

# RWANDA'S EXPORT OPPORTUNITIES

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PHILIP ENGLISH

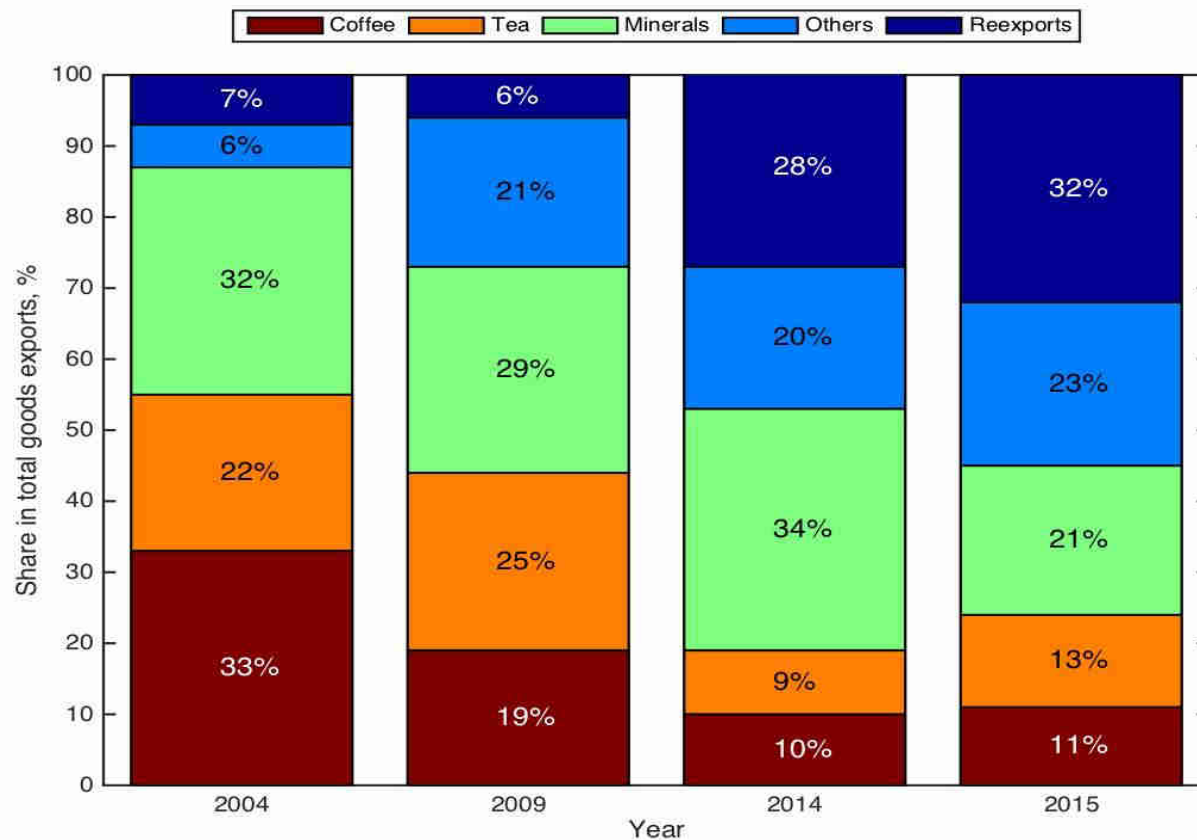
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# TOURISM IS EASILY THE MOST IMPORTANT EXPORT

(2015) (SOURCE: MINEACOM, BNR, IMF)

	US\$ million	Share (%)
<b>Tourism</b>	318	29
<b>Tea and coffee</b>	135	12
<b>Minerals</b>	118	11
<b>Other goods (formal)</b>	129	12
<b>Cross-border (informal)</b>	125	11
<b>Re-exports</b>	178	16
<b>Transport services</b>	75	7
<b>Other services</b>	20	2
<b>Total</b>	1 097	100

