

**ISTANBUL COMMERCE UNIVERSITY
GRADUATE SCHOOL OF FOREIGN TRADE
INTERNATIONAL TRADE M.A. PROGRAM**

**CHINA'S ECONOMIC EFFECTS ON EAST AFRICAN
COUNTRIES**

M.A. Thesis

Abdiwahab MOHAMED HASSAN

200006896

Istanbul, 2021

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Advisor: Asst. Prof. Yunus ÖZCAN

Istanbul, 2021

DECLARATION OF ORIGINALITY

I, Abdiwahab MOHAMED HASSAN, certify that,

- I am the sole author of this thesis and that I have fully acknowledged and documented in my thesis all sources of ideas and words, including digital resources, which have been produced or published by another person or institution;
- This thesis contains no material that has been submitted or accepted for a degree or diploma in any other educational institution;
- This is a true copy of the thesis approved by my advisor and thesis committee at Istanbul Commerce University, including final revisions required by them.

Abdiwahab MOHAMED HASSAN

ÖZET

Çin-Afrika ticareti 2018'de 113 milyar olarak gerçekleşmiş ve pandemi nedeniyle 2020'de 108 milyar dolara kadar düşmüştür. Çin'in Afrika'dan ithalatı 2020'de 71.6 milyar dolar olarak gerçekleşmiştir. Doğu Afrika topluluklarında, önde gelen ihracat ülkesi 2020'de 144.59 milyon dolar ile Kenya ve Uganda'nın önünde Tanzanya'dır. Ancak en büyük tüketici, Tanzanya ve Uganda tarafından takip edilen 3,39 milyar dolar ile Kenya'dır. Görünen o ki, Çin'in Afrika'daki angajmanı Çin firmalarının aksine Afrika ülkelerinin geleceğini kurmak ve şekillendirmek içindir. Çin, Afrika'daki en büyük yatırımları sağlarken Çinli firmalar yüksek rekabet göstermişlerdir. Afrika projelerin yönetimi ve finansmanı olan altyapı yatırımları için kaynağı için yıllık 30 Milyar ABD Dolarına yakın bir yatırım almaktadır. Birçok Afrika ülkesi bu fonları överken, diğerleri fonların çeşitliliğinden endişe etmektedir. Bu makale, Çin'in Afrika kıtasına katılımını içeren stratejik diplomasi, ideolojik değerler ve ticari kazanımların ana değerlerini koruyan bir yardım ve yatırım biçiminde Çin desteğinin ticari etkisini analiz etmeye çalışmaktadır.

Anahtar Kelimeler: Doğu Afrika Ekonomileri, Çin Ekonomisi, Uluslararası Ticaret

ABSTRACT

China-Africa trade in 2018 was \$113bn but dropped due to pandemic and it hit \$108bn in 2020 while China's imports from Africa was \$71.6bn in 2020. In the East African communities, the leading export country is Tanzania with \$144.59m in 2020 tailed by Kenya and Uganda, but the other side the biggest consumer is Kenya which is \$3.39b tailed by Tanzania and Uganda. It seems that Chinese engagement in Africa is to establish and shape the future of African countries in contrary Chinese firms. Their workers travelled to Africa and make harsh competitions while China was providing the top investments in Africa. Africa has attained close to \$30bn from China in the annual basis for the source of infrastructures being the management of projects and the financing. Regardless of the fact many African countries praise these funds, while others worry the range of the funds. This paper tries to analyze trade impact of Chinese support in a form of aid and investments that keep in the main values of strategic diplomacy, ideological values and commercial gains that include China involvement in the African continent.

Keywords: East African Economies, Chinese Economy, International Trade

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LIST OF ABBREVIATIONS

ACIRC	African Capacity for Immediate Response to Crisis
AfDB	African Development Bank
APRM	African Peer Review Mechanism
BoU	Bank of Uganda
CBR	Central Bank Rate
CIA	Central Intelligence Agency
COVID	Coronavirus Disease
COMTRADE	Common Format For Transient Data Exchange
EAC	East African Community
EPRC	European Policies Research Centre
EU	European Union
EITI	Extractive Industries Transparency Initiative
FOCAC	Forum On China–Africa Cooperation
FDI	Foreign Direct Investment
FY	Financial Year
HCI	Human Capital Index
HIPC	Heavily Indebted Poor Countries initiative
IMF	International Monetary Fund
IFMIS	Integrated Financial Management Information System
NAFTA	North American Free Trade Agreement
NPL	Non-Performing Loans
NDP	National Development Plan

OECD	Organisation for Economic Co-operation and Development
OBOR	One Belt One Road
PAYE	Pay as You Earn
R2P	Responsibility to Protect
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
UNAMID	United Nations African Union Hybrid Operation in Darfur
UBOS	Uganda Bureau of Statistics
VAT	Value Added Tax
WB	World Bank
UN	United Nation

1. INTRODUCTION

The world image for Chinese support in the countries is provided through aid and investments that keep in the main values of strategic diplomacy, ideological values and commercial gains that include China involvement in the African continent that show images for the reasoning in the significant values for recognition of the forgotten issues in the discussion of the relationships between variables. The China is facing the partners in the broad diplomacy for the tight African countries that have become for the many targets. China is needed for the countries that take recognition of China as the instance of the stands through China that come through rejections of the society. Furthermore, the coming of ideas and values for China was to involve the Africa in the most effect for the own developed focus on experiences in growth. China goes through a change in economic transformed way for the simple agreements in projecting the ideas that come for the economic transformed form for involvement in African governments.

Haroz, (2011) argued that China has taken recognition of the order for African consumers in affording the Chinese exports for the African market expansion in the production of the key investment values for the Chinese organizations, Africa then developed the means to becoming the avenues for enhanced functionality of the country. China overall perception of the China work is for foreign assistance for both the Chinese interests that are provided for the needs in Africa that create certainty in development processes managed through the investment climate changes argued in the China provided form of relationship management between Africa and the prevalence of relationships in the African countries generated through efficiency of the system of management that can damage the cooperation between and among the countries.

China provided an attraction to Africa for the early measure Tang dynasty (AD. 618-907) for the 19th century reporting in the trade of meat, ivory exportation from modern Kenya and Tanzania confirming the provided avenues. Kaplinsky, McCormick and Morris, (2007) argued that the 15th century has seen China in the 1st century involved in Africa and east African trade. In Kenya and Tanzania many people dealing in Giraffes and many other animals are provided in the tumbles of the decks for China junks and transportation across the sea in a palace for the distant Beijing. The China Africa relations has provided enrichment for the intellect in a cultural and commercial but provided for issues in the China promise for the movement for economic development and

fighting poverty than in the western nations for development. The completions in USA and Europe or Africa provide an aspect of solving the battles between Africa and the battles for the world trade. Diplomacy in China is provided in the embassies for 14 African nations. The conceptual available for the study in China African environment that explain the occurrence of trade relations among the countries. China and Africa share a reliance that can be seen in the third year of Beijing summit for the China-Africa cooperation forum. In 2006 for the summit included for the state official, leaders for the representations for the 40 African countries, the former Chinese President Jiang Zemin toured Africa four times.

For the 2007, President Hu Jintao had paid visit for the 5th time for the continent in a twice formed measure in the vice president and 3 times as president. China is providing a flexible means to economic management in Africa due to the needs for colonization of Africa due to the mercantilist ambitions for natural resources such as petroleum, timber, cobalt, platinum, cooper, diamond etc. Alden, (2009) argued that Chinese going through the engagements in enabling the shaping of the future of the African continent. China is now one of the African economic impacts in Africa's core trading partners. for recent years, a million of Chinese have travelled to Africa for the reliable expand mechanism of growth (Pere, 2013). The status of the African continent and institutional developments among the countries provided in the means to generate efficiency in trade supported by the Chinese economies.

The example for the expansion includes the new hospital and school for the Angola the railway for the projects such as Kenya (Onjalla, 2014). The construction for the Africa union in Addis Ababa and energy extractions for Tanzania. Chinese coming the presence for the feeling the across for the continents. The abandoning of Taiwans for the increase in enticing for the many African countries, many African countries given China noticeable economic effect of the surpassing opportunity in enhancing the technologies for employment and infrastructures in developments. China government and its companies have a significant increase in presence of the continent focus in Africa for the past 2 decades in the much form of the end in the last decades. China has become the main trade pattern for Africa (Sun, 2014). China contributes an attraction in the source of the advancement aids in foreign investments due to the state of policy for the non-interventions through the China government in pledging for the will in remaining the involved in the internal issues of the work in the country. The commercial influence of the most important avenue in

development in the Sub-Saharan after the end of the cold war (Liou,2012). Many factors underlying is provided for analysis in the discussion of the bilateral relations in China and African counties. China economy experiences the sporadic change in the growth over the 2 decades that has an effect on the world economic forum for search and abundance in the resources for satisfying the demands in industrials countries. The provided is due to the domestic needs in the Chinese having the look for the broad resources in satisfaction in the ever-changing demands. The last decade demand China has managed for creation of the aid in investments connected to the 50 African nations (Luong and Sierra, 2013). The international energy agency is supposed to spend up to \$2.1 trillion in the continent's oil and gas supplies for the 2010-2035 supply scale. The capital given an opportunity to recover in sub-Saharan Africa during the years of economic recovery.

Misery brought through conditions in the IMF led through world banks support in structure for adjustments in the continent that has provided the global form of the major values in the pitfalls. In taking advantage in the resources for the known and emergency of the powers provide an instance for the management of countries US, UK, Brazil, China and France in the power for the continents. China has led a building force in the relations assessment for countries. The overall few years in supporting of the influence for China that increased marked forms to the continent. The nations have provided African large trading partners in the joint form of improvement in a drastic raise for the heights to \$166.3 billion. The provided avenue is provided in 2006 that records indicate that 2006 revealed a high China influence in Africa. The estimates for 800 Chinese firms in Africa for the energy, infrastructures in banking developed forum China-Africa cooperation. The ministry conferences for the FOCAC that was 200 that are recent the holding of the people in management (Sutter and Robert ,2015).

China has ventured in the region with the base attracting monopolies in the organizations and firms provided with equal attraction in lending the conditions for multinational companies like World Bank controlled through urban countries. China provides a region provided in the reserved form of the spent investment projects in the effect for the people's living. The lead in Chinese state owned and managed companies acquire the oil concession in Angola and the back oil credit for \$2billion from the Exim bank of China in building the country's state for the hospitals. The state of Beijing Census for the Africa countries and China for borrowing the coined in the Cooper for

the UK based foreign centre seen as an attraction for economic development models for the comparison to other countries (O'Brien and Williams, 2014).

The principles for the declaration of China in the framework of the aid provide a good condition for the reception in the countries for Africa and most important for the political string plus the Beijing's form of wellness in provided aid for the loans from China. China involved in Africa for the recent mechanism involved in trial and poverty reduction in the agreed form of grants in change for the China undergoing the trade in the 1980s and 1990s. the forms of the experiment for the Chinese government in affecting the interests for deductions for loans schemes in the form in was graduations accepted form (Rotberg, 2014).

Chinese- Africa relations characters in the summit for diplomacy for the equal development in cooperation for the worth in the maintaining for the summits in diplomacy that for the development in cooperative forms worth the summit diplomacy established in the country with exception of the country. (Rotberg, 2015) contend that China for the different forms of policies for the embodiment in the principles of not inferring in the issues of countries. The African country has provided a retained form of the same intervention in the adoption of the domestic international conditions. The China engagement for Africa for the chances of the African situations in the emergence of the provided means reasonable for developing a means to development in a national and equal focus measure for development in international relations for the countries. Around February in 2017 China was in possessing the second form of the USA (CIA World Fact book, 2017).

For the incomes for the basis of the ranks for the 72nd in the national GDPs for the 84th in the countries (IMF 2016). The approximate the 3rd form for the African countries such the countries in Angola, Nigeria and Sudan and that is expected to the growth for the years coming. The provided continuous invested and capital invested mechanisms in trade and management capacities. The continuity of the invested form of capital flow for the countries. China has provided the top investments in Africa. China has provided the investments in Africa for the studies in the Chinese vested forms that has provided several attack forms (Li Xing, 2010). The last decade provided an avenue in the apparent form of China investments for the case of policy and driving the domestic development strategy (Zweig and Jianhai, 2005). Africa has attained close to US\$30 Billion in the annual basis for the source of infrastructures being the management of projects based on China and the financing.

Recently, the rise of regional integration, such as EU, NAFTA in North America, has shown that China has been quietly rising. In the global stage, China has started to make a powerful leg and has been investing significant investment in Africa. Regardless of the fact many Africa praise the fund and knowledge, while others worry the range of the funds, China is moving with heavy boots. This heavy movement has sparked a question about whether China carries opportunity or challenges with urbanized nations and huge world contributors.

