Rwanda Central Bank Governor, John Rwangombwa has expressed optimism for the nation’s continued economic growth in 2024.

Rwangombwa anticipates the momentum witnessed last year to carry forward, fueled by investments in construction and tourism sectors.

“The economy remains resilient and strong,” the governor told participants during presentation of the Monetary Policy and Financial Stability Statement on Thursday, March 21.

The economy grew at 8.2 per cent in 2023, higher than the initially projected growth of 6.2 per cent. This was driven mainly by the services sector which grew by 11 per cent and accounted for 44 per cent of the total gross domestic product.

“This strong growth momentum is expected to continue in 2024 led by increasing investments in the construction and tourism sub-sectors and the recovery of the agriculture sector thanks to improving weather condition,” he said.

Last year, construction activities increased by 12 per cent. This could have been driven by increased demand in new construction activities including the ongoing construction of the Bugesera airport, road construction activities, and upcoming private commercial housing projects.

“We saw increased imports and exports. But imports increased much faster than exports. Part of the biggest driver of our import bill is food imports,” Rwangombwa said.

According to the central bank, Rwanda’s international trade continued its recovery in 2023.

Merchandise exports rose by 1.7 per cent in 2023, supported by the good performance of domestic manufacturing exports.

Merchandise imports also rose by 6.9 per cent, mainly driven by the increased demand for imported goods and services to support the economic recovery.

The country’s trade deficit between exports and imports – widened by 10.2 per cent.

With global inflation easing and commodity prices going down, the central bank

governor sees the domestic economy following the same growth trend.

The headline inflation is expected to stablise at an annual rate of 5 per cent, well within the central bank’s target range of 2-8 per cent.

Analysts share the Governor’s optimism about growth but express caution regarding the trade deficit. The economic prospects for 2024 are certainly promising, and the focus on attracting investment in construction and tourism are positive steps. However, addressing the trade deficit, particularly reliance on food imports, is critical for sustainable growth.

Additionally, they suggests exploring ways to boost domestic food production through investments in agricultural technology and infrastructure. Encouraging import substitution and promoting Rwandan exports in regional markets could also help narrow the trade gap.

Despite the trade challenge, Governor Rwangombwa expressed optimism about inflation. “With global inflationary pressures easing and commodity prices declining, we expect domestic inflation to stabilize at around 5%,” he said, a figure well within the BNR’s target range of 2-8%.