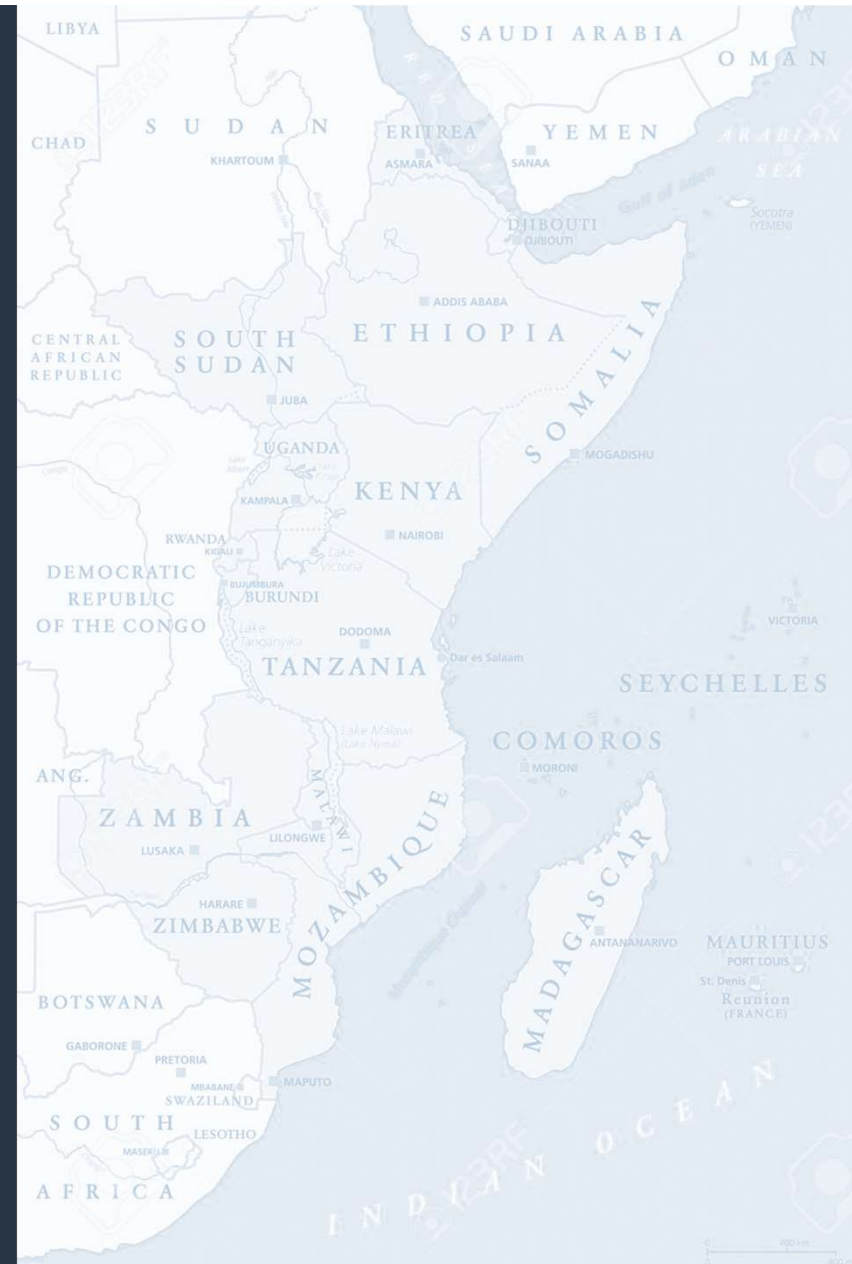


Bilateral trade France-EAIO

Jérôme Baconin
Héloïse Tournoux
Alice Béguier

French Embassy

September 2023

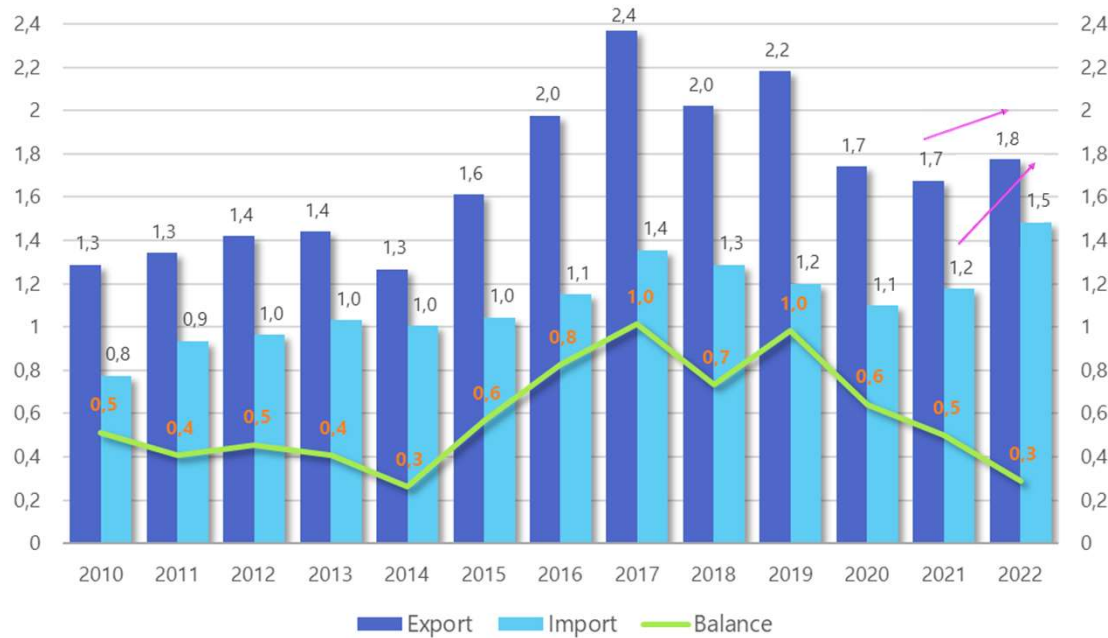


Regional outlook

EAIIO: East African Community / Horn of Africa / Indian Ocean

The EAIO region, a minor trading partner for France

EVOLUTION OF FRANCO-EAIO TRADE (BN EUR)



Source: French Customs

Trade with the EAIO region is marginal (2022) :



0.3% of French exports **A6**
0.2% of French imports



16% of French exports **A7**
9% of French imports

Structural trade surplus because of a value-added differential between exports and imports



- **Downward trend since 2019**
- **Low point in 2022:** 288 MEUR in 2022 < 617 MEUR (2010-2019)
- **Composition of our exports varies** according to the partner country (major **aeronautical contracts**)
- **VS structure of imported products is relatively similar** (agricultural products and agri-food industries)



Diapositive 3

A6 échanges avec le monde

Auteur, 14/09/2023

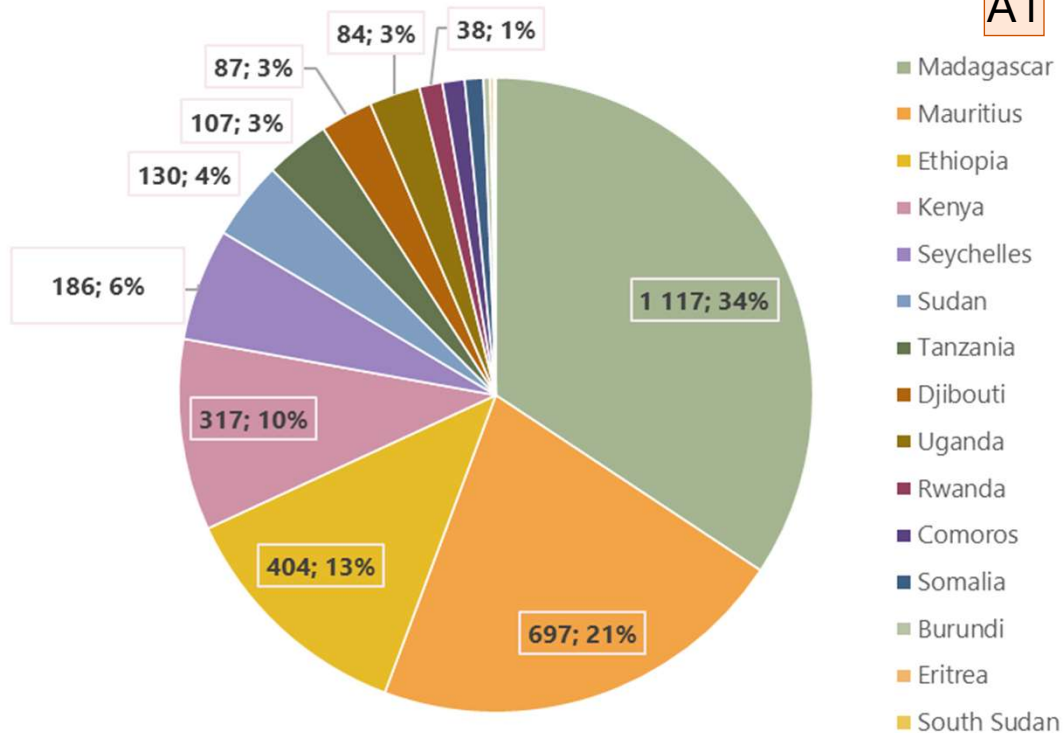
A7 échanges avec l'Afrique Subsaharienne

