



**EAST AFRICAN BUSINESS COUNCIL (EABC) –UNIDO DELEGATE  
PROGRAMME TOKYO JAPAN  
PRESENTATION TO THE JAPANESE INVESTORS ON THE  
OPPORTUNITIES AVAILABLE IN THE EAST AFRICAN  
COMMUNITY 14<sup>TH</sup> TO 23<sup>RD</sup> MAY 2015**

**By:**

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# THE EAST AFRICAN COMMUNITY

- The East African Community (EAC) is the regional intergovernmental organisation of the Republics of Kenya, Uganda, the United Republic of Tanzania, Republic of Rwanda and Republic of Burundi with its headquarters in Arusha, Tanzania. The Treaty for Establishment of the East African Community was signed on 30th November 1999 and entered into force on 7th July 2000 following its ratification by the Original 3 Partner States – Kenya, Uganda and Tanzania. The Republic of Rwanda and the Republic of Burundi acceded to the EAC Treaty on 18th June 2007 and became full Members of the Community with effect from 1st July 2007.

# Quick facts about Each EAC Partner State

## Burundi

Capital City- Bujumbura

Country area -27,834 square kilometers

Population- 10,000,000 (Average)

GDP (Purchasing power parity)- 8.3 billion USD

GDP per Capita- 350USD (average)

Inflation-5.4 % (2014 est.)

Main exports- Coffee, Tea, Sugar

Exports-\$113.6 million (2014 est.)

Imports- \$873 million (2014 est.)

Official language- Kirundi, French

Time- GMT + 2hours

Climate- Tropical

# Quick facts about Uganda

Capital City- Kampala

Country area -241,600 sq km

Population- 35 million UGX (average)

GDP (Purchasing power parity)- \$66.65 billion (2014 est.)

GDP per Capita- \$1,800 (PPP2014 est.)

Exports-\$2.776 billion (2014 est.)

Imports-\$5.116 billion (2014 est.)

Inflation - 4.3% (2014 est.)

Official language- English

Time- GMT + 3hours

Climate- Tropical

# Quick facts about Rwanda

Capital City- Kigali

Country area - 26,338 sq km

Population- 12,337,138

GDP (Purchasing power parity)- \$18.7 billion (2014 est.)

GDP per Capita- \$1,700 (2014 est.)

Exports- \$720 million (2014 est.)

Imports- \$1.898 billion (2014 est.)

Inflation - 2.4% (2014 est.)

Official language- Kinyarwanda, French

Time- GMT + 2hours

Climate- Temperate

# Rwanda: Economy

- Radical reforms which have made it easier for businesses to get credit, pay taxes, starting a business have boosted Rwanda's ratings in the **World Bank's 'Doing Business Report'**.
- Rwanda is the most improved economy worldwide since 2005 (World Bank Doing Business Report 2014 ).
- It came in **32<sup>nd</sup>** out 189 countries as per 2014 World Bank Doing Business Report
- In 2012, Rwanda introduced about reforms to ease doing business in the country. It now takes **6 working hours to register your business.**
- In 2013, the World Bank Doing Business report reflects Rwanda the **2<sup>nd</sup>** easiest to do business in Africa after Mauritius.
- Rwanda is the easiest country to do business in East Africa.

# Quick facts about Tanzania

Capital City- Dar- Es-Salaam

Country area - 947,300 sq km

Population- 49,639,138

Coastline- 1,424 km

GDP (Purchasing power parity)- \$92.53 billion (2014 est.)

GDP per Capita- \$1,900 (2014 est.)

Exports- \$6.084 billion (2014 est.)

Imports- \$11.95 billion (2014 est.)

Inflation - 6.2% (2014 est.)

Official language- Swahili, English

Time- GMT + 3hours

Climate- Temperate and tropical

# Quick facts about Kenya

Capital City- Nairobi

Country area - 580,367 sq km

Coastline- 536 km

Population- 45,010,056

GDP (Purchasing power parity)- \$134.7 billion (2014 est.)

GDP per Capita- \$3,100 (2014 est.)

Exports- \$6.271 billion (2014 est.)

Imports- \$16.47 billion (2014 est.)

Inflation - 7.2% (2014 est.)

