



# EXPORT TRADE POTENTIAL OF THE EAST AFRICAN COMMUNITY UNDER THE AFRICA CONTINENTAL FREE TRADE AREA (AfCFTA)

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## Acronyms & Abbreviations

AEC	African Economic Community
AfCFTA	African Continental Free Trade Area
AU	African Union
COMESA	Common Market for Eastern and Southern Africa
DRC	Democratic Republic of the Congo
EABC	East African Business Council
EAC	East African Community
EPI	Export Potential Indicator
FTA	Free Trade Agreement
GDP	Gross Domestic Product
HS	Harmonized System
ITC	International Trade Centre
MSME	Micro, Small, and Medium-sized Enterprise
NTB	Non-Tariff Barrier
OUA	Organization of African Unity
OSBP	One-Stop Border Post
PDI	Product Diversification Indicator
PSTC	Provisional Schedules of Tariff Concession
RCA	Revealed Comparative Advantage
RECs	Regional Economic Communities
RTP	Regional Trade Policy
SACU	Southern African Customs Union
SADC	Southern African Development Community
TFTA	Tripartite Free Trade Area
TMA	Trade Mark Africa
WTO	World Trade Organization



## Executive Summary

The main task of this research was to establish EAC's export potential in Africa under the AfCFTA trade regime. This was done by identifying products with a high export potential, identifying the challenges to their export potential, and proposing measures to optimize their export potential. The methodology of the International Trade Centre (ITC) was used to assess the export potential. The study found that EAC's total export potential in AfCFTA is approximately US\$ 1.9 billion. At the country level, Burundi's export potential in AfCFTA is US\$ 1.3 million, the DRC's potential is US\$ 342.8 million, Kenya's potential is US\$ 705.5 million, Rwanda's potential is US\$ 36.1 million, Tanzania's potential is US\$ 594 million, and Uganda's potential is US\$ 178.2 million. The study also found that EAC's total export potential in the Tripartite Free Trade Area (TFTA) is around US\$ 1.7 billion, of which Burundi's potential is US\$ 1.3 million, the DRC's potential is US\$ 341.6 million, Kenya's potential is US\$ 622.9 million, Rwanda's potential is US\$ 36.1 million, Tanzania's export potential is US\$ 550 million, and Uganda's export potential is US\$ 128.6 million. South Africa, Egypt, and Zambia are identified as the top export destinations for products from EAC to AfCFTA. As for sectors, a significant export potential exists in Cereals (processed) for Burundi, metals (except ferrous and precious) for the DRC, tea and mate for Kenya, food products (processed or preserved) for Rwanda, wood for South Sudan, mineral products for Tanzania, and dairy products for Tanzania.

This research finds that several benefits await the EAC for trading under the AfCFTA. They include enhanced market access, financial development, expansion of networks and partnerships between domestic and foreign companies, increase in investment inflows, improvement quality and investment in infrastructure (roads, seaports, and airports), growth in digital trade, growth in industrialization, and capacity for value-addition. AfCFTA is also expected to grow EAC's niche industries such as agriculture, automotive, pharmaceuticals, and logistics (such as warehouses). Overall, AfCFTA is an opportunity to boost EAC's private sector and cohesion with other African countries.

To exploit the export potential in AfCFTA, EAC Member States should promote the capacity of value addition of businesses by creating industrial clusters/parks for knowledge sharing and economies of scale. EAC governments should also improve the productivity of businesses by developing initiatives such as duty remission schemes and manufacturing under bonds. EAC governments should also enhance access to finance/credit by businesses by establishing special credit lines for priority sectors, establishing a central currency bond to reduce the effects of exchange rate fluctuations, and introducing an export insurance scheme, a buffer fund, or an export guarantee scheme for businesses that trade in volatile regions or some agricultural sectors. Investing in the digitalization of services and empowering women traders should also be prioritized.





# 1 INTRODUCTION & BACKGROUND

## 1.1 INTRODUCTION

Both policymakers and academics perceive trade openness as a viable strategy for boosting employment, productivity and ultimately economic growth. As a result, all countries are currently party to at least one trade agreement, with the intention of reaping the maximum benefits of trade integration. Africa has not been left behind. The push for a continent-wide free trade agreement (FTA) has been in place since the establishment of the Organization of African Unity (OAU) in 1963. Some key milestones in this journey include the Monrovia Declaration of 1979 which reiterated the commitment of African nations to promote economic development, cooperation, and integration among themselves. The Lagos Plan of Action and the Final Act of Lagos of 1980 which instituted measures to strengthen economic and technical co-operation including creating new institutions in the continent. The Abuja Treaty of 1991 which established the African Economic Community (AEC). It proposed the creation of Regional Economic Communities (RECs) as the basis for African Integration which would graduate from the regional to the continental level.

AEC was succeeded by the African Union (AU) which was officially launched in 2002. The AU had a strong focus on enhancing African integration through several channels, including trade. Within this context, RECs were acknowledged as the pillars of the AU, emphasizing their significance in the continental integration process. In 2006, the AU officially recognized the Arab Maghreb Union (AMU), the Common Market for Eastern and Southern Africa (COMESA), the Community of Sahel-Saharan States (CEN-SAD), the East African Community (EAC), the Economic Community of Central African States (ECCAS), the Economic Community of West African States (ECOWAS), the Intergovernmental Authority on Development (IGAD) and the Southern African Development Community (SADC) as the official RECs which will be used as its building blocks.

AU member states continued to engage in negotiations in readiness for the African Continental Free Trade Area (AfCFTA), one of the AU's 16 flagship projects of Agenda 2063: The Africa We Want. First, recognizing the complexity of establishing a continent-wide free trade area, they built on the negotiations of establishing the EAC-COMESA-SADC Tripartite Free Trade Area (henceforth TFTA) that took place between 2011 and 2015. Its creation provided valuable experience and insights that would later prove instrumental in shaping the subsequent AfCFTA negotiations. Following the

TFTA negotiations, the focus shifted to forming the AfCFTA. Starting in 2015, the African Union Commission (AUC), in collaboration with African member states, engaged in a series of negotiations to address various issues and reach a consensus among the participating countries.

AfCFTA was launched on 21st March 2018 by 44 countries during the 10th Extraordinary Summit of the African Union (AU) Assembly of Heads of State and Government in Kigali, Rwanda. It has since been signed by 54 countries (out of 55 countries), of which 47 had ratified it as of March 2024. Operationalization of Phase 1 is underway with the adoption of the Protocols on Trade in Goods, Trade in Services and Dispute Settlement mechanism alongside the establishment of oversight committees and the adoption of work programmes. Some Protocols under Phase 2 - Investment, Intellectual Property Rights, Competition Policy, Women and Youth in Trade, and Digital Trade – have been adopted. Trading under the AfCFTA was formally launched on January 1, 2021 but actual trade under the terms of the agreement started in October 2022 under the Guided Trade Initiative. Of the eight RECs recognized by the AU (AMU, COMESA, CEN-SAD, EAC, ECCAS, ECOWAS, IGAD and SADC), the EAC, COMESA and SADC are of interest to this research. EAC is one of Africa's oldest RECs. It began as a customs union between Kenya and Uganda in 1917. Tanzania, formerly known as Tanganyika, joined in 1927. EAC was later formalized in 1967 by Kenya, Uganda, and Tanzania and remained active until 1977 when it collapsed. It was revived in 2000 and has since made several strides. From a policy perspective, EAC operationalized the Customs Union in 2005 and the Common Market in 2010 and aspires to become a Monetary Union by 2031 (the Protocol was signed in 2013). The ultimate goal of the EAC is to become a Political Federation, for which work is ongoing to prepare for a Political Confederation in the transitional stage. Membership of the community has also grown, with Burundi and Rwanda joining in 2007, South Sudan in 2016, the Democratic Republic of the Congo (DRC) in 2022 and Somalia in March 2024.



EAC, COMESA, and SADC have a Tripartite Free Trade Area (TFTA). TFTA was launched in 2015 by 29 countries, of which 22 had signed and 11 had ratified it by March 2024. TFTA aims to foster economic integration and promote trade among member states. So far, negotiations have been concluded on the list of Rules of Origin for 90% out of a total of 5,387 tariff lines, and an online Non-Tariff Barriers reporting, monitoring, and resolution platform has been created<sup>1</sup>. The agreement is expected to enter into force once it is ratified by 14 member states.

Table 1.1 shows the share of exports from Africa, within Africa and the rest of the world at intervals of three-year averages between 2001 and 2021. The share of intra-African export trade was 15.1% in the 2001-2003 period. It slightly dropped to 14.8% in the 2004-2006 period before steadily rising to 19.5% in the 2016-2018 period, followed by a decline to 17.7% in the 2019-2021 period. The average share of intra-African exports for the 2001-2021 period is 17.3% which is considered low when compared to European, Asian, and American RECs, whose shares of intra-regional exports are over 45% (Mold, 2022). Thus, over 80% of Africa's exports are with non-African partners. The expansion of intra-African exports is a top priority of the AfCFTA with its growth rate projected to range between 33% and 80% under the agreement (Abrego et al., 2019).

The average share of intra-EAC exports as a percentage of total EAC exports to the world between 2001 and 2021 is 13.9% as shown in Table 1.1. This share fluctuated between 12.7% and 15.1% prior to the 2013-2015 period but consistently increased since then, from 13.1% in the 2013-2015 period to 15.3% in the 2019-2021 period. Nonetheless, on average, roughly 86% of EAC's exports to the world are to the rest of the world. Table 1.1 also shows that the average share of intra-EAC exports as a percentage of total EAC exports to Africa is 50.9%. This share has declined from 62.5% in the 2001-2003 period to around 52.7% in the 2019-2021 period, signifying that the share of exports from EAC countries to other African countries has been rising over the past two decades.

Table 1.1 also shows the share of intra-TFTA exports within Africa and with the world<sup>2</sup>. Roughly 87% of export trade by TFTA countries is among themselves when trading in Africa and 13% when trading with the rest of the continent. However, the share of trade is lower when TFTA countries trade

globally. Table 1.1 shows that the share of intra-TFTA trade is 18.3% when trading with the world, indicating that around 82% of exports go to the rest of the world. Overall, both intra-EAC and intra-TFTA trade are stronger at the regional level than at the global level. This implies that EAC and TFTA exports are likely to improve under the AfCFTA given that it concentrates on trade within Africa.



1. Link: <https://www.tradebarriers.org/about>.

2. The TFTA analysis is based on the actual trade of 29 member states from <https://www.mauritiustrade.mu/en/trade-agreements/comesa-tfta>. The results should not be interpreted as trade under the TFTA regime as it is not in force.



Table 1.1: Intra-regional and extra-regional export shares (percent) for Africa, EAC and TFTA (three-year averages, 2001-2021)

Period	Africa		EAC		World		TFTA		World	
	Intra-Africa	RoW	Intra-EAC	RoA	Intra-EAC	RoW	Intra-TFTA	RoA	Intra-TFTA	RoW
2001-03	15.1	84.9	62.5	37.5	13.6	86.4	86.8	13.2	18.0	82.0
2004-06	14.8	85.2	53.7	46.3	15.1	84.9	89.1	10.9	16.5	83.5
2007-09	16.6	83.4	49.4	50.6	12.7	87.3	84.8	15.2	16.3	83.7
2010-12	17.7	82.3	46.5	53.5	13.5	86.5	86.8	13.2	17.8	82.2
2013-15	19.4	80.6	40.2	59.8	13.1	86.9	87.8	12.2	20.2	79.8
2016-18	19.5	80.5	51.5	48.5	13.9	86.1	87.8	12.2	20.1	79.9
2019-21	17.7	82.3	52.7	47.3	15.3	84.7	88.9	11.1	18.8	81.2
<b>Average</b>	<b>17.3</b>	<b>82.7</b>	<b>50.9</b>	<b>49.1</b>	<b>13.9</b>	<b>86.1</b>	<b>87.4</b>	<b>12.6</b>	<b>18.3</b>	<b>81.7</b>

Note:

RoA is the rest of Africa and RoW is the rest of the World. All intra-EAC analyses account for the year a country joined the bloc (e.g., Burundi and Rwanda from 2007). The DRC and Somalia are excluded from the intra-EAC analyses since they formally joined the EAC after the period of analysis (2021). The TFTA analysis is based on the actual trade of the 29 member states and should not be interpreted as trade under the TFTA regime, which is not in force.

Source:

Author's calculations using UNCTADStat (2024) and EAC Open Data Portal (2024) 2010-12



## 1.2 STUDY OBJECTIVES

The main objective of this study is to establish EAC's export potential in Africa under the AfCFTA trade regime, identify major products where the potential exists, and identify challenges and opportunities that exist in the region to mitigate against the identified challenges.

This is complemented by the following specific objectives:

- a. To establish the overall EAC export trade in Africa.
- b. To analyze the EAC trade regime vis-à-vis the COMESA-EAC-SADC Tripartite FTA (TFTA) and AfCFTA trade regimes.
- c. To estimate the EAC export trade potential in Africa per sector and HS code.
- d. To identify and analyze challenges and opportunities in optimizing the EAC estimate export trade potential in Africa.
- e. To provide proposals for addressing the identified challenges.
- f. To establish modalities and mechanisms for exploiting EAC's identified export trade potential in Africa.

## 1.3 ORGANISATION OF THE REPORT

This report is divided into six sections. Section 1 is the introduction which briefly describes trade integration in Africa and trade performance of EAC, AfCFTA and TFTA trade regimes. Section 2 highlighting the history of AfCFTA, EAC and TFTA trade regimes, including their comparison and the positioning of EAC into AfCFTA and TFTA. Section 3 describes the trade performance of EAC in terms of total trade and an in-depth focus on exports, showing the trade values, key products and partners. Section 4 describes the methodology of the study and presents results for EAC's export potential in AfCFTA and TFTA at the overall and country levels. Section 5 describes the challenges, opportunities and modalities of addressing the identified challenges through quantitative and desktop research approaches. Section 6 concludes the study by developing modalities and mechanisms for exploiting the identified export trade potential of the EAC in Africa.





## 2 EAC, TFTA AND AfCFTA TRADE REGIMES

### 2.1 HISTORY OF EAC, TFTA, AND AfCFTA IN BRIEF

The EAC, established through the Treaty for the Establishment of the East African Community in 2000, includes Burundi, the Democratic Republic of the Congo (DRC), Kenya, Rwanda, Somalia, South Sudan, Tanzania and Uganda. It aims to achieve integration through four stages: a Customs Union, a Common Market, a Monetary Union, and a Political Federation. The Customs Union became operational in 2005 while the Common Market was established in 2010. Work is ongoing towards making the EAC a Monetary Union by 2031 following the signing of the Protocol in 2013. Preparation for becoming a Political Confederation as the transitional stage of the Political Federation is ongoing. The EAC's integration efforts have been bolstered by the establishment of One-Stop Border Posts (OSBPs) and the Trade Information Portal (TIP), which offers detailed guides on import and export procedures (EAC, 2022a). The Community also recognizes the importance of E-Commerce for economic growth and it has developed an E-Commerce Strategy to address challenges such as digital literacy and infrastructure gaps (EAC, 2022b). An EAC Online Buyer-Seller Platform is also being developed to facilitate intra-regional trade.

The TFTA is a collaborative initiative involving member states of COMESA, EAC and SADC. COMESA was established in 1994 to replace the Preferential Trade Area for Eastern and Southern Africa which had existed since 1981. It has 21 member states and focuses on economic integration. SADC was established in 1992, replacing the Southern African Development Coordination Conference (SADCC) which had existed since 1980. It aims to reduce economic dependence on South Africa and promote self-sufficiency and regional integration. The TFTA, which was signed in 2015, has 29 member states, representing over half of the AU's membership and covering 60% of Africa's GDP (US\$1.88 trillion in 2019) and a combined population of 800 million (Onyango, 2020). The TFTA aims to eliminate trade barriers and foster economic cooperation across the continent. It has so far been ratified by 11<sup>3</sup> countries but it is awaiting ratification by at least 3 more member states to become operational (Gakunga, 2023). Negotiations within the TFTA have seen progress in terms of tariff offers and alignment of trade liberalization levels, particularly among COMESA and SADC countries. TFTA's level of ambition is 100% tariff liberation (except for general and specific security exemptions), of which 60% to 85% of tariff lines are to be liberalized when it enters into force and 15% to 40% of the remaining

tariff lines are to be negotiated. TFTA also addresses maritime trade and extends special treatment to island nations. It aims to eliminate economic fragmentation by promoting integrated industries and supply chains.

The AfCFTA represents a landmark initiative for Africa's economic integration. Building on the Abuja Treaty of 1991, the AfCFTA Agreement came into force in May 2019. Fifty-four out of the 55 countries have signed the agreement and 47 had ratified it as of March 2024. The AfCFTA seeks to boost intra-African trade in goods and services, enhance competitiveness, and diversify economies. Its strategic goals include industrialization, structural transformation, and gender equality. It aims to eliminate tariff and non-tariff barriers gradually, liberalize trade in services and improve border processes. The agreement is being negotiated in two phases. Phase I focuses on trade in goods and services and dispute settlement mechanisms. Phase II covers intellectual property rights, investment protection, competition policies, digital trade, and issues related to women and youth in trade. The AfCFTA's negotiation process involves state and non-state actors, differing from earlier assumptions that RECs would lead the negotiations. AfCFTA's ambition for tariff liberalization is 90% for non-sensitive products, 7% for sensitive products, and 3% for the exclusion list (Onyango, 2020). Forty-five tariff reduction schedules and 22 services schedules have been adopted. Rules of origin have been agreed upon apart from vehicles and textiles and clothing. Negotiations on Investment, Intellectual Property Rights, Competition Policy, Women and Youth in Trade, and Digital Trade Protocols have been adopted. A summary of the main comparison of EAC, TFTA, and AfCFTA is highlighted in Table 2.1.

3. These members are Egypt, Uganda, Kenya, South Africa, Rwanda, Burundi, Botswana, Namibia, Eswatini, Zambia, and Zimbabwe



## 2.2 POSITIONING EAC INTO THE AfCFTA AND TFTA

Trade relations of the EAC with the rest of Africa are guided by three key documents: the Regional Trade Policy (RTP), the Regional AfCFTA Implementation Strategy, and the policy paper on EAC negotiations of Free Trade Agreements (FTAs) with third parties. These documents harmonize the national trade policies and AfCFTA implementation strategies of member countries and aspirations of future FTA engagements to dictate how EAC, as a bloc, trades with external parties.

The EAC RTP was formulated in 2021 (EAC, 2021). It aligns with the core EAC trade-related protocols, the Customs Union and Common Market Protocols, and serves as a key instrument in facilitating the realization of EAC's trade and economic objectives. The EAC RTP is guided by proposed policy actions such as developing a legal framework for balanced market access, addressing overlapping membership in multiple regional economic communities, promoting value-added goods production, harmonizing trade policies, protecting industries against unfair competition, safeguarding intellectual property rights, providing capacity-building programs, and implementing measures to improve competitiveness. The plan also involves promoting export strategies, adopting World Trade Organization (WTO) trade policy instruments, enhancing the capacity of export-related institutions, harmonizing export processing zones, developing sector-specific strategies (grains, textiles, leather), and addressing potential challenges in RTP implementation. Sensitization and monitoring mechanisms, as well as the establishment of a trade development facility, are also included to ensure effective execution.

The policy paper on EAC negotiations of FTAs with third parties was adopted in June 2023 (EAC, 2023). It serves as a guide to facilitate the EAC in making critical decisions in regard to negotiating FTAs with other parties and how best to negotiate for the best interests of the Community. The main objective is to ensure that the EAC sustains its development vision even when there is a necessity and a need to negotiate an FTA with third parties, which should thus be used as an appropriate guide and reference. The specific objectives are the following: Serving as a guide to determine whether or not the EAC needs to engage in a particular FTA with a third party; Ensuring that the relevant instruments to facilitate the negotiations involving the EAC are relied upon; Contributing to relevant capacity

building efforts for the EAC region and the Partner States institutions and human resources; and Presenting actionable short-term and medium-term recommendations and strategic measures. Some of the trade-related policy issues that are to be negotiated with third parties are The Blue Economy, Environmental protection and management, and the WTO plus requirements.

The EAC adopted an Implementation Strategy in February 2024 to guide its integration into the AfCFTA between 2024 and 2034 (EAC, 2024). The strategy draws insights from the national strategies (mostly in draft form) of EAC partner states, except Somalia, which had not completed/availed their national strategy by the time of publication (EAC, 2024). The strategy is guided by six objectives, one of them being building the capacity of Partner States at both the public and private sector levels to implement the AfCFTA, including awareness creation and sensitization. It also aims to enhance the integration of viable Micro, Small, and Medium-sized Enterprises (MSMEs), including women and youth, in priority regional value chains. The strategy has identified the Pharmaceuticals, Horticulture (Fruits and Vegetables), Leather and Leather products, Cotton, Textile and Apparels, Automotive, and Mining as EAC's sectors of high priority under the AfCFTA<sup>4</sup>. It has also identified the following areas of capacity need/gap and suggested timelines for mitigating them, the players tasked to do so (EAC organs and agencies, development partners, and public and private sector), monitoring and evaluation framework, and financing strategy: Customs Cooperation, Trade Facilitation, Rules of Origin, Trade Remedies, Non-tariff barriers, sanitary and phytosanitary (SPS) and technical barriers to trade (TBT).

4. These sectors also align with EAC's Industrial Development Strategy 2012-2032 (EAC, 2012).



AfCFTA is poised to bring significant advantages to the EAC (EAC, 2024)<sup>5</sup>. With its youthful population and abundant agricultural and natural resources, the EAC is strategically positioned to become a pivotal trade, investment, and logistics hub across the continent. This development is anticipated to yield both short-term and long-term economic and social benefits. In the short term, AfCFTA will lead to market expansion due to reduced tariffs and elimination of non-tariff barriers, opening up opportunities in a continental market of 55 countries, compared to the EAC's eight-member nations. This expansion is expected to catalyze trade, investment, and industrial growth, encouraging value addition, export diversification, and the development of regional value chains. Additionally, the enlarged market will attract cross-border investments, fostering technology and skills transfer. The implementation of AfCFTA's Trade in Services protocol will enable EAC to establish itself as a service hub in areas such as transport, finance and ICT services. EAC's extensive coastal area and national airlines position it favorably as a transport hub, linking Central Africa, Southern Africa, and East Africa (EAC, 2024).

AfCFTA's E-Commerce approach will integrate EAC into regional and continental value chains, leading to automation, improved efficiency, and digital trade gains. Furthermore, integrating agricultural markets will enhance food and nutrition security, stabilize food prices, and bolster tourism through the region's natural, cultural, and recreational attractions. The agreement also offers opportunities for South Africa, leveraging its comparative advantage in fruit production for soft drinks, facilitating diversification and regional integration. AfCFTA emphasizes inclusive development, focusing on women and youth in the informal sector. By improving the export capacity of businesses owned by women and youth, AfCFTA aims to create better employment opportunities, promoting a more robust and inclusive economy. Finally, negotiating within AfCFTA strengthens the unity of the EAC region, encouraging collaborative engagement and strategic planning. Through capacity building, technical assistance, and investment in key sectors, AfCFTA will fortify EAC institutions, fostering sustainable growth and development.

AfCFTA has potential short-term costs despite these advantages (EAC, 2024). EAC might face challenges such as loss of import tariff revenues due to zero tariffs<sup>6</sup> and increased competition in key regional markets. Additionally, competition from AfCFTA member states could impact the regional markets of the EAC Member States, especially on sectors which the States might have minimal comparative advantages. Further, resources diverted for AfCFTA implementation may affect other EAC priorities, and finally, underdeveloped regulatory infrastructures could lead to illicit trade, posing economic and citizen safety risks for the EAC member states.



5. EAC has a Common External Tariff (CET) which it negotiated with the AfCFTA and submitted its tariff schedule as a bloc, meaning that all EAC partner states have one unified tariff schedule.

6. The EAC is estimated to lose revenue worth US\$ 104.5 million under the AfCFTA (EAC, 2024).



Table 2.1: A comparison of the EAC, TFTA and AfCFTA

ITEM	EAC	TFTA	AfCFTA
<b>Level of integration</b>	<ul style="list-style-type: none"> <li>• Customs Union (2005) with a Common External Tariff (CET).</li> <li>• Common Market (2010)</li> <li>• Adopted Protocol on Monetary Union in 2013</li> <li>• 8 members</li> </ul>	<ul style="list-style-type: none"> <li>• Free Trade Area (FTA)-Trade between State Parties is tariff free, except for sensitive and excluded products.</li> <li>• Membership of 29</li> </ul>	<ul style="list-style-type: none"> <li>• Free Trade Area (FTA)-Trade between State Parties is tariff free, except for sensitive and excluded products.</li> <li>• State Parties differ in treating non-member countries</li> <li>• Membership of 54 with 47 ratifications (March 2024)</li> </ul>
<b>Policy areas covered</b>	<ul style="list-style-type: none"> <li>• Tariff on manufactured goods, tariff on agricultural goods, customs, competition policy, TBTs, Trade in Services SPS measures, Movement of capital, IPRs, Investments, State Aid, Public procurement, environmental laws, and labor market integrations</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiations are ongoing on various trade and investment policies</li> </ul>	<ul style="list-style-type: none"> <li>• Tariff on manufactured goods, tariff on agricultural goods, customs, competition policy, TBTs, Trade in Services, SPS measures, Movement of capital, IPRs, Investments, State Trading Enterprises (STEs), export taxes, anti-dumping, and countervailing measures</li> </ul>
<b>Decision making</b>	<ul style="list-style-type: none"> <li>• Decision by the Summit and Council is by consensus</li> </ul>	<ul style="list-style-type: none"> <li>• Decision by the Summit</li> </ul>	<ul style="list-style-type: none"> <li>• Decision on the substance is made through consensus. A simple majority of eligible State Parties is used in decisions on procedures.</li> <li>• Single undertaking is the main principle governing the AfCFTA negotiations.</li> </ul>
<b>Institutional set-up</b>	<ul style="list-style-type: none"> <li>• The Summit: is the top making decision body, composed of Head of States)</li> <li>• Council of Ministers: composed of Ministers responsible with regional cooperation</li> <li>• Coordination Committee: composed of Permanent Secretaries</li> <li>• Sectoral Committees: their composition and functions are determined by the Coordination Committee</li> <li>• The East African Court of Justice</li> <li>• The East African Legislative Assembly</li> <li>• The Secretariat</li> </ul>	<ul style="list-style-type: none"> <li>• Tripartite Summit - consisting of the Heads of State and/or Government of COMESA, EAC and SADC</li> <li>• Tripartite Council of Ministers.</li> <li>• Tripartite Sectoral Ministerial Committees of Trade, Finance, Customs, Economic Matters and Home/Internal Affairs, Legal Affairs, Infrastructure</li> <li>• The Secretariat</li> </ul>	<ul style="list-style-type: none"> <li>• The Assembly: is the top making decision body composed of Head of States</li> <li>• Council of Ministers (CMs): Composed of Ministers responsible with Trade</li> <li>• The Committee of Senior Trade Officials: consists of Permanent or Principal Secretaries</li> <li>• The Secretariat: functions as guided by CMs. Responsible for day-to-day activities of AfCFTA</li> <li>• Dispute Settlement Body: established by the Protocol on Rules and Procedures on the Settlement of Disputes</li> </ul>

Source:

Author's creation using Onyango (2020) and EAC (2024)



## 3 TRADE PERFORMANCE

### 3.1 EAC TOTAL TRADE

Table 3.1 displays statistics for EAC's export and import flows between 2018 and 2022. The table also shows EAC's top-3 trade partners in the world and Africa (on average between 2018 and 2022). EAC's exports to the world have consistently increased by around 76% between 2018 and 2022 from US\$ 14 billion to US\$ 25 billion. EAC's exports to Africa and within the EAC have also risen steadily since 2018. This finding suggests that the EAC export trade overcame the anticipated negative trade-effects of the COVID-19 pandemic that started in late 2019.

This outcome is affirmed by the positive export growth rates in the last column of Table 3.1 whereby EAC's exports to the world, Africa and EAC grew by 15.4%, 16% and 12.9%, respectively, between 2021 and 2022. The United Arab Emirates, India, and China were in that order the top-3 export partners of the EAC in the world between 2018 and 2022. Exports to India and China declined in 2020 but have since recorded a positive trajectory to reach US\$ 1.4 billion and US\$ 1.3 billion in 2022 respectively. The DRC, South Africa and Uganda were, on average, the top-3 export partners of the EAC in Africa between 2018 and 2022. The presence of the DRC and Uganda signals a strong intra-EAC trade given that these countries are part of the REC. The three markets - the DRC, South Africa and Uganda - accounted for between 39% and 44% of EAC's exports to Africa between 2018 and 2022 as per the last row of the export section in Table 3.1. This could signal a low market diversity of the AEC, a challenge that the REC envisions will be addressed by the AfCFTA (EAC, 2024).

Statistics for EAC's import trade in Table 3.1 show that the REC imported goods worth US\$ 36.5 billion from the world in 2018. The import value for 2020 was US\$ 2 billion lower than that of 2019 but it has since grown consistently to reach US\$ 53.7 billion in 2022. Whereas this shows that EAC's import trade with the world temporarily reduced during the pandemic, the REC's import trade with Africa and itself was resilient and has persistently grown since 2018. The value of EAC's imports from Africa in 2022 was US\$ 7.9 billion and US\$ 4.4 from within itself. The last column shows that EAC's imports from the world, Africa and EAC grew by 19%, 6.8% and 4.1%, respectively, between 2021 and 2022. China, India and the United Arab Emirates were on average the top-3 import partners of the EAC in the world between 2018 and 2022. EAC's imports from China exceed those from

Africa between 2018 and 2022. Of the three countries, only imports from the United Arab Emirates declined during the height of the pandemic in 2020. However, it has since recovered and grown by 83% between 2021 and 2022. Kenya, South Africa and Tanzania were on average the top-3 import partners of the EAC in Africa between 2018 and 2022. The presence of Kenya and Tanzania in the top-3 import partners once again signals the REC's strong intra-trade. The three markets - Kenya, South Africa and Tanzania - accounted for between 57% and 64% of EAC's exports to Africa between 2018 and 2022 as per the last row of the import section in Table 3.1. These shares are larger than those of imports, indicating that EAC's import market in Africa is more concentrated than exports.

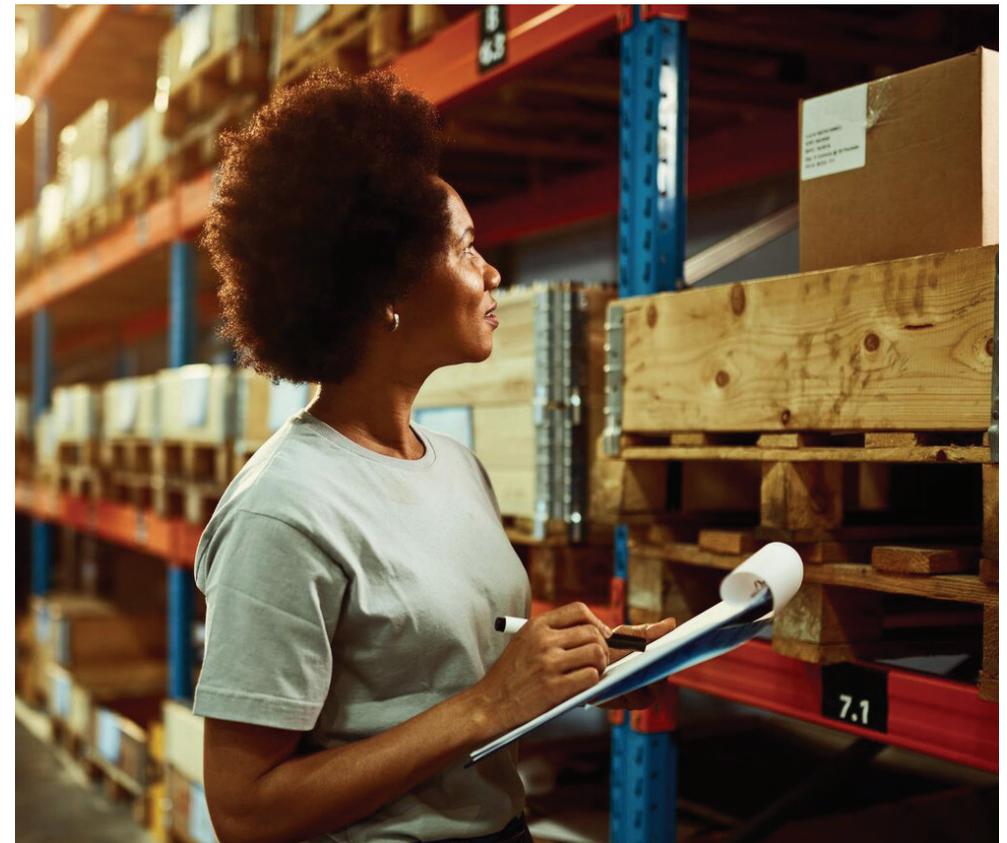




Table 3.1: EAC's export and import trade with selected partners, 2018-2022 (US\$ billions)

		Partner	2018	2019	2020	2021	2022	% change (2021-2022)
<b>EXPORTS</b>	Overall	World	14.2	18.7	19.5	21.7	25	15.4
		Africa	5.9	6.8	6.9	8.3	9.7	16
		EAC	4.0	4.1	4.3	5.6	6.3	12.9
	Top-3 countries: world	UAE	1.1	3.1	4.2	3.7	4.0	7.5
		India	0.9	1.1	0.7	1.2	1.4	16.6
		China	0.3	1.5	0.8	1.2	1.3	6.8
	Top-3 countries: Africa	DRC	0.9	0.9	1.0	1.4	1.7	21.9
		South Africa	0.8	1.0	1.2	1.0	1.0	3.4
		Uganda	0.8	0.8	0.9	1.2	1.1	-8.5
Top-3 countries: Africa share (%)			42	40	44	43	39	-8.3
<b>IMPORTS</b>	Overall	World	36.5	38.6	36.6	45.2	53.7	19.0
		Africa	5.3	6.4	7.1	7.4	7.9	6.8
		EAC	2.5	3.0	3.6	4.2	4.4	4.1
	Top-3 countries: world	China	7.3	7.7	7.7	9.4	11.0	16.7
		India	4.2	4.2	4.2	4.8	5.9	21.0
		UAE	3.5	3.7	2.5	4.4	8.1	83.4
	Top-3 countries: Africa	Kenya	1.0	1.4	1.5	1.6	2.0	25.3
		South Africa	1.5	1.7	1.1	1.2	1.4	15.2
		Tanzania	0.6	1.1	1.5	1.9	1.4	-24.7
Top-3 countries: Africa share (%)			57	64	59	64	61	-4.0

Note:  
Ideally intra-EAC exports and imports should be equal but their difference arises from exports being reported as Free on Board (FOB) and imports being reported in Cost, Insurance, and Freight (CIF). UAE is United Arab Emirates.

Source:  
Author's calculations using the EAC Open Data Portal (2024)



Of interest to this research is that the EAC region has maintained a trade surplus (exports exceeding imports) with Africa over time despite having a trade deficit (imports exceeding exports) with the world. For instance, the region had a trade deficit of US\$ 29 billion with the world in 2022 and a surplus of US\$ 1.8 billion with Africa in the same year. This outcome indicates that the EAC is likely to reap more benefits by trading in Africa. To put this into context, Table 3.2 shows some geographical characteristics of EAC's partners in Africa based on data from 2001-2021. Table 3.2 shows that EAC countries share a common border with around 10% of African countries.