On such conflicts this thesis therefore examined Chinas partnership whit African countries especial Cast African Countries. This study aims to investigate if African interaction is a factor in developing countries position in economic growth. It is intended to gather a lesson from China and influencing the economic patterns policies of East Africa toward the international expansion. The analyze will discover the effect of China on East African communities (Kenya, Uganda, Tanzania, Rwanda and Burundi) Economies. The study will be carried out on the effect of China on East African countries' Economy. The focus will be on establishing the effect of China trade on East African economies, determine the impact of Chinese investments on East African economies and finally evaluate the effect of Chinese aid on East African economies. The study will be conducted in Beijing, China and concentrate or focus more on the dealing between China and the East African communities of Kenya, Uganda, Tanzania, Rwanda and Burundi.

These countries are chosen due to their having high and historic ties to China. The study time will be in between 2015 January to May 2020. The dataset presented will be based on the connections between China and East African Communities for the last five years, through use of secondary data will take into consideration in the process of the study, so above-mentioned time will give us sufficient time to obtain the study requirement. The study will be a point of reference to other researchers, as it would provide a background for further research into Chinese bilateral ties and investments in East African economies. For potential study it can act as basis for reference for future researchers and other academics who may need to deal with this type subject, the study may act as a framework for reference. The study will provide mechanisms through exploiting avenues and challenges faced in the relationship between East Africa and Chinese investments. This will provide avenues and mechanisms for addressing the existing the situations for better relationship for much business integration and attaining the business environment.

There are no existence theories that can be based on the explanation of the different mechanisms. The theory is a group of explanations in the concepts aimed at attaining meaningful directions for the specific phenomenon in attaining the explain of the situation and avenues in a proper form. (Kitchin and Tate, 2010).

The study provides an explanation to the dependence form of political economic situation in theory. The theory aimed at providing an explanation was provided in 1949 through the authors who provided that the trade for under developed countries have relative form for depreciation and time scale analysis of the unemployment over the time in the few manufacturing of the goods in exchange for the quantity and raw materials for exports (Alvin, 1990).

The theoretical explanation employed enable the provision of an analytical form of basis in the South and provide dependence in the China demonstrating how the theories are good in analysis and deepening the East African economy for international competitions limited to systems and South Sudan economy to the major focus for the economic theory is the liberalization and helping increase the flow of foreign investments in developing countries resulting in easing the trade for exchange restricted force. The notion for the process in providing harmony is the political environment for the international community in creating the market for global and scaled focused developments. China relations of strategy are aimed at developing win-win cooperation for the Chinese environment in starting to provide the biggest trade for the performance of Britain and the USA for the organizations developed (Brautigam, 2009). Investments undertaken are provided in the form of countries investments. The choice of the countries is due to the provided avenues for Africa and demonstration of investments for infrastructures (Corkin, and Burke et al., 2008).

This thesis is arranged on the circumstances of the study background, the problem of the statement, aim of the study, study objectives, scope the research, the magnitude and operational descriptions trigger words. The proposal is organized in the form of background, statement of the problem, purpose for the study. It will also contain literature related on the study's objective. based on secondary collection, presentation and analysis while chapter four will present results, interpret and analyze them. The data attained from the field is presented and results provided in the assessments are undertaken in the phase of analysis provided. Then the last fifth provides discussions, conclusions and recommendations.

2. EAST AFRICAN ECONOMIES

This topic is concerned with presenting publications that depict the status of the East African economies of Uganda, Tanzania, Kenya, Rwanda and Burundi based on their GDP and entire economic performance for the countries.

2.1 East African Community

The resolution which forming the East African community was reached at on 3 November 1999 and agreement was reached on 7th July 2000 after the ratification of the initial three original partner member states of Kenya, Tanzania and Uganda and after accession Rwanda and Burundi to the community, the agreement was reached on 18th June 2007, and 1 July 2007 become member of the community. South Sudan also applied on 15th April 2016 and became full member on 15th August 2016 (EAC, 2016). The main objective for the community was implementation of the policy and program to foster cooperation among the members for the achievement of benefits in the vast range attained that include political, economic, social and culture aspects in the research and innovations, safety and constitutional plus judiciary situation.

In March 2004, the East African community member state has signed Custom treaties in order to create standard external tariff for imports from third parties and to phase out tariffs. The procedure for the goods entry into force in January 2005 and step by step procedure for the implementation of customs union which was successfully finished in January 2010. The implementation of custom union has contributed significantly to the removal of some of trade barriers, though other challenges still exist. The non-harmonized regulatory sanitary and phytosanitary techniques required customs procedures, records, laws and regulations to block the key barriers to trade in the East African community.

Customs union treaty was accompanied by the signing of the protocol resulted in the creation of the EAC common market in November 2009. In July 2010, the Common Market came into effect. The changes for concentrate from the exclusively liberal goods and tariffs for the further unrestricted movement of the goods and or services including labour and capital. In 2013, the protocol for the formation of the East African society money union was found and accepted. The present system is in the present form of the EAC federation structures and is being followed in order to maintain a sustainable and powerful political block in the community of East Africa.

The sense was that the integration of the region in the East African community with the wellbeing of the members constituting the highest levels of the necessary form of variance, the EAC's aspects are set for investigation, and the lower value of evidence for trade agreements are not positive because of adjustments in the trading country and quantities in the economic structures that respond to improvements in trade policies.

The further implications for the hand in trade are to come out in the variable form for gender. Trade affects the economics hence changing the relative prices, the structure for productions, employment degrees and incomes for the people. The country men and women are hence affected in the changes needed for the patterns and volume in different forms of the roles and wages, producers and consumers. Gender imbalance has an effect on trade signed in a competitive manner and to the degree clearly set in trade to calculate the translation of the requisite economic results, as an example of asymmetric distribution in resource output, restricted access to knowledge and markets, insufficient production capacity and poor infrastructure leading to differences in opportunities for the people in the community (UNCTAD, 2014a).

In combination for GDP in 2016 for Burundi, Kenya, Rwanda and the Tanzania and Uganda was measured at US\$ 154.9 Billion and the population for the EAC membership states was 177 million at 2019. Africa is growing in performance and has been better in the many other regions around the globe with the exception of the East Asia (5.6% on average in 2015) that has been better in the regions around the world with exception of the East and South Asia even with the negative effects in the 2008-2009 for the globe economics (UNECA, 2016). The growing form for performance in East Africa countries that was also above the world averages with though the growth falling into 2.6% in 2015 (EAC, 2016).

The high increased performance for the Eastern Africa states provides a recent focus on the outcome of the economics and policies aimed at enhancing the attainment of the reduction mechanisms aimed at attaining a foreign debt, reduction of the budgets and reduction in inflations (AfDB, 2014). Economic policies are hence focused on ensuring competition in private sector instruments with the region experiencing the high growth rates in the unequal development (AFDB, 2014). The social policies in the areas are fundamental in generating effective policy and benefit avenues for growth and distributions in a more equal society.

2.2 Burundi Economy

Burundi is one of East Africa's lowest economies and has a sluggish growth (AfDB, 2014). Burundi's civil war continued from 1993 to 2005 and concluded in 2005, securing representation for the parliamentary elections of the Hutu and Tutsi. Political tensions were related to the presidential election in 2015. Outcomes of the Policy Crisis Report in Burundi Economies Reducing Economic Crisis Reducing GDP in 2015. Over than 400,000 registered Burundian refugees with the United Republic of Tanzania for the primary refugee destinations have the country in the socio-economic crisis (Africa Center for Strategic Studies, 2017). The impact of the COVID-19 epidemic in Burundi dropped into recession in 2020. After increasing by 4.1% in 2019, the real GDP dropped by 3.3%. The pandemic affected the industry, with output and services decreasing by 4.5 percent compared to 2019, whose output decreased by 1.8 percent. Investment has decreased by around 3 percent on the demand side. A decrease in agricultural production and the rise in import prices have led to a significant spike in pricing. Inflation in 2020 increased by 8.5 points to 7.6% compared to -0.7% in 2019. The budget deficit increased by around 4% to 8.7% of GDP by 2020, compared to 4.2 percent in 2019.

Due to a poor worldwide demand, prices of coffee exports decreased 4,4 percent and tea deficits deteriorated 10,4%. The present account deficit stood at 19.1% of GDP, up from 17.8% in 2019. This resulted in a decline in foreign currency reserves, which by the end of 2020 may be fewer than 30 days of imports. Between May 2019 and May 2020, the exchange rate between the Burundian franc and the US dollar dropped 3.8%.

2.2.1 Financial Challenges and Solutions

Burundi's governmental debt has increased rapidly since 2015, and is 70% domestic, when civil instability led to a dry outage of external financing. Public debt accounts for around 63.7% of GDP by 2020. External debt is 18.4% of GDP in 2020 when the conditions for complete debt relieve available under the Highly Indebted Poor Countries program were fulfilled, compared to 36% in 2012 when Burundi was (HIPC). Burundi's risk of financial distress is high due to the chronic trade imbalance and continuing increase in national debt due to the sustained budget deficits. A major public debt objective is to undertake a comprehensive public finance reform to achieve a balanced budget over time. The graph below shows that the projection of the country in different

perspectives, at the beginning of 2019 e real GDP growth was 4.1 but the pandemic has affected the growth and it has dropped.

Figure 1. Economic Projection From 2020 to 2022



Source: Data are as of December 2020 and are from domestic authorities; figures for 2020 are estimates and figures for 2021 and 2022 are projections by the African Economic Outlook team.

Source: African Economic Outlook (2021)

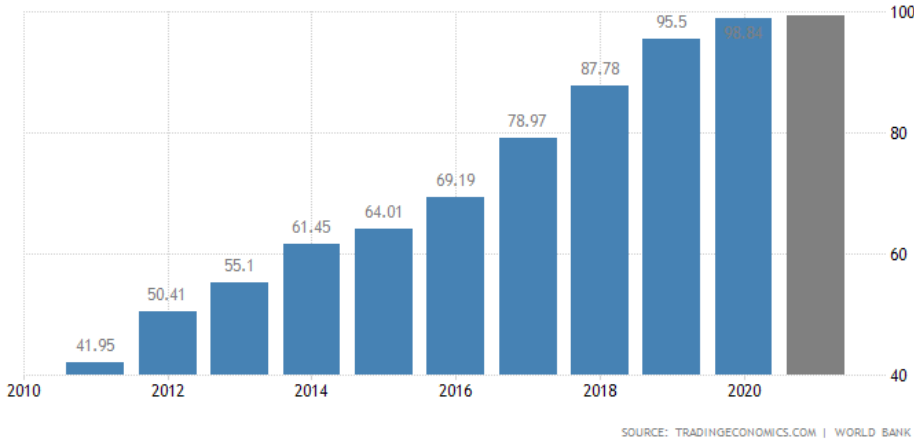
2.3 Kenya Economy

Kenya is indeed one of the largest economies in the economies for the East Africa group for the only concentrated in the members in favorable geographic position good economic conditions in infrastructures linked strong compared to the neighbors. For many decades, Kenya has faced the constraints of structural changes in terms of production, exports and jobs (UNECA, 2015a). Throughout the presence of political and social economic vulnerability, Kenya is not seen as a country of African growth due, among other factors, to political, ethnic and limited devotion to low horizons. (AfDB, 2014). Since the achievement of independence in 1962, problems have affected the leading genocide in 1994, Rwanda confronts a complicated ethnic problem. The economic aspect of the nation's attention was on many impacts of genocide, while in the mid-1990s the country made dramatic progress in improving economic and social avenues (AfBB, 2014). In the case of economic prosperity and increasing fully defined and human plus social changes, the general consensus for the Rwandan economy is carried out in the form of severe well-being. Rwanda is also seen as one of the countries with the potential to handle Mauritius easily for the world bank in business ranks in Africa. (UNECA, 2015b)

Kenya economy performed well in 2018 and the economic activity in the 1st quarter of 2019 it was health despite the emergence of drought conditions in the country that curtailed GDP for the remaining part of the year. The economic expansion increased by 6% in the 1st quarter of 2018 as compared to 4.7% in the same period provided strong consumptions for the case of improving the

incomes for investments in agriculture in 2018, flow of the cash remittance and food prices. The bank GDP growing at an estimated form of 2018 in 5.8%, the increase in the economy activity was raised in 2019 provided a reflection of the growth in the consumer expenditures providing strong investment sentiments. The ongoing emergencies in intervention for food shortages count could reduce fiscal pressures in capital expenses that hinder the development and slow down the forecast in 2019 for the medium-term relative to the October environment of 2018.

