

# Rwanda

Aug 2017

## 1. General Information

Rwanda is a sovereign state in Central and East Africa and one of the smallest countries on the African mainland. Located a few degrees south of the Equator, Rwanda is bordered by Uganda, Tanzania, Burundi and the Democratic Republic of the Congo. Rwanda's economy suffered heavily during the 1994 Rwandan Genocide, but has since strengthened. The economy is based mostly on subsistence agriculture. Coffee and tea are the major cash crops for export. Tourism (especially for mountain gorilla viewings) is a fast-growing sector and is the country's leading foreign exchange earner.



Africa's most densely populated country is trying to overcome the limitations of its small, landlocked economy by leveraging regional trade; Rwanda joined the East African Community and is aligning its budget, trade, and immigration policies with its regional partners. The Rwandan Government is seeking to become a regional leader in information and communication technologies. In 2012, Rwanda completed the first modern Special Economic Zone (SEZ) in Kigali. The SEZ seeks to attract investment in all sectors, but specifically in agribusiness, information and communications, trade and logistics, mining, and construction (CIA Factbook, 2017). Also, interestingly, 56% of Rwandan MPs are female—the highest share in the world (Economist, 2017).

GENERAL INFORMATION – RWANDA	
Capital	Kigali
Population (2016 est.)	12,988,423
Government type	presidential republic
Chief of State	President Paul KAGAME
Head of Government	Prime Minister Anastase MUREKEZI
Life expectancy	60 years
Literacy	70.5%
Ethnic groups	Hutu (Bantu), Tutsi (Hamitic), Twa (Pygmy)
Religion(s)	Roman Catholic 49.5%, Protestant 39.4% (includes Adventist 12.2% and other Protestant 27.2%), other Christian 4.5%, Muslim 1.8%
Languages	Kinyarwanda only (official, universal Bantu vernacular) 93.2%, Kinyarwanda and other language(s) 6.2%, French (official) and other language(s) 0.1%, English (official) and other language(s) 0.1%, Swahili (or Kiswahili, used in commercial centers) 0.02%

Source: CIA World Factbook, 2017

ECONOMIC INFORMATION	
GDP (PPP) (2016 est.)	USD21.97bn
GDP growth (2016 est.)	6%
GDP per capita (2016 est.)	USD1 900
Inflation (2016 est.)	4.6%
Commercial bank prime lending rate	17.3%
Doing Business 2017 ranking (out of 189 countries)	56
Total Exports (2016)	USD674.9m
Total Imports (2016)	USD1.96bn

Source: CIA World Factbook, 2017, World bank 2017

The table below gives a SWOT analysis for Rwanda.

RWANDA SWOT ANALYSIS	
Strengths	<ul style="list-style-type: none"> <li>• High public investment and expanding private consumption have underpinned impressive economic growth in the past decade.</li> <li>• Inflation remains moderate in comparison with volatile price growth witnessed in neighbouring East African countries.</li> <li>• Rwanda has enjoyed relative political stability since the end of the civil war and genocide in 1994.</li> <li>• Moderate inflation has meant that the country has avoided an outbreak of popular protests over the rise in food and oil prices, unlike several neighbouring nations.</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• The majority of the population rely on agriculture for income, a sector which is vulnerable to adverse weather conditions.</li> <li>• Rwanda's fiscal position is still heavily reliant on donor grants, which account for a large share of government income.</li> <li>• Strong ethnic divisions between Hutus and Tutsis still exist, and memories of the genocide continue to blight the nation's international image.</li> <li>• There is a perception among Hutu groups that the ruling Rwandan Patriotic Front party is heavily biased in favour of Tutsi interests. Perceptions of an institutional marginalisation of any group needs to be thoroughly addressed to prevent resentment.</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• Rwanda has a growing tourism sector owing to the country's unique wildlife and vast swathes of national parks. Considerable investment opportunities exist in low and high-end accommodation as well as in infrastructure.</li> <li>• Rwanda's Lake Kivu has huge energy-generating potential, which is beginning to attract the interest of a number of foreign companies.</li> <li>• Continued stability relative to its peers may afford Rwanda the chance to play a more prominent role in the East African Community.</li> <li>• Strong economic growth and improving living standards will reduce political risks.</li> </ul>
Threats	<ul style="list-style-type: none"> <li>• Agricultural output is highly dependent on weather conditions. Poor rainfall would severely hamper economic growth.</li> <li>• A sharp reduction of aid would lead to considerable cutbacks in government spending or force at least a modest ramp up in debt.</li> <li>• President Paul Kagame's decision to run for a third term following a constitutional change and referendum may cause a power vacuum over a multiyear timeframe.</li> </ul>

Source: BMIResearch, 2017

## 2. Trade

### South African trade with Rwanda

- Between 2007 and 2016, South Africa was the more dominant trade partner and recorded consecutive trade surpluses.
- South Africa's exports had a compound annual average growth rate of negative 3% from 2012 to 2016 and the imports had a negative growth of 32% for the same period.
- In 2016, South African exports to Rwanda were USD29million and imports were USD842 000.