The region also shares a common language with about 55% of African countries. EAC countries share a trade agreement with about 40% of countries in Africa but do not share a common currency with any country on the continent. The average distance between the EAC countries and their trading partners in Africa is 3,035 Kilometers. Cutting trading costs related to distance and enhancing cohesion through a common trade agreement between the EAC and its trading partners in Africa are expected to improve under the AfCFTA.

**Table 3.2: Characteristics of EAC's trading partners in Africa**

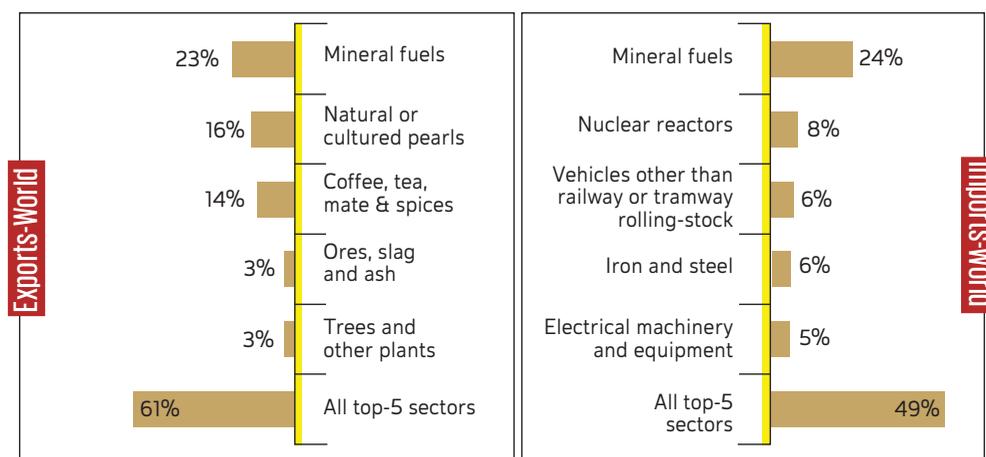
Characteristic	Value
Share a common border	9.9%
Share a common official language	54.7%
Share a common trade agreement	39.7%
Share a common currency	0%
Distance (mean in kilometers)	3,035 kms
Source:	
Author's calculations using Centre d'Études Prospectives et d'Informations Internationales (CEPII) data (2024)	

The composition of EAC's top-5 export and import sectors (in terms of value) when trading with the world and the rest of Africa in 2022 is shown in Figures 3.1 and 3.2. Figure 3.1 indicates that EAC mainly exports and imports mineral fuels when trading with the world. Mineral fuels made up 23% of EAC's exports to the world and 24% of imports from the world in 2022. Products from the natural or cultured pearls sector, with a share of 16%, were EAC's second highest exports to the world in 2022. Other top export sectors for the EAC to the world are coffee, tea, mate and spices (14%), ores, slag and ash (3%), and trees and other plants (3%).

The cumulative share of mineral fuel, natural or cultured pearl, and ores, slag, and ash exports in 2022 was 42%, suggesting that the extractive industries hold a substantial share of EAC's exports to the world. Besides mineral fuels, EAC mainly imports manufactured and finished goods from the world. Nuclear reactors were the EAC's second highest imports from the world in 2022 (share of 8%). They were followed by vehicles other than railway or tramway rolling-stock (6%), iron and steel (6%), and electrical machinery and equipment (5%). Overall, EAC's exports and imports with the world can be considered concentrated since the top-5 sectors accounted for 61% of exports and 49% of imports in 2022.



**Figure 3.1: Composition of EAC's top-5 export and import sectors to (from) the world in 2022**



Note:

The DRC and Somalia are not considered as EAC countries in this analysis

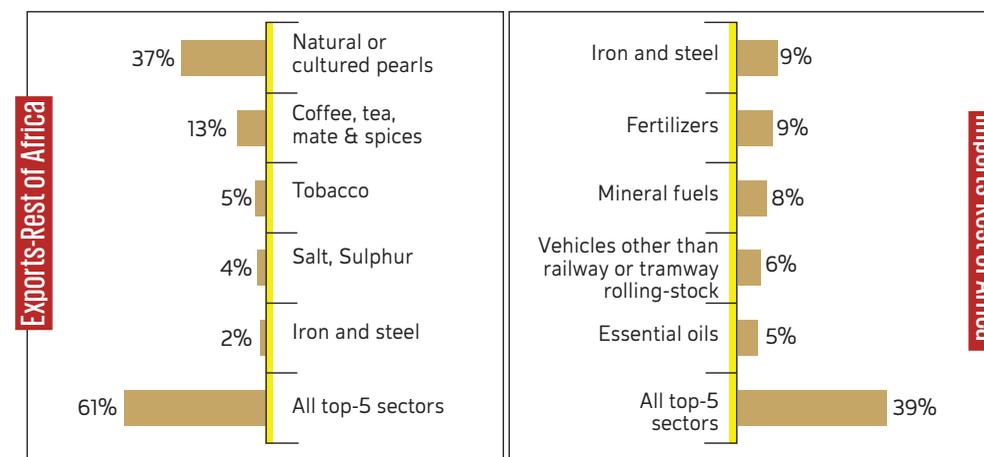
Source:

Author's calculations using the EAC Open Data Portal (2024)

EAC's top export sectors with the rest of Africa (see Figure 3.2) are dominated by extractive-based sectors and agricultural goods. Figure 3.2 shows that three out of five leading export sectors of the EAC in to other African countries in 2022 were extractive-based: natural or cultured pearls, salt; sulphur, and iron and steel. These sectors cumulatively accounted for 43% of EAC's exports to the rest of Africa in 2022. Coffee, tea, mate and spices, with a share of 13%, was EAC's second highest export sector when trading with the rest of Africa in 2022. Tobacco accounted for 5% of EAC's exports to the rest of Africa in 2022. EAC's imports from Africa are mixed among final, intermediate and consumption goods. Iron and steel, and mineral fuels, which are extractive-based sectors, accounted for 9% and 8% of EAC's imports from the rest of Africa in 2022 respectively. The share of fertilizers and essential oils was 9% and 5% respectively while vehicles other than railway or tramway rolling-stock accounted for 6% of EAC's imports from the rest of Africa in 2022.

The top 5 sectors cumulatively accounted for 61% and 39% of EAC's exports and imports when trading with the rest of Africa in 2022. This implies that EAC's exports to the rest of Africa are more concentrated in a few sectors than imports from the rest of Africa, creating the need for product diversification, which is part of the EAC's AfCFTA export strategy (EAC, 2024).

**Figure 3.2: Composition of Africa's top-5 export and import sectors to (from) Africa in 2022**



Note:

The DRC and Somalia are not considered as EAC countries in this analysis

Source:

Author's calculations using EAC Open Data Portal (2024)



## 3.2 EAC EXPORTS

Statistics of the value of exports by EAC Member States are shown in Table 3.3. Kenya had the highest export value to the world among EAC countries between 2019 and 2022. Tanzania, Uganda, South Sudan, Rwanda, and Burundi follow in that order. Data for 2022 shows that Kenya exported goods worth US\$ 7.4 billion to the world while Tanzania exported goods worth US\$ 6.8 billion, Uganda's value was US\$ 3.6 billion, South Sudan's value was US\$ 5 billion, while Rwanda and Burundi exported commodities worth US\$ 2 billion and US\$ 0.2 billion respectively. Burundi's exports to Africa stagnated at around US\$ 0.1 billion between 2019 and 2022 while

those of other EAC countries increased during this period. Uganda's exports to Africa increased by US\$ 0.9 billion between 2019 and 2022. Those of Kenya, Tanzania, Rwanda, and South Sudan increased by US\$ 0.8 billion, US\$ 0.6 billion, US\$ 0.4 billion and US\$ 0.2 billion, respectively, between 2019 and 2022. Most EAC countries export within the EAC region except South Sudan. Table 3.3 shows that over 90% of Rwanda's exports to Africa are with EAC partners. Nearly 90% of Uganda's exports to Africa are with the EAC counterparts. The share of intra-EAC exports in total exports to Africa for Burundi is roughly 74%, Kenya's share is around 70%, while those of Tanzania and South Sudan are about 48% and 2%, respectively.

Table 3.3: EAC's exports to selected partners by Member States, 2019-2022 (US\$ billion)

Country	Partner	2019	2020	2021	2022	Average
Burundi	World	0.2	0.2	0.2	0.2	0.2
	Africa	0.0	0.1	0.1	0.1	0.1
	EAC	0.0	0.0	0.1	0.1	0.1
	Intra-EAC share (%)	69.3	77.4	78.8	69.9	73.9
Kenya	World	5.8	6.0	6.8	7.4	6.5
	Africa	2.2	2.3	2.8	3.0	2.6
	EAC	1.5	1.6	2.0	2.1	1.8
	Intra-EAC share (%)	68.8	70.5	70.6	68.8	69.7
Rwanda	World	1.1	1.4	1.4	2.0	1.5
	Africa	0.5	0.5	0.7	0.9	0.7
	EAC	0.5	0.4	0.6	0.8	0.6
	Intra-EAC share (%)	93.9	95.0	91.8	90.5	92.8



**Table 3.3: EAC's exports to selected partners by Member State, 2019-2022 (US\$ billion)**

Country	Partner	2019	2020	2021	2022	Average
<b>South Sudan</b>	World	3.0	1.8	2.9	5.0	3.2
	Africa	0.6	0.4	0.5	0.8	0.6
	EAC	0.0	0.0	0.0	0.0	0.0
	Intra-EAC share (%)	0.6	0.9	6.6	0.5	2.2
<b>Tanzania</b>	World	5.0	6.1	6.4	6.8	6.1
	Africa	2.1	2.3	2.5	2.6	2.4
	EAC	0.8	1.0	1.4	1.4	1.2
	Intra-EAC share (%)	40.7	41.5	54.4	53.5	47.5
<b>Uganda</b>	World	3.6	4.1	4.0	3.6	3.8
	Africa	1.3	1.4	1.8	2.2	1.7
	EAC	1.2	1.2	1.5	1.9	1.5
	Intra-EAC share (%)	89.8	87.8	86.2	87.2	87.8

Source:

Author's calculations using the EAC Open Data Portal (2024)

Table 3.4 shows the product-level analysis of EAC exports to Africa, the world, and itself. Within intra-EAC exports, notable commodities with high export values include vegetables, food products, fuels and chemicals, metals, and minerals. On average, vegetable exports worth US\$ 1.1 billion were exported within the EAC region between 2018 and 2022.

The average value of food and chemical exports for the same period was US\$ 707 million and US\$ 572 million, respectively. In the context of EAC exports to Africa, the main product-categories are vegetables (valued at an average of US\$ 1.6 billion between 2018 and 2022), stone and glass

(valued at an average of US\$ 1 billion between 2018 and 2022), and food products which are valued at an average of US\$ 894 million between 2018 and 2022. EAC's leading exports in the world are vegetables (valued at an average of US\$ 5.8 billion between 2018 and 2022), stone and glass (valued at an average of US\$ 4.1 billion between 2018 and 2022), fuels (valued at an average of US\$ 3.3 billion between 2018 and 2022) and food products (valued at an average of US\$ 1.4 billion between 2018 and 2022). In general, footwear and hides and skins rank as the least exports of the EAC region within itself, Africa, and the world.



Table 3.4: EAC's exports to selected partners by product groups, 2018-2022 (US\$ million)

Country	Year	2018	2019	2020	2021	2022	Average
EAC	Vegetable	943	834	1014	1416	1452	1132
	Food products	654	585	639	760	899	707
	Chemicals	481	473	560	633	710	572
	Metals	363	391	394	532	669	470
	Minerals	204	228	268	398	464	312
	Fuels	301	354	198	261	404	303
	Wood	189	198	217	231	264	220
	Machines & Electronics	142	180	158	243	236	192
	Plastic/Rubber	156	141	162	247	221	185
	Animal	126	131	150	195	247	170
	Transportation	138	179	121	166	208	162
	Textiles & Clothing	116	133	131	168	175	145
	Stone & Glass	79	116	146	146	183	134
	Footwear	52	59	68	81	64	65
Hides & Skins	5	5	5	8	4	5	
AFRICA	Vegetable	1359	1241	1421	1918	2076	1603
	Food products	789	736	833	978	1132	894
	Chemicals	616	590	701	844	931	736
	Metals	403	423	417	564	715	504
	Minerals	212	231	272	411	494	324
	Fuels	358	1041	650	751	1285	817
	Wood	226	228	246	278	314	258
	Machines & Electronics	239	282	211	313	288	267
	Plastic/Rubber	192	172	190	296	261	222
	Animal	135	143	165	215	273	186
	Transportation	181	209	143	202	241	195



Table 3.4: EAC's exports to selected partners by product groups, 2018-2022 (US\$ million)

Country	Year	2018	2019	2020	2021	2022	Average
<b>AFRICA</b>	Textiles & Clothing	201	225	210	261	294	238
	Stone & Glass	815	1103	1309	1058	1128	1083
	Footwear	58	67	76	94	78	74
	Hides & Skins	9	10	10	14	10	11
<b>WORLD</b>	Vegetable	5112	5030	5521	6484	6785	5786
	Food products	1392	1244	1362	1472	1687	1431
	Chemicals	742	696	800	948	1106	858
	Metals	502	502	499	695	863	612
	Minerals	639	562	933	965	1271	874
	Fuels	768	3886	2407	3468	6094	3324
	Wood	292	269	277	350	449	327
	Machines & Electronics	302	336	238	351	327	311
	Plastic/Rubber	207	194	207	318	294	244
	Animal	544	576	510	617	747	599
	Transportation	216	242	168	223	262	222
	Textiles & Clothing	751	805	718	836	925	807
	Stone & Glass	2460	4106	5657	4603	3870	4139
	Footwear	62	76	84	106	90	84
Hides & Skins	108	68	42	49	45	62	

Note:

HS-2 digit product categories are lumped as follows: Animal (01-05), Vegetable (06-15), Food Products (16-24), Minerals (25-26), Fuels (27), Chemicals (28-38), Plastic/Rubber (39-40), Hides & Skins (41-43), Wood (44-49), Textile & Clothing (50-63), Footwear (64-67), Stone& Glass (68-71), Metals (72-83), Machines & Electronics (84-85), and Transportation (86-89)

Source:

Author's calculations using the EAC Open Data Portal (2024)



Table A.1 of Annex A of the Appendix displays the names and shares of the top-five products exported by each Member State of the EAC between 2016 and 2022 (average). Burundi's principal export products to Africa comprise coffee, tea, mate and spices, whose share was 24% during the 2016-2022 period. Other leading products and their respective shares during the 2016-2022 period were products of the milling industry (15%); beverages, spirits and vinegar (13%); tobacco and manufactured tobacco substitutes (12%); and iron and steel (9%). Kenya majorly exports coffee, tea, mate and spices, which accounted for 12% of the country's exports to Africa between 2016 and 2022. Other leading products and their shares during the 2016-2022 period were iron and steel (6%); plastics (6%); tobacco and manufactured tobacco substitutes (5%); and soap, organic surface-active agents (5%). In the context of Rwanda, the predominant exports consisted of products of the milling industry (19%); coffee, tea, mate and spices (15%); preparations of cereals (10%); salt (10%); and residues and waste from the food industries (6%). South Sudan's major exports to Africa are mineral fuels and oils. They accounted for 95% of South Sudan's exports to Africa between 2016 and 2022.

Other key export products during the 2016-2022 period were products of the milling industry (2.6%); tobacco and manufactured tobacco substitutes (0.5%); rubber (0.5%); and lac; gums, resins and other vegetable saps and extracts (0.3%). The main export commodity for Tanzania in Africa during the 2016-2022 period was natural or cultured pearls, precious or semi-precious stones and precious metals, which accounted for 43% of the country's exports to the continent. It was followed by cereals (7%); salt (4%); mineral fuels (4%); and textiles (3%). Uganda's main exports to Africa during the 2016-2022 period was coffee, tea, mate and spices (16%) followed by cereals (8%); iron and steel (6%); dairy produce (6%); and edible vegetables (6%). Overall, the top-five products accounted for 73% of Burundi's exports to Africa between 2016 and 2022. The share for other EAC countries was 34% for Kenya, 42% for Tanzania, 60% for Rwanda, 61% for Tanzania and 99% for South Sudan. This indicates that the degree of product concentration in the EAC varies across Member States.

The top-ten export partners of EAC Member States in Africa in 2022 are listed in Table 3.5. Each EAC member has at least four countries from the EAC region appearing among its top-ten partners, suggesting that intra-EAC trade is strong. Non-EAC countries that feature in the list across most Member States of the EAC are South Africa, Zambia, Egypt, Sudan, Sudan, and Ethiopia. Burundi and Rwanda's highest export partner accounted for roughly 54% of their exports in 2022. The share for other countries was 26% for Kenya, 99% for South Sudan, 37% for Tanzania and 32% for Kenya. This could imply that some EAC countries are highly dependent on some countries when exporting to Africa. Top-ten partner countries of EAC Member States cumulatively accounted for 99% of Burundi's export value in 2022. The shares for other countries were 82% for Kenya, 90% for Rwanda, 100% for South Sudan, 88% for Tanzania, and 69% for Uganda. This shows that exports from the EAC to Africa are concentrated in a few markets and thus have low market diversity, a challenge that the AfCFTA is expected to address (EAC, 2024).





Table 3.5: Top-10 export partner countries of EAC countries in Africa in 2022

Burundi		Kenya		Rwanda		South Sudan		Tanzania		Uganda	
Partner	Share	Partner	Share	Partner	Share	Partner	Share	Partner	Share	Partner	Share
DRC	53.7%	Uganda	26.4%	DRC	54.1%	Sudan	99.3%	South Africa	36.7%	Kenya	32.2%
Sudan	13.9%	Tanzania	16.1%	Ethiopia	9.1%	Uganda	0.4%	Kenya	13.5%	DRC	13.4%
Tanzania	12.5%	Rwanda	11.4%	R. Congo	6.9%	R. Congo	0.2%	DRC	10.2%	Rwanda	7.4%
Egypt	7.7%	Egypt	8.8%	Uganda	6.3%	Kenya	0.1%	Rwanda	10.1%	Tanzania	5.6%
Mauritius	4.1%	DRC	5.3%	Egypt	5.2%	Rwanda	0.0%	Uganda	10.1%	Sudan	4.0%
Uganda	3.5%	Somalia	4.2%	Kenya	3.2%	Central African Republic	0.0%	Zambia	2.3%	Morocco	1.9%
Zambia	1.7%	Ethiopia	3.3%	Sudan	2.0%	Nigeria	0.0%	Malawi	2.3%	Algeria	1.4%
Kenya	1.3%	Sudan	2.5%	Tanzania	1.5%	Ethiopia	0.0%	Mozambique	1.4%	South Africa	1.2%
Somalia	0.6%	Zambia	2.1%	Zambia	1.1%	Tanzania	0.0%	Zimbabwe	0.6%	Egypt	1.1%
South Africa	0.3%	South Africa	2.0%	Ghana	0.7%	-	-	Nigeria	0.6%	Tunisia	0.4%
<b>All top-10</b>	<b>99.3%</b>	<b>All top-10</b>	<b>82.1%</b>	<b>All top-10</b>	<b>90.1%</b>	<b>All top-10</b>	<b>100.0%</b>	<b>All top-10</b>	<b>87.6%</b>	<b>All top-10</b>	<b>68.5%</b>
<b>RoA</b>	<b>0.7%</b>	<b>RoA</b>	<b>17.9%</b>	<b>RoA</b>	<b>9.9%</b>	<b>RoA</b>	<b>0.0%</b>	<b>RoA</b>	<b>12.4%</b>	<b>RoA</b>	<b>31.5%</b>

Note:

Share is the portion of total exports held by each partner of an EAC country in 2022

Source:

Author's calculations using the EAC Open Data Portal (2024)



## 4 EXPORT POTENTIAL ANALYSIS

### 4.1 METHODOLOGY FOR ESTIMATING EXPORT POTENTIAL

This research follows the methodology of the International Trade Centre (ITC) to estimate the export potential of EAC countries (refer to Decreux and Spies (2016) for details)<sup>7</sup>. This approach assesses export potential in two ways: by identifying the products for which a country is already competitive in and has good prospects of success in a particular market (henceforth export potential) and by identifying products that a country does not yet export competitively but seem feasible based on the country's current export basket and the export baskets of similar countries (henceforth diversification potential).

A country's export potential for a specific product is established on three parameters – the supply capacity of the exporting country, demand conditions in the importing country, and ease of trade or bilateral trade links between the exporting and importing country. The ease of trade between an exporter and importer for a product is a relative hypothetical trade if the exporter's share in the destination market is assumed to be similar to that of the world market. Therefore, a large ease of trade indicator signals a country's potential to export the respective product to the importer. It is possible to establish the unrealized export potential of a product by subtracting actual values from potential values.

The export diversification potential is also identified through the parameters of supply capacity, demand conditions, and easiness of trade. Demand conditions and ease of trade are akin to the description under export potential, and they show the prospect of export success in the importing market and access to market information. However, the perspective of supply capacity is different in the case of export diversification potential. The capacity to supply in the context of export diversification is based on the concept of product space, and it is established by identifying products with a similar characteristic or that are often exported together with the product currently being exported competitively. Hence, the higher the overlap between this set of capabilities and another set specific to a new product, the higher the likelihood that the country can diversify its exports.

This approach has several advantages. First, it incorporates demand and ease of trade in the estimation of export potential and export diversification potential to reduce the chances of identifying products with high chances of

export success but have little demand capacity in the target market or face high tariffs in the destination market. Second, the methodology addresses the challenge of endowment by excluding products whose raw materials are available in a few countries. For instance, inorganic chemicals and isotopes are produced from rare earths or elements that are in a few countries. However, one of the shortcomings of this approach is that it does not consider costs related to export promotion activities yet they might influence the viability of exporting certain products. This research overcomes this challenge by interviewing stakeholders, as discussed in section 5.

This analysis is conducted for exports from seven EAC members (Burundi, the DRC, Kenya, Rwanda, South Sudan, Tanzania and Uganda)<sup>8</sup> to non-EAC African countries that have so far signed the AfCFTA agreement (also non-EAC signatories of TFTA). The final stage of the analysis entails identifying the tariff liberalization offers for the products that have export potential in a specific market. A product is then classified as being under Category A (non-sensitive), B (sensitive) or C (excludable) in a specific market following the verified Provisional Schedules of Tariff Concessions (PSTCs) for RECs and countries under the AfCFTA. This exercise is meant to inform EAC Partner States of the level of liberalization of their prospective commodities in the target markets and ultimately their marketing decisions. Results for the export potential and export diversification are discussed in the following sections, and a detailed discussion of the methodology is provided in Annex F of the Appendix.

7. It has been applied by Shinyekwa et al. (2021), Aucamp et al. (2023) and Ahmad et al. (2024) to study export potential in Uganda, South Africa and Pakistan.

8. The analysis was conducted before the accession of Somalia into the EAC.



## 4.2 EAC'S EXPORT POTENTIAL

### 4.2.1 EAC's export potential in AfCFTA

Table 4.1 shows that the total export potential of the EAC region with the rest of Africa is roughly US\$ 1.9 billion. At the country-level, Kenya's export potential in AfCFTA is US\$ 705.5 million, an equivalent of 38% of EAC's total export potential in AfCFTA. Tanzania's export potential in AfCFTA is US\$ 594 million, which is equivalent to 32% of EAC's overall export potential. The DRC's export potential in AfCFTA is US\$ 342.8 million, equivalent to 18% of EAC's total export potential. Uganda's export potential in AfCFTA is US\$ 178.2 million, akin to 9.6% of EAC's overall export potential. Rwanda's export potential in AfCFTA is US\$ 36.1 million, which is equivalent to 1.9% of EAC's overall export potential. Burundi's export potential in AfCFTA is US\$ 1.3 million, which is equivalent to 0.1% of EAC's overall export potential.

Table 4.1: EAC's export potential in AfCFTA by EAC country

Country	Export potential (US\$ million)	Share (%)
Kenya	705.5	38.0
Tanzania	594.0	32.0
DRC	342.8	18.4
Uganda	178.2	9.6
Rwanda	36.1	1.9
Burundi	1.3	0.1
<b>Total</b>	<b>1857.8</b>	<b>100.0</b>

Source:

Author's calculations using ITC Export Potential Map

In terms of destination markets, the largest export potential for the EAC in the AfCFTA is in South Africa, where the export potential is US\$ 591.4 million, as indicated in Table 4.2. Other AfCFTA markets that are key to EAC's export potential are Egypt (US\$ 452.7 million), Zambia (US\$ 276.4 million), Ethiopia (US\$ 129 million), Sudan (US\$ 78 million), Morocco (US\$ 63.3 million), Mozambique (US\$ 56.4 million), Nigeria (US\$ 55.7 million), Malawi (US\$ 40.2 million), and Zimbabwe (US\$ 27.6 million). These top ten markets constitute a 95.3% share of EAC's export potential in the AfCFTA, with a combined potential of US\$ 1.77 billion. The rest of the AfCFTA members represent an export potential of around US\$ 87 million, which is equivalent to 4.7% of EAC's export potential in the AfCFTA.

Table 4.2: EAC's export potential in AfCFTA (for top-10 partner countries)

Country	Export potential (US\$ million)	Share (%)
South Africa	591.4	31.8
Egypt	452.7	24.4
Zambia	276.4	14.9
Ethiopia	129.0	6.9
Sudan	78.0	4.2
Morocco	63.3	3.4
Mozambique	56.4	3.0
Nigeria	55.7	3.0
Malawi	40.2	2.2
Zimbabwe	27.6	1.5
<b>Total top-10 partners</b>	<b>1770.7</b>	<b>95.3</b>
Rest of Africa	87.1	4.7
<b>Overall total</b>	<b>1857.8</b>	<b>100</b>

Source:

Author's calculations using ITC Export Potential Map



The sector-level composition of EAC's export potential in AfCFTA is displayed in Table 4.3. Tea and mate is the sector with the highest export potential, totaling US\$ 364.9 million which is equivalent to 19.6% of the total potential. The other top-10 sectors are metal (except ferrous and precious metals) with a potential of US\$ 191.1 million, mineral resources (US\$ 151.3 million) and coffee (US\$ 125.7 million), rice (US\$ 61.1 million), vegetables (US\$ 55.8 million), processed or preserved food products (US\$ 50.2 million), sugar (US\$ 41.4 million), textiles (US\$ 39.9 million), and apparel (US\$ 37.3 million).

Other sectors with significant export potential include vegetable oils and fats, vegetable residues and animal feed, beauty products and perfumes, pearls and (semi-)precious stones, fish and shellfish, chemicals, mineral products, paper products, fertilizers, and live animals (except poultry). Overall, the top twenty sectors account for nearly three-quarters of EAC's export potential in AfCFTA. Equally the leading sectors encompass those that have been prioritized under the AfCFTA by EAC countries as discussed in Box 4.1.



**Table 4.3: EAC's Export potential in AfCFTA by sub-sector**

Sector	Export potential (US\$ million)	Share (%)
Tea and mate	364.9	19.6
Metals (except ferrous and precious)	191.1	10.3
Mineral resources	151.3	8.1
Coffee	125.7	6.8
Rice	61.1	3.3
Vegetables	55.8	3.0
Food products (processed or preserved)	50.2	2.7
Sugar	41.4	2.2
Textile	39.9	2.1
Apparel	37.3	2.0
Vegetable oils and fats	36.6	2.0
Vegetable residues and animal feed	31.9	1.7
Beauty products and perfumes	31.1	1.7
Pearls and (semi-)precious stones	28.1	1.5
Fish and shellfish	28.1	1.5
Chemicals	25.2	1.4
Mineral products	23.9	1.3
Paper products	18.5	1.0
Fertilizers	17.7	1.0
Live animals (except poultry)	17.5	0.9
<b>Total top-20 sectors</b>	<b>1377.4</b>	<b>74.1</b>
Other sectors	480.4	25.9
<b>Overall total</b>	<b>1857.8</b>	<b>100</b>

Source:

Author's calculations using ITC Export Potential Map



Further analysis along product lines (at HS 6-digit level) is shown in Table 4.4. Black tea, packings >3kg (HS 090240) has the highest export potential, worth US\$ 364.1 million. The markets possessing the greatest export potential for this product include Egypt, Sudan, South Africa, Nigeria, Ghana, Niger, and Burkina Faso. Copper cathodes (HS 740311) and Copper ores and concentrates (HS 260300) are the products with the second and third highest export potential in EAC. These resources are vital in industrial processes and infrastructure development, making them indispensable commodities within the AfCFTA market. Notable markets for these copper products encompass Egypt, South Africa, and Côte d'Ivoire, indicating a substantial avenue for export growth.

Coffee, not roasted, not decaffeinated (HS 090111) has the third highest export potential from EAC to AfCFTA, amounting to US\$ 125.7 million. The main markets for this product in the AfCFTA include Morocco, South Africa, Eswatini, Botswana, Mozambique, Namibia, and Zambia, highlighting a diverse range of export destinations. Semi-milled or wholly milled rice (HS 100630) follows in terms of export potential which amounts to US\$ 59.8 million. Its key markets are South Africa, Mozambique, Zambia, Niger, Madagascar, and Ghana. Fresh or chilled vegetables (HS 070990) follow closely with an export potential of US\$ 52.4 million, finding substantial demand in countries such as Somalia, Djibouti, Mozambique, Nigeria, Ghana, Sierra Leone, Côte d'Ivoire, Senegal, and Mauritania. Sacks and bags made of polyethylene/polypropylene for packing purposes (HS 630533) also exhibit a significant export potential of US\$ 39.9 million, primarily in markets like South Africa, Zambia, Zimbabwe, Malawi, Sudan, Ethiopia, Congo, Ghana, and Egypt.

The export potential of cane or beet sugar and chemically pure sucrose (HS 170199) is US\$ 34.8 million with major markets being Sudan, South Africa, Madagascar, Mozambique, Ghana, and Egypt. Food preparations (US\$ 210690) has the ninth highest export potential in EAC, worth US\$ 28.9 million, with the main markets being Egypt, Ethiopia, Mozambique, Malawi, Zambia, and Somalia. Unworked diamonds (HS 710231) wrap up the top ten list with an export potential of US\$ 27.1 million, finding major markets in South Africa, Botswana, and Namibia. The EAC region's advantage in

these ten products is deeply rooted in its diverse ecosystems and favorable growing conditions. Specific factors such as soil type, climate, and traditional farming practices contribute to the comparative advantage of certain products. For instance, the highland regions of Kenya and Tanzania provide ideal conditions for cultivating tea and coffee, reinforcing the EAC's position as a significant player in the agricultural export market.

Table 4.4 also shows that of the top ten commodities with the highest export potential from EAC to AfCFTA, five products - Copper cathodes, Copper ores, Vegetables, Rice, and Diamonds - encounter no barriers when exported to the primary markets within AfCFTA. Notably, these commodities are not categorized as sensitive or excluded from trade liberalization by any market within the AfCFTA region. However, the remaining five commodities encounter obstacles in at least one market. Black Tea and packings exceeding 3kg face hurdles in Seychelles and Mauritius, while Coffee faces challenges in countries within the Southern African Customs Union (SACU) and Mauritius. Additionally, Sacks & bags encounter obstacles in both SACU and Malawi, while Cane or beet sugar faces hurdles in Egypt, SACU, Mauritius, and Madagascar markets. Furthermore, Food preparations encounter barriers in Egypt and Malawi. These findings illuminate the varying degrees of market access and regulatory complexities within the AfCFTA framework. Addressing these hurdles could enhance the efficiency of trade flows and maximize the export potential of EAC commodities within the AfCFTA markets. A list of all 150 products whose export potential is at least US\$ 100,000 is shown in Table B.1 of Annex B.



Table 4.4: EAC's Export potential in AfCFTA (for top-10 products)

Products	Export Potential (US \$ millions)	Top Markets	Non-Sensitive Markets (A)	Sensitive Markets (B & C)
Black Tea, packings > 3kg	364.1	Egypt, Mauritius, South Africa, Seychelles, Côte d'Ivoire, Sudan, Nigeria, Somalia, Morocco, Ghana, Tunisia, Namibia	Egypt, South Africa, Côte d'Ivoire, Sudan, Nigeria, Somalia, Morocco, Ghana, Tunisia, Namibia	Seychelles, Mauritius
Copper cathodes	181.3	Egypt, South Africa, Côte d'Ivoire, Zimbabwe, Tunisia	All	Seychelles, Mauritius
Copper ores & concentrates	148.2	Zambia, Namibia, South Africa, Mozambique	All	
Coffee, not roasted, not decaffeinated	125.7	Morocco, Egypt, South Africa, Senegal, Seychelles, Mauritius, Eswatini, Zambia	Morocco, Egypt, Senegal, Zambia	SACU, Mauritius
Vegetables, fresh or chilled	52.4	Djibouti, Seychelles, Somalia	All	
Semi-milled or wholly milled rice	59.8	Ethiopia, Congo, Ghana, Niger, South Africa, Mozambique, Zambia, Namibia, Mauritius, Botswana, Madagascar, Mozambique, Comoros	All	
Sacks & bags of polyethylene/ polypropylene for packing	39.9	South Africa, Zambia, Zimbabwe, Mozambique, Malawi, Ethiopia, Botswana, Sudan, Namibia	Zambia, Ethiopia, Angola,	SACU, Malawi
Cane or beet sugar & chemically pure sucrose	34.8	South Africa, Botswana, Tunisia, Mozambique, Egypt, Somalia, Djibouti, Mauritius, Libya, Tunisia, Madagascar, Namibia	Tunisia, Angola, Namibia	Egypt, SACU, Mauritius, Madagascar
Food preparations	28.9	Ethiopia, Mozambique, Malawi, Zambia, Somalia	Ethiopia, Mozambique, Zambia, Somalia	Egypt, Malawi
Diamonds, unworked	27.1	South Africa, Botswana, Namibia, Mauritius	All	

Note:

Category A are non-sensitive items, category B are sensitive products and category C, are products excluded from tariff liberalization. PSTC for Somalia, Libya, Sudan, and Congo were unavailable for analysis

Source:

Author's calculations using ITC Export Potential Map



#### Box 4.1: Priority sectors/products for the AfCFTA market by EAC countries

Understanding the products and sectors that EAC countries have prioritized under the AfCFTA is crucial for comparison with the products and sectors in whom they possess the highest export potential. In this regard, Table 4.5 lists the products and sectors that EAC countries have prioritized under the AfCFTA. The sectors/products are mainly Pharmaceuticals, Agricultural (Horticulture, Tobacco, Coffee and Tea), Leather and Leather products, Cotton, Textile and Apparels, and Mining.