Official language- English

Time- GMT + 3hours

Climate- Temperate



# Quick facts about the EAC

- **Area (incl. water):** 1.82 million sq. km **Population:** 143.5 million (2014)
- **GDP (current market prices):** \$110.3 billion (2014)
- **GDP per Capita (Current Market Pxs):** \$768.9
- **EAC Headquarters:** Arusha, Tanzania **First established:** 1967 **Re-established:** 7 July 2000 **Official language:** English **Summit Chairperson:** H.E. Jakaya Kikwete (Tanzania)  
**Council Chairperson:** Hon. Dr. Harrison Mwakyembe  
**Secretary General:** Amb. Richard Sezibera

# STAGES OF EAC INTEGRATION PROCESS

Article 5 (2) of the Treaty Establishing the East African Community stipulates that: “Partner States undertake to establish among themselves and in accordance with the provisions of the Treaty, **a Customs Union, a Common Market, subsequently a Monetary Union** and ultimately **a Political Federation**”. All these various stages are mutually reinforcing



# Business Opportunities available in the EAC

- The Community offers numerous investment opportunities covering a wide range of sectors. Following the adoption in 2011 of the EAC Industrialization Policy and Strategy, the Community has identified six strategic regional industries in which the region has potential comparative advantage, namely;
  1. Iron-ore and other mineral processing;
  2. Fertilizers and agrochemicals;
  3. Pharmaceuticals;
  4. Petro-chemicals and gas processing;
  5. Agro-processing; and
  6. Energy and Bio-fuels.

# Other Sectors of investment in the EAC

- Opportunities, however, abound in various other sectors such as;

Agriculture, Construction and Housing, Education, Energy, Finance, Fisheries, Healthcare, Horticulture, ICT, Infrastructure, Manufacturing, Mining, Tourism, Water

# Trade flow for EAC, 2009-2013 (US\$ million)

Trade	Destination/Origin	2009	2010	2011	2012	2013	% Change			
							2010	2011	2012	2013
<b>Exports</b>	Intra-EAC Total Exports	1,964.7	2,237.8	2,564.1	3,155.0	3,698.6	0.1	0.1	0.2	17.2%
	COMESA	1,313.90	1,610.13	1,901.52	2,055.91	1,801.10	0.23	0.18	0.08	-12.4%
	<i>of which</i>									
	Burundi	144.85	179.86	156.30	176.99	202.54	0.24	-0.13	0.13	14.4%
	Rwanda	278.29	370.89	446.15	529.34	493.05	0.33	0.20	0.19	-6.9%
	SADC	941.51	1,319.04	1,789.96	2,329.92	2,127.17	0.40	0.36	0.30	-8.7%
	Rest of Africa	202.01	220.08	265.39	293.21	433.80	0.09	0.21	0.11	47.9%
	EU	2,072.06	2,193.58	2,520.97	2,512.99	2,183.75	0.06	0.15	0.00	-13.1%
	USA	307.26	362.56	385.56	411.83	449.47	0.18	0.06	0.07	9.1%
	Total Exports to Rest of the World	3,210.93	3,876.62	4,846.50	5,287.18	4,277.45	0.21	0.25	0.09	-19.1%
	<b>Total EAC Exports</b>	<b>10,012.30</b>	<b>11,819.80</b>	<b>14,274.00</b>	<b>16,046.00</b>	<b>14,971.30</b>	<b>0.18</b>	<b>0.21</b>	<b>0.12</b>	<b>-6.7%</b>
	% Intra-EAC to Total Exports	20.00%	19.00%	18.00%	20.00%	25.00%				
	% COMESA	13.00%	14.00%	13.00%	13.00%	12.00%				
	<i>of which</i>									
	Burundi	1.00%	2.00%	2.00%	2.00%	2.00%				
	Rwanda	3.00%	4.00%	4.00%	5.00%	5.00%				
	% SADC	9.00%	11.00%	13.00%	15.00%	14.00%				
	% Rest of Africa	2.00%	2.00%	2.00%	2.00%	3.00%				
	% EU	21.00%	19.00%	18.00%	16.00%	15.00%				
	% USA	3.00%	3.00%	3.00%	3.00%	3.00%				
	% Total exports to Rest of the World	32.00%	33.00%	34.00%	33.00%	29.00%				
<b>Imports</b>	Intra-EAC Total Imports	1,473.72	1,543.76	1,909.44	2,302.37	2,107.01	0.05	0.24	0.21	-8.50%
	COMESA	499.84	699.84	899.92	895.23	828.27	0.40	0.29	-0.01	-7.50%
	<i>of which</i>									
	Burundi	6.25	5.04	11.86	19.91	10.32	-0.19	1.35	0.68	-48.10%
	Rwanda	8.09	16.43	21.21	44.59	35.66	1.03	0.29	1.10	-20.00%
	SADC	2,149.52	2,065.39	2,734.52	2,473.56	2,189.26	-0.04	0.32	-0.10	-11.50%
	Rest of Africa	21.85	48.50	212.22	59.73	127.35	1.22	3.38	-0.72	113.20%
	EU	4,256.31	4,292.45	4,872.34	5,077.53	4,739.60	0.01	0.14	0.04	-6.70%
	USA	923.20	807.18	1,059.71	1,190.03	1,075.44	-0.13	0.31	0.12	-9.60%
	Total Imports to Rest of the World	13,483.47	16,897.51	22,406.18	24,869.62	26,463.41	0.25	0.33	0.11	6.40%
	<b>Total EAC Imports</b>	<b>22,807.90</b>	<b>26,354.60</b>	<b>34,094.30</b>	<b>36,868.10</b>	<b>37,530.30</b>	<b>0.16</b>	<b>0.29</b>	<b>0.08</b>	<b>1.80%</b>
	% Intra-EAC to Total Imports	6.00%	6.00%	6.00%	6.00%	6.00%				
	% COMESA	2.00%	3.00%	3.00%	2.00%	2.00%				
	<i>of which</i>									
	Burundi	0.00%	0.00%	0.00%	0.00%	0.00%				
	Rwanda	0.00%	0.00%	0.00%	0.00%	0.00%				
	% SADC	9.00%	8.00%	8.00%	7.00%	6.00%				
	% Rest of Africa	0.00%	0.00%	1.00%	0.00%	0.00%				
	% EU	19.00%	16.00%	14.00%	14.00%	13.00%				
	% USA	4.00%	3.00%	3.00%	3.00%	3.00%				
	% Total imports to Rest of World	59.00%	64.00%	66.00%	67.00%	71.00%				
	% intra-EAC to Total Trade	100.00%	100.00%	100.00%	100.00%	100.00%				
<b>Total</b>							2,010.00	2,011.00	2,012.00	2013
	<b>Total intra EAC Trade</b>	<b>3,438.40</b>	<b>3,781.50</b>	<b>4,473.60</b>	<b>5,457.30</b>	<b>5,805.60</b>	<b>0.10</b>	<b>0.18</b>	<b>0.22</b>	<b>6.40%</b>
	<b>Total Trade</b>	<b>32,820.20</b>	<b>38,174.40</b>	<b>48,368.30</b>	<b>52,914.10</b>	<b>52,501.60</b>	<b>0.16</b>	<b>0.27</b>	<b>0.09</b>	<b>-0.80%</b>
	<b>EAC Trade Balance</b>	<b>-12,795.60</b>	<b>-14,534.90</b>	<b>-19,820.30</b>	<b>-20,822.10</b>	<b>-22,559.00</b>	<b>0.14</b>	<b>0.36</b>	<b>0.05</b>	<b>8.30%</b>

