1	4,353	96.0
Goods-related services	12	14	15	0.4	16	0.4
Manufacturing services	-	-	2	0.1	2	-
Maintenance and repair services	12	14	13	0.4	14	0.3
Transport	2,187	2,430	1,722	48.0	2,265	50.0
Travel	1,935	2,003	1,009	28.1	1,279	28.2
Other commercial services	513	536	628	17.5	793	17.5
Construction	36	30	30	0.8	35	0.8
Insurance and pension services	23	15	18	0.5	18	0.4
Financial services	23	17	17	0.5	22	0.5
Charges for the use of intellectual property	28	24	20	0.6	26	0.6
Telecommunications, computer and information services	224	250	290	8.1	411	9.1
Other business services	145	157	182	5.1	199	4.4
Personal, cultural and recreational services	34	42	70	2.0	81	1.8

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

In case of Rwanda, travel services accounted for 81.1% of its total services exports in 2021, followed by transport services **(Table 2.11)**.

Table 2.11: Services Exports of Rwanda (US$ million)

Product / Service	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Total Services Exports of Rwanda	**394**	**425**	**277**	**100.0**	**391**	**100.0**
Government goods and services	23	24	36	13.0	49	12.5
Commercial services	371	401	241	87.0	343	87.7
Goods-related services	-	-	-	-	1	0.3
Maintenance and repair services	-	-	-	-	1	0.3
Transport	6	6	9	3.2	18	4.6
Travel	359	390	225	81.2	317	81.1
Other commercial services	5	4	6	2.2	7	1.8
Construction	2	2	1	0.4	1	0.3
Financial services	2	2	3	1.1	4	1.0
Other business services	1	1	1	0.4	2	0.5

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

Somalia's services exports were mainly focused on sectors like transport (49.8%) and travel (42.7%) in 2021 **(Table 2.12)**. Other important sectors include other commercial services like insurance and pension services.

Table 2.12: Services Exports of Somalia (US$ million)

Product / Service	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Total Services Exports of Somalia	**272**	**293**	**234**	**100.0**	**293**	**100.0**
Commercial services	272	293	234	100.0	293	100.0
Transport	114	125	113	48.3	146	49.8
Travel	145	156	102	43.6	125	42.7
Other commercial services	13	13	19	8.1	22	7.5
Insurance and pension services	1	1	2	0.9	2	0.7
Other business services	11	11	16	6.8	19	6.5

Source: BaTiS, WTO and India Exim Bank Research

For Tanzania as well transport services were the most exported services sector in 2021 at 57.7%, followed by travel services at 37.3% **(Table 2.13)**. Other commercial services such as construction and telecommunications, computer and information services were also key contributors.

Table 2.13: Services Exports of Tanzania (US$ million)

Product / Service	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Total Services Exports of Tanzania	**3,263**	**3,405**	**2,235**	**100.0**	**2,906**	**100.0**
Government goods and services	23	20	19	0.9	21	0.7
Commercial services	3,240	3,385	2,216	99.1	2,886	99.3
Goods-related services	1	1	1	-	1	-
Maintenance and repair services	1	1	1	-	1	-
Transport	1,355	1,415	1,397	62.5	1,677	57.7
Travel	1,782	1,865	727	32.5	1,083	37.3
Other commercial services	102	105	91	4.1	125	4.3
Construction	55	54	42	1.9	49	1.7
Insurance and pension services	1	1	1	-	1	-
Financial services	2	2	1	-	2	0.1
Telecommunications, computer and information services	10	13	10	0.4	16	0.6
Other business services	34	35	37	1.7	56	1.9

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

For Uganda, the key services sectors of exports in 2021 were travel (73.6%), transport (7.0%), financial services (7.5%) and other business services (9.3%) **(Table 2.14)**.

Table 2.14: Services Exports of Uganda (US$ million)

Product / Service	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Total Services Exports of Uganda	**1,467**	**1,324**	**833**	**100.0**	**1,146**	**100.0**
Government goods and services	16	8	11	1.3	15	1.3
Commercial services	1,452	1,316	822	98.7	1,131	98.7
Goods-related services	2	1	2	0.2	2	0.2
Maintenance and repair services	2	1	2	0.2	2	0.2
Transport	62	54	63	7.6	80	7.0
Travel	1,256	1,143	592	71.1	844	73.6
Other commercial services	131	118	166	19.9	205	17.9
Construction	2	2	2	0.2	2	0.2
Insurance and pension services	-	-	1	0.1	1	0.1
Financial services	45	40	71	8.5	86	7.5
Charges for the use of intellectual property	2	1	1	0.1	2	0.2
Telecommunications, computer and information services	3	3	4	0.5	7	0.6
Other business services	80	71	88	10.6	107	9.3

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

Services Imports of EAC Countries: Sectoral Analysis

Services imports of the EAC has witnessed a stable trend, increasing from US$ 11.5 billion in 2012 to US$ 15.2 billion in 2021. In case of Burundi, transport services accounted for more than 80% of services imports in 2021, followed by other commercial services (12.5%) **(Table 2.15)**.

Table 2.15: Services Imports of Burundi (US$ million)

Product / Service	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Total Services Imports of Burundi	**214**	**222**	**208**	**100.0**	**248**	**100.0**
Government goods and services	9	9	9	4.3	10	4.0
Commercial services	205	213	199	95.7	238	96.0
Transport	167	172	166	79.8	200	80.6
Travel	13	14	6	2.9	7	2.8
Other commercial services	25	27	27	13.0	31	12.5
Financial services	1	1	1	0.5	1	0.4
Telecommunications, computer and information services	3	3	3	1.4	3	1.2
Other business services	21	23	23	11.1	27	10.9

Source: BaTiS, WTO and India Exim Bank Research

Transport services (76.2%) were the major services imported by DR Congo in 2021. Other key imported services by DR Congo were other commercial services like insurance and pension services and other business services **(Table 2.16)**.

Table 2.16: Services Imports of DR Congo (US$ million)

Product / Service	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Total Services Imports of DR Congo	**4,555**	**4,554**	**3,890**	**100.0**	**4,745**	**100.0**
Government goods and services	158	189	203	5.2	217	4.6
Commercial services	4,397	4,365	3,687	94.8	4,528	95.4
Transport	3,560	3,620	2,974	76.5	3,615	76.2
Travel	127	134	127	3.3	139	2.9
Other commercial services	711	611	587	15.1	775	16.3
Construction	5	5	3	0.1	5	0.1
Insurance and pension services	154	158	140	3.6	161	3.4
Financial services	2	2	2	0.1	2	0.0
Other business services	547	442	440	11.3	602	12.7
Personal, cultural and recreational services	4	4	2	0.1	4	0.1

Source: BaTiS, WTO and India Exim Bank Research

In case of Kenya, besides transport and travel services, various other services such as good-related services, construction services, insurance and pension services, financial services and telecommunications, computer and information services were also imported in 2021 **(Table 2.17)**.

Table 2.17: Services Imports of Kenya (US$ million)

Product / Service	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Total Services Imports of Kenya	**4,782**	**4,911**	**4,125**	**100.0**	**4,699**	**100.0**
Government goods and services	162	156	98	2.4	123	2.6
Commercial services	4,620	4,755	4,027	97.6	4,577	97.4
Goods-related services	135	145	143	3.5	174	3.7
Manufacturing services	-	-	1	-	1	-
Maintenance and repair services	135	145	142	3.4	173	3.7
Transport	2,091	2,182	1,730	41.9	2,165	46.1
Travel	510	499	222	5.4	246	5.2
Other commercial services	1,884	1,929	1,932	46.8	1,991	42.4
Construction	291	309	259	6.3	209	4.4
Insurance and pension services	163	146	137	3.3	174	3.7
Financial services	167	169	182	4.4	183	3.9
Charges for the use of intellectual property	90	89	64	1.6	47	1.0

Product / Service	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Telecommunications, computer and information services	146	153	174	4.2	207	4.4
Other business services	929	951	1,015	24.6	1,041	22.2
Personal, cultural and recreational services	98	113	100	2.4	131	2.8

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

Travel and transport services dominated Rwanda's services imports in 2021, accounting for 48.9% and 15% of services imports, respectively. Other major services imported by Rwanda in 2021 include telecommunications, computer and information services (21.3%) **(Table 2.18)**.

Table 2.18: Services Imports of Rwanda (US$ million)

Product / Service	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Total Services Imports of Rwanda	**769**	**761**	**483**	**100.0**	**573**	**100.0**
Government goods and services	66	65	47	9.7	48	8.4
Commercial services	703	696	436	90.3	525	91.6
Goods-related services	25	28	23	4.8	18	3.1
Maintenance and repair services	25	28	23	4.8	18	3.1
Transport	61	59	65	13.5	86	15.0
Travel	506	496	229	47.4	280	48.9
Other commercial services	111	113	119	24.6	141	24.6
Construction	1	-	-	-	1	0.2
Insurance and pension services	1	2	1	0.2	1	0.2
Charges for the use of intellectual property	1	-	-	-	-	-
Telecommunications, computer and information services	95	94	102	21.1	122	21.3
Other business services	13	17	14	2.9	16	2.8

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

Besides transport and travel services, imports which accounted for the major share in Somalia's services imports in 2021 include personal, cultural and recreational services **(Table 2.19)**.

Table 2.19: Services Imports of Somalia (US$ million)

Product / Service	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Total Services Imports of Somalia	**991**	**1,070**	**989**	**100.0**	**1,113**	**100.0**
Government goods and services	10	10	13	1.3	14	1.3
Commercial services	980	1,060	976	98.7	1,099	98.7
Transport	822	882	858	86.8	967	86.9
Travel	125	140	77	7.8	87	7.8
Other commercial services	33	39	40	4.0	45	4.0
Construction	3	3	2	0.2	3	0.3
Insurance and pension services	2	2	2	0.2	2	0.2
Financial services	-	1	1	0.1	1	0.1
Telecommunications, computer and information services	-	1	1	0.1	1	0.1
Other business services	10	12	12	1.2	13	1.2
Personal, cultural and recreational services	18	20	22	2.2	24	2.2

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

For Tanzania as well, commercial services like transport (59.9%) and travel (25.6%) took up the majority of imports in 2021, followed by other business services, charges for the use of intellectual property and telecommunications, computer and information services **(Table 2.20)**.

Table 2.20: Services Imports of Tanzania (US$ million)

Product / Service	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Total Services Imports of Tanzania	**1,840**	**1,770**	**1,369**	**100.0**	**1,700**	**100.0**
Government goods and services	16	19	25	1.8	25	1.5
Commercial services	1,824	1,751	1,344	98.2	1,675	98.5
Transport	740	772	778	56.8	1,019	59.9
Travel	902	839	391	28.6	436	25.6
Other commercial services	182	140	175	12.8	219	12.9
Construction	31	18	25	1.8	30	1.8
Insurance and pension services	8	3	5	0.4	5	0.3
Financial services	8	5	4	0.3	5	0.3
Charges for the use of intellectual property	24	22	23	1.7	29	1.7
Telecommunications, computer and information services	19	22	19	1.4	24	1.4
Other business services	90	66	96	7.0	122	7.2
Personal, cultural and recreational services	2	3	3	0.2	4	0.2

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

Travel (52.3%) constituted the largest share of services imports of Uganda in 2021, followed by other business services (35.6%), insurance and pension services and telecommunications, computer and information services **(Table 2.21)**.

Table 2.21: Services Imports of Uganda (US$ million)

Product / Service	2018	2019	2020	% Share in 2020	2021	% Share in 2021
Total Services Imports of Uganda	**1,914**	**2,074**	**1,959**	**100.0**	**2,107**	**100.0**
Government goods and services	4	6	6	0.3	7	0.3
Commercial services	1,910	2,068	1,953	99.7	2,100	99.7
Transport	77	84	99	5.1	140	6.6
Travel	1,354	1,463	1,006	51.4	1,102	52.3
Other commercial services	480	521	848	43.3	858	40.7
Construction	10	15	11	0.6	12	0.6
Insurance and pension services	35	33	39	2.0	43	2.0
Financial services	4	4	5	0.3	5	0.2
Charges for the use of intellectual property	8	11	11	0.6	15	0.7
Telecommunications, computer and information services	20	22	20	1.0	31	1.5
Other business services	403	436	762	38.9	751	35.6

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

Chapter 3

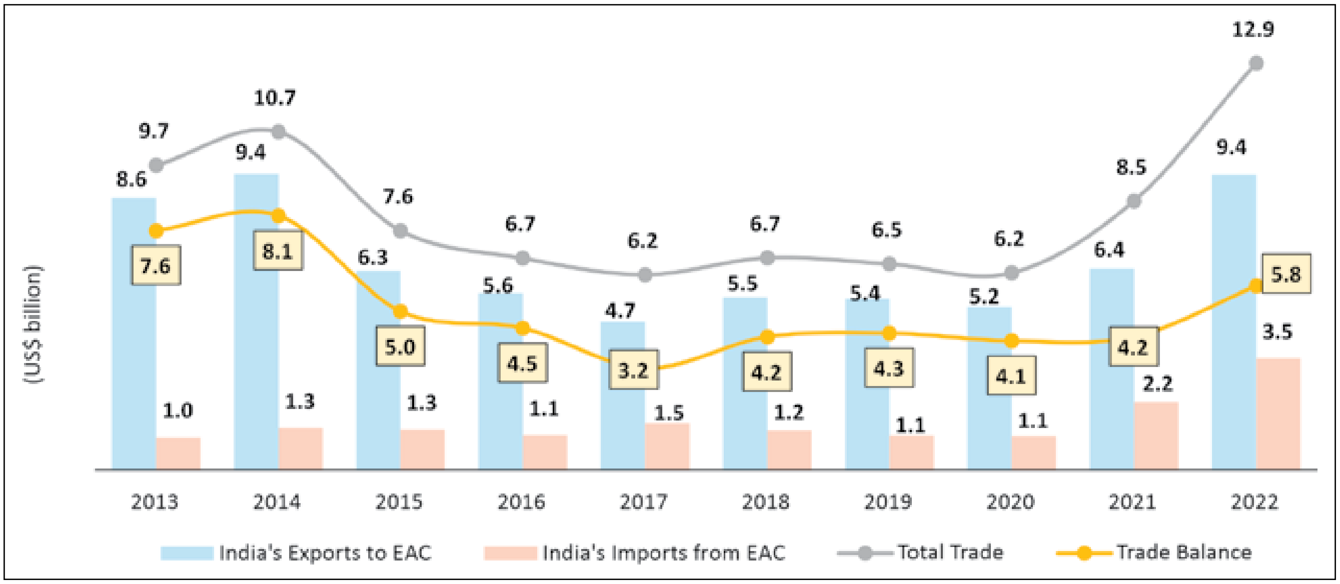
India's Trade Relations with EAC Countries

In today's rapidly evolving global economic landscape, diversifying trade partners and accessing new markets are imperative for sustained economic and trade growth. Africa's unique relationship with India lays the groundwork for a mutually beneficial and sustainable partnership. Particularly, the East African sub-region is gaining prominence as a focal point for India within Africa.

India-East Africa relations have a rich historical foundation, dating back centuries to the ancient maritime trade routes that connected the Indian subcontinent with the East African coast. In modern times, these relations have evolved into multifaceted partnerships encompassing trade, investments, cultural exchanges and diplomatic engagements. India's engagement with East Africa has been characterized by a focus on economic cooperation and development assistance. Indian companies have also invested in various sectors in East Africa, contributing to job creation and economic growth. Culturally, India and East Africa share deep-rooted ties, with a large Indian diaspora living in the region. This diaspora has played a crucial role in fostering people-to-people contacts and promoting cultural exchanges between the two regions.

India - EAC merchandise trade has shown significant growth in the last decade. Total merchandise trade which stood at US$ 9.7 billion in 2013, has grown to reach US$ 12.9 billion in 2022. India's exports to the EAC which were at US$ 8.6 billion in 2013 increased to US$ 9.4 billion in 2022. India's exports to the EAC have shown resilience in the pandemic year as well, with export of US$ 5.2 billion in 2020. India's imports from the EAC were a meagre US$ 1 billion in 2013, since then, imports have registered consistent growth, and merchandise imports peaked at US$ 3.5 billion in 2022 **(Chart 3.1)**. India runs a positive trade balance with the EAC. India's trade surplus amounted to US$ 7.6 billion in 2013, which has since then moderated to US$ 5.8 billion in 2022, due to consistent rise in imports.

Chart 3.1: India's Merchandise Trade with EAC, 2013 - 2022

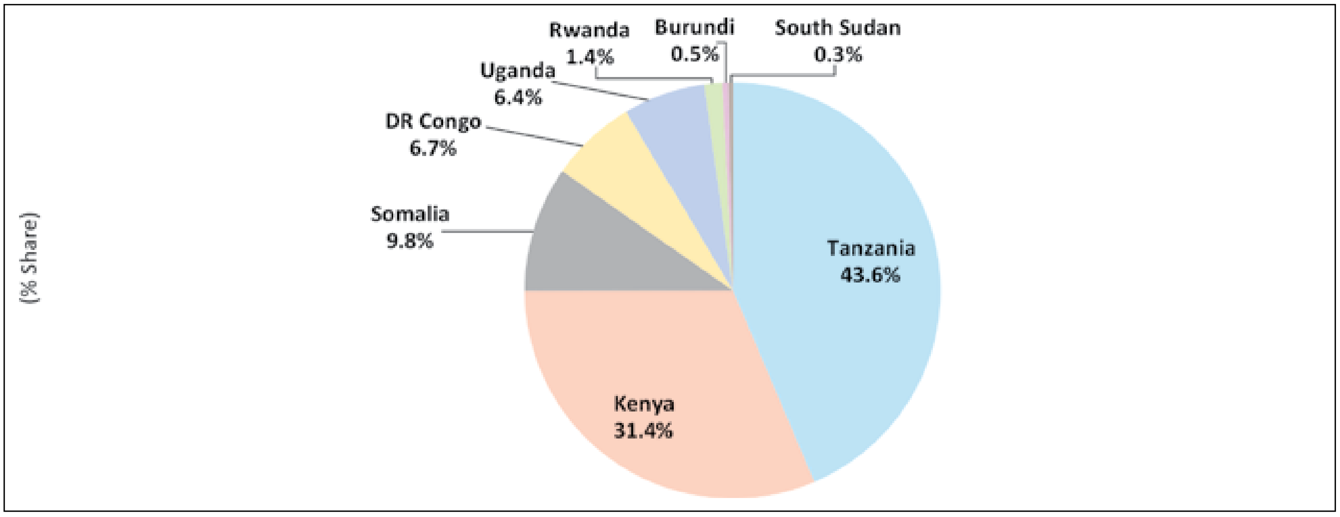


Source: ITC Trade Map and India Exim Bank Research

India's Major Export Destinations in EAC

India's total merchandise exports to the EAC in 2022 amounted to US$ 9.4 billion. Tanzania, with a share of 43.6% was the largest market for India's exports in the region in 2022. Kenya, with a share of 31.4%, Somalia, with a share of 9.8% and DR Congo with a share of 6.7% were the second, third and fourth largest destinations for India's exports in 2022, respectively **(Chart 3.2)**.

Chart 3.2: India's Major Export Destinations in EAC, 2022

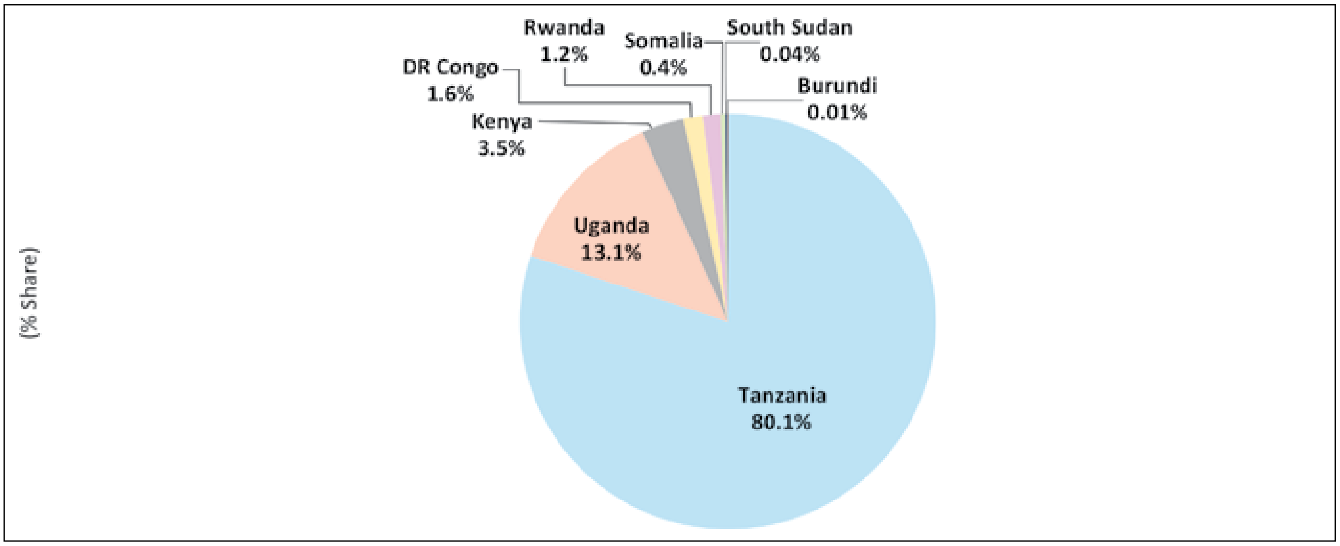


Source: ITC Trade Map and India Exim Bank Research

India's Major Import Sources in EAC

India's imports from the EAC in 2022 stood at US$ 3.5 billion. Tanzania, with a share of 80.1% was the largest source of imports for India among the EAC countries. Other major countries supplying to India in the same year were Uganda (with a share of 13.1%), Kenya (3.5%) and DR Congo (1.6%) **(Chart 3.3)**.

