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EXECUTIVE SUMMARY

ECONOMIC LETTER OF EAST AFRICA AND THE INDIAN OCEAN (EAIO)

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BILATERAL TRADE IN THE EAIO

In concise...

In 2021, the East Africa and Indian Ocean (EAIO) zone accounted for **0.3% of France's global exports** and 16.8% of its exports to Sub-Saharan Africa. **EAIO's share of our imports is lower** (0.2%) and represents 14.3% of our imports from Sub-Saharan Africa. Our main export partners are Ethiopia (EUR 407.5 million) because of the **size of its market**, and two Indian Ocean countries, Madagascar (EUR 353.9 million) and Mauritius (EUR 334.5 million), reflecting the **strong link between our countries**. This historical link is even more marked on the import side, with three of our main EAIO suppliers in the Indian Ocean: Madagascar (MEUR 521.0), Mauritius (MEUR 209.5), Kenya (MEUR 134.5) and the Seychelles (MEUR 129.0). Due to high value-added exports and low value-added imports, **France historically had a trade surplus with the EAIO** (EUR 609.6 million on average since 2010). In 2021, this trade surplus has decreased and reached a low point since 2014 at EUR 502.1 million, under the **double effect of the decrease in our exports** (- 3.6%) to EUR 1.7 billion and the **increase in our imports** (+7.1%) to EUR 1.2 billion.

In detail...

A drop in our exports to East Africa and the Indian Ocean for the 2nd consecutive year

According to French Customs data, **the East Africa and Indian Ocean (EAIO) zone remains a marginal customer for France: in 2021**, the zone was the recipient of **16.8% of French exports to Sub-Saharan Africa (SSA)**, well below the **2016-2020 average of 19.9%**. Globally, the area represents only 0.3% of our exports. The main clients in EAIO are **Ethiopia** (24.3% of exports to EAIO; 407.5 MEUR), **Madagascar** (21.1%; 353.9 MEUR) and **Mauritius** (19.9%; 334.5 MEUR).

In 2021, French exports to the EAIO amounted to EUR 1.68 billion, down for the second consecutive year after EUR 1.74 billion in 2020 and EUR 2.2 billion in 2019. This -3.6% decrease in our exports to

the zone is in line with a counter-trend: these have increased by +8.8% in Sub-Saharan Africa and +16.6% in the world in 2021. This trend is found in most of the EAIO countries, with only Madagascar (+12.5% to MEUR 353.9), Mauritius (stable at MEUR 334.5), Kenya (+6.6% to MEUR 160.0), Comoros (+24.4% to MEUR 47.0) and Burundi (+17.6% to MEUR 8.7) seeing an increase in their imports from France Exports and their composition are volatile due to their limited amount, which is strongly influenced by a few large contracts, such as the sale of aircraft (Uganda, Rwanda, Ethiopia, Mauritius ...).

Our main export items to EAIO are in line with the structure of our overall exports:

- **Transport equipment**, which accounts for 25.6% of our exports to EAIO (23.9% on average since 2013), especially to Ethiopia (70.0%) and Uganda (19.5%);
- **Mechanical, electrical, electronic and computer equipment**, 18.8% (19.9% on average since 2013), in particular to Mauritius (25.3%), Madagascar (23.1%) and Kenya (12.2%);
- **Agro-food industry products (AFI)**, 13.6% and 13.6% on average since 2013, particularly to Mauritius (27.8%) and Madagascar (20.5%);
- **Chemicals, perfumes and cosmetics**, 10.7% against an average of 9.2% since 2013, especially to Mauritius (25.8%), Ethiopia (20.5%) and Kenya (19.9%).

While our imports are increasing again, after 3 years of decline

EAIO as such remains a marginal supplier for France: in 2021, the area provided 14.3% of French imports from Sub-Saharan Africa, slightly below the 2016-2020 average of 14.8%. Globally, the area accounts for only 0.2% of French imports. Our main suppliers in EAIO are **Madagascar** (44.3% of our imports from EAIO), **Mauritius** (17.8%), **Kenya** (11.4%), and the **Seychelles** (11.0%).

In 2021, French imports from EAIO amounted to EUR 1.2 bn, up +7.1% after three years of decline.