Source: Respective Partner States Revenue Authorities, Central Banks and National Statistics Offices

# Infrastructure in the EAC

- The East African Region operates five modes of transport systems consisting of road, rail, maritime, air transport and oil pipeline.
- The EAC recognizes that regional infrastructure interventions are key to attracting investment into the region, improving competitiveness, and promoting trade.
- The infrastructure and support services sub-sector covers roads, railways, civil aviation, maritime transport and ports, multi-modal transport, freight administration and management. A number of Tripartite Agreements have been reached in the field of infrastructure including Road Transport, and Inland Waterway Transport aimed at providing a facilitative instrument to regulate inland waterways transport, particularly across Lake Victoria.
- The North South Corridor (NSC) is a flagship programme of the Tripartite, it is a Model Aid for Trade Programme engineered by the Tripartite to implement an economic corridor-based approach to trade facilitation and reduction of costs of cross-border trade in Sub-regions. The project further prioritizes access to adequate power supply to support the growing demand from industrial, commercial and domestic consumers within the Corridor hinterland.
- The transport system in Tanzania and Kenya, in addition to supporting national economic development, acts as a vital transit network for the neighboring landlocked countries of the Lake Victoria Basin Region of Uganda, Rwanda, Burundi Ethiopia, southern Sudan and the Democratic Republic of Congo (DRC).
- The Partner States have implemented sector reforms aimed at efficient provision of services with the ultimate goal of substantially reducing the cost of transport in the region. These reforms include the formation of regulatory authorities and operational agencies and privatization of operations.

# Special Economic Zones (SEZs) initiatives in the EAC

- Special Economic Zones concept is not new in the EAC region as Partner States have been developing and implementing various components of SEZ schemes.