Table 4.5: Target sectors/products for the AfCFTA market by EAC countries

Country	Sector/ product
Burundi	<ul style="list-style-type: none"> <li>• Edible oil (made from palm, cotton, groundnuts)</li> <li>• Leather and handicrafts products</li> <li>• Fishery sector (fish and by-products)</li> <li>• Agricultural products (cassava, soya, coffee, tea)</li> <li>• Mining</li> </ul>
Kenya	<ul style="list-style-type: none"> <li>• Agro processing</li> <li>• Mining and Mineral products</li> <li>• Handicrafts</li> <li>• Agricultural products (grains, orphan crops, cotton, tobacco and horticulture)</li> <li>• Leather and leather products</li> <li>• Pharmaceuticals</li> <li>• Industrial Manufactured products (Steel, Construction Materials, Textile, Automotive, Chemicals and Allied, Furniture and Paper)</li> <li>• Oil and Gas products</li> </ul>
Rwanda	<ul style="list-style-type: none"> <li>• Textiles</li> <li>• Agro-processing</li> <li>• Mining and mineral processing</li> <li>• Construction materials</li> <li>• Agro-products and grains</li> <li>• Dairy products</li> <li>• Meat</li> <li>• Cash crops (Coffee and Tea)</li> </ul>



Country	Sector/ product
Tanzania	<ul style="list-style-type: none"> <li>• Horticultural products</li> <li>• Food products (grains)</li> <li>• Agro-processing</li> <li>• Construction materials</li> <li>• Mining and mineral products</li> <li>• Leather and leather products</li> <li>• Edible oil</li> <li>• Textiles</li> <li>• Fishery products</li> <li>• Livestock products</li> </ul>
South Sudan	<ul style="list-style-type: none"> <li>• Gum</li> <li>• Timber (teak and mahogany)</li> <li>• Shea nut butter oil fruits</li> <li>• Honey</li> </ul>
Uganda	<ul style="list-style-type: none"> <li>• Iron and steel</li> <li>• Dairy products</li> <li>• Edible oil</li> <li>• Food (grains and cereal flour)</li> <li>• Tea, coffee</li> <li>• Pharmaceutical</li> <li>• Tobacco and tobacco products</li> </ul>

Source:

EAC AfCFTA Implementation Strategy (EAC, 2024)



## 4.2.2 EAC's export potential in TFTA

The total export potential of the EAC in the TFTA is around US\$ 1.7 billion as shown in Table 4.6. The difference in EAC's total export potential in the AfCFTA (Table 4.1) and TFTA is roughly US\$ 181 million, implying that a significant portion of the export potential for the EAC in AfCFTA comes from Member States of the TFTA. EAC's export potential in TFTA by Member States is US\$ 622.9 million for Kenya, US\$ 550 million for Tanzania, US\$ 341.6 million for the DRC, US\$ 128.6 for Uganda, US\$ 32.2 million for Rwanda and US\$ 1.3 million for Burundi. Their respective shares in the total export potential in TFTA are 37.2% for Kenya, 32.8% for Tanzania, 20.4% for the DRC, 7.7% for Uganda, 1.9% for Rwanda, and 0.1% for Burundi.

Table 4.6: Share of EAC's export potential in TFTA by EAC country

Country	Export potential (US\$ million)	Share (%)
Kenya	622.9	37.2
Tanzania	550.0	32.8
DRC	341.6	20.4
Uganda	128.6	7.7
Rwanda	32.2	1.9
Burundi	1.3	0.1
<b>Total</b>	<b>1676.6</b>	<b>100.0</b>

Source:

Author's calculations using ITC Export Potential Map

South Africa is the leading destination for EAC's export potential in TFTA, with a share of 35.3% (see Table 4.7). It is followed by Egypt (27%), Zambia (16.5%), Ethiopia (7.7%), Sudan (4.7%), Mozambique (3.4%), Malawi (2.4%), Zimbabwe (1.6%), and other markets, each contributing less than 1% individually. These top ten markets account for 99.4% of the EAC's export potential in the TFTA, with the remaining markets collectively making up only 0.6%. It is noteworthy that most of these markets align with those reflected under the AfCFTA in Table 4.2.

Table 4.7: EAC's export potential in TFTA (for top-10 partner countries)

Country	Export potential (US\$ million)	Share (%)
South Africa	591.4	35.3
Egypt	452.7	27.0
Zambia	276.4	16.5
Ethiopia	129.0	7.7
Sudan	78.0	4.7
Mozambique	56.4	3.4
Malawi	40.2	2.4
Zimbabwe	27.6	1.6
Botswana	12.0	0.7
Angola	3.2	0.2
<b>Total top-10 partners</b>	<b>1667.0</b>	<b>99.4</b>
Rest of TFTA	9.7	0.6
<b>Overall total</b>	<b>1676.6</b>	<b>100.0</b>

Source:

Author's calculations using ITC Export Potential Map



Table 4.8 shows the distribution of EAC's export potential in TFTA across sectors. The top ten sectors are tea and mate; metals (except ferrous & precious); mineral resources; coffee; vegetables; rice; food products (processed or preserved); textile products; apparel; and sugar. Tea and mate lead with a share of 20.3%, followed by metals (except ferrous & precious), whose share is 11.4%, and mineral resources with a share of 9%. Each of the remaining sectors has a share of less than 4%.

In total, the top twenty sectors account for 72.5% of EAC's export potential in TFTA, translating to US\$ 1,216 million. The share of the remaining sectors is 27.5%, amounting to US\$ 460.6 million. This ranking of sectors in terms of their share aligns with those in AfCFTA, as shown in Table 4.3, reinforcing the importance of these sectors in the TFTA. Product-level analysis reveals that 130 products from the EAC have an export potential exceeding US\$ 100, 000 in the TFTA market (see Table D.1 of Annex D).



**Table 4.8: EAC's export potential in TFTA by sub-sector**

Sector	Export potential (US\$ million)	Share (%)
Tea & mate	340.1	20.3
Metals (except ferrous & precious)	191.1	11.4
Mineral resources	150.6	9.0
Coffee	58.7	3.5
Vegetables	55.8	3.3
Rice	55.5	3.3
Food products (processed or preserved)	41.3	2.5
Textile products	39.2	2.3
Apparel	37.3	2.2
Sugar	34.9	2.1
Beauty products & perfumes	30.6	1.8
Vegetable oils & fats	30.3	1.8
Pearls & (semi-)precious stones	28.1	1.7
Fish & shellfish	21.8	1.3
Chemicals	21.1	1.3
Live animals (except poultry)	17.5	1.0
Fertilizers	16.8	1.0
Paper products	16.1	1.0
Mineral products	14.9	0.9
Vegetal residues & animal feed	14.3	0.9
<b>Total top-20 sectors</b>	<b>1216.0</b>	<b>72.5</b>
Other sectors	460.6	27.5
<b>Overall total</b>	<b>1676.6</b>	<b>100.0</b>

Source:

Author's calculations using ITC Export Potential Map



## 4.2.3 EAC's export potential in Africa by member country

This section describes export potential at the country-level. It begins by describing the potential in AfCFTA, then TFTA and strategic interventions for each EAC Member State.

### 4.2.3.1 Republic of Burundi

#### 4.2.3.1.1 Burundi's export potential in AfCFTA

Table 4.9 reveals that processed cereals, ferrous metals, tea & mate, and coffee are the leading sub-sectors with significant export potential from Burundi. Furthermore, precious metals, unspecified waste, beauty products

& perfumes, plastics & rubber, and vegetal residues & animal feed are identified as key areas offering export opportunities. Processed cereals top the list with an export potential of \$6.6 million, followed by ferrous metals at \$5.6 million, and tea & mate at \$4 million. These sectors and coffee and precious metals demonstrate substantial unrealized potential within African markets, indicating areas where Burundi could improve its export performance. Notably, ferrous metals and tea & mate exhibit a considerable gap between their current exports and potential, pointing to untapped opportunities in the AfCFTA. The primary markets for Burundi's exports within the AfCFTA encompass various countries, including Seychelles, South Africa, Mauritania, Mauritius, Côte d'Ivoire, Egypt, and Eswatini. Seychelles and Mauritania are recurrent markets for several products, such as processed cereals, ferrous metals, and precious metals, while South Africa is a notable destination for exports ranging from tea & mate to beauty products & perfumes.

Table 4.9: Burundi's sub-sectors with the highest export potential in AfCFTA

Sub-Sectors	Actual Exports \$ Million	Export Potential (\$ Million)	Unrealized Potential (Remaining in African Markets) (\$ Million)	Top Markets
Cereals (processed)	6.2	6.6	0.451	Seychelles, South Africa, Mauritania, Mauritius, Côte d'Ivoire
Ferrous metals	2.4	5.6	3.3	Mauritania, Seychelles, Mauritius, South Africa, Eswatini
Tea & mate	1.7	4	2.3	Egypt, South Africa, Côte d'Ivoire
Coffee	4.1	1.5	0.573	Algeria, Eswatini, South Africa, Côte d'Ivoire, Zambia
Precious Metals	0	0.739	0.739	Mauritius, Seychelles, Morocco
Waste, n.e.s	0.412	0.689	0.335	Mauritania, Côte d'Ivoire, Seychelles, Senegal, Egypt
Beauty products & perfumes	0.172	0.463	0.291	Mauritania, Mauritius, Seychelles, Sudan, South Africa
Plastics & rubber	1.6	0.210	0.98	Mauritania, Mauritius, Seychelles, Egypt, South Africa
Vegetal residues & animal feed	0.11	0.012	0.084	Mauritania, Morocco, Egypt, South Africa

Note:

EAC markets are left out in the last column to filter out the potential effect of the EAC regional aspects

Source:

Author's calculations using ITC Export Potential Map



Burundi has five products with an export potential of at least US\$ 100,000 within the AfCFTA as shown in Annex B, Table B.2. The main top ten of these products are detailed in Table 4.10. The leading product is wheat or meslin flour, with an export potential of \$6.6 million. However, its actual exports amount to \$6.2 million, leaving an untapped potential of \$0.45 million. Key markets for this product include South Africa, Mauritania, Egypt, Burkina Faso, and Côte d'Ivoire. Other high-potential products in rank order are Bars & rods of iron or non-alloy steel, Black tea in packings over 3kg, Coffee (unroasted and non-decaffeinated), Gold (unwrought for non-monetary purposes), used textiles & textile articles, Soap & organic surface-active products, Boxes & articles for conveying/packaging goods made of plastics, and Bran sharps & other residues of wheat.

The specific markets for Burundi's products under the AfCFTA are:

- **South Africa:** Primary market for wheat or meslin flour (HS 1101), bars and rods of iron or non-alloy steel (HS 7214), black tea (HS 90240), coffee (unroasted, non-decaffeinated HS 0901), gold (unwrought for non-monetary purposes HS 7108), used textiles and textile articles (HS 6309), and bran, sharps, and other residues of wheat (HS 2302).
- **Mauritania:** Key market for wheat or meslin flour (HS 1101), bars and rods of iron or non-alloy steel (HS 7214), used textiles and textile articles (HS 6309), soap and organic surface-active products (HS 3401), and bran, sharps, and other residues of wheat (HS 2302).
- **Egypt:** Significant market for wheat or meslin flour (HS 1101), black tea (HS 90240), coffee (unroasted, non-decaffeinated HS 0901), used textiles and textile articles (HS 6309), and bran, sharps, and other residues of wheat (HS 2302).
- **Côte d'Ivoire:** Notable market for wheat or meslin flour (HS 1101), black tea (HS 90240), coffee (unroasted, non-decaffeinated HS 0901), used textiles and textile articles (HS 6309), and boxes and articles for conveying/packaging goods of plastics (HS 3923).

- **Mauritius:** Identified market for bars and rods of iron or non-alloy steel (HS 7214) and soap and organic surface-active products (HS 3401).
- **Seychelles:** Important market for bars and rods of iron or non-alloy steel (HS 7214) and soap and organic surface-active products (HS 3401).
- **Burkina Faso:** Emerging market for wheat or meslin flour (HS 1101).





**Table 4.10: Burundi's products with the highest export potential in AfCFTA**

HS Code	Products	Actual Export (\$ million)	Export Potential (\$ million)	Unrealized Potential (Remaining in African Markets) (\$ Million)	Top Markets
HS 1101	Wheat or meslin flour	6.2	6.6	0.45	South Africa, Mauritania, Egypt., Burkina Faso, Côte d'Ivoire
HS 7214	Bars & rods of iron or non-alloy steel	2.4	5.6	3.3	Mauritania, Mauritius, Seychelles, South Africa
HS 90240	Black tea, packings >3kg	1.7	4	2.3	Egypt, Mauritius, South Africa, Seychelles, Côte d'Ivoire
HS 0901	Coffee, not roasted, not decaffeinated	4.1	1.5	0.6	Egypt, South Africa, Eswatini, Senegal, Côte d'Ivoire
HS 7108	Gold, unwrought, for non-monetary purposes	0	0.739	0.739	Eswatini, South Africa, Morocco
HS 6309	Used textiles & textile articles	0.412	0.689	0.335	Mauritania, Côte d'Ivoire, Senegal, Egypt, South Africa
HS 3401	Soap & organic surface-active products	0.172	0.463	0.291	Mauritania, Mauritius, Seychelles, Sudan
HS 3923	Boxes & articles for conveying/packaging goods, of plastics	1.6	0.210	0.98	Mauritania, South Africa, Côte d'Ivoire, Senegal
HS 2302	Bran, sharps & other residues of wheat	0.111	0.012	0.008	Mauritania, Morocco, Egypt, South Africa.

Note:

The EAC markets are left out in the last column to filter out the potential effect of the EAC regional aspects

Source:

Author's calculations using ITC Export Potential Map



Wheat or meslin flour is observed to have the largest export potential for Burundi at the product-level. However, the product is classified as a sensitive product in ECOWAS and SACU. The market that has classified it as non-sensitive is Egypt, as seen in Table 4.11. Other products that have a high potential, although exhibiting barriers, are Black tea, packings >3kg to Seychelles and Mauritius. Used textiles & textile articles to Egypt and SACU,

Soap & organic surface-active products to SACU and Mauritius and Boxes & articles for conveying/packaging goods, of plastics to ECOWAS. These products are classified as sensitive items in these markets. Outstandingly, for some of these products, other markets in Africa classify them as non-sensitive items. Thus, suggesting that customized trade policies may be necessary to exploit the potential of these items.

**Table 4.11: Burundi's products with the highest export potential (AfCFTA-Categories-PSTC)**

HS Code	Products	Top Markets	A	B &/C
HS 1101	Wheat or meslin flour	South Africa, Mauritania, Egypt, Burkina Faso, Côte d'Ivoire	Egypt	ECOWAS, SACU
HS 7214	Bars & rods of iron or non-alloy steel	Mauritania, Mauritius, Seychelles, South Africa	SACU, Seychelles, Mauritius	
HS 090240	Black tea, packings >3kg	Egypt, Mauritius, South Africa, Seychelles, Côte d'Ivoire	Egypt, ECOWAS, SACU	Seychelles, Mauritius
HS 0901	Coffee, not roasted, not decaffeinated	Egypt, South Africa, Eswatini, Senegal, Côte d'Ivoire	Egypt, ECOWAS, SACU	
HS 7108	Gold, unwrought, for non-monetary purposes	Eswatini, South Africa, Morocco	SACU, Morocco	
HS 6309	Used textiles & textile articles	Mauritania, Côte d'Ivoire, Senegal, Egypt, South Africa	ECOWAS	Egypt, SACU
HS 3401	Soap & organic surface-active products	Mauritania, Mauritius, Seychelles, Sudan	Seychelles, Mauritius	SACU, Mauritius
HS 3923	Boxes & articles for conveying/packaging goods, of plastics	Mauritania, South Africa, Côte d'Ivoire, Senegal	SACU	ECOWAS
HS 2302	Bran, sharps & other residues of wheat	Mauritania, Morocco, Egypt, South Africa.	Egypt, SACU, Morocco	

Note:

Category A are non-sensitive items, Category B are sensitive products, and Category C are products excluded from tariff liberalization. PSTC for Somalia, Libya, Sudan, and Congo were unavailable for analysis

Source:

Author's calculations using ITC Export Potential Map



In terms of export diversification, as displayed in Table C.1 of Annex C of the Appendix, Burundi's best option products are Palm oil (excluding crude) & fractions, Raw cane sugar, Semi-milled or wholly milled rice, Cane or beet sugar & chemically pure sucrose and Cur roses & buds that are fresh. Burundi would find it easier to Export these products mainly to Mauritania, Mauritius, Uganda, and Seychelles. Highest demand for the same products exists in Egypt, South Africa, Sudan, Morocco, and Cote d'Ivoire.

### 4.2.3.1.2 Burundi's export potential in TFTA

Table 4.12 displays Burundi's top-5 products with the highest export potential in TFTA. The leading product is wheat or meslin flour, with an export potential of \$9.8 million. Key markets for this product include Seychelles, South Africa, Eswatini, Mauritius, Egypt and Zambia. Other high-potential products are Bars & rods of iron or non-alloy steel, Black tea in packings over 3kg, Coffee (unroasted and non-decaffeinated), and Gold (unwrought for non-monetary purposes).

**Table 4.12: Burundi's top-5 products with the highest export potential in TFTA**

Product	Export potential (US\$ Mil)	Top Markets
Bars & rods of iron or non-alloy steel	1.9	Seychelles, Mauritius, South Africa, Eswatini, Zambia, Egypt
Black tea, packings >3kg	3.3	Egypt, South Africa, Seychelles, Eswatini, Mauritius, Zambia
Coffee, not roasted, not decaffeinated	1.1	Egypt, Seychelles, Eswatini, South Africa, Mauritius, Zambia
Gold, unwrought, for non-monetary purposes	0.4	Mauritius, South Africa, Seychelles
Wheat or meslin flour	9.8	Seychelles, South Africa, Eswatini, Mauritius, Egypt, Zambia

Source:

Author's calculations using ITC Export Potential Map

### 4.2.3.1.3 Strategic interventions for Burundi

Some key policy interventions for unlocking Burundi's export potential in AfCFTA are:

#### a. Enhance export infrastructure and capacity building

- i. Invest in infrastructure development and logistical capabilities to support the export of high-potential products such as processed cereals, ferrous metals, tea & mate, and coffee.
- ii. Implement capacity-building programs to improve the quality standards, packaging, and distribution channels of exportable goods, ensuring they meet international market requirements.

#### b. Diversify export markets and product mix

- i. Explore new markets within the African Continental Free Trade Area (AfCFTA) beyond traditional destinations like Seychelles and South Africa.
- ii. Foster partnerships and trade agreements with emerging markets such as Burkina Faso, Egypt, and Mauritania to tap into their demand for Burundian products.

#### c. Customize trade policies for sensitive products

- i. Develop tailored trade policies to address barriers faced by sensitive products in certain markets, such as wheat or meslin flour, black tea, and used textiles.
- ii. Negotiate exemptions or tariff reductions for sensitive items within regional trade blocs like ECOWAS and SACU to facilitate their export competitiveness.

#### d. Invest in export diversification

- i. Promote the export diversification of Burundi by encouraging the production and export of alternative high-potential products like palm oil, raw cane sugar, and semi-milled rice.
- ii. Provide support to local producers through incentives, training, and access to finance to facilitate the expansion into new product categories and markets.



## 4.2.3.2 Democratic Republic of Congo

### 4.2.3.2.1 DRG's export potential in AfCFTA

In the DRC, Table 4.13 shows that the metals sector (excluding ferrous and precious metals) as having the highest export potential, estimated at \$383 million. This sector is followed by notable opportunities in several other areas: wood, ferrous metals, vegetal residues and animal feeds, pearls and semi-precious stones, mineral resources, coffee, unspecified crops, unspecified waste, beauty products and perfumes, food products, fish and shellfish, paper products, vegetable oils and fats, and vegetables. These top fifteen sub-sectors collectively represent an unrealized export potential of over \$2 billion within African markets.

This unrealized potential in sub-sectors like metals, wood, ferrous metals, and beauty products and perfumes highlights key areas where policy initiatives could stimulate growth and improve market access across Africa. This untapped potential also signals promising avenues for investment and expansion. Sub-sectors such as waste, food products, and fish and shellfish show high export potential, yet their current exports are minimal, suggesting these are areas ripe for development. Within the AfCFTA, key markets for DRC's exports include Egypt, South Africa, Namibia, Morocco, Zimbabwe, Senegal, Mauritania, Angola, Botswana, Zambia, Mozambique, Madagascar, Côte d'Ivoire, and Congo. Notably, Egypt and South Africa are recurrent markets for multiple sub-sectors. Egypt, for example, is a significant market for metals, wood, ferrous metals, vegetal residues and animal feeds, coffee, and unspecified crops. Similarly, Angola is a primary market for ferrous metals, beauty products and perfumes, food products, fish and shellfish, paper products, and vegetable oils and fats.





Table 4.13: DRC's sub-sectors with the highest export potential in AfCFTA

Sub-Sectors	Actual Exports (\$ Million)	Export Potential (\$ Million)	Unrealized Potential (\$ Million)	Top Markets
Metals (except ferrous & precious)	248	383	150	Egypt, South Africa, Namibia, Morocco, Zimbabwe
Wood	21	40	20	Morocco, Egypt, South Africa, Senegal, Mauritania
Ferrous metals	5.5	16	11	Egypt, South Africa, Morocco, Angola, Namibia
Vegetal residues & animal feeds	10	13	2.9	Morocco, Egypt, South Africa, Senegal, Mauritania
Pearls & (semi-)precious stones	2.1	6.8	4.7	South Africa, Botswana, Namibia, Mauritius.
Mineral resources	288	5.2	0.026	Zambia, Namibia, South Africa, Mozambique
Coffee	2.9	4.1	2.9	Morocco, Egypt, South Africa, Namibia, Senegal
Crops n.e.s	7.2	3.9	1.7	Madagascar, Morocco, Egypt, Angola, South Africa.
Waste n.e.s	0.091	3.7	3.6	Madagascar, Angola, South Africa, Senegal, Mauritania.
Beauty products & perfumes	1.2	3.4	3.2	Angola, Morocco, Madagascar, South Africa, Senegal
Food products	0	2.7	2.7	Angola, Senegal, Mauritania, Congo, Madagascar
Fish & shellfish	0.0027	2.1	2.1	Angola, Côte d'Ivoire, Egypt, Congo, Senegal
Paper products	1.7	1.6	1.5	Angola, Madagascar, South Africa, Morocco, Mauritania.
Vegetables oils & fats	3.4	1.5	0.862	Angola, Madagascar, Morocco, Senegal, Mauritania.
Vegetables	0.231	1	0.819	Angola, South Africa, Morocco, Namibia, Botswana

Note:

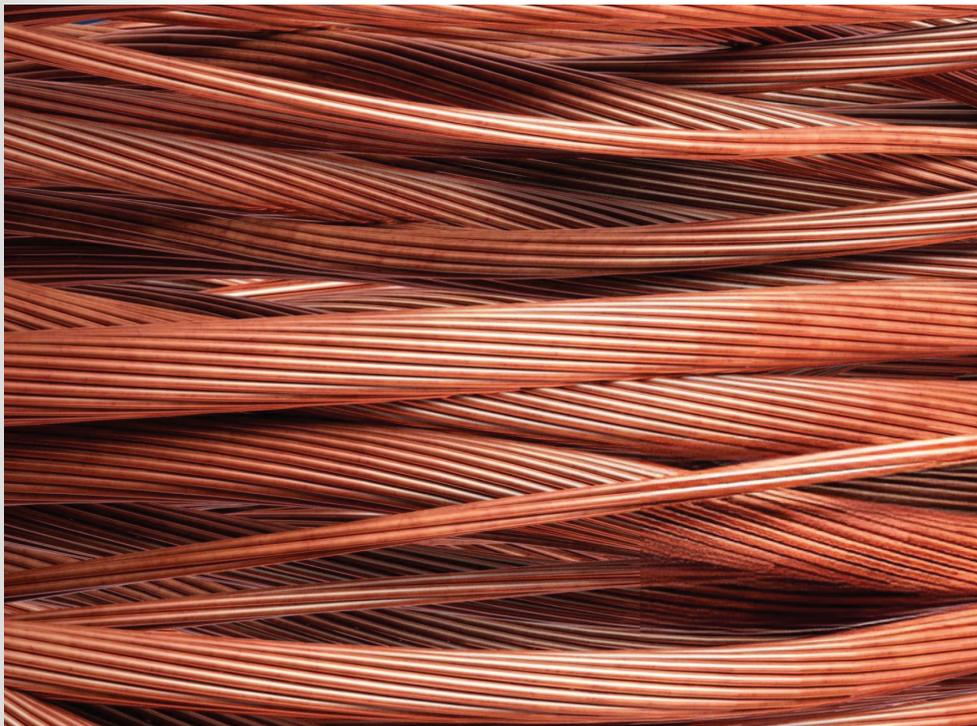
The EAC-markets are left out in the last column to filter out the potential effect of the EAC regional aspects

Source:

Author's calculations using ITC Export Potential Map



The DRC has identified 35 products with significant export potential within the African Continental Free Trade Area (AfCFTA), as detailed in Table B.3 of Annex B. Of these, the top ten are displayed in Table 4.14, with copper cathodes leading at an export potential of US\$ 375 million. However, only US\$ 239 million of this potential has been realized, leaving an unrealized potential of US\$ 146 million. The DRC's copper reserves are among the highest quality globally, with some mines boasting grades above 3%, significantly higher than the global average of 0.6–0.8%. Key markets within the AfCFTA for copper cathodes include Egypt, South Africa, and Côte d'Ivoire. Other high-potential exports from the DRC are sawn/chipped Mahogany wood (more than 6 mm thickness), waste and scrap of tinned iron/steel, bran sharps and other wheat residues, unworked diamonds, copper ores and concentrates, unroasted and non-decaffeinated coffee, unrefined copper, medicinal plants and herbs, and beauty, make-up, and skincare preparations.



Specific markets for these products in the AfCFTA are as follows:

- **Egypt:** Key market for Copper Cathodes (HS 7403), Bran, Sharps, and Other Residues of Wheat (HS 2302), Coffee (HS 9011), and Medicinal Plants and Herbs (HS 1211).
- **South Africa:** Significant market for Copper Cathodes (HS 7403), Mahogany Wood (HS 4407), Waste and Scrap of Tinned Iron/Steel (HS 7204), Bran, Sharps, and Other Residues of Wheat (HS 2302), Diamonds (HS 7102), Copper Ores and Concentrates (HS 2603), Coffee (HS 9011), Medicinal Plants and Herbs (HS 1211), and Beauty, Make-up, and Skincare Preparations (HS 330499).
- **Morocco:** Market for Waste and Scrap of Tinned Iron/Steel (HS 7204), Bran, Sharps, and Other Residues of Wheat (HS 2302), Coffee (HS 9011), Unrefined Copper (HS 7402), Medicinal Plants and Herbs (HS 1211), and Beauty, Make-up, and Skincare Preparations (HS 330499).
- **Namibia:** Key market for Diamonds (HS 7102), Copper Ores and Concentrates (HS 2603), and Unrefined Copper (HS 7402).
- **Mauritania:** Market for Bran, Sharps, and Other Residues of Wheat (HS 2302), Coffee (HS 9011), Unrefined Copper (HS 7402), and Beauty, Make-up, and Skincare Preparations (HS 330499).
- **Botswana, Madagascar, and Angola:** Noted markets for specific products like Mahogany Wood (HS 4407), Diamonds (HS 7102), Medicinal Plants and Herbs (HS 1211), and Beauty, Make-up, and Skincare Preparations (HS 330499).



**Table 4.14: DRC's products with the highest export potential in AfCFTA**

HS Code	Products	Actual Export (\$ million)	Export Potential (\$ million)	Unrealized Potential (\$ Million)	Top Markets
HS 7403	Copper cathodes	239	375	146	Egypt, South Africa, Côte d'Ivoire
HS 4407	Mahogany wood, sawn/chipped lengthwise, >6 mm	19	35	15	South Africa, Uganda, Kenya
HS 7204	Waste & scrap of tinned iron/steel	4.8	14	9	South Africa, Morocco, Mali, Benin
HS 2302	Bran, sharps & other residues of wheat	10	13	2.9	Morocco, Egypt, Senegal, South Africa, Mauritania.
HS 7102	Diamonds, unworked	1.3	5.9	4.6	South Africa, Botswana, Namibia, Mauritius
HS 2603	Copper ores & concentrates	288	5.1	0.021	Zambia, Namibia, South Africa
HS 9011	Coffee, not roasted, not decaffeinated	2.9	4.1	2.9	Morocco, Egypt, South Africa, Mauritania, Senegal.
HS 7402	Unrefined copper	8.1	3.9	0.144	Namibia, Angola, Morocco, Mauritania, Congo
HS 1211	Medicinal plants, herbs	7.2	3.8	1.6	Madagascar, Morocco, Egypt, South Africa, Angola
HS 330499	Beauty, make-up & skincare preparations	0.872	2.7	2.6	Angola, Morocco, South Africa, Madagascar, Mauritania

Note:

The EAC-markets are left out in the last column to filter out the potential effect of the EAC regional aspects

Source:

Author's calculations using ITC Export Potential Map

Most of the products that the DRC has a high export potential in under the AfCFTA are classified as non-sensitive as per Table 4.15. The exception to this is Beauty, make-up & skincare preparations which is classified as a sensitive item in ECOWAS and SACU. Thus, for this product, DRC may consider exploiting other markets like Morocco and Madagascar which classify this product as a non-sensitive item.



Table 4.15: DRC's products with the highest export potential (AFCFTA-Categories-PSTC)

HS Code	Products	Top Markets	A	B & / C
HS 7403	Copper cathodes	Egypt, South Africa, Côte d'Ivoire	Egypt, ECOWAS, SACU	
HS 4407	Mahogany wood, sawn/chipped lengthwise, >6 mm	South Africa, Uganda, Kenya	SACU, Uganda, Kenya	
HS 7204	Waste & scrap of tinned iron/steel	South Africa, Morocco, Mali, Benin	ECOWAS, SACU, Morocco	
HS 2302	Bran, sharps & other residues of wheat	Morocco, Egypt, Senegal, South Africa, Mauritania.	Egypt, ECOWAS, SACU	
HS 7102	Diamonds, unworked	South Africa, Botswana, Namibia, Mauritius	ECOWAS, SACU, Mauritius	
HS 2603	Copper ores & concentrates	Zambia, Namibia, South Africa	ECOWAS, SACU, Zambia,	
HS 09011	Coffee, not roasted, not decaffeinated	Morocco, Egypt, South Africa, Mauritania, Senegal.	Egypt, ECOWAS, SACU, Morocco	
HS 7402	Unrefined copper	Namibia, Angola, Morocco, Mauritania, Congo	ECOWAS, SACU, Morocco	
HS 1211	Medicinal plants, herbs	Morocco, Egypt, South Africa, Angola	Egypt, SACU, Morocco	
HS 330499	Beauty, make-up & skincare preparations	Angola, Morocco, South Africa, Madagascar, Mauritania	Morocco, Madagascar	ECOWAS, SACU

Note:

Category A are non-sensitive items, category B are sensitive products and category C, are products excluded from tariff liberalization. PSTC for Somalia, Libya, Sudan, and Congo were unavailable for analysis

Source:

Author's calculations using ITC Export Potential Map

In terms of export diversification, as displayed in Table C.7 of Annex C of the Appendix, the DRC's best option products to diversify are Raw cane sugar, Maize (excluding seed for sowing), Oil cake of soya -bean oil, Semi-milled or wholly milled rice and Broken Rice. Some of the favorable markets for these products are Morocco, Rwanda, Egypt, Madagascar, Tanzania, and Senegal. Highest demand exists for Maize in Egypt and Morocco, this is followed by raw cane sugar with high demands in Morocco, Egypt, and South Africa. Rice from DRC is also highly demanded in South Africa, Kenya, Senegal, Angola, Madagascar, Egypt, and Uganda.

#### 4.2.3.2.2 DRC's export potential in TFTA

Table 4.16 displays the DRC's top-5 products with the highest export potential in TFTA. The leading product is copper cathodes, with an export potential of \$181.3 million. Key markets for this product include Egypt, South Africa, Zimbabwe and Tunisia. Other high-potential products are copper ores & concentrates, Diamonds, unworked, Gold, semi-manufactured, for non-monetary purposes, and Unrefined copper.



**Table 4.16: DRC's top-5 products with the highest export potential in TFTA**

Product	Export potential (US\$ Mil)	Top Markets
Copper cathodes	181.3	Egypt, South Africa, Zimbabwe, Tunisia
Copper ores & concentrates	148.2	Zambia, Namibia, Mozambique
Diamonds, unworked	6.9	South Africa, Botswana, Namibia
Gold, semi-manufactured, for non-monetary purposes	2.8	South Africa
Unrefined copper	7.3	Namibia, Angola, Mozambique

Source:

Author's calculations using ITC Export Potential Map

### 4.2.3.2.3 Strategic interventions for the DRC

Some key policy interventions for unlocking the DRC's export potential in AfCFTA are:

#### a. Investing in metal sector development

- i. Prioritize investment in the metals sector, especially in the production and export of non-ferrous and non-precious metals, which have significant export potential.
- ii. Allocate resources for infrastructure development, technology enhancement, and capacity building to exploit the untapped export potential of metals, particularly copper cathodes, which have a substantial unrealized potential of \$146 million.

#### b. Promote value addition in wood and mineral resources

- i. Encourage value addition activities in the wood and mineral resources sectors to increase export competitiveness and capture higher value in the supply chain.
- ii. Support local processing industries for sawn/chipped Mahogany wood and other wood products to meet the demand in markets like Morocco, Egypt, and South Africa.

#### c. Facilitate Export Diversification and Market Access.

- i. Facilitate export diversification by promoting the export of high-potential products such as coffee, agricultural crops, and beauty products to untapped markets within the AfCFTA.
- ii. Strengthen trade agreements and partnerships with key markets like Egypt, South Africa, Morocco, and Angola to enhance market access and reduce trade barriers for DRC's export products.

#### d. Customize trade policies for sensitive products.

- i. Tailor trade policies to address market sensitivities for certain export products, such as beauty, make-up, and skincare preparations, which are classified as sensitive items in regional trade blocs like ECOWAS and SACU.
- ii. Explore alternative markets like Morocco and Madagascar, which classify these products as non-sensitive items, to maximize export opportunities and mitigate trade barriers.



### 4.2.3.3 Republic of Kenya

#### 4.2.3.3.1 Kenya's export potential in AfCFTA

Table 4.17 displays Kenya's export potential in the AfCFTA by sector and primary markets. The tea and mate sub-sector holds the highest export potential, valued at \$349 million, followed by ferrous metals, processed, or preserved food products, vegetable oils and fats, mineral products, chemicals, beauty products and perfumes, paper products, metal products, and various manufactured products. Vegetables, footwear, fertilizers, machinery, and electricity are also notable. Each of these top fifteen sub-sectors boasts an export potential exceeding \$40 million. Among them, ferrous metals, food products, vegetable oils and fats, mineral products, beauty products, and tea and mate present the greatest unrealized potential within African markets.

These sub-sectors are crucial areas where policy initiatives could drive growth and improve market access in Africa. This significant unrealized potential also indicates promising investment and expansion opportunities. While plastic and rubber, paper products, machinery, and electricity show high export potential from Kenya to AfCFTA member states, their actual export values surpass the potential, indicating robust export performance in these areas. The success of these sub-sectors might reflect an effective existing policy framework, which could serve as a model for other sectors in Kenya. Notably, plastic and rubber products are identified as items Kenya could target towards other bilateral partners, leveraging its growing efficiency in these products (Raga et al., 2021). Raga et al. (2021) suggest that Kenya could redirect exports of these products from the EAC to the Rest of Africa (ROA), responding to the rising demand in these nations.

