

## East African Community: Demographics and Economic Development

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**Abstract.** Regional economic integration in East Africa, as in sub-Saharan Africa as a whole, remains an urgent task for States. It also arouses the interest of researchers for its features. The basis of regional economic integration in the associations of Africa in the XXI century is a stable macroeconomic dynamics, since the author proceeds from the fact that in the conditions of economic recovery, integration processes in the region are intensified. At the same time, the author believes that the socio-economic problems common to the countries of Africa or its individual regions can also serve as a basis for the activation of integration processes.

**Key words:** East African community (EAC), economic dynamics, GDP, demography.

## Восточно-африканское сообщество: демография и экономическое развитие

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**Аннотация.** Региональная экономическая интеграция в странах Восточной Африки, как и во всей Африке к югу от Сахары в целом, остается актуальной задачей для государств. Она также вызывает интерес исследователей своими особенностями. Основой региональной экономической интеграции в объединениях Африки в XXI веке является стабильная макроэкономическая динамика, поскольку автор исходит из того, что в условиях экономического подъема интеграционные процессы в регионе интенсифицируются. В то же время автор считает, что социально-экономические проблемы, общие для стран Африки или ее отдельных регионов, также могут служить основой для активизации интеграционных процессов.

**Ключевые слова:** восточноафриканское сообщество (ВАС), экономическая динамика, ВВП, демография.

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Creation of regional economic communities in Africa became very important step of sustainable social and economic development. Regional economic integration in Africa plays

a great role in social sphere and especially economic plan, including a scientific and technical component [1]. The East African community (EAC) includes 6 member states,

namely: Tanzania, Kenya, Uganda, Rwanda, Burundi and South Sudan. EAC was created in 1967 by 3 countries (Tanzania, Kenya and Uganda) and collapsed the in 1977 and then it was revived in 1999. In 2009 in the same day Rwanda and Burundi joined EAC and very recently, in 2016, also South Sudan joined the community. The East African community established the Customs union in 2005 and the Common market in 2010. Its following stages include creation of the currency union by 2020. The purpose of this research is to study and analyze the social and economic dynamics of the countries of EAC as a base of regional economic integration development.

Now there aren't enough researches in which the main attention is paid to a process of integration of EAC, especially concerning intraregional trade during the new era. In 2013 in M.Lubinga, A.Ogundezhi and G.Jordan's articles attempted to record the influence of integration efforts on the potential and efficiency of the East African community [2].

For the last 2-3 decades the East African community (EAC) has registered the sharp growth of volume of export of gardening, especially fruit and vegetables, to the European Union (EU). Authors claim that this impressive tendency has led to the participation of many small farmers in production of fruits and vegetables that, in turn contributed to poverty reduction and rural development. The EU remains the main market of appointment for fruits and vegetables from the East African countries. For example, the cost of export of Uganda to the EU has increased more than by 5 times — from 1.5 million US dollars in 1996 to more than 8 million US dollars in 2006 [2].

Other research has been made in the working document of the IMF (The African Department) where Meredith A. Makintayr investigated questions of integration of trade in the East African community from the point of view of the assessment of its effects for Kenya [3]. It was the period when EAC included 3 member countries (Tanzania, Kenya and Uganda).

In this work potential consequences of trade for EAC are analyzed. In its commercial relations are examined between member countries EAC and degree in which introduction of the blanket external tariff EAC will liberalize their trade regimes. Empirical results show that the Customs union will exert beneficial influence on trade of Kenya. In a research, however, no conclusions are drawn about potential influence of the Customs union on welfare [3].

A number of investigations of the Center of the African researches of PFUR (RUDN University) are devoted to a research of financial flows in the countries of Africa for implementation of infrastructure projects, first of all construction of roads, necessary for commodity turnover growth [4], whereby a role in this process relies on modern high technologies [5] which the African states also seek to introduce [7], as well as other developing countries and also to a cooperation of the African countries and with the Russian Federation [9].

Now there are practically no empirical researches which would be concentrated on assessment of concrete trade flow in EAC, effects of the Customs union, especially between members EAC. This research represents the analysis of influence of trade (export and import) between member countries EAC. Article is organized as follows. First, the author investigates an economic and demographic situation of member countries EAC and a condition of trade between member countries EAC, except for only one member state EAC — South Sudan because the country has joined to EAC very recently, and before 2012 there are no statistical data on commodity turnover, GDP and the population of South Sudan. In this article trade flow and connections of member countries of EAC are specified and analyzed. At last, the author makes recommendations and the conclusions.