Figure 2. GDP of Kenya Between 2010-2020



Source: Trading Economics (2020)

2.3.1 Kenya Economic Performance

Above graph shows last ten years economic data, the country GDP was growing consecutively, the current account deficit reduced in 2018 and remains adequate financing. The 2018 current deficits reduced to 4.9% for GDP due to strong Diaspora remittance flows, improving the exports for the tea and horticulture and providing a strong Diaspora remittance through exports in tea, horticulture and strong Diaspora remittance tourisms. The current deficits continue for adequate for resilient for capital governance in 9.3% increased for official reserves for relative to 2017. The continuation for the buffer against external short-term shocks.

The fiscal consolidation has halted the rapid rise in the stock for the public debts, the underperformance in revenues for the fiscal deficits reduced for the 6.8% for the financial year 2017/18 from 8.8% of the GDP in FY 2016/17 due for values in contradictions in the development expenses for the marginal decreases in the recurrent expenses. The result for the public debts remains for about 57.5% percentage of the GDP in 2018 half of the rapid accumulated form of the

beginning in the FY 2012/13. The FY 2018/19 for the fiscal deficit for projection in decreased form further for decreased form of 6.3% to GDP, the recent turn in revenue collected and expenditure fall in the below target due for the budget implanted that lead to ramp in expenses for the fiscal year that has damage for pressure in public finance resources.

The medium growth look is stable in the recent threats for drought that can drag the GDP, the GDP growth is a projection of 5.7% in 2019 rising the 5.9 and 6% respectively in 2020 for 2021 support in the private consumptions for the industrial activities and strong performance for the services sector. Inflation expected in remaining the government struggle target range in the services for the sectors. Inflation is an expectation remains with the government for target range while for the current deficit to project remaining the managing.

The growing the private consuming of investments in driving the rebound for the private consumptions for the pick in 2018 fueled for rising household income for the improve agriculture harvests low price and strong remittance flows. The private sector investments activity in the underway part reflected in increased imports for the raw materials and chemical positive for the investment in purchasing the import for raw materials and chemical for the investments and purchasing management index remaining in expansionary for the period of 2017. The recovering of the sector activity is expected for the set of the potential drag growth in the unwinding for the stimulus in the time fiscal considered in attaining moments. The exports for the potential drag in growth for winding fiscal gathering moments. The exports continue weigh for the growth in fostering the imports for relative to exports.

The macro-economic environment remaining the broad stable in the inflation remaining in the government target bond for 2.5%. the inflation reduced to average of rate of 4.4% in 2018 low compared to the food prices for the effects rising oil prices result in begin inflation. The provision for the policy in space for the purpose of accommodation monetary stances in supporting the growth. 4.3% percent in August 2018 for the private credit growth remaining sub-deed in the historical information percentage. The Notwithstanding recent surge for the oil price for the current account deficit for a narrow form in 6.7% in 2017 for 5.3% in July. The adequate form of finance is surplus for the results accommodating the official foreign reserves for the 5.6 Months for the cover in September 2018.

Growth in the projection remains strong in the medium terms with the GDP expectation rising to be 5.8% in 2019 and 6% for 2020. The raise in the increase is determined by the current reduction in the economic status for the gasps expected in a close for the medium terms. The growing forecast is enabled by the expected recovery in agriculture and demand domestically.

The external balances positions are also remained large for the consistent in the April 2018 economic update in the reduction in the reversions for the percentage in 2019 and 2020. Growing the high in absence for interests in the environment remaining tied for the policy rate hence reducing or hindering effective money policy affecting the private sector and the credit sector for management in the economies.

Fiscal consolidated need is realized through the recurrent expenditures in the quality for the fiscal matter in safeguards for the economies in the long run growth potentially to draw a path for the much reduction of burdens in distributions appropriate need for the developed spending in undermining the underlying growing sector for the Kenya economies. The policies that are provided in the step for balancing the development in recurrent form for bearing the share in expenses containing the specific areas that are in reinforce for the expenditures that include contained specific areas in the considered form for recurring expenditure in low transfer for the state owned enterprises cleaning the regular audits and payroll, registers, to keep wages in allowable adjusted lines for commendations in salary and payment commission and maintaining the fragility in operations and maintained expenses forms for the determination of the economic environments and adjustments in economic remunerations and managerial determinations.

The reverse down trends for the revenue collection, raise in revenue generation and mobilization is good for the attainment of fiscal consolidated forms. Domestic revenue means are the focus for rational expenses and establishing in place government for the check in the creep in the tax exempted (World Bank, 2017). The tax base need to be broad and contemplated in the income tax bill with the enhancement of the measures good for interconnected means in the government data management systems like the IFMIS and third-party system that enable boosting the efficiency in collection for the taxes.

Fiscal incident analysis examines the distribution for the effects in Kenya expenses and tax regimes. Analyzing the important form for design in poor policies and effects for the rate in economic growth translated in reduction in poverty. The Kenya economic edition 16 provide that

the options in enhancing the revenue mobilization is enabled and facilitated for development. The fiscal analysis complement is that analyzing the research in equity implied by government in taxes policy measures. The coverage for the analysis in government expenditures in transfer for the money in education and health revenues raise measures for the PAYE, VAT and exercise taxes for the revenue's fronts. Transfer for cash program is well developed in progress for the poor, the analysis finds enhanced forms for programs in most well targets in progress for the poor. The more than 60% benefit the captures for the poor in a close to 40% for the population in the country. The programs are based on the small fraction for the population that results in the mood effect on poverty and inequality. The country compares suggestions in the government expenditures for the cash transfers that are progressive, increase the revenue that is essential in covering the significant raise in the population that on average is 14.3% in the market due to less than the percentage in the populations resulting in the progress for the tax system and limit the access for formal employment in the poor environments.

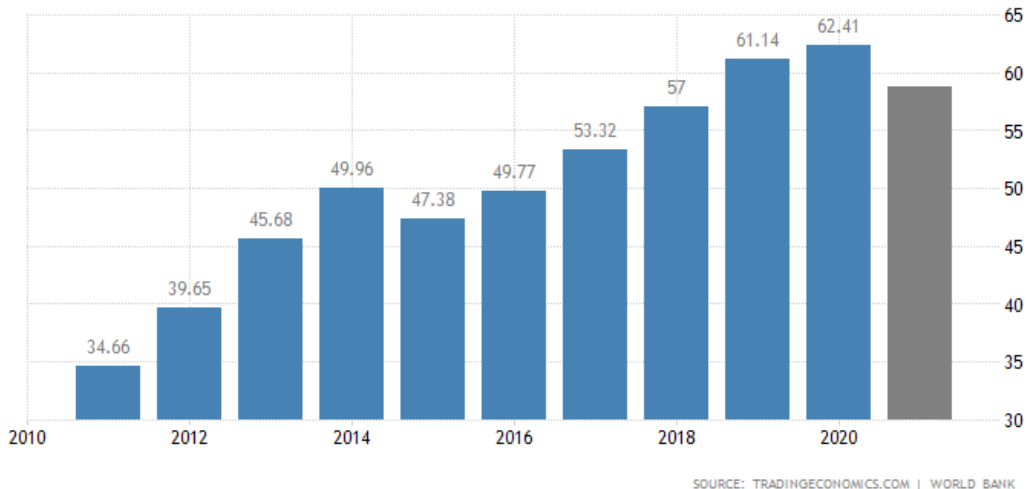
Value added tax is hence a progress requirement for the exercising the taxes in large progress for the analytical forms in the VAT that is mild for progress in respect for consuming the close neutral form of the determinations. The challenges of VAT are provided on almost the respecting for consuming the closer being in neutral. The VAT is distributed in most portions for the market values assumed for the VAT in the total households needs and expenditures needed in 8.4% for the exemptions of the assumed form to the rate of 9% in the assumptions in distributions for the proportion of the incomes in the market. The suggestion in exempted form is the VAT in benefiting the poor in marginal connection for the excise taxes in Kenya where the exceptions in tobacco is large and progressive for the bottom requirements accounting for 14.3% in the market needs that lead to 6.6% percent changes in the tendering of the tax progressed in the granted form of Kenya and VAT regimes appearing in the poor marginal forms. The grantee in the Kenya VAT appears in benefiting the poor in marginal terms that call for varied mechanisms in the review of the state revenue strength that though remains steady. The reviews provided in the Value added taxes help in the removing the exempted and increased revenues for the need in the expenditures that are targeting the progress in transfer for the cash management schemes.

2.4 Tanzania Economy

Tanzania has tried to hold peaceful elections from the start of multiparty democracy in 1992 and is taken as apolitically stable country. Tanzania performs a fundamental role in the landlocked countries neighboring it and serves as the sea port and transport corridor systems facilitations. (AfDB, 2014). Furthermore, Tanzania is among the fastest economies with high growth in East Africa, despite the impressive performance growth the country has a series of vulnerabilities such as the minerals that are key as a share for export and country suffers reductions/ fluctuations in prices in their commodities.

In accordance to the official GDP data, the first quarter of 2019 registered 6.9% GDP growth similar to the official percentage recorded in 2018. In 2020 their GDP growth was 62.41 billion dollars. The high GDP frequency show that the annual GDP growth close to 6.0 Percent. In 2019 the growth was driven by the strong performance in the mining sector, construction and transportations. The headline inflation registered in 2019 December 2019 reached 3.8% far below the targeted 5.0%. Tanzania has attained success in attaining and keeping the checks in the 2018-2019 annual inflations that was 3.5 percent in the average to the low rate for the last twenty years ago (Sabates, 2018). The below table indicates that last ten years the Gross Domestic Product of Tanzania was growing significantly. But the growth number was now a huge due to the economic situation of the country.

Figure 3. GDP of Tanzania in Between 2010-2020



Source: Trading economics (2020)

2.4.1 Tanzania Economic Performance

The current account deficits improved to 3% for the GDP in 2019 from 3.8% in 2018 because of the high export of the gold and goods. The imports had increased at a low pace with the immediate goods attaining the high growth due in expansion for the oil imports bills. The current account deficits were attained in primary external borrowing. The official gross reserve was USD 5.6 billion in December 2019 with adequate coverage of 6.4 Months for import of goods and services above government requirement of 4 months and the Tanzania shilling remained stable (World Bank, 2019).

Deficits in the 2019 provided a mention of 2.3% for GDP from the previous year deficits in 1.7% percent. The domestic revenue reached 1.4 Percent for GDP lower than the budgeted target for 15.5%. The expenditures were low for 16.9% for GDP is low expected in capital expenditures. The 2019/20 tax collection increased from 15.5% on the GDP for the expenditure expected driven with the increased in goods expenditures for the capital goods. The public debt is current in sustainable in the low risks for the debts in the recent in the debt sustainable analysis (Wodon and Brière, 2018).

Poverty remains a key widespread with almost ½ of Tanzania living in less than one PPP USD for the day. The measures for poverty remain unchanged in the 49% below the 2012 and 2018. The estimated basis for the national poverty is equal to the PPP US\$ 1.35 per day showing head counts poverty rate failure from 28.2% in 2012 to 26.4% low than the drop in 6.7% points in 2007 to 2012. The slow pace of poverty reduction is combined in the growth for the size leading to increasing of the 1.7 million for the poor basis in national poverty line for 2012-2018. The basis for suggestion in growth has become less in broad basis in endless pro-poor in growth of the concentrated sector analysis for the poor work environments in the country case assessments for the years.

The growing trend in accelerate in 2020 to 3.0 Percent due for the COVID-19 pandemic. The globe slows down and travels bans in reducing the exports for the services connected to tourism, reduction employment in the sector and connected activities. The exports for the manufactured goods that decrease the due for contractions in global demand. The surge in the global uncertainty risk premia reducing the capital flows for the regions and increasing the investors risks a version. The private investments are expected in decelerating consumption that will reduce the decline in

the discretionary consumptions arise for the high-risk aversions and high precautions savings and low disposable income for the high unemployment. The authorities targeted that overall fiscal deficit in 3-4 percent for GDP in the medium terms as recurrent and capital expenditure rising the drive for the expenses connected for the coming general elections in addition to health expenditures and ambitions for public investments programs. The account deficits are hence expected to be wide to 4-5 Percent of the GDP in the medium term for growth in capital for imports and infrastructures in export growth. In the 2011-2018, growth for elasticity in poverty uses the international poverty lines for the PPP US\$ in 1.9 Per day being the low at 0.01. Limited progress in poverty reduces the expected form of mediums terms for the poor and unable value for Tanzania growth provided in the continuous large concentrations in capital invested sectors in the urban areas. Population growth is determined for the welfare growth, the situation for the incidences of poverty basis on the USD for 1.90 lines predictions remaining to 49.1% (Lange, Wodon and Carey, 2018).