This increase in imports from the EAIO zone remains lower than those from SSA (+22.2%) and the world (+19.2%). This increase of +78.1 MEUR is explained by the increase in our imports from Madagascar (+30.2 MEUR; +6.2%), Ethiopia (+21.9 MEUR; +50.8%), and the Seychelles (+19.1 MEUR; +17.4%) and despite the decrease in those from Sudan (-6.5 MEUR; -13.3%)

Given the productive characteristics of the EAIO countries, the **structure of our imports from the zone is relatively distant from the overall structure of our imports.** Our main import items from EAIO are:

- **Agricultural, forestry, fishing and aquaculture products**, which account for 34.5% of our imports (30.4% on average since 2013), particularly from Madagascar (40.8%) and Kenya (21.0%);
- **Agri-food industry products (AFI)** with 29.2% of our imports (29.8%), mainly from Madagascar (41.4%) and Seychelles (32.2%);
- **Textiles, clothing, leather and footwear**, with 19.8% (23.5%), exclusively from Madagascar (71.3%) and Mauritius (24.3%).

The result is a decline in our surplus vis-à-vis the area, which reached a low point since 2014

Historically, France has had a trade deficit with only two countries in the region: Madagascar, where it has averaged EUR -130.3 million since 2010, and the **Seychelles**, at EUR -45.1 million over the same period.

France's trade surplus with the EAIO stood at MEUR 502.1, down MEUR -140.1 from 2020 and MEUR -480.3 from 2019. This deterioration in the trade balance is particularly marked in Ethiopia, where the surplus is down by MEUR -72.9 in one year to MEUR 342.5, and in the Seychelles, where the French trade deficit is widening by MEUR -43.2 to MEUR -83.7.

In sum...

According to French Customs data, **the East Africa and Indian Ocean (EAIO) zone remains a marginal customer and supplier for France.** France exchange more with its historical partners, as Madagascar, Mauritius, Ethiopia, the Seychelles. French exports are more middle-/upper-range and remains in line with our overall export structure, whereas France imports from EAIO low value-added products such as agricultural and textile products. Hence, French exports value is higher than the imports' and France has a **structural surplus trade** with the EAIO zone.

Summary of regional data

Figure 1: Evolution of France-AEOI trade (EUR billion) – Sources: French Customs, SER compilation