Significant markets for Kenya's top export potential sectors include Egypt, Sudan, Nigeria, South Africa, Somalia, Ethiopia, Zimbabwe, Zambia, Mozambique, Malawi, Côte d'Ivoire, Ghana, and Djibouti, as detailed in Table 4.17. These markets often recur in Kenya's exports. For example, Egypt is a potential market for tea and mate, ferrous metals, processed or preserved food products, vegetable oils and fats, chemicals, plastics and rubber,

and machinery and electricity. Ethiopia is a significant market for ferrous metals, chemicals, plastics and rubber, paper products, metal products, miscellaneous manufactured products, and machinery and electricity. Zambia is a key market for ferrous metals, vegetable oils and fats, mineral products, chemicals, beauty products and perfumes, plastics and rubber, and machinery and electricity. Mozambique commonly imports ferrous metals, food products, vegetable oils and fats, mineral products, chemicals, beauty products and perfumes, plastics and rubber, and machinery and electricity from Kenya. Zimbabwe primarily imports ferrous metals, vegetable oils and fats, mineral products, plastics and rubber, and machinery and electricity. Malawi is a market for food products, beauty products and perfumes, paper products, and metal products. South Africa is a notable market for tea and mate, chemicals, fertilizers, and vegetables. Nigeria shows potential for importing tea and mate, miscellaneous manufactured products, vegetables, and footwear. Somalia is a market for tea and mate, beauty products and perfumes, footwear, and fertilizers. Lastly, Côte d'Ivoire and Ghana are markets for mineral products and vegetables.





Table 4.17: Kenya's sub-sectors with the highest export potential in AfCFTA

Sub-Sectors	Actual Exports (\$ Million)	Export Potential (\$ Million)	Unrealized Potential (Remaining in African Markets) (\$ Million)	Top Markets
Tea & mate	267	349	95	Egypt, Sudan, Nigeria, South Africa, Somalia
Ferrous metals	165	269	129	Ethiopia, Zimbabwe, Zambia, Mozambique, Egypt
Food products (processed or preserved)	194	248	106	Egypt, Ethiopia, Mozambique, Zambia, Malawi
Vegetable oils & fats	164	223	103	Zambia, Ethiopia, Malawi, Mozambique, Zimbabwe
Mineral Products	119	217	104	Côte d'Ivoire, Ghana, Mozambique, Zimbabwe, Zambia
Chemicals	161	197	88	Ethiopia, Zambia, South Africa, Mozambique, Egypt
Beauty products & perfumes	108	188	93	Malawi, Somalia, Ethiopia, Mozambique, Zambia
Plastics & rubber	120	113	43	Ethiopia, Zambia, Mozambique, Zimbabwe, Egypt
Paper Products	108	99	40	Ethiopia, Malawi, Zambia, Mozambique, South Africa.
Metal products	56	92	56	Ethiopia, Mozambique, Zambia, Egypt, Malawi
Miscellaneous manufactured products	66	90	45	Ethiopia, Nigeria, Zambia, Zimbabwe, Mozambique.
Vegetables	13	69	58	Somalia, Djibouti, Mozambique, Nigeria, Côte d'Ivoire
Footwear	32	54	26	Somalia, Zimbabwe, Mozambique, Zambia, Nigeria
Fertilizers	34	48	22	Ethiopia, Somalia, Zimbabwe, South Africa, Egypt
Machinery, electricity	72	47	13	Zambia, Ethiopia, Mozambique, Egypt, Zimbabwe

Note:

The EAC-markets are left out in the last column to filter out the potential effect of the EAC regional aspects

Source:

Author's calculations using ITC Export Potential Map



Kenya has 75 products with significant export potential in the AfCFTA, each with a minimum potential of US\$ 100,000, as detailed in Table B.4 of Annex B. The top ten of these products are highlighted in Table 4.18. Leading the list is black tea in packings larger than 3kg (HS 090240), with a current export value in AfCFTA of \$256 million and an estimated potential of \$342 million. This suggests an unrealized potential of \$86 million, emphasizing Kenya's global prowess in blending and packaging black tea (ITC, 2022a). The main markets for black tea are Egypt, Sudan, Nigeria, South Africa, Somalia, Morocco, Ghana, and Tunisia. Other significant products with high export potential include Soap & organic surface-active products (HS 340119), Flat products of iron or non-alloy steel (HS 721070), Cement clinkers (HS 252310), Palm oil (excluding crude) & fractions (HS 1511), Salts (HS 250100), Flat-rolled products of iron or non-alloy steel (HS 721061), Margarine (excluding liquid) (HS 151710), Food preparations (HS 210690), and Crown corks of base metal (HS 830910). Each of these products has an export potential exceeding \$60 million.

The primary export destinations for these products are:

- **Egypt:** Key market for black tea (HS 090240), flat products of iron or non-alloy steel (HS 721070), palm oil (HS 1511), and food preparations (HS 210690).
- **Ethiopia:** Market for soap & organic surface-active products (HS 340119), flat products of iron or non-alloy steel (HS 721070), palm oil (HS 1511), food preparations (HS 210690), and crown corks of base metal (HS 830910).
- **Zimbabwe:** Significant market for soap & organic surface-active products (HS 340119), flat products of iron or non-alloy steel (HS 721070), cement clinkers (HS 252310), palm oil (HS 1511), salts (HS 250100), and food preparations (HS 210690).

- **Zambia:** Key market for soap & organic surface-active products (HS 340119), flat products of iron or non-alloy steel (HS 721070), salts (HS 250100), margarine (HS 151710), and food preparations (HS 210690).
- **Mozambique:** Common market for soap & organic surface-active products (HS 340119), cement clinkers (HS 252310), margarine (HS 151710), food preparations (HS 210690), and crown corks of base metal (HS 830910).
- **Malawi:** Identified market for soap & organic surface-active products (HS 340119), palm oil (HS 1511), salts (HS 250100), flat-rolled products of iron or non-alloy steel (HS 721061), margarine (HS 151710), and food preparations (HS 210690).
- **Somalia:** Features black tea (HS 090240), soap & organic surface-active products (HS 340119), palm oil (HS 1511), and food preparations (HS 210690).
- **Ghana:** Noted for black tea (HS 090240), flat-rolled products of iron or non-alloy steel (HS 721061), margarine (HS 151710), and crown corks of base metal (HS 830910).
- **Nigeria:** Potential market for black tea (HS 090240), margarine (HS 151710), and crown corks of base metal (HS 830910).
- **Cote d'Ivoire and Cameroon:** Notable for cement clinkers (HS 252310).
- **Djibouti:** Identified for palm oil (HS 1511).
- **Mauritius:** Noted for margarine (HS 151710).
- **Tunisia and Morocco:** Markets for black tea (HS 090240).



Table 4.18: Kenya's products with the highest export potential in AfCFTA

HS Code	Products	Actual Export (\$ million)	Export Potential (\$ million)	Unrealized Potential (Remaining in African Markets) (\$ Million)	Top Markets
HS 090240	Black tea, packings >3kg	256	342	91	Egypt, Sudan, Nigeria, South Africa, Somalia, Morocco, Ghana, Tunisia
HS 340119	Soap & organic surface-active products	64	137	73	Malawi, Somalia, Mozambique, Zimbabwe, Ethiopia, Zambia
HS 721070	Flat products of iron or non-alloy steel	70	120	54	Zimbabwe, Ethiopia, Zambia, Egypt
HS 252310	Cement clinkers	54	105	51	Cote d'Ivoire, Ghana, Mozambique, Zimbabwe, Cameroon
HS 1511	Palm oil (excl crude) & fractions	74	94	39	Zimbabwe, Somalia, Djibouti, Egypt, Ethiopia
HS 250100	Salts	40	76	36	Zambia, Malawi, Zimbabwe
HS 721061	Flat-rolled products of iron or non-alloy steel	41	74	38	Ghana, Cote d'Ivoire, Malawi
HS 151710	Margarine (excl liquid)	39	71	34	Malawi, Zambia, Mozambique, Nigeria, Ghana, Mauritius
HS 210690	Food preparations	64	68	25	Egypt, Ethiopia, Mozambique, Malawi, Zambia, Somalia
HS 830910	Crown corks of base metal	19	63	45	Ethiopia, Mozambique, Zambia, Nigeria, Ghana

Note:

The EAC-markets are left out in the last column to filter out the potential effect of the EAC regional aspects

Source:

Author's calculations using ITC Export Potential Map



Most of the products identified to have a high export potential in AfCFTA are classified as non-sensitive products (A), as highlighted in Table 4.19. However, this list exempts Soap & organic surface-active products (HS 340119), Margarine (HS 151710) and Food preparations (HS 210690). These products are classified as sensitive products (B) or products excluded from tariff liberalization (C) in some markets in Africa. Some of the outstanding markets are members of SACU and ECOWAS, Ethiopia, Zambia, Malawi, Mauritius, and Egypt. This generally suggests potential trade barriers within some regions like ECOWAS and SACU, posing challenges to market access for these products from Kenya.



**Table 4.19: Kenya's products with the highest export potential (AfCFTA-Categories-PSTC)**

HS Code	Products	A	B &/ C
HS 090240	Black tea, packings >3kg	Egypt, Morocco, Tunisia, Zambia, ECOWAS, SACU	
HS 340119	Soap & organic surface-active products	ECOWAS, Zambia, Malawi,	SACU, Ethiopia
HS 721070	Flat products of iron or non-alloy steel	Egypt, ECOWAS, SACU, Zambia, Ethiopia	
HS 252310	Cement clinkers	ECOWAS, SACU, CEMAC	
HS 1511	Palm oil (excl crude) & fractions	Egypt, ECOWAS, SACU, Ethiopia	
HS 250100	Salts	ECOWAS, SACU, Zambia, Malawi	
HS 721061	Flat-rolled products of iron or non-alloy steel	ECOWAS and Malawi,	
HS 151710	Margarine (excl liquid)	SACU	ECOWAS, Zambia, Malawi, Mauritius
HS 210690	Food preparations	ECOWAS, SACU, Zambia, Ethiopia	Egypt, Malawi
HS 830910	Crown corks of base metal	ECOWAS, SACU, Zambia, Ethiopia	ECOWAS, SACU

Note:

Category A are non-sensitive items, category B are sensitive products and category C, are products excluded from tariff liberalization. PSTC for Somalia, Libya, Sudan, and Congo were unavailable for analysis

Source:

Author's calculations using ITC Export Potential Map



The results for Kenya's product diversification indicator, which assesses the country's export feasibility based on its current export basket and those of similar countries, are detailed in Table C.3 of Annex C of the Appendix. Product diversification indicates what the country is currently not producing to its potential but can produce and export. The main five products for Kenya are raw cane sugar, rice, roots & tubers, and bananas. For raw cane sugar, the largest demand exists in Algeria, Nigeria, Morocco, and Egypt. Semi-milled or wholly milled rice has significant demand potential in Africa, with Cote d'Ivoire as the leading destination at US\$ 505 million, followed by South Africa (US\$ 450 million), Mozambique (US\$ 259 million), Somalia (US\$ 190 million) and Madagascar (US\$ 180 million).

This finding aligns with USDA (2023)'s projections, indicating that Kenya's rice production is expected to increase to 90,000 metric tons (MT) from 80,000 MT in 2023, attributed to the expansion of the Mwea irrigation scheme after completing the Thiba Dam. The Kenyan government, through the National Rice Development Strategy for 2019 to 2030 (Republic of Kenya, 2020), acknowledges the potential to produce sufficient rice and increase exports with appropriate production practices and policies. In the case of roots and tubers, the highest demand and ease of exporting are found in Somalia (US\$ 22 million) and Djibouti (US\$46 million). Broken rice has its main markets in Senegal, Djibouti, Ethiopia, Sierra Leone, Zimbabwe, and Cote d'Ivoire. Bananas are in higher demand in Somalia, South Africa, Tunisia, Egypt, and Morocco. To diversify its exports effectively, Kenya's primary markets outside the East African Community (EAC) are Somalia, Ethiopia, South Africa, Egypt, Djibouti, Mozambique, Zimbabwe, Nigeria, Morocco, Tunisia, and Libya.

#### 4.2.3.3.2 Kenya's export potential in TFTA

Table 4.20 displays the Kenya's top-5 products with the highest export potential in TFTA. The leading product is black tea, packings >3kg, with an export potential of \$312.3 million. Key markets for this product include Egypt, Sudan, South Africa, Somalia, Tunisia, Botswana, Djibouti, Namibia, Mauritius and Lesotho. Other high-potential products are crown corks of base metal, food preparations, soap & organic surface-active products, and vegetables, fresh or chilled.

Table 4.20: Kenya's top-5 products with the highest export potential in TFTA

Product	Export potential (US\$ Mil)	Top Markets
Black tea, packings >3kg	312.3	Egypt, Sudan, South Africa, Somalia, Tunisia, Botswana, Djibouti, Namibia, Mauritius, Lesotho
Crown corks of base metal	31.1	Ethiopia, Mozambique, Zambia, Madagascar, Namibia, Angola, Eritrea
Food preparations	63.2	Egypt, Ethiopia, Mozambique, Malawi, Zambia, Somalia, Zimbabwe, Mauritius, Eritrea
Soap & organic surface-active products	105.4	Malawi, Somalia, Mozambique, Zimbabwe, Sudan, Comoros, Djibouti, Angola, Madagascar, Mauritius, Namibia
Vegetables, fresh or chilled	52.2	Somalia, Djibouti, Seychelles

Source:

Author's calculations using ITC Export Potential Map





### 4.2.3.3 Strategic interventions for Kenya

Some key policy interventions for unlocking Kenya's export potential in AfCFTA are:

#### a. Strengthen tea and mate sector

- i. Given the significant export potential of tea and mate, valued at \$349 million, Kenya should focus on strengthening this sector through improved production practices, value addition, and market diversification.
- ii. Target key markets such as Egypt, Sudan, Nigeria, South Africa, and Somalia, where there is consistent demand for tea and mate products.

#### b. Enhance value addition in Agro-processing

- i. Invest in agro-processing industries to add value to agricultural products like processed or preserved food products, vegetable oils and fats, and food preparations.
- ii. Promote export-ready processed food products to meet the demand in markets such as Egypt, Ethiopia, Mozambique, Zambia, and Malawi.

#### c. Address trade barriers for sensitive products

- i. Develop strategies to overcome trade barriers for sensitive products like soap & organic surface-active products, margarine, and food preparations in markets within ECOWAS and SACU.
- ii. Advocate for trade agreements and tariff concessions to facilitate market access for these products in key markets like Ethiopia, Zambia, Malawi, and Mauritius.

#### d. Diversify export basket

- i. Focus on diversifying Kenya's export basket by tapping into high-demand products with growth potential, such as raw cane sugar, rice, roots & tubers, and bananas.
- ii. Target markets like Algeria, Nigeria, Morocco, Egypt, Cote d'Ivoire, Somalia, Djibouti, South Africa, and Mozambique for these diversified products to expand export opportunities.

### 4.2.3.4 Republic of Rwanda

#### 4.2.3.4.1 Rwanda's export potential in AfCFTA

The leading sub-sectors in Rwanda with the highest export potential, as detailed in Table 4.21, include processed or preserved food products, processed cereals, and vegetable oils and fats, as well as waste not elsewhere specified. Additionally, the sub-sectors of tea and mate, rice, mineral products, ferrous metals, footwear, beauty products and perfumes, fish and shellfish, precious metals, plastic and rubber, coffee, and miscellaneous manufactured products present significant opportunities in the AfCFTA market. Specifically, food products show a potential of \$49 million, followed by processed cereals at \$40 million, and vegetable oils and fats at \$23 million.

These sectors, alongside waste n.e.s and tea & mate, demonstrate considerable unrealized potential in African markets, highlighting areas for growth and market expansion. Particularly, waste n.e.s and rice exhibit large disparities between their current exports and potential, indicating untapped markets within the AfCFTA. Key markets for Rwanda's exports include Ethiopia, Congo, Egypt, Sudan, and Ghana, which frequently emerge as top destinations in multiple sub-sectors. Congo is a notable market for a range of products from food to beauty products and perfumes while Ethiopia and Sudan are significant markets for various Rwandan export sub-sectors, such as processed cereals and footwear.





Table 4.21: Rwanda's sub-sectors with the highest export potential in AfCFTA

Sub-Sectors	Actual Exports (\$ Million)	Export Potential (\$ Million)	Unrealized Potential (Remaining in African Markets) (\$ Million)	Top Markets
Food products (processed or preserved)	52	49	10	Ethiopia, Congo, Egypt, Zambia, Sudan
Cereals (processed)	28	40	14	Ethiopia, Congo, Sudan, Somalia, Ghana
Vegetable oils & fats	25	23	14	Ethiopia, Congo, Egypt, Ghana, Sudan
Waste	11	23	16	Congo, Ghana, Nigeria, Malawi, Niger
Tea & mate	11	17	7.6	Egypt, Sudan, South Africa, Ghana, Nigeria
Rice	21	15	13	Ethiopia, Congo, Ghana, Niger, Somalia
Mineral products	14	9.9	4.6	Congo, Ghana, Sudan, South Africa, Somalia
Ferrous metals	6.8	8.2	4.3	Ethiopia, Congo, Ghana, Egypt, Zambia.
Footwear	5.8	4.6	3	Congo, Sudan, Ghana, Ethiopia, South Africa
Beauty products & perfumes	4.2	4.1	2.9	Congo, Ethiopia, Sudan, Malawi, Somalia
Fish & shellfish	6.6	3.8	1.5	Congo, Ghana, Zambia, Nigeria, Egypt
Precious metals	0	3.4	3.4	Morocco, Mauritius, Tunisia
Plastic & rubber	8.2	3.3	1.6	Ethiopia, Ghana, Congo, Sudan, Egypt
Coffee	8	3.1	1.1	Egypt, Morocco, Sudan, South Africa, Eswatini
Miscellaneous manufactured products	3.3	2.7	1.3	Ethiopia, Congo, Sudan, Ghana, Zambia

Note:

The EAC-markets are left out in the last column to filter out the potential effect of the EAC regional aspects

Source:

Author's calculations using ITC Export Potential Map



Rwanda has identified 38 products with significant export potential within the AfCFTA, each valued at over US\$ 100,000, as outlined in Annex B's Table B.5. The top ten of these products are listed in Table 4.22. Leading the list is wheat or meslin flour, with current exports at \$22 million against a potential of \$32 million, indicating an unrealized potential of \$10 million. The primary markets for this product are Sudan, Ethiopia, Somalia, Ghana, and South Africa. Following wheat or meslin flour in export potential are food preparations for infant use, used textiles and textile articles, palm oil (excluding crude) and its fractions, flour meal and powder of sago or roots or tubers, black tea in packings greater than 3kg, semi-milled or wholly milled rice, Portland cement, maize flour, and footwear with rubber or plastic soles and uppers. Each of these products has an export potential exceeding \$4 million.

Specific markets for these products in the AfCFTA are as follows:

- **Sudan:** Key market for Wheat or meslin flour (HS 1101), Black tea, packings >3kg (HS 90240), Portland cement (HS 2523), Maize flour (HS 1102), Footwear, rubber/plastic soles & uppers (HS 6402).
- **Ethiopia:** Market for Wheat or meslin flour (HS 1101), Food preparations for infant use (HS 1901), Palm oil (excl crude) & fractions (HS 1511), Semi-milled or wholly milled rice (HS 1006), Footwear, rubber/plastic soles & uppers (HS 6402).
- **Somalia:** Significant market for Wheat or meslin flour (HS 1101).
- **Ghana:** Identified market for Wheat or meslin flour (HS 1101), Food preparations for infant use (HS 1901), Used textiles & textile articles (HS 6309), Palm oil (excl crude) & fractions (HS 1511), Flour, meal & powder of sago, roots or tubers (HS 1106), Black tea, packings >3kg (HS 90240), Semi-milled or wholly milled rice (HS 1006), Portland cement (HS 2523), Footwear, rubber/plastic soles & uppers (HS 6402).
- **South Africa:** Noted for Wheat or meslin flour (HS 1101), Flour, meal & powder of sago, roots or tubers (HS 1106), Black tea, packings >3kg

(HS 90240), Semi-milled or wholly milled rice (HS 1006), Portland cement (HS 2523).

- **South Sudan:** Potential market for Food preparations for infant use (HS 1901), Palm oil (excl crude) & fractions (HS 1511), Portland cement (HS 2523), Maize flour (HS 1102), Footwear, rubber/plastic soles & uppers (HS 6402).
- **Congo:** Notable for Food preparations for infant use (HS 1901), Used textiles & textile articles (HS 6309), Palm oil (excl crude) & fractions (HS 1511), Semi-milled or wholly milled rice (HS 1006), Portland cement (HS 2523), Maize flour (HS 1102), Footwear, rubber/plastic soles & uppers (HS 6402).
- **Egypt:** Features for Food preparations for infant use (HS 1901), Palm oil (excl crude) & fractions (HS 1511), Black tea, packings >3kg (HS 90240).
- **Zambia:** Identified market for Food preparations for infant use (HS 1901).
- **Nigeria:** Market for Used textiles & textile articles (HS 6309), Flour, meal & powder of sago, roots, or tubers (HS 1106).
- **Malawi:** Noted for used textiles & textile articles (HS 6309).
- **Niger:** Potential market for Used textiles & textile articles (HS 6309), Semi-milled or wholly milled rice (HS 1006).





Table 4.22: Rwanda's products with the highest export potential in AfCFTA

HS Code	Products	Actual Export (\$ million)	Export Potential (\$ million)	Unrealized Potential (\$ million)	Top Markets
HS 1101	Wheat or meslin flour	22	32	10	Sudan, Ethiopia, Somalia, Ghana, South Africa
HS 1901	Food preparations for infant use	29	26	2.7	Ethiopia, South Sudan, Congo, Egypt, Zambia
HS 6309	Used textiles & textile articles	11	23	16	Congo, Ghana, Nigeria, Malawi, Niger
HS 1511	Palm oil (excl crude) & fractions	23	21	13	Ethiopia, South Sudan, Congo, Ghana, Egypt
HS 1106	Flour, meal & powder of sago, roots or tubers	13	17	3.8	South Africa, Nigeria, Ghana, Morocco, Mozambique, Mauritius, Mali
HS 90240	Black tea, packings >3kg	11	17	7.6	Egypt, Sudan, South Africa, Ghana
HS 1006	Semi-milled or wholly milled rice	19	14	12	Ethiopia, Congo, Ghana, Niger, South Africa
HS 2523	Portland cement	12	8.5	3.5	South Sudan, Congo, Sudan, Ghana, South Africa
HS 1102	Maize flour	6.3	7.3	3.4	Ethiopia, Congo, Sudan, South Sudan
HS 6402	Footwear, rubber/plastic soles & uppers	3.7	4.2	2.7	Congo, Sudan, Ghana, Ethiopia, South Sudan.

Note:

The EAC-markets are left out in the last column to filter out the potential effect of the EAC regional aspects

Source:

Author's calculations using ITC Export Potential Map

Wheat or meslin flour has the highest export potential from Rwanda, but the product is classified as a sensitive product in Ghana, SACU, and Ethiopia as seen in Table 4.23. Used textiles are classified as sensitive items in Malawi. However, the ECOWAS markets classify them as non-sensitive items. This reflects the direction Rwanda would take to promote exports of this product. Similarly, Palm oil (excl crude) and fractions and Maize flour are classified as sensitive items in SACU and Ethiopia, but they are non-sensitive in Egypt and ECOWAS.





**Table 4.23: Rwanda's products with the highest export potential (AfCFTA-Categories-PSTC)**

HS Code	Products	Top Markets	A	B & C
HS 1101	Wheat or meslin flour	Sudan, Ethiopia, Somalia, Ghana, South Africa		Ghana, SACU, Ethiopia
HS 1901	Food preparations for infant use	Ethiopia, South Sudan, Congo, Egypt, Zambia	Egypt, ECOWAS, SACU, Ethiopia,	
HS 6309	Used textiles & textile articles	Congo, Ghana, Nigeria, Malawi, Niger	ECOWAS,	Malawi
HS 1511	Palm oil (excl crude) & fractions	Ethiopia, South Sudan, Congo, Ghana, Egypt	Egypt, ECOWAS, Ethiopia	SACU
HS 1106	Flour, meal & powder of sago, roots, or tubers	South Africa, Nigeria, Ghana, Morocco, Mozambique, Mauritius, Mali	ECOWAS, SACU, Morocco, Mauritius	
HS 090240	Black tea, packings >3kg	Egypt, Sudan, South Africa, Ghana	Egypt, ECOWAS, SACU	
HS 1006	Semi-milled or wholly milled rice	Ethiopia, Congo, Ghana, Niger, South Africa	ECOWAS, SACU, Ethiopia,	
HS 2523	Portland cement	Congo, Sudan, Ghana, South Africa	SACU	ECOWAS,
HS 1102	Maize flour	Ethiopia, Congo, Sudan, South Sudan		SACU, Ethiopia
HS 6402	Footwear, rubber/plastic soles & uppers	Congo, Sudan, Ghana, Ethiopia, South Sudan.	ECOWAS,	SACU, Ethiopia

Note:

Category A are non-sensitive items, category B are sensitive products and category C, are products excluded from tariff liberalization. PSTC for Somalia, Libya, Sudan, and Congo were unavailable for analysis

Source:

Author's calculations using ITC Export Potential Map

In terms of export diversification, as displayed in Table C.4 of Annex C of the Appendix, Rwanda's best option products to diversify are: Raw cane sugar, Crude palm oil Maize (excluding seed for sowing), Flat-rolled products of iron or non-alloy steel and Sacks & bags of polyethylene/polypropylene for packing. Some of the favorable markets for these products are the EAC markets like Kenya and Uganda. However, outside the EAC there are high demands in Egypt and Morocco (especially for maize seeds for sowing), Nigeria, Morocco, Egypt and South Africa for raw cane sugar and Sudan for Sacks & bags of polyethylene/polypropylene for packing.

#### 4.2.3.4.2 Rwanda's export potential in TFTA

Table 4.24 displays the Rwanda's top-5 products with the highest export potential in TFTA. The leading product is palm oil (excl crude) & fractions, with an export potential of \$27 million. Key markets for this product are Ethiopia, Egypt, Sudan, South Africa, Zambia, Somalia, Zimbabwe, Mozambique, Eswatini, Malawi, Eritrea and Madagascar. Other high-potential products are bars & rods of iron or non-alloy steel, black tea, packings >3kg, food preparations for infant use, and maize flour.



Table 4.24: Rwanda's top-5 products with the highest export potential in TFTA

Product	Export potential (US\$ Mil)	Top Markets
Bars & rods of iron or non-alloy steel	14.3	Ethiopia, Mozambique, Mauritius, Madagascar
Black tea, packings >3kg	15.9	Egypt, Sudan, South Africa, Somalia, Eswatini, Eritrea, Botswana, Mauritius, Namibia
Food preparations for infant use	13.3	Ethiopia, Egypt, Mozambique, Zambia, Somalia, Malawi, Zimbabwe, Libya, Mauritius, Botswana, Namibia
Maize flour	5.4	Ethiopia, Sudan, Mozambique, Libya
Palm oil (excl crude) & fractions	27	Ethiopia, Egypt, Sudan, South Africa, Zambia, Somalia, Zimbabwe, Mozambique, Eswatini, Malawi, Eritrea, Madagascar

Source:

Author's calculations using ITC Export Potential Map

**b. Address unrealized potential**

- i. Identify and address factors limiting the realization of export potential, particularly in sectors like rice production where there are significant disparities between current exports and potential.
- ii. Implement policies and initiatives to stimulate growth and market expansion in these underutilized sectors.

**c. Navigate trade barriers for sensitive products.**

- i. Develop strategies to overcome trade barriers for sensitive products like wheat or meslin flour, palm oil, and maize flour in markets such as Ghana, SACU, and Ethiopia.
- ii. Advocate for tariff concessions and trade agreements to facilitate market access for these products in key destinations like Sudan, Ethiopia, Somalia, Ghana, and South Africa.

**d. Diversify the export basket**

- i. Explore opportunities to diversify Rwanda's export basket by tapping into high-demand products such as raw cane sugar, crude palm oil, and maize.
- ii. Target both EAC markets like Kenya and Uganda, as well as high-demand markets outside the EAC such as Egypt, Morocco, Nigeria, and South Africa for these diversified products.

### 4.2.3.4.3 Strategic interventions for Rwanda

Some key policy interventions for unlocking Rwanda's export potential in AfCFTA are:

**a. Focus on key export sectors**

- i. Prioritize sectors with high export potential, such as processed or preserved food products, processed cereals, vegetable oils and fats.
- ii. Invest in value addition and quality improvement within these sectors to meet the demand in key markets like Ethiopia, Congo, Egypt, Sudan, and Ghana.





### 4.2.3.5 Republic of South Sudan

#### 4.2.3.5.1 South Sudan's export potential in AfCFTA

In South Sudan, according to Table 4.25, the wood sub-sector leads in export potential with an estimated value of \$0.203 million. This sector is closely followed by the vegetable and oil seed sub-sectors, both offering untapped export opportunities. Despite the current lack of actual exports in these areas, their potential in the African Continental Free Trade Area (AfCFTA) markets is significant, indicating a considerable scope for growth. Although currently exporting a modest \$0.08 million, the vegetal textile fibres sub-sector possesses an unrealized potential of \$0.684 million in African markets.

Food products also present a growth opportunity, with a potential export value of \$0.024 million. Primary markets for these exports within the AfCFTA include neighboring countries such as Kenya, Uganda, and Egypt. These countries are recurrently mentioned across various sub-sectors, highlighting strong trade connections and opportunities for deeper market penetration. Specifically, Uganda and Kenya are key markets for vegetables, oil seeds, vegetal textile fibers, and food products, while Egypt is a significant market for wood, oil seeds, vegetal textile fibers, and food products.



Table 4.25: South Sudan's sub-sectors with the highest export potential in AfCFTA

Sub-Sectors	Actual Exports (\$ Million)	Export Potential (\$ Million)	Unrealized Potential (Remaining in African Markets) (\$ Million)	Top Markets
Wood	0.240	0.203	0.113	Kenya, Egypt, Uganda,
Vegetables	0	0.122	0.122	Uganda, Kenya
Oil seeds	0	0.043	0.043	Egypt, Uganda, Kenya
Vegetal textile fibers	0.08	0.034	0.684	Egypt, Uganda, Kenya
Food Products	0.833	0.024	0.023	Egypt, Uganda, Kenya

Source:

Author's calculations using ITC Export Potential Map



Table 4.26 highlights products with the largest export potential from South Sudan. Leading the list is Mahogany wood, specifically sawn or chipped lengthwise with a thickness over 6 mm (HS 4407). It has an actual export value of \$0.149 million, with a projected potential in the AfCFTA of \$0.173 million, indicating an unrealized potential of approximately \$0.091 million. Kenya and Uganda are the primary markets for this product, emphasizing the regional demand for quality wood. Agricultural products also feature significantly. Onions and shallots, fresh (HS 7031), while not currently exported, have an estimated potential value of \$0.122 million in the AfCFTA market. This highlights a major opportunity for South Sudan to expand its agricultural sector, particularly in these commodities, to meet the demand in Kenya and Uganda.

Sesamum seeds (HS 1207) show a similar trend. Despite no current exports, they have a potential value of \$0.043 million in the AfCFTA, emphasizing the untapped opportunities in agricultural commodities, with Kenya and Uganda as key markets. Cotton (HS 5201), not carded or combed, also displays potential. Its current export value stands at \$0.08 million, with a growth possibility of \$0.034 million, mainly in Egypt and Kenya. Natural gums, excluding gum Arabic (HS 130190), although not presently exported, exhibit a potential value of \$0.01 million, with Kenya and Uganda as the target markets.

Another wood product, sawn or chipped lengthwise (HS 4407), has a current export value of \$0.086 million and a potential of \$0.017 million, mainly targeting Egypt and Uganda. Additionally, wood in the rough (HS 4403) has a modest actual export value with a potential of \$0.013 million, mainly to Egypt and Kenya, underscoring the demand for wood products in these regions. Lastly, natural gum Arabic (HS 1301) is notable with an actual export of \$0.833 million and a potential of \$0.0016 million, focusing on Egypt, Uganda, and Kenya. This reflects gum Arabic's significant role in South Sudan's export portfolio and its international recognition. Notably, all the products that South Sudan has a high export potential, are classified as non-sensitive items in the potential markets.

**Table 4.26: South Sudan's products with the highest export potential in AfCFTA**

HS Code	Products	Actual Export (\$ million)	Export Potential (\$ million)	Unrealized Potential (\$ million)	Top Markets
HS 4407	Mahogany wood, sawn/ chipped lengthwise, >6 mm	0.149	0.173	0.091	Kenya, Uganda
HS 7031	Onions & shallots, fresh	0	0.122	0.122	Kenya, Uganda
HS 1207	Sesamum seeds	0	0.043	0.043	Kenya, Uganda
HS 5201	Cotton, not carded/ combed	0.08	0.034	0.684	Egypt, Kenya,
HS 130190	Lac; natural gums (excl gum Arabic), resins, balsams, etc.	0	0.01	0.01	Kenya, Uganda
HS 4407	Wood sawn/ chipped lengthwise, >6 mm	0.086	0.017	0.0085	Egypt, Uganda
HS 4403	Wood in the rough	0.0049	0.013	0.013	Egypt, Kenya
HS 1301	Natural gum Arabic	0.833	0.0016	0.0011	Egypt, Uganda, Kenya

Source:

Author's calculations using ITC Export Potential Map



In terms of product diversification, South Sudan has significant opportunities in Legumes that are dried & shelled, and Cashew nuts in shells, as highlighted in Table C.5 of Annex C of the Appendix. Kenya, Egypt, and Uganda are the potential markets for these products. South Sudan's export potential in TFTA is mainly with Kenya and Uganda. The results for South Sudan's export potential in TFTA are not discussed since Kenya and Uganda are already part of TFTA members from the EAC.

#### 4.2.3.5.2 Strategic interventions for South Sudan

Some key policy interventions for unlocking South Sudan's export potential in AfCFTA are :

**a. Leverage wood sector strengths**

- i. Capitalize on the leading wood sub-sector by enhancing production capacity and quality standards.
- ii. Focus on meeting the demand for Mahogany wood in regional markets like Kenya and Uganda, ensuring sustainable harvesting practices to maintain long-term export potential.

**b. Promote agricultural commodities**

- i. Develop and expand the agricultural sector, particularly in high-potential crops like onions, shallots, sesame seeds, and cotton.
- ii. Invest in modern agricultural practices, infrastructure, and value addition to increase productivity and meet the demand in target markets such as Kenya, Uganda, and Egypt.

**c. Maximize Export Potential of Natural Resources**

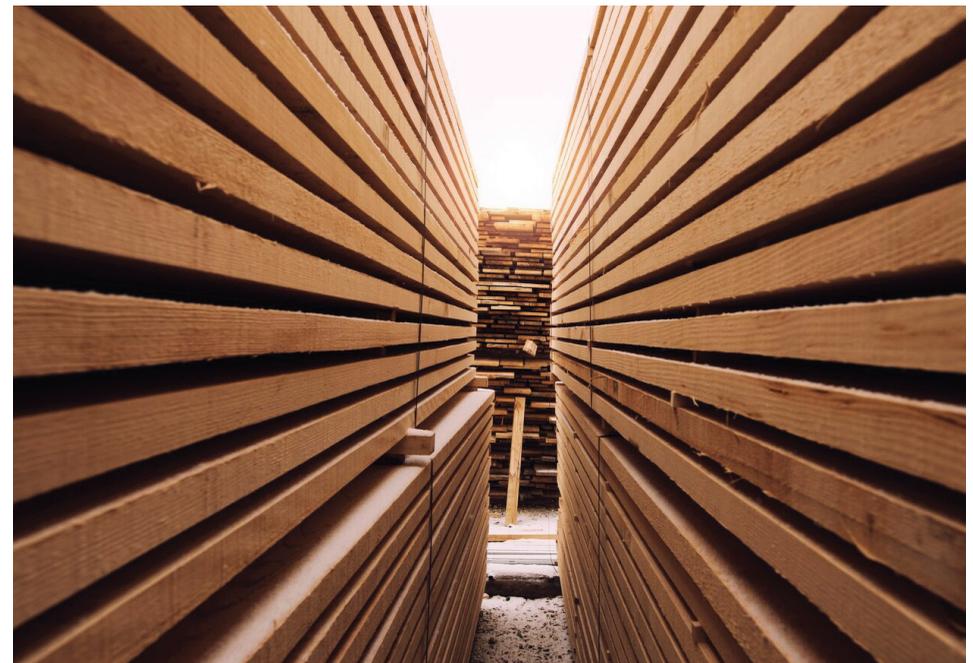
- i. Tap into the export potential of natural resources like natural gum Arabic, highlighting its significance in South Sudan's export portfolio.
- ii. Explore opportunities to expand exports of natural gums and wood products to target markets like Egypt, Uganda, and Kenya.

