



# EXECUTIVE SUMMARY

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

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## Bilateral trade between France and EAIO

### Key numbers

- According to data from French Customs, **exports to the EAIO grew by 2.2 %** to attain **EUR 1.8 billion** in 2023
- The main trading partners for France in terms of exports to the EAIO region are **Mauritius (25.2 %)**, **Madagascar (23.0 %)**, and **Ethiopia (19.3 %)**
- **The main products imported by France from the EAIO** are Agricultural, forestry, fishing, and aquaculture products (30.4 %), Agri-food products (31.4 %) and Textiles, clothing, leather, and footwear (20.5 %)

### In summary...

While trade between France and the EAIO region remains limited, it is structurally in surplus in favour of France.

*The East Africa and Indian Ocean (EAIO) region remains a modest trading partner for France. Madagascar and Mauritius stand out as the main markets in the region for French products, thanks to historical ties and the significant presence of French companies established there. Kenya and the Seychelles also hold an important position in French exports to the region, as does Ethiopia, characterized by its large domestic market, which ranks as our third-largest client in the EAIO. While the composition of French sales to these countries varies and can be influenced by major contracts (notably in the aerospace sector), French imports from the EAIO region are largely dominated by agricultural and agri-food products. The value-added gap between exports and imports allows France to maintain a structural trade surplus with the EAIO, although this surplus tends to shrink.*

## In detail...

### French exports to the EAIO slightly increased in 2023

**According to data from French Customs, exports to the EAIO reached EUR 1.8 billion in 2023 (+2.2 % compared to 2022), marking a second consecutive year of growth.** However, they remained below pre-pandemic levels (EUR 2.2 billion in 2019). The EAIO region continues to be a modest client for France, accounting for 0.3 % of French exports and 16.6 % of French exports to Sub-Saharan Africa in 2023. The main trading partners for France in this region are Mauritius (25.2 % of exports to the EAIO), Madagascar (23.0 %), and Ethiopia (19.3 %).

**Between 2022 and 2023, French exports to certain EAIO countries saw significant increases.** This was particularly the case for flows to Somalia (+123.8 %), Burundi (+41.2 %), Djibouti (+17.3 %), Rwanda (+15.8 %), and the Comoros (+11.3 %). Ethiopia (+8.5 %) and Mauritius (+5.3 %) also experienced more moderate growth. A decline in French sales was observed for Seychelles (-6.1 %), Kenya (-3.2 %), Madagascar (-1.9 %), and more sharply for Tanzania (-9.7 %), South Sudan (-14.9 %), Uganda (-28.1 %), and Sudan (-29.5 %).

### Our main export sectors to the EAIO reflect the structure of our overall exports:

- **Mechanical equipment, electrical, electronic, and computer equipment** represented 21.3 % of our sales to the region in 2023 (compared to an average of 19.2 % since 2015), mainly destined for Mauritius (29.7 %), Madagascar (25.7 %), and Ethiopia (9.0 %);
- **Agri-food products** accounted for 18.8 % of our exports (14.1 % on average since 2015), with Mauritius (27.4 %) and Madagascar (16.5 %) as the primary markets.
- **Transport equipment**, which constituted 17.1 % of our exports to the EAIO in 2023 (compared to 26.0 % on average since 2015), was mainly exported to Ethiopia (75.8 % in 2023) and Mauritius (5.8 %).

### French imports from the region decline for the first time in three years

**In 2023, French imports from the EAIO amounted to EUR 1.4 billion, a decrease of 3.4 % compared to 2022.** However, this decline was less pronounced than the drop in French purchases from Sub-Saharan Africa (-15.3 %) and worldwide (-7.1 %). **The EAIO remains a marginal supplier for France:** in 2023, the region accounted for 10.6 % of French imports from Sub-Saharan Africa (compared to an average of 13.5 % between 2015 and 2022). Globally, the EAIO region represented only 0.2 % of French imports, a share that has remained stable since 2018. In 2023, our main suppliers in the EAIO were **Madagascar** (41.8 % of our imports from the EAIO), **Mauritius** (19.4 %), **Seychelles** (10.5 %), and **Kenya** (10.1 %).