Auteur, 14/09/2023

The EAIO region, a minor trading partner for France

FRANCE-EAIO TRADE IN 2022 (MEUR; % OF EAIO)

A1



Main EAIO's customers:

- Mauritius (24.4% of exports to EAIO)
- Madagascar (23.9%)
- Ethiopia (18%)

Main EAIO's suppliers:

- Madagascar (48% of imports from EAIO)
- Mauritius (18%)
- Kenya (10%)
- the Seychelles (9%)

Source: French Customs

Diapositive 4

A1

export+import

Auteur, 12/09/2023

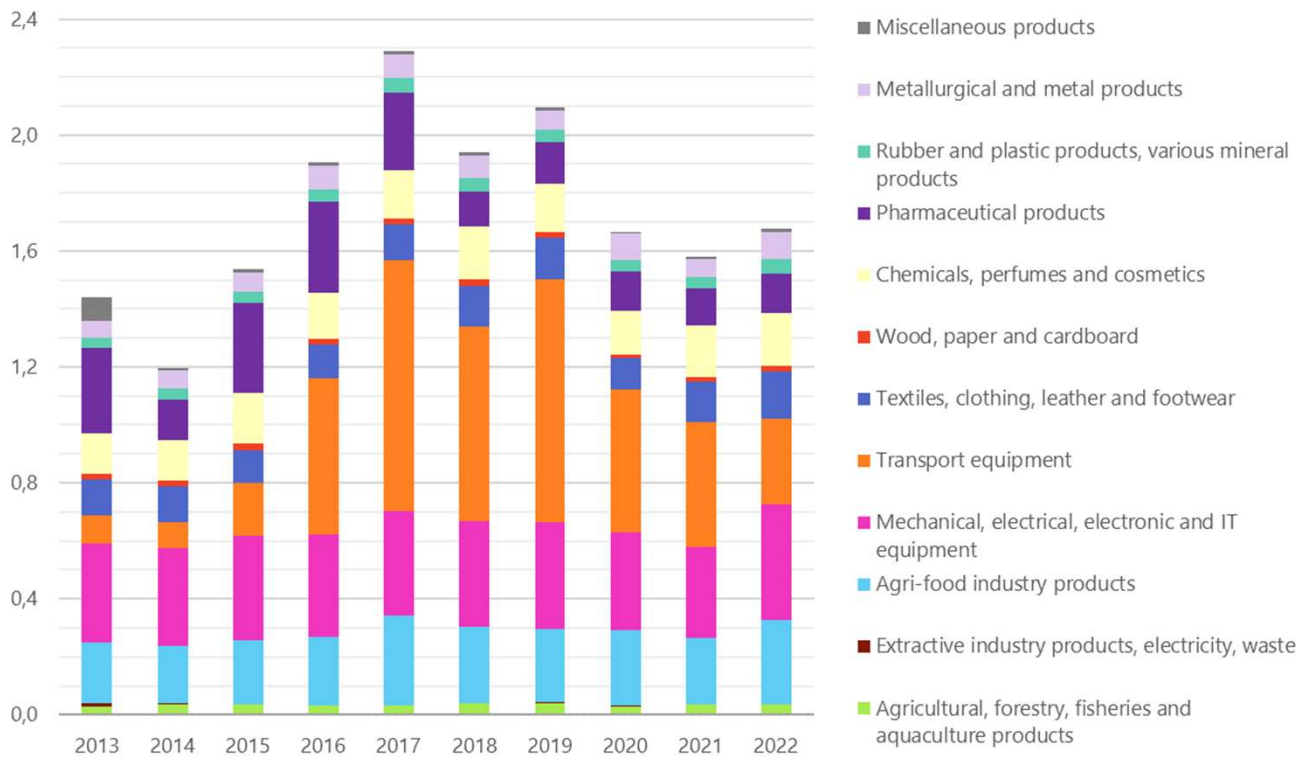
Exports (2022):

Bn 1.8€

↗ +6%

French exports increased slightly and remained below pre-pandemic levels

FRENCH EXPORTS PER PRODUCT (BN EUR)



Source: French Customs

Main exported products:



Mechanical, electrical, electronic and IT equipment (23%)

→ Mauritius, Madagascar and Ethiopia



Transport equipment (17%)

→ Ethiopia and Mauritius



Agri-food industry products (16%)

→ Mauritius and Madagascar



Chemicals, perfumes and cosmetics (10%)

→ Mauritius, Kenya and Madagascar

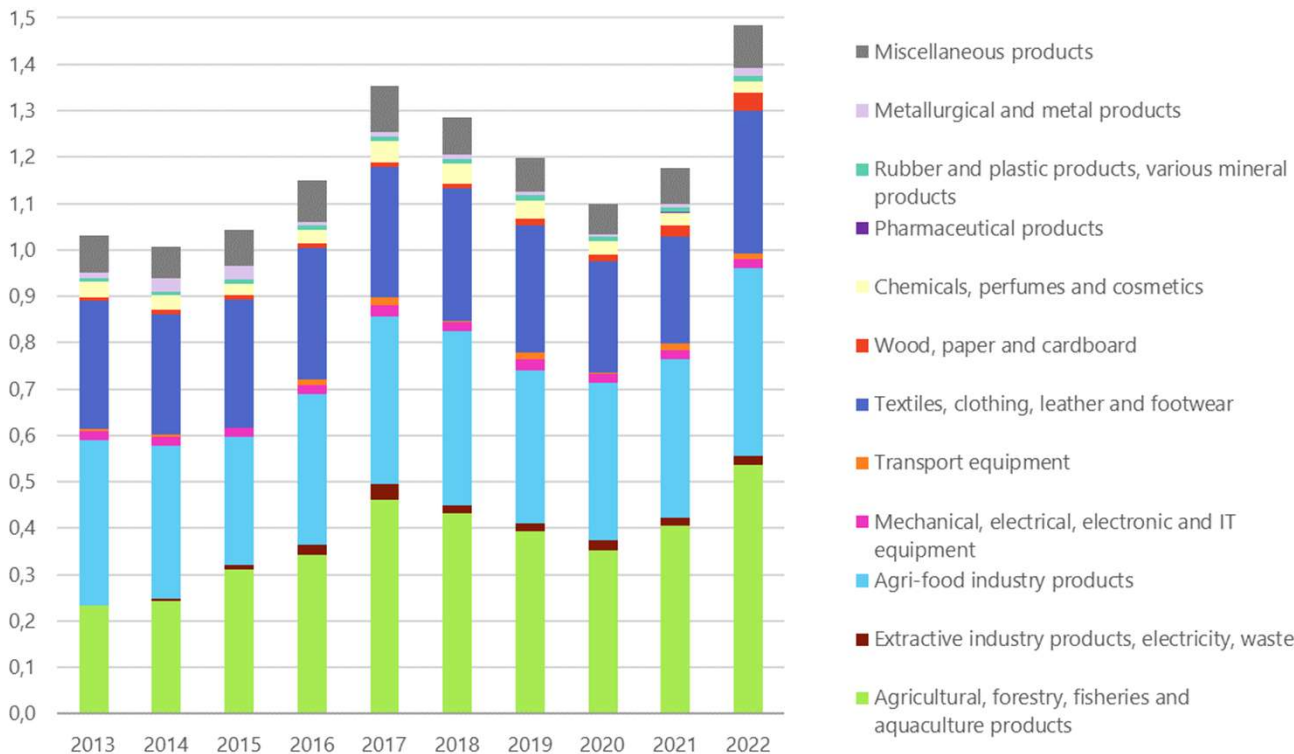
French imports rose sharply for the second year running

Imports (2022):

Bn 1.5€

↗ +26%

FRENCH IMPORTS PER PRODUCT (BN EUR)



Source: French Customs

Main imported products:



Agricultural, forestry, fishing and aquaculture products (36%)

→ from Madagascar, Kenya and Sudan



Agri-food industry products (27%)