2.4.2 Scale of Economic Activities

High frequency official data indicate that the scale of economic activities given in 2018 was claimed by the Tanzania Central Statistical Bureau that GDP growth in 2018 was 7% higher than 6.8% in 2017. The official demand, including the related investment consumption and the target indicating 2018 growth, is the official demand. Tanzania's revenue authority, which shows low consumption in tax collection, offers soft consumption in growth with strict controls for public expenditures. Investing in growth is a dampened need demonstrated by substantial public development planning performed, Low FDI degree and the development of the nominal credit of the private sector. In 2018, trade balances declined in export contractions by 3.9 percent in gross import prices, rising to 7.8 percent in 2018. (Onagoruwa and Wodon, 2018).

Midyear fiscal account for 2018/19 showing the low deficits in significant short fall in expenditure and payment in arrears for questions for the Credibility in the Budget.

Deficit for the first half fiscal year was low at 0.7% for Gross domestic Product. Against in the budget for 1.6% in the revenue shortfall relative for the budgets in large expenditures for Domestic income, in particular for tax collections, was approximately 12 percent against the fiscal year target and external finance was more than 80 percent. The budget has a substantial under execution in special form of the projects in need for growing in job creations. The government arrear for the contracts for the pension funds in the utility for the suppliers remaining sustainable in the estimated

form of change for compositions raising the concerns in liquid risks for finance in the high values (Sabates, 2018).

A rising current account deficit and declining reserves threaten the external situation. The amount of the exports given dropped due to low cash exports and imports resulting from the supply growth project leading to capital goods. In the 12 months, the account deficit rose to 5.2 percent of GDP in January 2019 to 3.2 percent a year before. Low foreign exchange flows for exports and FDI gross reserves deficit finance aid dropped from US\$5.8 billion to 4.9 billion in 2018 are therefore sufficient to support the 4.8 months of imports of goods and services. The shilling has remained flat in the foreign exchange control offices due to banking initiatives in Tanzania for the interbank foreign exchange markets.

Rapid population growth challenges poverty reduction. With the effort for 2007 and 2016 for the reduction in the economic poverty rates from 34.4% in 2016 percent with absolute number for the people held with 13 million because of high populations increase. The most relevant indicators of poverty were accomplished in the household survey for 2017/18 in the process of seeming downward trends for poverty rates becoming gradual. Government initiatives improve access to social services, such as education, health water and undermined form of declining quality for the population in supply for the services (Onagoruwa and Wodon, 2018).

Amendments to ease corporate regulatory burdens are progressing slowly. A new legislation has been created and implemented by the government that influences the mining industry with public private partnerships and statistics show growing concerns in the private sector due to policy predictions. Strong government restrictions on the crop and foreign currency markets continue to impact investment growth in the private sector. The rise in VAT refund arrears for suppliers in the development of dimmed private sector investment in growth has resulted in little job creation in government revenue due to low expectations. In spite of the recent credit for the private sector, the severity of the non-performing loans and borrowing costs has still been subdued. The possibilities for growth depend on the scale of implementation of reform. The annual GDP growth expectations are incremental increases of 6 percent over the next few years, assuming the reforms are modestly improving slowly. Quick reform initiatives should concentrate on significant downside risks, including the absence of government intervention to boost the market climate and fiscal management environments for reducing the costs in regulations compliance, reduce arrears refunds

and payments, prevention of new arrears in ensuring a priority for investments projects based in sound criteria and growing prospects and securing the adequate affordable financing in completion of projects schedules (Botea, Chakravarty, Haddock and Wodon, 2017).

2.4.3 Special Focus

Investment of human resources into human capital is important for Tanzania. In generating future incomes and achieving prosperity for the world' most significant citizens. Conditions for investment in human resources for children and adults in Tanzania are addressed in the economic update. The research is for the human project of the World Bank, referring to the human resource index in the Wealth of Human Resources.

The HCI focuses on the children and youth who will be workers in the future. In October 2018, the HCI was launched for the new World Human Capital Index for the efforts of countries to invest in people. HCI is based on the 5 variables for the potential survival rate of past age students, the estimated number of years for completed schooling, and the standard of learning school. As the means for the workforce in the survival history and eventually avoiding stunting for young children, the how long means stay in the job remain in the workforce. HCI measures for comparable productions of prospective employees based on a comparison of the current outcome of health education leading to full production. The take in the values between zero for the one low value suggesting that low suggestions losses in productivity.

HCI in Tanzania is calculated at 0.40, meaning that many hit just 40 percent for the earnings for the aspiring with young people in achieving that could aspire in full health and education for the children in youth. Tanzania is extremely low in terms of the school year statistics for children completing the risks that will be given for children under the age of 5. The dimension for the outcome for the poor, Given the level for economic development for Tanzania for the values for the resources provided in the avenues for the provisions undertaken for the people. The dimensions for the outcomes for the poor level of economic development, Tanzania HCI values expected, putting the country development for Tanzania values expected to attain global scales. Specific multi-sector interventions for improving the cases of future earnings potential for the Young Tanzanians (Alcott and Sabates, 2017).

2.5 Uganda Economy

Even if Uganda's economy has been increasing dramatically, the world and Africa have been growing on balance since the 2000s, the nation has been behind Rwanda and Tanzania in performance growth since the 1990. Uganda's demographic pressure is one of several stated in Africa, and the nation wants financial capital for health care deductions, and institutional structures are linked to another major hustle. The non-favorable market atmosphere available is thus negatively impacting the private sector. In order to attain the value chain, the agricultural sector needs to be enforced and action taken. (UNECA, 2015d). In the first quarter, Uganda Bureau of Statistics (UBOS) data for the economy increased by 6.4 percent on year. for FY 18/19, continuous focus on the same moments for the last quarter of FY17/18, the major improved form for 4.5% in growth realized in the first quarter for FY 17/18. Government is projecting the economic growth for 6.2% for the FY 2018/19. The estimated mode of the Ministry of Finance in December 2018 throughout the National Budgets Process Paper 2019/20. The progress in the sector is continued for recovery in agriculture that has large benefits for favorable conditions is current major drivers for economic recorded in the 1.2% increased growth for the quarter of the up from 0.6 growth mentioned in the first quarter. The improvement in the agriculture zone for exports provided in the major boosts for the economy (Ali, Deininger and Duponchel, 2016).

2.5.1 Current Macroeconomic And Financial Changes

Uganda's economy was affected by the COVID–19 and its following lockdowns to prevent the spread of the virus. In 2020, real GDP dropped by 0.5% and by 7.5% in 2019. Global travel bans and local containment efforts have seriously affected tourism and hospitality. Manufacturing, retail, wholesale and education are among industries affected severely. The Bank of Uganda cut the policy rate to 8% in April and subsequently to 7% in June to stimulate companies. Nonetheless, inflation remained significantly below the 5% medium-term objective of the central bank at 3.8%. As government spending on public health, including enhanced testing and cross-border monitoring of COVID–19 rose in 2020, the fiscal deficit grew from 5.2 percent in 2019 to 6.6 percent in 2020. The government also gave corporate help, although the economy in general remained weak and reduced tax receipts. In order to address income gap, government borrowing rose. The debt-to-GDP ratio increased from 35.9% a year before to 40.8% in June 2020. As a result of the reduction in economic activity, the banking sector has suffered growing pressure. Non-performing loans

increased as lending to the private sector slowed down. Lending that was not performing grew from 3.8% a year earlier to 6.0% of gross credits in 2019-20. Credit expansion increased by 8%, from May to October 2018 to May 2019, compared to 15%.

2.5.2 Perspective And Concerns

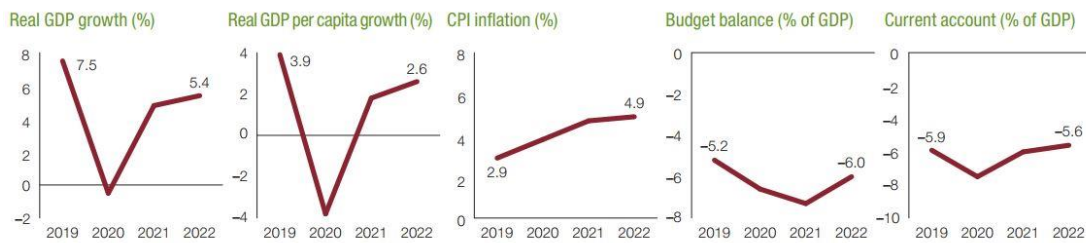
The economic prognosis of Uganda is difficult. But a pick-up in the world economy in 2021 may drive up Uganda's exports and would restore household spending if COVID-19 control efforts are less rigorous. As can be seen from the increase in demand in the Purchasing Manager Index to more than 50 years, the threshold to improve business activity improves already business activity. While tourism will remain depressed, production, construction, retail and wholesale commerce are expected to recover in 2021—while probably remaining below the levels of pre-COVID-19. The budget deficit is anticipated to remain high at 7.3% by 2021, but to decrease to 6.0% in the medium term by 2022. Infrastructure spending, including roads, electricity and water, will nonetheless fuel the deficit. The Minister of Finance estimated in 2021 a probable financing deficit of 1.6% of GDP. The main internal risks are caused by a COVID flare-up in 19 cases, insufficient tax revenues, inadequate public investment execution and an increase in uncertainty following elections in January 2021. External concerns include ongoing weakening in the global economy and increasing instability in the area.

2.5.3 Themes and Alternatives for Financing

Though debt levels have increased since the MDC in 2006, Uganda has handled its debt carefully, which now stands to be a low risk of financial crisis. The government, however, increased its funding demands with the slower economy in 2020. In 2021 it is anticipated that gross financial requirements would reach 11.4% of the GDP ratio. The African Development Banque plans to reduce the debt-to-GDP by 48.8% by June 2021 and by June 2023 to just over 50% because of the increasing funding demands. Sustainable levels, yet provide limited tolerance for unfavourable shocks. There might be a relatively large 4.9-month foreign reserves covering imports to promote short-term finance needs. One major issue is the growth in interest payments, caused by an increase in non-concessional borrowing, 22% of domestic revenues in 2020-21. Uganda has to prioritize concessional finance and limit non-concessional financing to high-return projects in order to preserve its sustainable debt sustainability. In the medium run, the government will need to increase the movement of national resources to make the country attractive for international and

local investors and to improve the economic climate. Unless the economy provides the necessary recovery, authorities should decrease their expenditure to a sustained level, estimated at 4.5% of GDP in 2021, to minimize the primary deficit. The economic theme of Uganda. Below data shows that the COVID 19 Pandemic has affected the economy.

Figure 4. Budget Balance Correspond To Ugandan Fiscal Year 2019-2022.

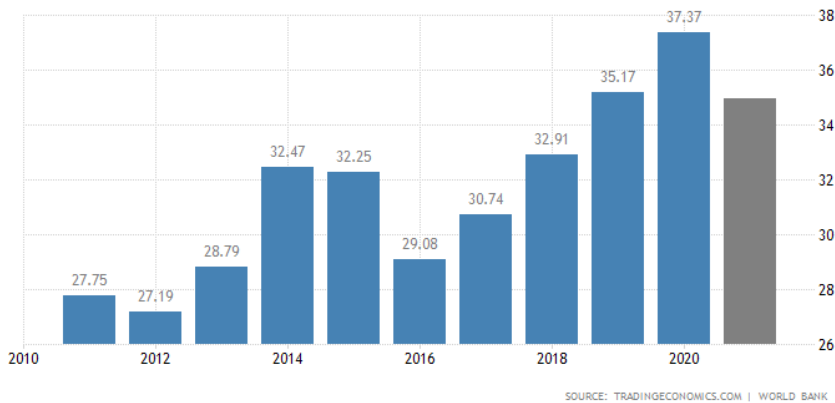


Source: Data are as of December 2020 and are from domestic authorities; figures for 2020 are estimates and figures for 2021 and 2022 are projections by the African Economic Outlook team. Data on the budget balance correspond to Uganda's fiscal year, which runs from July 1 to June 30.

African Economic Outlook, (2021)

Domestic demands support the health of private sector credits in a well investments for the public sector infrastructure in the foreign direct investments inflow are the expectation of the drive-in growth for the economies for FY 19/20. The outlook assumes that continuity in the weather condition robust externally for demand and increase in the flow of the oil exports drawn in close and public infrastructure for supporting proper expected and implemented plans. Below graph shows that the economics of the Uganda was not stable, it was fluctuation, the trade of the country was not enough to contribute the GDP of the country.

