

# U.S. Commercial Service East Africa Webinar

- **Growth Prospects & Opportunities In:**

- Ethiopia
- Kenya
- Tanzania
- Uganda
- Rwanda
- Burundi

*Where U.S. companies can thrive!*



# Why Consider East Africa?



- **230 million consumers with consumption growing in volume and variety**
- **Regional GDP of over \$114 billion USD**
- **Weathered financial crisis better than both industrialized & newly industrialized countries**
- **GDP per capita growing at the same rates as highly acclaimed BRIC\* countries**
- **Offers some of the largest markets in Africa**
- **Youthful, well educated, entrepreneurial & English-speaking work force**
- **Governments focused on developing their nations and investing billions each year**

*\*BRIC: Brazil, Russia, India, China*

# Why is East Africa A Good Choice?



**ETHIOPIA**



**KENYA**



**TANZANIA**



**UGANDA**



**RWANDA**

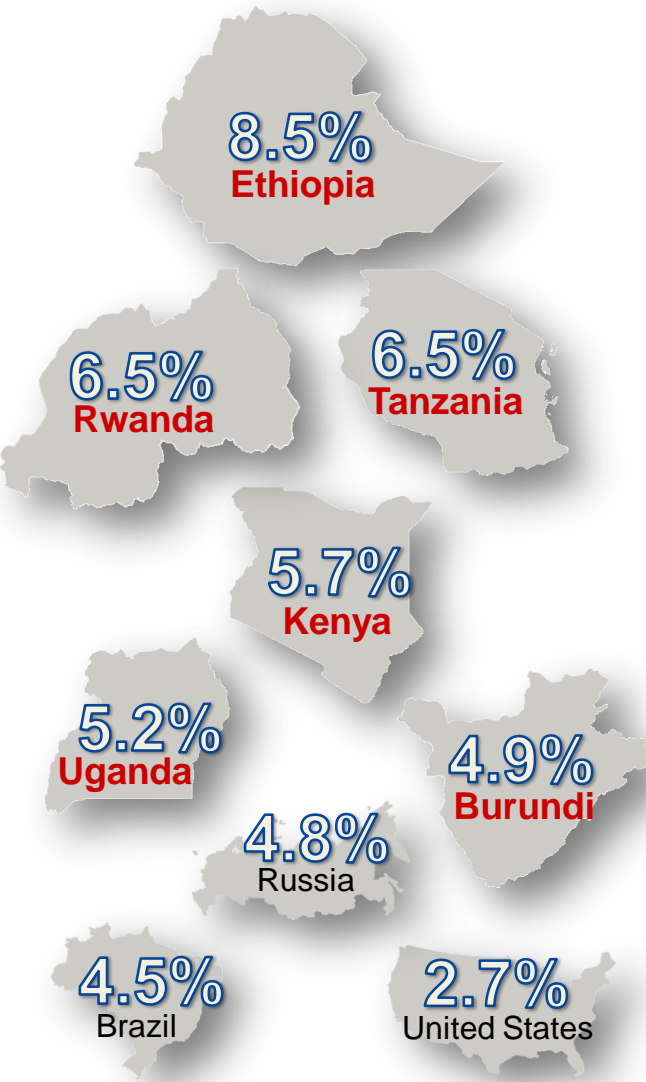


**BURUNDI**

## Regional Summary

- Offers some of the most attractive markets in Africa for foreign direct investment (FDI)
- Leapfrogging technology driving growth & innovation in virtually every sector
- Recognized among top consultancies as the next frontier for U.S. business & investment
- Investment as a percentage of GDP more than the U.S. and Brazil
- Many opportunities for new ventures with high return margins
- Abundant supply of natural resources gaining increased international attention

# East Africa Real GDP Growth (2010 / 11)



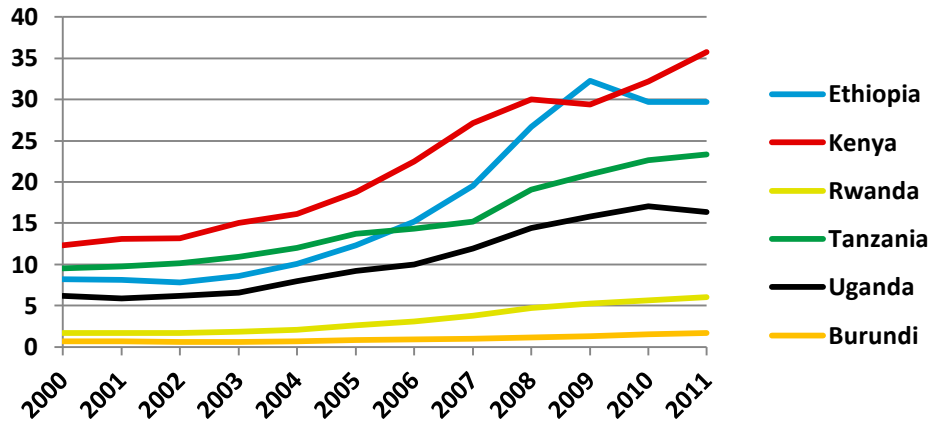
- **Healthy sustained annual regional growth**
- **Output more than doubled in the last 10 years**
- **2011 real growth rates predicted to surpass Russia, Brazil, and the United States**
- **Represent some of the fastest growing economies in Africa**
- **Growth driven by increased focus on private sector development and massive investment in infrastructure & human capital**