**d. Address trade sensitivities.**

- i. Navigate trade barriers for sensitive products by advocating for tariff concessions and trade agreements in key markets.
- ii. Develop strategies to overcome challenges related to product classification and tariff barriers to ensure market access for South Sudan's export products.

**e. Diversify product portfolio.**

- i. Explore diversification opportunities in legumes and cashew nuts, identified as products with significant export potential.
- ii. Target markets such as Kenya, Egypt, and Uganda for these diversified products to expand South Sudan's export basket within the AfCFTA.





### 4.2.3.6 The United Republic of Tanzania

#### 4.2.3.6.1 Tanzania's export potential in AfCFTA

Table 4.27 presents an analysis of Tanzania's export potential within the African Continental Free Trade Area (AfCFTA), broken down by sub-sector and primary markets. This table identifies rice as the leading sub-sector, with an export potential of \$310 million, followed by mineral products, fertilizers, paper products, and cereals (excluding wheat and rice). Other significant sub-sectors with notable export opportunities in AfCFTA include mineral resources, ferrous metals, glass articles, textile products, vegetable residues & animal feed, beauty products & perfumes, ceramic articles, beverages (non-alcoholic), fish & shellfish, and apparel.

Notably, rice demonstrates an unrealized potential of \$146 million in African markets, indicating substantial scope for export growth. There are also considerable untapped potentials in paper products, textile products, vegetable residues & animal feed, and apparel, suggesting areas for Tanzania to strengthen its market presence within AfCFTA. The analysis reveals that while certain sectors like cereals and mineral resources may have lower export potentials compared to their actual exports, there is still potential for growth and market diversification. Regarding specific markets, South Africa, Mozambique, Zambia, Malawi, and Zimbabwe consistently emerge as top destinations for Tanzanian exports across multiple sub-sectors. Their frequent inclusion highlights their strategic importance in Tanzania's export strategy within AfCFTA. South Africa, for example, is a key market for a range of Tanzanian products, including rice, mineral products, textile products, and beauty products & perfumes. Zambia and Mozambique are also important markets for several Tanzanian export sub-sectors, such as ferrous metals, glass articles, and fish & shellfish.





Table 4.27: Tanzania's sub-sectors with the highest export potential in AfCFTA

Sub-Sectors	Actual Exports (\$ Million)	Export Potential (\$ Million)	Unrealized Potential (Remaining in African Markets) (\$ Million)	Top Markets
Rice	168	310	146	South Africa, Mozambique, Zambia, Comoros, Madagascar
Mineral products	83	112	52	South Africa, Zambia, Malawi, Mozambique, Nigeria
Fertilizers	37	67	37	Zambia, South Africa, Mozambique, Zimbabwe, Ghana
Paper Products	59	115	68	South Africa, Zambia, Malawi, Zimbabwe, Mozambique
Cereals (except wheat & rice)	69	52	15	South Africa, Zimbabwe, Mozambique, Morocco, Egypt
Mineral resources	25	41	17	Zambia, South Africa, Zambia, Nigeria, Ghana
Ferrous Metals				South Africa, Mozambique, Malawi, Zambia, Zimbabwe
Glass articles				South Africa, Mozambique, Zambia, Malawi, Zimbabwe
Textile products	32	81	52	South Africa, Zambia, Zimbabwe, Malawi, Mozambique
Vegetable residues & animal feed	23	81	60	South Africa, Morocco, Ghana, Senegal, Nigeria
Beauty products & perfumes	56	70	27	South Africa, Malawi, Mozambique, Zambia, Zimbabwe
Ceramic articles	34	49	26	South Africa, Zambia, Malawi, Zimbabwe, Mozambique
Beverages (not alcoholic)	54	73	36	South Africa, Malawi, Mozambique, Zambia, Zimbabwe
Fish & Shellfish				South Africa, Nigeria, Zambia, Zimbabwe, Mozambique
Apparel	8.4	53	46	South Africa, Nigeria, Morocco, Senegal, Ghana

Note:

The EAC-markets are left out in the last column to filter out the potential effect of the EAC regional aspects

Source:

Author's calculations using ITC Export Potential Ma



Table B.6 in Annex B shows that Tanzania has 65 products with significant export potential in the AfCFTA, each exceeding US\$ 100,000. Table 4.28 highlights the top ten products, with semi-milled or wholly milled rice leading the list. This product currently has an export value of US\$ 181 million and an estimated potential of US\$ 363 million, leaving an unrealized potential of US\$ 182 million. The main potential markets outside the East African Community (EAC) are South Africa, Mozambique, Zambia, Niger, and Ghana. Following rice in the ranking of high export potential products are: Maize (excluding seed for sowing), Superphosphates, Carboys & other glass containers, Sacks & bags of polyethylene/polypropylene for packing, Unbleached kraftliner (uncoated, in rolls wider than 36cm), Portland cement, Fused/dead-burned magnesia & other magnesium oxide, Unwrought gold for non-monetary purposes, and Footwear with outer soles of rubber/plastics/composition leather and uppers of leather.

The specific markets for Tanzania's products in the AfCFTA are as follows:

- **South Africa:** Key market for Rice, Mineral products, Fertilizers, Paper Products, Cereals (except wheat & rice), Mineral resources, Ferrous Metals, Glass articles, Textile products, Vegetable residues & animal feed, Beauty products & perfumes, Ceramic articles, Beverages (non-alcoholic), Fish & Shellfish, Apparel.
- **Mozambique:** Market for Rice, Mineral products, Fertilizers, Paper Products, Cereals (except wheat & rice), Ferrous Metals, Glass articles, Textile products, Beauty products & perfumes, Ceramic articles, Beverages (non-alcoholic), Fish & Shellfish.
- **Zambia:** Significant market for Rice, Mineral products, Fertilizers, Paper Products, Mineral resources, Ferrous Metals, Glass articles, Textile products, Beauty products & perfumes, Ceramic articles, Beverages (non-alcoholic), Fish & Shellfish.
- **Comoros:** Identified market for Rice.

- **Madagascar:** Noted for Rice.
- **Malawi:** Potential market for Mineral products, Paper Products, Glass articles, Textile products, Beauty products & perfumes, Ceramic articles, Beverages (non-alcoholic).
- **Nigeria:** Notable for Mineral products, Mineral resources, Vegetable residues & animal feed, Fish & Shellfish, Apparel.
- **Zimbabwe:** Features for Fertilizers, Paper Products, Textile products, Glass articles, Beauty products & perfumes, Ceramic articles, Beverages (non-alcoholic), Fish & Shellfish.
- **Ghana:** Market for Fertilizers, Mineral resources, Vegetable residues & animal feed, Apparel.
- **Morocco:** Identified for Cereals (except wheat & rice), Vegetable residues & animal feed, Apparel.
- **Egypt:** Noted for Cereals (except wheat & rice).
- **Senegal:** Potential market for Vegetable residues & animal feed, Apparel.





Table 4.28: Tanzania's products with the highest export potential in AfCFTA

HS Code	Products	Actual Export (\$ million)	Export Potential (\$ million)	Unrealized Potential (Remaining in African Markets) (\$ Million)	Top Markets
HS 1006	Semi-milled or wholly milled rice	181	363	182	South Africa, Mozambique, Zambia, Niger, Ghana
HS 1005	Maize (excl seed for sowing)	80	85	11	Mozambique, Morocco, Zimbabwe, Egypt, South Africa
HS 3103	Superphosphates	43	83	39	South Africa, Sudan, Ghana, Kenya, Burundi, Uganda
HS 7010	Carboys & other glass containers	40	82	45	South Africa, Mozambique, Zambia, Malawi, Zimbabwe
HS 6305	Sacks & bags of polyethylene/polypropylene for packing	27	76	27	South Africa, Zambia, Zimbabwe, Mozambique, Malawi
HS 4804	Unbleached kraftliner, uncoated, in rolls >36cm	29	69	40	South Africa, Zimbabwe, Zambia, Morocco, Sudan
HS 252329	Portland cement	44	59	22	South Africa, Zimbabwe, Mozambique, Ghana, Libya
HS 251990	Fused/dead-burned magnesia & other magnesium oxide	21	33	12	South Africa, Zambia, Egypt, Morocco, Niger, Nigeria, Algeria, Libya, Senegal, Tunisia
HS 7108	Gold, unwrought, for non-monetary purposes	470	50	37	South Africa, Malawi, Morocco, Tunisia
HS 6304	Footwear with outer soles of rubber/plastics/composition leather, & uppers of leather	23	49	30	Mozambique, Malawi, South Africa, Zambia, Zimbabwe

Note:

The EAC-markets are left out in the last column to filter out the potential effect of the EAC regional aspects

Source:

Author's calculations using ITC Export Potential Map



Although South Africa is observed to be the potential largest market for Tanzania's products, it is also observed to classify some products as either sensitive or products that are excluded from tariff liberalization as seen in Table 4.29. This is mainly under SACU, for example Maize, Sacks & bags of polyethylene/polypropylene for packing and Footwear with outer soles of rubber/plastics/composition leather, & uppers of leather are classified as sensitive items in SACU, which encompasses South Africa.

However, for these products, several markets in Africa classify them as non-sensitive items. Among them being, Egypt, Zambia, Malawi, Morocco, and ECOWAS. Thus, Tanzania may consider exploring these markets in an attempt of exploiting its export potential. Notably, Portland cement has a high export potential to Ghana, but the product is classified as a sensitive item in ECOWAS. Similarly, there is a high export potential of Sacks & bags of polyethylene/polypropylene for packing in Malawi, but the product is classified as a sensitive item in this market.

**Table 4.29: Tanzania's products with the highest export potential (AfCFTA-Categories-PSTC)**

HS Code	Products	Top Markets	A	B & C
HS 1006	Semi-milled or wholly milled rice	South Africa, Mozambique, Zambia, Niger, Ghana	ECOWAS, SACU, Zambia,	
HS 1005	Maize (excl seed for sowing)	Mozambique, Morocco, Zimbabwe, Egypt, South Africa	Egypt, ECOWAS, Morocco	SACU
HS 3103	Superphosphates	South Africa, Sudan, Ghana, Burundi, Uganda	ECOWAS, SACU,	
HS 7010	Carboys & other glass containers	South Africa, Mozambique, Zambia, Malawi, Zimbabwe	ECOWAS, SACU, Zambia, Malawi	
HS 6305	Sacks & bags of polyethylene/polypropylene for packing	South Africa, Zambia, Zimbabwe, Mozambique, Malawi	Zambia	SACU, Malawi
HS 4804	Unbleached kraftliner, uncoated, in rolls >36cm	South Africa, Zimbabwe, Zambia, Morocco, Sudan	SACU, Zambia, Morocco	
HS 252329	Portland cement	South Africa, Zimbabwe, Mozambique, Ghana, Libya	SACU	ECOWAS
HS 251990	Fused/dead-burned magnesia & other magnesium oxide	South Africa, Zambia, Egypt, Morocco, Niger, Nigeria, Algeria, Libya, Senegal, Tunisia	Egypt, ECOWAS, SACU, Morocco, Tunisia, Algeria	
HS 7108	Gold, unwrought, for non-monetary purposes	South Africa, Malawi, Morocco, Tunisia	SACU, Morocco, Tunisia, Malawi	
HS 6304	Footwear with outer soles of rubber/plastics/composition leather, & uppers of leather	Mozambique, Malawi, South Africa, Zambia, Zimbabwe	Zambia, Malawi	SACU

Note:

Category A are non-sensitive items, category B are sensitive products and category C, are products excluded from tariff liberalization. PSTC for Somalia, Libya, Sudan, and Congo were unavailable for analysis

Source:

Author's calculations using ITC Export Potential Map



According to statistics in Table C.6 of Annex C of the Appendix, Tanzania's best options for Export diversification in Africa include Raw cane sugar, copper cathodes, Women's trousers & shorts of cotton, Milk, and Electrical energy. For raw cane sugar, Tanzania could find it more accessible to reach and Export to South Africa compared to any other market in Africa. The top ten list is followed by Kenya, Morocco, and Somalia. Among these markets, the highest demand is in Algeria, Nigeria, and Morocco, but it is easier to Export to Morocco and Nigeria than to Algeria. Regarding copper cathodes, Tanzania would find it easier to diversify its Exports to South Africa than other African markets. For Women's trousers & shorts of cotton, the highest potential market for Tanzania's Export diversification is South Africa, where the demand reaches US\$ 152 million, followed by Nigeria at US\$ 41 million. As for Milk, Tanzania's potential to diversify its Exports is highest for Kenya, Mozambique, and South Africa. Finally, on electrical energy, the highest demand exists in South Africa, Mozambique, Zimbabwe, and Morocco.

#### 4.2.3.6.2 Tanzania's export potential in TFTA

Table 4.30 displays the Tanzania's top-5 products with the highest export potential in TFTA. The leading product is Semi-milled or wholly milled rice, with an export potential of \$283.3 million. Key markets for this product are South Africa, Mozambique, Zambia, Madagascar, Angola, Comoros, Sudan, Somalia, Ethiopia, Egypt, Mauritius, Eswatini, Namibia, Djibouti, Libya, Seychelles, Botswana, Lesotho and Eritrea. Other high-potential products are black tea, packings >3kg, diamonds (unworked), men's trousers & shorts of cotton, and sacks & bags of polyethylene/polypropylene for packing.



Table 4.30: Tanzania's top-5 products with the highest export potential in TFTA

Product	Export potential (US\$ Mil)	Top Markets
Black tea, packings >3kg	30.2	South Africa, Sudan, Egypt, Namibia, Tunisia, Botswana, Lesotho, Eritrea
Diamonds, unworked	20.3	South Africa, Botswana, Mauritius
Men's trousers & shorts of cotton	22	South Africa
Sacks & bags of polyethylene/polypropylene for packing	67.3	South Africa, Zambia, Zimbabwe, Malawi, Sudan, Mozambique, Namibia, Ethiopia, Djibouti, Libya, Botswana, Eritrea
Semi-milled or wholly milled rice	283.3	South Africa, Mozambique, Zambia, Madagascar, Angola, Comoros, Sudan, Somalia, Ethiopia, Egypt, Mauritius, Eswatini, Namibia, Djibouti, Libya, Seychelles, Botswana, Lesotho, Eritrea

Source:

Author's calculations using ITC Export Potential Map



### 4.2.3.6.3 Strategic interventions for Tanzania

Some key policy interventions for unlocking Tanzania's export potential in AfCFTA are:

#### a. Rice Sector Development

- i. Focus on further developing the rice sub-sector to capitalize on its leading position in export potential within the AfCFTA.
- ii. Invest in modern agricultural techniques, irrigation infrastructure, and post-harvest facilities to increase productivity and quality standards.
- iii. Strengthen trade relationships with key markets like South Africa, Mozambique, Zambia, and other potential markets identified to realize the unrealized potential of \$146 million in African markets.

#### b. Mineral Products and Fertilizers

- i. Exploit the significant export potential in mineral products and fertilizers by enhancing extraction, processing, and distribution capabilities.
- ii. Strengthen partnerships and trade agreements with top markets such as South Africa, Zambia, Mozambique, and Zimbabwe to expand market access and increase export volumes.
- iii. Implement measures to improve product quality, compliance with international standards, and logistical efficiency to meet the growing demand in target markets.

#### c. Diversification into High-Potential Products

- i. Diversify export offerings into high-potential products such as superphosphates, glass containers, sacks & bags for packing, and unbleached kraftliner.
- ii. Target markets identified for these products, including South Africa, Sudan, Ghana, Zambia, and Malawi, to capitalize on their export potential and foster market diversification.
- iii. Invest in product innovation, value addition, and market research to meet the specific needs and preferences of target markets and enhance competitiveness.

#### d. Export Diversification Strategy

- i. Develop a comprehensive export diversification strategy focusing on products like raw cane sugar, copper cathodes, women's trousers & shorts of cotton, milk, and electrical energy.
- ii. Prioritize markets with high demand and accessibility for each product, such as South Africa, Nigeria, Morocco, Kenya, Mozambique, and Zimbabwe.
- iii. Implement trade facilitation measures, including tariff concessions and trade agreements, to overcome trade barriers and promote export diversification into new markets.

### 4.2.3.7 Republic of Uganda

#### 4.2.3.7.1 Uganda's export potential in AfCFTA

The overview of Uganda's export potential in the AfCFTA, as presented in Table 4.30, showcases the high export potential in various sub-sectors. Leading the list is dairy products, with a potential of \$178 million, closely followed by ferrous metals, coffee, sugar, and wood. Additionally, fish & shellfish, mineral products, beauty & perfumes, tea & mate, ceramic articles, alcoholic beverages, paper products, pulses, vegetable residues & animal feed, and cereals are also identified as sub-sectors with significant export opportunities, each exceeding \$13 million in potential. A noteworthy aspect is the substantial unrealized potential in the sub-sectors of dairy products, ferrous metals, coffee, and sugar within African markets. This finding highlights critical areas where focused policy measures could stimulate growth and improve market access across the continent. These sectors, especially dairy products, ferrous metals, and coffee, present promising investment, and expansion opportunities, with substantial untapped markets in Africa. Despite some sectors like mineral products, beauty & perfumes, and tea & mate having lower actual exports compared to their potential, they still represent significant opportunities for Uganda's economic growth and market diversification.

Regarding primary markets within the AfCFTA, Uganda's exports find significant demand in countries like Egypt, Zambia, Mozambique, Sudan, and South Africa. These countries feature across multiple sub-sectors,



emphasizing their strategic importance in Uganda's export strategy. For instance, Sudan is a significant market for diverse products, including dairy, beauty & perfumes, and tea & mate. South Africa is a crucial market for sub-sectors such as fish & shellfish, mineral products, and alcoholic beverages. Zambia shows substantial demand in wood, fish & shellfish, and ceramic articles.



**Table 4.31: Uganda's sub-sectors with the highest export potential in AfCFTA**

Sub-Sectors	Actual Exports (\$ Million)	Export Potential (\$ million)	Unrealized Potential (\$ Million)	Top Markets
Dairy products	97	178	91	Egypt, Zambia, Mozambique, Sudan, South Africa
Ferrous metals	60	112	64	Sudan, Zambia, South Africa, Ethiopia, Mozambique
Coffee	98	101	40	Morocco, Tunisia, Sudan, Egypt, South Africa.
Sugar	52	86	44	Sudan, Morocco, South Africa, Tunisia, Botswana.
Wood	43	84	43	Morocco, Egypt, Zambia, Sudan, South Africa
Fish & shellfish	4.7	29	26	Zambia, South Africa, Morocco, Egypt, Tunisia
Mineral Products	34	28	16	Sudan, CAR, Botswana, South Africa, Mauritius
Beauty & perfumes	21	27	13	Sudan, Morocco, Zambia, South Africa, Mozambique
Tea & mate	5.1	23	18	Sudan, South Africa, Botswana, Zambia, Nigeria
Ceramic articles	18	19	6.9	Zambia, Sudan, South Africa, Botswana, Morocco
Beverages (alcoholic)	33	17	4	South Africa, Zambia, CAR, Mozambique, Sudan
Paper products	20	16	9.1	Zambia, South Africa, Sudan, Morocco, CAR, Mozambique.
Pulses	9.6	15	8.4	South Africa, Morocco, Sudan, CAR, Botswana
Vegetable residues & animal feed	11	13	7.2	Morocco, South Africa, Tunisia, Egypt, Zambia
Cereals (except wheat & rice)	16	13	5.8	Morocco, South Africa, Zambia, Sudan, Egypt

Note:

The EAC-markets are left out in the last column to filter out the potential effect of the EAC regional aspects

Source:

Author's calculations using ITC Export Potential Map



Uganda has identified 58 products with significant export potential within AfCFTA, each with a potential exceeding US\$ 100,000 (see Table B.7 in Annex B of the Appendix). The top ten of these are detailed in Table 4.31. Leading the list is coffee, specifically the variety that is neither roasted nor decaffeinated. This product alone holds an export potential of \$100 million, although current exports are slightly lower at \$98 million. An untapped potential of \$39 million exists, indicating a substantial demand in African markets. The primary markets for Ugandan coffee are Morocco, Tunisia, South Africa, Botswana, and Zambia. Other products with notable export potential include flat-rolled iron or non-alloy steel products, cane or beet sugar and chemically pure sucrose, low-fat milk powder, laminated wood, Portland cement, black tea in packings larger than 3kg, wooden MDF of more than 9mm thickness, raw cane sugar, and unglazed ceramic flags, paving, hearth, and wall tiles.

Each of these products has a potential exceeding \$15 million. Specific markets for these products under the AfCFTA are as follows:

- **Morocco:** Key market for Coffee, not roasted, not decaffeinated (HS 0901), Raw cane sugar (HS 1701), Laminated wood (HS 4412), Wooden MDF, >9mm (HS 4411), Black tea, packings >3kg (HS 9024), Unglazed ceramic flags, paving, hearth, wall tiles (HS 6907).
- **Tunisia:** Market for Coffee, not roasted, not decaffeinated (HS 0901), Cane or beet sugar & chemically pure sucrose (HS 1701), Raw cane sugar (HS 1701), Wooden MDF, >9mm (HS 4411).
- **South Africa:** Significant market for Coffee, not roasted, not decaffeinated (HS 0901), Milk (HS 4012), Flat-rolled products of iron or non-alloy steel (HS 7210), Cane or beet sugar & chemically pure sucrose (HS 1701), Low-fat milk powder (HS 4021), Laminated wood (HS 4412), Portland cement (HS 2523), Black tea, packings >3kg (HS 9024), Raw cane sugar (HS 1701), Unglazed ceramic flags, paving, hearth, wall tiles (HS 6907).
- **Botswana:** Key market for Coffee, not roasted, not decaffeinated (HS 0901), Milk (HS 4012), Flat-rolled products of iron or non-alloy steel (HS 7210), Cane or beet sugar & chemically pure sucrose (HS

1701), Portland cement (HS 2523), Black tea, packings >3kg (HS 9024), Unglazed ceramic flags, paving, hearth, wall tiles (HS 6907).

- **Zambia:** Common market for Coffee, not roasted, not decaffeinated (HS 0901), Milk (HS 4012), Flat-rolled products of iron or non-alloy steel (HS 7210), Low-fat milk powder (HS 4021), Laminated wood (HS 4412), Wooden MDF, >9mm (HS 4411), Unglazed ceramic flags, paving, hearth, wall tiles (HS 6907).
- **Mozambique:** Identified market for Milk (HS 4012), Flat-rolled products of iron or non-alloy steel (HS 7210), Cane or beet sugar & chemically pure sucrose (HS 1701), Low-fat milk powder (HS 4021), Portland cement (HS 2523).
- **Sudan:** Features for Milk (HS 4012), Black tea, packings >3kg (HS 9024).
- **Libya:** Noted for Milk (HS 4012), Portland cement (HS 2523).
- **Egypt:** Potential market for Cane or beet sugar & chemically pure sucrose (HS 1701), Low-fat milk powder (HS 4021), Wooden MDF, >9mm (HS 4411), Black tea, packings >3kg (HS 9024), Unglazed ceramic flags, paving, hearth, wall tiles (HS 6907).
- **Cabo Verde:** Notable for Laminated wood (HS 4412), Portland cement (HS 2523).
- **Benin:** Identified market for Laminated wood (HS 4412).
- **Nigeria:** Market for Laminated wood (HS 4412), Wooden MDF, >9mm (HS 4411).



Table 4.32: Uganda's products with the highest export potential to AfCFTA

HS Code	Products	Actual Export (\$ million)	Export Potential (\$ million)	Unrealized Potential (\$ Million)	Top Markets
HS 0901	Coffee, not roasted, not decaffeinated	98	100	39	Morocco, Tunisia, South Africa, Botswana, Zambia
HS 4012	Milk	54	92	39	Mozambique, Botswana, Zambia, Sudan, South Africa, Libya
HS 7210	Flat-rolled products of iron or non-alloy steel	33	78	45	South Africa, Botswana, Malawi, Zambia, Mozambique
HS 1701	Cane or beet sugar & chemically pure sucrose	38	69	37	South Africa, Botswana, Tunisia, Mozambique, Egypt.
HS 4021	Low-fat milk powder	25	67	43	Egypt, Zambia, South Africa, Mozambique, CAR
HS 4412	Laminated wood	13	26	13	Zambia, Morocco, South Africa, Cabo Verde, Benin, Nigeria,
HS 2523	Portland cement	31	23	13	Botswana, South Africa, Mozambique, Cabo Verde, Libya
HS 9024	Black tea, packings >3kg	5.1	23	18	Sudan, Egypt, South Africa, Morocco, Botswana, Ghana
HS 4411	Wooden MDF, >9mm	9.4	19	9.5	Egypt, Morocco, Zambia, Tunisia, Nigeria
HS 1701	Raw cane sugar	14	17	7.5	Morocco, Tunisia, Egypt, South Africa
HS 6907	Unglazed ceramic flags, paving, hearth, wall tiles	16	17	6.1	South Africa, Zambia, Botswana, Egypt, Morocco.

Note:

The EAC-markets are left out in the last column to filter out the potential effect of the EAC regional aspects

Source:

Author's calculations using ITC Export Potential Map

Several products, though having a high export potential from Uganda, they are classified as either sensitive products or products excluded from trade liberalization in several African Countries as seen in table 4.32. Notable amongst these are milk, Flat-rolled products of iron or non-alloy steel, Cane or beet sugar & chemically pure sucrose, Low-fat milk powder, Laminated wood and Unglazed ceramic flags, paving, hearth, wall tiles.

These products are mainly facing hurdles in Zambia, Malawi, Morocco, Egypt and some member states of ECOWAS and SACU. Notably, though Milk has a very high export potential, it faces hurdles in markets where it has the highest potential. In these markets, the product is mainly categorized as a sensitive item. Generally, though, for the other products, there are markets that have classified these products as non-sensitive products.



For example, while Cane or beet sugar & chemically pure sucrose is sensitive in Egypt and in SACU, it is non-sensitive in Tunisia. Further, while laminated wood is sensitive in Morocco, it is non-sensitive in ECOWAS, SACU, Zambia and CEMAC. This variation underscores the complexity of trade dynamics within the AFCFTA and hints at the need for tailored trade policies to navigate the regulatory hurdles.



**Table 4.33: Uganda's products with the highest export potential (AFCFTA-Categories-PSTC)**

HS Code	Products	Top Markets	A	B & C
HS 0901	Coffee, not roasted, not decaffeinated	Morocco, Tunisia, South Africa, Botswana, Zambia	SACU, Zambia, Morocco, Tunisia	
HS 04012	Milk	Mozambique, Botswana, Zambia, Sudan, South Africa, Libya		ECOWAS, SACU, Zambia
HS 7210	Flat-rolled products of iron or non-alloy steel	South Africa, Botswana, Malawi, Zambia, Mozambique	SACU, Zambia,	Malawi
HS 1701	Cane or beet sugar & chemically pure sucrose	South Africa, Botswana, Tunisia, Mozambique, Egypt	Tunisia	Egypt, SACU
HS 04021	Low-fat milk powder	Egypt, Zambia, South Africa, Mozambique	Egypt, SACU	Zambia
HS 4412	Laminated wood	Zambia, Morocco, South Africa, Cabo Verde, Benin, Nigeria,	ECOWAS, SACU, Zambia, CEMAC	Morocco
HS 2523	Portland cement	Botswana, South Africa, Mozambique, Cabo Verde, Libya	SACU, CEMAC	
HS 090240	Black tea, packings >3kg	Sudan, Egypt, South Africa, Morocco, Botswana, Ghana	Egypt, Morocco, ECOWAS, SACU	
HS 4411	Wooden MDF, >9mm	Egypt, Morocco, Zambia, Tunisia, Nigeria	Egypt, ECOWAS, Zambia, Morocco, Tunisia	
HS 6907	Unglazed ceramic flags, paving, hearth, wall tiles	South Africa, Zambia, Botswana, Egypt, Morocco.	Egypt, SACU, Zambia	Morocco

Note:

PSTC for some countries like Somalia, Libya, Sudan, and Congo were not available for analysis. Category A are non-sensitive items, category B are sensitive products and category C, are products excluded from tariff liberalization.

Source:

Author's calculations using various AFCFTA Provisional Schedule of Tariff Concessions (PSTC)



In terms of export diversification, as displayed in Table C.7 of Annex C of the Appendix, Uganda's best option products are semi-milled rice, crude palm oil, superphosphates, tubes of iron/steel, and Mixtures of odoriferous substances used in food & drink. Uganda finds it easier to Export these products mainly to the EAC countries. However, other potential non-EAC markets for these products include South Africa, Sudan, Morocco, Zambia, Egypt, Mozambique, Ethiopia, Algeria, and Cameroon.

#### 4.2.3.7.2 Uganda's export potential in TFTA

Table 4.34 displays the Uganda's top-5 products with the highest export potential in TFTA. The leading product is milk, with an export potential of \$97.3 million. Key markets for this product are Mozambique, Botswana, Zambia, Malawi, Somalia, Libya, Mauritius, Angola, Namibia, Eswatini, Djibouti and Madagascar. Other high-potential products are black tea, packings >3kg, cane or beet sugar & chemically pure sucrose, coffee, not roasted, not decaffeinated, and low-fat milk powder.



Table 4.34: Uganda's top-5 products with the highest export potential in TFTA

Product	Export potential (US\$ Mil)	Top Markets
Black tea, packings >3kg	23.6	Egypt, South Africa, Botswana, Tunisia, Namibia, Lesotho
Cane or beet sugar & chemically pure sucrose	84.5	South Africa, Mozambique, Egypt, Somalia, Djibouti, Mauritius, Libya, Tunisia, Angola, Madagascar, Namibia
Coffee, not roasted, not decaffeinated	50.2	Namibia Eswatini, Djibouti, Lesotho
Low-fat milk powder	51.9	Egypt, Zambia, Sudan, Mozambique, Malawi, Zimbabwe, Mauritius, Somalia, Libya, Namibia, Eswatini, Madagascar
Milk	97.3	Mozambique, Botswana, Zambia, Malawi, Somalia, Libya, Mauritius, Angola, Namibia, Eswatini, Djibouti, Madagascar

Source:

Author's calculations using ITC Export Potential Map



### 4.2.3.7.3 Strategic interventions for Uganda

Some key policy interventions for unlocking Uganda's export potential in AfCFTA are:

#### a. Dairy Sector Development

- i. Given the high export potential of dairy products, Uganda should prioritize the development and expansion of its dairy sector.
- ii. Invest in dairy farming practices, milk processing facilities, and quality assurance measures to meet international standards and enhance competitiveness.
- iii. Strengthen trade relationships with key markets such as Egypt, Zambia, Mozambique, Sudan, and South Africa to capitalize on existing demand and realize the unrealized potential of \$91 million in African markets.

#### b. Coffee Market Expansion

- i. Capitalize on Uganda's position as a significant coffee producer by expanding market access for coffee products, especially the variety that is neither roasted nor decaffeinated.
- ii. Strengthen trade ties with key coffee importers like Morocco, Tunisia, South Africa, Botswana, and Zambia to tap into their demand and increase export volumes.
- iii. Implement promotional campaigns and quality improvement initiatives to enhance the reputation of Ugandan coffee in target markets and capture a larger market share.

#### c. Diversification into High-Potential Products

- i. Diversify export offerings into high-potential products such as milk, flat-rolled products of iron or non-alloy steel, cane or beet sugar & chemically pure sucrose, low-fat milk powder, and laminated wood.
- ii. Target markets identified for these products, including Mozambique, Botswana, Zambia, Sudan, South Africa, and Libya, to capitalize on their export potential and foster market diversification.

- iii. Invest in product innovation, value addition, and market research to meet the specific needs and preferences of target markets and enhance competitiveness.

#### d. Trade Policy Alignment and Tariff Negotiation

- i. Align trade policies with the specific needs and challenges of Uganda's export sectors, especially sensitive products facing hurdles in certain markets.
- ii. Engage in tariff negotiations within the AfCFTA framework to address regulatory hurdles and promote the export of sensitive products such as milk, flat-rolled products of iron or non-alloy steel, and cane or beet sugar & chemically pure sucrose.
- iii. Advocate for trade liberalization measures to facilitate market access and promote the competitiveness of Ugandan products in both EAC and non-EAC markets.





## 5 CHALLENGES AND OPPORTUNITIES IN OPTIMIZING THE EAC'S ESTIMATED EXPORT TRADE POTENTIAL IN AFRICA

### 5.1 CHALLENGES TO TRADE IN EAC AND AFRICA

#### 5.1.1 Insights from literature

Intra-African trade faces multi-faceted challenges that transcend across borders (Atta-Mensah, 2022). Key among them is political goodwill which determines a country's priorities and involvement in integration. Closely related to this is the fear of losing sovereignty which might hamper a country's commitment towards integration. Overlapping membership across RECs is also a major bottleneck as it might create unhealthy multiplication and duplication of efforts. From an economic perspective, integration signals a potential loss in revenue from a reduction in tariffs which, without a proper compensation mechanism, might create a class of winners and losers. Victors and losers might also emerge if countries misalign their macroeconomic policies – inflation, exchange rates, Gross Domestic Product (GDP), and the financial sector – with those of the wider bloc. At a structural level, trade facilitation and logistics dictate the nature of regulatory processes and infrastructural systems that traders face on and beyond their borders.

As for the EAC region, EAC (2021), and EABC and AFREXIMBANK (2024) list a number of challenges that hinder the REC's trade with itself and the rest of Africa. They revolve around overlapping membership of Partner States to multiple RECs, non-tariff, technical barriers to trade and weak capacity of public and private sector Trade Support Institutions to support export promotion activities. Exports from EAC are also concentrated in a small range of traditional products, which are exported either in primary or semi-processed form due to inadequate adoption of modern technologies to produce value-added goods. Businesses from the EAC have low awareness and knowledge of how to apply terms of international commerce, which hinders their exploitation of opportunities.

Some challenges are country-specific. EAC (2021) notes that Burundi's exports are mainly hampered by the low product diversity, low knowledge about the content of trade and market access preferences and regulatory

obstacles faced by businesses. Continued dependence on traditional exports, which are sold in unprocessed form, is a key obstacle for Rwanda's exports in Africa. Technological deficiencies, limited value addition of available domestic raw materials, NTBs and climate change are some of the key challenges to Uganda's exports in Africa.

ITC (2022b) shows that exporters in Tanzania face numerous challenges, particularly in the agricultural sector. The export of farm products, especially fresh and processed foods, is significantly hindered by burdensome regulations and procedures. Sanitary and phytosanitary (SPS) measures, along with related certification and control procedures, pose significant difficulties for agri-food products, which are often perishable and fragile. The challenges are particularly severe for fresh and processed foods, where compliance with technical regulations and conformity assessment requirements is problematic. Exporters also encounter hurdles in obtaining various permits and licenses, leading to delays and increased costs. The lack of awareness about new regulations, such as the Registered Exporter system, further complicates the process, causing additional delays and expenses. Moreover, compliance with international standards, especially those related to avocados, tea, coffee, spices, and horticulture, poses significant challenges. Tanzanian companies lack the necessary storage and post-harvesting infrastructure, and standards for some major products have not been developed, hindering the quality of exports. Additionally, rules of origin and certificates of origin requirements are a persistent problem, often due to procedural obstacles and lack of recognition by importing countries' authorities.