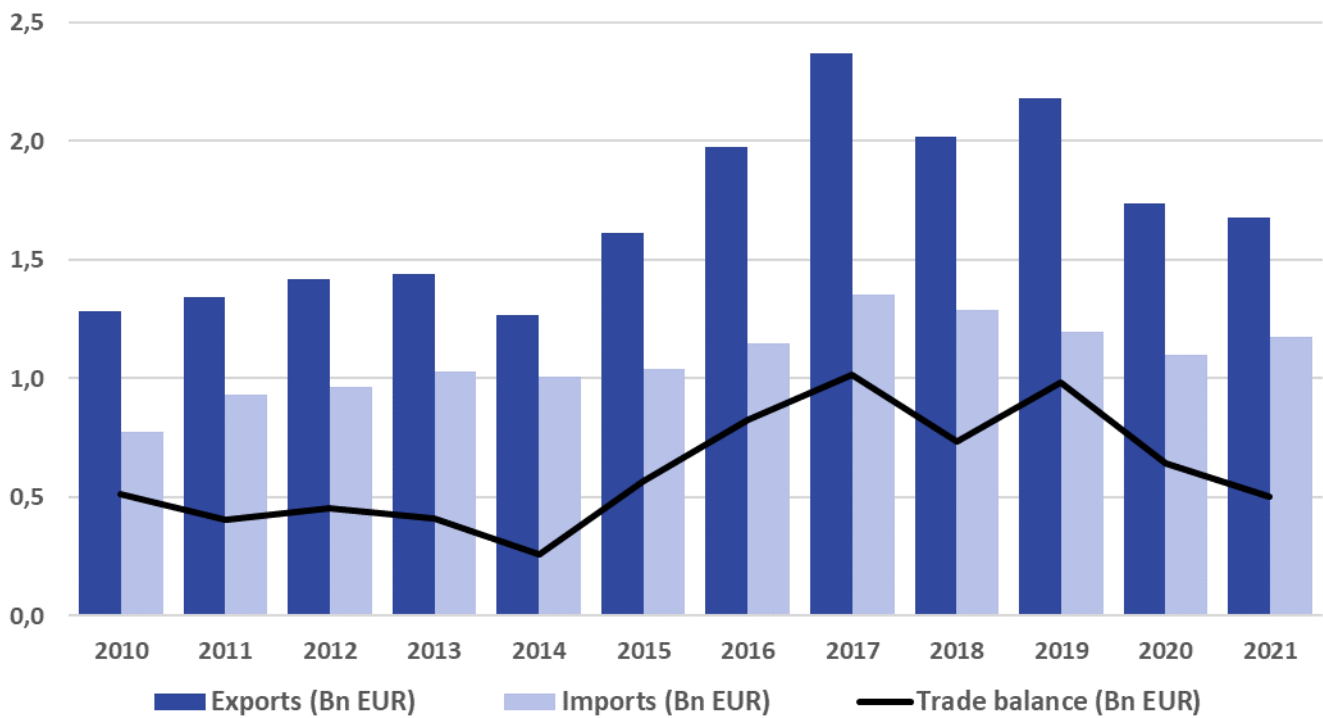


Figure 2: Decomposition of French exports to the AEOI (EUR billion) – Sources: French Customs