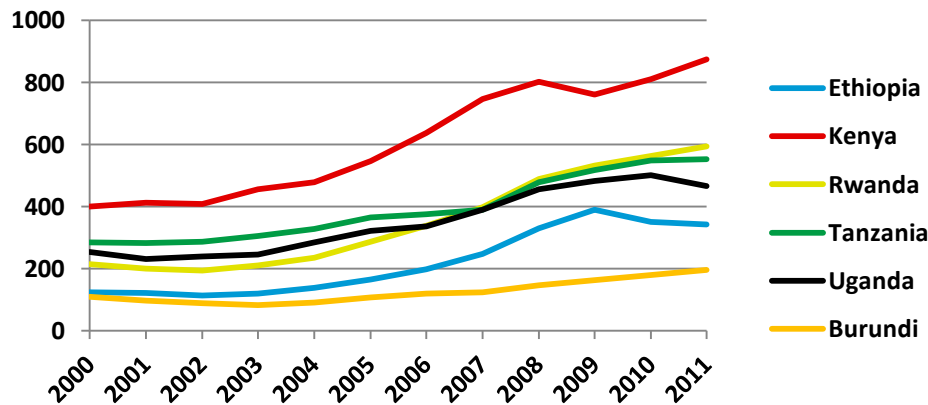
Source: International Monetary Fund. World Economic Outlook 2011