## Growth of population in the countries of EAC

The East African community (EAC) is now one of regions with the most quickly increasing population in the world aggravating problems of bad health, poverty, degradation of the environment, unemployment and decline in production of agriculture. In the region about 60% of death are connected with pollution of water or bad hygiene, 40% because of air pollution in rooms and 1% because of pollution of external air, according to the report of the UN [6]. At the same time researchers specify that Tanzania, Kenya and Uganda are among 33 countries in which population, according

to forecasts will increase at least by 5 times by 2100 [8].

Moreover, Kenya and the United Republic of Tanzania, the two largest economies in the EAC, were also the ones with the largest gender inequality within the region, ranking 135th and 129th, respectively, on the United Nations Development Programme's Gender Inequality Index in 2015, while Rwanda, Burundi, and Uganda ranked 84th, 108th, and 121st. All five countries had lower Gender Inequality Index values than the sub-Saharan Africa (SSA) average. The UN fund in the field of the population (UNFPA) is concerned by the high growth of the population in the region of the East African community (EAC), noting that it represents threat of stability of the states [6].

Table 1

**Growth of population in the countries of EAC, 2000-2018, in million**

	2000	2002	2004	2006	2008	2010	2012	2014	2016	2017	2018
Burundi	6,4	6,7	7,2	7,7	8,2	8,8	9,3	9,9	10,5	10,8	11,2
Kenya	31,5	33,2	35,1	37,1	39,1	41,4	43,6	46,0	48,5	50,2	51,4
Rwanda	8,0	8,5	8,8	9,2	9,7	10,2	10,8	11,3	11,9	12,0	12,3
Uganda	24,0	25,7	27,6	29,7	31,7	33,9	36,3	38,8	41,5	41,2	42,7
Tanzania	34,2	36,1	38,2	40,6	43,3	46,1	49,1	51,2	53,7	54,7	56,3
Total EAC	104,1	110,2	116,9	124,3	132	140,4	149,1	157,2	166,1	168,9	173,9

*Source: compiled by the author on UNCTAD database*

From the given data above (see Table 1) it is visible that since 2000, the population of the East African community has increased from 104.1 million to 173.0 million people — for 67% or for 68.9 million with land area of 1.82 million square kilometres, and birth rate indicators in the countries EAC are still very high, though are differentiated in various parties. Apparently from the submitted data, the population of Burundi, the smallest country of association, has increased by 61% that is the highest rate of growth in member countries of EAC. It is expected that in the next 34 years, Uganda in which its population is 42.7 million people

will have more than 100 million people of the population whereas in Tanzania with the population of 56.3 million people in 2018 this indicator will 137 million people in total for the same period.

Growth of the population of member countries of EAC is presented in Fig. 1

Therefore, the remaining demographic tendency can be considered as not absolutely favorable from the point of view of unemployment in the long term, especially considering that GDP grows not at such high rates in the considered group of the countries.