→ Madagascar and the Seychelles



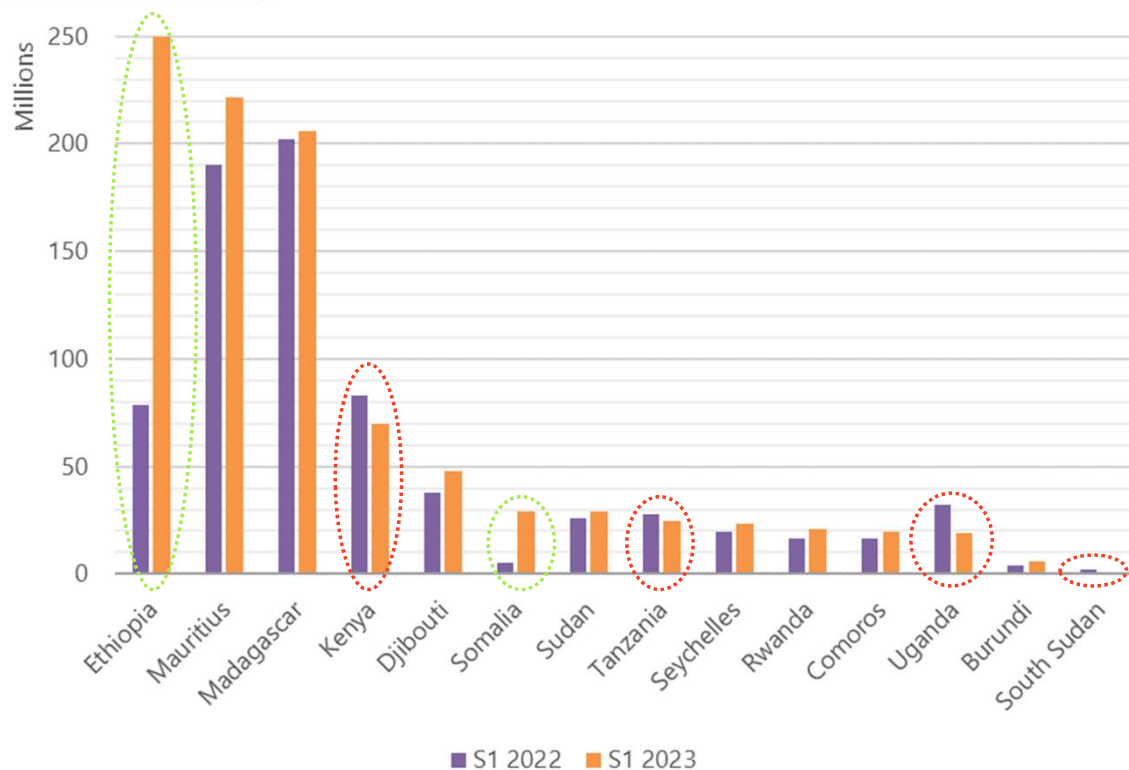
Textiles, clothing, leather and footwear (21%)

→ Madagascar and Mauritius

H1 2023: Growing exports, but still below pre-pandemic level







Exports:
742 → 967 M€
↑ +30%

FRENCH EXPORTS PER PARTNER (MEUR)



Source: Trade Data Monitor, 2022

Main exported products:

-  **Air and space navigation:** 19 to 169 MEUR
-  **Machinery and mechanical appliances:** +6%
-  **Miscellaneous food preparations** x4
-  **Mechanical, electrical, electronic and IT equipment**
-  **Pharmaceutical products**
-  **Fertilizers**

Diapositive 7

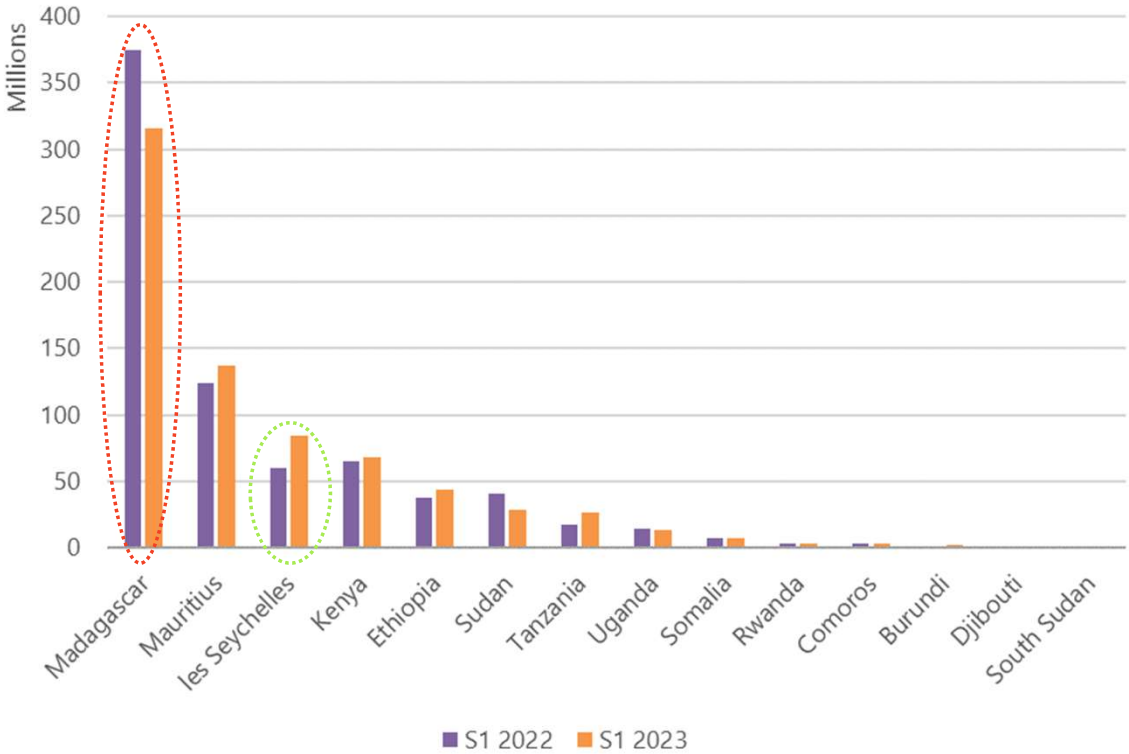
A8 hausse en vert / baisse en rouge

Auteur, 14/09/2023

H1 2023: French imports fell slightly

Imports:
749 → 732 M€
↘ -2%

FRENCH IMPORTS PER PARTNER (MEUR)



Source: Trade Data Monitor, 2022

Main imported products:

 Coffee, tea, mate, spices (-40%)

 Clothing (-6%)

 Gums, resins and other plant juices and extracts (-25%)

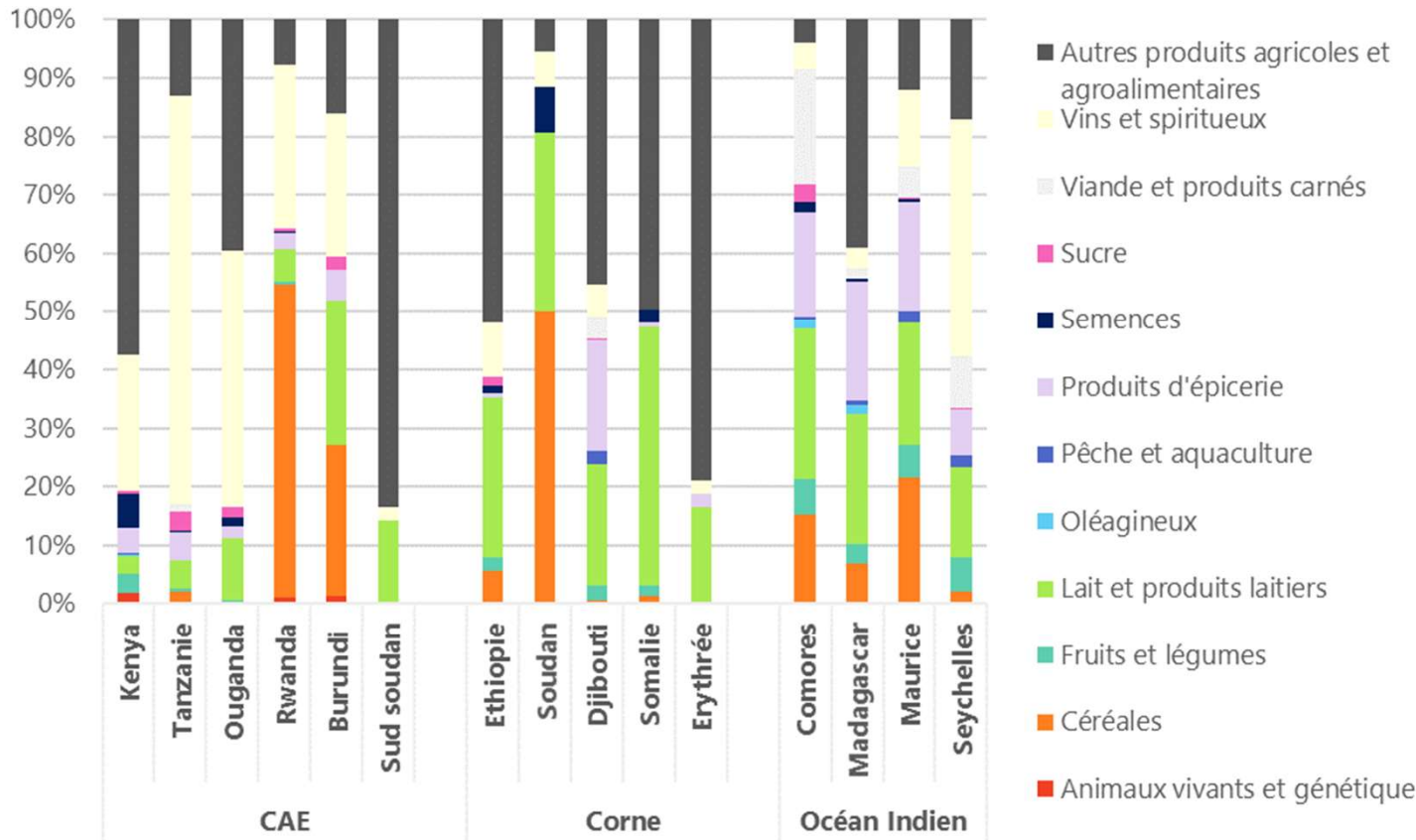
 Fruits (-21%)