Chart 3.3: India's Major Import Sources in EAC, 2022



Source: ITC Trade Map and India Exim Bank Research

India's Major Exports to EAC

India's major export item to the EAC in 2022 was mineral fuel and oils, with a share of 33.7% in total exports to the region amounting to US$ 3.2 billion. Other major export categories for India were pharmaceutical products (10.5% of total exports in 2022), vehicles other than railway or tramway (7.6%), machinery and mechanical appliances (6.4%), sugar and sugar confectionery (6.1%) and cereals (4.4%) **(Table 3.1)**.

Table 3.1: India's Major Exports to EAC, 2013 - 2022

HS Code	Product	2013		2017		2021		2022		
		Value (US$ mn)	% Share in 2013	Value (US$ mn)	% Share in 2017	Value (US$ mn)	% Share in 2021	Value (US$ mn)	% Share in 2022	% Share of India in EAC's Global Imports in 2022
	India's Exports to EAC	**8,626.2**	**100.0**	**4,706.5**	**100.0**	**6,377.0**	**100.0**	**9,366.6**	**100.0**	**11.0**
27	Mineral fuels and oils	5,075.3	58.8	1,190.1	25.3	864.9	13.6	3,160.4	33.7	3.7
30	Pharmaceutical products	601.6	7.0	728.0	15.5	946.8	14.8	984.8	10.5	1.2
87	Vehicles other than railway or tramway	334.5	3.9	312.3	6.6	704.2	11.0	711.2	7.6	0.8
84	Machinery and mechanical appliances	387.4	4.5	339.7	7.2	504.4	7.9	602.1	6.4	0.7
17	Sugars and sugar confectionery	166.7	1.9	223.2	4.7	388.6	6.1	568.0	6.1	0.7

HS Code	Product	2013		2017		2021		2022		
		Value (US$ mn)	% Share in 2013	Value (US$ mn)	% Share in 2017	Value (US$ mn)	% Share in 2021	Value (US$ mn)	% Share in 2022	% Share of India in EAC's Global Imports in 2022
10	Cereals	75.4	0.9	159.8	3.4	283.3	4.4	410.8	4.4	0.5
85	Electrical machinery and equipment	266.9	3.1	144.3	3.1	221.0	3.5	238.6	2.5	0.3
72	Iron and steel	324.2	3.8	92.5	2.0	299.1	4.7	233.4	2.5	0.3
39	Plastics and articles	134.6	1.6	171.2	3.6	260.5	4.1	230.2	2.5	0.3
48	Paper and paperboard	71.1	0.8	89.2	1.9	136.9	2.1	179.1	1.9	0.2
73	Articles of iron or steel	106.6	1.2	109.8	2.3	142.0	2.2	179.0	1.9	0.2
38	Miscellaneous chemical products	61.6	0.7	69.4	1.5	114.0	1.8	152.4	1.6	0.2
29	Organic chemicals	69.8	0.8	84.6	1.8	135.3	2.1	142.0	1.5	0.2
63	Other made-up textile articles	66.3	0.8	69.2	1.5	95.2	1.5	136.4	1.5	0.2
40	Rubber and articles	93.2	1.1	64.6	1.4	111.6	1.7	108.8	1.2	0.1

Source: ITC Trade Map and India Exim Bank Research

Table 3.2 presents the top five export products from India to individual EAC countries in 2022.

Table 3.2: India's Exports to EAC - Destination wise Top Products

Country	Exports (US$ million)	HS Code	Product	% Share in 2022
Tanzania	4,082.5	27	Mineral fuels, oils and products	59.0
		30	Pharmaceutical products	6.0
		84	Machinery and mechanical appliances	5.0
		87	Vehicles other than railway or tramway	4.0
		85	Electrical machinery and equipment	2.0
Kenya	2,940.3	27	Mineral fuels, oils and products	25.6
		30	Pharmaceutical products	10.8
		84	Machinery and mechanical appliances	8.6
		72	Iron and steel	6.3
		87	Vehicles other than railway or tramway	5.9

Country	Exports (US$ million)	HS Code	Product	% Share in 2022
Somalia	913.3	17	Sugars and sugar confectionery	42.4
		10	Cereals	20.1
		87	Vehicles other than railway or tramway	6.2
		11	Products of the milling industry	5.2
		64	Footwear, gaiters and parts	4.9
DR Congo	628.8	30	Pharmaceutical products	24.6
		87	Vehicles other than railway or tramway	22.8
		63	Other made-up textile articles	9.3
		10	Cereals	4.9
		84	Machinery and mechanical appliances	4.7
Uganda	594.9	30	Pharmaceutical products	28.1
		87	Vehicles other than railway or tramway	22.3
		84	Machinery and mechanical appliances	11.3
		29	Organic chemicals	4.1
		63	Other made-up textile articles	3.7
Rwanda	131.8	30	Pharmaceutical products	24.3
		87	Vehicles other than railway or tramway rolling stock	11.2
		17	Sugars and sugar confectionery	8.1
		84	Machinery and mechanical appliances	7.0
		22	Beverages, spirits and vinegar	6.4
Burundi	44.6	30	Pharmaceutical products	35.3
		84	Machinery and mechanical appliances	11.7
		73	Articles of iron or steel	10.3
		17	Sugars and sugar confectionery	5.8
		87	Vehicles other than railway or tramway	5.8
South Sudan	30.4	87	Vehicles other than railway or tramway	18.8
		30	Pharmaceutical products	15.7
		63	Other made-up textile articles	15.5
		17	Sugars and sugar confectionery	10.4
		19	Preparations of cereals, flour, starch or milk	9.5

Source: ITC Trade Map and India Exim Bank Research

India's Major Imports from EAC

In 2022, copper and articles accounted for 40.5% of India's total imports from the region. Other major imported products in the same year were pearls, precious stones and metals (40.1%), edible fruits and nuts (4.5%), edible vegetables (4%), coffee, tea, mate and spices (1.9%) and cocoa and cocoa preparations (1.6%) **(Table 3.3)**.

Table 3.3: India's Major Imports from EAC, 2013 - 2022

HS Code	Product	2013		2017		2021		2022		
		Value (US$ mn)	% Share in 2013	Value (US$ mn)	% Share in 2017	Value (US$ mn)	% Share in 2021	Value (US$ mn)	% Share in 2022	% Share of India in EAC's Global Exports in 2022
	India's Imports from EAC	**1,036.8**	**100.0**	**1,478.6**	**100.0**	**2,150.6**	**100.0**	**3,535.6**	**100.0**	**7.0**
74	Copper and articles	23.3	2.2	15.2	1.0	833.4	38.8	1,431.8	40.5	2.9
71	Pearls, precious stones and metals	433.8	41.8	706.2	47.8	511.2	23.8	1,416.9	40.1	2.8
08	Edible fruit and nuts	152.5	14.7	308.0	20.8	76.4	3.6	160.4	4.5	0.3
07	Edible vegetables, roots and tubers	139.8	13.5	83.2	5.6	344.3	16.0	141.2	4.0	0.3
09	Coffee, tea, maté and spices	54.5	5.3	57.0	3.9	80.7	3.8	68.6	1.9	0.1
18	Cocoa and cocoa preparations	5.7	0.5	16.3	1.1	24.0	1.1	55.5	1.6	0.1
28	Inorganic chemicals	37.0	3.6	20.4	1.4	21.4	1.0	35.4	1.0	0.1
78	Lead and articles	3.7	0.4	16.8	1.1	25.6	1.2	33.7	1.0	0.1
52	Cotton	24.8	2.4	17.1	1.2	1.8	0.1	29.8	0.8	0.1
44	Wood and articles of wood	25.8	2.5	28.3	1.9	22.2	1.0	28.5	0.8	0.1
12	Oil seeds and oleaginous fruits	43.9	4.2	5.9	0.4	130.9	6.1	22.2	0.6	0.04
72	Iron and steel	10.5	1.0	7.3	0.5	15.5	0.7	18.6	0.5	0.04
27	Mineral fuels, oils and products	-	-	29.5	2.0	5.2	0.2	16.6	0.5	0.03
76	Aluminium and articles	5.9	0.6	13.3	0.9	10.6	0.5	15.3	0.4	0.03
23	Residues and waste from the food industries	21.5	2.1	4.1	0.3	2.6	0.1	10.0	0.3	0.02

Note: Data with India as reporter and hence there could be minor mismatch in data compared to Chapter 2

Source: ITC Trade Map and India Exim Bank Research

Table 3.4 presents India's top five imports from individual EAC countries in 2022.

Table 3.4: India's Imports from EAC- Country wise Top Products

Country	Imports (US$ million)	HS Code	Product	% Share in 2022
Tanzania	2,833.0	74	Copper and articles	50.0
		71	Natural or cultured pearls, precious stones and metals	33.9
		08	Edible fruit and nuts	5.7
		07	Edible vegetables, certain roots and tubers	4.6
		52	Cotton	1.0
Uganda	464.1	71	Natural or cultured pearls, precious stones and metals	89.8
		18	Cocoa and cocoa preparations	3.9
		09	Coffee, tea, maté and spices	3.9
		07	Edible vegetables, certain roots and tubers	0.7
		13	Lac, gums, resins and other vegetable saps and extracts	0.5
Kenya	122.8	09	Coffee, tea, maté and spices	33.0
		28	Inorganic chemicals	28.3
		74	Copper and articles	5.5
		07	Edible vegetables, certain roots and tubers	5.4
		44	Wood and articles of wood; wood charcoal	4.1
DR Congo	55.8	18	Cocoa and cocoa preparations	60.8
		76	Aluminium and articles	14.7
		74	Copper and articles	8.2
		72	Iron and steel	5.4
		85	Electrical machinery and equipment	3.6
Rwanda	42.5	71	Natural or cultured pearls, precious stones and metals	84.1
		78	Lead and articles	9.2
		33	Essential oils and resinoids	2.6
		07	Edible vegetables, certain roots and tubers	1.4
		76	Aluminium and articles	1.1
Somalia	15.6	72	Iron and steel	49.9
		85	Electrical machinery and equipment	16.1
		74	Copper and articles	16.1
		76	Aluminium and articles	6.7
		13	Lac; gums, resins and other vegetable saps and extracts	5.5

Country	Imports (US$ million)	HS Code	Product	% Share in 2022
South Sudan	1.4	44	Wood and articles of wood	95.2
		76	Aluminium and articles	2.8
		90	Optical, photographic, cinematographic apparatus	1.5
		84	Machinery and mechanical appliances	0.4
		82	Tools, implements, cutlery of base metal and parts	0.1
Burundi	0.4	71	Natural or cultured pearls, precious stones and metals	50.9
		79	Zinc and articles	41.3
		84	Machinery and mechanical appliances	6.5
		85	Electrical machinery and equipment	1.3

Source: ITC Trade Map and India Exim Bank Research

Mapping India's Comparative Advantage and Trade Potential in EAC

Analysing the key products where India has comparative advantage and match it with the EAC's import demand will help in expanding India's exports to the EAC. Quantification of comparative advantage will help in identification of products where exports from India have been performing well, as also those where success has been limited, although opportunities are significant.

Revealed Comparative Advantage (RCA) is a measure which has been used extensively to help assess a country's export potential/competitiveness. It helps in identifying categories of exports in which an economy has a comparative advantage by way of comparison of the country's trade scenario with the world scenario. As per Balassa's (1965) measure, RCA index for country i for commodity j is:

$$\boxed{RCA_{ij} = (x_{ji}/X_i) / (x_{jw}/X_w)}$$

Where,

x_{ji} : Exports of Commodity 'j' from Country 'i'

X_i : Total Exports from Country 'i'

x_{jw}: Total Exports of Commodity 'j' from World

X_w: Total Exports from World

The RCA index ranges from 0 to infinity, with 1 as the break-even point. That is, an RCA value of less than 1 means that the product does not have a comparative advantage, while a value above 1 indicates that the product has a comparative advantage.

Since the RCA analysis is used in regard to one country's export profile with reference to the world, the above formula has been modified to assess India's competitiveness in bilateral trade relations with the EAC.

$$\boxed{RCA_{iju} = (x_{iju}/X_{iu}) / (x_{wju}/X_{wu})}$$

Where,

x_{iju}: India's Exports of commodity 'j' to the EAC

X_{iu}: India's Total Exports to the EAC

x_{wju}: World Exports of commodity 'j' to the EAC

X_{wu}: World Total Exports to the EAC

The Normalized Revealed Comparative Advantage (NRCA) index demonstrates the capability of revealing the extent of comparative advantage that a country has in a commodity with more precision and consistency. NRCA can be defined in the following manner.

$$\boxed{\mathbf{NRCA_{iju} = (RCA_{iju}-1/\ RCA_{iju}+1)}}$$

NRCA ranges from -1 to 1, with 0 as the breakeven point. That is, an NRCA value of less than 0 and greater than -1, means that the product has no export comparative advantage, while a value above 0 and less than 1, indicates that the product has a comparative advantage. The extent of comparative advantage/disadvantage can be gauged from the proximity of the NRCA values to the extreme data points, viz. +1 and -1.

The export competitiveness of India has been mapped with respect to the EAC's demand. This has been undertaken with a view to outline a market specific approach for exporters. The objective of the exercise is to construct a product market matrix for products in demand in the EAC, so that necessary actions and policies can be formulated in the direction to enhance exports of these potential products from India to the EAC.

Following are the considerations in the analysis:

- **Time Period:** The time period considered for the analysis is 2012-2022.
- **Product Limit:** Only those products at 6-digit HS code level with a minimum export value of US$ 1 million from India to the EAC is considered in the analysis.
- **Parameters in Consideration:** The analysis in this section considers two major determinants of the India's performance in the EAC, namely, the NRCA for products and Average Annual Growth Rate (AAGR) of the EAC's global imports.

Based on these three considerations, a four-quadrant matrix is prepared for product identification. The four quadrants imply the following:

Product Champions (Product Import AAGR of the EAC > World Import AAGR of the EAC; Positive NRCA): These products have the maximum export potential, as the EAC's import demand for these products has shown robust AAGR over the period 2012-2022, while India's exports of these products to the EAC are also competitive, reflected in the positive NRCA values for such products. These products are the potential export growth drivers from India to the EAC and could be suitably targeted by further expanding its exports to take advantage of its competitive position and achieve a greater market share in the EAC.

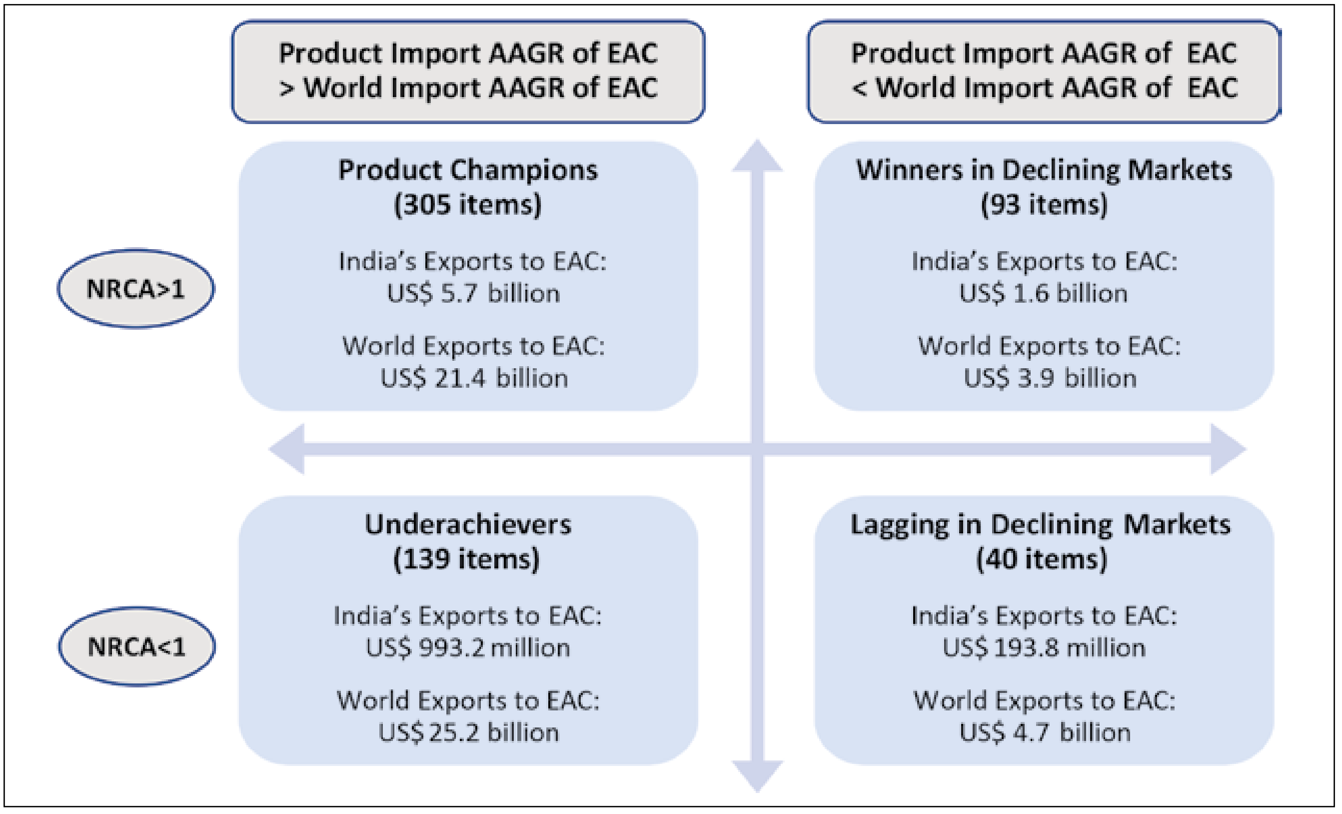
Underachievers (Product Import AAGR of the EAC > World Import AAGR of the EAC; Negative NRCA): India has limited competitiveness in these products although their import demand has grown in the EAC significantly over the period under consideration. India can strive towards building capacities and capabilities in these identified products. These are the products in which India can diversify in the medium to long term to continue being a strategic trade partner to the EAC and further expand its bilateral ties with the region.

Winners in Declining Markets (Product Import AAGR of the EAC < World Import AAGR of the EAC; Positive NRCA): India has competitiveness in these products, even though the EAC's import AAGR for these products has been declining. These products may not have much demand in the future, and hence, scarce resources from these sectors could be diverted to other sectors where demand expectations are positive.

Lagging in Declining Markets (Product Import AAGR of the EAC < World Import AAGR of the EAC; Negative NRCA): India has limited competitiveness in these products, while these sectors have also registered weak import demand in the EAC during the period under consideration.

Product Identification Based on Competitiveness

Chart 3.4: Product Identification of Potential Exports from India to EAC



Source: ITC Trade Map and India Exim Bank Research

To identify the products based on their export competitiveness in the EAC, a four-quadrant analysis has been undertaken based on the HS Code classifications at 6-digit level, whilst calculating their NRCA and mapping them against the AAGR of global imports of the EAC for all products. The quadrants are drawn by comparing the overall AAGR of global imports of the EAC for all products during 2012-2022 (9.4%), to the NRCA of India's exports to the EAC of products during the same period **(Chart 3.4)**. This exercise aims to identify those products with imports in the EAC over the period 2012-2022 have performed better than the overall average of the EAC for all products during this period, implying that the share of such products in the EAC's import basket has witnessed an increase, a reflection of their rising demand and dynamism. At 6-digit HS Code, with minimum exports of US$ 1 million from India to the EAC, 577 products have been identified with total exports from India to the EAC amounting to US$ 8.5 billion while the total world imports to the EAC in the same products stood at US$ 55.3 billion in 2022.