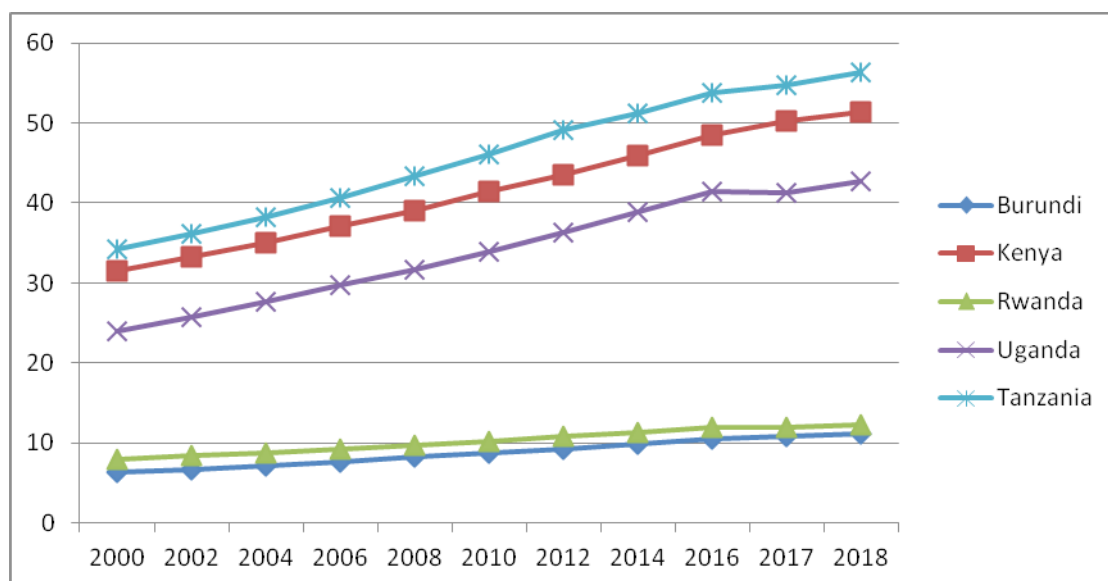


Figure 1. Growth of the population in the countries of EAC, 2000-2018, in million people.

Source: compiled by the author according to the Table 1.

Agriculture is the dominant sector of employment in the EAC, and more so for women. According to the latest figures available, 96 per cent of women in Burundi, 76 per cent in Kenya, 84 per cent in Rwanda, 71 per cent in the United Republic of Tanzania, and 77 per cent in Uganda are still employed in agriculture.

### GDP growth in the countries of EAC

The economic growth performance of the East African community (EAC) countries over the past 17 years has been impressive. The average GDP growth rate in the EAC countries was 6.2%. This situation is even more remarkable given that the global economic and financial crisis of the last decade, which began in 2008, is actually still continuing, not only in the group of developing countries, but also in the developed countries of Western Europe (EU) and North America.

From Table. 2 it is visible that during 2000-2018 real GDP of the countries of EAC has increased at a cost from 37.5 billion Dollars to 189.6 billion Dollars, i.e. more than 5 times that is significantly lower than the average world level.

At the same time growth rates of GDP are differentiated over the countries, apparently from Fig. 2.

Most in high growth of GDP dwells of Kenya whose GDP remains as the largest in the association and makes more than 1/3 from cumulative GDP of the countries of EAC. For the studied period it has increased by 6.1 times. Burundi is the smallest economy of EAC and has a fragile economy. Practically the same rates of GDP of Rwanda (5.5 times) which ranks at the 3th place in size of per capita income increase (see Table 3). In Rwanda, since 2004, growth rates of GDP were the highest in the association and fluctuated from 11.8% of annual growth (the maximum indicator, 2008) up to 6.2% (the minimum indicator in connection with the global financial and economic crisis in 2009).

At the same time we can note that, the differences in the general GDP and GDP per capita were narrowed for the last decade in connection with higher macroeconomic dynamics in Tanzania, Rwanda and Uganda and more sluggish — in Kenya (Fig. 3).

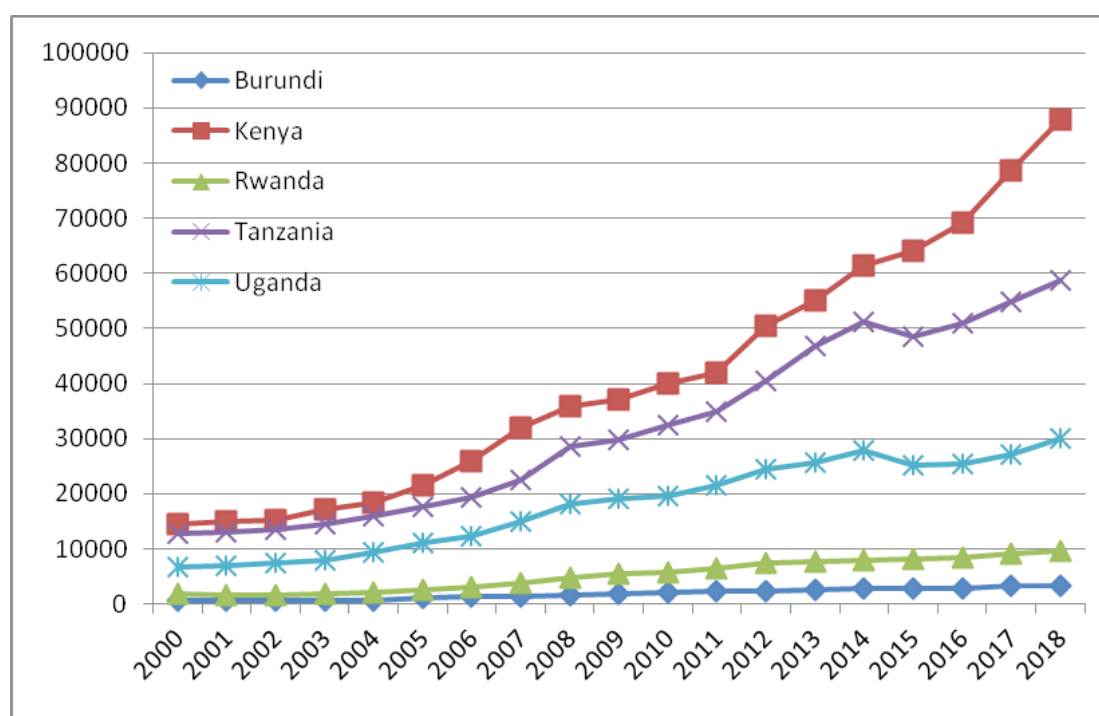
The EAC countries are characterized by a high inflation rate, maintaining a sporadic pace