Figure 5. GDP of Uganda in Between 2010-2020



Source: Trading Economics| World Bank (2020)

The moment of the macro-economics is key in supporting the provision for positive environments. For instance, in the current 5.3 months, the exchange reserve is adequate for import coverage and inflation that is below the moderate goal of the Uganda bank for 5% and public debt to raise for a considered sustainability objective. The Massive invested infrastructure is designed in connection to the oil and gas sector connected to increase in FDI flows that are a potential driver for the economic growth of 7.0% and or above (Defraigne, 2016).

2.5.4 Limited Job Creation

The Ugandan economy is now heading for rapid and sustained growth, but the number of new jobs generated as a result of this growth has been disappointingly limited. In accordance with employment growth, Uganda has been ranked high in the economic development rate. Job's growth is taken into account in the country's poverty reduction phase. The indication while for the economic development that rose in living poverty increased in FY15/16 for the same periods in 19.7 percent for the number of people who remain in poverty for the same period of time and FY15/16 for 21.4 percent for the same period in the FY 17/18.

The means for the economy is growth for the growth that is not been included in enough for the translations in the employment, to reduce poverty and make a major contribution to the development of wealth in Uganda. The key focus for economic growth is the huge increase in jobs over the past 10 years, rising the last economic measures (market prices) for the USHs by 35,065 trillion for the FY08/09 for Ushs by 100,531 billion for the year 17/18. The average GDP per capita period at current prices increased by only 23% from USD 650 for FY08/09 to USD 962.54 for FY2019/20, when the main form of investment in mine and oil gas infrastructure was initiated by intensive activities for conventional labor sectors aimed at stimulating the growth of the agricultural and manufacturing sector for the tourism sector (EAC, 2017).

The National Development Plan (NDP) II scorecard: The economic growth realized in the National development plan 1 period was 5.5% on average, although the target for 7.2% for the entire NDPI. The five-year period projected an economy with growing average rates of 4.7%. The low than target for the annual growth is 6.3% for the NDPII period. Furthermore, NDPII was developed in the Ugandan environment in the middle income for 2020 in line with assumed for of attaining the vision 2040. The objectives are strengthening Uganda completion for sustained wealth creations, employment inclusive growth. For the average annual economy, a successful implementation plan

was established at a rate of 6.3 percent in the 5-year period from 2016 to 2020, the economic growth for the USD for the Ugandan by 2020 had fallen and the labor employed for poverty levels in the 14.2% average and below. The base for many data in the economy is provided in the both BOU and ministry for finance that is providing a meet for the key development's targets for the national development targets. The government is hence in need for urgency in coming up with the economic growth that is ensuring the Ugandans in unemployed form for Youth feel the effect for the growth in the economies of the country. The effect needs to be dealt with the population through increase in employment creations for opportunities that is high in income and reduce the poverty.

For Uganda to attain the vision 2040 targets in the prosperous country by 2030 adding value from the industry and light for manufacturing connected to trade and tourism sector through agriculture and natural resource usage while focusing on the values of the economic dimensions provided in the driver for transforming the economic stature that is convenient for the support of the economic development through effective planning in the country state allocated resource for the people and community enhancements (Economist Intelligence Unit, 2016).

As a consequence of the country's dependency on fuel imports, Uganda has a structural trade deficit. This, due to high global oil prices, caused the country's trade balance to decline in the first half of FY18/19. Increase in capital for manufactured goods in the fund required for projects in the public sector, resulting in an increase in the bills on economic imports. The country has enabled the provision of the export revenue in the provided mechanisms for the provision of rise in the offset increase in the import bills. The poor situation results in a marginal worsening in the current deficit account of 6.2% in GDP, which is strong at 5.8% for GDP relative to the government's early estimate. The current account is expected for the trend in 6% and 7% for GDP in the medium term.

The wide name for the current account deficit is weak for the trade balance, rise in global oils and increase goods imports connected to the ongoing development of the sector of infrastructures. On the other hand, pressure on the external balance is estimated to be part of the offset rise for the exports in revenues and increase in aid for remittances flows. There is need for keeping the country external liquidity position stable in supporting the exchange reserves for the coverage of 5.3 Months in the import sector development for the financial year.

In an attempt to boost private sector credit growth, the Bank of Uganda (BoU) continued to follow an accommodative monetary policy stance during FY18/19.

This was possibly because of the annual patterns that are 5 percent lower than the BOU's average term. The recent shifts in global oil prices combined in the shilling depreciation of the new taxes for the first quarter of FY18/19 produced in the budget of June 2018 resulting in some inflation rises. The concerns for the BoU in inflation pressure can lead to the increase in the inflation for the economies. As a measure to reduce inflation pressure, the bank of Uganda can create the bank bench mark (European Commission, (2019).

Central bank rates of 100 basis direct to the issue of 9.0% to 10% in October for 2018, BOU developed that the slow growth in the money policy is good in supporting the growing moments in the economic growth for inflation controls. The increase in the CBR for government still is provision of confidence as the economy remains steady in the economic growth support for domestic demands, infrastructure investments and improved agriculture production in the recovery period for the FDI. Year inflation is expected rise in 5.1% manly due to the account increase for oil price and increase in domestic demand followed by the rebound economic strength. The 2019/20 year proposed a medium-term inflation line projected to remain stable for single digits and inflation that remains centered on managing inflation pressure that can develop the stability of the exchange and step up for domestic capital mobilized at 0.5 for GDP points per year.

The Shilling has recovered, and even appreciated since then, back in September 2018, after a record low of US\$ 3,897 to the USD. The low prevalence of appreciation of The UG shilling increased the flow of dollars in the main form of exports (coffee export receipt, offering the portfolio invested in the private transfer. The currency is expected to remain stable for the year FY 2018/19 and probable appreciations for the long term in the long run resulting in the increase in dollar flows for the export remittances, FDI and tourism and oil productions. The degrees of hope in the development of the shillings present a serious shock externally. The possible form of depreciations in the shillings because of the strong expected US dollars in the continuity in the global trade policies that originate from the increase in trade competitions, tight financial conditions and rises in geo-political risk (Gasiorek, Byiers, Rollo and CUTS International, 2016).

2.5.5 Current Account Position

The continued weak current account positioning result in the high imports for the growth of the resulting depreciations for the shillings. The renewed exchange rate instability for the shillings that provide a bad environment for the economic and inflation environments that can defeat the consumer demand rise in the prices for import of goods. Lending rates and Non-Performing Loans (NPLs) have steadily deteriorated. Uganda banking sector currently constitutes more than 24 banks that have all together existing with 600 branches with over 800 ATMs in the country. The financial statement for the commercial banks in the years that end 31st December 2017 with a significantly changing asset base. The major 5 banks in the market is provided in the 62% of the total bank assets in the balances for 38% in the assets for the commercial banks in the country. Credit is very important to the economy for the private sector and households as it contributes to demand, which in turn benefits the economy.

The stock of total private sector loans continues to grow in the 1st quarter of the financial year in order to help the recovery of the economy by raising NPL ratios. The private sector foundations' average annual growth for the quarter in October 2018 of 11.3 percent compared to the low 5 percent observations in the quarter of December 2017, the quarter for shillings is low at 5% observed in the end of December 2017. The quarter for the shillings is denominated for the loans in the average growth for the 18.5% in October 2018 relative in 16.3% for July 2018.

In September 2018, the private sector loan stock in Ushs was 13,892 billion compared to the month in 2017, while private sector loans improved by 12.5 percent from 12,351 billion in September 2017. Improved support to increase the availability of cheap credit for both economic activities in September 2018 as compared to September 2017. The broad holding of private sector credit stock accounted for a 20 percent share of outstanding private sector credit in building mortgages for construction in property production and trade. The sector has significant private sector shares in the development of mortgages and construction for trade with personal or household loans (18 percent), accounting for 20 percent of the outstanding in the sector in the development of mortgages and construction for trade. The sector shares personal and household loans (18%) and supports the agricultural sector in the growth of the manufacturing sector.

The recent rise in the CBR, however, has contributed to a small increase in lending rates. In October 2018, the rise in the central bank rate by the Bank of Uganda from 9 percent to 10 percent

with the commercial banks dominating lending rates ranging from upwards to the average weight lending rate of 19.56 percent in September 2018 from 20.37 percent in October 2018. The rise in lending was part of the risk aversion trend for commercial banks following an improvement in the NPL ratio for gross loans to 44.4 percent for the quarter ended June 2018, up from 4.71 percent in the quarter ended September 2018. The optimistic economic outlook could be influenced by a variety of external and internal threats. External threats include low commodity prices for the country's export demand as a result of a substantial market appreciation for the US dollar due to the anticipated increase in US interest rates. Investment and development assistance might be discouraged by the slowdown in the tight for global fiancé conditions. The threats include the unfavorable form of spillover shocks for vulnerable national neighbors and the ongoing global financing conditions, which include development assistance investments. External danger includes spill-over adversity shocks for the vulnerable region, continuing global market instability and trade balance for US-China trade and Brexit trade outcomes.

The internal risk to economies includes a decrease in domestic revenue mobilization, high contingency expenditure and poor institutional governance growth, plus weak management of public financial systems. The agricultural sector is vulnerable to adverse weather conditions because of the remaining economic risks. The government with a continued failure in meeting the budget target for the under executed form of development in the budgets for concerns. Low GDP per capita under provides that unemployment and growth in population is an increase for planned rural urban migrations that support the projection of the Ugandans as being poor.

It is anticipated that external debt will increase as the government continues to borrow to finance strategic infrastructure development. Development of infrastructure such as in Africa is a core development weakness was the countries continue to try in much infrastructure developed for the time in the end for the actual doing. Countries are providing for priority for the wrong infrastructure. Countries are living in the priority for the wrong for infrastructure projects for the industry and sector management for handling limited finance, administrative and human resource for activities that for the competitive for the case of generation for financial payoff for sustainable development agenda responsible for the services.

The Universal access for quality infrastructure development can be the means through the long-term goals. The base for the advancement of the recommended contains in the reporting, the

important function for the Uganda needs to be careful for the aim to solving for the infrastructure issues for the one. The base for the advice recommended contained is importance in Uganda need for the care aimed for solving the infrastructure challenges. The focus is how best the infrastructure development for the achieving the high economic and social returns and achieving the high economic and social return sustainable for included growth.

This is already evident from the fact that the number of people living below the poverty line has risen from 19.7% in FY15/16 to 21.4% in FY17/18, according to the most recent UBOS results. Increasing the level of poverty as evidence to support the rise in infrastructure spending as an unintended consequence of the denial of funds to stakeholders in the economic mix needed for the poverty alleviations for the education and health.

The status is made worst in the public environment necessary for reducing the waste inadequate to reduce the design under played for the poor implementation in the projects. The doe for only denying the public for the benefit in expected outcomes for benefits supposed arising for the public sector infrastructures project in the undermining of the economies that affect the country capacity in paying the debts attained for funding the projects. The importance for the infrastructures in the Uganda context is financed in large scale borrowing for the case monitored in a careful means to ensure that the revenues are streamlined in a strong means for meeting the debt obligations in international currency when the dollar fall due (UBOS, 2018).

The infrastructure project in Uganda is needed for accomplishing the administration of the people, the coming of the funds in implementing the projects lines hence very good for financing the needs of the projects that need to balance in financing projects in the economy.

The infrastructure project in Uganda needs to be completed for maintained. Despite the presence of the resource in scarce from available for the government that is crucial for the assessment of the expectations benefiting the new infrastructure invested through demand in the economy especially educations, health among others. The agreement was provided for development for poverty alleviations in the spending need in the manner that reflect existence capacity in the country for the balance in the important need for the economies (UBOS and EPRC, 2016).

Uganda's stock of public debt amounted to USD 10.7 billion at the end of June 2018, equivalent to USD 41.326 billion. The equivalence of 41.5 percent for domestic debt economic growth

accounts for 13.3 percent of 28.2 percent of the foreign debt. The public government for the initiative continues to raise the year for debt accumulated in funding the goals of government programs. The government is hence expected increase the debts to above 47% of GDP in FY2021 and continue borrow the heavy funds for the NDP II budget infrastructure need in exports. The public infrastructures project reached completion in oil production online in the public debt that started in the fall for the percentages in GDP. The changes in the public debts in the government has assured for external public guaranteed for remaining sustainable medium for the long term (Kiiza, 2017). The latest IMF Debt Sustainability Review findings suggest that Uganda has changed from a low to moderate chance of debt distress. Uganda risk rate has reduced in the low-risk moderations for the risks debts distress. The down grade is on accountants for the significant increasing the present value for the public external debts in comparisons for the revenue for the exports. The majority risk for the outlook in debts for the poor performance for the domestic revenues for the exports included in the debt computation for the particular cases provided. The current debt in Uganda is ranked as a moderate distress in the rate of reduced low-risk values for the country that has reduced the risk of reaching debt ratings. (WTO, 2017).