**Given the productive characteristics of EAIO countries, the structure of French purchases from the region differs significantly from the overall structure of our imports** (which is more focused on higher value-added products). The main products imported by France from the EAIO are:

- **Agricultural, forestry, fishing, and aquaculture products**, representing 30.4 % of our imports from the region in 2023 (32.6 % on average since 2015), mainly from Madagascar (35.1 %), Kenya (19.1 %), and Sudan (16.3 %);
- **Agri-food products** accounting for 31.4 % (28.5 % on average since 2015), primarily from Madagascar (38.1 %), Seychelles (32.2 %), and, to a lesser extent, Mauritius (13.7 %);
- **Textiles, clothing, leather, and footwear**, which constituted 20.5 % of our imports (22.2 % on average since 2015), with a near-exclusive origin from Madagascar (71.3 %) and Mauritius (18.1 %).

### Resulting in an increase in our surplus with the EAIO for the first time since 2019

**Historically, France has maintained a trade deficit with only two countries in the region: Madagascar**, with an average annual deficit of EUR -173.0 million over the decade 2013-2023, and **Seychelles**, with an

average annual deficit of EUR -59.2 million over the same period. Since 2022, France has also recorded a deficit with Sudan, which deepened by 37.6 % to reach EUR -34.1 million in 2023.

**In 2023, France's trade surplus with the EAIO region reached EUR 378.1 million**, an improvement of EUR 89.1 million compared to 2022 (+30.8 %), but a decline of EUR 123.1 million (-24.6 %) compared to 2021. This improvement is particularly notable with Somalia, where the surplus increased from EUR 0.3 million to EUR 18.9 million. Furthermore, the trade deficit with Madagascar significantly narrowed, decreasing from EUR -267.8 million in 2022 to EUR -182.4 million in 2023 (-31.8 %).

### The EU Kenya Economic Partnership Agreement should boost French foreign trade

Not eligible for the Everything but Arms (EBA) scheme, and while its preferential access to the European market under the Generalized System of Preferences (GSP) was partially suspended from January 1, 2023, **Kenya and the EU concluded the negotiation of a next-generation bilateral Economic Partnership Agreement (EPA) in June 2023.**

**This agreement, which came into effect on July 1, 2024, is designed asymmetrically to account for the development gap between the two parties.** While Kenyan exports to the EU (excluding arms) will be fully exempt from customs duties upon ratification of the agreement, European products destined for Kenya will be subject to differentiated and gradual treatment. Specifically, the agreement provides for the liberalization of the Kenyan market for European products, by value, at a rate of 64.4 % at T0 (ratification of the agreement), 79.7 % at T0+15, and 82.6 % at T0+25. **In the long term, only 17.4 % of the Kenyan market will still be subject to customs duties for European products.** This asymmetric treatment is a strategy Kenya has decided to leverage to protect its existing or nascent industries (agriculture, fisheries, tobacco, textiles, animal products). **In addition to trade-related considerations, the EPA also includes various annexes related to labour conditions, gender equality, the environment, and the fight against climate change.**

**Regarding France, the signing of this trade agreement will primarily benefit exports of chemical industry products** (24.4 % of French exports to Kenya in 2023; average reduction in Kenyan customs duties of 10.6 % at T0+6, 71.2 % at T0+14, and 78.0 % at T0+25) and **mechanical and electrical equipment** (17.3 % of exports; average reduction in Kenyan customs duties of 10.0 % at T0+6, 70.8 % at T0+14, and 95.2 % at T0+25). **Conversely, certain categories of products will remain subject to relatively high customs duties. This is particularly the case for prepared foods, beverages, spirits, and tobacco** (13.3 % of exports; average reduction in Kenyan customs duties of 15.8 % at T0+6, 16.7 % at T0+14, and 16.8 % at T0+25).

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