ITC (2022b) also reveals that exporting goods from the DRC poses significant challenges for foreign businesses. There is unreliable electricity and water supply, which normally necessitates companies to establish their own infrastructure, adding complexity to their operations. Additionally, exorbitant transportation costs increase the prices of inputs, severely impacting profit margins. Complicated customs clearance procedures result in prolonged waiting periods for imported products to enter the market. Companies often rely on local agents to expedite this process, which adds to the cost of doing business in the country.



Further, the report notes that the taxation system in DRC is intricate and often applied arbitrarily. To navigate this complexity, businesses collaborate with local partners who are adept at managing the convoluted taxation process. Finally, widespread corruption and bureaucratic hurdles consistently hinder export activities in the country. Inconsistent application of laws and a slow judicial process necessitate companies to retain local legal advisors for guidance and support. On product-specific factors, the DRC has an export potential in wood. However, a report by the Timber Trade Portal (2023) shows that very few logging companies are present in the DRC, with only two groups of companies producing more than 10,000 m<sup>3</sup>/year. Further, nearly 90% of logging in the DRC is illegal or informal. This percentage is mainly small-scale logging to supply domestic and regional markets.

Various challenges hinder South Sudan's trade (UNDP, 2023). One major issue is the imposition of arbitrary charges and tariffs on goods moving between rural areas and markets due to inadequate road infrastructure. This situation raises trading costs, leading to lower farm-gate prices for farmers. Consequently, farmers are discouraged from investing in production, resulting in low output, poverty, and food insecurity. The high rates of population growth coupled with a large number of young people increase the risk of armed conflict and instability, particularly in rural areas. Kenyan exporters are affected by the difficulty in meeting standards in certain markets, lack of capabilities or productivity, and lack of trade-related infrastructure, including flights (Raga, Mendez-Parra, & te Velde, 2021). The exporters also tend to trade in products with less value addition, losing out to competitors in Asia and other African countries. Other challenges for Kenya involve the lack of coordination between segments of the value chain and relatively higher input costs (power and wages) compared with other countries. Another major issue for Kenya is the lack of adherence to the EAC Customs Union and Common Market Protocols (EAC, 2021). Other EAC countries have imposed Non-Tariff Barriers (NTBs) on Kenyan goods, violating the provision of free movement of goods within the Community. These NTBs include quality standards, rules of origin, and various specifications, hindering trade. Additionally, Kenya has faced stiff competition from regionally produced and imported goods, including counterfeit and substandard products from China.

## 5.1.2 Insights from firm and business survey

The East African Business Council (EABC) surveyed the perception of businesses from the EAC on the AfCFTA in 2020 (EAC, 2021). The survey was conducted on 264 respondents from the private sector of the EAC. Of these, 11% were from Burundi, 19% from Kenya, 25.9% from Rwanda, 6.1% from South Sudan, 19% from Uganda and 19% from Tanzania.

The following factors were identified as challenges for businesses from the EAC under the AfCFTA:

- a. Limited awareness of the AfCFTA as 86% of businesses were either unaware or moderately aware of the agreement.
- b. Low capabilities to trade outside the EAC by 38.9% of the respondents.
- c. Access to credit by 67.7% of the respondents.
- d. Poor infrastructure by 66.9% of the respondents.
- e. Increased competition by 59.7% of the respondents.
- f. Increased taxes to offset liberalized tariffs by 51.3% of the respondents.
- g. Expected protectionism by 50.0% of the respondents.
- h. Low political will by state parties by 55.6% of the respondents.
- i. Delays in finalizing negotiations by 38.9% of the respondents.
- j. Increased trade in substandard/counterfeit products by 41.8% of the respondents.

A recent survey on EAC businesses by EABC and AFREXIMBANK (2024) shows improvement in the awareness of the AfCFTA as 80% of all the respondents confirmed being aware of the agreement. The study also reveals that four NTBs hinder the EAC's exports in Africa. They are customs and administrative procedures, Technical Barriers to Trade, Sanitary and Phyto-sanitary measures and Specific Limitations. Traders also indicated their dissatisfaction with the existing sources of financing for businesses occasioned by high interest rates and bank tariffs.



### 5.1.3 Stakeholders' perspectives

Stakeholders' perspectives are paramount to understanding the challenges of EAC Member States as they head into the AfCFTA. As a result, views were sought from government officials of relevant ministries, authorities and agencies, and representatives of apex bodies of the private sector in all the EAC countries. Two key ministries were targeted under government representatives: the one responsible for trade and industry and the one responsible for EAC affairs. In addition, government parastatals, revenue

authorities and authorities/boards relevant to the promotion of products/sectors with the highest export potential were interviewed. Government representatives offer the policy perspective that's crucial in addressing the challenges of EAC's export potential in the AfCFTA. The apex bodies of the private sector and government authorities/boards represent the business community's views from a wide range of economic sectors. Tables 5.1 and 5.2 present the challenges that the public sector and private sector/ government authorities/boards identified as major per EAC country.

**Table 5.1: Challenges of EAC partner states (public sector views)**

Country	Challenges
Burundi	<ul style="list-style-type: none"> <li>a. Difficulty in meeting large-scale export demands due to low production.</li> <li>b. High transport costs and challenges of modernizing transport corridors.</li> <li>c. Lack of aviation capabilities for exports.</li> <li>d. Lack of adequate certification capacity of the Bureau Burundais de Normalization (BBN), limiting export markets. The BBN lacks ISO certification but has African-level certification.</li> <li>e. Low uptake of information about the AfCFTA by the private sector.</li> <li>f. Limited access to foreign currency.</li> <li>g. High taxation reduces which reduces export capability.</li> <li>h. Lack of financial resources for investment in agriculture.</li> </ul>
The DRC	<ul style="list-style-type: none"> <li>a. Poor infrastructure.</li> <li>b. Non-Tariff Barriers.</li> <li>c. Corruption.</li> <li>d. Huge informal/subsistence production.</li> <li>e. Low product diversification.</li> <li>f. Low value-addition.</li> </ul>



Table 5.1: Challenges of EAC partner states (public sector views)

Country	Challenges
Kenya	<ul style="list-style-type: none"> <li>a. Over-reliance on same old trade routes, based on old colonies. Thus, unable to easily change the focus of products. For example, over-reliance on traditional products like tea.</li> <li>b. Lack of connectivity in African markets, whether land routes (very complicated)-Air transport and Sea. Not well developed to facilitate trade between African countries.</li> <li>c. Trade facilitation initiatives like standards and harmonization have not been well to facilitate trade within the African Markets (Is a challenge because of market requirement).</li> <li>d. Product are not diversified as countries produce largely the same products e.g. tea, soap, steel in all the EAC Partner States.</li> <li>e. Even beyond tariffs, countries are tending to creating domestic barriers to block importation of products.</li> <li>f. Some countries are using Rules of Origin as NTBs.</li> <li>g. Logistics and infrastructure.</li> <li>h. Cost of production of commodities with export potential is high. For example, cost of electricity is high in the country.</li> <li>i. Cost of payment systems is high, where countries are using different currencies to trade.</li> <li>j. Awareness of the private sector on the export potential of products and markets is low.</li> <li>k. Adaptation to new technologies is also a challenge to the private sector and producers of agricultural products.</li> <li>l. Some of the markets for the identified products have very high tariffs.</li> </ul>
Rwanda	<ul style="list-style-type: none"> <li>a. Low product diversification.</li> <li>b. Limited land size which hampers agricultural production.</li> <li>c. Inability to relocate people and exploit minerals which lies beneath people's residences since people are already overpopulated.</li> <li>d. Non-Tariff Barriers either from bureaucracy in customs clearance of goods or requirement for prior registration for certification in export destination countries.</li> <li>e. Corruption as customs official ask for bribes even after exporters pay the required fees.</li> <li>f. Poor infrastructure such as the unavailability of a good railway system traversing the African countries for effective transportation of goods and lack of direct flights to the market destinations.</li> <li>g. Low returns from African markets compared to European markets.</li> <li>h. Lack of quality packaging for Rwandese products, leading to failure of quality tests in the export destinations.</li> <li>i. Competition from international brands.</li> </ul>



**Table 5.1: Challenges of EAC partner states (public sector views)**

Country	Challenges
South Sudan	<ul style="list-style-type: none"> <li>a. Low capacity of the country in terms of production (for the identified products).</li> <li>b. Overreliance on informal means of production which hinders competitiveness.</li> <li>c. Lack of knowledge among farmers and traders.</li> <li>d. Competition from international brands.</li> <li>e. Development partners are more focused on humanitarian activities. Less focus is on international trade in the country.</li> <li>f. Poor road connectivity in the country increases transport costs.</li> <li>g. Poor Security in the country.</li> <li>h. Many NTBs (particularly numerous roadblocks in the country)</li> <li>i. Poor storage facilities for agricultural goods.</li> <li>j. Low access to credit for producers.</li> <li>k. Climate change (a lot of flooding affecting accessibility and destroying crops).</li> <li>l. Lack of a single window in the country increases trade costs.</li> <li>m. Lack of information portals in the country, which hinders access to information by traders.</li> <li>n. Absence of proper laws that can facilitate establishing rules of origin for the goods.</li> <li>o. Slow speed of implementing proposals.</li> </ul>
Tanzania	<ul style="list-style-type: none"> <li>a. Overreliance on the government to provide market intelligence by the private sector.</li> <li>b. NTBs such as high requirements for exporting.</li> <li>c. High insurance costs of trading within Africa.</li> <li>d. Small private sector.</li> <li>e. Limited access to finance by the private sector.</li> <li>f. Supply-chain constraints.</li> <li>g. Poor infrastructure.</li> <li>h. Low production capacity of agricultural products as farmers mainly produce for subsistence have a low uptake of technology in production.</li> <li>i. Volatility of government policies, especially on agricultural products.</li> <li>j. Lack of Foreign Direct Investments in sectors with export potential.</li> </ul>
Uganda	<ul style="list-style-type: none"> <li>a. High cost of production, especially capital.</li> <li>b. Poor storage facilities for fish and fresh food products.</li> <li>c. Poor road network with other countries.</li> <li>d. NTBs, especially for dairy products.</li> <li>e. Challenges of accessing finance by traders.</li> <li>f. Low product diversity, especially overreliance on agricultural products.</li> </ul>

Note:

These views are from government officials in Ministries of Trade and EAC Affairs

Source:

Author's creation



**Table 5.2: Challenges of AfCFTA by EAC partner states (private sector and government authorities/board views)**

Country	Challenges
Burundi	<ul style="list-style-type: none"> <li>a. Difficulty in exploiting ferrous metals and precious metals due to challenges in accessing reliable energy.</li> <li>b. Limited access to credit to fund potential projects. Commercial banks in Burundi have limitations in financing long-term projects. Assets are mostly made of short-term deposits.</li> <li>c. Poor road and aviation infrastructure, affecting the efficiency of exports.</li> <li>d. Challenges like corruption and limited operational hours at borders hindering trade.</li> <li>e. Low agricultural productivity.</li> <li>f. Lack of an aggressive business mindset in the private sector, limiting export expansion.</li> </ul>
The DRC	<ul style="list-style-type: none"> <li>a. High cost of logistics in terms of transport and communication infrastructure.</li> <li>b. Limited knowledge of the local and international markets.</li> <li>c. Low value-chain capacity, limiting product diversification.</li> <li>d. Climate change.</li> <li>e. Difficulty in harmonizing legal texts with those of the EAC, which makes the country less attractive and competitive.</li> <li>f. Insecurity.</li> </ul>
Kenya	<ul style="list-style-type: none"> <li>a. High cost of production, leading to loss of competitiveness in key sectors.</li> <li>b. Volatility of government policies (affecting investors-both short term and long term)</li> <li>c. Low ease of doing business arising from the opaqueness of business procedures.</li> <li>d. High taxation in the domestic economy, affecting the production capacity.</li> <li>e. Lack of a mutual agreement on standardization in the EAC.</li> <li>f. High logistical barriers within Africa, making it costly to export in Africa compared to outside Africa.</li> </ul>
Rwanda	<ul style="list-style-type: none"> <li>a. Long custom procedures leading to reduction of quality of perishable goods.</li> <li>b. Poor transport network, which increases transport costs and, in turn, prices of commodities, making them uncompetitive.</li> <li>c. Lack of harmony in information on taxes and standards before and after exporting.</li> <li>d. NTBs such as VISA and passport requirements in some border points of the EAC.</li> <li>e. Fluctuation of currencies leading to uncertainty in exchange rates.</li> </ul>
South Sudan	<ul style="list-style-type: none"> <li>a. Lack of capacity to exploit natural resources.</li> <li>b. Poor road network, making traders unable to assemble their products in one place for trade.</li> <li>c. Lack of stable electricity in the country hampers exploitation of what is available in the country.</li> </ul>



**Table 5.2: Challenges of AfCFTA by EAC partner states (private sector and government authorities/board views)**

Country	Challenges
Tanzania	<ul style="list-style-type: none"> <li>a. Lack of information on trade opportunities.</li> <li>b. Limited skills among traders to access external markets.</li> <li>c. High production cost (logistical and marketing).</li> <li>d. Limited capacity to produce high-quality products that are competitive abroad.</li> <li>e. Lack of a uniform currency which increases the cost of trading.</li> <li>f. Exchange rate fluctuation which leads to unpredictability of sales.</li> <li>g. Overreliance on manual labor in the agricultural sector, thereby affecting the production capacity.</li> <li>h. Lack of credit facilities to farmers</li> <li>i. Climate change which affects production.</li> <li>j. Language barriers between traders and farmers.</li> </ul>
Uganda	<ul style="list-style-type: none"> <li>a. Low awareness of the AfCFTA and its instruments.</li> <li>b. High cost of production as the cost of electricity is high.</li> <li>c. NTBs.</li> <li>d. Costly finance/credit facilities.</li> <li>e. Poor infrastructure.</li> <li>f. Low capacity of human capital for exporting.</li> <li>g. Lack of a common language.</li> <li>h. Cultural differences, such as religion, which affect the uptake of certain products, such as coffee.</li> <li>i. High taxes from some EAC counterparts.</li> <li>j. Limited technology to transform commodities along the value chain.</li> <li>k. Climate change for some agricultural commodities.</li> </ul>

Note:

These views are from officials of apex bodies of the private sector and government authorities/boards/bodies

Source:

Author's creation



## 5.2 TRADE OPPORTUNITIES IN EAC AND AFRICA

### 5.2.1 Insights from literature

The existence of a large market – about 1.4 billion people and US\$ 2.8 trillion of GDP (constant 2015 US\$) in 2022 – offers a large opportunity for EAC members to trade under the AfCFTA. As shown in Box 5.1, the EAC region accounts for around 21% of Africa's population, indicating that AfCFTA provides an opportunity to reach more consumers. The EAC accounts for roughly a tenth of Africa's GDP and its average per capita GDP is over four times less than the African average. Hence, trading under AfCFTA allows businesses from EAC to explore the existing external demand. Opportunities also lie within the EAC. Its average GDP growth rate is higher than that of Africa (5.5% versus 2.7% in 2022) and it has some of the fastest-growing economies on the continent, such as the DRC and Rwanda, implying that EAC can produce for the extended market. Domestic credit to private sector by banks (% of GDP), which signals financial development and is vital for cross-border trade (Afreximbank, 2021), is high in some EAC countries such as Burundi and Kenya. Another EAC-specific opportunity is in its advanced level of tariff liberalization (Demena & van Bergeijk, 2022) and massive investment in trade facilitation, advanced quantity and quality of infrastructure and member states' alignment of their national goals to regional goals compared to other African RECs (Kassa & Sawadogo, 2021)<sup>9</sup>. Box 5.2 describes the One-Stop Border Post (OSBP) which is one of EAC's successful trade facilitation initiatives.

The World Economic Forum (Signé & Munyati, 2023) and International Trade Centre (ITC, 2022b) have identified four sectors that bear the greatest opportunity once the AfCFTA agreement is operational. They include automotive, agriculture and agro-processing, pharmaceuticals, transport and logistics<sup>10</sup>. The automotive sector is expected to expand due to the anticipated growth in domestic demand, incomes and trade when the continent integrates. Africa is already competitive in agriculture and this sector, alongside agro-processing, is expected to create jobs and reduce food security and gender inequality. The pharmaceuticals sector is poised to strengthen the continent's vulnerable health supply chain, which heavily relies on external players, as shown during the COVID-19 pandemic<sup>11</sup>. Transport and logistics are expected to enable trade through all means of

transport (road, sea and air). EAC's potential lies in processed food, fish and leather-based value chains such as hides and skins (ITC, 2022b). EACB and AFREXIMBANK (2024) find that Kenya, Tanzania, and Uganda have a positive growth in both fresh and processed food export sectors when trading in Africa. Furthermore, the study finds that the DRC, Rwanda and Tanzania possess potential in exporting raw materials to Africa. Overall, the EAC through its AfCFTA Implementation Plan (EAC, 2024) expects that trading under the Africa-wide agreement will expand the market for its commodities and in turn boost cross-border investments. The E-commerce approach of AfCFTA is expected to improve the automation of regional systems, processes and digital trade. Trading under the AfCFTA is also expected to boost access to raw materials from other African countries and strengthen regional and continental value chains which are ultimately crucial for the global value chains.



9. Some of the ongoing EAC regional integration initiatives include: the Single Customs Territory, One-Stop Border Post, and the Trade Information Portal.
10. The Economic Development in Africa Report for 2023 by the United Nations Conference on Trade and Development (UNCTAD, 2023) and the World Economic Forum (2024) discuss how Africa can harness trade opportunities of these sectors.
11. Vaccine shortage was rampant at the height of the pandemic as many lower-income countries were excluded from access (WTO, 2021).



### Box 5.1: Key economic indicators for EAC and the whole of Africa in 2022

Table 5.3 presents key economic indicators for the EAC and the whole of Africa in 2022. The DRC has the highest population in EAC with about 99 million people in 2022. This is a third of the total population in EAC. It is followed by Tanzania and Kenya which had 65.5 million and 54 million respectively. South Sudan and Burundi had the least population in EAC in 2022, 10.9 million and 12.9 million respectively. The entire EAC accounts for 21% of Africa's population. Kenya has the largest economy in EAC in terms of GDP, followed by Tanzania and the DRC respectively. The total GDP of the EAC region in 2022 was roughly US\$ 275 billion while that of Africa was approximately US\$ 2.8 trillion. The average GDP growth rate of the EAC in 2022 was higher than the African average (5.5% versus 2.7%) with the DRC and Rwanda as the leading economies (8.9% and 8.2% respectively). The average GDP per capita in the EAC in 2022 was US\$ 913, which was over four times lower than the African average of US\$ 3,999.1. Kenya was by far the leading country in EAC in terms of GDP per capita (US\$ 1,754.6), followed by Tanzania (US\$ 1,056.9). The average share of domestic credit to the private sector by banks (% of GDP) in EAC in 2022 was 21%, below the African average of 33.7%. Burundi (41.6%) and Kenya (31.5%) had the highest rates of domestic credit to the private sector by banks in the EAC.

Table 5.3: Key economic indicators of EAC countries and the whole of Africa in 2022

Country	Population (million)	GDP (US\$ Billion)	GDP growth (annual %)	GDP per capita	Domestic credit to private sector by banks (% of GDP)
Burundi	12.9	3.4	1.8	262.2	41.6
The DRC	99.0	52.4	8.9	528.8	-
Kenya	54.0	94.8	4.8	1754.6	31.5
South Sudan	10.9	-	-	-	3.1
Tanzania	65.5	67.1	4.6	1056.9	15.1
Uganda	47.2	44.2	4.7	934.9	13.4
Rwanda	13.8	13.0	8.2	940.4	22.8
<b>EAC</b>	<b>303.4</b>	<b>274.8</b>	<b>5.5</b>	<b>913.0</b>	<b>21.0</b>
<b>Africa</b>	<b>1424.8</b>	<b>2824.5</b>	<b>2.7</b>	<b>3999.1</b>	<b>33.7</b>

Source:

Author's calculations using World Bank statistics (2023)



### Box 5.2: The EAC One-Stop Border Post initiative

A One-stop Border Post (OSBP) is a trade facilitation initiative that ensures border crossing formalities are undertaken at one place, through coordinated action by regulatory agencies of adjoining jurisdictions. Therefore, it eliminates the need for travelers and goods to stop twice at borders for border-crossing formalities which significantly reduces border-crossing time and associated costs (EAC, 2022a).

The East African Community, in line with the African One-stop Border Post (OSBP) Sourcebook, passed the EAC OSBP bill in 2012 to provide a legal framework for the establishment of 15 OSBPs in the region. This was followed by the enactment of the One Stop Border Posts Act in 2016. Thirteen (13) of the 15 borders earmarked to operate as OSBPs are complete and operational. Ten (10) additional borders to operate as OSBPs have been identified. Preliminary evidence shows that the OSBP is fulfilling its mandate of simplifying border procedures and enhancing cross-border trade within the EAC. The border crossing clearance time has reduced by 79 percent (from 14 hours to 1 hour 18 minutes) since the implementation of the OSBPs in the community (EAC, 2022a). The crossing times at the Taveta-Holili border (Kenya-Tanzania), Mutukula border (Tanzania-Uganda) and Busia border (Kenya-Uganda) have reduced by 20 hours, 17 hours and 6 hours and 40 minutes compared to 2011 (Mendez-Parra & Calabrese, 2023). Furthermore, the reduction in transport times has resulted in direct cost reductions of between 0.3% and 14% for different cargo routes in East Africa, with the greatest reductions seen in routes that initially had longer crossing times (Mendez-Parra & Calabrese, 2023).

## 5.2.2 Insights from surveys on firms and businesses in EAC

The survey by EABC in 2020 identified the following factors as opportunities for businesses from the EAC in the AfCFTA (ECA, 2021):

- a. The development of value chains, according to 87.5% of the respondents.
- b. Increased market size by 81.7% of the respondents.
- c. Expansion of investments in the continent by 71% of the respondents.
- d. Reduced cost of doing business by 52.1% of the respondents.
- e. Increased economies of scale by 50.6% of the respondents.
- f. Increased trade with third parties by 44.5% of the respondents.
- g. Enhanced access to raw materials/intermediate goods by 43.3% of the respondents.
- h. Enhanced industrial development by 35.4% of the respondents.

## 5.2.3 Stakeholders' perspectives

As before, government officials of relevant ministries, authorities and agencies, and representatives of apex bodies of the private sector in all the EAC countries were interviewed with regards to the opportunities of the AfCFTA in member countries. Tables 5.4 and 5.5 summarize the opportunities that were identified for each EAC Partner State's public and private sectors.



**Table 5.4: Opportunities of AfCFTA by EAC partner states (public sector views)**

Country	Opportunities
Burundi	<ul style="list-style-type: none"> <li>a. Enhanced market access for products such as leather, fruits, vegetables and rubber. Also, entry into North African countries as target markets for tea and coffee.</li> <li>b. Increased value addition in agricultural commodities.</li> <li>c. Opportunity for networking and creation of partnerships between local and foreign companies.</li> <li>d. Growth in the private sector and low consumer prices due to the expected competition.</li> </ul>
The DRC	<ul style="list-style-type: none"> <li>a. Enhanced market access.</li> <li>b. Enhanced regional cooperation and partnerships.</li> <li>c. Transformation of local economies due to competition.</li> <li>d. Increase in investment inflows from Africa.</li> </ul>
Kenya	<ul style="list-style-type: none"> <li>a. Boost in legal systems and well-agreed upon regional laws and agreements.</li> <li>b. Creation of other provisions that identify potential markets and products and further invest in them.</li> <li>c. Improvement in infrastructure that supports trade in the region.</li> </ul>
Rwanda	<ul style="list-style-type: none"> <li>d. Improvement of infrastructure.</li> <li>e. Enhanced market access.</li> <li>f. Growth in industrialization and capacity for value-addition.</li> <li>g. Reduction in NTBs as technical regulations will be streamlined.</li> </ul>
South Sudan	<ul style="list-style-type: none"> <li>a. Enhanced market for agricultural goods.</li> <li>b. Potential to venture into exports of ground nuts and Sesamum seeds.</li> <li>c. Access to trade opportunities and development partners</li> <li>d. Enhanced value chains.</li> </ul>
Tanzania	<ul style="list-style-type: none"> <li>a. Growth in targeted support for farmers and producers by removing and minimizing production costs.</li> <li>b. Enhanced diversification of agricultural produce.</li> <li>c. Growth in production and value addition.</li> </ul>
Uganda	<ul style="list-style-type: none"> <li>a. Exploitation of natural endowment in terms of land.</li> <li>b. Market access and expansion.</li> </ul>

Note:

These views are from government officials in Ministries of Trade and EAC Affairs

Source:

Author's creation



**Table 5.5: Opportunities of AfCFTA by EAC partner states (private sector and government authorities/board views)**

Country	Opportunities
Burundi	<ul style="list-style-type: none"> <li>a. Enhancement of cereals, tea, coffee, essential oils (like patchouli and macadamia), fruits, vegetables, and fish exports.</li> <li>b. Growth in other sectors such as hospitality and tourism.</li> <li>c. Improvement in infrastructure projects vital for trade routes. For instance, completion of the train route from South Africa to Tanganyika to facilitate transit through Burundi.</li> </ul>
The DRC	<ul style="list-style-type: none"> <li>a. Market expansion and access.</li> <li>b. Enhanced collaboration among the private sector of countries.</li> <li>c. Enhanced risk sharing and diversification.</li> </ul>
Kenya	<ul style="list-style-type: none"> <li>a. Opportunity to explore the country's existing good-quality textile, furniture, construction, electronic, and machinery products.</li> <li>b. Enhanced capacity for the production of most goods compared to neighboring countries.</li> <li>c. Opportunity to explore apparel and textiles, which are performing well under AGOA in Africa.</li> <li>d. Expansion of the automobile sector.</li> </ul>
Rwanda	<ul style="list-style-type: none"> <li>a. Improved packaging, for instance, maize flour from Rwanda, which has a great potential of export to countries such as DRC, but it needs better packaging.</li> <li>b. Harmonization of customs procedures.</li> </ul>
South Sudan	<ul style="list-style-type: none"> <li>a. Enhanced export of natural resources.</li> <li>b. Enhanced investment in electricity, which can be used to promote and facilitate trade.</li> </ul>
Tanzania	<ul style="list-style-type: none"> <li>a. Growth in investment in the paper, minerals, and textiles sectors.</li> <li>b. Market expansion for products such as tea and mate and wood</li> <li>c. Enhanced production of agricultural products.</li> <li>d. Product diversification. For instance, domestic industries produce only brown paper, but there are opportunities for producing white paper under the AfCFTA.</li> </ul>



Table 5.5: Opportunities of AfCFTA by EAC partner states (private sector and government authorities/board views)

Country	Opportunities
Uganda	<ul style="list-style-type: none"> <li>a. Value chain development and involvement of MSMEs.</li> <li>b. Chance for small and large traders to merge.</li> <li>c. Chance to explore opportunities in logistics and technology transfer.</li> <li>d. Enhanced connectivity to markets in Africa.</li> <li>e. Enhanced cohesion between countries.</li> <li>f. Growth in bargaining power for strategic sectors/products.</li> <li>g. Opportunity for exchange of technical knowledge and expertise.</li> <li>h. Opportunity for exploitation of natural endowment in terms of fertile land.</li> <li>i. Opportunity for exploitation exploitation of low production costs for some products such as milk.</li> </ul>

Note:

These views are from officials of apex bodies of the private sector and government authorities/boards/bodies

Source:

Author's creation

## 5.3 OPTIMIZING THE EAC EXPORT TRADE POTENTIAL

This section proposes measures that EAC countries can implement to optimize their export potential in AfCFTA. As before, government officials of relevant ministries, authorities, and agencies, as well as representatives of apex bodies of the private sector in all the EAC countries, were interviewed regarding the ways of optimizing the opportunities of the AfCFTA by the Member States. Table 5.6 summarizes the measures the public sector should take to optimize the export potential, while Tale 5.7 focuses on the private sector.





**Table 5.6: Measures the public sector of EAC Partner States should take to optimize the export potential of AfCFTA**

Country	Optimizing
Burundi	<ul style="list-style-type: none"> <li>a. Enhance the quality of exports through better certification processes and standards.</li> <li>b. Strengthen the dialogue and collaboration between the public and private sectors by reviving public-private dialogue platforms.</li> <li>c. Include the private sector in the negotiation processes of the AfCFTA.</li> <li>d. Develop national strategies and institutions focusing on export promotion.</li> <li>e. Invest in road and air transport infrastructure to facilitate easier and more efficient export processes.</li> <li>f. Cultivate a more aggressive business mindset among entrepreneurs, including training in negotiation and market exploration techniques.</li> <li>g. Supporting agricultural production by guaranteeing (insuring) investments.</li> <li>h. Create a national AfCFTA committee and finalize the national AfCFTA strategy.</li> </ul>
The DRC	<ul style="list-style-type: none"> <li>a. Increase investment in logistics, i.e., transport and communication infrastructure.</li> <li>b. Engage in rigorous export promotion through, for example, trade fairs and campaigns.</li> <li>c. Enhance trade facilitation reforms.</li> <li>d. Promote special economic zones to enhance value chain trade.</li> <li>e. Targeted support of certain sectors/products to enhance production and trade.</li> <li>f. Promote value addition through technical training programs, supporting MSMEs, and prioritizing industrial clusters.</li> <li>g. Implement reforms in the tax regime to ease the cost of doing business.</li> <li>h. Promote local entrepreneurship by creating companies that specialize in producing packages of products to meet the standards accepted by other countries.</li> <li>i. Enhance security, especially in areas that are endowed with natural resources.</li> </ul>
Kenya	<ul style="list-style-type: none"> <li>a. Prioritise capacity building of the private sector to increase their awareness of the agreement and market opportunities.</li> <li>b. Engage in rigorous export promotion through, for example, trade fairs and campaigns.</li> <li>c. Prioritise addressing institutional challenges, specifically creating institutions that would oversee policy and regulatory frameworks to support trade with the rest of Africa.</li> <li>d. Enhance physical infrastructure, such as road and rail networks across African countries to transport goods. Where there are water networks, invest in transportation vessels. Further, improve air connectivity across African markets.</li> <li>e. Have one-stop border posts across the borders of African countries to reduce clearance procedures.</li> <li>f. Establish clear rules of origin for the products across the countries.</li> <li>g. Establish trade information systems and platforms where information on markets and opportunities can be shared.</li> <li>h. Establish special credit lines in terms of financing for potential products identified.</li> <li>i. Explore export promotion schemes like the ones adopted in the EAC, such as duty remission schemes.</li> <li>j. Use existing mechanisms that have worked before in the EAC, such as manufacturing under bond schemes and special economic zones.</li> </ul>



**Table 5.6: Measures the public sector of EAC Partner States should take to optimize the export potential of AfCFTA**

Country	Optimizing
Rwanda	<ul style="list-style-type: none"> <li>a. Create a common chamber of commerce for information dissemination and export promotion.</li> <li>b. Incentivize local producers by reducing import barriers for raw materials used in production.</li> <li>c. Prioritise export promotion through trade fairs, seminars, and exhibitions of Rwanda's goods and services to enhance visibility.</li> <li>d. Subsidize the agricultural sectors to reduce the cost of production and, in turn, make agricultural exports more competitive.</li> <li>e. Design a strategy to boost the private sector's awareness of AfCFTA.</li> <li>f. Improve infrastructure for easy and fast transportation of goods across African countries.</li> <li>g. Harmonize custom procedures to reduce waiting time at the borders and complexity of systems.</li> </ul>
South Sudan	<ul style="list-style-type: none"> <li>a. Support farmers in accessing finance/credit facilities. This could be through contractual agreements with microfinance institutions that support the agricultural sector.</li> <li>b. Support farmers in accessing better seeds that are resistant to drought.</li> <li>c. Enhance the quality of managerial and technical skills of players in the production and agricultural sectors through training.</li> <li>d. Implement simplified trade regimes for small traders.</li> <li>e. Incentivise producers and sellers of ground nuts and Sesamum seeds.</li> <li>f. Partner with foreign agencies to assist in reviving companies that have collapsed and invest in the electricity sector.</li> <li>g. Support initiatives like the northern corridor projects that would help to facilitate trade.</li> </ul>
Tanzania	<ul style="list-style-type: none"> <li>a. Continue supporting farmers by identifying markets for their products.</li> <li>b. Enhance digitalization of services such as registration.</li> <li>c. Targeted support for some sectors and products through their associations/bodies.</li> <li>d. Fast track the implementation of the regional infrastructure master plan.</li> <li>e. Promotion of business-to-business (B2B) trade by the government.</li> <li>f. Adopt training programs for farmers and local traders.</li> <li>g. Promote the adoption of technology and mechanization in the production of most products.</li> <li>h. Set up trade facilitation centers under the EAC.</li> <li>i. Introduce value addition centers that oversee and promote value addition of agricultural commodities.</li> <li>j. Support the creation of a semi-autonomous office/body that promotes and supports the private sector in EAC.</li> <li>k. Set up social media platforms to bridge information gaps among traders in the county and outside.</li> <li>l. Champion specialization in a few products in which the country has huge export potential. This could be done by adopting flagship projects that support products with large export potential. Also, regional financial institutions should be mobilized to work together to support specialization.</li> <li>m. Support women in sectors where they have comparative advantages, e.g., farming</li> <li>n. Promote research institutions that help in the production of high-quality seeds.</li> <li>o. Develop strategic infrastructure such as warehouses for storage of agricultural produce and dams to enhance production in the agricultural sector.</li> </ul>



**Table 5.6: Measures the public sector of EAC Partner States should take to optimize the export potential of AfCFTA**

Country	Optimizing
Uganda	<ul style="list-style-type: none"> <li>a. Targeted support for traders in sectors with high export potential. This could be through providing subsidies and creating road maps/ strategies for them. Also strengthening their associations/bodies.</li> <li>b. Pursue targeted financing for businesses in sectors/products that have high export potential. This could be by providing special concessions through the Central Bank for businesses to access credit.</li> <li>c. Streamline the credit conditions by money lenders.</li> <li>d. Design a strategy to promote product diversification. This could be through discouraging subsistence production for commercial production. Also harmonization of value chains across the EAC.</li> <li>e. Create an industrial park for businesses and have them directly connected to electricity to reduce the challenge of access to power.</li> <li>f. Establish a central currency bond to reduce the effects of exchange rate fluctuations.</li> <li>g. Introduce an export insurance scheme, a buffer fund, or an export guarantee scheme for trade in volatile regions.</li> <li>h. Enhance market intelligence through validation and assessment studies on trade by the private sector.</li> <li>i. Promote Swahili as a common language in Africa.</li> <li>j. Introduce export tax rebates and special economic zones.</li> <li>k. Pursue bilateral arrangements such as opening embassies to enhance coordination and promotion of products through trade fairs and forums.</li> <li>l. Harmonize standards and charges of commodities across the EAC.</li> <li>m. Streamline training programs to suit the skills needed to trade in the AfCFTA.</li> <li>n. Encourage trade through special economic zones.</li> </ul>

Note:

These views are from officials in Ministries of Trade and EAC Affairs, government authorities/boards/bodies and apex bodies of the private sector

Source:

Author's creation



**Table 5.7: Measures the private sector of EAC Partner States should take to optimize the export potential of AfCFTA**

Country	Optimizing
Burundi	<ul style="list-style-type: none"> <li>a. Pursue financing options that are long-term and have low interest rates to the challenge of credit access.</li> <li>b. Prioritise enhancing the quality of exports and obtaining necessary certifications, including equipping the BBN with adequate resources.</li> <li>c. Boost capacity in exporting processed products instead of raw materials.</li> <li>d. Develop a dialogue with the public sector to market products.</li> </ul>
The DRC	<ul style="list-style-type: none"> <li>a. Prioritize increasing awareness of trade opportunities under the AfCFTA by participating in trade fairs and campaigns.</li> <li>b. Develop links with foreign businesses in leading sectors such as agriculture and mining sectors to boost value chain trade.</li> </ul>
Kenya	<ul style="list-style-type: none"> <li>a. Optimize opportunities available for countries easily accessible from the EAC member states, such as Ethiopia, Zambia, Malawi, Sudan, Somalia, and Congo.</li> <li>b. Leverage on the huge potential in West African Markets (Most of these markets rely on imports from the European Union).</li> <li>c. Create an association of MSMEs so as to have a single voice.</li> <li>d. Join continent-wide associations to enhance market intelligence of the benefits of AfCFTA.</li> </ul>
Rwanda	<ul style="list-style-type: none"> <li>a. Organize and participate in trade fairs to reduce information/knowledge gaps and promote goods and services.</li> </ul>
South Sudan	<ul style="list-style-type: none"> <li>a. Pursue partnerships with international investors so as to exchange knowledge on production and trade.</li> <li>b. Enhance the quality of managerial and technical skills training.</li> </ul>
Tanzania	<ul style="list-style-type: none"> <li>a. Adopt modern technology to improve production capacity.</li> <li>b. Prioritize increasing awareness of trade opportunities under the AfCFTA by participating in trade fairs and campaigns.</li> </ul>
Uganda	<ul style="list-style-type: none"> <li>a. Participate in validation and assessment studies on trade by the government.</li> <li>b. Pursue commercial production instead of subsistence production.</li> <li>c. Pursue partnerships with international investors so as to exchange knowledge on production and trade.</li> </ul>

Note:

These views are from officials in Ministries of Trade and EAC Affairs, government authorities/boards/bodies and apex bodies of the private sector

Source:

Author's creation



## 6 CONCLUSION AND POLICY RECOMMENDATIONS

### 6.1 CONCLUSION

The main task of this research was to establish EAC's export potential in Africa under the AfCFTA trade regime. This was done by identifying products with a high export potential, identifying the challenges to their export potential, and proposing measures to optimize their export potential. The methodology of the International Trade Centre (ITC) was used to assess the export potential. The study found that EAC's total export potential in AfCFTA is approximately US\$ 1.9 billion. At the country level, Burundi's export potential in AfCFTA is US\$ 1.3 million, the DRC's potential is US\$ 342.8 million, Kenya's potential is US\$ 705.5 million, Rwanda's potential is US\$ 36.1 million, Tanzania's potential is US\$ 594 million, and Uganda's potential is US\$ 178.2 million. The study also finds that EAC's total export potential in the Tripartite Free Trade Area (TFTA) is around US\$ 1.7 billion, of which Burundi's potential is US\$ 1.3 million, the DRC's potential is US\$ 341.6 million, Kenya's potential is US\$ 622.9 million, Rwanda's potential is US\$ 36.1 million, Tanzania's export potential is US\$ 550 million, and Uganda's export potential is US\$ 128.6 million. South Africa, Egypt, and Zambia are identified as the top export destinations for products from EAC to AfCFTA. As for sectors, a significant export potential exists in Cereals (processed) for Burundi, metals (except ferrous and precious) for the DRC, tea and mate for Kenya, food products (processed or preserved) for Rwanda, wood for South Sudan, mineral products for Tanzania, and dairy products for Tanzania.