 Live plants and floricultural products (-15%)

 Preparations of meat, of fish or of crustaceans (+63%)

Focus on agricultural and agri-food exports to EAIO

BREAKDOWN OF FRENCH EXPORTS TO THE AEOI BY COUNTRY AND CATEGORY OF AGRICULTURAL AND AGRI-FOOD PRODUCTS IN 2022



Milk and dairy products

Wines and spirits

Grocery products

Cereals

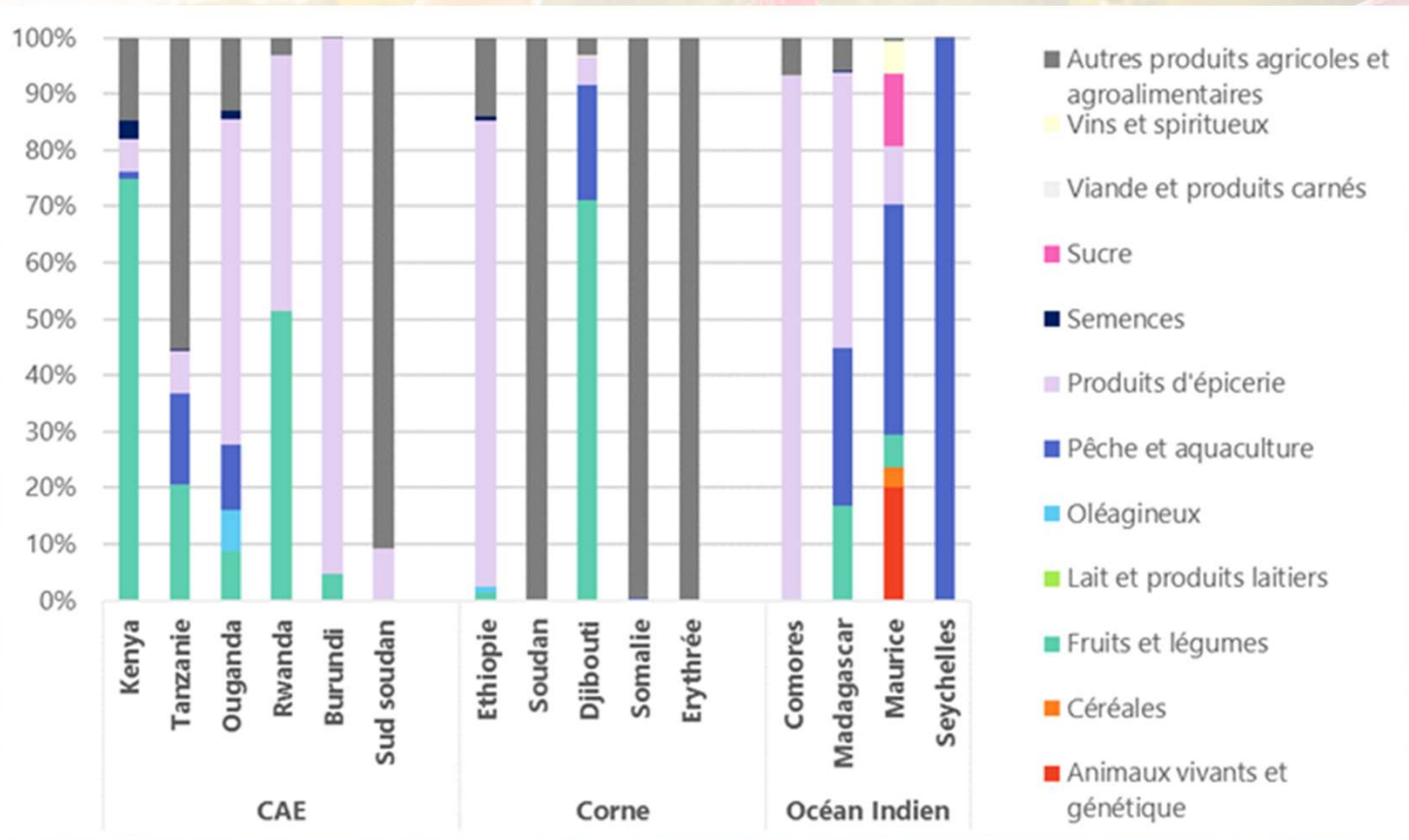
Fertilisers and phytosanitary products

Exports (2022): **407 M€** **+13%**

23% of total French exports to EAIO

Focus on agricultural and agri-food imports from EAIO

BREAKDOWN OF FRENCH IMPORTS TO THE AEIO BY COUNTRY AND CATEGORY OF AGRICULTURAL AND AGRI-FOOD PRODUCTS IN 2022

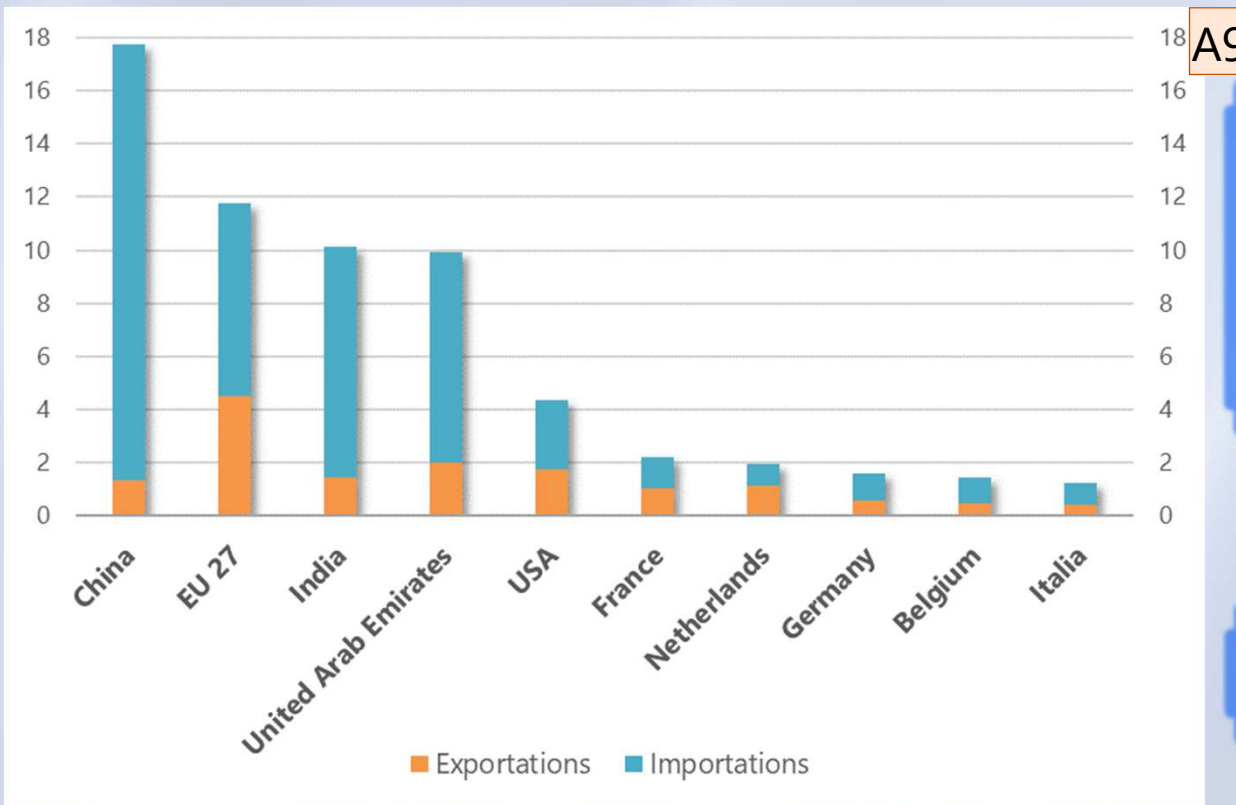


Grocery products
Fishery and aquaculture products

Imports (2022): **966 M€**
 ↗ **+26%**
65% of French imports to EAIO

European Union: EAIO's 2nd trade partner

MAIN EAIO PARTNERS IN 2022 (BN EUR)



Source: Trade Data Monitor, 2022

A9

-  EAIO 3rd largest supplier (after China, India)
-  1st largest customer (bef. India, USA and China)
-  European leader = 20% of the value of trade in 2022