## United Republic of Tanzania (<http://www.epza.go.tz/>)

- In 2006, Tanzania established an Export Processing Zones Authority (EPZA) to take over the implementation of the EPZ program. In the same year, the government enacted for Tanzania mainland a Special Economic Zones (SEZ) Act which provides for a broader framework of economic zones including Freeport Zones, Export Processing Zones, Free Trade Areas, Science and Technology Parks and Tourist Parks.
- The implementation of the EPZ program since the establishment of EPZA has contributed considerably to the promotion of exports, industrialization and employment creation.
- For incentives refer to;  
<http://www.epza.go.tz/files/LUCRATIVE%20INVESTMENT%20INCENTIVES%20TO%20SEZ%20INVESTORS.pdf>

# SEZs initiatives in the EAC continued...

## Kenya (<http://www.epzakenya.com/>)

- Kenya has had an operational EPZ program since the enactment of the EPZ Act (Cap 517) of 1990. This program promotes export oriented investment in the zones and was part of a national export development program. In addition, the Kenya Industrial Estates program has been in operation since 1967 and develops industrial sheds for small and medium enterprises (SMEs). Kenya's EPZ program has contributed significantly to export diversification and expansion of exports to non-traditional markets such as the United States.
- For incentives please visit (<http://www.epzakenya.com/index.php/investment-information/incentives.html>)



# SEZs initiatives in the EAC continued...

## Rwanda

(<http://www.rwandachamber.org/kigali+free+trade+zone>)

- Rwanda started the SEZ program back in 2006. Two initiatives were started being Kigali Free Trade Zone and Kigali Industrial Park. Currently, these two projects have been merged to become the Kigali SEZ, the first SEZ in the country. There are plans to establish other SEZs in the country. The SEZ policy and SEZ law were put in place in 2010 and 2011 respectively. Some key regulations were approved as well and include a negative list, the order establishing the SEZ Authority of Rwanda (SEZAR) and an order determining developer, operator and user license fees.

# SEZs initiatives in the EAC continued...

## Burundi

- Burundi has a free zone regime law (Law 1/015 of July 31, 2001) which provides a legal status to companies meeting the requirement for Free Zone status under this law regardless of where they are located in the country. Incentives include exemptions of import duties. Firms must export 100% of their production. The Government of Burundi is in the process of developing an SEZ Project.

# SEZs initiatives in the EAC continued...

## Uganda

(<http://www.freezones.go.ug/>)

Uganda is implementing an industrial parks program under the Investment Code Act 1991, the Finance Act 2003 and the Land Act 1998 among others. The country has a Free Zones Act 2014 for the establishment of EPZ and Freeport Zones that will promote investment and export.

Uganda is now welcoming investors to its EPZs which comes with enormous incentives See

([http://www.freezones.go.ug/tax\\_incentives.php](http://www.freezones.go.ug/tax_incentives.php))

- Investing in the Special Economic Zones of each Partner State of the EAC comes with special incentives for investors wishing to invest.

# POTENTIAL SECTORS OF INVESTMENT AMONG THE EAC PARTNER STATES

## Uganda

The key investment sectors for Uganda are;

Manufacturing, Energy, Mining, Agriculture, Tourism, Education and Leather Processing

The land linkedness of Uganda in the Great Lakes region bordering DR. Congo, South Sudan, Rwanda, Kenya and Tanzania makes it an ideal destination for investment.

### **Investment incentives include;**

- Generous capital recovery terms for companies, particularly for medium and long-term investors with significant plant and machinery costs and involve training. The (initial) allowances for plants and machinery is 50-75% and for training costs 100% is deductible on a one-time basis from a company's income. There are more (annual) allowances, resulting in a lower corporate tax for starting investors.
- Also import tax incentives are available. These include a removal of the import duty on plant and machinery and products for schools, hotels, hospitals, agro-processors and truck transport. A 10-year tax holiday is provided for export-oriented investors and agro-processing investors outside Kampala. Donor funded projects in agriculture, education and health sectors, housing sales are exempted from Value Added Tax (VAT).
- The minimum amount to investing in Uganda for foreign companies is 100.000 USD, which is intended to protect small local companies from foreign competition. Foreign investors may also invest smaller amounts (minimum of 50.000 USD) if they are participating in a joint venture with a majority shareholding-local investor.
- Visit (<http://www.ugandainvest.go.ug/>) for details.

# Potential Sectors of Investment continued...

## Kenya

(<http://www.investmentkenya.com/>)

Opportunities for investment are in sectors as below;

Manufacturing ,Infrastructure, Energy, Tourism, Agriculture, Banking and Finance, ICT, Building and Construction etc .