A number of benefits are attributed to the EAC's entry into the AfCFTA. They include: enhanced market access, financial development, expansion of networks and partnerships between domestic and foreign companies, increase in investment inflows, improvement quality and investment in infrastructure (roads, seaports and airports), growth in digital trade, growth in industrialization and capacity for value-addition. AfCFTA is also expected to grow EAC's niche industries such as agriculture, automotive, pharmaceuticals, and logistics (such as warehouses). In general, AfCFTA is viewed as an opportunity for boosting EAC's private sector and cohesion with other countries in Africa.

The main challenges to the EAC's capacity to explore the export potential under AfCFTA revolve around the following issues:

1. **Production challenges**, which are low capacity to adapt to better technology, limited natural resources such as land size in some Member States, overreliance on informal means of production, low product diversity, low value-addition, and high electricity/energy costs.
2. **Quality of infrastructure**, which entails low aviation capabilities in some Member States, poor connectivity, low/unstable energy capacity/supply, and lack of storage facilities for agricultural commodities.
3. **Non-tariff barriers** like the lack of adequate certification capacity, bureaucracy in customs clearance, lack of harmony in information on taxes and standards before and after exporting.
4. **Business-related challenges** such as low awareness of AfCFTA and its instruments. Also, there is a lack of an aggressive business mindset in the private sector of some EAC countries.
5. **Finance-related challenges** for businesses such as limited access to credit, exchange rate fluctuations, differences in currency, high insurance costs of trading.
6. **Investment issues** like low FDI from Africa.
7. **Climate change**, especially for agricultural commodities.
8. **Taxation and competition from non-African partners.**
9. **Language barriers.**



## 6.2 POLICY RECOMMENDATIONS

Based on the conclusions drawn from the study, the following policy recommendations are proposed to optimize the benefits of AfCFTA (refer to Table E.1 in Annex E for actionable policy recommendations and strategic measures):

- 1. Develop a unified policy framework for harmonization of policies:**  
Initiate the development of a unified regional policy framework that aligns with the AfCFTA goals, while respecting the unique economic contexts of each EAC member state. This framework should seamlessly connect with efforts to harmonize trade regulations, standards, and procedures across member states, thereby facilitating smoother intra-regional trade and minimizing bureaucratic hurdles.
- 2. Invest in infrastructure:**  
EAC governments should continue to support initiatives like the northern corridor projects that improve connectivity and the road network in the region. Investment should also be targeted to seaports, airports and communication infrastructure.
- 3. Trade facilitation:**  
EAC countries should undertake to facilitate trade through harmonization of certification processes and standards within the region. This could be done through establishing a regional certification center to oversee policy and regulatory frameworks and support trade with the rest of Africa.
- 4. Promote value addition:**  
EAC countries should promote the value addition of businesses by creating industrial clusters/parks for knowledge sharing and economies of scale. EAC governments should also improve the productivity of businesses by developing initiatives such as duty remission schemes and manufacturing under bond.
- 5. Intensive investment in the manufacturing sector:**  
The diversification of exports should be supported by comprehensive industrial policies aimed at boosting the manufacturing sector. These policies should target the enhancement of regional value chains, foster technology transfer, and spur innovation. Simultaneously, there should be a focus on incentivizing investment in key manufacturing areas and empowering MSMEs to upscale their production capabilities.
- 6. Strategic investments in technology/ digitization of trade:**  
As part of modernizing the trade sector, embracing digital technologies is crucial. This approach should streamline trade processes, including customs and logistics, and should also support the development of policies that encourage e-commerce and digital entrepreneurship, thereby widening market access for smaller players and startups.
- 7. Build human capital and workforce skills:**  
The technological advancements and diversification in trade necessitate investment in education and vocational training, tailored to the demands of a modern, trade-driven economy. This should be complemented by public-private partnerships in education and training, ensuring that the workforce's skills are in sync with the evolving market needs.
- 8. Empower MSMEs and women traders:**  
Integral to these efforts is the creation of supportive environments for MSMEs and formulating gender sensitive trade policies. This includes ensuring access to finance, market information, and trade facilitation services. Concurrently, targeted programs are needed to assist MSMEs and women in understanding and adhering to regional and continental trade regulations.
- 9. Develop sustainable and inclusive trade practices:**  
Alongside these economic strategies, developing and enforcing environmental standards for sustainable trade is imperative. Trade policies must be inclusive, targeting benefits across all societal segments, including women, youth, and marginalized communities, ensuring an equitable distribution of trade benefits.

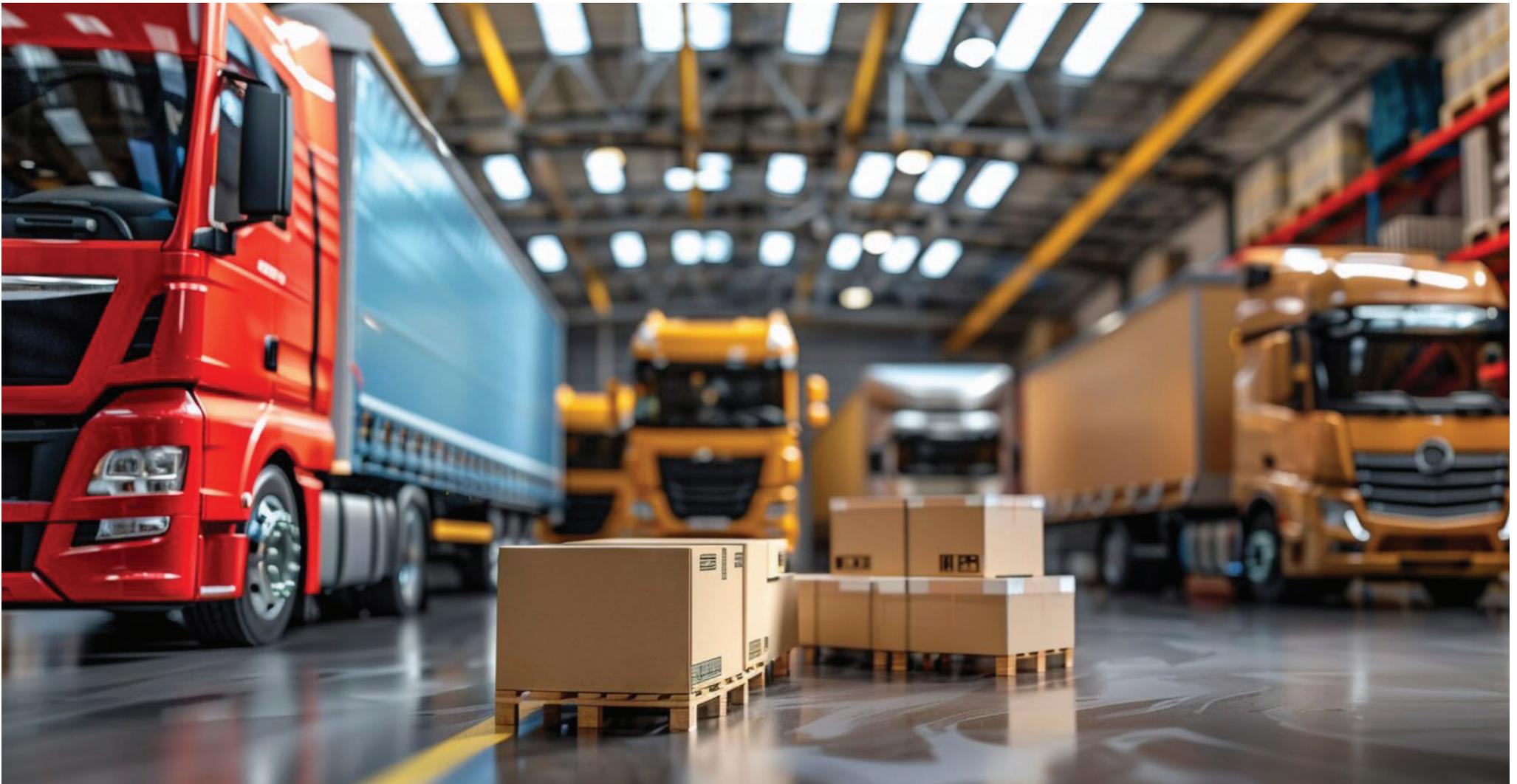


**10. Enhance trade institutions and governance:**

Strengthening the capacity of regional trade-related institutions is crucial to sustaining these initiatives. This enhancement is necessary for the effective implementation and monitoring of trade agreements and should be coupled with improved transparency and accountability in trade policy implementation and dispute resolution.

**11. Address supply chain and logistics challenges:**

Finally, these comprehensive strategies should address existing logistics and supply chain bottlenecks, which are critical for enhancing trade efficiency. Collaboration with private sector players in logistics and transportation is vital to optimize supply chain operations across the region, thereby ensuring the success of the aforementioned policies.





## 6.3 IMPLEMENTING PLAN FOR THE RECOMMENDATIONS

Table 6.1 presents the Implementation Plan for optimizing the benefits of the AfCFTA in EAC Member States.

**Table 6.1: Implementation Matrix**

EAC Country	Policy Intervention	Responsible Entity
Burundi	Invest in transportation infrastructure to facilitate trade	Burundi Government, Development Partners (World Bank, African Development Bank)
	Promote export diversification beyond traditional commodities	Burundi government, EAC Secretariat, EABC, Development partners (TMA)
	Implement industrial policies to boost manufacturing sector	Burundi government
	Embrace digital technologies to streamline trade processes	Burundi government, EAC Secretariat, Development Partners (TMA, AfCFTA Secretariat)
	Invest in education and vocational training for workforce skills	Burundi Government and Development Partners (World Bank)
DRC	Harmonize trade regulations and procedures to align with AfCFTA	DRC government and EAC Secretariat
	Invest in vital trade infrastructure such as transportation networks	DRC government, Development Partners (World Bank, African Development Bank)
	Enhance value addition in primary sectors like agriculture and mining	DRC government, Private sector, EABC
	Develop comprehensive industrial policies to boost manufacturing	DRC government and EAC Secretariat
	Strengthen capacity of regional trade-related institutions with DRC	EAC Secretariat, DRC government and Development Partners (African Development Bank, GiZ)
Kenya	Expand intra-African trade relations through bilateral and multilateral negotiations	Kenyan government, EAC Secretariat, EABC, Development Partners (World Bank, African Development Bank)
	Empower MSMEs with access to finance and market information	Kenyan government, Development Partners (TMA, GiZ, World Bank)
	Invest in digital technologies to facilitate e-commerce and digital entrepreneurship	Kenyan government and Development Partners (TMA, World Bank)
	Address supply chain and logistics challenges for trade efficiency	Kenya government, and Development Partners (African Development Bank)
	Strengthen transparency and accountability in trade policy implementation	Kenyan government, EAC Partner States Governments, EABC, EAC secretariat



Table 6.1: Implementation Matrix

EAC Country	Policy Intervention	Responsible Entity
Kenya	Expand intra-African trade relations through bilateral and multilateral negotiations	Kenyan government, EAC Secretariat, EABC, Development Partners (World Bank, African Development Bank)
	Empower MSMEs with access to finance and market information	Kenyan government, Development Partners (TMA, GiZ, World Bank)
	Invest in digital technologies to facilitate e-commerce and digital entrepreneurship	Kenyan government and Development Partners (TMA, World Bank)
	Address supply chain and logistics challenges for trade efficiency	Kenya government, and Development Partners (African Development Bank)
	Strengthen transparency and accountability in trade policy implementation	Kenyan government, EAC Partner States Governments, EABC, EAC secretariat
Rwanda	Invest in transportation infrastructure for easy and fast goods transportation	Rwanda government, EAC Secretariat, Development Partners (World Bank, African Development Bank)
	Foster public-private partnerships in logistics and transportation	Rwanda government, Private sector and Development Partners (GiZ, World Bank)
	Enhance value addition in primary sectors like agriculture and mining	Rwanda government, private sector and Development Partners (TMA)
	Develop and enforce environmental standards for sustainable trade	Rwanda government
	Address supply chain and logistics challenges for trade efficiency	Rwanda government
South Sudan	Invest in transportation infrastructure for trade facilitation	South Sudan government, EAC Secretariat, Development Partners (World Bank, GiZ)
	Develop policies to incentivize investment in key manufacturing areas	South Sudan government, Development Partners (African Development Bank, World Bank)
	Strengthen capacity of regional trade-related institutions	South Sudan government, EAC Secretariat, Development Partners (World Bank, African Development Bank)
	Foster public-private partnerships in education and training	South Sudan government and Development Partners (World Bank, GiZ)



Table 6.1: Implementation Matrix

EAC Country	Policy Intervention	Responsible Entity
Tanzania	Develop a unified regional policy framework aligned with AfCFTA goals	Tanzania government, EAC Secretariat, Development Partners (African Development Bank, GiZ)
	Invest in transportation infrastructure for trade facilitation	Tanzania government, Development Partners (World Bank, African Development Bank)
	Promote export diversification beyond traditional commodities	Tanzania government, EAC Secretariat and Development Partners (World Bank, GiZ)
	Address supply chain and logistics challenges for trade efficiency	Tanzania government, Development Partners (World Bank, African Development Bank)
Uganda	Empower MSMEs with access to finance and market information	Uganda government, Development Partners (GiZ, AfCFTA Secretariat)
	Invest in digital technologies to facilitate e-commerce and digital entrepreneurship	Uganda government, EAC Secretariat, Development Partners (TMA, World Bank)
	Strengthen transparency and accountability in trade policy implementation	EAC Partner States Governments, EABC, Development Partners (World Bank)





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## 8 APPENDIX

### ANNEX A: EAC EXPORTS TO AFRICAN MARKETS

Table A.1: Top-5 products exported by EAC countries to Africa (average 2016-2022)

No.	Burundi	Kenya	Rwanda	South Sudan	Tanzania	Uganda
1	Coffee, tea, mate and spices (24%)	Coffee, tea, mate and spices (12%)	Products of the milling industry; malt; starches; inulin; wheat gluten (19%)	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes (95%)	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewellery; coin (43%)	Coffee, tea, mate and spices (16%)
2	Products of the milling industry; malt; starches; inulin; wheat gluten (15%)	Iron and steel (6%)	Coffee, tea, mate and spices (15%)	Products of the milling industry; malt; starches; inulin; wheat gluten (2.6%)	Cereals (7%)	Cereals (8%)
3	Beverages, spirits and vinegar (13%)	Plastics and articles thereof (6%)	Preparations of cereals, flour, starch or milk; pastry cooks' products (10%)	Tobacco and manufactured tobacco substitutes (0.5%)	Salt; sulphur; earths and stone; plastering materials, lime and cement (4%)	Iron and steel (6%)
4	Tobacco and manufactured tobacco substitutes (12%)	Tobacco and manufactured tobacco substitutes (5%)	Salt; sulphur; earths and stone; plastering materials, lime and cement (10%)	Rubber and articles thereof (0.5%)	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes (4%)	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included (6%)
5	Iron and steel (9%)	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes (5%)	Residues and waste from the food industries; prepared animal fodder (6%)	Lac; gums, resins and other vegetable saps and extracts (0.3%)	Other made up textile articles; sets; worn clothing and worn textile articles; rags (3%)	Edible vegetables and certain roots and tubers (6%)

Note:

Products are reported at HS 2-digit level. Their export shares in total average exports for the period 2016-2022 are recorded in brackets

Source:

Author's calculations using the EAC Open Data Portal (2024)



## ANNEX B: EAC EXPORT POTENTIAL IN AfCFTA

Table B.1: Export potential of EAC in AfCFTA by products

HS code	Product name	Export potential (US\$)
90240	Black tea, packings >3kg	364,100,000
740311	Copper cathodes	181,300,000
260300	Copper ores & concentrates	148,200,000
90111	Coffee, not roasted, not decaffeinated	125,700,000
100630	Semi-milled or wholly milled rice	59,818,172
0709XX	Vegetables, fresh or chilled	52,382,000
630533	Sacks & bags of polyethylene/polypropylene for packing	39,888,328
170199	Cane or beet sugar & chemically pure sucrose	34,798,546
210690	Food preparations	28,876,000
710231	Diamonds, unworked	27,131,000
340119	Soap & organic surface-active products	24,463,106
620342	Men's trousers & shorts of cotton	23,685,000
230230	Bran, sharps & other residues of wheat	16,827,114
151710	Margarine (excl liquid)	14,884,559
3004Xb	Medicaments consisting of mixed or unmixed products	13,778,937
102	Live bovine animals	13,498,200
830910	Crown corks of base metal	13,439,501
0304Xb	Fish fillets, frozen	13,000,000
610910	T-shirts & vests of cotton, knit/crochet	13,000,000
230610	Oilcake of cotton seeds	13,000,000
6304XX	Footwear with outer soles of rubber/plastics/composition leather, & uppers of leather	12,776,177
701090	Carboys & other glass containers	12,089,052
151190	Palm oil (excl crude) & fractions	10,676,981
490700	Unused postage stamp	10,151,333
310230	Ammonium nitrate	8,750,200
190110	Food preparations for infant use	8,686,917



**Table B.1: Export potential of EAC in AFCFTA by products**

HS code	Product name	Export potential (US\$)
190110	Food preparations for infant use	8,686,917
340220	Surface-active, washing, auxiliary washing & cleaning preparations	8,627,000
310590	Mineral or chemical fertilisers	7,619,600
740200	Unrefined copper	7,369,256
283620	Disodium carbonate	7,230,000
271210	Petroleum jelly	6,915,600
1701XX	Raw cane sugar	6,594,200
40210	Low-fat milk powder	6,383,169
0303Xa	Fish n.e.s., whole, frozen	6,334,768
3808	Insecticides, rodenticides, fungicides, herbicides & similar	6,320,400
120991	Vegetable seeds for sowing	6,057,800
252310	Cement clinkers	6,029,013
100590	Maize (excl seed for sowing)	5,658,454
960810	Ball-point pens	5,600,000
0305Xb	Fish n.e.s., cured	5,535,266
71310	Peas, dried & shelled	5,172,809
530390	Jute & other bast fibres, processed but not spun; tow & waste	5,120,400
721070	Flat products of iron or non-alloy steel	5,115,000
482020	Exercise books of paper(-board)	5,084,898
151590	Fixed vegetable fats, oil & fractions	5,054,000
0603XX	Cut flowers & buds, fresh	4,887,412
190190	Malt extract	4,876,044
140490	Vegetable products n.e.s	4,800,000
170410	Chewing gum	4,638,645
120740	Sesamum seeds	4,408,500
0106Xc	Live animals	4,033,000
710813	Gold, semi-manufactured, for non-monetary purposes	4,000,000
252329	Portland cement	3,969,916



Table B.1: Export potential of EAC in AFCFTA by products

HS code	Product name	Export potential (US\$)
40120	Milk	3,876,593
220300	Beer made from malt	3,818,981
252210	Quicklime	3,659,700
110220	Maize flour	3,542,788
330499	Beauty, make-up & skincare preparations	3,471,607
71333	Kidney beans "Phaseolus vulgaris", dried & shelled	3,367,170
250100	Salts ( incl. table salt, denatured salt & pure sodium chloride)	3,324,415
1007	Grain sorghum	3,304,900
530500	Coconut, abaca Manila hemp, ramie, agave & other vegetable fibres	3,255,224
151211	Crude sunflower-seed or safflower oil	3,227,425
110100	Wheat or meslin flour	3,215,071
721041	Flat-rolled products of iron or non-alloy steel	2,809,621
721420	Bars & rods of iron or non-alloy steel	2,801,036
282200	Cobalt oxides & hydroxides	2,728,000
151620	Vegetable fats, oil & fractions, hydrogenated, inter-esterified, etc.	2,648,945
340111	Soap & organic surface-active products, for toilet use	2,625,559
670490	False beards, eyebrows & -lashes, n.e.s.	2,497,362
810520	Cobalt mattes & intermediate products	2,461,000
80440	Avocados, fresh or dried	2,400,000
480411	Unbleached kraftliner, uncoated, in rolls >36cm	2,345,800
30354	Mackerel, frozen	2,148,644
261400	Titanium ores & concentrates	2,100,000
907	Cloves	2,041,400
70610	Carrots & turnips, fresh	1,900,000
4412	Plywood, veneered panel & similar laminated wood	1,886,000
6907	Unglazed ceramic flags, paving, hearth, wall tiles, mosaic cubes & the like, n.e.s.	1,829,116
271600	Electrical energy	1,589,252
210230	Prepared baking powders	1,560,247



**Table B.1: Export potential of EAC in AfCFTA by products**

HS code	Product name	Export potential (US\$)
71320	Chickpeas, dried & shelled	1,492,577
220210	Waters as beverage	1,482,158
1211XX	Medicinal plants, herbs, etc., n.e.s.	1,446,225
4411	Fibreboard of wood/other ligneous materials	1,407,784
711790	Imitation jewellery, n.e.s.	1,400,000
230630	Oilcake of sunflower seeds	1,369,008
720854	Flat-rolled products of iron or non-alloy steel	1,363,300
40221	Milk powder	1,333,110
310520	Mineral or chemical fertilisers	1,322,400
560729	Cordage & cables of Agave	1,300,000
70190	Potatoes, fresh	1,300,000
0713Xa	Beans "Vigna & Phaseolus" n.e.s., dried & shelled	1,292,122
100640	Broken rice	1,274,239
710812	Gold, unwrought, for non-monetary purposes	1,225,200
520100	Cotton, not carded/combed	1,123,854
640220	Footwear, rubber/plastic soles & uppers	1,052,587
710221	Industrial diamonds, unworked	1,001,400
0302Xd	Fish n.e.s., whole, fresh	976,000
1207Xa	Oil seeds & oleaginous fruits n.e.s.	905,000
721061	Flat-rolled products of iron or non-alloy steel	891,900
482110	Paper(-board) labels, printed	849,630
0802Xc	Nuts n.e.s.	847,000
730690	Tubes of iron or steel	820,069
4407Xc	Wood, sawn/chipped lengthwise, sliced/peeled, thickness >6mm	800,200
392330	Bottles & articles for conveying/packaging of goods, of plastics	797,000
100510	Maize seed for sowing	787,500
850710	Starter batteries	756,000
252010	Gypsum/anhydrite	751,000



Table B.1: Export potential of EAC in AFCFTA by products

HS code	Product name	Export potential (US\$)
60210	Unrooted cuttings & slips	734,496
761510	Household articles, of aluminium	721,000
230990	Preparations used in animal feeding	655,100
620343	Men's trousers & shorts of synthetic fibres	639,000
4403Xc	Wood in the rough, n.e.s.	630,084
0713Xb	Legumes n.e.s., dried & shelled	586,610
721499	Bars & rods of iron or non-alloy steel	461,930
803	Bananas, fresh or dried	440,000
90230	Black tea, packings <=3kg	436,000
340120	Soap in flakes/granules/powder/paste/aqueous solution	421,000
90220	Green tea, packings >3kg	366,000
210390	Preparations for sauces & prepared sauces	356,770
40510	Butter	355,000
905	Vanilla	349,000
3004Xb	Medicaments consisting of mixed or unmixed products, for retail	338,000
200559	Unshelled beans	329,042
4407Xa	Coniferous wood sawn/chipped lengthwise, sliced/peeled	329,000
560729	Cordage & cables of Agave, n.e.s.	329,000
880212	Helicopters >2,000kg	322,883
670420	False beards, eyebrows & -lashes, of human hair	309,000
170490	Sugar confectionery not containing cocoa	308,352
253010	Vermiculite, perlite & chlorites, unexpanded	290,000
40229	Sweetened milk powder	289,000
350110	Casein	267,000
70820	Beans "Vigna spp., Phaseolus spp.", fresh	254,300
20450	Goat meat	248,000
4407Xb	Virola, mahogany, imbuia & balsa, sawn/chipped lengthwise	247,500
280700	Sulphuric acid; oleum	246,000



**Table B.1: Export potential of EAC in AfCFTA by products**

HS code	Product name	Export potential (US\$)
190531	Sweet biscuits	223,880
360500	Matches	196,240
4408XX	Sheets for veneering, sawn lengthwise/sliced/peeled, thickness <=6mm	193,000
880230	Aircraft >2,000kg but <=15,000kg	190,255
71410	Roots & tubers of manioc	178,000
600622	Knit/crochet dyed cotton fabrics, >30cm	173,000
190219	Uncooked pasta	156,375
40590	Dairy fats & oils	152,100
830910	Crown corks of base meta	145,000
1302XX	Vegetable saps and extracts	131,320
180100	Cocoa beans	114,214
410621	Hides & skins of goats or kids, in the wet state	102,000
842959	Self-propelled mechanical shovels	100,000

**Table B.2: Export potential of Burundi in AfCFTA by products**

HS code	Product name	Export potential (US\$)
110100	Wheat or meslin flour	9,875,053
90240	Black tea, packings >3kg	3,338,328
721499	Bars & rods of iron or non-alloy steel	2,309,827
90111	Coffee, not roasted, not decaffeinated	1,799,842
710812	Gold, unwrought, for non-monetary purposes	458,400

Source:

Author's calculations using ITC Export Potential Map



Table B.3: Export potential of the DRC in Africa by products

HS code	Product name	Export potential (US\$)
740311	Copper cathodes	181,300,000
260300	Copper ores & concentrates	148,200,000
4407Xb	Virola, mahogany, imbuia & balsa, sawn/chipped lengthwise	30,569,500
720430	Waste & scrap of tinned iron/steel	11,648,000
230230	Bran, sharps & other residues of wheat	10,905,683
740200	Unrefined copper	7,369,256
710231	Diamonds, unworked	6,920,000
330499	Beauty, make-up & skincare preparations	3,769,607
1211XX	Medicinal plants, herbs, etc., n.e.s.	3,124,225
490700	Unused postage stamp	2,995,333
710813	Gold, semi-manufactured, for non-monetary purposes	2,800,000
282200	Cobalt oxides & hydroxides	2,728,000
90111	Coffee, not roasted, not decaffeinated	2,510,662
810520	Cobalt mattes & intermediate products	2,461,000
4407Xc	Wood, sawn/chipped lengthwise, sliced/peeled, thickness >6mm	2,251,084
190190	Malt extract	1,737,504
0303Xa	Fish n.e.s., whole, frozen	1,418,711
710221	Industrial diamonds, unworked	1,001,400
151110	Crude palm oil	691,911
4403Xc	Wood in the rough, n.e.s.	630,084
880212	Helicopters >2,000kg	573,883
71410	Roots & tubers of manioc	510,000
110220	Maize flour	420,100
720410	Waste & scrap of cast iron	352,000
330590	Preparations for use on the hair, n.e.s.	329,000
710812	Gold, unwrought, for non-monetary purposes	328,000
1202	Groundnuts, excl roasted or cooked	286,000
880230	Aircraft >2,000kg but <=15,000kg	267,255



**Table B.3: Export potential of the DRC in Africa by products**

HS code	Product name	Export potential (US\$)
180100	Cocoa beans	261,214
482020	Exercise books of paper(-board)	247,619
490700	Unused postage stamps; stamp-impressed paper; banknotes; cheques; stoc	223,000
4408XX	Sheets for veneering, sawn lengthwise/sliced/peeled, thickness <=6mm	193,000
340111	Soap & organic surface-active products, for toilet use	153,359
293920	Alkaloids of cinchona & their derivatives	153,068
1302XX	Vegetable saps and extracts	128,020

Source:

Author's calculations using ITC Export Potential Map

**Table B.4: Export potential of Kenya in AfCFTA by products**

HS code	Product name	Export potential (US\$)
90240	Black tea, packings >3kg	335,100,000
340119	Soap & organic surface-active products	105,600,000
721070	Flat products of iron or non-alloy steel	79,815,000
210690	Food preparations	64,902,000
721061	Flat-rolled products of iron or non-alloy steel	58,591,900
250100	Salts ( incl. table salt, denatured salt & pure sodium chloride)	57,014,117
252310	Cement clinkers	54,974,413
0709XX	Vegetables, fresh or chilled	52,245,000
151710	Margarine (excl liquid)	50,884,559
170410	Chewing gum	41,938,645
640220	Footwear, rubber/plastic soles & uppers	37,742,800
830910	Crown corks of base metal	32,677,566
151190	Palm oil (excl crude) & fractions	30,090,000
490700	Unused postage stamp	24,838,000



Table B.4: Export potential of Kenya in AfCFTA by products

HS code	Product name	Export potential (US\$)
71310	Peas, dried & shelled	23,173,000
392340	Spools & similar, of plastics	21,000,000
151110	Crude palm oil	18,019,000
283620	Disodium carbonate	16,830,000
220300	Beer made from malt	16,682,400
3004Xb	Medicaments consisting of mixed or unmixed products	11,643,600
170490	Sugar confectionery not containing cocoa	11,608,000
310590	Mineral or chemical fertilisers	11,400,000
190190	Malt extract	10,488,789
250100	Salts ( incl. table salt, denatured salt & pure sodium chloride)	10,000,000
7306Xc	Other welded tubes & pipes	9,400,000
0603XX	Cut flowers & buds, fresh	9,071,412
252329	Portland cement	8,895,648
392330	Bottles & articles for conveying/packaging of goods, of plastics	7,997,000
90111	Coffee, not roasted, not decaffeinated	7,309,000
340290	Surface-active & washing preparations	6,500,000
3808	Insecticides, rodenticides, fungicides, herbicides & similar	6,006,400
960810	Ball-point pens	5,600,000
120991	Vegetable seeds for sowing	4,919,000
140490	Vegetable products n.e.s	4,800,000
482020	Exercise books of paper(-board)	4,588,000
151590	Fixed vegetable fats, oil & fractions	4,478,000
530390	Jute & other bast fibres, processed but not spun; tow & waste	4,308,000
1007	Grain sorghum	3,924,000
0106Xc	Live animals	3,700,000
20220	Bovine cuts bone in, frozen	3,200,000
340111	Soap & organic surface-active products, for toilet use	2,600,000



Table B.4: Export potential of Kenya in AfCFTA by products

HS code	Product name	Export potential (US\$)
340220	Surface-active, washing, auxiliary washing & cleaning preparations	2,527,000
640192	Waterproof footwear, covering the ankle, rubber/plastic soles & uppers	2,500,000
151620	Vegetable fats, oil & fractions, hydrogenated, inter-esterified, etc.	2,447,000
80440	Avocados, fresh or dried	2,400,000
261400	Titanium ores & concentrates	2,100,000
70610	Carrots & turnips, fresh	1,900,000
320990	Paints & varnishes, incl. enamels and lacquers, based on s	1,800,000
530500	Coconut, abaca Manila hemp, ramie, agave & other vegetable fibres	1,766,457
620342	Men's trousers & shorts of cotton	1,685,000
670490	False beards, eyebrows & -lashes, n.e.s.	1,580,000
210230	Prepared baking powders	1,560,247
70190	Potatoes, fresh	1,300,000
710813	Gold, semi-manufactured, for non-monetary purposes	1,200,000
701090	Carboys & other glass containers	892,000
0802Xc	Nuts n.e.s.	847,000
850710	Starter batteries	756,000
252010	Gypsum/anhydrite	751,000
761510	Household articles, of aluminium	721,000
620343	Men's trousers & shorts of synthetic fibres	639,000
630533	Sacks & bags of polyethylene/polypropylene for packing	446,000
90230	Black tea, packings <=3kg	436,000
340120	Soap in flakes/granules/powder/paste/aqueous solution	421,000
230230	Bran, sharps & other residues of wheat	367,300
90220	Green tea, packings >3kg	366,000
210390	Preparations for sauces & prepared sauces	356,495
200559	Unshelled beans	329,042
721041	Flat-rolled products of iron or non-alloy steel	313,800



**Table B.4: Export potential of Kenya in AfCFTA by products**

HS code	Product name	Export potential (US\$)
20450	Goat meat	248,000
280700	Sulphuric acid; oleum	246,000
70820	Beans "Vigna spp., Phaseolus spp.", fresh	246,000
0303Xa	Fish n.e.s., whole, frozen	210,000
830910	Crown corks of base meta	145,000
360500	Matches	139,000
842959	Self-propelled mechanical shovels	100,000