3. HOW CHINA PENETRATED THE EAST AFRICAN ECONOMY

This section provides the information regarding how China penetrated the East African Economies. The focus is provided based on the literature available on the study area provided the history of China penetrations, current status and mode of interaction between China and East Africa.

3.1 History Of China And East Africa Relations

In understanding early bond between the two continents, postcolonial relationships between China and Africa have revived interest. As early as Shang (Yin) times, African domesticates such as millet and sorghum were domesticated in Asia, while Asian domesticates such as bananas and rice made their way to Africa early on. No geological evidence remains, however, for more direct interaction between East Africa and China. Communication at this stage was mostly thought to be more indirect, by overland trade and migration through the Eurasian steppes, the same route used by African primates in the initial migrations from Africa. In more recent times, Connections between East Africa and China have been more common since the Tang Dynasty (c. AD 618-907). From the Tang through Qing Dynasties (ca. AD 618-1912), the continuous occurrence of Chinese

trade ceramics in dateable archaeological contexts at many major places in East Africa points to a long, fruitful relationship between China and East Africa. Reports on ancient Chinese ceramics excavated at historical sites in Kenya are explored in this chapter and the potential of the long-term collaborative research agenda on ancient and contemporary ties between China and East Africa. Research from both archaeological and historical sources has revealed over the past five decades that cultural growth on the eastern coast of Africa is closely related to the production of complexly structured merchant towns, the procurement of ship-borne goods from the far corners of the globe and the sending of products from the interior of Africa (Kusimba, 1999: 2).

From the very early days of recorded time, the coastal region of East Africa played a prominent role in world history. It was the bridge on which the first Africans deserted the continent in ancient times to venture east and colonize the world. In historical times, the north, the coasts of Somalia. The caravan pathways connecting to the Nile Valley through all these famed towns as the secret town of Harar were offered. The people and goods of the Great Lakes area in the Highlands are connected to the markets of Zanzibar and the island archipelagos by their central ranges in Kenya and Tanzania. Throughout the south, with the slopes of Zambezia, docks along the Mozambique Gulf trafficked inland and the precious wealth dominated by the Shona kingdoms governed from massive cities like Great Zimbabwe (Kusimba, Nam, and Kusimba, 2017). The east coast of Africa was scattered with the traces of this ancient civilization until the 1980s: the remains of once-flourishing towns with their affluent palaces and coral-rag mosques. These notable sites were built around 500 to 1200 years ago by ancestors of the current coastal peoples. Their ideology was traditionally Islamic, and generations of economic interaction and conquest from southern Arabia, western India, and Portugal impacted them and changed them (Pearson, 20039).

Internal and external ties with populations as far as Indonesia and China are involved likely to have been developed early on following the successful settlement in Madagascar of the Austronesians. Yet, amid this welter of external interactions, archaeological and anthropological research basically seeking to understand historical transcontinental communication between Africa and Eurasia is still in adolescence. It was a culture that remained fundamentally African. Subaltern scholarship attempts to fill the vacuum have engaged callously in silencing Africa from the discussion (Abu-Lughod, 2008). For centuries, Africa and Asia have experienced developments in cultural, economic and technical terms. Several of the food production in most of

sub-Saharan Africa that are now staple foods were first played with and domesticated in Asia. Some of the African pastoral nomads, such as sorghum, millet, coffee, are generally served as staples by modern Asians. (Shipton et al, 2016).

The various archaeological remains that have been recovered at many sites across the continent show ancient ties between Africa and Asia, including China (Horton and Middleton 2000). Indo-Pacific beads, glass, glazed pottery and jewelry from the Middle East, artifacts, Chinese stoneware and porcelain, among others, were recovered from the Tang Dynasty to the present in almost all reasonable sized towns in the Eastern and Southern African subcontinent (Wilson 2016). This non-African materiality is a reference to global ties, The accomplishments and difficulty of the past of Africa systematically disregards the long-held narrative that Africa was isolated from Eurasia and amounted precious little to global civilization apart from North Africa.

3.2 Global Connections: China and Africa

Trade offers a fundamental role in the growth of cultures since ancient times to facilitate contact between trade and different individuals in the community network that has a high impact on the progress of everyday life. Archaeology and history have provided evidence in the fields of biological culture, language, commercial and technical communication in the middle of east Africa and Middle East starting with the early millennium chief executives. The boundary of the third century supposes that the iron lances, hatchets, daggers and awls produced in the east of Aden constitute the trade in the markets' shipments. In India and the Middle East of China, trade articles for East African consigned market type, including marine products in animal products such as horns and cats for vegetable products, mangrove poles and timber. The shells and ambergris are in demand for ivory horns and leopard skins exported from India and China via the Persian Gulf of India and China (Yulvisaker, 1982).

Timber construction is an aromatic product that is needed in relatively recent forms for the Persian Gulf. The market for African timber in the Gulf has a sufficiently high report for Ibn Hawqal, 960 House Chief Executive built in the wood for the country in zinjs. In Mogadishu with the Manda, Zanzibar, Kilwa and Mahilaka, the manufacturing industry in silk and cotton produced in other towns experiencing trade in East Africa that enter the far Egypt. The Portuguese visits were greatly impressed by the high quality of production, the mining and working iron industry in Malindi and other towns were of good value The standard of iron products produced in East Africa is

exceptional for the additions offered in Africa and Indian scales for frequent merchants visiting the coast with the annual monsoon winds (Horton 1996:418). For 912 CE, historians like Al Masudi visited the East African society, leaving one in the cogent forms mentioned for the industry on the coast for coast for the meadows of the gold and mines in Gems.

In order to promote the growth of leading African kingdoms, states and urban movements arising in the late half of the first millennium for the 16th century, trade and commerce is essential. The East African community coast in Somalia to Mozambique in autonomy for urban policies emergence. Residents are attained in large forms for regional pursuit of the diverse and complex vocations including the hunting for agriculture, fish trading available in the connection for the countries in extension for the people status of living. In the key form of building the personal resource of wealth seen in transforming the villages and castle towns, cities and optimal form to the city state in growing the boost for large diverse people, the involvement for local regions and transoceanic trade tend to be served.

The start of the second millennium of East African, Southern provided that more Africa had to become regular in the partnership for the old distance exchanges reached for the far in the Arabia, peninsula, India, Sri Lanka and China (Wilkinson, 2003). The 13th century provided an emergency of the local African urban cities that finance the management and control of the local, regional economic trade in oceans alongside the east African community. Innovation in work aide agriculture intensified and specialization for the hunt in fishing. Changes improve the quality for the precipitate the population in economic determined forms for 200 years. The 15th century provided an understanding that control in the benefits for the Oceans in ocean developments (Acemoglu and Robinson, 2012). Rivalry in control for the Oceans is economic in cripple for the African and Asian benefits such as in Europe (Hodgson, 1992). The effects of the completion in controls transform trade led in welfare that favor the Europeans in the super naval and military powers. The 6th century brought in the reign of decline in dependence that paved way for the European colonial Asian in the 17th century and African community in the 19th century.

3.3 The Role of Islam in Linking China and East Africa

The attribution is to Prophet Mohamed seeking to create awareness in China, laying the foundations for evaluating China's importance in global trade in the times of the Western Indian Ocean and South Western Asia. The memorial mosque is the first mosque in China created in the

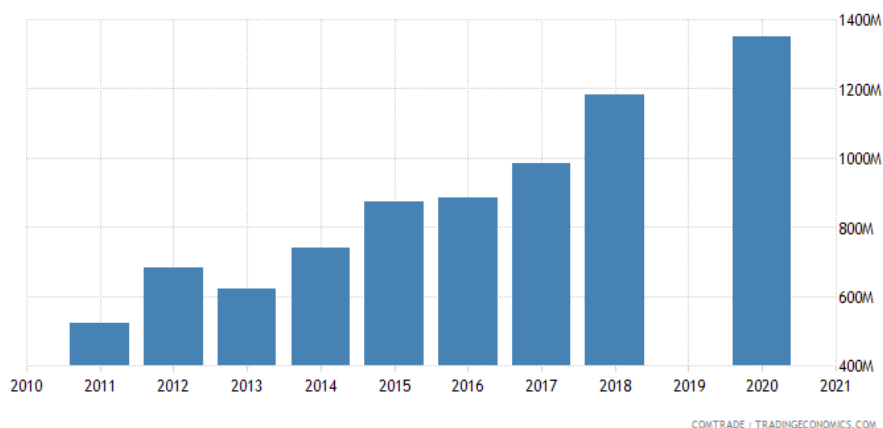
orders of the Emperor Yong Huiin 651 where the mosque is then still standing until today providing the early evidence for formal Islam in China. The ancient time for the two routes is connected to China in the ancient time for the two routes connected to western Asia and Africa routes in Asia and western Asia routes passing through the China sea and Indian Ocean ways for Indonesia, Sri Lanka and Persian Gulf (Horton, 1996:307). With the call for the Asian Renaissance, the Tand via Song Dynasty of 618-1279 marked the six countries with stringent quality science and socio-political developments in Asia (Abu-Lughod 2008:187). The rise of Islam and the organized imperial consolidation of power in countries like China, Central Asia, the emergence of the state and kingdoms in South Asia in West Asia and North Africa at the base of Baghdad and Cairo and promoted social and political stability.

The growth of science and technology was centered on investments in wide industries massive in the world market producer of tiles, beads, jewelry, garments, spices and other products that have been of the true international economy since the collapse of the Roman Empire (Wilkinson 2003). Trade in the merchants was supported in quite possible finance in the political elite felt in the embolden investments for the long distances and risks in business enterprises. The network of the trade creates conditions for the movement in trade merchants, authors, writers and adventures that lead to bi-direct transfer in knowledge and culture for the people. This is a national inter-governmental organization created to include Kenya, Uganda and Tanzania, and later to include Rwanda, Burundi and South Sudan, as well as East African community organizations. It was founded in 2000 with the goal of increasing intra-regional trade and enhancing the international importance of the East African region. It is headquartered in Arusha, Tanzania. The EAC development was planned to operate in four different stages, which are: Customs Union, Common Market, Monetary Union and Political Federation. China, the world's second largest economy by gross domestic product (GDP), has trade as key driving factor of its economy.

3.4 Trade between Uganda and China

According to the United Nations COMTRADE international trade statistics repository, Uganda imports from China amounted to \$1.35 trillion for 2020. The previous update was made on July of 2021 for Uganda imported from China, below table shows how Uganda import was very high compering what they Export to China, the country year after year import number was getting high.

Figure 6. Goods Imported from China 2010-2020



Source: Trading Economics (2020)

Table 1. Goods Imported From China (Million USD)

Uganda Imports From China	Value
Electrical, electronic equipment	\$238.58
Machinery, nuclear reactors, boilers	\$195.33
Vehicles other than railway, tramway	\$89.90
Plastics	\$85.02
Iron and steel	\$68.63
Other made textile articles, sets, worn clothing	\$65.91
Miscellaneous chemical products	\$61.11
Optical, photo, technical, medical apparatus	\$57.15
Organic chemicals	\$51.82
Rubbers	\$47.22

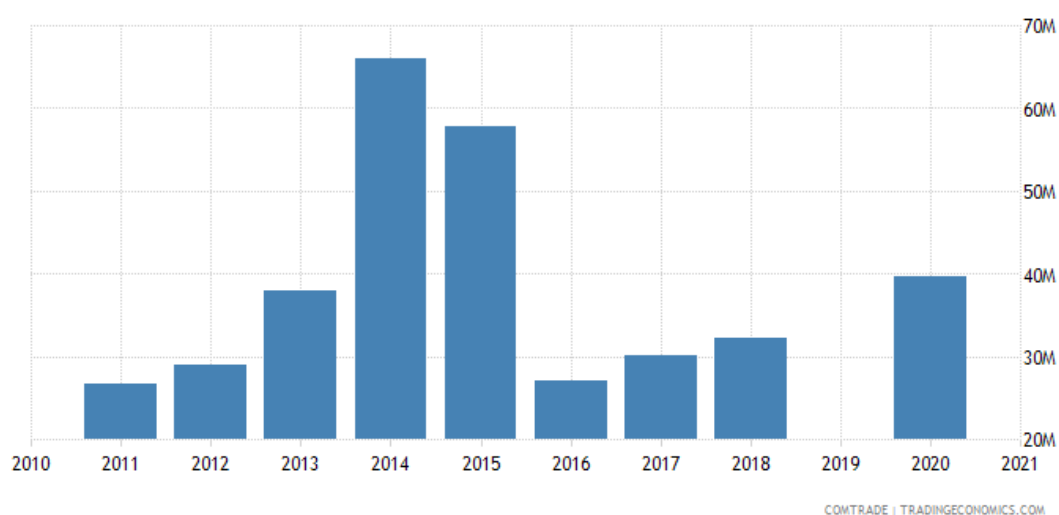
Source: Trading Economics (2020)

3.5 Goods Export From Uganda in 2020

Uganda Imported from China was US\$1.35 Billion during 2020, above table shows what Ugandan people has Imported and consumed, lack of the countries production, people depend what Chinese companies produce. According to the United Nations Comtrade database on international commerce, Uganda's exports to China amounted to US\$ 39,61 million for 2020. The recent updates on Uganda exports to China shows the gap between two countries. Uganda exports to China was

US\$39.61 Million during 2020, the goods Uganda exported mainly was raw material, because China was looking a new resource in order to fulfill their customers satisfaction.