Exports (2022):	Imports (2022):
Bn 10\$	Bn 7\$
↗ +6%	↗ +22%

Diapositive 11

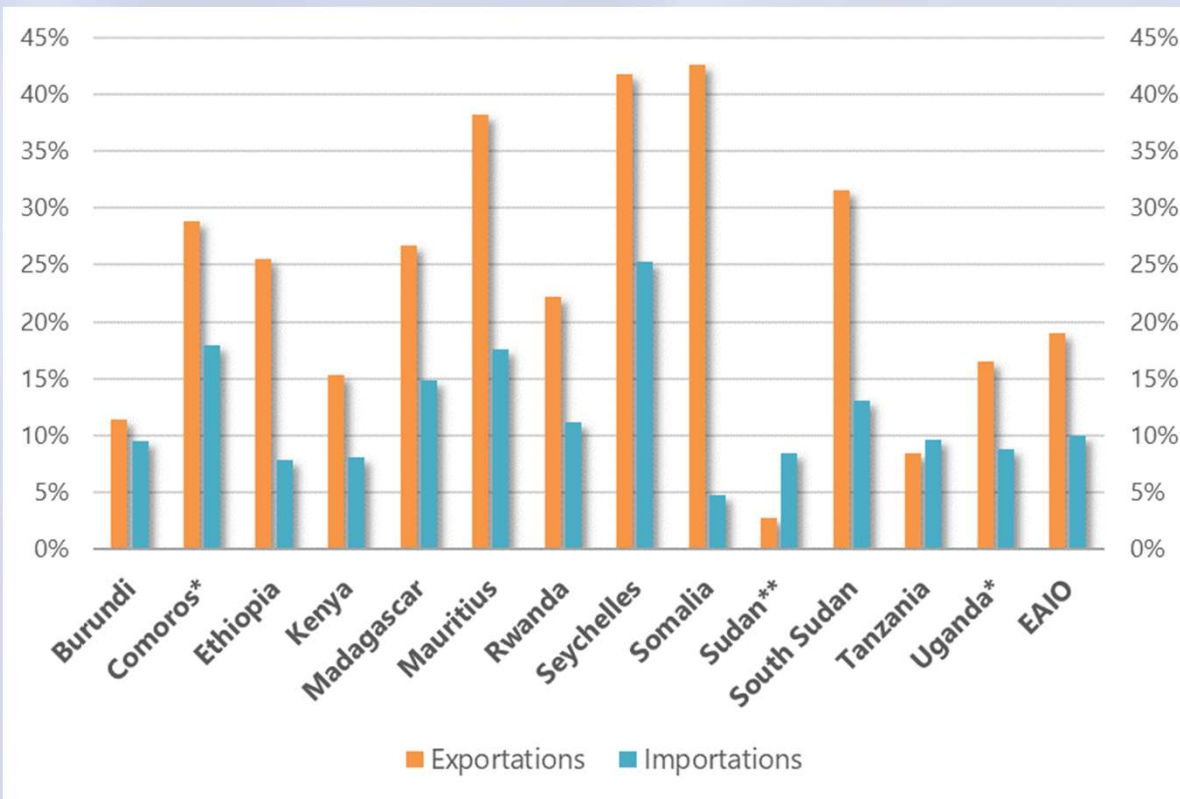
A9

exports+imports

Auteur, 14/09/2023

European Union: EAIO's 2nd trade partner

EU SHARE OF EAIO EXPORTS AND IMPORTS IN 2022 (%)



Source: Trade Data Monitor, 2022

Main export products:



Machinery and mechanical appliances (Germany)



Pharmaceutical products (France)

Main import products:



Coffee, tea, mate and spices (France, Germany)



Live plants and floriculture products (the Netherlands)

EPA Cost-benefit analysis for Kenya/CAE and EU



Opportunity to increase Kenyan exports to the EU market

Opportunity to make Kenya more attractive to foreign investors, offering guaranteed access to the UE market over the long term



Risk of introduction of trade barriers between EAC countries and Kenya to prevent transshipment of UE goods

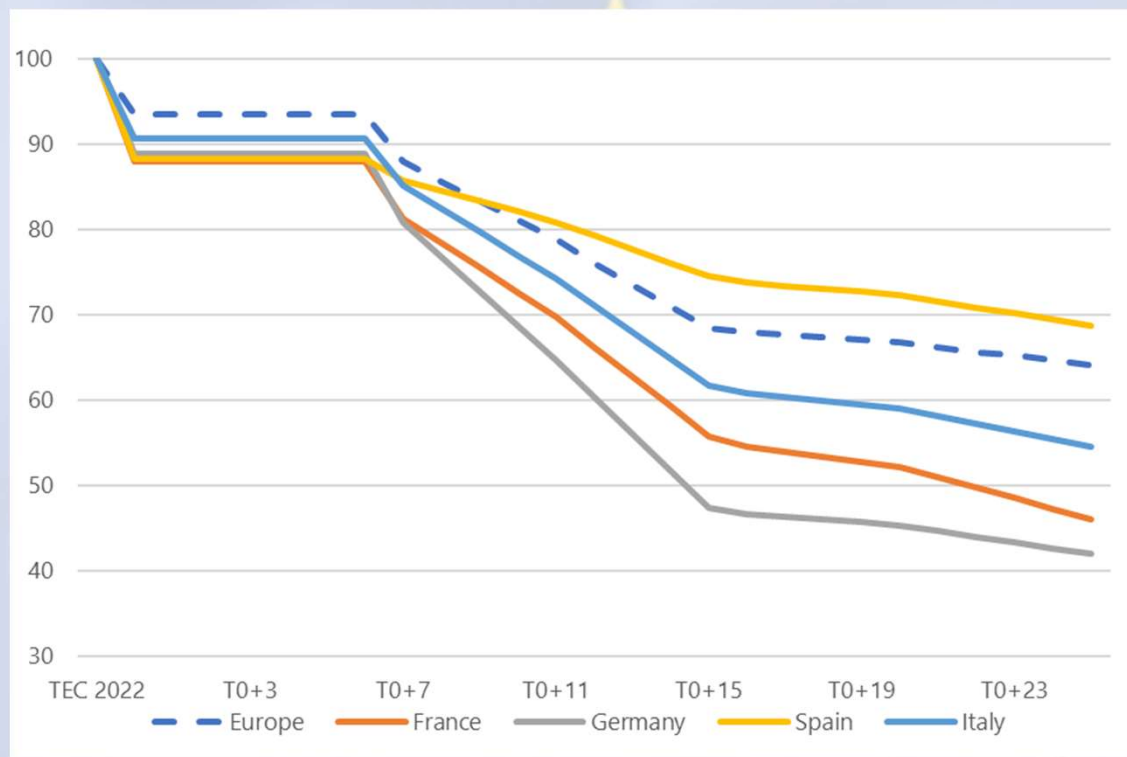
Risk of a drop in Kenyan customs tax revenues



Opportunity to increase Europeans exports to the Kenyan market

Germany and France are likely to be the big winners of the EU-Kenya EPA

EXPECTED FALL IN AVERAGE KENYAN CUSTOMS DUTY ON PRODUCTS IMPORTED FROM THE EU, BY COUNTRY (BASE 100)



Source: Economic Regional Department

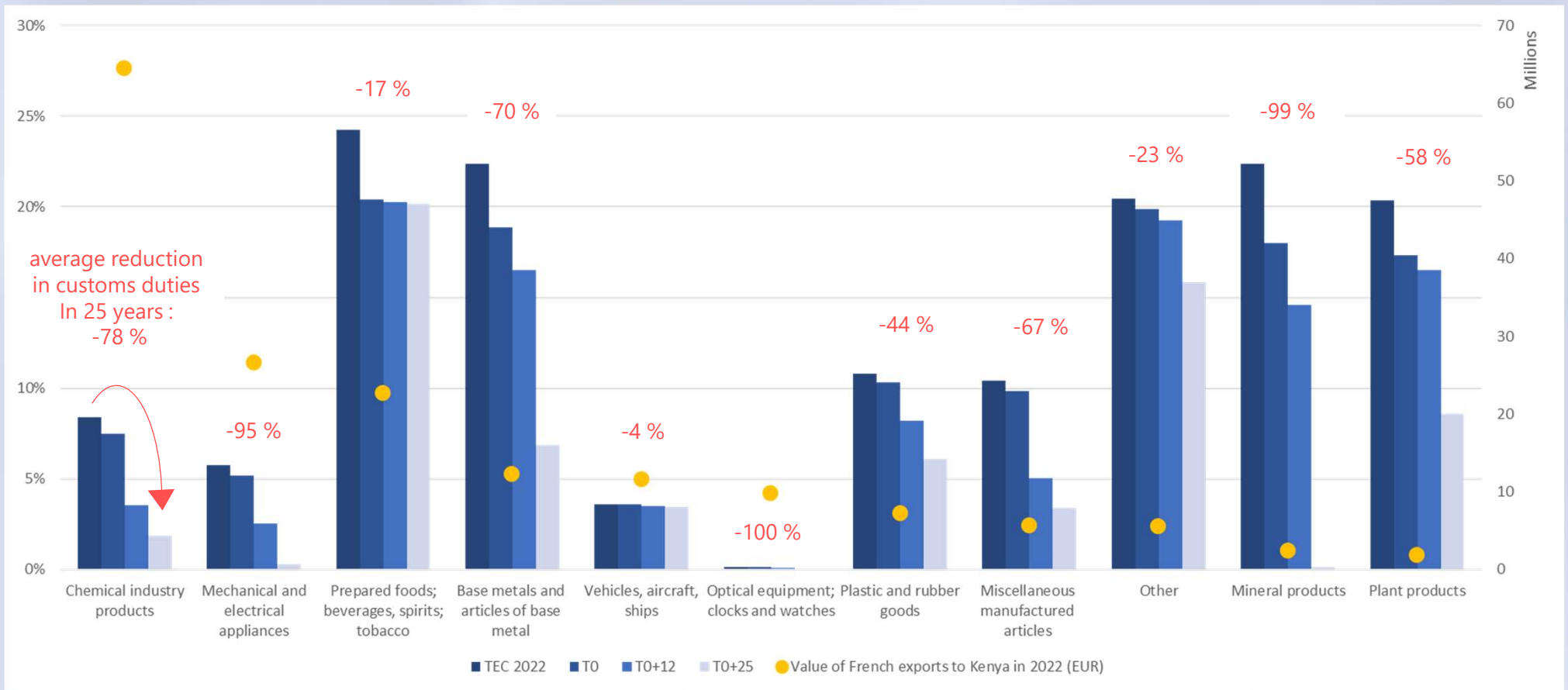
Expected fall in average Kenyan customs duty on products imported by each country:

- Germany (58%)
- France (54%)
- Italy (46%)
- European Union (36%)
- Spain (31%)

This lowering of customs duties should **boost the competitiveness** of companies on the Kenyan market vis-à-vis Kenya's other partners, notably the UK, whose companies have benefited from the UK-Kenya EPA since 2020.

France's two biggest export products should benefit from a significant reduction in customs duties

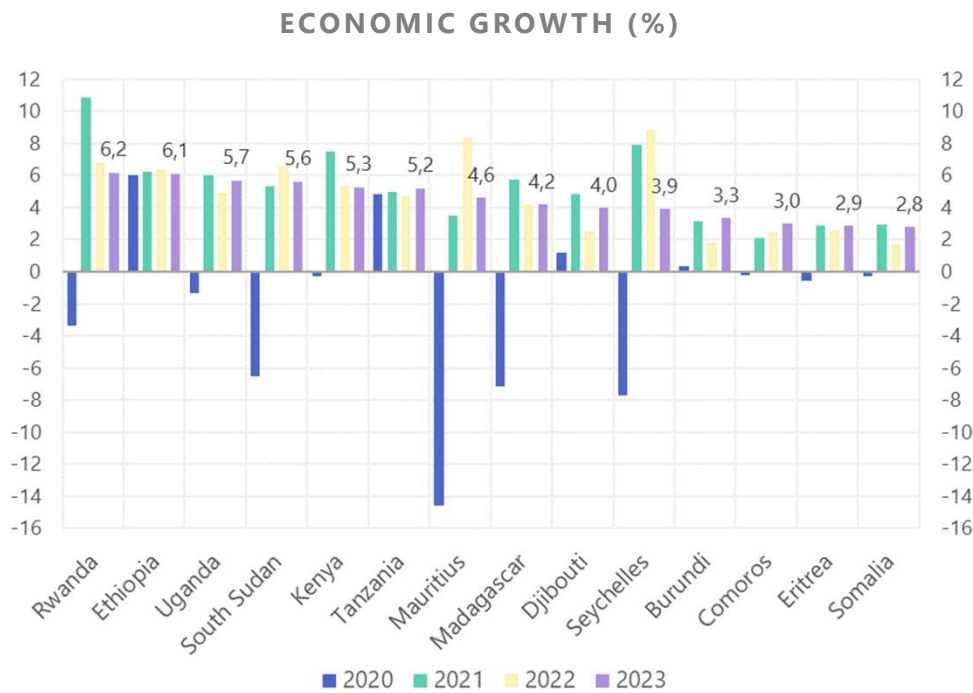
EXPECTED TREND IN KENYAN CUSTOMS DUTIES ON PRODUCTS EXPORTED TO FRANCE



Macroeconomic outlook

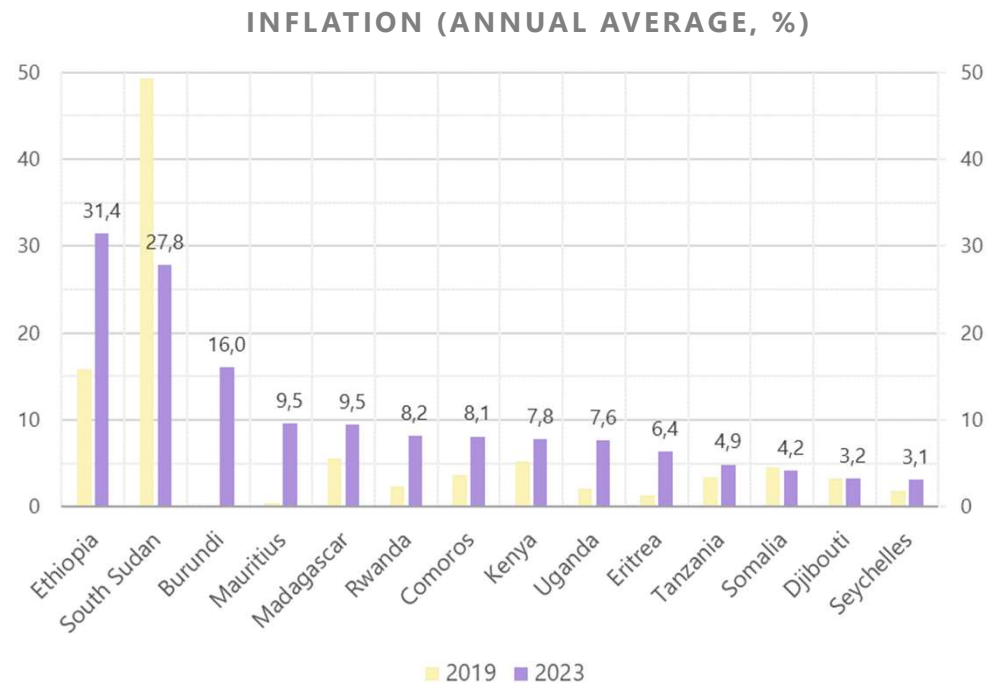
Economic resilience, despite inflationary pressures