Source:

Author's calculations using ITC Export Potential Ma

**Table B.5: Export potential of Rwanda in AfCFTA by products**

HS code	Product name	Export potential (US\$)
110100	Wheat or meslin flour	35,347,529
151190	Palm oil (excl crude) & fractions	28,291,592
110620	Flour, meal & powder of sago, roots or tubers	21,000,000
90240	Black tea, packings >3kg	16,487,102
721430	Bars & rods of non-alloy free-cutting steel	14,275,400
190110	Food preparations for infant use	14,011,917
30354	Mackerel, frozen	7,489,644
151620	Vegetable fats, oil & fractions, hydrogenated, inter-esterified, etc.	6,226,945
110220	Maize flour	5,957,777
640220	Footwear, rubber/plastic soles & uppers	5,838,787
850680	Cells & batteries, n.e.s	4,000,000
710812	Gold, unwrought, for non-monetary purposes	3,706,800
392490	Household/toilet articles, of plastics, n.e.s.	3,203,188



Table B.5: Export potential of Rwanda in AfCFTA by products

HS code	Product name	Export potential (US\$)
190490	Cereals in worked grains, prepared, n.e.s.	2,796,375
721420	Bars & rods of iron or non-alloy steel	2,436,036
252329	Portland cement	2,233,212
90111	Coffee, not roasted, not decaffeinated	2,112,288
410390	Raw hides & skins, fresh, or cured, n.e.s.	1,737,000
102	Live bovine animals	1,670,200
1701XX	Raw cane sugar	1,483,700
100640	Broken rice	1,381,310
0303Xa	Fish n.e.s., whole, frozen	1,107,457
230250	Bran, sharps & other residues of leguminous plants	924,000
250100	Salts ( incl. table salt, denatured salt & pure sodium chloride)	891,298
340119	Soap & organic surface-active products	735,074
482020	Exercise books of paper(-board)	724,546
220300	Beer made from malt	623,581
940429	Mattresses n.e.s.	576,600
151590	Fixed vegetable fats, oil & fractions	576,000
730690	Tubes of iron or steel	569,069
210690	Food preparations	431,000
0106Xc	Live animals	333,000
3808	Insecticides, rodenticides, fungicides, herbicides & similar	314,000
190531	Sweet biscuits	223,880
90190	Coffee husks & skins; coffee substitutes	220,080
940370	Plastic furniture	217,000
190219	Uncooked pasta	156,375
360500	Matches	122,240

Source:

Author's calculations using ITC Export Potential Map



Table B.6: Export potential of Tanzania in AfCFTA by products

HS code	Product name	Export potential (US\$)
100630	Semi-milled or wholly milled rice	288,100,000
630533	Sacks & bags of polyethylene/polypropylene for packing	67,942,300
720854	Flat-rolled products of iron or non-alloy steel	65,455,300
480411	Unbleached kraftliner, uncoated, in rolls >36cm	53,345,800
701090	Carboys & other glass containers	44,097,052
710812	Gold, unwrought, for non-monetary purposes	33,096,000
90240	Black tea, packings >3kg	30,687,310
251990	Fused/dead-burned magnesia & other magnesium oxide, n.e.s.	28,000,000
230630	Oilcake of sunflower seeds	26,369,008
100590	Maize (excl seed for sowing)	25,867,454
252329	Portland cement	25,440,456
310590	Mineral or chemical fertilisers	23,519,600
6304XX	Footwear with outer soles of rubber/plastics/composition leather, & uppers of leather	22,265,177
90111	Coffee, not roasted, not decaffeinated	22,059,633
620342	Men's trousers & shorts of cotton	22,000,000
330499	Beauty, make-up & skincare preparations	20,649,000
710231	Diamonds, unworked	20,211,000
0305Xb	Fish n.e.s., cured	17,671,587
310230	Ammonium nitrate	17,650,200
690100	Ceramic construction goods, of siliceous metals	17,075,000
271210	Petroleum jelly	15,815,600
480421	Unbleached sack kraft paper, uncoated, in rolls >36cm	14,061,000
4412	Plywood, veneered panel & similar laminated wood	14,000,000
340119	Soap & organic surface-active products	13,759,400
102	Live bovine animals	13,228,000
0304Xb	Fish fillets, frozen	13,000,000



**Table B.6: Export potential of Tanzania in AfCFTA by products**

HS code	Product name	Export potential (US\$)
0304Xb	Fish fillets, frozen	13,000,000
610910	T-shirts & vests of cotton, knit/crochet	13,000,000
230610	Oilcake of cotton seeds	13,000,000
252210	Quicklime	12,459,700
7306Xc	Other welded tubes & pipes	12,231,000
230230	Bran, sharps & other residues of wheat	11,810,031
110100	Wheat or meslin flour	8,333,827
4407Xa	Coniferous wood sawn/chipped lengthwise, sliced/peeled	7,529,000
100620	Husked or brown rice	6,839,000
2202XX	Non-alcoholic beverages	6,133,688
340220	Surface-active, washing, auxiliary washing & cleaning preparations	6,100,000
391740	Fittings of plastics, for tubes	6,100,000
100610	Rice in the husk	5,100,000
721061	Flat-rolled products of iron or non-alloy steel	4,864,000
71022	Beans "Vigna spp., Phaseolus spp.", frozen	4,700,000
6907	Unglazed ceramic flags, paving, hearth, wall tiles, mosaic cubes & the like, n.e.s.	4,086,310
907	Cloves	2,041,400
120740	Sesamum seeds	1,838,000
482020	Exercise books of paper(-board)	1,737,733
220210	Waters as beverage	1,560,158
71320	Chickpeas, dried & shelled	1,492,577
530500	Coconut, abaca Manila hemp, ramie, agave & other vegetable fibres	1,488,767
0303Xa	Fish n.e.s., whole, frozen	1,321,800
310520	Mineral or chemical fertilisers	1,301,400
560729	Cordage & cables of Agave	1,300,000
120991	Vegetable seeds for sowing	1,285,800



Table B.6: Export potential of Tanzania in AfCFTA by products

HS code	Product name	Export potential (US\$)
530390	Jute & other bast fibres, processed but not spun; tow & waste	812,400
0713Xb	Legumes n.e.s., dried & shelled	558,710
100640	Broken rice	471,728
520100	Cotton, not carded/combed	444,054
1007	Grain sorghum	346,800
560729	Cordage & cables of Agave, n.e.s.	329,000
670420	False beards, eyebrows & -lashes, of human hair	309,000
151211	Crude sunflower-seed or safflower oil	275,000
110220	Maize flour	258,011
71310	Peas, dried & shelled	214,809
600622	Knit/crochet dyed cotton fabrics, >30cm	173,000
4407Xc	Wood, sawn/chipped lengthwise, sliced/peeled, thickness >6mm	121,116
250100	Salts ( incl. table salt, denatured salt & pure sodium chloride)	110,000
0713Xa	Beans "Vigna & Phaseolus" n.e.s., dried & shelled	106,059

Source:

Author's calculations using ITC Export Potential Ma



Table B.7: Export potential of Uganda in AfCFTA by products

HS code	Product name	Export potential (US\$)
90111	Coffee, not roasted, not decaffeinated	110,300,000
40120	Milk	97,676,555
170199	Cane or beet sugar & chemically pure sucrose	84,598,546
721041	Flat-rolled products of iron or non-alloy steel	58,747,000
40210	Low-fat milk powder	54,383,169
4412	Plywood, veneered panel & similar laminated wood	49,586,000
100510	Maize seed for sowing	32,797,500
1701XX	Raw cane sugar	30,731,500
90240	Black tea, packings >3kg	24,001,683
1007	Grain sorghum	21,212,100
252329	Portland cement	20,250,600
0713Xa	Beans "Vigna & Phaseolus" n.e.s., dried & shelled	19,167,563
151190	Palm oil (excl crude) & fractions	17,202,200
340119	Soap & organic surface-active products	15,699,000
0305Xb	Fish n.e.s., cured	14,641,111
730690	Tubes of iron or steel	9,391,000
330520	Preparations for permanent waving/straightening	9,182,665
40229	Sweetened milk powder	8,189,000
220300	Beer made from malt	7,698,000
721420	Bars & rods of iron or non-alloy steel	7,007,000
0303Xa	Fish n.e.s., whole, frozen	6,421,800
151620	Vegetable fats, oil & fractions, hydrogenated, inter-esterified, etc.	6,200,000
20712	Fowls, whole, frozen	5,132,600
71333	Kidney beans "Phaseolus vulgaris", dried & shelled	5,041,852
3004Xb	Medicaments consisting of mixed or unmixed products	4,235,337
482110	Paper(-board) labels, printed	4,020,623
230230	Bran, sharps & other residues of wheat	3,552,100



Table B.7: Export potential of Uganda in AfCFTA by products

HS code	Product name	Export potential (US\$)
110100	Wheat or meslin flour	3,000,862
151211	Crude sunflower-seed or safflower oil	2,952,425
4411	Fibreboard of wood/other ligneous materials	2,907,784
860900	Cargo containers	2,800,000
120740	Sesamum seeds	2,570,500
9406	Prefabricated buildings	1,800,000
150790	Soya-bean oil (excl crude) & fractions	1,604,200
271600	Electrical energy	1,589,252
6907	Unglazed ceramic flags, paving, hearth, wall tiles, mosaic cubes & the like, n.e.s.	1,442,806
711790	Imitation jewellery, n.e.s.	1,400,000
40221	Milk powder	1,333,110
710812	Gold, unwrought, for non-monetary purposes	1,102,000
0302Xd	Fish n.e.s., whole, fresh	976,000
670490	False beards, eyebrows & -lashes, n.e.s.	911,700
1207Xa	Oil seeds & oleaginous fruits n.e.s.	905,000
60210	Unrooted cuttings & slips	700,496
520100	Cotton, not carded/combed	679,800
230990	Preparations used in animal feeding	655,100
731700	Nails of iron or steel	568,000
803	Bananas, fresh or dried	440,000
40510	Butter	355,000
905	Vanilla	349,000
3004Xb	Medicaments consisting of mixed or unmixed products, for retail	338,000
253010	Vermiculite, perlite & chlorites, unexpanded	290,000
350110	Casein	267,000
830910	Crown corks of base metal	261,935
40590	Dairy fats & oils	152,100



Table B.7: Export potential of Uganda in AfCFTA by products

HS code	Product name	Export potential (US\$)
110220	Maize flour	144,900
0709XX	Vegetables, fresh or chilled	137,000
180100	Cocoa beans	114,000
410621	Hides & skins of goats or kids, in the wet state	102,000

Source:

Author's calculations using ITC Export Potential Map

## ANNEX C: EAC PRODUCTS DIVERSIFICATION<sup>12</sup>

Table C.1: Burundi's Product diversification and Markets in Africa (\$ Million)

Rank	Palm oil (excl crude) & fractions		Raw cane sugar		Semi-milled or wholly milled rice		Cane or beet sugar & chemically pure sucrose		Cur roses & buds, fresh	
	Markets	Demand	Markets	Demand	Markets	Demand	Markets	Demand	Markets	Demand
1	Mauritania	133	Mauritius	37	Uganda	111	Mauritania	129	Seychelles	2.3
2	Tanzania	274	DRC	38	DRC	80	Tanzania	110	DRC	2.3
3	DRC	62	Kenya	87	Rwanda	39	Kenya	153	Egypt	1.7
4	Uganda	102	Tanzania	20	Kenya	284	DRC	24	South Africa	3
5	Kenya	199	Egypt	223	Mauritius	45	Uganda	32	Mauritius	0.06
6	Egypt	942	Morocco	527	Mauritania	8.3	Sudan	736	Cote d'Ivoire	0.6
7	Rwanda	16	Rwanda	28	Seychelles	5.8	Mauritius	3.2	Sudan	0.1
8	Mauritius	4.3	Mauritania	0.7	Cote d'Ivoire	555	Rwanda	4	Rwanda	0.03
9	South Africa	443	South Africa	231	South Africa	448	South Africa	55	Uganda	0.008
10	Sudan	71	Seychelles	0.2	Egypt	135	Egypt	51	Senegal	0.05

Source:

Author's calculations using ITC Export Potential Map

12. The rank shows the markets where the countries have greatest potential for exporting the specified products. The demand values are the aggregate imports (\$ Million) of the specified products in these markets.



Table C.2: The DRC's product diversification rank and markets in Africa (\$ Million)

Rank	Raw cane sugar		Maize (exc seed for sowing)		Oil cake of soya -bean oil		Semi-milled or wholly milled rice		Broken Rice	
	Markets	Demand	Markets	Demand	Markets	Demand	Markets	Demand	Markets	Demand
1	Morocco	527	Morocco	574	Morocco	254	Rwanda	39	Senegal	392
2	Rwanda	28	Egypt	2100	Tanzania	25	Madagascar	205	Madagascar	9.5
3	Madagascar	12	Rwanda	12	Madagascar	6.1	Angola	245	Angola	9.9
4	Kenya	87	Angola	33	Rwanda	3.8	Uganda	111	Mauritania	12
5	Egypt	223	Kenya	82	Kenya	29	Kenya	284	Rwanda	0.8
6	Tanzania	20	Burundi	4.5	South Africa	129	South Africa	448	Uganda	5.4
7	South Africa	231	Tanzania	5.3	Angola	4.5	Senegal	87	Cote d'Ivoire	144
8	Burundi	5.8	Senegal	65	Senegal	19	Morocco	28	Congo	6.8
9	Angola	6.8	Mauritania	3.7	Egypt	60	Burundi	2	Cameroon	18
10	Congo	7.7	Zimbabwe	88	Uganda	0.7	Egypt	135	South Africa	9.9

Source:

Author's calculations using ITC Export Potential Map



Table C.3: Kenya's product diversification rank and markets in Africa (\$ Million)

Rank	Raw cane sugar		Semi-milled or wholly milled rice		Roots & tubers		Bananas, fresh or dried		Broken Rice	
	Markets	Demand	Markets	Demand	Markets	Demand	Markets	Demand	Markets	Demand
1	Nigeria	541	Uganda	111	Somalia	29	Somalia	3	Senegal	392
2	Morocco	527	Rwanda	39	Djibouti	42	South Africa	47	Djibouti	49
3	Somalia	76	Somalia	209	Comoros	0.4	Djibouti	0.9	Ethiopia	7.5
4	Egypt	223	DRC	80	South Africa	1.9	Tunisia	29	Zimbabwe	63
5	Tanzania	20	Ethiopia	29	Uganda	0.1	Morocco	19	Uganda	5.4
6	Djibouti	23	Mozambique	259	Mali	1.5	Egypt	5	Sierra Leone	34
7	Rwanda	28	Madagascar	205	Mozambique	0.008	Algeria	84	Gambia	57
8	DRC	38	Djibouti	98	Cabo Verde	0.03	Libya	24	Cote d'Ivoire	144
9	Algeria	729	Cote d'Ivoire	555	Seychelles	0.007	Zambia	1	DRC	7.4
10	Mauritius	37	South Africa	448	Angola	0.02	Senegal	20	Rwanda	0.8

Source:

Author's calculations using ITC Export Potential Map



Table C.4: Rwanda's product diversification rank and markets in Africa (\$ Million)

Rank	Raw cane sugar		Crude palm oil		Maize (excl seed for sowing)		Flat-rolled products of iron or non-alloy steel		Sacks & bags of polyethylene/polypropylene for packing	
	Markets	Demand	Markets	Demand	Markets	Demand	Markets	Demand	Markets	Demand
1	Kenya	87	Kenya	724	Kenya	82	Uganda	29	Kenya	12
2	DRC	38	Uganda	85	Egypt	2100	South Sudan	1.8	Uganda	5.4
3	Nigeria	541	Tanzania	24	Ethiopia	1.7	DRC	10	Congo DRC	13
4	Congo	7.7	Zambia	31	Morocco	574	Kenya	25	Ethiopia	5.2
5	Morocco	527	Morocco	44	South Sudan	0.7	Ghana	75	Congo	9.3
6	Egypt	223	Nigeria	28	Congo	7	Ethiopia	0.6	Sudan	41
7	Ethiopia	1.1	Ghana	41	DRC	5.4	Tanzania	18	South Sudan	0.8
8	Somalia	76	DRC	1.3	Ghana	12	South Africa	31	Ghana	20
9	South Sudan	1.5	Mozambique	20	Uganda	1.2	Burundi	6.1	South Africa	26
10	South Africa	231	South Africa	3.4	Tanzania	5.3	Nigeria	8.4	Zambia	11

Source:

Author's calculations using ITC Export Potential Map

Table C.5: South Sudan's product diversification rank and markets in Africa (\$ Million)

Rank	Legumes n.e.s., dried & shelled		Cashew nuts, in shell	
	Markets	Demand	Markets	Demand
1	Kenya	2.6	Uganda	0.002
2	Uganda	0.1		
3	Egypt	3.4		

Source:

Author's calculations using ITC Export Potential Map



Table C.6: Tanzania's product diversification rank and markets in Africa (\$ Million)

Rank	Raw cane sugar		Copper cathodes		Women's trousers & shorts of cotton		Milk		Electrical energy	
	Markets	Demand	Markets	Demand	Markets	Demand	Markets	Demand	Markets	Demand
1	South Africa	231	South Africa	144	South Africa	152	Kenya	54	South Africa	280
2	Kenya	87	Egypt	724	Kenya	8.3	Mozambique	8.3	Mozambique	295
3	Nigeria	541	Zimbabwe	6.8	Nigeria	41	South Africa	7.2	Zimbabwe	156
4	Morocco	527	Algeria	3.1	Zambia	0.7	Zambia	0.9	Uganda	1.4
5	DRC	38	Morocco	0.3	Mozambique	4.5	DRC	1.5	Zambia	4.3
6	Rwanda	28	Tunisia	1.7	DRC	1.2	Malawi	0.6	DRC	2.8
7	Algeria	729	Ghana	0.02	Namibia	5.5	Rwanda	0.1	Niger	72
8	Mauritius	37	Cote d'Ivoire	0.02	Uganda	0.3	South Sudan	0.5	Mali	62
9	Somalia	76			Morocco	14	Comoros	0.8	Eswatini	70
10	Egypt	223			Sudan	4.3	Mauritania	31	Morocco	159

Source:

Author's calculations using ITC Export Potential Map



Table C.7: Uganda's product diversification rank and markets in Africa (\$ Million)

Rank	Semi-milled or wholly milled rice		Crude palm oil		Superphosphates		Tubes of Iron/Steel, Welded, rectangular cross-section		Mixtures of odoriferous substances used in food & drink	
	Markets	Demand	Markets	Demand	Markets	Demand	Markets	Demand	Markets	Demand
1	Kenya	284	Kenya	724	Burundi	47	Rwanda	15	South Africa	470
2	Rwanda	39	Tanzania	24	Kenya	3.9	Burundi	5.1	Kenya	85
3	DRC	80	Morocco	44	Sudan	2.2	DRC	12	Tanzania	66
4	South Africa	448	Rwanda	7.5	South Africa	7.4	Tanzania	7.4	DRC	19
5	Mozambique	259	Zambia	31	Rwanda	0.009	Kenya	2.1	Zambia	33
6	Sudan	40	Burundi	1	Tanzania	0.4	South Africa	23	Rwanda	5.9
7	Zambia	10	Mozambique	20	Mozambique	0.6	Mozambique	19	Sudan	19
8	Morocco	28	DRC	1.3	Ghana	8.3	Ethiopia	7	Burundi	3.9
9	Egypt	135	South Africa	3.4	Ethiopia	0.006	Morocco	13	Ethiopia	53
10	Benin	686	Nigeria	28	Cote d'Ivoire	17	Mauritius	15	Mozambique	25

Source:

Author's calculations using ITC Export Potential Map



## ANNEX D: EAC EXPORT POTENTIAL IN TFTA

Table D. 1: Export potential of EAC in TFTA by products

HS code	Product name	Export potential (US\$)
90240	Black tea, packings >3kg	339,800,000
740311	Copper cathodes	181,300,000
260300	Copper ores & concentrates	148,200,000
90111	Coffee, not roasted, not decaffeinated	58,664,108
100630	Semi-milled or wholly milled rice	54,886,031
0709XX	Vegetables, fresh or chilled	52,382,000
630533	Sacks & bags of polyethylene/polypropylene for packing	39,222,209
170199	Cane or beet sugar & chemically pure sucrose	34,713,500
710231	Diamonds, unworked	27,131,000
210690	Food preparations	27,088,200
340119	Soap & organic surface-active products	24,014,466
620342	Men's trousers & shorts of cotton	23,685,000
102	Live bovine animals	13,498,200
0304Xb	Fish fillets, frozen	13,000,000
230610	Oilcake of cotton seeds	13,000,000
610910	T-shirts & vests of cotton, knit/crochet	13,000,000
3004Xb	Medicaments consisting of mixed or unmixed products	11,830,300
830910	Crown corks of base metal	11,826,000
701090	Carboys & other glass containers	11,808,400
6304XX	Footwear with outer soles of rubber/plastics/composition leather, & uppers of leather	11,766,000
151710	Margarine (excl liquid)	10,752,000
490700	Unused postage stamp	9,091,295
151190	Palm oil (excl crude) & fractions	8,800,900
340220	Surface-active, washing, auxiliary washing & cleaning preparations	8,627,000
190110	Food preparations for infant use	8,092,189



Table D. 1: Export potential of EAC in TFTA by products

HS code	Product name	Export potential (US\$)
310230	Ammonium nitrate	7,900,061
310590	Mineral or chemical fertilisers	7,619,600
740200	Unrefined copper	7,348,761
3808	Insecticides, rodenticides, fungicides, herbicides & similar	6,159,000
283620	Disodium carbonate	5,673,000
960810	Ball-point pens	5,600,000
71310	Peas, dried & shelled	5,172,809
151590	Fixed vegetable fats, oil & fractions	5,054,000
0303Xa	Fish n.e.s., whole, frozen	5,040,179
0603XX	Cut flowers & buds, fresh	4,854,000
140490	Vegetable products n.e.s	4,800,000
721070	Flat products of iron or non-alloy steel	4,694,000
271210	Petroleum jelly	4,690,400
120991	Vegetable seeds for sowing	4,589,000
482020	Exercise books of paper(-board)	4,577,820
100590	Maize (excl seed for sowing)	4,159,700
40210	Low-fat milk powder	4,092,924
0106Xc	Live animals	4,033,000
710813	Gold, semi-manufactured, for non-monetary purposes	4,000,000
40120	Milk	3,640,522
220300	Beer made from malt	3,509,000
330499	Beauty, make-up & skincare preparations	3,464,500
170410	Chewing gum	3,388,000
1007	Grain sorghum	3,353,947
151211	Crude sunflower-seed or safflower oil	3,227,425
252210	Quicklime	3,100,043
250100	Salts ( incl. table salt, denatured salt & pure sodium chloride)	2,893,000



Table D. 1: Export potential of EAC in TFTA by products

HS code	Product name	Export potential (US\$)
110220	Maize flour	2,885,274
252329	Portland cement	2,814,420
721420	Bars & rods of iron or non-alloy steel	2,799,136
110100	Wheat or meslin flour	2,670,018
340111	Soap & organic surface-active products, for toilet use	2,624,699
810520	Cobalt mattes & intermediate products	2,461,000
721041	Flat-rolled products of iron or non-alloy steel	2,418,400
80440	Avocados, fresh or dried	2,400,000
151620	Vegetable fats, oil & fractions, hydrogenated, inter-esterified, etc.	2,330,945
261400	Titanium ores & concentrates	2,100,000
70610	Carrots & turnips, fresh	1,900,000
480411	Unbleached kraftliner, uncoated, in rolls >36cm	1,863,500
6907	Unglazed ceramic flags, paving, hearth, wall tiles, mosaic cubes & the like, n.e.s.	1,714,206
271600	Electrical energy	1,588,968
120740	Sesamum seeds	1,585,500
210230	Prepared baking powders	1,551,000
4412	Plywood, veneered panel & similar laminated wood	1,524,000
220210	Waters as beverage	1,472,700
0305Xb	Fish n.e.s., cured	1,429,500
4411	Fibreboard of wood/other ligneous materials	1,407,000
711790	Imitation jewellery, n.e.s.	1,400,000
252310	Cement clinkers	1,360,000
70190	Potatoes, fresh	1,300,000
310520	Mineral or chemical fertilisers	1,300,000
30354	Mackerel, frozen	1,236,000
520100	Cotton, not carded/combed	1,123,854
710221	Industrial diamonds, unworked	1,001,400



Table D. 1: Export potential of EAC in TFTA by products

HS code	Product name	Export potential (US\$)
0302Xd	Fish n.e.s., whole, fresh	976,000
670490	False beards, eyebrows & -lashes, n.e.s.	888,300
720854	Flat-rolled products of iron or non-alloy steel	858,000
0802Xc	Nuts n.e.s.	847,000
1211XX	Medicinal plants, herbs, etc., n.e.s.	827,759
730690	Tubes of iron or steel	820,069
392330	Bottles & articles for conveying/packaging of goods, of plastics	797,000
100510	Maize seed for sowing	780,800
850710	Starter batteries	756,000
60210	Unrooted cuttings & slips	734,400
40221	Milk powder	704,000
710812	Gold, unwrought, for non-monetary purposes	686,600
761510	Household articles, of aluminium	669,000
230990	Preparations used in animal feeding	654,000
71333	Kidney beans "Phaseolus vulgaris", dried & shelled	643,852
620343	Men's trousers & shorts of synthetic fibres	639,000
282200	Cobalt oxides & hydroxides	628,000
100640	Broken rice	592,988
230230	Bran, sharps & other residues of wheat	591,383
482110	Paper(-board) labels, printed	576,630
907	Cloves	571,600
640220	Footwear, rubber/plastic soles & uppers	499,511
190190	Malt extract	468,007
71320	Chickpeas, dried & shelled	465,000
4403Xc	Wood in the rough, n.e.s.	438,084
4407Xc	Wood, sawn/chipped lengthwise, sliced/peeled, thickness >6mm	428,635
340120	Soap in flakes/granules/powder/paste/aqueous solution	421,000



Table D. 1: Export potential of EAC in TFTA by products

HS code	Product name	Export potential (US\$)
905	Vanilla	349,000
3004Xb	Medicaments consisting of mixed or unmixed products, for retail	338,000
4407Xa	Coniferous wood sawn/chipped lengthwise, sliced/peeled	329,000
200559	Unshelled beans	329,000
880212	Helicopters >2,000kg	319,300
803	Bananas, fresh or dried	311,000
0713Xa	Beans "Vigna & Phaseolus" n.e.s., dried & shelled	309,763
253010	Vermiculite, perlite & chlorites, unexpanded	290,000
0713Xb	Legumes n.e.s., dried & shelled	284,010
530390	Jute & other bast fibres, processed but not spun; tow & waste	273,400
350110	Casein	267,000
70820	Beans "Vigna spp., Phaseolus spp.", fresh	254,300
90230	Black tea, packings <=3kg	248,000
1701XX	Raw cane sugar	197,200
360500	Matches	196,000
71410	Roots & tubers of manioc	178,000
721061	Flat-rolled products of iron or non-alloy steel	177,000
600622	Knit/crochet dyed cotton fabrics, >30cm	173,000
880230	Aircraft >2,000kg but <=15,000kg	171,255
40229	Sweetened milk powder	137,000
180100	Cocoa beans	114,214
170490	Sugar confectionery not containing cocoa	111,000
410621	Hides & skins of goats or kids, in the wet state	102,000
842959	Self-propelled mechanical shovels	100,000

Source:

Author's calculations using ITC Export Potential Map



## ANNEX E: DETAILED RECOMMENDATIONS FOR EAC

Table E.1: Actionable policy recommendations and strategic measures

	Key area	Actionable policy recommendations
1	Harmonize certification processes and standards	<ol style="list-style-type: none"> <li>1. Develop a regional certification center to oversee policy and regulatory frameworks and support trade with the rest of Africa.</li> <li>2. Adopt international best standards where certification is unclear.</li> <li>3. Harmonize standards and charges of commodities across the EAC.</li> </ol>
2	Strengthen dialogue and collaboration between the public and private sectors	<ol style="list-style-type: none"> <li>1. Create public-private dialogue platforms.</li> <li>2. Streamline training programs to suit the skills needed to trade in the AfCFTA.</li> <li>3. Support the creation of a semi-autonomous office/body that promotes and supports the private sector in EAC.</li> </ol>
3	Promote of private sector engagement in AfCFTA	<ol style="list-style-type: none"> <li>1. Establish trade information systems and platforms where information on markets and opportunities can be shared.</li> <li>2. Support women in sectors where they have comparative advantages.</li> <li>3. Prioritize capacity building of the private sector to increase their awareness of the agreement and market opportunities.</li> <li>4. Enhance market intelligence through research-informed studies.</li> <li>5. Include the private sector in the negotiation processes of the AfCFTA.</li> </ol>
4	Capacity building for the private sector	<ol style="list-style-type: none"> <li>1. Training businesses on negotiation and market exploration techniques to cultivate a more aggressive business mindset.</li> <li>2. Enhance the quality of managerial and technical skills of players in the production and agricultural sectors through training.</li> </ol>
5	Export promotion	<ol style="list-style-type: none"> <li>1. Develop national strategies and institutions focusing on export promotion.</li> <li>2. Implement reforms in the tax regime to ease the cost of doing business.</li> <li>3. Invest in digitalization of services such as registration.</li> <li>4. Create an industrial park for businesses.</li> <li>5. Introduce export tax rebates.</li> <li>6. Create special economic zones.</li> </ol>



**Table E.1: Actionable policy recommendations and strategic measures**

	<b>Key area</b>	<b>Actionable policy recommendations</b>
6	Improve the quality of infrastructure	<ol style="list-style-type: none"> <li>1. Invest in road, sea and air transport infrastructure.</li> <li>2. Support initiatives like the northern corridor projects that would help to facilitate trade.</li> </ol>
7	Enhance value addition	<ol style="list-style-type: none"> <li>1. Create industrial clusters/parks for economies of scale.</li> <li>2. Explore export promotion schemes like the ones adopted in the EAC, such as duty remission schemes.</li> <li>3. Support/create schemes such as manufacturing under bond schemes and special economic zones.</li> <li>4. Subsidize targeted sectors to reduce the cost of production and businesses more competitive.</li> <li>5. Implement simplified trade regimes for small traders.</li> </ol>
8	Enhance access to finance/credit by businesses	<ol style="list-style-type: none"> <li>1. Establish special credit lines for priority sectors.</li> <li>2. Engage in contractual arrangements with financial institutions to access credit with better terms, such as long-term and low interest rates.</li> <li>3. Provide special concessions through the Central Bank for businesses in priority sectors to access credit.</li> <li>4. Develop a policy to streamline credit conditions by money lenders.</li> <li>5. Establish a central currency bond to reduce the effects of exchange rate fluctuations.</li> <li>6. Introduce an export insurance scheme, a buffer fund, or an export guarantee scheme for businesses that trade in volatile regions or some agricultural sectors.</li> </ol>

## **ANNEX F: DETAILED EXPLANATION OF THE METHODOLOGY FOR ESTIMATING EXPORT POTENTIAL**

Several approaches exist to measure export potential. They are generally divided into ex-ante and ex-post methods (Piermartini and Teh, 2005). The ex-ante approach simulates the effects of a trade policy change on a set of economic variables of interest. It answers "what if" type of questions. Ex-ante methods include the computable General Equilibrium (CGE) and Partial Equilibrium (PE) models<sup>13</sup>. The ex-post approach uses historical data to analyze the effects of a past trade policy. The gravity model, the ITC's approach, the decision support model (DSM) and the product space theoretical framework are examples of ex-post models (Shinyekwa et al., 2021; Aucamp et al., 2023).

This section focuses on the methodology of the ITC that is associated with Decreux and Spies (2016) and has been found to be suitable for measuring export potential by Aucamp et al. (2023).

The methodology of the ITC estimates an Export Potential Indicator (*EPI*) and a Product Diversification Indicator (*PDI*). The *EPI* is used to serve countries that aim to support established export sectors in increasing their exports to new or existing target markets. It identifies products in which the exporting country has already proven to be internationally competitive, and which have good prospects of export success in the specific target market(s) (intensive product margin).

<sup>13</sup>. Refer to ECA and TMEA (2020) and EABC and AFREXIMBANK (2024) for examples of studies that have used CGE and PE to simulate the effect of AFCFTA in East Africa.



A country's *EPI* of a product to a given target market is decomposed into three factors - supply, demand, and easiness to trade - as shown in equation

$$EP_{ijk} = Supply^{EP}_{ik} \times Easiness_{ij} \times Demand_{ijk} \dots\dots\dots \text{Equation 1}$$

Where *EP* is export potential, *i* is an exporter country, *j* is an importer (partner) country and *k* is a product at the HS-6 digit level.  $Supply^{EP}_{ik}$  indicates exporter *i*'s performance in exporting product *k* which upon further decomposition is affected by its capacity to export (determined by GDP), export-import ratio, and the margin of preference country globally faces when exporting product *k* (determined by the elasticity of substitution and tariffs).  $Easiness_{ij}$  shows the actual trade between exporter *i* and market *j* for products with potential relative to their hypothetical trade if exporter *i* had the same share in market *j* as it has in world markets. This indicator ranges from  $1 > Easiness_{ij} > 1$  where  $Easiness_{ij} > 1$  implies country *i* finds it easy to export product *k* to *j* and vice versa for  $1 > Easiness_{ij}$ .  $Demand_{ijk}$  reflects *j*'s demand for *k* which is determined by GDP, population growth, tariffs applied to the exporting country relative to other exporters in country *j* for product *k* and distance to the exporter relative to that of other exporters to country *j* of product *k*. Thus, the *EPI* will be used to establish the sectors in which the EAC partner states have already existing competitive advantages and show good prospects for growth compared to the other African countries. The assessment will be done at both the sector and HS levels.

The *PDI* identifies products that the exporting country does not yet export competitively but which seem feasible based on the country's current export basket and the export baskets of similar countries (extensive product margin). *PDI* is determined by market share, easiness, and demand as follows:

$$PD_{ijk} = Supply^{PD}_{ik} \times Easiness_{ij} \times Demand_{ijk} \dots\dots\dots \text{Equation 2}$$

Where *PD* is product diversification, *i* is an exporter country, *j* is an importer (partner) country and *k* is a product at the HS 6-digit level.  $Supply^{PD}_{ik}$  indicates a country's current supply capacities and based on these capacities, identifies products into which the country could diversify. The idea is that a country's ability to export one product depends on its ability to export other products, hence  $Supply^{PD}_{ik}$  shows that if country *i* is currently able to export product *l* which is often found in the export baskets of other countries together with another product *k*, it will be relatively easy for

country *i* to "jump" also to product *k*. Supply capacity is practically measured by generating an index of projected Balassa's Revealed Comparative Advantage (RCA), export-import ratio and the margin of preference country *i* globally face when exporting product *k* (determined by the elasticity of substitution and tariffs).  $Easiness_{ij}$  and  $Demand_{ijk}$  indicators are measured according to the already discussed procedure in Equation 1. Overall, *PDI* identifies products which the EAC partner states do not currently export competitively but seem feasible given their current export baskets and the export baskets of other African countries.

The ITC's approach of measuring *EPI* and *PDI* has some shortcomings. First, it does not report any potential dollar value that may be related to the identified diversification potential. Instead, the within-market rankings of products are provided. Second, it does not consider costs related to export promotion activities yet they might influence the viability of exporting certain products. This challenge is overcome by interviewing stakeholders, as discussed in section 5.