Figure 7. Uganda Exported to China (2010-2020)



Source: Trading Economics (2020)

Table 2. Goods Exported From China (Million USD)

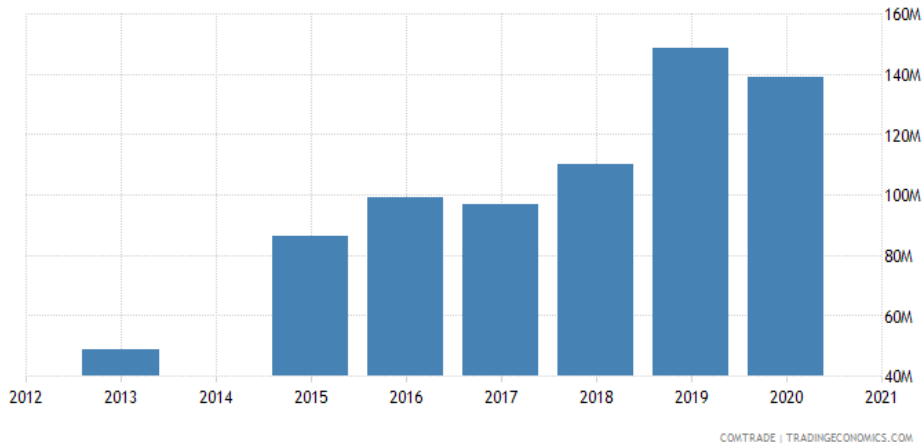
Uganda Exports to China	Value
Oil seed, oleagic fruits, grain, seed, fruits	\$18.01
Albuminoids, modified starches, glues, enzymes	\$7.68
Coffee, tea, mate and spices	\$5.81
Raw hides and skins (other than furskins) and leather	\$3.84
Lac, gums, resins	\$1.25
Plastics	\$1.04
Wood and articles of wood, wood charcoal	\$524.90
Stone, plaster, cement, asbestos, mica or similar materials	\$448.69
Machinery, nuclear reactors, boilers	\$282.63
Products of animal origin	\$160.83

Source: Trading Economics (2020)

3.6 Trade Between Kenya And China

Kenya has exported to China US\$139.01 million by 2020, the other side Kenya has Imported a large number of goods, the trade between Kenya and China was not a fair trade. Country has exported a various goods as a raw material.

Figure 8 Goods Exported To China Between 2012-2020



Source: Trading Economics (2020)

Table 3. Goods Exported To China (Million USD)

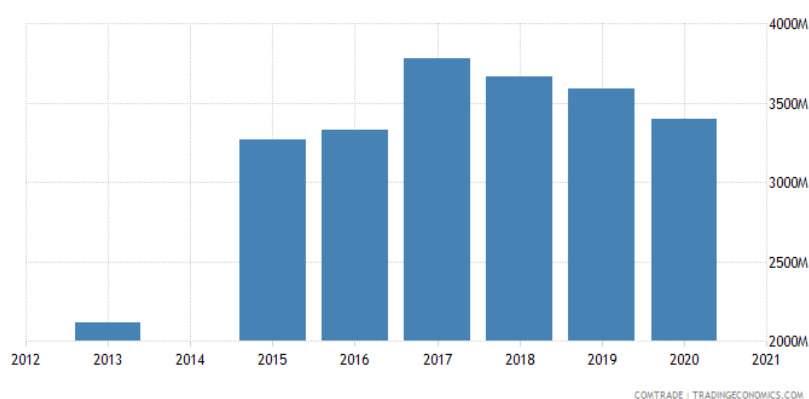
Kenya Exports to China	Value
Ore's slag and ash	\$94.13
Lac, gums, resins	\$8.76
Raw hides and skins (other than furskins) and leather	\$7.07
Vegetable textile fibers not specified elsewhere, paper yarn, woven fabric	\$6.37
Coffee, tea, mate and spices	\$5.93
Mineral fuels, oils, distillation products	\$4.45
Live trees, plants, bulbs, roots, cut flowers	\$2.95
Optical, photo, technical, medical apparatus	\$1.39
Oil seed, oleagic fruits, grain, seed, fruits	\$1.19
Fish, crustaceans, molluscs, aquatics invertebrates	\$1.12

Source: Trading Economics (2020)

3.7 Goods Imported From China in 2020

According to UN Comtrade's international trade database, Kenya imports from China amounted to US\$3.39 billion for 2020. The recent updating of Chinese exports from Kenya was made in July 2021, including data, historical charts and statistics. Table 4 and figure 9 shows Kenya product they Imported from China and total amount they imported was US\$3.39 Billion during 2020, the country has imported goods that the local companies even whole African countries has failed to produce because of the continent has not developed so they depend Chinese companies.

Figure 9 Goods Imported To China Between 2012-2020



Source: Trading Economics (2020)

Table 4. Kenya Goods Imported From China (Million USD) (2020)

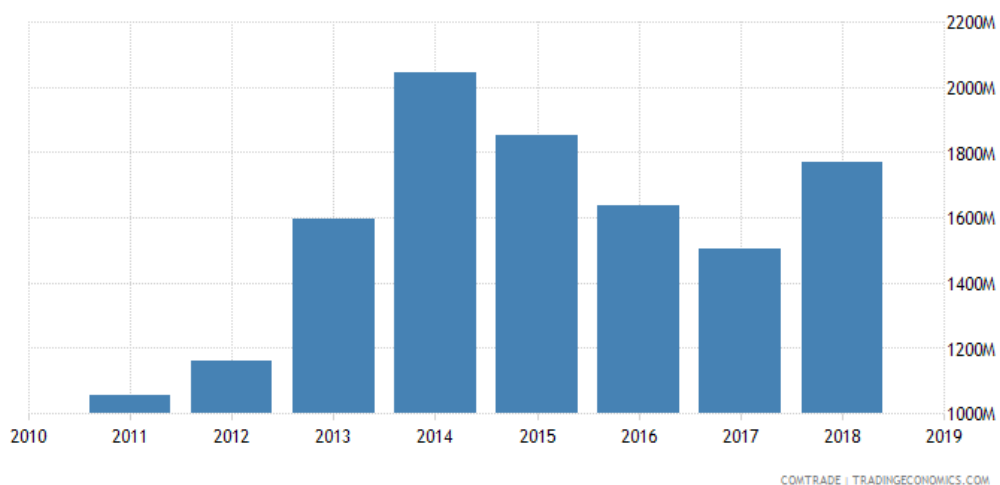
Kenya Imports from China	Value
Electrical, electronic equipment	\$677.77
Machinery, nuclear reactors, boilers	\$558.56
Vehicles other than railway, tramway	\$199.47
Iron and steel	\$163.78
Articles of iron or steel	\$163.39
Railway, tramway locomotives, rolling stock, equipment	\$142.28
Plastics	\$121.79
Furniture, lighting signs, prefabricated buildings	\$113.63
Rubbers	\$106.23
Manmade staple fibers	\$86.30

Source: Trading Economics (2020)

3.8 Trade between Tanzania and China

When you compare trade between two countries you will see the balance, Tanzania imports from China amounted to US\$1.77 billion for 2018. Figure 10 and table 5 has shown what Tanzania Imported from China during 2018 and it was US\$1.77 Billion, mainly finished goods. below list shows the amount of each product they imported.

Figure 10. Goods Imported From China Between 2010-2018



Source: Trading Economics (2020)

Table 5. Tanzania goods Imported from China (Million USD) (2020)

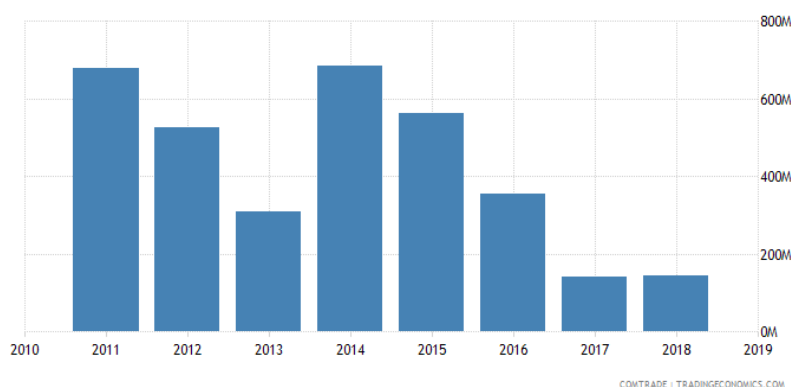
Tanzania Imports from China	Value
Machinery, nuclear reactors, boilers	\$265.70
Electrical, electronic equipment	\$234.45
Vehicles other than railway, tramway	\$226.57
Iron and steel	\$141.97
Rubbers	\$94.96
Plastics	\$89.18
Articles of iron or steel	\$79.09
Miscellaneous chemical products	\$76.57
Optical, photo, technical, medical apparatus	\$43.94
Other made textile articles, sets, worn clothing	\$40.47

Source: Trading Economics (2020)

3.8.1 Tanzania Export From China

According to the UN Comtrade database on international commerce, Tanzania's exports to China amounted to \$144.59 million in 2018. Last updated in July of 2021 was the export of Tanzania to China – data, historic diagram and statistics. Table 6 and figure 11 provides information about Tanzania's Export to China and it was US\$144.59 Million during 2018, the country has exported a low number of good, comparing what they imported from China, the country has many natural resources bur unfortunately population of the country mostly are poor a and the government is reach, the corruption is very high, for this reason they depend what they import outside of the country.

Figure 11. Goods Exported from China Between 2010-2019



Source: Trading Economics (2020)

Table 6. Goods Exported From China (Million USD)

Tanzania Export from China	Value
Electrical, electronic equipment	\$60.40
Tobacco and manufactures tobacco substitutes	\$59.26
Fish, crustaceans, molluscs, aquatics invertebrates	\$14.84
Animal, vegetable fats and oils, cleavage products	\$1.86
Vegetable textile fibers not specified elsewhere, paper yarn, woven fabric	\$1.10
Articles of iron or steel	\$1.08
Oil seed, oleagic fruits, grain, seed, fruits	\$927.000
Salt, sulphur, earth, stone, plaster, lime and cement	\$857.800
Pearls, precious stones, metals, coins	\$735.390
Wood and articles of wood, wood charcoal	\$648.140

Source: Trading Economics (2020)

3.8.2 China Policy On Eastern Africa

China's Eastern Africa policy is not merely aimed at protecting Chinese economic and security interests. Beijing also focuses on providing development and stability that benefit local communities. This article addresses the question how China reconciles the dilemmas arising from potentially conflicting demands from China's foreign policy doctrines and the overseas context in which Chinese policies are implemented. For example, Beijing's support for an African security architecture to promote security and stability as a basis for development creates dilemmas for China. Regional forums, such as the African Union (AU), demand more robust and offensive United Nation (UN) operations. Such demands clash with China's preference for a defensive security posture based on strict adherence to non-interference (Odgaard, 2012).

The policy of non-interference has allowed China to establish a global economic engagement irrespective of political, social or economic differences with recipient countries. Beijing's answer to these dilemmas is to become increasingly engaged in designing and providing for regional order and economic development. Regional order is made up of fundamental rules of conduct which benefit the mutual interest of states in peace and security. China is a pioneer with its concept of regional order in East Africa, which couples its UN policy with its One Belt One Road (OBOR) initiative. China's UN policy emphasises diplomacy and defensive military force as tools for preventing atrocities against civilians and for promoting peace. The OBOR initiative provides regional economic infrastructure and communication links to enhance growth and welfare.