Table 2

**The dynamic of GDP of the countries of EAC in 2000-2018, in million dollars, the current prices**

	2000	2002	2004	2006	2008	2010	2012	2014	2016	2018
Burundi	709,1	628,1	679,9	1273,4	1611,8	2032,1	2327,4	2798,5	2772,5	3285,15
Kenya	14464,8	15092,3	18471,3	25826,2	35896,9	39999,7	50410,2	61395,4	69093,8	87905,68
Rwanda	1734,7	1676,6	2088,5	3110,3	4796,6	5698,5	7219,7	7903,4	8336,1	9510,002
Tanzania	13314,4	14140,0	16785,8	18823,8	28099,8	31851,1	39797,4	49488,3	48137,4	58763,27
Uganda	6776,5	7410,3	9372,0	12233,1	18195,1	19803,2	24809,3	28320,5	26527,7	30098,1
Total EAC	36354,6	38263,2	46585,8	61876,9	89086,6	99857,2	124892,8	151239,4	157053,5	189562,2

*Source: compiled by the author on UNCTAD database*



*Figure 2. The GDP loudspeaker of the countries of EAC in 2000-2016, in million dollars, the current prices*

*Source: compiled by the author according to the Table 2*

(Fig. 4), and in 2016, due to the fall in prices on the world oil market and the global depression, the average annual inflation rate in the EAC increased to almost 40%. This dynamics differs significantly across the countries, confirming

a high degree of differentiation of their social and economic indicators.

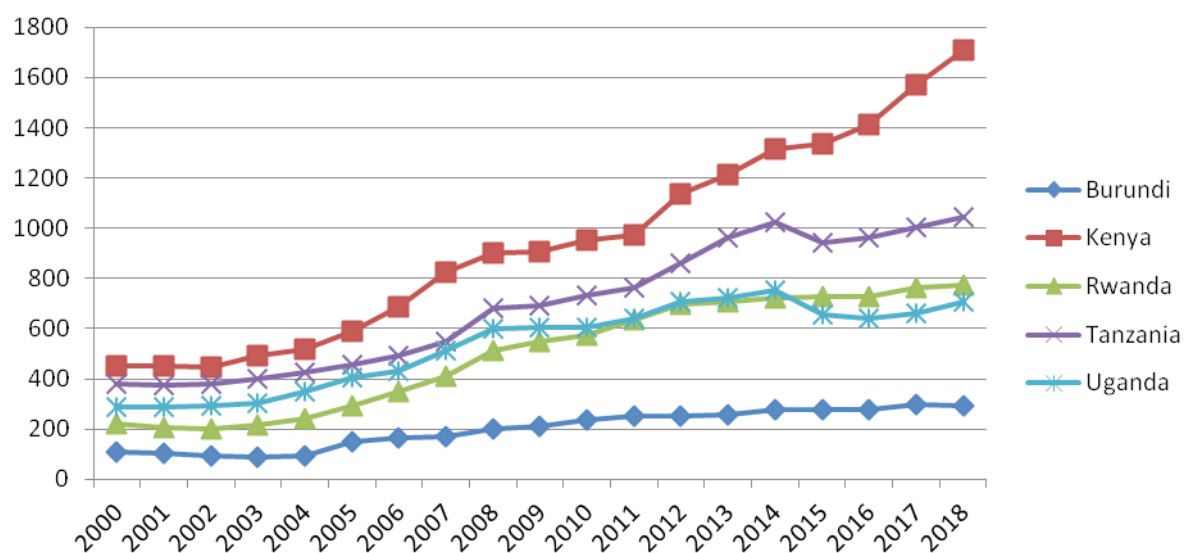
The given data analysis suggests a high dependence of the countries in the region on external factors (the global crisis of 2008,