GDP above pre-pandemic level



Source: IMF, WEO April 2023

Record high inflation boosted by the soaring prices of food and energy



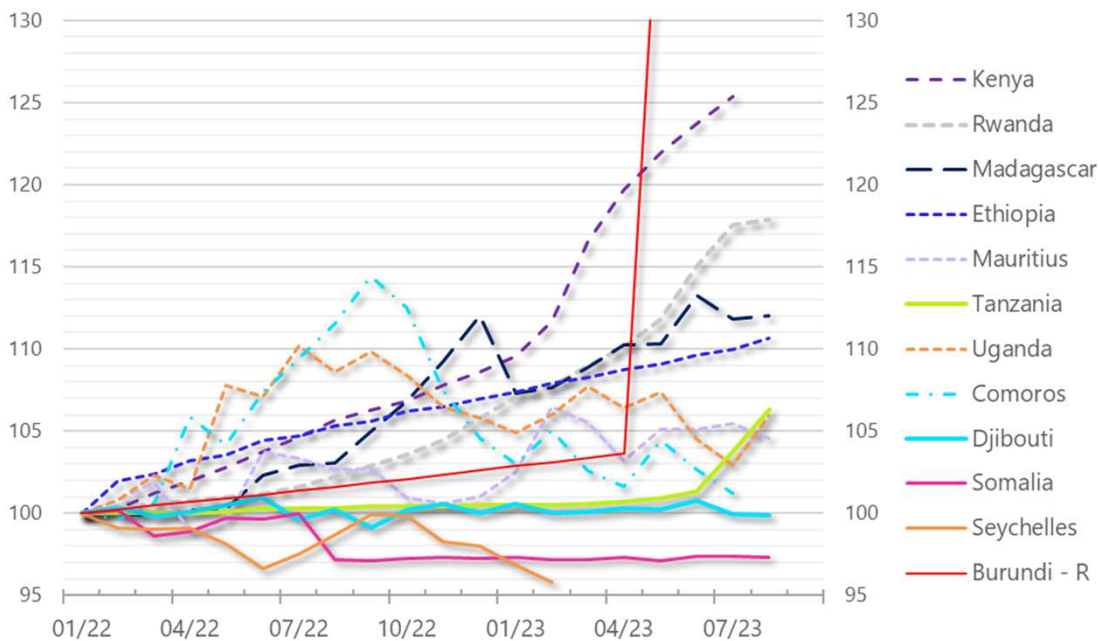
Source: IMF, WEO April 2023

Strong depreciation of the currencies weighs on FX reserves

Record high inflation boosted by the soaring prices of food and energy

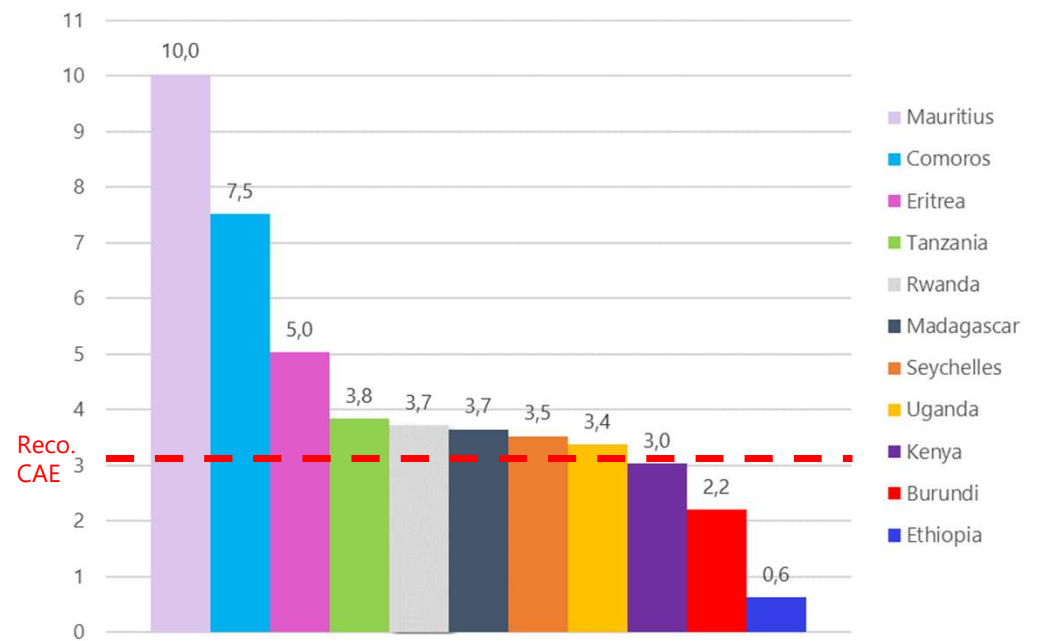
Foreign reserves drying out, weighing on Central Banks policy

EXCHANGE RATE VS USD (B100=01/2022)



Source: IMF, Central Banks

FOREIGN RESERVES (MONTHS OF IMPORTS)



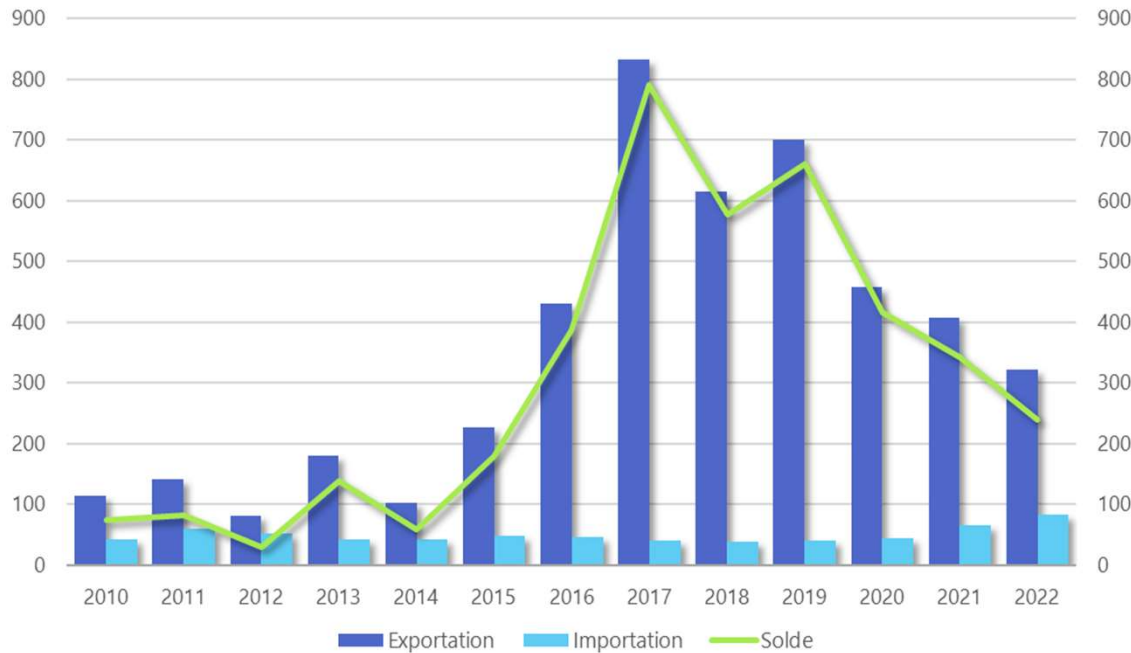
Source: Central Banks, IMF

Country focus

Ethiopia / Kenya / Rwanda / Tanzania / Uganda / Madagascar

ETHIOPIA: Bilateral trade structurally driven by Airbus deliveries

FRANCO-ETHIOPIAN TRADE (MEUR)



Source: French Customs

3rd

Exports (2022):

322 M€

↘ -21%

5th

Imports (2022):

83 M€

↗ +27%

Main exported products:



Transport equipment (70%)



Mechanical, electrical, electronic and IT equipment (12%)



Chemicals, perfumes and cosmetics (7%)



Agri-food industry products (7%)

Evolution
S1 2022
S1 2023

Exports x3 (250 M€)



154 M€ (vs 6 M€ in 2022)

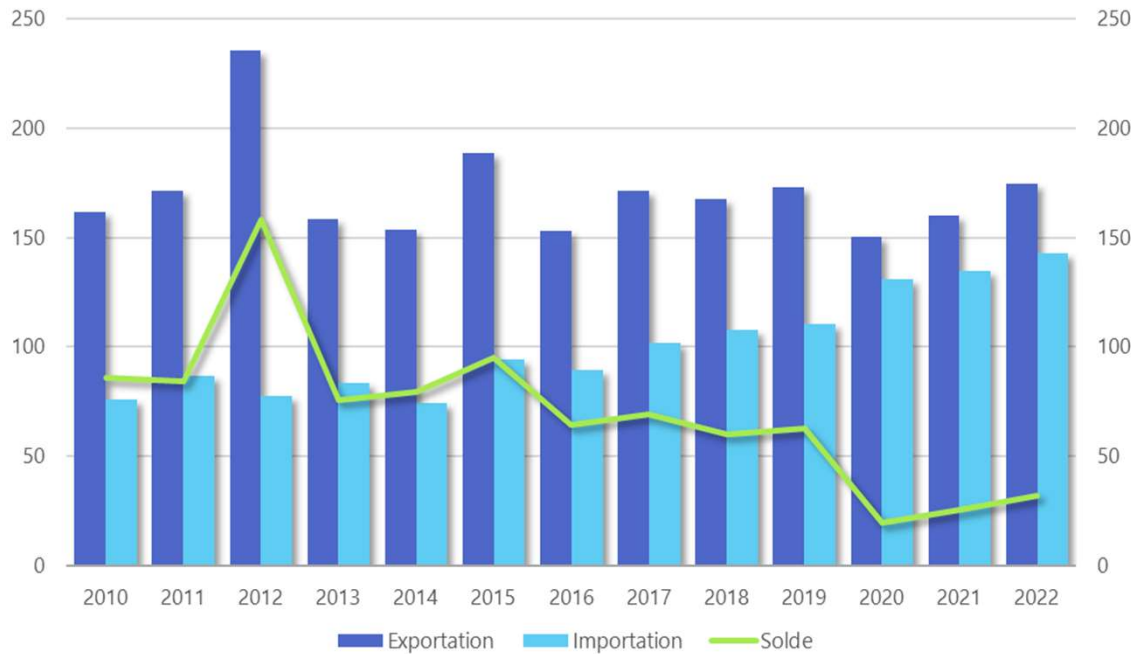
Imports +15% (43 M€)



28 M€ (+20%)

KENYA: Trade balance still below pre-pandemic level

FRANCO-KENYAN TRADE (MEUR)



Source: French Customs

4th

Exports (2022):

175 M€
↑ +9%

3rd

Imports (2022):

143 M€
↑ +60%

Main exported products:



Chemicals, perfumes and cosmetics (21%)



Mechanical, electrical, electronic and IT equipment (19%)



Agri-food industry products (17%)



Pharmaceutical products (14%)

Evolution
S1 2022
S1 2023

Exports -16% (70 M€)