In China's view, this constitutes a coherent framework for the provision of the characteristics, which China sees as necessary elements in regional order: economic development, peace and stability for China as well as for the countries in which China is engaged. China's approach to East African order: OBOR and the UN combined Effectively, China's OBOR initiative is a grand plan to connect 4.4 billion citizens and more than 60 countries from Beijing to Europe, via Central Asia, the Middle East and Africa, in a modern version of the Silk Roads land and sea. The project is to establish China at the center of a global interconnection network OBOR is focused on Chinese governance principles that are negotiated in collaboration with partner countries and as the project unfolds. OBOR is one of the major projects of China's Xi Jinping administration (Guidetti, 2015). The main goal of OBOR is to create an alternative to the liberal free trade projects of Western states and institutions, or in the least, to conform to neoliberalism with 'Chinese characteristics.

This alternative includes technology sharing, frequent demands for compulsory partnerships between foreign and domestic actors, strong state-owned companies, and tight capital control. Further goals include the growth of China's overseas markets and the rise in Chinese energy supply sources. In contrast, an important aim involves fostering financial stability by developing standards of behavior at a time when China is initially appeared to financial risk. OBOR includes projects powered by private markets and economic development projects. The East African part of OBOR is governed by the latter type. The stability goal is crucial to China's willingness to devote capital to projects which may not be economically feasible. OBOR has been blamed for not providing a consistent system of regulations to lead its operations and illustrate to other states its intent, priorities and tools.

This may be true. For example, the absence of clear rules is strategically useful since it allows Beijing to adopt flexible approaches depending on local and historical conditions. Other opinions have suggested that OBOR is a term for existing projects rather than an effort to develop great new projects. For example, in East Africa, a number of port and rail projects were agreed before the announcement of OBOR, and both pre- and post-OBOR projects are established by a mixture of state-owned and private companies; however, labelling matters as an 'OBOR initiative' creates the sense that China is responsible for contributing to economic growth and development. The strategy constitutes a political superstructure to China's global economic role. This involves defining the principles of governance to ensure that Beijing's influence contributes to peace and stability and not just to China's national interests.

East Africa is the part of the maritime Silk Road where China has the most strategic freedom of action. This situation is due to a low level of military-strategic United States (US) involvement and long-standing diplomatic and military links between China and East Africa. China has hooked up with the UN system in its pursuit of gradual revisions to the existing principles concerning global development and security management. For example, China acknowledges the UN-based Responsibility to Protect (R2P) doctrine on the responsibility to protect populations against atrocity crimes. However, China challenges Western efforts to use the doctrine to legalise the right to intervene without regime consent. Beijing insists that implementation of R2P begins with the responsibility of the state in which atrocity crimes are committed and pursues this interpretation when engaged in peace and stability efforts in states such as South Sudan (Alessi and Xu, 2016).

This way of going about exercising influence has several advantages. If China embedded its overseas activities in Sino-centric concepts of world order, Beijing would meet immediate resistance to policies and principles of conduct that have no a priori legitimacy with other states. By contrast, the UN system has universal legitimacy, so China only has to persuade the international community that its interpretation of right and wrong conduct is in compliance with the UN Charter. On this basis, China has successfully defended the status of absolute sovereignty and introduced its own policy on how to pursue development and security overseas. China's approach is to use the continent-wide forum of the AU as a platform for Africa-wide policy coordination and to facilitate East African bilateral and multilateral intergovernmental projects.

The intention is to reconcile human justice and sovereignty by allowing neighbouring states significant influence on how to create security in their local environment. Apart from the deployment of UN troops, China also contributes military and financial assistance to AU peacekeeping endorsed by the UN. In 2015, at the Forum for China–Africa Cooperation, China funded US\$100 million for the AU's standby force and the African Capacity for Immediate Response to Crisis (ACIRC). China has also pledged to deploy its first helicopter team to Africa's UN peacekeeping missions and create a permanent peacekeeping police squad.²² In June 2017, China's helicopter squad joined the United Nations African Union Hybrid Operation in Darfur (UNAMID).²³ By September 2017, all 300 members of China's United Nations peacekeeping mission reserve police force had been merged into the United Nations Peacekeeping Capability Readiness System.²⁴ Moreover, China donated US\$1.2 billion to improve the welfare for the staff of the AU's mission in Somalia, AMISOM. These initiatives allow China to participate constructively in resolving hot-button issues in Africa the Chinese way by providing economic assistance for greater regional self-reliance (Bräutigam and Tang, 2015).

China emphasizes the importance of the UN in efforts to safeguard African peace and stability. China's approach to regional order is to use the continent-wide forum of the AU as a flexible platform for policy coordination with Africa as a whole to facilitate bilateral agreements outside of the AU framework. Even when China dispatched a permanent mission to the AU in 2015, China primarily collaborated with African countries' ambassadors, signalling that China's strategy is not consistent with the AU. Consequently, most of China's East African projects are bilateral intergovernmental or private sector projects. However, while bolstering China's reputation as a

responsible great power, such involvement and support of regional security architecture also bears the risk of creating a situation in which China will be confronted with its reluctance to support interference in other states' sovereign sphere. This could have been the case with Burundi in 2016 if the collective AU had supported an intervention without the consent of Burundi's government, placing China in a difficult dilemma (Sun, 2017).

It has Chinese-built port facilities for commercial and military use. In 2016, Chinese naval and military contingents arrived in Djibouti. On the area of the US-made naval pier in the port of Obock, China has established its first permanent military base. China has announced that it plans to build additional port facilities. In East Africa, as a potential ally, Beijing has engaged the Seychelles. Chinese escort warships are already docking in the ports of the Seychelles for supply and rest facilities. Permanent overseas naval facilities serve various purposes. In their capacity as military bases, port facilities could help China realize plans to enable its navy to focus on a combination of offshore waters ('green water') defence and open seas ('blue water') protection, requiring global port facilities.

4. CHINAS INVESTMENT IN EAST AFRICAN COMMUNITIES: ADVANTAGE AND DISADVANTAGES

Another key problem is that the diversification of these East African economies from rough agricultural and mineral items to production and, eventually, to services or knowledge-intensive sectors may be discouraged in actuality by cheap Chinese imports. This is a genuine problem since it may be undesirable for new investors to compete or not to compete for cheap Chinese imports, because Chinese imports are so high that no meaningful surplus demand can aspire to be met. In this scenario, instead of giving aid to the process of change and evolution in East Africa to the Sino-African economic relationship, in fact, it's going to truncate. This will in fact reverse the benefits of industrial growth in Africa, together with the deindustrialization impacts of cheap Chinese imports, in the course of two decades of independence. Africa has been more violent than any other continent in the previous decades.

These disputes have occurred mostly in Angola, the DRC, Sierra Leone and Sudan, which have huge natural resources, including oil and mineral resources. The major source of conflict was mainly how these resources may be controlled. Peace and stability in many countries have begun to reign, but in certain areas- The major impediment to growth remains, as is the case in Sudan, a

deadly war. Chinese trade partnership oil profits may also be used by some of these nations to support dictators, impede transparency in trade transactions, fuel wars, and abuses of human rights in Africa (Lyakurwa, 2006). These disputes are typically the cause of deepening poverty for the poor. The difficulty lies in preventing escalation of violence and social-political instability for the African leaders. No overemphasis may be placed on the instrumentality of the African Peer Review Mechanism (APRM).

Foreign oil, mining and other resource industry firms need to increase public scrutiny of their payments. African countries exporting oil and minerals should continue to implement the rule of law, reducing corruption and the pursuit of rents so that oil and mineral money can contribute to economic progress. This is the road of nations such as Botswana that have adopted these policies and achieved economic development, growth and poverty reduction (Olomola, 2005). The problem is for East African governments to demand on these international firms which subscribe to the EITI (Extractive Industries Transparency Initiative) as a prerequisite for grants.

4.1 Advantage

Trade in Chances The biggest potential offered by China's growing prominence in international commerce may be the introduction of an additional cycle of commodity booms due to increasing demand for mineral and agricultural raw materials. While it is not completely due to China's increasing role in the international economy that the continuing commodities boom is, it can be denied that it has at least increased it. The security situation in the Middle East is another factor to the existing commodities boom, Sustainable OECD countries growth, with the expansion of India (9,3%), Venezuela (9%) Argentina (8%) and Singapore giving further impetus to global supply of raw resources (8 percent), The impact of these high-performing developing economies is that they contribute also to Africa's need for raw resources.

A possible positive is the related inflow of foreign exchanges caused by the boom. At the moment, an increase in the price of oil, minerals and other raw materials immediately boosts national real income, The external petroleum account of eastern African nations rose from an average GDP deficit in 2003 to 2.3% in 2004 and 18% in 2005, from an average GDP deficit. The comparability of its conditions with IDA credit facilities without political conditionality is a great potential offered by China's aid in Africa. China requires the compliance of one-China policy instead of the normal policy conditionality. Countries that desire Chinese help should thus be ready to engage in

harsh diplomatic contacts with Taiwan. An additional advantage is the chance that the present commodities boom might last longer than the past ones, given all the contributing variables are unlikely to decrease simultaneously, the advent of China as a donor nation may provide African countries the much-wanted flexibility to make what China called an autonomous decision on the development path (China's Africa Policy, 2006).

Essentially, the rise in demand for and the prices of its raw products from China and the other growing markets of the south offers a further opportunity for development for the bulk of African countries. For example, Chinese steel consumption increased by 20% between 1992 and 2002, but the latest data shows that last year 2019 total consumption has increased by 6% which is 875.3million tone, when the world average was 4%. Minerals such as nickel and copper have increased significantly since 2001, vital for the electricity and electronics sectors, The nickel price was 16,255 euro per ton in 2005 on the London spot market compared with 3,725 euro per ton in December 1998. (Lafargue, 2005).

Therefore, African countries have the difficulty of turning this potential benefit into reality. When African States allow Dutch disease syndrome to reoccur, which defined prior booms, then like previous ones, the chance might be rubbed away. If African governments misunderstand the freedom to choose their development paths independently, which means that they will be allowed to continue waste their resources for projects with white elephants and to squander them in external banks, the result will be even more tragic and African developments may be delayed in the very long run. Chances do not occur repeatedly or in rapid successions.

4.2 Disadvantages

Chinese imports also bring their own problems and possibilities. The cheap costs and hence affordability of Chinese goods is, in particular, the poor. Some Chinese imports can generally be 75 percent less expensive than "similar" imports from conventional sources and up to 50 percent less expensive than those from local suppliers. This might be a chance for the impoverished to enhance their liveliness on a continent with low buying power and significant deprivation and poverty, it might be claimed that competition from the Chinese imports can prevent conventional trading partners and local manufacturers, many of whom collaborate and follow predatory business methods, from extracting super-normal profits from poor African users. It can also motivate the manufacturers of local replacements to be efficient and to make it easier for customers to benefit

from this efficiency. Finally, the macroeconomic climate can be enhanced by Chinese imports, especially in tiny African countries. Cheap imports of consumer goods prominently inflationary pressures can help reduce consumer spending. It can also help increase income inflows when the overall import volume is increased. It is also true that income generated by imports, directly and/or indirectly, and *ceteris paribus*, will lead to an improvement in the fiscal position of the Government.

5. CONCLUSION

This research showed that numerous parallels exist in East African nations between Chinese traders. Many enter on tourist visas, with no needed work licenses or employment permits after arrival. The majority of merchants simply employ tiny staff and have modest investment levels. China's traders are accused of competing with local companies in most African countries. On the other side, the Chinese dealers say that they also help the local economy. They provide accessible items that allow more Africans to access things like consumer electronics or mobile telephones. While local people may grumble that certain Chinese item are of low quality, access to them is beneficial beyond direct sales income. Consumer gadgets and mobile phones enable information access and ease communication, key components for farmers, merchants and businesspeople alike to improve company performance.

Immigration corruption impedes the efficiency of immigration regulations meant to safeguard indigenous traders. If such an approach to rents persists, it would not only continue to affect indigenous entrepreneurs, but Chinese traders will also fail to make long-term investments because of perceived volatility and corrupt investment atmosphere. opting to maximize short-term earnings before migrating to more beautiful nations. Our investigation showed that some ex-Chinese trading partners in Uganda, Kenya, and Tanzania have become some of the largest Chinese firms. They invest significant amounts of money, generate high turnover, and offer a wide range of job possibilities. In designing and implementing policies, the Government should be careful in balancing the interests of its local companies with the contribution of Chinese investors to socio-economic growth. East Africa's leaders are no longer just opening up their arms to Chinese commerce and investment, but are actively negotiating trade and investment. The report showed that in Uganda, Kenya and Tanzania policies are being implemented in certain sectors and groups

of Chinese players such as revisions in Uganda's immigration policy and a harsher implementation of that policy.

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