# East Africa Macroeconomics

## Annual GDP (Billions US\$)



## GDP Per Capita (US\$)

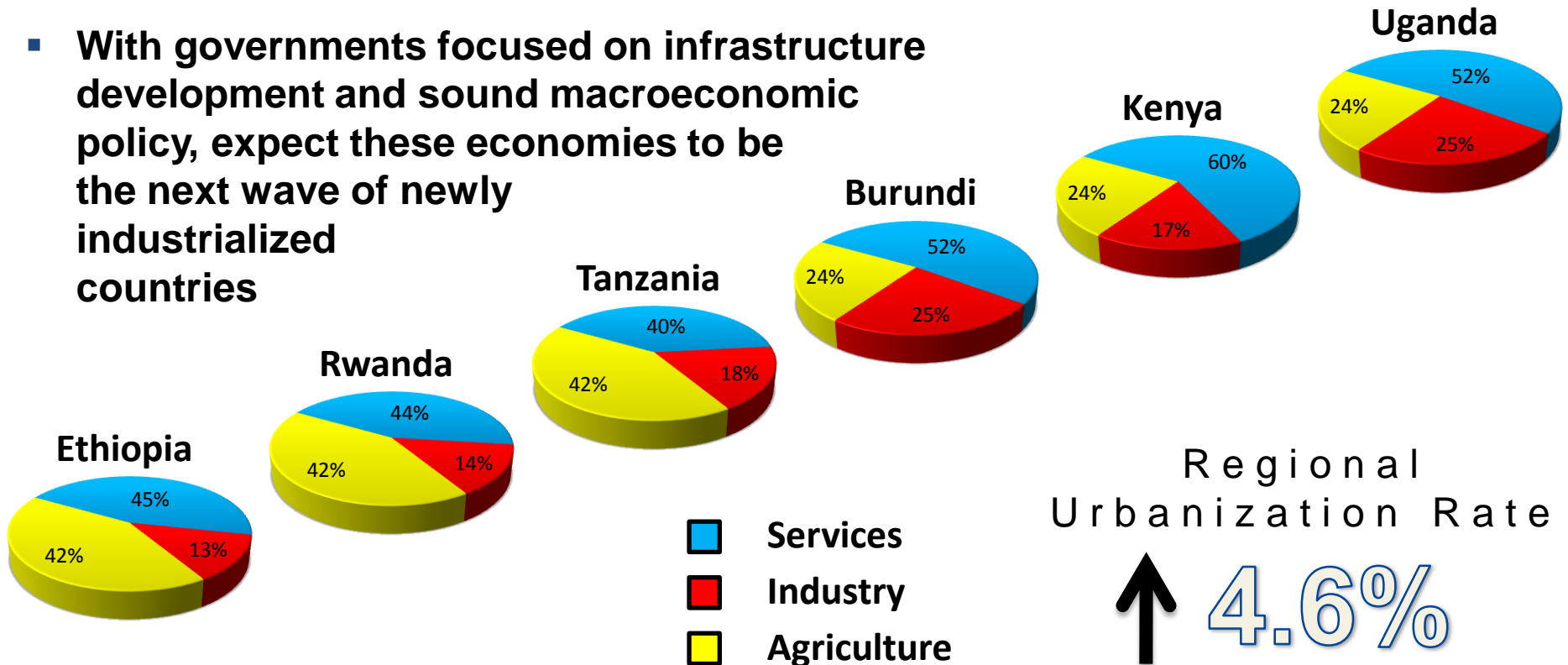


Source: International Monetary Fund. World Economic Outlook 2011

- The past decade began slow for the East African region
- But since 2004, there has been remarkable growth in both national and personal incomes
- Recent political turmoil & the financial crisis briefly slowed growth, but the region is recovering rapidly
- If political transitions are peaceful in 2012 (which many in the business community believe will be the case), expect upward trends to continue

# Driving the East Africa Economy

- GDP composition is beginning to shift away from agricultural production toward industry and service based economies
- Each country is urbanizing faster than historic BRIC rates
- With governments focused on infrastructure development and sound macroeconomic policy, expect these economies to be the next wave of newly industrialized countries

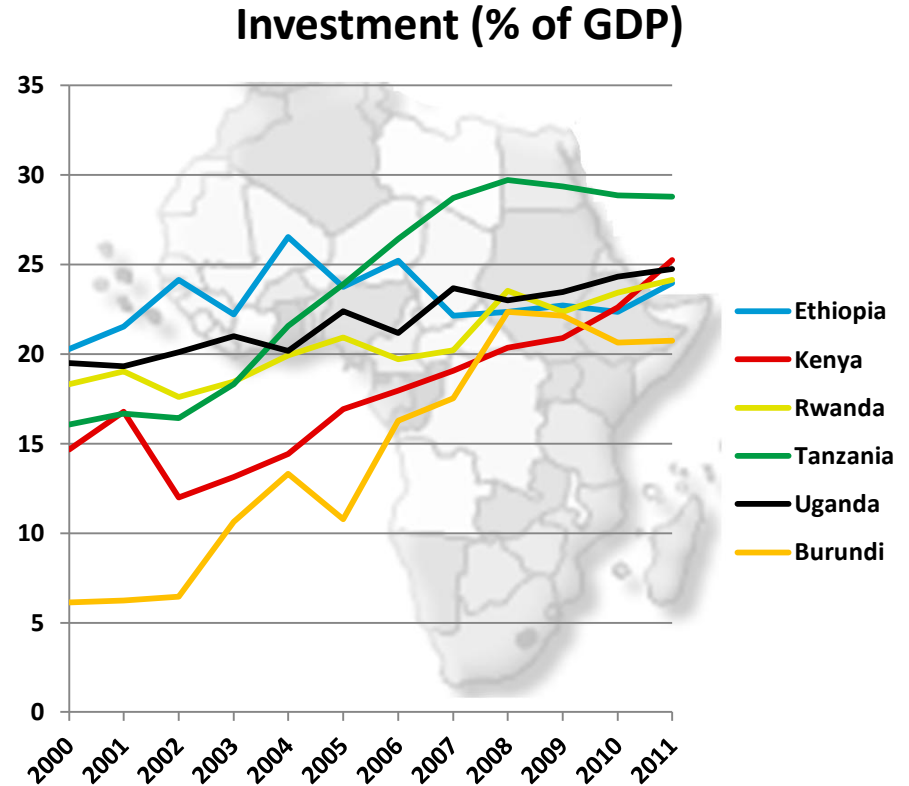


Source: UNICEF: Info By Country Statistics

# Government Expenditure 2010 / 2011

- Kenya\* – “Vision 2030”
  - \$12.6 Billion
- Tanzania\* – “Vision 2025”
  - \$8.7 Billion
- Ethiopia – “5 Year Growth Plan”
  - \$6.9 Billion
- Uganda\* – “Vision 2020”
  - \$3.5 Billion
- Rwanda\* – “Vision 2020”
  - \$1.8 Billion
- Burundi\* – “Vision 2025”
  - \$800 Million