Table 3

**Dynamics of the change of GDP per capita income of the EAC countries  
in 2000-2018, in dollars**

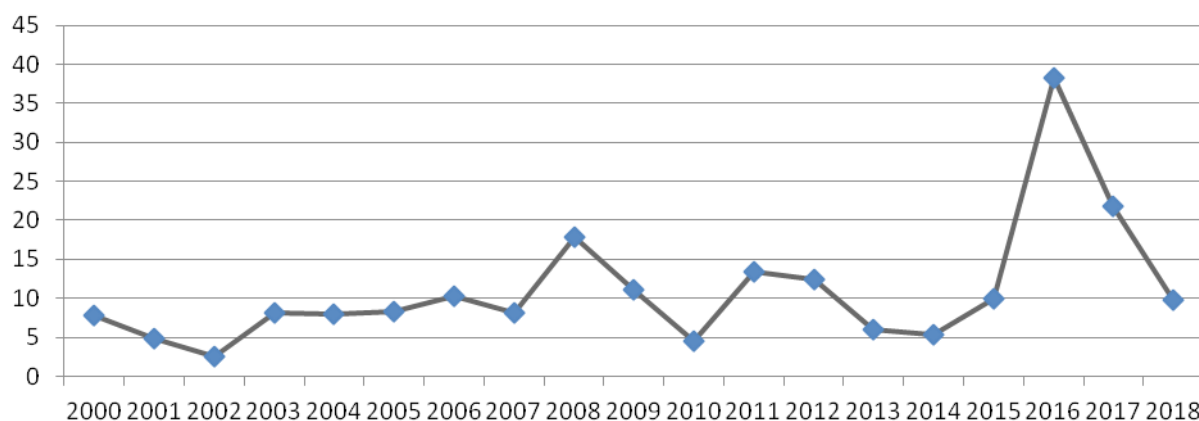
	2000	2002	2004	2006	2008	2010	2012	2014	2016	2018
Burundi	110,87	93,2	94,7	165,9	196,3	231,8	249,7	282,9	263,4	294
Kenya	459,9	454,4	526,6	697,0	916,9	967,3	1154,96	1333,98	1425,7	1710
Rwanda	216,1	196,4	236,8	337,8	494,1	556,1	669,2	696,6	699,5	773
Uganda	281,9	288,1	339,96	413,97	574,6	583,9	683,3	729,3	639,4	704
Tanzania	389,6	391,6	438,8	463,2	649,4	690,9	810,8	947,4	866,2	1044
Total EAC	352	350	403	505	687	726	863	1 012	938	1 070

*Source: compiled by the author on UNCTAD database*



*Figure 3. Dynamics of change of per capita incomes of the EAC countries in 2000-2018, in dollars*

*Source: made by the author according to the Table 3*



*Figure 4. Average annual inflation rate in EAC in 2000-2018, %*

*Source: compiled by the author on UNCTAD database*

2014-2016 price changes on the world energy market, the world recession of 2017-2018, etc.). Keynesian based ideas on restraining macroeconomic policy is used as a stabilizing factor. Economic policy reforms aimed at improving the competitiveness of the private sector have also played an important role (with the greatest success in Rwanda).

Thus, we see that at the positive dynamics of social and economic processes, on one hand, and preservation of a number of problems of (for example, rise in unemployment, budget deficit, weak control of the public expenditures of t deterioration in the relations with foreign donors in some regional states) EAC, it is important to countries to develop and deepen regional economic integration, and not only in trade and extraregional policy, but also within the joint decision (including financing) of the common problems of the region.

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