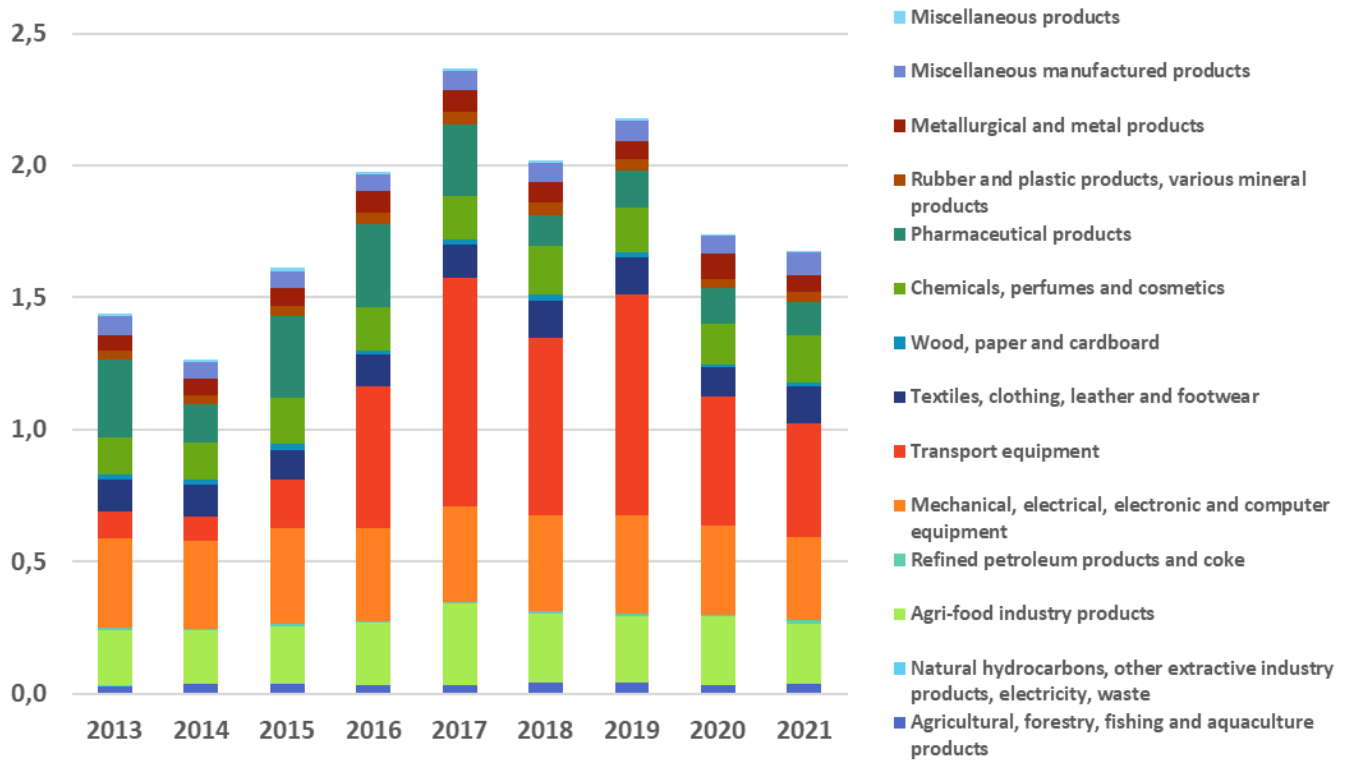
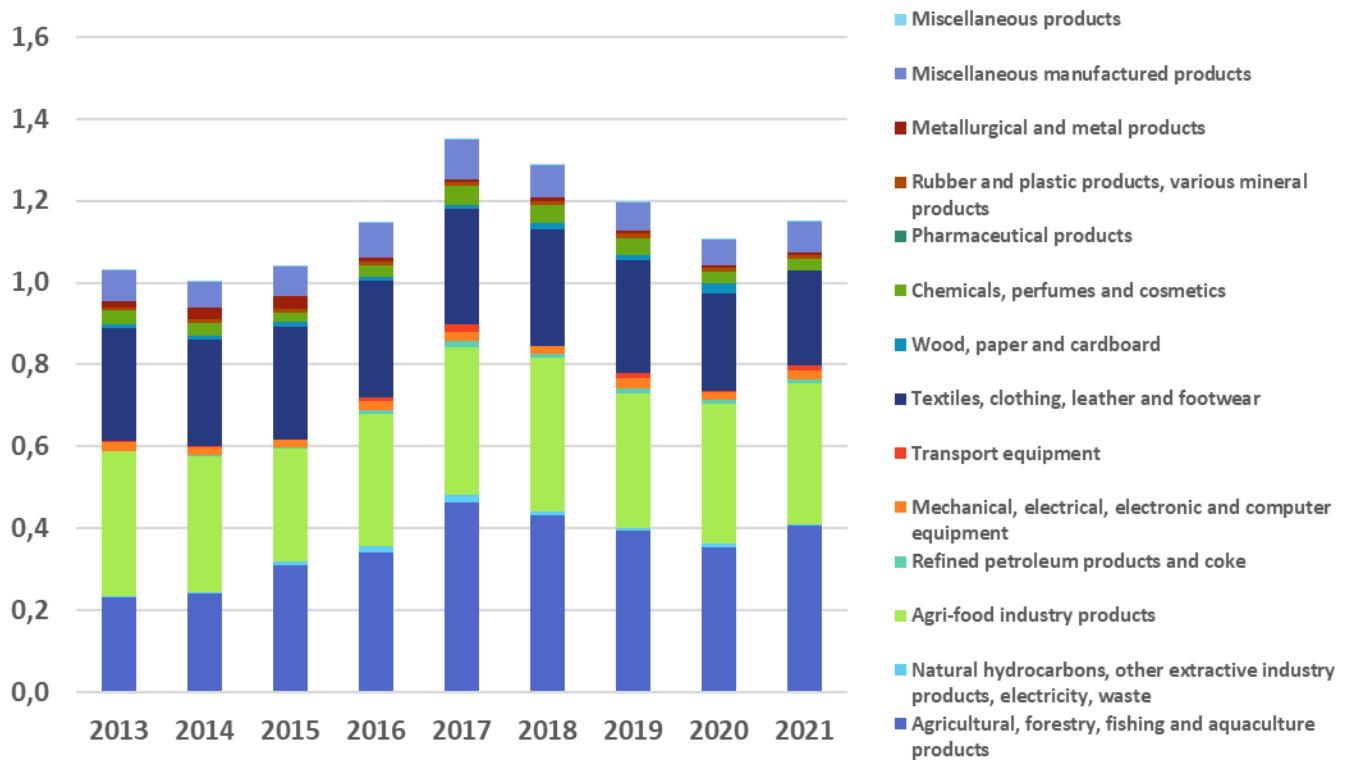


Figure 3: Decomposition of French imports from the AEOI (EUR billion) – Sources: French Customs



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