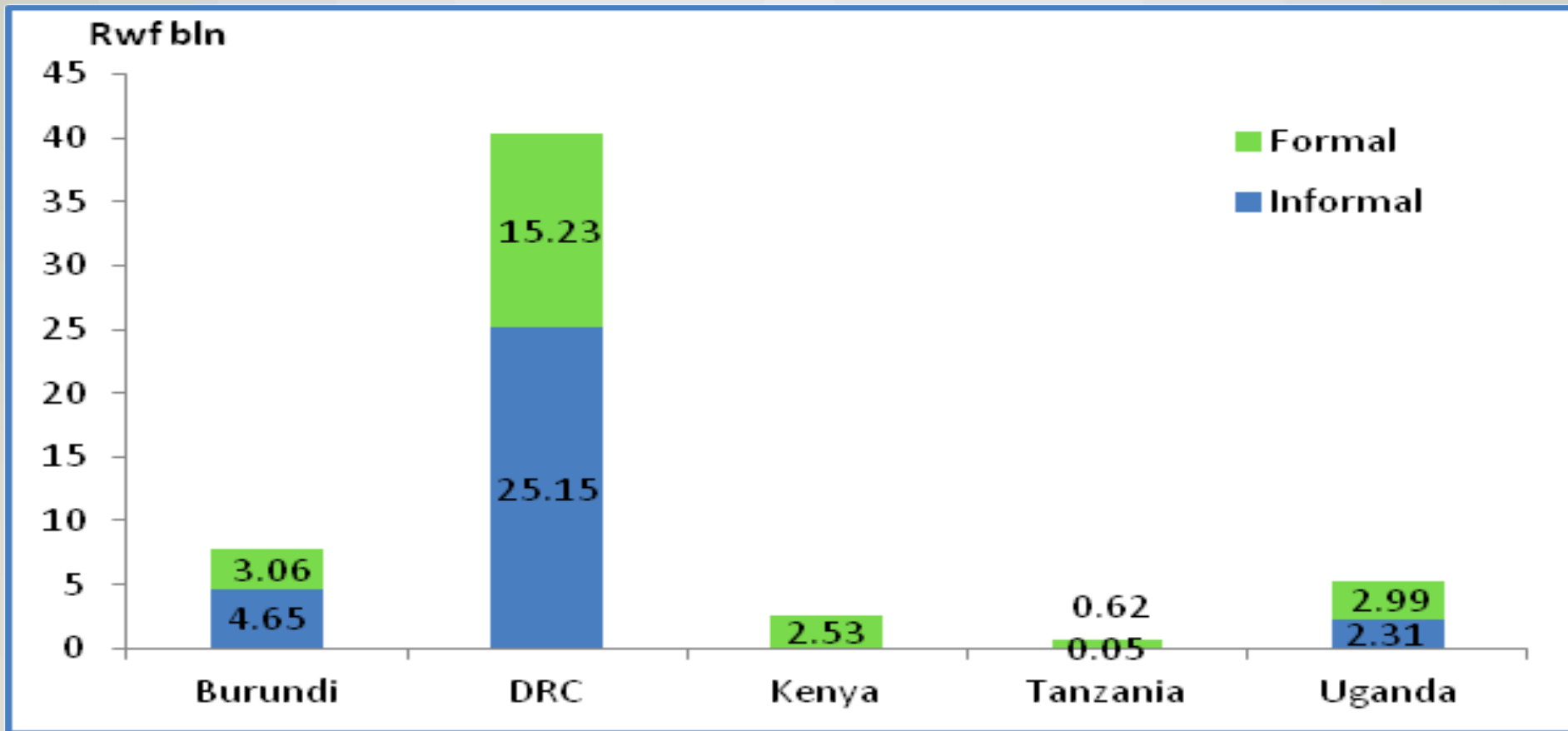
# RE-EXPORTS AND OTHER NON-TRADITIONAL EXPORTS HAVE BECOME INCREASINGLY IMPORTANT – BUT SO HAS TOURISM (SOURCE: BNR)



- 2003-05: Tourism receipts = 41% of formal merchandise exports
- 2013-15: ↑ to 79%