Out of the 577 items at the HS 6-digit level, 305 items fell into the category of the product champions. The combined exports of these items from India to the EAC were US$ 5.7 billion in 2022, representing approximately 67.2% of India's exports to the EAC in 2022. Major product champions are provided in **Table 3.5**.

Table 3.5: List of Major Product Champions from India to EAC (HS 6-digit level)

HS Code	Product Label	India's Exports to EAC (US$ million)	% Share in India's Exports to EAC	Global Imports of EAC (US$ million)	% Share in Global Imports of EAC
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel	2,837.0	30.3	14,111.3	16.5
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	387.9	4.1	758.1	0.9
871120	Motorcycles, incl. mopeds, with reciprocating internal combustion piston engine of a cylinder	364.8	3.9	569.2	0.7
720719	Semi-finished products of iron or non-alloy steel containing, by weight, < 0.25% of carbon	148.1	1.6	154.6	0.2
870321	Motor cars and other motor vehicles principally designed for the transport	74.2	0.8	176.1	0.2
630420	Bed nets, warp knit, antimalarial	51.3	0.5	46.8	0.1
110100	Wheat or meslin flour	51.2	0.5	248.2	0.3
870193	Tractors, of an engine power > 37 kW but <= 75 kW (excl. those of heading 8709, pedestrian-controlled	39.1	0.4	87.7	0.1
480255	Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes	38.6	0.4	120.9	0.1
843890	Parts of machinery for the industrial preparation or manufacture of food or drink	37.1	0.4	21.5	0.0
380892	Fungicides, put up in forms or packings for retail sale or as preparations or articles	35.8	0.4	148.7	0.2
854460	Electric conductors, for a voltage > 1.000 V, insulated	35.4	0.4	99.6	0.1
730820	Towers and lattice masts, of iron or steel	35.3	0.4	120.3	0.1
380891	Insecticides, put up in forms or packings for retail sale or as preparations or articles	33.8	0.4	129.5	0.2
170191	Refined cane or beet sugar, containing added flavouring or colouring, in solid form	31.0	0.3	4.8	0.01

Source: ITC Trade Map and India Exim Bank Research

The total number of products in winners in declining markets category is 93, with India's exports amounting to US$ 1.6 billion, accounting for a share of 18.9% in India's exports to the EAC in 2022. These are the product items in which India has attained a significant share in the EAC's import basket, but the EAC's import demand for these products has been falling in the last decade **(Table 3.6)**.

Table 3.6: List of Major Products under Winners in Declining Markets Category from India to EAC (HS 6-digit level)

HS Code	Product Label	India's Exports to EAC (US$ million)	% Share in India's Exports to EAC	Global Imports of EAC (US$ million)	% Share in Global Imports of EAC
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes	620.5	6.6	1572.9	1.8
170199	Cane or beet sugar and chemically pure sucrose, in solid form (excl. cane and beet sugar)	343.9	3.7	881.3	1.0
300420	Medicaments containing antibiotics, put up in measured doses "incl. those for transdermal administration"	81.2	0.9	93.9	0.1
190531	Sweet biscuits	45.4	0.5	62.5	0.1
300410	Medicaments containing penicillins or derivatives thereof with a penicillanic acid structure	35.7	0.4	45.3	0.1
220710	Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	31.6	0.3	58.7	0.1
790111	Unwrought zinc, not alloyed, containing by weight >= 99,99% of zinc	26.2	0.3	48.9	0.1
481920	Folding cartons, boxes and cases, of non-corrugated paper or paperboard	21.0	0.2	28.0	0.03
392329	Sacks and bags, incl. cones, of plastics (excl. those of polymers of ethylene)	21.0	0.2	18.6	0.02
480257	Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes	20.8	0.2	36.8	0.04
732111	Appliances for baking, frying, grilling and cooking and plate warmers, for domestic use	19.2	0.2	16.0	0.02
392020	Plates, sheets, film, foil and strip, of non-cellular polymers of ethylene, not reinforced	13.8	0.1	59.7	0.1
640220	Footwear with outer soles and uppers of rubber or plastics, with upper straps or thongs assembled	11.9	0.1	39.8	0.05
843880	Machinery for the industrial preparation or manufacture of food or drink	10.3	0.1	23.4	0.03
320417	Synthetic organic pigments; preparations based on synthetic organic pigments of a kind used	9.4	0.1	24.6	0.03

Source: ITC Trade Map and India Exim Bank Research

This was followed by underachievers with 139 items with India's exports worth US$ 993.2 million to the EAC. These products constituted a marginal share of 11.7% in India's total exports to the EAC. These are the product items in which import demand in the EAC is rising, but India has limited competitiveness in the export of these items **(Table 3.7)**.

Table 3.7: List of Major Underachievers from India to EAC (HS 6-digit level)

HS Code	Product Label	India's Exports to EAC (US$ million)	% Share in India's Exports to EAC	Global Imports of EAC (US$ million)	% Share in Global Imports of EAC
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume	315.6	3.4	8,938.7	10.5
720711	Semi-finished products of iron or non-alloy steel containing, by weight, < 0,25% of carbon	38.7	0.4	396.8	0.5
870423	Motor vehicles for the transport of goods, with only compression-ignition internal combustion	36.3	0.4	332.7	0.4
630900	Worn clothing and clothing accessories, blankets and travelling rugs, household linen and articles	29.4	0.3	565.7	0.7
842952	Self-propelled mechanical shovels, excavators and shovel loaders	28.4	0.3	278.2	0.3
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons	23.7	0.3	236.9	0.3
847490	Parts of machinery for working mineral substances of heading 8474	21.7	0.2	508.3	0.6
730890	Structures and parts of structures, of iron or steel (excl. bridges and bridge-sections	21.0	0.2	413.0	0.5
853710	Boards, cabinets and similar combinations of apparatus for electric control or the distribution	19.8	0.2	202.0	0.2
870410	Dumpers for off-highway use	18.6	0.2	387.9	0.5
100199	Wheat and meslin (excl. seed for sowing, and durum wheat)	16.3	0.2	1,386.8	1.6
940690	Prefabricated buildings, whether or not complete or already assembled	16.3	0.2	185.8	0.2
390210	Polypropylene, in primary forms	15.7	0.2	356.6	0.4
847989	Machines and mechanical appliances	13.9	0.1	358.2	0.4
848180	Appliances for pipes, boiler shells, tanks, vats or the like (excl. pressure-reducing valves)	13.6	0.1	179.3	0.2

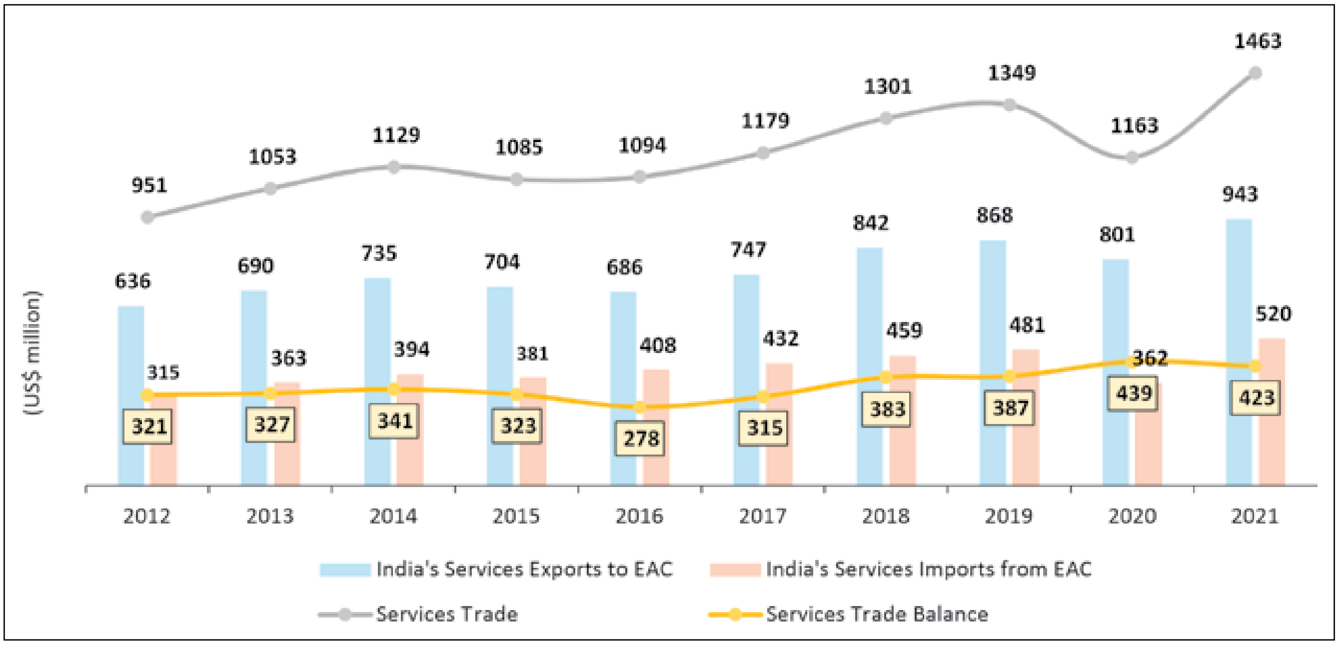
Source: ITC Trade Map and India Exim Bank Research

The high range of exports under the category of declining sectors highlight the need for diversification to other sectors as well as industries which have greater scope for exports in the future. If the scarce resources are not diverted, then excess of supply to these sectors facing limited demand in the EAC market would result in further fall in the prices in the future. Thus, a significant shift needs to be made from the declining sectors to the product champions in the short run and underachievers in the medium to the long run, in order to make efficient utilization of resources and further enhance exports from India to the EAC. Further, the analysis suggests strengthening the existing products in the category of product champions in order to exploit the full potential of these products which are already showing a robust growth in the EAC market, whilst India's exports also hold a comparative advantage in them.

India - EAC Bilateral Trade in Services

Bilateral Services trade between India and EAC has been obtained from the OECD-WTO Balanced Trade in Services (BaTiS) dataset. India's services exports to the EAC stood at US$ 943 million in 2021, increasing by a CAGR of 4% from 2012 when it was at US$ 636 million **(Chart 3.5)**. Kenya's share in India's exports to the EAC was the highest at 42.9% in 2021, followed by exports to Uganda, DR Congo and Tanzania. India's services imports from the EAC increased from US$ 315 million in 2012 to US$ 520 million by 2021, growing by a CAGR of 5.1%, with Tanzania accounting for 49.6% of India's services imports from the region in 2021. **Bilateral services trade data with South Sudan is not available.**

Chart 3.5: India's Services Trade with EAC, 2012 - 2021



Source: BaTiS, WTO and India Exim Bank Research

Burundi

India's services exports to Burundi in 2021 stood at US$ 15 million and was mainly composed of transport services (73.3%), followed by other business services (20%) and telecommunications, computer and information services (6.6%) **(Table 3.8)**.

Table 3.8: India's Services Exports to Burundi (US$ million)

Product/Sector	2012	2017	2019	2020	2021
India's Services Exports to Burundi	**8**	**11**	**13**	**12**	**15**
Commercial services	8	11	13	12	15
Transport	6	8	9	9	11
Other commercial services	2	3	3	3	4
Telecommunications, computer and information services	-	1	1	1	1
Other business services	2	2	2	2	3

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

India's services imports from Burundi stood at US$ 1 million in 2021 and composed mainly of government goods and services **(Table 3.9)**.

Table 3.9: India's Services Imports from Burundi (US$ million)

Product/Sector	2012	2017	2019	2020	2021
India's Services Imports from Burundi	**2**	**5**	**3**	**3**	**1**
Government goods and services	1	3	2	2	1
Commercial services	1	2	1	1	-
Transport	1	2	1	1	-

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

DR Congo

India's services exports to DR Congo stood at US$ 149 million in 2021 and was mainly composed of transport services (72.5%), followed by other business services (22.8%), among others **(Table 3.10)**.

Table 3.10: India's Services Exports to DR Congo (US$ million)

Product/Sector	2012	2017	2019	2020	2021
India's Services Exports to DR Congo	**88**	**110**	**130**	**123**	**149**
Government goods and services	4	3	2	3	3
Commercial services	84	107	128	121	146
Transport	70	86	99	90	108
Travel	1	1	2	2	2
Other commercial services	12	19	27	28	37
Insurance and pension services	1	3	2	2	2
Other business services	11	17	25	26	34

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

India's services imports from DR Congo stood at US$ 30 million in 2021 and was mainly composed of travel services (56.7%), transport (26.6%) and other business services (3.3%) **(Table 3.11)**.

Table 3.11: India's Services Imports from DR Congo (US$ million)

Product/Sector	2012	2017	2019	2020	2021
India's Services Imports from DR Congo	**15**	**24**	**30**	**26**	**30**
Commercial services	12	18	28	22	27
Transport	5	5	5	6	8
Travel	7	12	22	14	17
Other commercial services	1	1	1	2	2
Other business services	1	1	1	1	1

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

Kenya

India's services exports to Kenya stood at US$ 405 million in 2021 and was mainly composed of other business services (38.3%), followed by transport (36.5%), telecommunication, computer and information services (11.6%) and construction (4.4%), among others **(Table 3.12)**.

Table 3.12: India's Services Exports to Kenya (US$ million)

Product/Sector	2012	2017	2019	2020	2021
India's Services Exports to Kenya	**252**	**312**	**369**	**341**	**405**
Commercial services	248	308	366	339	403
Transport	102	103	126	108	148
Travel	20	32	29	11	9
Other commercial services	123	170	209	218	243
Construction	7	29	24	21	18
Insurance and pension services	7	8	5	5	6
Financial Services	3	4	5	5	6
Telecommunications, computer and information services	21	32	38	42	47
Other business services	82	90	129	136	155
Personal, cultural and recreational services	3	6	8	9	10

Source: BaTiS, WTO and India Exim Bank Research

India's services imports from Kenya stood at US$ 156 million in 2021 and was mainly composed of transport (58.9%), travel (25.6%) and telecommunication, computer and information services (9.6%) **(Table 3.13)**.

Table 3.13: India's Services Imports from Kenya (US$ million)

Product/Sector	2012	2017	2019	2020	2021
India's Services Imports from Kenya	**118**	**110**	**132**	**113**	**156**
Commercial services	112	106	127	107	151
Transport	76	61	76	65	92
Travel	30	37	42	28	40
Other commercial services	6	7	9	13	19
Telecommunications, computer and information services	4	5	7	10	15
Other business services	2	1	1	2	2
Personal, cultural and recreational services	-	-	-	-	1

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

Rwanda

India's services exports to Rwanda stood at US$ 31 million in 2021 and was mainly composed of telecommunication, computer and information services (61.2%), travel (22.6%) and transport services (9.7%), among others **(Table 3.14)**.

Table 3.14: India's Services Exports to Rwanda (US$ million)

Product/Sector	2012	2017	2019	2020	2021
India's Services Exports to Rwanda	**20**	**31**	**34**	**26**	**31**
Government goods and services	1	1	1	1	1
Commercial services	19	30	33	25	31
Transport	2	2	2	2	3
Travel	9	16	17	7	7
Other commercial services	8	12	14	16	21
Telecommunications, computer and information services	8	11	12	15	19
Other business services	-	1	1	1	1

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

India's services imports from Rwanda stood at US$ 11 million in 2021 and was mainly composed of travel services (81.8%) and transport services (9%) **(Table 3.15)**.

Table 3.15: India's Services Imports from Rwanda (US$ million)

Product/Sector	2012	2017	2019	2020	2021
India's Services Imports from Rwanda	**8**	**12**	**13**	**9**	**11**
Government goods and services	-	-	-	1	1
Commercial services	8	11	13	9	10
Transport	-	-	-	-	1
Travel	7	11	13	8	9

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

Somalia

India's services exports to Somalia stood at US$ 53 million in 2021 and was mainly composed of transport (94.3%) and travel services (1.9%), among others **(Table 3.16)**.

Table 3.16: India's Services Exports to Somalia (US$ million)

Product/Sector	2012	2017	2019	2020	2021
India's Services Exports to Somalia	**38**	**41**	**46**	**43**	**53**
Commercial services	38	41	46	43	53
Transport	36	36	41	40	50
Travel	2	4	4	2	1
Other commercial services	-	1	1	2	2
Other business services	-	1	1	1	1
Personal, cultural and recreational services	-	1	1	1	1

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

India's services imports from Somalia stood at US$ 15 million in 2021 and was mainly composed of transport and travel services (46.7% each) and other business services (6.7%) **(Table 3.17)**.

Table 3.17: India's Services Imports from Somalia (US$ million)

Product/Sector	2012	2017	2019	2020	2021
India's Services Imports from Somalia	**11**	**9**	**15**	**9**	**15**
Commercial services	11	9	15	9	15
Transport	8	4	7	4	7
Travel	3	5	8	4	7
Other commercial services	-	-	1	1	1
Other business services	-	-	1	1	1

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

Tanzania

India's services exports to Tanzania stood at US$ 134 million in 2011 and was mainly composed of transport services (61.2%), business services (14.9%), travel (13.4%) and telecommunication, computer and information services (7.5%) **(Table 3.18)**.

Table 3.18: India's Services Exports to Tanzania (US$ million)

Product/Sector	2012	2017	2019	2020	2021
India's Services Exports to Tanzania	**110**	**127**	**125**	**106**	**134**
Commercial services	109	127	124	105	133
Transport	50	50	51	58	82
Travel	44	57	53	21	18
Other commercial services	15	20	21	26	34
Construction	-	2	1	2	2
Telecommunications, computer and information services	9	7	9	8	10
Other business services	6	10	10	15	20

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

India's services imports from Tanzania stood at US$ 258 million in 2021 and was mainly composed of transport (53.9%), travel (42.2%) and construction (1.9%), among others **(Table 3.19)**.

Table 3.19: India's Services Imports from Tanzania (US$ million)

Product/Sector	2012	2017	2019	2020	2021
India's Services Imports from Tanzania	**129**	**230**	**241**	**166**	**258**
Commercial services	128	230	241	166	257
Transport	60	100	104	103	139
Travel	66	125	130	56	109
Other commercial services	3	6	7	7	9
Construction	1	3	4	4	5
Telecommunications, computer, and information services	-	1	1	1	1
Other business services	1	2	2	2	3

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

Uganda

India's services exports to Uganda stood at US$ 156 million in 2021 and was mainly composed of other business services (67.9%), travel (21.7%) and telecommunication, computer and information services (5.8%), among others **(Table 3.20)**.

Table 3.20: India's Services Exports to Uganda (US$ million)

Product/Sector	2012	2017	2019	2020	2021
India's Services Exports to Uganda	**120**	**115**	**151**	**150**	**156**
Commercial services	120	115	151	150	156
Transport	3	2	3	3	5
Travel	69	63	82	42	34
Other commercial services	48	50	67	105	118
Insurance and pension services	1	1	1	1	2
Telecommunications, computer and information services	9	6	7	5	9
Other business services	38	42	59	98	106

Source: BaTiS, WTO and India Exim Bank Research

India's services imports from Uganda stood at US$ 49 million in 2021 and was mainly composed of travel services (83.7%), other business services (6.2%), transport (6.2%) and financial services (4.1%), among others **(Table 3.21)**.

Table 3.21: India's Services Imports from Uganda (US$ million)

Product/Sector	2012	2017	2019	2020	2021
India's Services Imports from Uganda	**32**	**42**	**47**	**36**	**49**
Commercial services	32	42	47	35	49
Transport	2	2	1	2	3
Travel	28	37	43	28	41
Other commercial services	3	3	2	5	6
Financial Services	1	1	-	2	2
Other business services	1	2	2	3	3

Note: "-" signifies nil or negligible

Source: BaTiS, WTO and India Exim Bank Research

Chapter 4

Foreign Direct Investment in EAC and Bilateral Investment Relations with India

Foreign Direct Investment (FDI) remains one of the most important and crucial external sources of finance for Africa given the limited fiscal revenues generated by most of the low-income economies. There is no investment agreement between the EAC members, although their objective is to promote the Community as a single investment area. The 2006 EAC Model Investment Code remains the reference guide for the design of national investment policies and laws. However, it does not have any binding effect on countries. It provides for national treatment of, and non-discrimination against, foreign investors. Furthermore, it also provides for the free transfer of assets, and protection from uncompensated expropriation.