### Top 5 South African exports to Rwanda in 2016

- Insecticide and herbicide, USD4.4m
- Tractors, USD2.7m (there were no exports in this category in the 5yrs prior)
- Motor vehicles for the transport of goods USD2.5m
- Carboxamide-function compounds, USD2m (there were no exports in this category in the 5yrs prior)

- Wine, USD1m

#### Top 5 South African imports from Rwanda in 2016

- Coffee, USD736 000
- Essential oils, USD41 000
- Plants and parts of plants, USD11 000
- Chemical instruments for analysis, USD10 000
- Telephone sets, USD5 000

#### Top 5 Western Cape exports to Rwanda in 2016

- Refined petroleum oil, ZAR13.7m
- Wine, ZAR11m (100% growth in 2016).
- Insecticides, ZAR6.6m
- Engine parts, ZAR3.8m
- Undenatured ethyl alcohol, ZAR1.8m

#### Top 5 Western Cape imports from Rwanda in 2016

- Coffee, ZAR932 228
- Chemical instruments for analysis, ZAR85 757
- Basketwork, wickerwork, ZAR31 933
- Taps, valves and appliances for pipes, ZAR12, 195
- Measuring instruments, ZAR8 110

The highest tariff imposed on South African imports from Rwanda is 100% (estimated ad valorem) for tobacco (HS24):

- HS63 Other made-up textile articles (72%)
- HS62 Articles of apparel and clothing accessories not knitted (43%)
- HS61 Articles of apparel and clothing accessories, knitted or crocheted (42%)
- HS66 Umbrellas, walking sticks (29%)
- HS42 Articles of leather (29%)

Source: Quantec, 2017; Trademap, 2017

### 3. Foreign Direct Investment

Between January 2003 and June 2017 a total of 3 FDI projects were recorded from Rwanda. These projects represent a total capital investment of USD37.30m which is an average investment of USD12.40m per project. During the period, a total of 46 jobs were created.

OUTWARD FDI FROM RWANDA, 2013 – DEC 2016								
DATE	INVESTING COMPANY	DESTINATION COUNTRY	DESTINATION CITY	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	ESTIMATED CAPEX (USDm)	JOBS
Mar 2012	Bank of Kigali	Uganda	Kampala	Financial Services	Retail banking	Business Services	11	18
Mar 2012	Bank of Kigali	Kenya	Nairobi	Financial Services	Retail banking	Business Services	11	18
Aug 2009	RwandAir	Kenya	Nairobi	Transportation	Air transportation	Sales, Marketing & Support	15.3	10

Source: Financial Times, 2017

Between January 2003 and December 2016 a total of 8 FDI projects were recorded from South Africa to Rwanda. These projects represent a total capital investment of USD257.1m which is an average investment of USD32.1m per project. During the period, a total of 506 jobs were created.

**FDI FROM SOUTH AFRICA TO RWANDA, 2013 – DEC 2016**

DATE	INVESTING COMPANY	SOURCE STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	ESTIMATED CAPEX (USDm)	JOBS
Feb 2016	CNBC Africa	Gauteng	Communications	Radio & TV broadcasting	Headquarters	36.9	80
Dec 2015	Lancet Laboratories	Gauteng	Healthcare	Outpatient care centres & medical & diagnostic	Design, Development & Testing	8.8	65
Sep 2014	PPC (Pretoria Portland Cement)	Gauteng	Building & Construction Materials	Cement & concrete products	Manufacturing	170	324
Apr 2013	Broll Property Group	Gauteng	Real Estate	Real estate services	Sales, Marketing & Support	28.3	18
Sep 2012	MTN Rwanda	Gauteng	Communications	Communications equipment	Retail	0.12	2
Feb 2012	Altech Group	Gauteng	Communications	Data processing, hosting, & related services	ICT & Internet Infrastructure	1.93	1
Jul 2010	MTN Rwanda	Gauteng	Communications	Wireless telecommunication carriers	Retail	0.07	1
Sep 2008	Blue Financial Services	Gauteng	Financial Services	Retail banking	Business Services	11	15

Source: Financial Times, 2017

*Wesgro has taken every effort to ensure that the information in this publication is accurate. We provide said information without representation or warranty whatsoever, whether expressed or implied. It is the responsibility of users of this publication to satisfy themselves of the accuracy of information contained herein. Wesgro cannot be held responsible for the contents of the publication in any way. © Wesgro, 2017.*

For more information on this publication and other Wesgro publications please contact [research@wesgro.co.za](mailto:research@wesgro.co.za) or for more publications visit the Wesgro publications portal on our website at <http://wesgro.co.za/publications>