



CONFERENCE

# INDIA-EAST AFRICA ECONOMIC INTEGRATION

## Opportunities and Challenges

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### BACKGROUND NOTE

The relationship between India and East Africa has reached a critical inflection point, undergoing a structural metamorphosis from a historical, diaspora-led trade model to a sophisticated, multi-sectoral strategic partnership. By the 2024-25 fiscal year, bilateral trade between India and East Africa has risen constantly to USD 15.96 billion. East Africa emerged as the only region registering the highest increase in exports to India; imports from East Africa to India rose by 19.6 per cent in 2024–25. This growth is not merely quantitative; it signifies a qualitative shift as India increasingly views East African markets through the lens of long-term, mutually beneficial engagement rather than simple commodity exchange.

The implementation of the African Continental Free Trade Area (AfCFTA) serves as a primary catalyst for this integration, offering Indian firms access to a consolidated market of 1.3 billion people with a combined GDP of approximately USD 3.4 trillion. East Africa, particularly the East African Community (EAC), has emerged as the fastest-growing corridor within the continent. However, the transition from raw material exports to value-added manufacturing and sophisticated services requires addressing deep-seated structural challenges. This conference aims to move beyond diplomatic platitudes to confront the commercial realities, regulatory hurdles, and forward-looking policy adjustments necessary to deepen economic integration.

Against this backdrop, Chintan Research Foundation, New Delhi, is hosting a discussion to examine India-East Africa economic integration and identify emerging areas of partnership in a changing global order.

## **SESSION 1: TRADE, INVESTMENT AND BUSINESS OPPORTUNITIES**

This session seeks to provide a focused analysis of the macroeconomic and regulatory frameworks shaping the India-East Africa corridor. While trade volumes are rising, the trade basket remains heavily concentrated in primary commodities such as mineral fuels, oils, and gems. To achieve sustainable integration, there is an urgent need to transition to regional value chains and investment-led trade in sectors such as pharmaceuticals, agri-tech, and renewable energy.

A significant point of discussion will be the regulatory environment. Investors continue to face challenges regarding transparency, administrative discretion in licence granting, and retroactive changes to tax legislation. For instance, while countries like Rwanda have established “one-stop shops” for investors, other regions still struggle with land acquisition procedures that can take years to resolve. Furthermore, while tariff elimination under AfCFTA is expected to boost intra-regional trade, non-tariff barriers (NTBs)—including inconsistent standards and complex customs procedures—remain significant friction points for Indian exporters. The session will explore how policy harmonisation and digital trade facilitation can mitigate these risks.

The session aims to answer the following questions:

- What are the main drivers and constraints shaping India–East Africa trade and investment today?
- How do tariff and non-tariff barriers, standards, and customs procedures affect Indian exporters and investors?
- Can India move beyond commodities towards manufacturing, services, and regional value chains in East Africa?
- What policy adjustments—on both sides—are needed to facilitate deeper economic integration?
- To what extent do current risk perceptions of the East African market align with the actual commercial success of long-term investors?

## **SESSION 2: THE PRIVATE SECTOR: EXPERIENCES AND OPERATIONAL ISSUES**

The second session shifts focus from policy frameworks to the practical “boots-on-the-ground” experiences of Indian companies already invested in East Africa. Indian industry has established a significant footprint, with over 60 major companies in Kenya alone spanning pharmaceuticals, IT, and automotive industries.

Indian firms often face a unique set of challenges in the region, such as infrastructure deficits and unreliable power supplies. The experiences in certain East African countries highlight how unreliable power supply forced the use of costly generators during the transition to local manufacturing. Furthermore, the CAGE framework, used to analyse international expansion by identifying differences between home and target countries across four dimensions of distance—cultural, administrative, geographic, and economic—hampers large acquisitions.

Conversely, some of the Indian firms have successfully shifted to local assembly, demonstrating how adapting to national mechanisation goals can reduce import duty burdens and build local trust. This session aims to explore these creative solutions and the lessons learned from both successes and setbacks in navigating local legislative and regulatory laws and steering through the fragmented retail landscapes.

The session aims to answer the following questions:

- What specific operational hurdles—logistical, cultural, and administrative—have Indian firms encountered, and what “creative bypasses” have they utilised?
- How have successful Indian companies managed the “talent gap” and navigated local labour regulations and training requirements?
- What role does technology transfer play in building local manufacturing capacity, as seen in the pharmaceutical sector?
- How can Indian entities effectively leverage Special Economic Zones (SEZs) to optimise regional production networks?
- What are the primary lessons learned regarding the repatriation of profits and the navigation of volatile foreign exchange environments?

## **ABOUT CRF**

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Chintan Research Foundation (CRF) is an emerging independent think tank dedicated to shaping policy through rigorous research and thought leadership. With a strong focus on fostering collaboration between policymakers and industry, CRF integrates practical insights into its research and advocacy efforts. It conducts comprehensive research to support informed decision-making and engages with stakeholders through discussions, events, and publications. CRF's research is focused on three core areas – Climate Change & Energy Transition, Economy & Trade, and Geopolitics & Strategic Studies. The Centre for Climate Change & Energy Transition aims to be a research and expertise hub, focusing on sustainable and clean energy, environmental stewardship, and climate actions.

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