According to the United Nations Conference on Trade and Development (UNCTAD) database, FDI inflows into the EAC members have seen a wavering trend. In 2022, FDI inflows into the EAC reached US$ 6.4 billion, marking an increase from the low levels of 2020 (US$ 5.0 billion). This recovery displayed significant momentum, driven by vibrant markets and rapid growth in international project finance, fuelled by relaxed financing conditions and substantial infrastructure stimulus packages. However, the landscape for international business and cross-border investment underwent a dramatic shift in 2022. The conflict in Ukraine, combined with the ongoing global slowdown has triggered a threefold crisis in many countries worldwide, affecting food, fuel and finance. The resultant investor uncertainty poses a substantial risk to global FDI in 2023.

FDI inflows into the EAC in 2022 accounted for 14.3% of total FDI inflows into Africa **(Table 4.1)**. Investment inflows are largely channelled to the mining, manufacturing and construction sectors. The operationalization of regional arrangements, such as the African Continental Free Trade Area (AfCFTA) and the EAC-COMESA-SADC Tripartite FTA could expand the prospects for investment inflows in the region. On the other hand, FDI outflows from the EAC accounted for 9.9% of total FDI outflows from Africa **(Table 4.2)**.

Table 4.1: Foreign Direct Investment Inflows into EAC (US$ million)

Country	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Burundi	7	47	7	-	-	-	1	9	10	13
DR Congo	2,098	1,843	1,674	1,205	1,340	1,617	1,488	1,647	1,870	1,846
Kenya	1,978	1,514	1,464	1,139	1,404	1,139	1,098	717	463	759
Rwanda	258	459	380	342	356	382	354	274	399	399
Somalia	258	261	303	330	369	408	447	534	601	636
South Sudan	-793	44	0	-8	1	60	-232	18	68	122
Tanzania	2,087	1,416	1,561	864	938	972	1,217	944	1,033	1,111
Uganda	1,096	1,059	738	626	803	1,055	1,274	874	1,100	1,526
Total FDI Inflows into EAC	**6,989**	**6,643**	**6,127**	**4,498**	**5,211**	**5,633**	**5,647**	**5,017**	**5,544**	**6,412**
Total FDI Inflows into Africa	51,067	54,776	57,580	46,157	40,358	44,171	45,962	39,195	79,583	44,929
% Share of EAC in Africa	13.7	12.1	10.6	9.7	12.9	12.8	12.3	12.8	7.0	14.3

Note: "-" signifies nil or negligible

Source: UNCTADStat

Table 4.2: Foreign Direct Investment Outflows from EAC (US$ million)

Country	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Burundi	-	-	-	-	-	-	1	1	1	2
DR Congo	401	344	508	272	292	209	134	149	192	436
Kenya	23	17	15	11	14	11	11	-7	410	138
Rwanda	-	4	3	48	16	18	5	-	-	-
Uganda	44	27	-	-	-	-	-	-	-	-
Total FDI Outflows from EAC	**468**	**392**	**526**	**331**	**322**	**238**	**151**	**143**	**603**	**576**
Total FDI Outflows from Africa	1,1032	10,523	9,540	8,383	11,272	8,108	4,965	1,140	3,149	5,817
% Share of EAC in Africa	4.2	3.7	5.5	3.9	2.9	2.9	3.0	12.5	19.1	9.9

Note: "-" signifies nil or negligible

Source: UNCTADStat

A detailed analysis of investments including sectoral investments to and from the EAC is undertaken with the help of Financial Times' fDi Markets database. fDi Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time and can channel their investment through different countries for tax efficiency.

Total envisaged capital investment in the EAC over the last decade has increased from US$ 9.2 billion in 2013 to US$ 18.1 billion in 2023. According to fDi Markets, total envisaged capital investment in the EAC during 2013 - 2023 was US$ 90.3 billion **(Table 4.3)**.

Table 4.3: Envisaged FDI Inflows into EAC, 2013 - 2023

Year	No. of Projects	Capital Expenditure (US$ billion)	No. of Jobs Created	No. of Companies Invested
2013	201	9.2	22,899	144
2014	143	5.1	13,685	106
2015	175	7.2	20,154	119
2016	99	5.5	8,922	84
2017	102	5.8	16,434	90
2018	137	6.9	26,877	113
2019	180	7.8	37,449	144
2020	79	3.1	7,731	68
2021	83	4.2	9,172	73
2022	126	17.6	26,277	101
2023	162	18.1	31,928	132
Total	**1,487**	**90.3**	**221,528**	**1,006**

Source: fDi Markets online database and India Exim Bank Research

As shown in **Table 4.4**, European countries such as France and UK have been active investors in the EAC region. South Africa, Kenya and Mauritius have emerged as the largest investors from Africa in the region. The maximum investment into the EAC were recorded from France, accounting for 13.3% of total capex invested in the region during January 2013 to December 2023. France was followed closely by China at 13.2% of total envisaged capex invested.

Other key investors in the region were UK (8.3%), the US (8.2%), Canada (6.5%), UAE (6.4%), South Africa (3.2%), Luxembourg (3.1%) and Kenya (3.0%). In terms of the number of projects, the US stands out with 173 projects, followed by UK with 128 projects and Kenya with 123 projects. India accounted for envisaged capex amounting to US$ 1.8 billion (2.0% of total investment) in the EAC countries during the same time period.

Table 4.4: Major FDI Investors in EAC, 2013 - 2023

Source Country	No. of Projects	Capital Expenditure (US$ billion)	No. of Jobs Created	No. of Companies Invested
France	50	12.1	9,866	41
China	92	11.9	46,786	62
UK	128	7.4	15,464	88
USA	173	7.4	18,399	134
Canada	21	6.0	7,997	15
UAE	87	5.8	12,606	46
South Africa	95	3.0	8,398	59
Luxembourg	18	2.9	6,233	9
Kenya	123	2.7	11,305	53
Netherlands	35	2.1	6,713	26

Source Country	No. of Projects	Capital Expenditure (US$ billion)	No. of Jobs Created	No. of Companies Invested
Mauritius	40	2.1	2,900	22
Germany	61	2.1	5,179	47
Switzerland	50	1.9	2,573	28
Japan	44	1.9	5,610	33
India	100	1.8	9,598	59
Nigeria	45	1.4	4,664	31
Denmark	15	1.3	2,307	15
Tanzania	20	0.6	3,527	14
Egypt	22	0.6	3,251	17
South Korea	13	0.4	827	8
Belgium	12	0.3	909	10
Total	**1,487**	**90.3**	**221,528**	**1,006**

Source: fDi Markets online database and India Exim Bank Research

During 2013 - 2023, Kenya emerged as the largest destination for investments coming into the EAC region, receiving 31.9% of total envisaged investments, followed closely by Uganda (21.7%), DR Congo (19.1%), Tanzania (16.8%) and Rwanda (6.6%) **(Table 4.5)**.

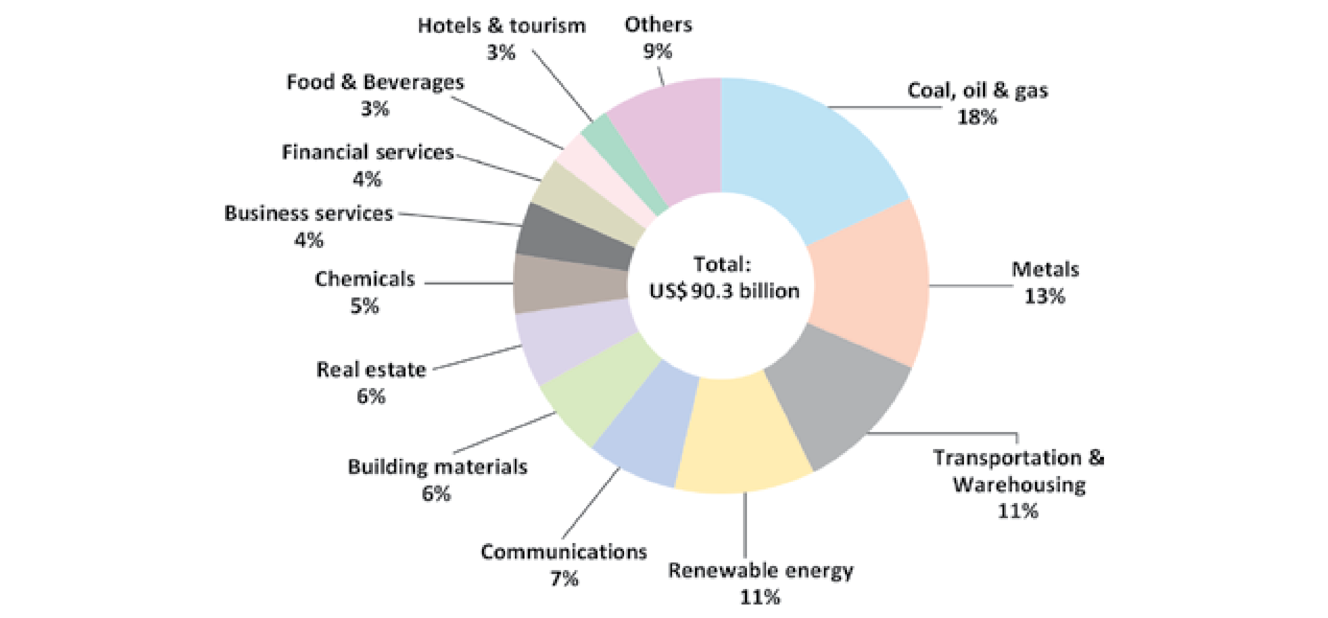
Table 4.5: Major Investment Destinations in EAC, 2013 - 2023

Destination Country	No. of Projects	Capital Expenditure (US$ billion)	No. of Jobs Created	No. of Companies Invested
Kenya	744	28.8	82,193	583
Uganda	203	19.7	37,374	156
DR Congo	94	17.3	33,724	87
Tanzania	252	15.2	36,572	196
Rwanda	129	6.0	26,625	121
Burundi	23	1.5	2,415	21
Somalia	15	1.0	1,141	14
South Sudan	27	0.9	1,484	18
Total	**1,487**	**90.3**	**221,528**	**1,006**

Source: fDi Markets online database and India Exim Bank Research

During 2013 - 2023, coal, oil and gas sector accounted for the largest share of global envisaged investments into the EAC countries (18% of total investments received by the EAC), followed by metals (13%), transportation and warehousing (11%), renewable energy (11%), communications (7%), building materials (6%) and real estate (6%) **(Chart 4.1)**. Maximum number of projects were in real estate sector (41 projects), followed by metals (39 projects), chemicals (35 projects) and consumer products (34 projects).

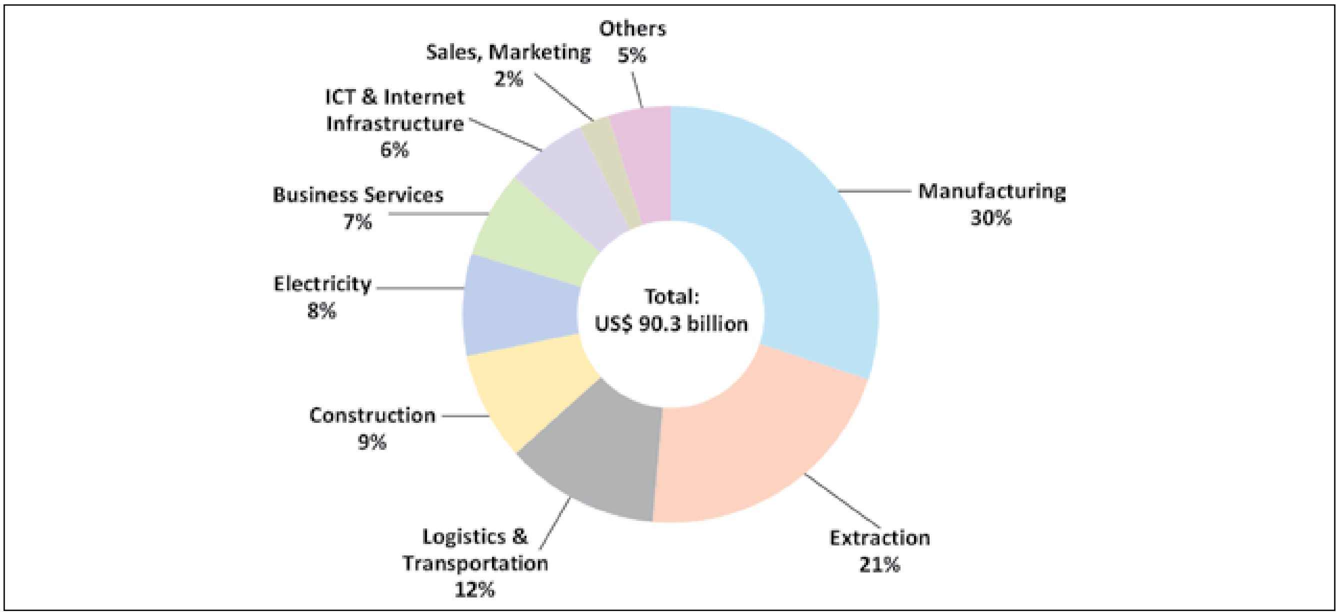
Chart 4.1: Major Sectors Receiving Investments in EAC, 2013 - 2023



Source: fDi Markets online database and India Exim Bank Research

Manufacturing (30%) was the major business activity receiving maximum capital investment during 2013 - 2023 in the EAC, followed by extraction (21%), logistics and transportation (12%), construction (9%) and electricity (8%) **(Chart 4.2)**.

Chart 4.2: Business Activity wise Investments in EAC, 2013 - 2023



Source: fDi Markets online database and India Exim Bank Research

FDI Outflows from EAC

A total outward envisaged investment of US$ 8.1 billion was made by the EAC entities in 301 projects, resulting in 34,885 jobs across the globe from January 2013 to December 2023 **(Table 4.6)**. Investments from the EAC to the rest of the world saw a declining trend over the last decade till 2020, with US$ 0.8 billion in 2013 moderating to US$ 0.2 billion in 2020. However, post 2020, the investments have seen a major jump increasing to US$ 1.6 billion in 2023.

Table 4.6: Envisaged FDI Outflows from EAC, 2013 - 2023

Year	No. of Projects	Capital Expenditure (US$ billion)	No. of Jobs Created	No. of Companies Invested
2013	56	0.8	6,134	24
2014	42	0.8	5,754	23
2015	51	1.1	2,455	22
2016	24	0.6	1,976	16
2017	19	0.5	3,182	14
2018	19	0.4	2,645	15
2019	18	0.2	1,480	13
2020	10	0.2	749	10
2021	13	0.7	644	11
2022	27	1.1	4,596	16
2023	22	1.6	5,240	15
Total	**301**	**8.1**	**34,855**	**127**

Source: fDi Markets online database and India Exim Bank Research

Most of the outward investments from the EAC countries went to the region itself. Tanzania remained the largest recipient of envisaged investment from other EAC member countries, with a capex investment of US$ 1.2 billion (14.9% share) during 2013 - 2023 **(Table 4.7)**. Tanzania was followed by Uganda (12.0%), DR Congo (10.9%), Rwanda (6.1%) and Kenya (4.1%). India received the largest investment from the EAC region outside of the EAC countries, in 12 projects and US$ 748.8 million (9.2%) in capital expenditure during 2013 - 2023. Other key countries outside the EAC region to receive investments were Nigeria, Ghana and China.

Table 4.7: Major Investment Destinations of EAC, 2013 - 2023

Destination Country	No. of Projects	Capital Expenditure (US$ million)	No. of Jobs Created	No. of Companies Invested
Tanzania	42	1,208.5	4,823	26
Uganda	49	980.6	5,605	34
DR Congo	5	869.5	2,917	5
India	12	748.8	9,781	3
Rwanda	22	500.6	1,255	20
Kenya	8	334.5	633	7
Nigeria	16	272.6	1,233	15
Ghana	7	258.3	582	6
Burundi	11	227.8	667	11
China	3	221.4	297	3
Malawi	3	201.0	150	3
South Sudan	17	171.4	632	8
Zambia	6	156.2	236	6
Ethiopia	10	145.1	1,007	10
South Africa	9	135.4	316	9
Total	**301**	**8,108.4**	**34,855**	**127**

Source: fDi Markets online database and India Exim Bank Research

Kenya was the largest outward directed investment source among the EAC countries, investing US$ 5.9 billion (72.3% of the total envisaged outflows) during 2013-2023. Kenya was followed by Tanzania (12.1%), Burundi (7.0%), Uganda (5.3%) and Rwanda (2.8%) **(Table 4.8)**.

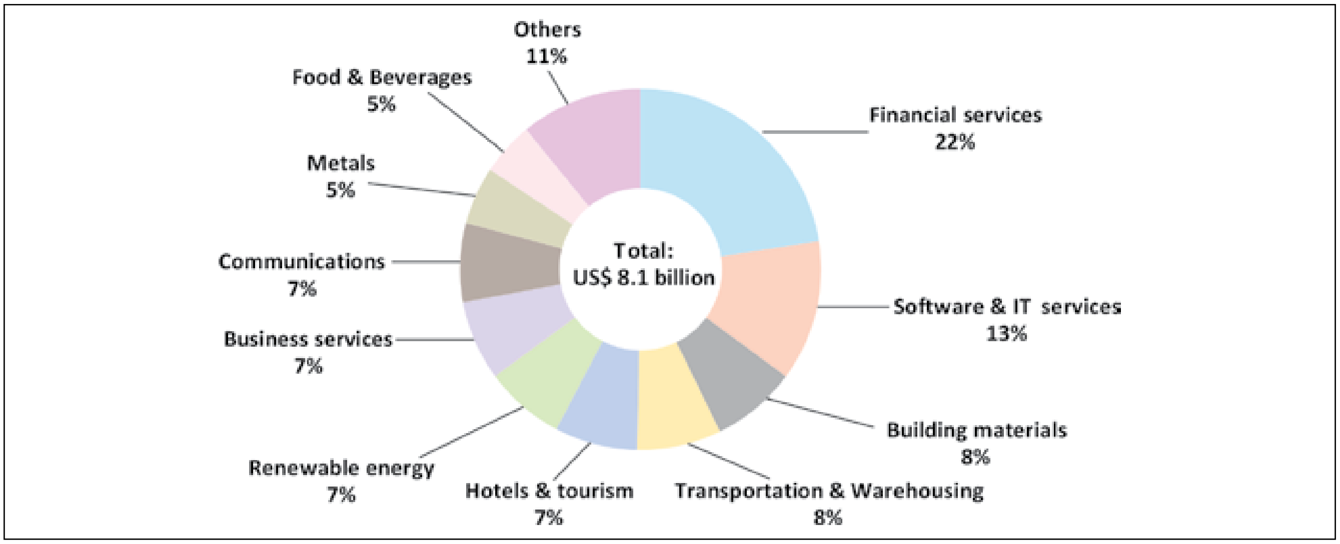
Table 4.8: Major FDI Investors from EAC, 2013 - 2023

Source Country	Capital Expenditure (US$ million)	No. of Projects	No. of Jobs Created	No. of Companies Invested
Kenya	5,868.6	240	27,880	93
Tanzania	989.0	39	4,732	22
Burundi	575.6	7	1,211	3
Uganda	430.2	7	788	4
Rwanda	235.0	5	177	4
DR Congo	8.8	2	51	2
South Sudan	1.2	1	16	1
Total	**8,108.4**	**301**	**34,855**	**127**

Source: fDi Markets online database and India Exim Bank Research

During 2013 - 2023, financial services sector accounted for the largest share of approved investments from the EAC to the rest of the world (22% of total investments by the EAC), followed by software and IT services (13%), building materials (8%), transport and warehousing (8%), hotel and tourism (7%) and renewable energy (7%) **(Chart 4.3)**. In terms of job creation, metals, textiles, hotel and tourism, ceramics and glass and consumer products dominated in the past decade. In terms of projects, financial services, software and IT services, business services and food and beverages dominated investments from the EAC.

