

A new [report from Trademark East Africa](#) analyses the effects of the implementation of the AfCFTA on the EAC Region, concluding that the AfCFTA is a tremendous opportunity for achieving deeper regional integration, not only in this Region, but on all the continent.

With three of the world's ten fastest growing economies in 2019 located in this Region (Ethiopia, Rwanda and Tanzania), East Africa has been the fastest growing sub-region in Africa since 2013, which is currently expanding at more than double the continental average. This is a major achievement for a Region that only 2 or 3 decades ago was labeled as one of the poorest and least dynamic economies in the world.

However, the report observes that the economic growth of this Region has been mainly driven by the growth of private consumption, that in the last years accounted on average for over 70 percent of total regional demand. Although beneficial in the short run, the growth of private consumption doesn't support the job creation process, like investments and technology development do.

The EAC region still suffers from a number of serious vulnerabilities to its ability to sustain this strong economic performance. In particular, the report points out the still low levels of trade integration in the Region. In a global economy increasingly dominated by large countries such as the United States, China and India, there is a widespread recognition that small developing economies cannot compete effectively, unless they integrate their economies so that their businesses can exploit economies of scale because of the expansion of the size of the market where they operate.

More specifically, the low levels of intra-regional trade, together with the even lower levels of intra-regional Foreign Direct Investments (i.e. investments from an African country to another, in the EAC Region) and the reduced technological development, act as serious constraints to the structural transformation of the Region's economies and are among the major obstacles to achieve global, regional and national developmental objectives.

With regard to intra-regional trade, according to the [African Regional Integration Index](#), the EAC has achieved one of the highest shares of intra-regional trade of any African REC (11.5 %), surpassed only by the SADC, where intra-regional trade between the countries that belong to this regional grouping has reached 21% (source: UNCTAD,

[Key statistics and trends in Regional trade in Africa](#)

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Intra-EAC trade declined from 2014 to 2017. In 2013, intra-EAC exports totalled USD 3.5 billion, plummeting to USD 2.4 billion in 2017 (a 31 percent decline), even though a recovery was registered in 2018. The report argues that by providing a new stimulus to regional integration, and in particular by bringing down economic barriers throughout the continent and by contributing to economic growth and industrialization, the implementation of the AfCFTA could contribute to a revival of dynamism in intra-regional trade in Africa and in the EAC in particular.