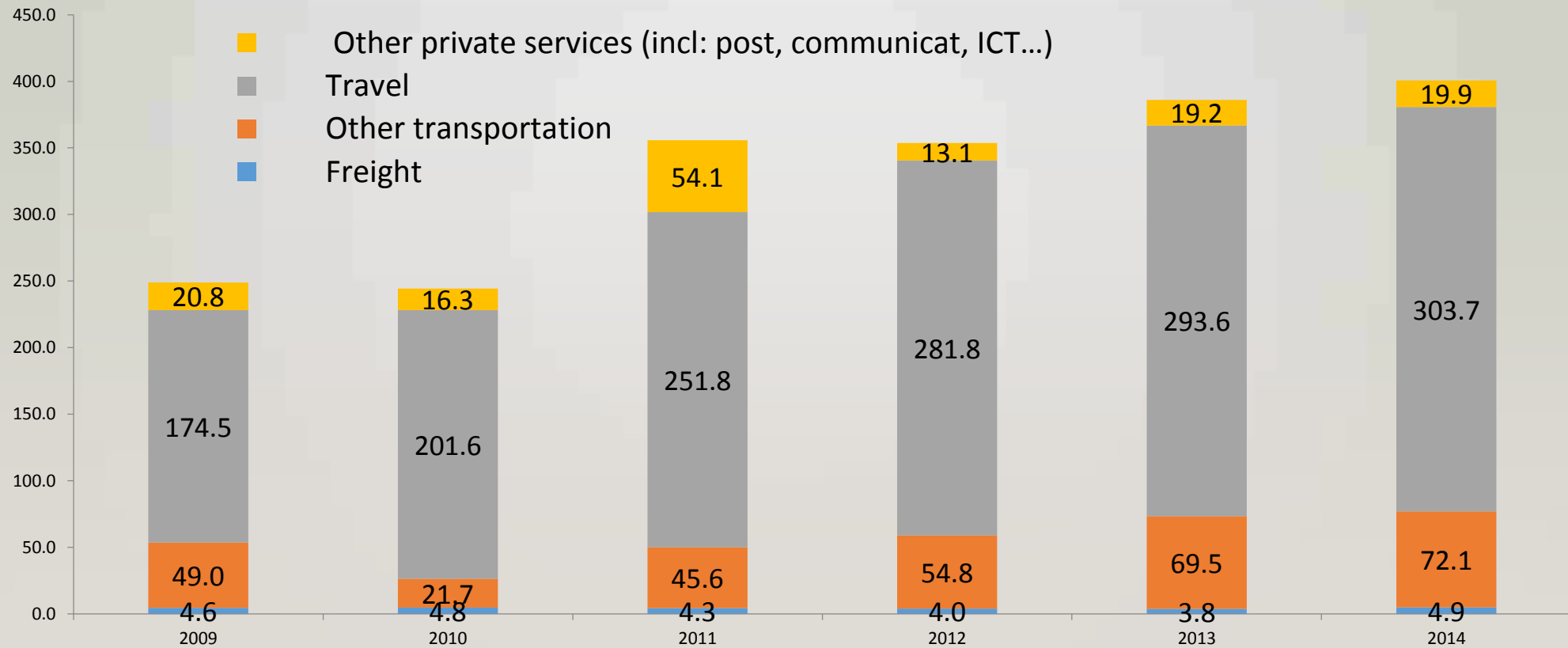
# MANUFACTURED EXPORTS GO MAINLY TO DRC

(2011) (SOURCE: MINEACOM CROSS BORDER STUDY)



# TOURISM DOMINATES SERVICE EXPORTS BUT TRANSPORT SERVICES ARE GROWING

(US\$) (SOURCE: MINEACOM EXPORT STRATEGY)



# HOLIDAY TOURISM = ONLY 10% OF ALL VISITORS BUT ALMOST 50% OF REVENUES

(SOURCE: IFC TOURISM STUDY)

	Visitor Arrivals ('000s)			Total Revenue (\$m)			Revenue per Visitor (\$)		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
<b>Leisure</b>	95	104	105	130	143	145	1 361	1 378	1 374
<b>Friends and relatives</b>	306	328	398	26	29	36	85	87	90
<b>Business (MICE)</b>	415	419	395	105	98	94	254	234	238
<b>Transit</b>	40	46	49	0	0	0	0	0	0
<b>Other</b>	206	225	272	21	24	31	101	106	112
<b>Total</b>	<b>1061</b>	<b>1122</b>	<b>1219</b>	<b>282</b>	<b>294</b>	<b>305</b>	<b>266</b>	<b>262</b>	<b>250</b>

# TOURISM: A SUCCESS STORY WITH MORE POTENTIAL

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- Overall receipts > top 5 merchandise exports combined
- Receipts grown rapidly (22% p.a.)
- No significant price fluctuations and not constrained by land shortage
- Creates jobs outside of Kigali
- Jobs are better than in mining or farming, but more accessible to poor than say ICT or finance
- Average stay is short (3.2 days) so lots of potential to ↑ spending
  - Doubling average stay could increase revenues by US\$60 million
- But gorilla tourism saturated; need to create new products
- Will require investment in roads, training, promotion, FDI, and stronger institutional capacity within government (and voice in Cabinet?)