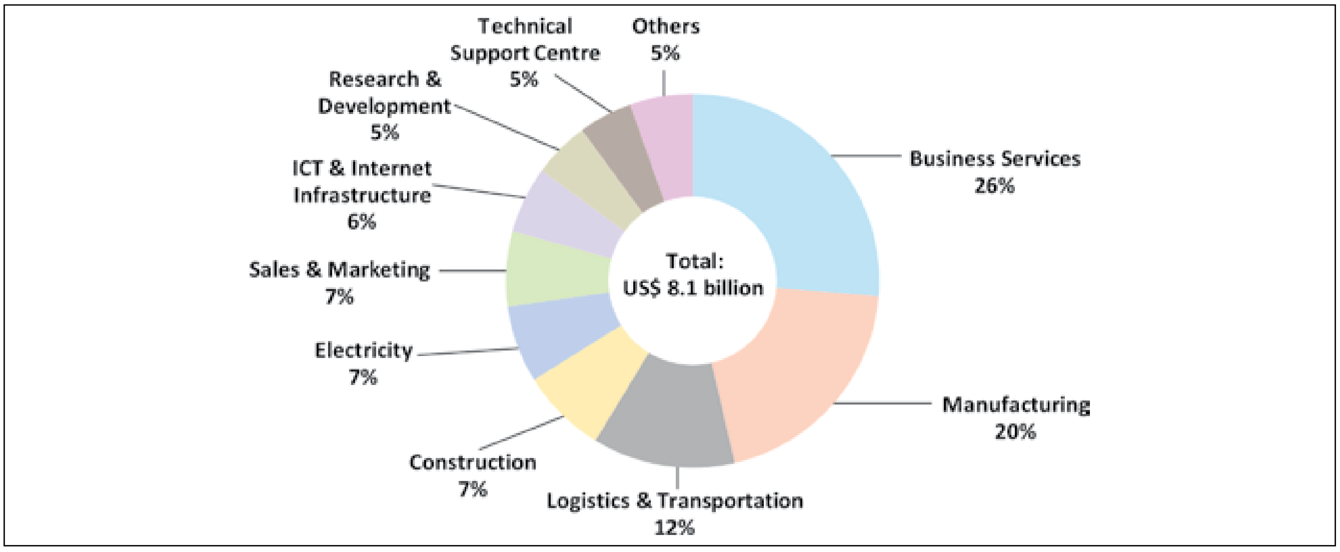
Chart 4.3: Major Sectors Attracting FDI from EAC, 2013 - 2023



Source: fDi Markets online database and India Exim Bank Research

Business services (26% of total envisaged investment) was the major business activity receiving maximum capital investment during 2013 – 2023 from the EAC, followed by manufacturing (20%), logistics and transportation (12%), construction (7%), electricity (7%) and sales and marketing (7%) **(Chart 4.4)**.

Chart 4.4: Business Activity wise Investments from EAC, 2013 - 2023



Source: fDi Markets online database and India Exim Bank Research

India's Bilateral Investment Relations with EAC

In recent years, South-South investment has become increasingly prominent, serving not only as a significant source of financing for developing nations but also as a conduit for transferring standards, knowledge and cost-effective business models. These investments play a crucial role in impacting bilateral and regional trade, leading to increased employment opportunities and more cost-effective production of goods and services. India, in particular, has emerged as a major global investor, significantly increasing its overseas investments in other developing regions such as Africa, Asia and Latin America. While India has had business interests and investments in Africa for a long time, these were predominantly driven by small and medium enterprises and traders. This shift towards larger-scale investments highlights India's growing role as a key player in the global investment landscape, particularly in developing economies.

India's Investments in EAC

Indian investments in the EAC have been on the rise, reflecting a growing interest in the region's economic potential. This investment trend is driven by various factors, including the region's strategic location, its abundant natural resources and the strong historical ties between India and the EAC countries.

One of the key sectors attracting Indian investment is infrastructure sector. Indian companies are involved in projects ranging from roads and railways to ports and airports, aiming to improve connectivity and facilitate trade within the region. Indian companies have made significant investments in manufacturing in the EAC, setting up production facilities and contributing to the growth of local industries. This has not only created job opportunities but has also helped in the transfer of technology and skills.

Furthermore, Indian investments are playing a vital role in improving livelihoods and fostering sustainable development in the EAC. These investments underscore India's commitment to strengthening its economic partnership with the region, benefiting both Indian businesses and the local economies.

To get a more meaningful understanding on the trends in Indian overseas investments, this study has drawn upon the data collated by the Financial Times through its online database tracking cross-border greenfield investment, viz. fDi Markets. According to Financial Times' fDi Markets, during 2013 - 2023, total capital investment of India in the EAC region stood at a cumulative amount of US$ 1.8 billion, through 100 projects and creating 9,598 jobs in the region **(Table 4.9)**.

Table 4.9: Indian Foreign Direct Investments in EAC, 2013 - 2023

Year	No. of Projects	Capital Expenditure (US$ million)	No. of Jobs Created	No. of Companies Invested
2013	19	738.5	1,992	10
2014	15	97.0	612	6
2015	18	221.4	956	10
2016	6	118.4	1,375	5
2017	7	81.9	594	4
2018	5	194.6	246	5
2019	4	24.4	906	3
2020	5	63.9	673	4
2021	5	27.6	517	5
2022	6	99.7	425	6
2023	10	143.9	1,302	8
Total	**100**	**1,811.4**	**9,598**	**59**

Source: fDi Markets online database and India Exim Bank Research

India's investment into the EAC has moderated over the last 10 years, with the highest investment in the year 2013 with US$ 738.5 million. Investments post covid have been rising with US$ 143.9 million invested in 2023.

During 2013 - 2023, Kenya received 35.8% of India's outward direct investments in the region, followed by Tanzania (29.5%), Uganda (18.9%), DR Congo (10.7%) and Rwanda (5.2%). Burundi, Somalia, and South Sudan did not receive any notable investments from India during the last decade.

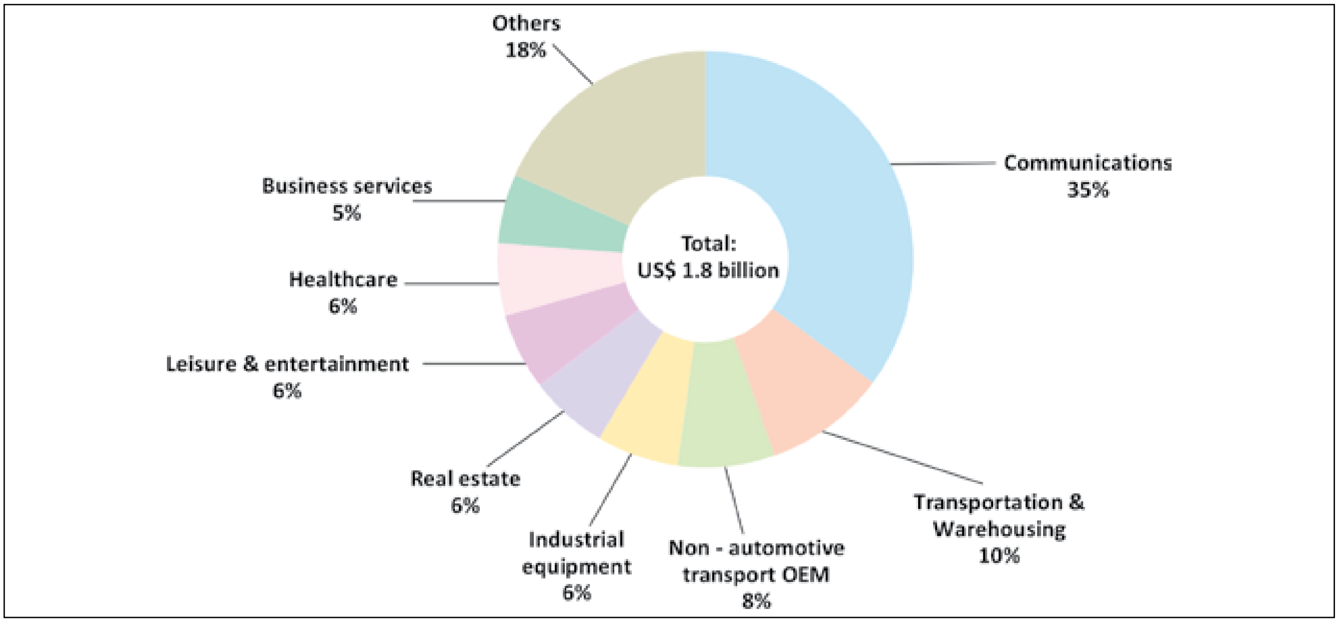
Table 4.10: India's FDI Recipient Countries in EAC, 2013 - 2023

Destination Country	No. of Projects	Capital Expenditure (US$ million)	No. of Jobs Created	No. of Companies Invested
Kenya	40	648.6	3,475	30
Tanzania	28	533.8	3,283	19
Uganda	20	342.2	1,599	10
DR Congo	4	193.1	264	7
Rwanda	8	93.8	977	3
Total	**100**	**1,811.4**	**9,598**	**59**

Source: fDi Markets online database and India Exim Bank Research

During 2013 - 2023, communications sector received the largest share of approved investments from India into the EAC countries (35.1% of total investments received by the EAC), followed by transportation and warehousing (9.5%), non-automotive transport OEM (7.6%), industrial equipment (6.4%), real estate (6.1%), leisure and entertainment (5.9%) and healthcare (5.6%) **(Chart 4.5)**.

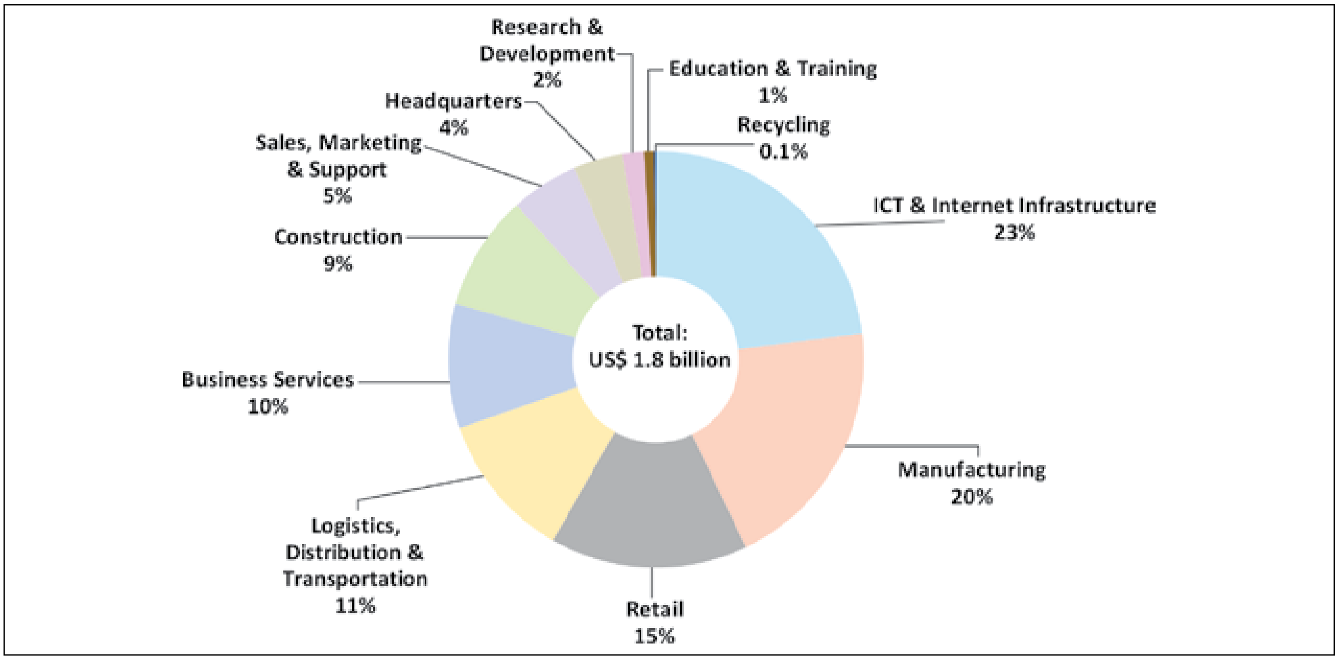
Chart 4.5: India's Sectoral Investments in EAC, 2013 - 2023



Source: fDi Markets online database and India Exim Bank Research

ICT and internet infrastructure (23%) was the major business activity receiving capital investment during 2013 - 2023 from India in the EAC, followed by manufacturing (19.9%), retail (15.4%), logistics, distribution and transportation (11.4%) and business services (9.6%), among others **(Chart 4.6)**.

Chart 4.6: Business Activity wise Investments from India to EAC, 2013 - 2023



Source: fDi Markets online database and India Exim Bank Research

EAC's Investments in India

Investments from the EAC to India have been tepid over the last decade, with 12 projects and US$ 748.8 million in total capital investment during 2013 - 2023 **(Table 4.11)**. All the 12 projects have been undertaken majorly by Kenya (98.9%) and Tanzania (1.1%), with no participation from the other EAC countries.

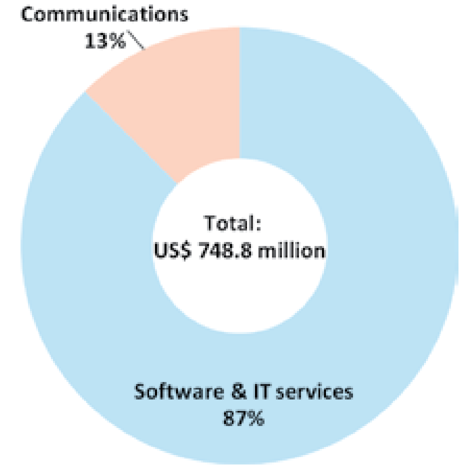
Table 4.11: Overview of EAC's investments in India, 2013 - 2023

Month	No. of Projects	Capital Expenditure (US$ million)	No. of Jobs Created	No. of Companies Invested
August 2013	2	101.5	1,117	2
March 2014	1	81.5	1,250	1
September 2014	1	97.8	1,500	1
August 2015	1	10	101	1
October 2016	1	59.9	605	1
April 2017	1	65.2	1,000	1
December 2017	2	17.3	512	2
November 2018	1	99.1	1,000	1
April 2019	1	18.3	696	1
November 2023	1	198.2	2,000	1
Total	**12**	**748.8**	**9,781**	**3**

Source: fDi Markets online database and India Exim Bank Research

During 2013 - 2023, software and IT services sector accounted for the largest share of approved investments from the EAC to India (87.5% of total investments by the EAC), followed by communications sector (12.5%) **(Chart 4.7)**.

Chart 4.7: Sectoral Investments in India by EAC, 2013 - 2023



Source: fDi Markets online database and India Exim Bank Research

Major business activities that have received investments in India from the EAC include technical support centre (41.7% of total investment), followed by research and development (33.3%), sales, marketing and support (16.7%) and business services (8.3%).

Chapter 5

Investment Opportunities for India in EAC Countries

East Africa is a region overflowing with potential – from agriculture to mining to tourism to energy – with investment avenues abound. East Africa presents numerous business opportunities for entrepreneurs and investors from India. The region is made up of several dynamic countries which are rapidly developing economically and offering exciting prospects for businesses. The economic growth in these countries is fuelled by various factors, rising economic activities, improving infrastructure and a push towards regional integration. The rising middle class, coupled with increasing urbanization, is driving demand for a wide range of goods and services, from consumer electronics to financial services.

The EAC, a regional intergovernmental organization, plays a crucial role in fostering economic cooperation and integration among its members, creating a conducive environment for businesses to thrive. The member countries of the EAC are working towards the transformation of the manufacturing sector through high value addition and product diversification based on comparative and competitive advantages of the region. An added incentive for investors and businesses is the fact that the EAC members also qualify for duty-free access to the US market under the African Growth and Opportunity Act (AGOA), as well as the EU's Everything but Arms (EBA) initiative, under which all products from LDCs except arms and ammunitions have preferential access to the EU market.

Single Market

The EAC's single market offers numerous advantages. With the freedom of movement for all factors of production across member countries, resources are allocated more efficiently, leading to increased productivity. Firms in the EAC benefit from economies of scale, enhanced competitiveness and lower costs, leading to increased profitability.

Consumers also reap the benefits of a single market through cheaper products, more efficient providers and a wider variety of choices. Moreover, competition among businesses drives innovation, resulting in the creation of new products for consumers. The common and coordinated policies within the EAC enhance efficiency, particularly for countries that may lag in implementing effective policies. The shared regulatory framework ensures that best practices are not only established but also adhered across the region, fostering a seamless market environment. Furthermore, being part of a common market encourages a system of mutual surveillance. This mutual oversight contributes to the bloc's efficiency, enabling it to operate at a higher level of consumption and production efficiency.

Investment Opportunities in Burundi[2]

Renewable Energy

Burundi needs a significant amount of energy supply to exploit their mining resources, enable the operation of agricultural processing industries and fully exploit the services offered by information technologies. Access to energy is a precondition for any inclusive and sustainable development and is essential if the country is to achieve the ambitious objectives of Vision 2040-2060.

Burundi is on the verge of a renewable energy revolution. Burundi has always relied on biomass and hydroelectricity for its energy needs. However, both sources have limitations, especially during dry seasons when biomass resources are more scarce and hydroelectric power generation declines. The Government has taken initiatives aimed at increasing energy production, particularly through the construction of hydroelectric power stations such as that of RUZIBAZI which is already operational and the RUSUMO Falls Regional Hydroelectric Power Plant which will benefit Burundi, Tanzania and Rwanda, which is scheduled to be commissioned. The JIJI-MUREMBWE Hydroelectric Power Plant is currently under construction. Burundi has put into effect laws and programs designed to promote investments in the renewable energy sector. The National Electrification Strategy is one such initiative that aims to increase access to electricity in rural regions using renewable energy sources, including solar. Following are certain potential areas of Indian investment in energy sector of Burundi:

- Burundi boasts favourable conditions for generating wind and solar energy, indicating a vast untapped potential in renewable energy sources. Photovoltaic solar energy or small hybrid thermal-photovoltaic power plants are suitable for the electrification of remote centres. To develop the rural electrification of dispersed population, supplying photovoltaic solar home systems could be a solution;
- Installation of wind turbines connected to the grid could also be a solution. Wind energy has high potential on the banks of Lake Tanganyika and on the plateaus; and
- Geothermal energy has untapped commercial potential of 18 MW on 6 sites. The conditions in the Rift Valley region are optimal for geothermal findings; the exploitation of these resources by a geothermal power plant would be an additional asset in the energy mix.

Burundi presents a compelling case for Indian investment in its energy sector. By investing in Burundi's energy sector, India can not only help address the country's energy deficiency but also contributes to its sustainable development and economic growth.

Manufacturing

Burundian industry is mainly dominated by agri-food industries. Through strategic investments and knowledge transfer, India can play a pivotal role in enhancing Burundi's manufacturing sector in the following sectors and foster economic growth.

- The country's need for agri-food processing industries could benefit from India's advanced technology and experience in the field, enhancing food security and promoting agricultural exports.
- India's textile industry, known for its quality and diversity, could support the growth of Burundi's textile sector, creating employment opportunities and boosting exports. Similarly, India's proficiency in leather product manufacturing could contribute to the development of this sector in Burundi.

[2] Burundi Development Agency

- India, known for its affordable and high-quality medicines, can support Burundi's pharmaceutical industries which cater to a population of more than 12 million where majority of medicines are imported from outside the country. Investment focus areas could be production of medical equipment capable of detecting all kinds of diseases, followed by a programme for movement of specialized doctors and construction of local hospitals meeting international health standards.
- The establishment of a computer equipment production industry in Burundi could benefit from India's reputation as a global leader in information technology.
- Indian investment in irrigation equipment manufacturing and cold chain logistics could enhance Burundi's agricultural productivity and improve food preservation practices.
- The creation of special economic zones in Burundi could attract Indian investors, providing a conducive environment for industrial growth and promoting economic development.

DR Congo[3, 4]

Energy

DR Congo aims to ensure greater accessibility to reliable electrical energy to all social strata and basic national communities by increasing the available power by 600 MW, through rehabilitation, modernization, extension and construction of new infrastructure and increasing the rate of electricity service.

The country has the potential to generate over 100,000 MW of hydropower, which is more than half of Africa's total hydropower potential. The Congo River, with its basin straddling the Equator, offers DR Congo exploitable energy potential estimated at 100,000 MW, spread over 780 sites located in 145 territories and 76,000 villages. This potential represents approximately 37% of the total African potential and nearly 6% of the global potential.

Oil and gas discoveries in the east of the country give DR Congo the second largest crude oil reserves in Central and Southern Africa. These reserves are mainly located in the four large lakes bordering Tanzania, Burundi, Rwanda and Uganda. DR Congo has proven reserves of 180 million barrels, although estimates of total oil reserves exceed 5 billion barrels. Currently, Congolese oil production is limited to the coastal basin, with offshore production of 25,000 barrels per day, all of which is exported. DR Congo also has significant potential in renewable energy resources such as biomass, wind, solar, biogas, biofuel, etc.