9 M€ (-31%)

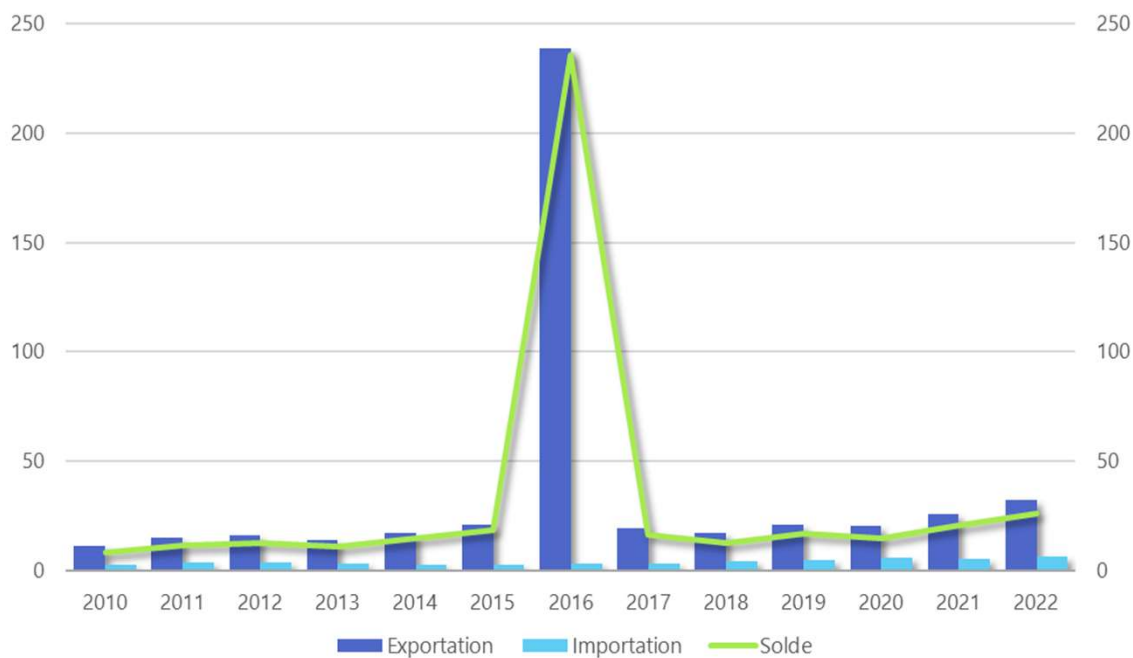
Imports +6% (69 M€)



17 M€ (+3%)

RWANDA: Trade rising, despite small amounts

FRANCO-RWANDAN TRADE (MEUR)



Source: French Customs

11th

Exports (2022):

32 M€

↗ +25%

10th

Imports (2022):

6 M€

↗ +25%

Main exported products:



Agri-food industry products

(36%)



Mechanical, electrical, electronic and IT equipment (23%)



Pharmaceutical products (21%)



Chemicals, perfumes and cosmetics (9%)

Evolution
S1 2022
S1 2023

Exports +26% (21 M€) **Imports -9%** (3 M€)



8 M€ (x26)



1 M€ (-34%)

TANZANIA: Bilateral trade returns to pre-pandemic levels

FRANCO-TANZANIAN TRADE (MEUR)



Source: French Customs

6th

Exports (2022):

71 M€
↑ +43%

7th

Imports (2022):

36 M€
↑ +15%

Main exported products:



Mechanical, electrical, electronic and IT equipment (32%)



Chemicals, perfumes and cosmetics (20%)



Transport equipment (15%)



Agri-food industry products (13%)

Evolution
S1 2022
S1 2023

Exports -11% (25 M€)

Imports +53% (26 M€)



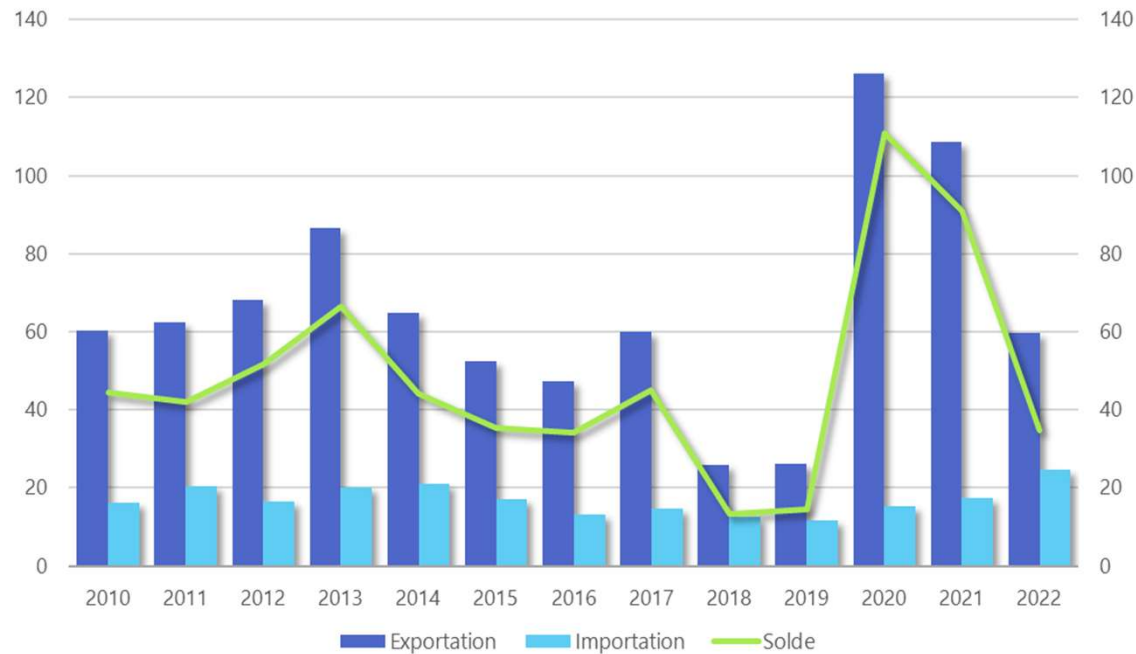
8 M€ (x26)



6 M€ (x4)

UGANDA: Trade down, in the absence of new aircraft orders

FRANCO-UGANDAN TRADE (MEUR)



Source: French Customs

7th

Exports (2022):

60 M€

↓ -49%

8th

Imports (2022):

25 M€

↑ +41%

Main exported products:



IT, electronic and optical products (35%)



Pharmaceutical products (17%)



Metal products (10%)



Agri-food industry products (9%)

Evolution
S1 2022
S1 2023

Exports -40% (19 M€)

Imports -6% (13 M€)



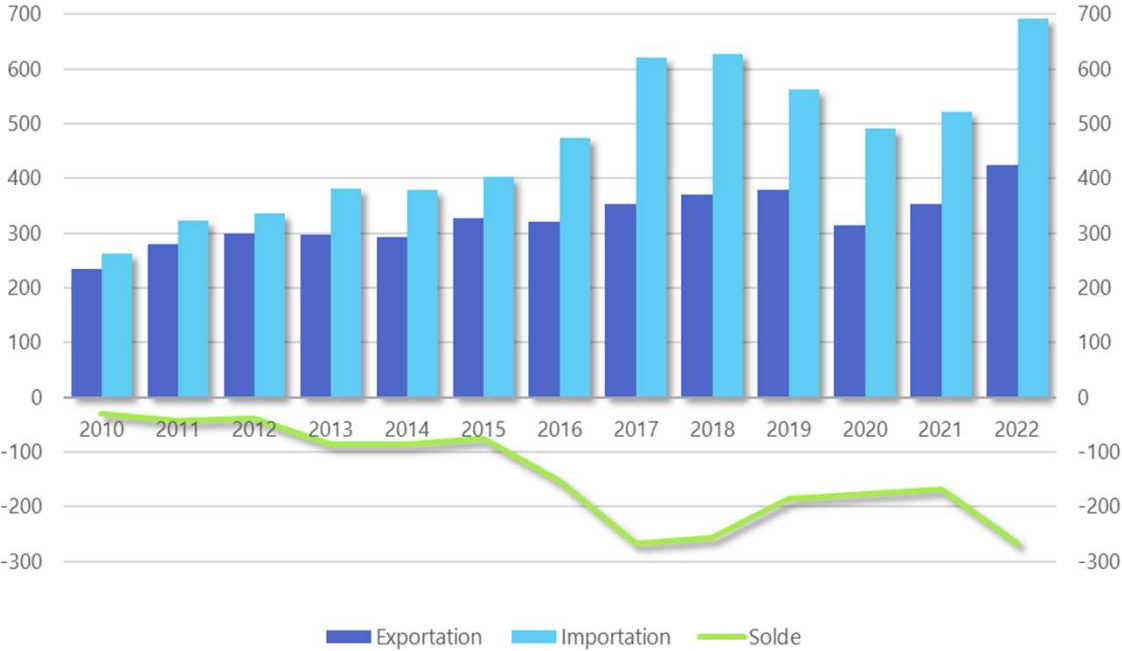
1 M€ (-92%)



2 M€ → 23k (÷2)

MADAGASCAR: High trade volumes and structural deficit with Madagascar

FRANCO-MALAGASY TRADE (MEUR)



Source: French Customs

2nd Exports (2022): **424 M€** ↗ +20%
1st Imports (2022): **693 M€** ↗ +33%

Main exported products:

-  **Textiles, clothing, leather and footwear (30%)**
-  **Mechanical, electrical, electronic and IT equipment (20%)**
-  **Pharmaceutical products (7%)**

Evolution
S1 2022
S1 2023

Exports 202 to 206M€ Imports -16% (316 M€)



30 M€ (+43%)



75 M€ (-51%)

Q&A session