# TEA AND COFFEE: STILL ROOM TO GROW AND IMPORTANT FOR POVERTY REDUCTION

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- Land is a constraint but yields could be doubled
- Yet Revised National Export Strategy seems to feel differently
- Need to replant old trees and bushes; requires financial support for farmers
- Promote fully washed coffee
- Potential for "made in Rwanda" tea less clear



# MINING: AFTER THE BOOM, NEED TO FOCUS ON PRODUCTIVITY

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- Trade-offs between artisanal and modern mining
- Greater short-run employment but less export revenue and less sustainable ?
- May need to revisit taxation given ↓ prices
- Geological survey to improve knowledge base
- Governance: promote respect of contracts with buyers to encourage financing
- Dodd-Frank: a reality, need to ensure proper certification

# OTHER OPTIONS: NUMEROUS BUT NOT EASY

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- **Animal products:** promising signs but Rwanda's comparative advantage not clear
- **Horticulture:** agro-climatic and market conditions look good, but shortage of land and cost of airfare are problematic
- **Special Economic Zone:** distance to the coast may be big problem
- **Other manufactures:** mainly targeting DRC and Burundi
  - Rwanda has advantage, but difficult and volatile conditions
- **Re-exports:** lack of analysis, is it all legal?
- **Other services:** tend to need highly skilled labor

# CROSS-CUTTING ISSUES

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- **Trade facilitation:** Good progress but need to continue in order to compensate for long distance, including for imports
- **Tax administration:** need to simplify and establish more of a partnership between RRA and private enterprise
- **Services:** as major input into exports, need ↑ efficiency and ↓ prices
- **Local value-added:** potential to substitute for imported in inputs, but must be done efficiently

# INSTITUTIONAL FRAMEWORKS

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- **Imihigos:** Focus on quantitative targets, quarterly action plans and accountability within government is admirable
- **Targets:** 2018 export targets tend to be too ambitious
  - EDPRS2 = US\$4.5 billion
  - Revised NES = US\$2.2 billion
  - Actual 2015 = US\$1.1 billion
- **Private sector performance contracts:** difficult to hold private sector accountable given many factors beyond their control
- **Sector consultations:** key to better understanding of issues; need to be regular, informed, and produce results

# SOME IDEAS FOR ACTION AND ANALYSIS

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## Projects:

- Investment project to support the diversification of leisure tourism
- Investment projects to improve productivity in tea and coffee
- Support on implementing the Dodd-Frank requirements in the mining sector
- Creation of a local content unit to deepen the supply chain

## Studies:

- Analysis of the trade-offs between modern and artisanal mining
  - How can export revenues and jobs be maximized over the long run ?
- Analysis of the opportunities and priorities for services trade, including re-exports
  - How can services trade beyond tourism be promoted ?

Product	Exports		% of total		Rate of growth
	2003-2005	2013-2015	2003-2005	2013-2015	
<b>Coltan (tantalum)</b>	8008	103338	8	18.7	29
<b>Petroleum products*</b>	55	58267	0.1	10.5	101
<b>Coffee</b>	29416	57218	29.4	10.3	7
<b>Tin (cassiterite)</b>	23878	56680	23.8	10.2	9
<b>Tea</b>	16798	55786	16.8	10.1	13
<b>Tungsten (wolframite)</b>	644	23753	0.6	4.3	43
<b>Rice</b>	13	12060	0	2.2	98
<b>Wheat flour</b>	7	11211	0	2.0	109
<b>Hides and skins</b>	473	10910	0.5	2.0	37
<b>Live bovine animals</b>	0	7140	0	1.3	Infinite
<b>Beer</b>	3	6838	0	1.2	117
<b>Sugar</b>	0	6243	0	1.1	Infinite
<b>Vegetable fats and oils</b>	4	5542	0	1.0	106
<b>Maize flour</b>	67	4682	0.1	0.8	53
<b>Boring or sinking machinery for minerals*</b>	0	4628	0	0.8	Infinite
<b>Flat-rolled products of iron or non-alloy steel</b>	0	4249	0	0.8	Infinite
<b>Gold</b>	0	3805	0	0.7	Infinite
<b>Non-alcoholic beverages</b>	2	3736	0	0.7	112
<b>Motors cars*</b>	740	2701	0.7	0.7	18

## TOP 20 MERCHAN DISE EXPORTS