Despite the enormous potential that the country has, a large part of the territory remains without electricity due to the obsolescence of the installations dating from the colonial period as well as the lack of new investors in the sector. The country's electrification rate remains low, at 9.6%, and the government's vision is to increase the service rate to 32% by 2030. Indian companies could play a significant role in supporting DR Congo's energy goals while benefiting from the country's emerging market opportunities.

Mining

DR Congo is known for its abundant natural resources. The mining industry in DR Congo plays a significant role in the country's economy, accounting for over 60% of exports and providing employment for over 2 million people. The mining industry is plagued by a number of challenges, including poor infrastructure,

[3] National Agency for the Promotion of Investments, Ministry of Planning, Democratic Republic of Congo
[4] Democratic Republic of the Congo - Market Opportunities, International Trade Administration, Department of Commerce, USA

lack of investment and political instability. Despite these challenges, mining sector has been growing in recent years, driven by rising global demand for minerals, as well as government's efforts to improve the investment climate and attract foreign investment.

One of the main opportunities for investors in the mining industry is the country's vast mineral reserves. The country is home to some of the world's largest reserves of cobalt and copper, and also has significant reserves of diamonds, gold and tin. These minerals are in high demand globally, particularly in the electronics, automotive and jewellery industries.

Further, DR Congo is also home to globally significant deposits of hard-rock lithium. The mineral is considered critical to renewable energy technologies as a key component of batteries. It is estimated that global demand for lithium could increase up to 40-fold by 2040, driven by efforts of developed countries to decarbonize their economies. The major lithium mine in DR Congo is Manono, which holds approximately 6,640,000 tons of lithium. Thus, investing in DR Congo's mining industry can offer significant opportunities for Indian investors looking to tap into the country's vast mineral reserves.

Kenya[5, 6]

Information and Communication Technology

Kenya is the regional ICT hub of East Africa, with the country being a leader in broadband connectivity, general ICT infrastructure, value added services (VAS), mobile money and mobile banking and FinTech services. The country's ICT sector is set to account for up to 7% of the country's GDP through IT-enabled services. Kenya has surpassed the 100% mobile penetration rate with most people having more than one SIM card. Internet penetration lags slightly behind at about 40% of the total population. Nairobi is a FinTech hub amongst emerging economies, recording impressive growth in innovative digital financial products and services like the M-Pesa platform.

Kenya ranks 1st for five years in a row in financial inclusion (Brookings Institution) and is one of the world leaders in driving financial inclusion through the use of digital finance solutions. Internet access has continued to spur economic growth which contributed to the government's development of the Digital Economy Blueprint, a framework to improve Kenya's ability to leapfrog economic growth in the region. The government has built ecosystems that facilitate transactions nationally, regionally and globally.

Kenya has invested heavily in ICT infrastructure and services over the last two decades. Kenya aims to provide universal broadband availability throughout the country within five years. The government is also seeking to increase and fast-track broadband connectivity across the country by construction of 100,000 km of national fiber optic connectivity network. The digital superhighway will also play a critical role in enabling Kenya to make tremendous achievements in the other growth supporting sectors as well as in enhancing revenue collection via the automation of VAT systems.

Investment opportunities for Indian investors in Kenya's ICT sector are diverse and promising. The Kenyan government has implemented favorable policies and incentives to promote investments in the ICT sector. Through 2022-2032 Digital Economy Master Plan, the government aims to create an enabling environment

[5] Keninvest: Kenya Investment Authority

[6] State Department for Investment Promotion, Ministry of Investment, Trade and Industry

for businesses to thrive. Investors can benefit from tax incentives, reduced regulatory barriers and support for research and development activities.

- *Local Consumer and Light Electronics Assembly*: Kenya presents an opportunity for Indian investors to engage in local assembly of consumer electronics such as phones, laptops and televisions. The country's growing middle class and increasing access to technology create a demand for affordable electronics.
- *Business Process Outsourcing Services*: Kenya has emerged as a Business Process Outsourcing (BPO) hub in Africa, offering a skilled, English-speaking workforce. Indian investors can capitalize on this by providing BPO services, including customer support, technical support and back-office operations.
- *Digital Banking Platforms*: India can invest in or develop digital banking platforms to cater to the growing demand for online and mobile banking services, providing customers with convenient and secure financial solutions.
- *Data Centres and Cloud Services*: Indian companies can capitalize on the increasing demand for data storage and processing by investing in data centre facilities and cloud services. As businesses digitize, the need for secure and scalable data solutions is on the rise.
- *Telecommunications Infrastructure*: Invest in the expansion and enhancement of telecommunications infrastructure, including the development of 5G networks, fiber-optic cables and satellite communication systems.
- *Fintech and Digital Payments*: Kenya is a pioneer in mobile money services with the success of M-Pesa. Indian investors can explore opportunities in fintech by developing digital payment solutions, mobile banking apps and innovative financial products that cater to the unbanked and underbanked population.
- *Cybersecurity*: As the IT sector expands in Kenya, cybersecurity becomes increasingly important. Indian investors can provide cybersecurity solutions, particularly targeting larger business clusters that handle sensitive data.
- *Online Provision of Government Services*: The Kenyan government is increasingly digitizing its services. Indian investors can participate in providing online platforms and services to facilitate e-government initiatives.
- *e-Business Facilitation*: There are opportunities for Indian investors to facilitate e-business transactions in Kenya, including payment solutions, e-commerce platforms and digital marketing services.
- *Infrastructure Development*: As Kenya continues to develop its ICT infrastructure, there are investment opportunities in building and upgrading telecommunications and internet infrastructure.
- *Tech Funding for Startups*: Kenya has a vibrant startup ecosystem in the digital space. Indian investors can provide funding and support to startups in the ICT sector, leveraging Kenya's entrepreneurial spirit and innovative ideas.

Healthcare Sector

The healthcare sector in Kenya presents a compelling investment opportunity, driven by the government's strong commitment and favorable demographic and global health trends. Kenya is actively working towards achieving Universal Health Coverage (UHC). With a growing population, there is an increasing demand for healthcare services and products, highlighting the sector's potential for growth. The healthcare market in Kenya is underserved, with significant gaps in infrastructure, creating opportunities for investors to meet critical needs. The government's prioritization of healthcare is evident in its policies and initiatives, providing a supportive environment for investment. Additionally, there is a growing awareness of preventive healthcare measures, opening up avenues for investment in wellness and health promotion. Kenya's youth population presents opportunities to cater to the specific health needs and preferences of this demographic.

For Indian investors, Kenya offers various investment prospects in the healthcare sector:

- *Public-Private Partnerships*: Kenya's healthcare sector is ripe for public-private partnerships (PPPs) to enhance infrastructure and services. By partnering with the government, Indian investors can contribute expertise and capital to improve healthcare delivery. This could involve building new hospitals and clinics, upgrading existing facilities or implementing technology solutions to enhance patient care and management systems.
- *Medical Tourism*: Kenya's strategic location, natural attractions and improving healthcare infrastructure position it as a potential hub for medical tourism. Indian investors can capitalize on this by investing in world-class healthcare facilities and services that cater to international patients. This includes specialized treatments, wellness programs and hospitality services tailored to the needs of medical tourists.
- *Pharmaceutical Industry*: Kenya's pharmaceutical sector is expanding rapidly, driven by the increasing demand for affordable and accessible medicines. Indian investors can seize this opportunity by investing in pharmaceutical manufacturing and distribution. This could involve setting up manufacturing plants, partnering with local companies, or supplying high-quality generic medicines to the Kenyan market. Investing in the pharmaceutical industry not only contributes to improving healthcare access in Kenya but also opens up export opportunities to other African markets.
- *Technological Innovation*: The adoption of healthcare technology in Kenya is on the rise, creating investment prospects in areas such as telemedicine, health information systems and digital health solutions. Indian investors, with their expertise in healthcare technology, can play a pivotal role in driving innovation in Kenya's healthcare sector. This could involve developing and implementing technology solutions that improve healthcare delivery, patient monitoring and data management.

Rwanda[7]

Agriculture

Agriculture is a major economic sector in Rwanda, employing about 70% of the total population. The industry contributes about 31% to GDP and stands out as one of the most strategic sectors in Rwanda's development. It accounts for a significant part of the foreign exchange earnings from the exports of products, including coffee, tea, hides and skins, pyrethrum and horticulture. 75% of Rwanda's agricultural production comes from smallholder farmers.

Rwanda's principal crops include coffee, pyrethrum, tea, flowers, beans, cassava banana, Irish potatoes, rice, wheat and sugarcane, among others. About 61% of Rwandan soil is suitable for agriculture. The Government of Rwanda is tangibly committed to boosting the development of the country's agri-sector. It has invested considerably in infrastructure, responsive institutions, inclusive markets and innovation, while creating an enabling environment for private sector investment. Meanwhile, investment opportunities for Indian investors exist in the following:

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[7] Rwanda Development Board

Food Processing: Investment opportunities in food processing for both domestic and international markets. Staple foods such as beans, rice, maize and potatoes have significant growth potential. This includes processing them into value-added products like flour, snacks and ready-to-eat meals.

Horticulture: Rwanda offers opportunities in competitive commodities like French beans, peas and specialty horticultural products such as baby corn, chili, mini leek, African eggplants, mushrooms and herbs. There is also potential for growing fruits like apples, bananas, passion fruits and avocados, as well as flower cultivation. Investors can explore processing and packaging of horticultural products for export markets.

Other areas for collaboration include:

- *Value Addition*: Opportunities in washing and roasting coffee as premium coffee harvests increase. Additionally, there is potential for investing in packaging and branding to add value to Rwandan coffee products.
- *Mechanization*: Opportunities in irrigation and sale of agricultural equipment for large-scale farming. Investment in mechanized farming techniques can increase productivity and efficiency in agriculture.
- *Distribution and Cold Chain*: There is a need for improved infrastructure, particularly in cold chain logistics, to support the export of products. Investment in cold storage facilities and transportation can help maintain the quality of perishable goods during distribution.
- *Poultry*: Potential for investment in large-scale poultry farms, slaughterhouses and export of poultry meat and feed mills. Additionally, there are opportunities in poultry breeding and production of poultry feed.
- *Beef Farming*: Opportunities for beef farming to cater to meat exports. This includes investment in cattle rearing, feedlots and meat processing facilities to meet domestic and international demand.
- *Milk Processing*: Investment opportunities in cold chain infrastructure and processing facilities for UHT milk, yogurt, cheese, butter and other dairy products. Additionally, there is potential for investing in dairy farming and breeding to increase milk production.

Infrastructure

Rwanda's sustained economic growth and development are underpinned by a strong emphasis on infrastructure as a catalyst for private sector competitiveness. The government's unwavering commitment to this vision is evident in its significant investments, with nearly 10% of the annual budget allocated to transport and other infrastructure projects. This strategic focus aims to enhance the country's overall connectivity, reduce transportation costs and create an enabling environment for private sector growth. Rwanda's strategic focus on infrastructure development as a driver of private sector growth presents promising investment opportunities for Indian investors. By investing in areas such as informal settlement upgrade, affordable housing, industrial park development and transport infrastructure, Indian investors can not only contribute to Rwanda's economic development but also benefit from the country's conducive investment climate and growing economy.

One of the key areas of investment opportunity for Indian investors in Rwanda lies in informal settlement upgrade and property development. With rapid urbanization and a growing population, there is a pressing need for affordable housing. Indian investors can capitalize this by investing in the development of affordable housing units, contributing to Rwanda's efforts to address its housing deficit and improve living standards.

Rwanda's focus on industrial park development presents another lucrative opportunity for Indian investors. The government has prioritized the development of industrial parks to attract local and foreign investment, create employment opportunities and drive economic growth. Indian investors can explore partnerships and investment opportunities in this sector to capitalize on Rwanda's strategic location as a gateway to the East African market.

Road construction, rehabilitation and maintenance are also significant areas of investment in Rwanda. The country's road network plays a crucial role in facilitating trade and connectivity within the region. By investing in road infrastructure projects, Indian investors can contribute to Rwanda's efforts to improve its transport infrastructure, reduce transportation costs and enhance regional trade.

Rwanda's investment in rail and water transport infrastructure further underscores its commitment to enhancing connectivity and reducing the cost of transportation. Indian investors can explore opportunities in these sectors to support Rwanda's efforts to develop a multimodal transport system that is efficient and cost-effective.

Somalia[8]

Livestock

Somalia's livestock sector is a vital part of its economy, contributing significantly to GDP and exports. Livestock, including camels, cattle, sheep and goats, are essential for both domestic consumption and export, with the Middle East being a key market. Despite facing challenges such as droughts and export bans, the sector continues to offer substantial growth potential. According to the National Development Plan, livestock is the main repository of household and national wealth in Somalia. The export-oriented pastoralist production system provides an important investment opportunity. Investment opportunities for India lies in:

- *Milk Processing*: Somalia lacks sufficient milk processing capacity, presenting an opportunity for investors to establish processing plants to meet local demand and potentially export processed dairy products.
- *Dairy Farming*: There is a need for investment in modern dairy farming techniques to increase milk production and improve quality.
- *Feedlot Feeding*: Investments in feedlot systems can enhance livestock feeding efficiency, leading to improved meat quality and higher marketability.
- *Meat Processing Plants*: Developing meat processing capabilities within Somalia can add value to livestock products and open up new export opportunities.
- *Veterinary Services*: Investments in veterinary clinics and services can help improve livestock health and productivity, benefiting both producers and consumers.
- *Poultry Farms and Hatcheries*: Establishing poultry farms and hatcheries can address the underutilized potential in chicken production for both domestic consumption and export.
- *Animal Feed Processing*: Investing in compound animal feed processing plants can support the livestock sector by providing nutritious feed for poultry, beef and dairy animals.
- *Technical Consulting and Support Services*: There is a need for technical consulting and support services to assist livestock owners in improving animal feeding, behaviour and breeding practices.

[8] Investment Promotion Office (SOMINVEST) under the Ministry of Planning, Investment and Economic Development, Somalia

- *Leather Processing and Manufacturing*: Somalia's leather industry remains largely undeveloped, presenting opportunities for investment in leather processing and manufacturing of leather products.

India, as a leading producer of milk, buffalo meat and eggs, has valuable expertise to offer Somalia. Indian investments can introduce advanced practices in dairy farming, meat processing and veterinary services, enhancing Somalia's livestock sector. Thus, investing in Somalia's livestock sector presents a significant opportunity for growth and development. With the right investments and support, Somalia can enhance its livestock production, meet local demand and access international markets.

Farming Sector

Somalia's farming sector, despite its vast potential, remains underdeveloped. Out of nearly 8.9 million hectares of cultivable land, only a fraction is currently under irrigation. The ninth National Development Plan highlights the need for increased investment in irrigation, mechanization and value-added processing to unlock the sector's full potential. Somalia's agricultural sector is currently heavily import-dependent for food items such as raw sugar, rice, wheat, pasta and other products. This reliance on imports presents an opportunity for investors to contribute to Somalia's food security and economic development by investing in domestic agriculture. The sector currently accounts for about a quarter of overall employment and plays a crucial role in meeting domestic food demand. Investment opportunities for India lies in the following areas:

- Investments in agricultural equipment leasing services in partnership with Somali commercial banks can revolutionize farming practices by providing access to modern machinery, enhancing efficiency and increasing productivity.
- Establishment and expansion of agro-processing industries, particularly in the sesame value chain, can lead to value addition, job creation and improved competitiveness of Somali agricultural products. These investments can also foster local entrepreneurship and contribute to the overall economic development of the country.
- Establishment of agricultural processing zones and industrial parks can serve as hubs for processing farm produce, attracting investment and creating a conducive environment for value addition. This initiative can significantly boost agricultural exports and contribute to the economic prosperity of Somalia.
- Investments in sugar processing can reduce import dependency, create a sustainable sugar supply chain and generate employment opportunities in the processing sector. This investment can also contribute to the development of the local economy and reduce the country's trade deficit.
- Expansion of rural credit and microfinance services for agriculture can improve access to finance for smallholder farmers, leading to increased productivity. This can stimulate rural economic development and reduce poverty by providing financial inclusion to farmers.
- Investment in the skills of farmers to utilize state-of-the-art agro-tools and equipment can lead to improved agricultural practices, increased yields and enhanced food security. Training programs can empower farmers to adopt modern techniques and technologies, making their farming operations more efficient and sustainable.
- Establishment of phytosanitary and health regularity control facilities is essential to ensure the safety and quality of agricultural products for both domestic consumption and export. These facilities can also help Somalia comply with international food safety standards, opening up new export markets and boosting the country's economy.

- Irrigation infrastructure development and management at Shabelle and Juba valleys can expand arable land, improve agricultural productivity and mitigate the impact of droughts and climate change on agriculture in Somalia. Such investments are crucial for ensuring food security and enhancing the resilience of the agricultural sector.
- Frankincense value chain and export investment can leverage Somalia's unique natural resources and cultural heritage, leading to increased export revenue and job creation. Such investments can also preserve traditional knowledge and support local communities dependent on frankincense production.
- Cotton production and value chain investment can revitalize Somalia's cotton industry, leading to increased production, job creation and support for the textile sector. Such investments can also reduce dependency on imported cotton and promote domestic textile production.
- Cold storage/refrigerated transport for perishable products can reduce post-harvest losses, increase the shelf life of perishable agricultural products and improve market access. These investments can also facilitate the export of high-quality agricultural products to international markets.
- Investments in Greenhouses can extend growing seasons, improve crop yields and promote sustainable agriculture practices. These investments can also ensure a consistent supply of high-quality produce for local consumption and export markets.

India's experience as a leading producer of millet, sugar and organic products, along with its expertise in agricultural equipment and processing, makes it a valuable partner for Somalia's agricultural sector. Indian investors can leverage their knowledge and resources to drive agricultural growth in Somalia and contribute to its food security and economic development. Investing in Somalia's farming sector offers Indian investors a unique opportunity to contribute to the country's agricultural transformation while also realizing significant returns on investment. With the right investments in irrigation, crop diversification, agro-processing and value chain development, Somalia can reduce its reliance on food imports, improve food security and create sustainable livelihoods for its people.

South Sudan[9]

Agri and Agribusiness

India's investments in South Sudan's agriculture and agribusiness sectors can significantly contribute to the country's economic development and food security. In agriculture, India can focus on boosting the production of food and cash crops, introducing farm mechanization and developing the seeds and agricultural tools industry. Additionally, investments in livestock and dairy development, fisheries, fish processing and apiculture (beekeeping) can enhance the country's agricultural output and provide livelihood opportunities for local communities.

In the agro-business sector, Indian investors can explore opportunities in textiles, leather industries and food processing. This includes setting up flour milling plants, oil pressing mills, sugar processing units and fruits and vegetable canning facilities. Investments in meat and fish processing, animal feeds and fertilizers can also contribute to the growth of the agribusiness sector in South Sudan. Furthermore, investments in abattoirs and hides for value addition can enhance the leather industry.

[9] South Sudan Investment Authority

Research on and mapping of natural resources for economic use is crucial for South Sudan's sustainable development. Indian expertise in this area can help identify and utilize natural resources effectively, leading to economic growth and resource management. Similarly, investments in forestry, afforestation, reforestation and wood processing industry can promote sustainable forestry practices and create employment opportunities in the timber industry.

Overall, Indian investments in South Sudan's agriculture, agribusiness and natural resources sectors can lead to a win-win situation for both countries. Indian companies can benefit from the untapped potential in South Sudan, while the country can benefit from India's expertise, technology and capital. Additionally, these investments can strengthen the bilateral relations between India and South Sudan, paving the way for further cooperation in other sectors.

Infrastructure

India's investments in South Sudan's infrastructure sector can play a pivotal role in the country's development by addressing critical infrastructure gaps and fostering economic growth. The focus areas for Indian investment in construction and infrastructure in South Sudan include physical infrastructure such as roads, bridges, airports, sea/river ports, railways, manufactories, warehouses, wholesale markets and silos. These investments can significantly improve connectivity and facilitate trade within South Sudan and with neighbouring countries. Additionally, investments in sewer and water treatment plants are essential for providing access to clean and safe water, improving sanitation and preventing waterborne diseases, which can have a profound impact on public health and quality of life in South Sudan.