### **Investment incentives ;**

There are a number of tax based incentives

available in Kenya, mainly covering exemptions

from duty and VAT on capital equipment and machinery to be used in the investment project. Other incentives include capital deductions and investment allowances, details of which may be accessed at; <http://www.kra.go.ke>

# Potential Sectors of Investment continued...

## United Republic of Tanzania

(<http://www.tic.co.tz/>)

### **The priority areas of investment are;**

Agriculture & Livestock development, Natural resources, Tourism, Manufacturing, Petroleum and Mining, Real Estate, Transportation, ICT, Financial Institutions, Telecommunications, Energy, Human Resources, Economic Infrastructure and Broadcasting.

### **The incentives for investment are;**

Import Duty and VAT exemption on Deemed Capital Goods and these include; building materials, utility vehicles, equipment;

**Import duty (0%) on imported 4WDs designed** and built for tourist purposes; Import duty draw back, Zero rated VAT on exports, manufacturing under bond etc . For detailed incentives please visit (

([http://www.tic.co.tz/media/Guide\\_book\\_2014\\_for\\_flip.pdf](http://www.tic.co.tz/media/Guide_book_2014_for_flip.pdf))

# Potential Sectors of Investment continued...

## Rwanda

(<http://www.rdb.rw>)

- Potential opportunities for investment abound, particularly in the following sectors: Infrastructure , Agriculture , Energy, Tourism , Information and Communication Technology, Mining , Financial Services , Real estate and Construction, Manufacturing etc

### **The Incentives for investment are;**

- Exemption from import duties and sales taxes on imports of plant, machinery and equipment. Items which are zero import tax rated are exempted from sales tax otherwise payable on those goods, while, for items which are not zero import tax rated, a single flat fee of 5% of the value of the imported items is payable in lieu of all taxes and duties which would normally be imposed on such goods.



## Incentives for investing in Rwanda Cont....

- Investment allowances of 30% of the value of invested capital during the first year of operations.
- Additional deduction from taxable income of 50% of training, research and product development costs.
- The right to fully offset the cost of providing infrastructure to the site of the business operations; and Duty drawback for all duties and taxes paid on imported raw materials if the investor is an exporter who is operating outside a free export economic zones.
- 100% write off of R&D costs
- Common external tariff: 0% on Raw materials and Capital Equipment: 15% on intermediate goods: 25% on finished goods
- Constitutionally protected free repatriation of capital and profits
- Additional fiscal incentives in strategic sectors

# Potential Sectors of Investment continued...

## **Burundi**

[www.investburundi.com](http://www.investburundi.com)

Opportunities for investment exist in services, mining, manufacturing, Tourism, Transport, Energy, ICT, Real estate etc.

### **Incentives for investors are;**

Incentives exist in the form of income tax deferrals, and exemption from import and export duties.

# Potential projects in the EAC

- Iron ore and other Mineral processing
- Energy and bio fuels
- Agri business and agro processing
- Construction
- Fertilizers and agrochemicals
- Pharmaceuticals
- Petro chemicals and gas production
- Education
- Real estate
- Transport

# Cost of doing business in the EAC

- Electricity –about 12US cents to 16 Us cents per Kwh though new dams are being constructed to supply at 5 US cents, The discovery of oil and Natural gas in Tanzania.
- Logistics- Standard gauge railway is being constructed from the Port of Mombasa upto Kigali Rwanda
- Telecommunication-Substantial number of operators in he region, roaming charges abolished.
- Labour- No minimum wage in Most partner States though it exists in Kenya. Overall labour is cheap
- Water- Abundant water supply from lakes and rivers. Costs per unit are affordable

# Why invest in East Africa Fifteen good reasons why you should choose East Africa as your investment destination

- Market access to more than 1 40 million people
- Combined GDP size of about US\$ 75 billion
- The world's fastest reforming region in terms of business regulation
- Simplified investment procedures and one stop centre facility provided by national investment promotion agencies
- Generous incentives offered
- Vibrant and upcoming capital and securities market
- High level of intra-regional trade and cross-border investments
- Numerous investment opportunities traversing all sectors
- Abundant labour force – educated, trained, mobile, skilled and enterprising

# Why invest in the EAC Contd..

- English is widely spoken; it is one of or the only official language in at least four of the five Partner States
- Insurance against non-commercial risk by Multilateral Investment Guarantee Agency (MIGA) and Africa Trade Insurance Agency (ATIA)
- Sanctity of private property guaranteed by national constitutions
- Stable political environment and high level of governance and democracy
- Consumer loyalty
- A warm and hospitable people



**COME AND GROW WITH US**  
**INVEST IN THE EAC**  
**OUR COMMUNITY**

*ASANTE SANA*

*THANK YOU*

<http://www.invest.eac.int/>