Given South Sudan's agricultural potential, investments in irrigation and drainage systems can boost agricultural productivity, enhance food security and promote rural development. Investments in the real estate development industry can address the growing demand for residential, commercial and industrial spaces, stimulating the construction sector, creating jobs and attracting investments. Furthermore, investments in hydro-electric dams, reservoirs and water harvesting techniques can help harness South Sudan's significant hydroelectric potential, boosting energy production, reducing reliance on fossil fuels and supporting sustainable development.

In addition to physical infrastructure, investments in social infrastructure such as schools, hospitals and water services are crucial for improving the quality of life and well-being of the South Sudanese population. These investments can enhance access to education, healthcare and basic services, contributing to human capital development and poverty reduction. Overall, Indian investments in South Sudan's construction and infrastructure sectors can contribute to the country's economic development and improve the quality of life for its people, supporting its journey towards prosperity and sustainable development.

Tanzania[10]

Cotton Textile

Tanzania's textile industry is poised for significant growth, with the potential to become a key driver of economic development and poverty reduction. Globally, the textile sector has been instrumental in creating jobs and stimulating economic growth. However, rising wages in traditional textile manufacturing hubs are

[10] Tanzania Investment Centre

expected to lead to the relocation of labour-intensive jobs, presenting Tanzania with a unique opportunity to attract new investments, technology transfers and create a substantial number of jobs.

One of Tanzania's strengths lies in its competitive labour costs, making it an attractive destination for textile manufacturers looking to reduce production costs. Additionally, the global shift towards ethical and sustainable practices in the textile and garment industry presents an opportunity for Tanzania to position itself as a responsible investment destination, which could lead to the creation of decent jobs and sustainable economic growth.

Tanzania's cotton and textiles sector holds particular promise, with over 500,000 smallholder farmers involved in cotton cultivation. This sector has the potential to significantly reduce poverty, especially in the country's poorest and least fertile regions. Currently, Tanzania exports about 80% of its produced cotton in raw form, indicating a substantial opportunity for value addition within the country.

The available opportunities for investment in Tanzania's textile industry are diverse. From value addition starting from the field to the factory, to ginning, spinning, weaving and finally, textile and garment production, there are various stages where investors can contribute. By investing in these areas, companies can not only benefit from Tanzania's low-cost labour but also contribute to the country's economic development by creating employment opportunities and adding value to the local economy.

Tanzania's textile industry presents a compelling investment opportunity, supported by the country's competitive labour costs, a large base of smallholder cotton farmers and the growing global demand for ethical and sustainable textiles.

Manufacturing

Tanzania's manufacturing sector is poised for growth, offering a range of investment opportunities across various industries. Currently in its infancy, the sector is dominated by unprocessed agricultural commodities as its major exports. However, there is significant potential for expansion and value addition within the manufacturing sector.

Over the years, Tanzania's manufacturing sector has demonstrated steady growth, with an annual growth rate of 8.3% and contributing 8.1% to the GDP. The sector employs around 306,180 workers, primarily in urban areas and plays a crucial role in the economy through revenue collection from import and export sales, corporate tax and income tax. It contributes approximately 18.1% of foreign exchange earnings to the government.

Tanzania's manufacturing sector faces several challenges, including its reliance on imported automotive products, a demand gap in the sugar industry and high reliance on imports for edible oil. However, these challenges present unique investment opportunities for both domestic and international investors.

One area of opportunity is the establishment of Special Economic Zones (SEZs) and Export Processing Zones (EPZs), which can attract investment and stimulate industrial growth. Additionally, there is a need for establishment of motor vehicle and motorcycle assembly plants, as well as spare parts production facilities, to cater to both domestic and regional markets.

The discovery of natural gas, soda ash and other minerals in Tanzania presents opportunities for investment in petrol, gas and chemical industries. Furthermore, there is potential for investment in the construction of liquefied natural gas (LNG) plants, strategic pharmaceutical industries and production of construction materials such as ceramics and cement.

The agro-industry and agro-processing sectors also offer significant potential for value addition to agricultural, livestock, forestry and fisheries products. Investment in these sectors can help reduce the country's dependence on imports and create employment opportunities. Tanzania's manufacturing sector presents a range of investment opportunities across various industries. With the right investments and policies, Tanzania can harness its manufacturing potential to drive economic growth, create jobs and reduce its reliance on imported goods.

Uganda[11]

Tourism

Uganda's tourism sector is a thriving industry, propelled by its status as a top tourist destination. The country boasts a unique distinction, being one of only three nations harbouring approximately 50% of the world's endangered mountain gorillas.

One of the main attractions in Uganda is its exceptional game viewing experiences, particularly in its national parks. Tourists flock to witness the diverse wildlife, including rare tree-climbing lions in Ishasha, white rhinoceros and elephants. Moreover, Uganda's avian diversity is unparalleled, with 11% of the world's bird species, totaling 1,060 species, making it a birdwatcher's paradise. The country's unspoiled landscapes, encompassing forests, hills, mountains, rivers and lakes, add to its allure, offering breathtaking scenic beauty.

Indian investors can tap into a multitude of opportunities within Uganda's tourism sector. They can contribute by constructing high-quality accommodation facilities to cater to the growing influx of tourists. Additionally, there is potential in operating various tour and travel circuits, such as bicycle tours, air balloon travel, marine activities on Lake Victoria and river rafting on the Nile River. Developing specialized eco and community tourism facilities presents another avenue for investment. Furthermore, opportunities exist in promoting history and faith-based tourism, including pilgrimages to significant sites such as the Namugongo-Uganda martyrs, the Mahatma Gandhi statue and the Bishop Hannington landing site on the Nile.

India's Tourism and Hospitality sector, renowned as one of the nation's largest service industries, can play a pivotal role in enhancing Uganda's tourism infrastructure. This sector, integral to the Make in India initiative, is a key economic catalyst, driving job creation and fostering rapid development. Through strategic investments, India can stimulate the growth of multi-use infrastructure, including world-class hotels, resorts, exquisite restaurants and efficient transportation networks. These investments can also contribute to the development of state-of-the-art healthcare facilities, ensuring the well-being of tourists and locals alike.

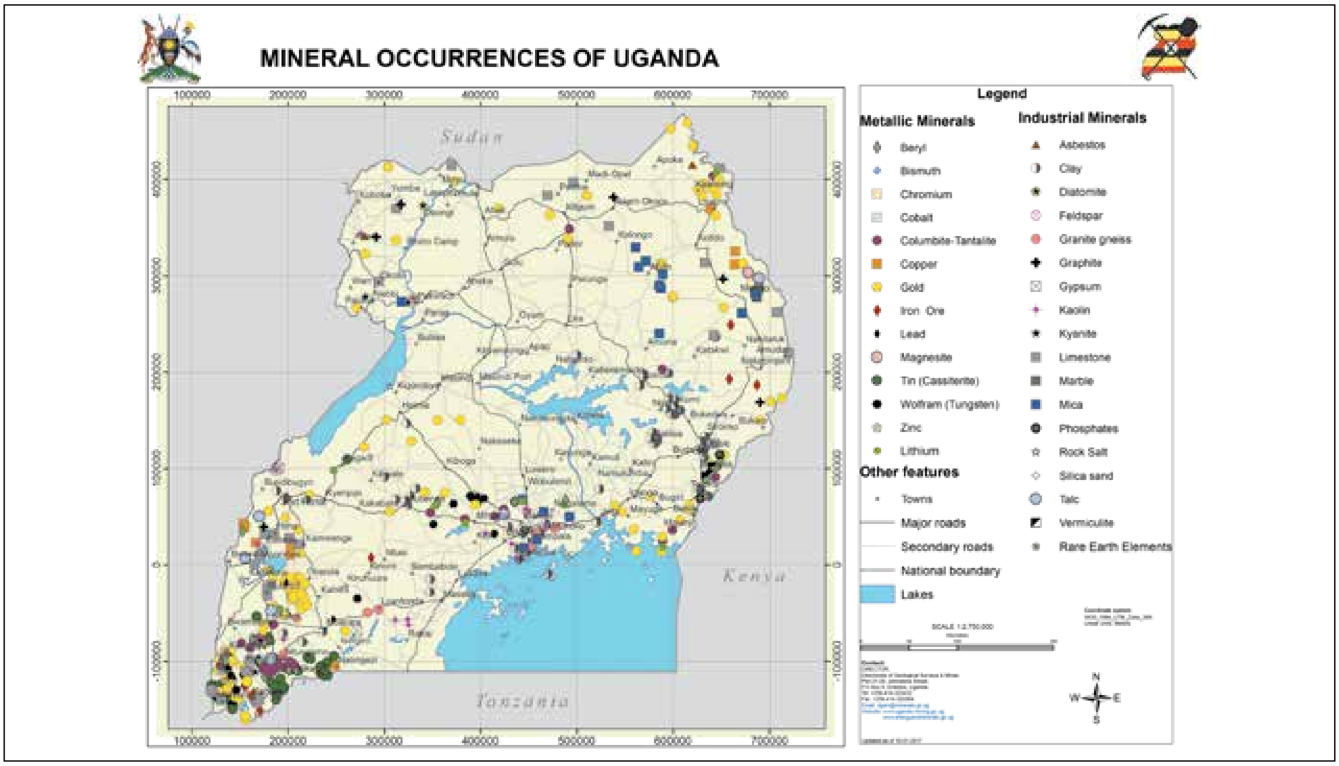
Mineral Value Addition

Uganda's mineral sector offers abundant opportunities for value-added investment, backed by extensive surveys revealing vast, underexploited deposits across more than 80% of the country. These resources include

[11] Uganda Investment Authority

gold, oil, high-grade tin, tungsten, salt, beryllium, cobalt, kaolin, iron ore, glass sand, vermiculite, phosphates for fertilizers, uranium, rare earth elements, clay and gypsum **(Exhibit 1)**. Such diversity presents a rich landscape for mining and mineral processing ventures.

Exhibit 1: Mineral Occurrences of Uganda



Source: Government of Uganda

To incentivize investment, Uganda provides special benefits to the mining sector, including the full write-off of capital expenditures. This policy significantly reduces the initial financial burden, making projects more financially viable.

The availability of new geo-data further enhances Uganda's appeal to investors. This data provides comprehensive insights into mineral quantities and locations, aiding in strategic planning and resource optimization. Uganda's strategic location in East Africa offers easy access to regional markets, increasing the export potential of value-added mineral products.

Investing in mineral value addition not only promises substantial returns but also contributes to infrastructure development in the region. New processing facilities and associated infrastructure could create jobs and stimulate economic growth in local communities. Additionally, by adding value to minerals before exports, Uganda can capture more of the value chain's benefits, enhancing its economic resilience and sustainability. Overall, Uganda's mineral sector presents a compelling investment opportunity, supported by favorable policies, abundant resources, strategic location and the potential for socio-economic development.

Export-Import Bank of India in EAC

The countries in East Africa have always been a focus region for Export-Import Bank of India (India Exim Bank) and thus a critical component of its strategy to promote and support two-way trade and investment.

As a partner institution to promote economic development in the region, the commitment towards building relationships with East Africa is reflected in the various activities and programmes, which India Exim Bank has set in place.

Lines of Credit

To enhance bilateral trade and investment relations with partner countries and as a part of its financing programmes, India Exim Bank has extended several Government of India-supported Lines of Credit (LOCs) to overseas sovereign governments or their nominated agencies, national or regional development banks, overseas financial institutions, commercial banks abroad and other select overseas entities, to enable buyers in those countries to import developmental and infrastructure projects, equipment, goods and services from India, on medium and long term concessional credit basis.

As on March 31, 2024, 22 LOCs with credit commitments of almost US$ 2.5 billion were extended to the EAC countries for supporting development priorities of these countries which are currently at various stages of implementation **(Table 5.1)**.

Table 5.1: List of Operative GOI-supported LOCs Extended to Countries in EAC (as on March 31, 2024)

Borrower	LOC Amount (US$ million)	Purpose of LOC
Government of Burundi	80.00	Kabu Hydro Electric Project
	161.36	Construction of Parliament building in Gitega and ministerial Buildings in Burundi
Government of DR Congo	180.00	Completion of the Katende Hydro Electric Power Project
Government of Kenya	61.60	Power Transmission Lines and Substation
	15.00	Development of Various Small and Medium Enterprises
	29.95	Upgrade of Rift Valley Textiles Factory (RIVATEX East Africa Limited)
	100.00	Revitalization of Coffee, Cotton and Livestock Sector
Government of Rwanda	20.00	Nyabarongo Hydropower Power project
	60.00	Nyabarongo Hydropower Project
	120.05	Export Targeted Modern Irrigated Agricultural Project and Extension of Export Targeted Modern Irrigated Agricultural Project
	81.00	Establishment of 10 Vocational Training Centres and 4 business incubation centres in Rwanda
	66.60	Projects in Energy Sector
	100.00	Development of two SEZs & expansion of the Kigali SEZ
	100.00	Two Agriculture Project Schemes, i.e., (i) Rweru Irrigation Project and (ii) Mugesera Irrigation Project

Borrower	LOC Amount (US$ million)	Purpose of LOC
Government of Tanzania	40.00	Export of tractors, pumps and equipment
	36.56	Financing the purchase of 679 vehicles including trucks, buses and ambulances
	178.13	Water supply schemes to Dar-es-Salam
	268.35	Extension of Lake Victoria Pipeline to Tabora, Igunga and Nzega
	92.18	Rehabilitation and improvement of water supply system in Zanzibar
	500.00	Water Supply scheme in 17 towns in Tanzania
Government of Uganda	141.50	Grid reinforcement and extension project
	64.50	Development of Infrastructure for Agriculture and Dairy sector
EAC Total	**2,496.78**	

Buyer's Credit

In order to provide further impetus to project exports from India on medium- or long-term basis, especially in the infrastructure sector, in April 2011, a product called Buyer's Credit under National Export Insurance Account (BC-NEIA) was introduced. Under this programme, India Exim Bank facilitates project exports from India by way of extending credit facility to overseas sovereign governments and government owned entities for import of goods and services from India on deferred credit terms. Indian exporters obtained payment of eligible value from India Exim Bank, without recourse to them, against negotiation of shipping documents. As on March 31, 2024, India Exim Bank has sanctioned a loan amount of US$ 59.6 million under BC-NEIA for 2 projects valued at US$ 64.9 million in Tanzania (purchase of police motor vehicles and spares) and Uganda (water supply project).

Trade Assistance Programme

The trade finance funding gap remains a significant challenge for businesses engaged in international trade. According to the Asian Development Bank's (ADB) latest Trade Finance Survey as of September 2023, the global trade finance gap is estimated at US$ 2.5 trillion in 2022, marking an increase of 47% from US$ 1.7 trillion in 2020. As per the AfDB estimates, Africa had a trade finance gap of US$ 81 billion in 2019. As per various reports, existing trade finance gap in the region has oscillated between US$ 100 billion and US$ 120 billion over the last 3 years.

Recognising the need to increase the availability of both traditional and new trade finance instruments, India Exim Bank has developed a new trade facilitation initiative, the 'Trade Assistance Programme (TAP)' in 2022 to address the growing trade finance gap, particularly in the MSME sector. The Bank provides credit enhancement to trade instruments under the programme, thereby enhancing the capacity of commercial banks to support cross-border trade transactions. Under TAP, the Bank has facilitated 506 transactions, across 33 countries till date and has so far partnered with 80 overseas banks across geographies, including in the EAC member countries.

Chapter 6

Way Forward and Recommendations

The East African Community has made great strides in recent years towards integrating the economies of its member countries. Strengthening bilateral trade and investment continues to take centre-stage in the India-EAC relations. The positive trajectory in India-EAC trade and investment in recent years also reflect the growing interest from Indian private sector companies in the region. Hence, a strategy to enhance trade and investment relations with countries in the EAC would entail an integrated approach comprising a trade and investment related development agenda focussing on meeting development challenges in the region and increasing cooperation in areas of competitiveness. Some of the areas for collaboration between India and the EAC would include the following.

Strengthening Partnership in Strategic Minerals

The EAC countries have abundant reserves of strategic minerals. Critical minerals such as copper, lithium, nickel, cobalt and rare earth elements are essential for developing clean energy technologies, including wind turbines, solar panels, electric vehicles and battery storage systems.

Tanzania's mineral wealth, including lithium, cobalt, nickel and rare earth elements can play a pivotal role in the production of electric vehicles, renewable energy infrastructure and other clean technologies. The country has recently entered into partnerships with international firms on extraction and procession of critical minerals, signalling a concerted effort by the Government of Tanzania to leverage these resources in a sustainable and mutually beneficial manner, fostering economic growth and technological advancement while supporting the global shift towards a greener future.

Similarly, DR Congo is pivotal to the global cobalt supply, accounting for 72% of worldwide production and holding over half of the known cobalt reserves. The surge in global demand for cobalt highlights its importance in the electronics supply chain and the broader push towards renewable energy technologies. With increasing recognition of the importance of extraction of eco-friendly energy sources and transition minerals, the governments in the region are coming out with various supportive regulations, which are drawing interest from global investors. Despite these positive factors, the EAC countries face significant challenges in capitalizing on its resources.

For India, which currently depends heavily on imports of lithium-ion cells from China, Japan and South Korea, establishing a strong domestic battery supply chain is vital to achieving its ambitious goal of 30% EV penetration by 2030. India can significantly benefit from the EAC's abundant strategic mineral reserves by forming strategic partnerships, investing in sustainable mining practices and engaging in technology exchange. Establishing bilateral agreements such as Commodity Partnership Agreements can secure a steady supply of these minerals essential for India's electric vehicle and electronics industries, while investing in infrastructure like roads and ports can facilitate efficient extraction and export. Collaborating on advanced mining technologies and offering training programs can enhance productivity and sustainability, improving conditions in the artisanal mining sector. Additionally, implementing corporate social responsibility initiatives and supporting the development of regulatory frameworks can ensure ethical mining practices. Joint research and trade facilitation can further strengthen the partnership, ensuring mutual growth and development of both regions.

Facilitating Financial Inclusion

In recent years, financial inclusion has gained significant importance globally as a tool for reducing poverty and fostering development by increasing transparency and efficiency and provide financial stability through access to financial products and services such as credit, insurance and savings mechanisms.

India and East Africa have adopted different strategies to achieve universal financial inclusion. East African countries like Kenya, Uganda and Tanzania have led the way with mobile money and fintech innovations, driven primarily by the private sector. This approach has enabled them to bypass traditional banking technology, resulting in widespread use of mobile money platforms. In contrast, India's financial inclusion efforts have been mostly government-led, most notably through the Pradhan Mantri Jan Dhan Yojna (PMJDY) initiative launched in 2014, which significantly increased the number of people with bank accounts.

According to Global Findex Report 2021, while 78% of people have bank accounts in India, about 70% of account owners did not make a single digital payment. Conversely, in East Africa, a substantial portion of the population relies on mobile money, though many remain unbanked. The success of mobile money in several countries in East Africa, exemplified by platforms like M-Pesa, contrasts with the slower uptake in countries like Rwanda due to implementation delays and limited interoperability.

Collaborative efforts between India and East Africa could accelerate financial inclusion in both regions. India could help East African countries develop programs similar to PMJDY, promoting formal banking inclusion. Joint initiatives could include knowledge-sharing platforms, digital literacy programs and the extension of fintech solutions like Unified Payments Interface (UPI) and RuPay to East Africa, bolstering financial infrastructure and reducing banking costs[12]. The Government of India in 2023 has pledged US$ 2 million to the Africa Digital Financial Inclusion Facility (ADFI), managed by the AfDB, underscoring India's commitment to dismantling barriers to digital financial solutions and promoting financial inclusion in Africa.

Promoting financial inclusion in the EAC offers India significant economic, technological and strategic benefits. Economically, it can open new markets for Indian goods and services and create profitable investment opportunities in sectors like banking, fintech and infrastructure. Technologically, India can export its successful digital payment systems to East Africa, fostering innovation and collaboration that benefits both regions. This can also lead to the development of new financial products tailored to East Africa's needs, further enhancing technological ties. This engagement also offers mutual learning opportunities, helping India refine its financial inclusion strategies and develop human capital through collaborative training initiatives. Cooperation between

[12] India and East Africa: Cooperation as the key to Financial Inclusion, Observer Research Foundation, 2019

India and East Africa, with a focus on integrating fintech with traditional banking, can drive financial inclusion forward, ensuring inclusive economic growth and development. This partnership not only has the potential to improve financial access but also to enhance strategic ties and mutual learning between the regions.

Defence Cooperation

India's defence exports have reached an all-time high of ₹ 21,083.4 crore in the FY 2023-24, an increase of over ₹ 5,100 crore from the previous FY 2022-23. It represents an almost 14-fold increase from the FY 2016-17, when exports were merely ₹1,521.9 crore. Indian defence companies are exporting defence products to several countries in Africa and Asia, reflecting their rising capability to design, develop and manufacture for the world. India has identified the potential for significant defence sales in Africa as part of its goal to reach US$ 5 billion aerospace and defence equipment exports annually by 2025.

The Stockholm International Peace Research Institute (SIPRI) 2023 database indicates a notable rise in defence spending in Sub-Saharan Africa, especially in Eastern Africa, where countries like DR Congo, Kenya, South Sudan, Tanzania and Uganda have substantial military budgets. Despite historical ties, a large Indian diaspora and successful Indian military participation in UN missions, defence cooperation between India and Eastern Africa has been minimal until recently. The shift towards more robust defence cooperation aligns with India's broader foreign policy objective to enhance trade and economic ties.

India has already made significant strides in its defence diplomacy with Eastern Africa, primarily over the past decade. Key initiatives, such as defence MoUs with nine East African countries and joint exercises like 'Africa-India Field Training Exercise (AFINDEX)', have laid a solid foundation for deeper engagement. Maritime cooperation, including the gifting of ships and boats, and significant agreements like the maintenance of Sukhoi-30 jets for Uganda, highlight India's growing influence in the region. Increased cooperation in areas of aerospace, defence, maritime equipment and vessels can ensure security and enhance technological capacity of Africa and at the same time accelerate India's defence export target of achieving US$ 5 billion by 2025.

To enhance this cooperation further, India could adopt several strategic measures. Prioritizing hybrid projects that benefit both defence and civilian sectors can enhance collaboration. A long-term perspective, including regional maintenance facilities for common defence equipment can ensure sustained engagement. Nurturing ITEC alumni and leveraging India's participation in UN missions to showcase the latest defence equipment can also promote closer ties and more sales.[13]

Going forward, indigenously developed new age technologies in the maritime segment including unmanned underwater systems, unmanned aerial systems and drones could also be exported to East Africa. Cyber security also remains another potential area for cooperation. With exponential growth in mobile smart device ownership and increased use of social media, Africa's adoption of new technologies is expanding. While this technological advancement is expected to contribute to the continent's development, it will also expose the population to associated hazards and vulnerabilities. India has advanced cyber security infrastructure, a dedicated National Cyber Security and a functional nodal agency, Computer Emergency Response Team (CERT-In), under the Ministry of Electronics and Information Technology (MeitY). India can enter cyber security cooperation framework with various East African countries.

[13] Roadmap for Enhanced India–Eastern Africa Defence Cooperation, P.S. Bhatti, Manohar Parrikar Institute for Defence Studies and Analyses, July 2023

Collaboration in Pharmaceutical Sector

Despite East Africa's diversity and economic potential, its healthcare systems grapple with multifaceted issues, including inadequate infrastructure, limited access to essential services and insufficient healthcare financing. These challenges are particularly pronounced in rural and remote areas, where healthcare facilities often lack essential resources and skilled professionals, contributing to barriers in healthcare access.

East Africa also faces persistent health threats from infectious diseases like malaria, tuberculosis and HIV/AIDS, exacerbated by weak public health infrastructure and limited access to preventive measures. Maternal and child health indicators in the region remain below global targets, with high rates of maternal and child mortality driven by factors such as limited access to healthcare services and cultural barriers. However, recent years have seen technological innovations and international collaborations making strides in addressing healthcare challenges in the region, including the use of telemedicine, mobile health applications and community-based healthcare initiatives.

To improve healthcare outcomes in East Africa, potential solutions include strengthening healthcare infrastructure through investments, enhancing healthcare financing mechanisms, investing in preventive healthcare measures and empowering communities through health education and training of community health workers. These strategies aim to address the diverse and interconnected challenges facing the region's healthcare systems, from accessibility barriers to health inequities.

India has established itself as a leading player in the global pharmaceutical industry, becoming a key source for pharmaceutical machinery and engineering equipment. The country is gaining recognition as the "Pharma Capital" of the world due to its high-quality production standards that comply with international regulations.

Kenya and the broader East African region present significant opportunities for Indian exporters. As the highest trading country in East Africa and a gateway to the region through the port of Mombasa, Kenya's strategic position is enhanced by its membership in three major regional economic communities: EAC, COMESA and SADC. This provides Indian companies with access to expanded markets and substantial potential across various sectors. To capitalize on this, India could pursue trade agreements with one of these regional groupings to increase its market share and compete with other global players, such as China.

India currently is the leading supplier of pharmaceuticals to several East African countries. India can leverage its expertise in pharmaceutical manufacturing to support the EAC by facilitating technology transfer, collaborative projects and assisting in infrastructure development within the region. Indian investors and representatives from hospitals and diagnostic chains could explore opportunities for establishing healthcare facilities in the region. By collaborating with the EAC countries, India can enhance pharmaceutical manufacturing capabilities, optimize supply chains, ensure quality assurance and promote research and development initiatives tailored to regional health needs. This collaboration holds the potential to improve healthcare access, affordability and self-sufficiency in drug production within the EAC, fostering economic development and mutual growth.

India can also leverage its robust medical tourism industry to benefit the EAC by promoting its services within the region through targeted marketing campaigns and partnerships with local healthcare providers. By raising awareness about the quality and affordability of medical treatments available in India, the EAC nationals may be encouraged to consider traveling for healthcare services. India can also establish partnerships and referral programs with healthcare institutions in the EAC countries to facilitate patient referrals, provide training for local healthcare professionals and ensure seamless coordination of care.

Additionally, by offering tailored healthcare packages and leveraging telemedicine services, India can enhance the overall experience for the EAC medical tourists and provide remote healthcare support to residents, thereby improving access to specialized expertise without the need for travel. Through these initiatives, India can not only provide access to high-quality healthcare services for the EAC residents but also stimulate economic growth, promote cross-cultural exchanges and strengthen healthcare systems in the region.

Digital Trade and Infrastructure

Digital Public Infrastructure (DPI) can contribute to the realization of the full potential of the AfCFTA, especially for micro, small and medium sized enterprises (MSMEs) that account for most registered businesses in Africa. The digital transformation in East Africa is propelled by various factors contributing to the region's emergence as an innovation hub. Firstly, the success of mobile money platforms like M-Pesa in Kenya has revolutionized financial services, enhancing financial inclusion for previously unbanked individuals. Entrepreneurship and tech startups have thrived in East Africa, driven by a young and tech-savvy population eager to tackle local challenges across sectors like agriculture, healthcare and education. Supportive ecosystems, including incubators, accelerators and funding opportunities, have further nurtured innovation. Governments and organizations have also fostered conducive regulatory environments, encouraging investment and growth in the tech sector.

However, significant barriers remain, including limited internet penetration and connectivity, with a considerable portion of the population still offline. Challenges like mobile connectivity disparities and the need for digital skills hinder widespread adoption of digital technologies. Overcoming these barriers requires collaborative efforts from stakeholders to invest in infrastructure and skill development, ensuring equitable access and fostering a thriving digital economy.

India is ranked among the top ten largest exporters in digitally deliverable services in 2023. The Indian government has supported and initiated various forms of digital public infrastructure, such as creation of the Aadhaar digital identity system, Unified Payments Interface, etc and India aims to share these innovations with other countries, particularly those in emerging markets. India's potential digital exports to the EAC encompasses a wide array of products and services, demonstrating India's robust IT and digital economy. Digital marketing and e-commerce solutions are crucial components of India's digital trade with the EAC. These could include search engine optimization (SEO), social media management, content marketing and development of e-commerce platforms and payment gateways.

India's digital media and entertainment industry also plays a significant role, offering services such as streaming, digital publishing, online gaming and animation and visual effects production. Additionally, educational technology (EdTech) is a growing field, with Indian firms supplying e-learning platforms, digital courseware and virtual classrooms to global educational institutions and learners. FinTech sector is another major area, potentially offering the EAC online banking solutions, digital wallets and payment systems. Healthcare technology (HealthTech) is also expanding, with Indian companies providing telemedicine services, health management systems and health analytics solutions to improve healthcare access and efficiency.

Furthermore, cloud computing and Software as a Service (SaaS) platforms are increasingly in demand, providing cloud storage, computing resources and subscription-based software applications to businesses in the region. Lastly, cybersecurity services, including the development of security solutions and managed security services, are essential in the digital age and could be offered to the EAC countries. Emerging technologies like blockchain and artificial intelligence (AI) also feature prominently in India's digital export portfolio, delivering blockchain-based applications and AI-driven solutions for various industries. These diverse digital exports highlight India's technological capabilities, which could significantly contribute to the economic and technological advancement of the EAC by meeting its growing demand for digital solutions.

Exploring Counter Trade Opportunities

Countertrade can be an alternative framework for facilitating trade and cross-border transactions in India, with the objective of (i) strengthening development financing assistance to partner developing countries, and ensuring sustained capacity to support developmental projects in these countries, especially during global downturns; (ii) tapping lesser explored geographies having potential to trade with India but facing challenges due to scarce forex reserves or challenges in making payments for the trade in foreign currency, and (iii) securing supply of strategic mineral resources where India has significant import dependence.

Counter trade offers significant advantages for both the EAC and India. It helps overcome foreign exchange constraints by allowing direct goods exchange without the need for hard currency, addressing currency shortages in East African countries. Additionally, it facilitates market access and penetration. From the EAC perspective, it opens Indian markets for African goods that trade might otherwise not take place due to limited competitiveness or tariff barriers. From the Indian viewpoint, it enables penetration into East African markets by accepting local products as payment, thereby strengthening trade ties. A long-term countertrade strategy can meet the resource needs of Indian industry, and also engender value chain linkages. An illustrative list of minerals produced by EAC Countries which may be considered for counter trade are provided in **Table 6.1**.

Table 6.1: Illustrative List of Minerals produced by EAC Countries

Country	Minerals Produced
Burundi	Niobium, Tantalum, Tungsten, Rare Earths, Tin, Gold
DR Congo	Cobalt, Manganese, Niobium, Tantalum, Tungsten, Copper, Lead, Tin, Zinc, Gold, Silver, Diamond, Petroleum
Rwanda	Tin, Tungsten, Gold, Tantalum, Niobium
Somalia	Gypsum
South Sudan	Zinc, Copper, Iron, Gold, Petroleum
Tanzania	Bauxite, Copper, Tin, Gold, Silver, Diamonds, Gypsum, Kaolin, Phosphates, Salt, Steam Coal, Natural Gas
Uganda	Iron ore, gold, Kaolin, Lead, Tantalum and niobium, Tin, Tungsten, vermiculite, Beryl, Feldspar

Source: BGS (World Mineral Production), the USGS (Minerals Yearbook) and India Exim Bank Research

Furthermore, counter trade allows for the utilization of excess production capacity, enabling countries to export surplus goods or technology in exchange for raw materials and other resources. It strengthens bilateral relations, fostering diplomatic and economic ties through collaborative trade agreements. Additionally, counter trade mitigates risks associated with currency fluctuation and volatility, providing stability in international transactions for both regions and reducing the impact of external economic factors on trade agreements.

Combining counter trade with the use of local currencies promotes smoother and more diverse trade flows, enhancing economic cooperation and integration. Trading in local currencies reduce exchange rate risk, ensuring more predictable and stable transactions while saving costs by avoiding currency conversion fees. It simplifies transactions, boosting trade volumes and enabling Indian exporters and importers to engage more freely in East African markets. Promoting local currencies strengthens financial markets, encourages better monetary policy and fosters economic independence by reducing dependency on hard currencies, supporting regional financial stability and integration.

Recently in October 2023, India and Tanzania agreed to enhance trade using local currencies and expand defence cooperation through a five-year roadmap, alongside collaboration in space technologies and digital public infrastructure. The leaders of both nations emphasized the importance of using the Indian Rupee and Tanzanian Shilling for trade, facilitated by the Reserve Bank of India's approval for Special Rupee Vostro Accounts. Similar agreements can be made with other countries in the EAC, thereby making trade more cost-effective with easier transactions, encouraging bilateral investment, promoting economic growth and development in both regions.

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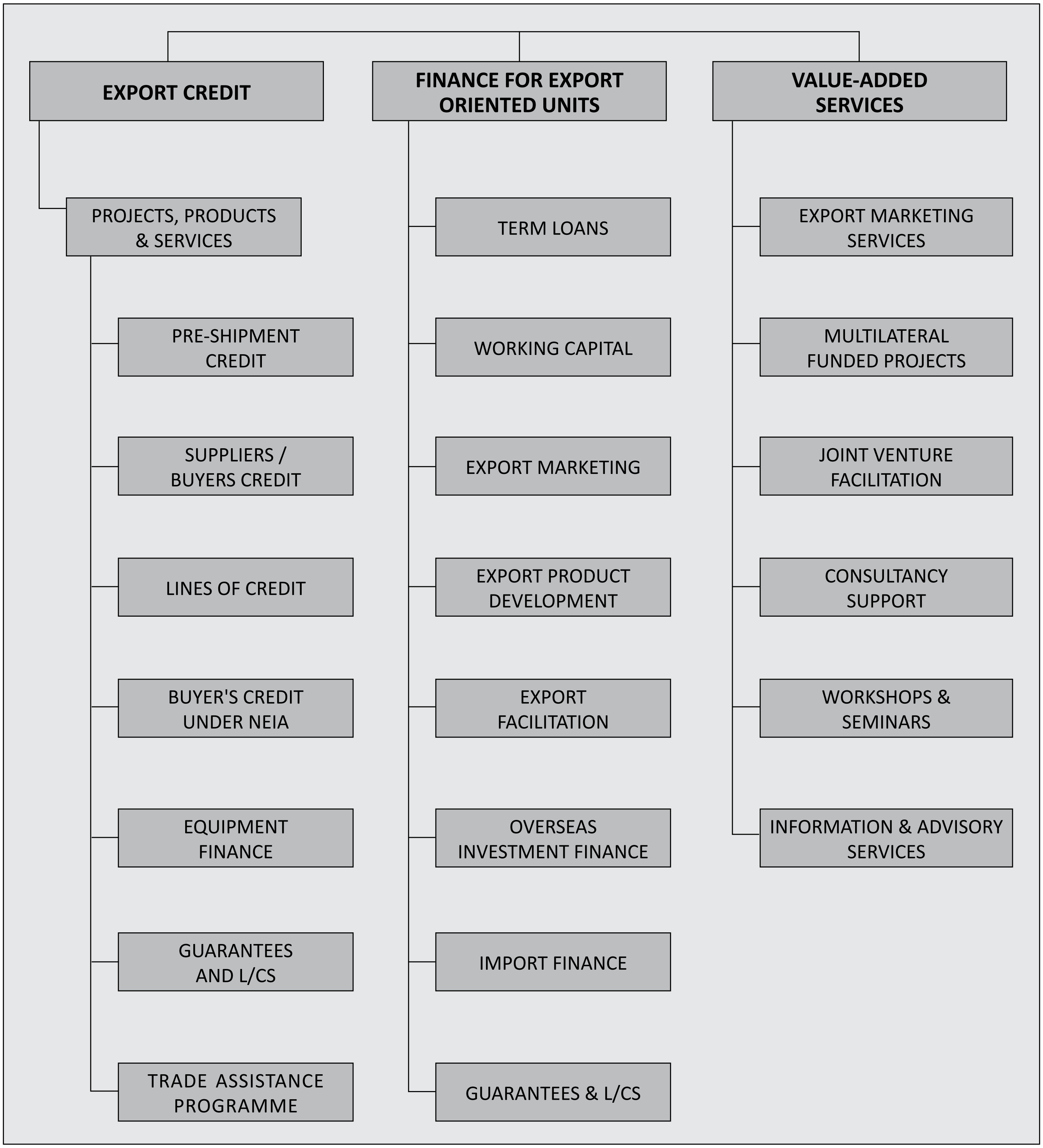

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HEAD OFFICE

Centre One Building, 21st Floor, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005.
Phone: (91 22) 22172600 ● Fax : (91 22) 22182572
E-mail : ccg@eximbankindia.in ● Website: www.eximbankindia.in

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Ahmedabad
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Fax : (91 79) 26577696
E-mail : eximahro@eximbankindia.in

Bengaluru
Ramanashree Arcade, 4th Floor,
18, M. G. Road,
Bengaluru 560 001
Phone : (91 80) 25585755
Fax : (91 80) 25589107
E-mail : eximbro@eximbankindia.in

Chandigarh
C- 213, Elante offices, Plot No. 178-178A,
Industrial Area phase 1,
Chandigarh 160 002
Phone : (91 172) 4629171
Fax : (91 172) 4629175
E-mail : eximcro@eximbankindia.in

Chennai
Overseas Towers, 4th and 5th Floor,
756-L, Anna Salai, Chennai 600 002
Phone : (91 44) 28522830/31
Fax : (91 44) 28522832
E-mail : eximchro@eximbankindia.in

Guwahati
NEDFi House, 4th Floor, GS Road,
Dispur, Guwahati 781 006
Phone : (91 361) 2237607 /609
Fax : (91 361) 2237701
E-mail : eximgro@eximbankindia.in

Hyderabad
Golden Edifice, 2nd Floor,
6-3-639/640, Raj Bhavan Road,
Khairatabad Circle, Hyderabad 500 004
Phone : (91 40) 23307816
Fax : (91 40) 23317843
E-mail : eximhro@eximbankindia.in

Kolkata
Vanijya Bhawan, 4th Floor,
(International Trade Facilitation Centre),
1/1 Wood Street, Kolkata 700 016
Phone : (91 33) 68261301
Fax : (91 33) 68261302
E-mail : eximkro@eximbankindia.in

Lucknow
Unit No. 101, 102 and 103, 1st Floor,
Shalimar Iridium Vibhuti Khand,
Gomti Nagar, Lucknow 226010
Phone: (91 522) 6188035
Email: LRO@eximbankindia.in

Mumbai
8th Floor, Maker Chamber IV,
Nariman Point,
Mumbai 400 021
Phone : (91 22) 22861300
Fax : (91 22) 22182572
E-mail : eximmro@eximbankindia.in

New Delhi
Office Block, Tower 1, 7th Floor,
Adjacent Ring Road, Kidwai Nagar (E)
New Delhi - 110 023
Phone : (91 11) 61242600 / 24607700
Fax : (91 11) 20815029
E-mail : eximndo@eximbankindia.in

Pune
No. 402 & 402(B), 4th floor, Signature Building,
Bhamburda, Bhandarkar Rd.,
Shivajinagar, Pune - 411 004
Phone : (91 20) 26403000
Fax : (91 20) 25648846
E-mail : eximpro@eximbankindia.in

OVERSEAS OFFICES

Abidjan
5th Floor,
Azur Building,
18-Docteur Crozet Road,
Plateau,
Abidjan,
Côte d'Ivoire
Phone : (225) 2720242951
Fax : (225) 2720242950
Email : eximabidjan@eximbankindia.in

Addis Ababa
House No. 46,
JakRose Estate Compound,
Woreda 07,
Bole Sub-city,
Addis Ababa,
Ethiopia.
Phone : (251) 118222296
Fax : (251) 116610170
Email : aaro@eximbankindia.in

Dhaka
Madhumita Plaza, 12th Floor,
Plot No. 11, Road No. 11, Block G,
Banani, Dhaka, Bangladesh - 1213.
Phone : (88) 01708520444
E-mail : eximdhaka@eximbankindia.in

Dubai
Level 5, Tenancy lB, Gate Precinct Building No. 3,
Dubai International Financial Centre,
PO Box No. 506541, Dubai, UAE.
Phone : (971) 43637462
Fax : (971) 43637461
E-mail : eximdubai@eximbankindia.in

Johannesburg
2nd Floor, Sandton City Twin Towers East,
Sandhurst Ext. 3, Sandton 2196,
Johannesburg, South Africa.
Phone : (27) 113265103
Fax : (27) 117844511
E-mail : eximjro@eximbankindia.in

Singapore
20, Collyer Quay, #10-02,
Tung Centre, Singapore 049319.
Phone : (65) 65326464
Fax : (65) 65352131
E-mail : eximsingapore@eximbankindia.in

Washington D.C.
1750 Pennsylvania Avenue NW,
Suite 1202,
Washington D.C. 20006,
United States of America.
Phone : (1) 2022233238
Fax : (1) 2027858487
E-mail : eximwashington@eximbankindia.in

Yangon
House No. 54/A, Ground Floor,
Boyarnyunt Street, Dagon Township,
Yangon, Myanmar
Phone : (95) 1389520
E-mail : eximyangon@eximbankindia.in

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