**\$34.3 Billion Total Expenditure**



Source: International Monetary Fund. World Economic Outlook 2011

# Government Priorities 2011 / 2012

- **Ethiopia**
  - Government development expenditure at record levels
  - Health, education, sanitation & infrastructure
- **Kenya**
  - Private sector growth & development
  - Infrastructure expansion & poverty reduction
  - Implementation of new constitution
- **Tanzania**
  - Major focus on extraction of natural resources
  - Expansion of mining sector & improved access to electricity
  - Water, infrastructure, agriculture, and human resources
- **Uganda**
  - Roads, rail, water, communications & energy
  - Employment creation
  - Improved public services
- **Rwanda**
  - Energy generation & distribution, road, water, & rail transport
  - Continuing improvement & growth of business climate
  - Human capital & ICT development
- **Burundi**
  - Significant increases in energy production
  - Investment in the farming sector, poverty reduction

## -MAJOR TRENDS-

- **Infrastructure**
- **Human Capital**
- **Governance**
- **Growth**



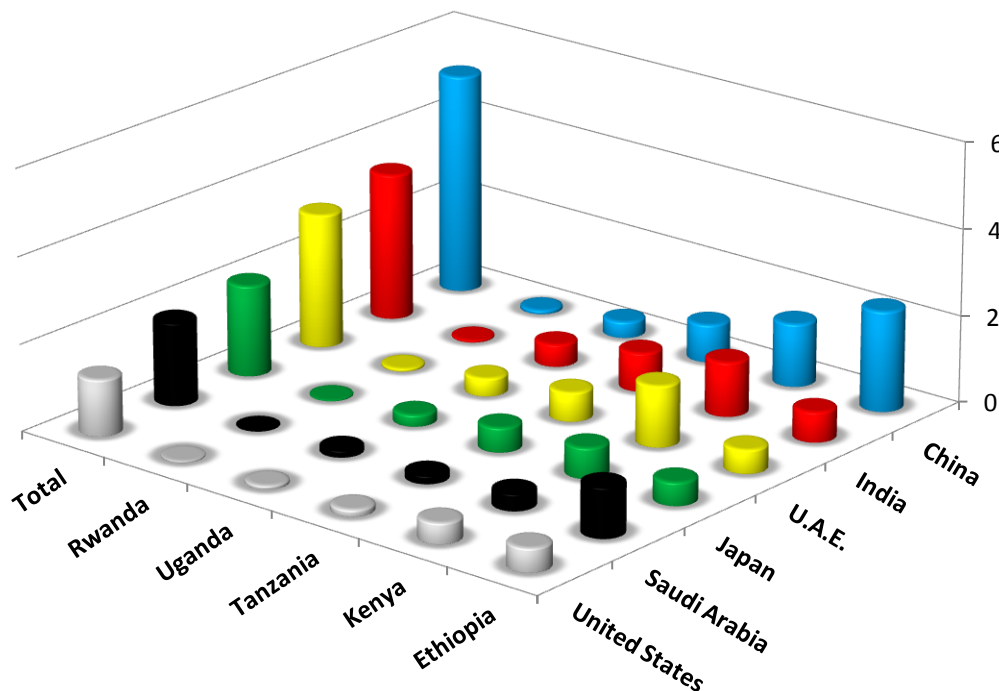
# Major Projects Underway\*

PROJECT	COUNTRY	AMOUNT
<i>Nile Dam Project</i>	Ethiopia	<b>\$4.7 Billion</b>
<i>Isaka-Kigali Railway Project</i>	Rwanda	<b>\$4.7 Billion</b>
<i>Lake Albertine Rift Basin Pipeline Project</i>	Uganda	<b>\$3.0 Billion</b>
<i>World Bank Electricity Expansion Project</i>	Kenya	<b>\$1.4 Billion</b>
<i>Government Services Program</i>	Ethiopia	<b>\$1.1 Billion</b>
<i>800 MW Geothermal Power Plant</i>	Kenya	<b>\$1.0 Billion</b>
<i>460 MW Hydroelectric Power Plant</i>	Tanzania	<b>\$700 Million</b>
<i>Bugesera International Airport Construction</i>	Rwanda	<b>\$635 Million</b>
<i>Recently Announced Joint Hydro Project</i>	Burundi	<b>\$500 Million</b>
<i>250 MW Bujagali Falls Hydropower Facility</i>	Uganda	<b>\$500 Million</b>
<i>Jomo Kenyatta Airport Terminal Construction</i>	Kenya	<b>\$500 Million</b>
<i>Transport Sector Support Project</i>	Tanzania	<b>\$341 Million</b>
<i>Phase II of Burundi Road Project</i>	Burundi	<b>\$103 Million</b>

# Why Now?

- Because China, India, UAE, Japan, and Saudi Arabia will continue to thrive in this rapidly growing marketplace leaving the U.S. behind
- United States businesses are beginning to wake up to this region's potential and the U.S. Commercial Service is here to assist

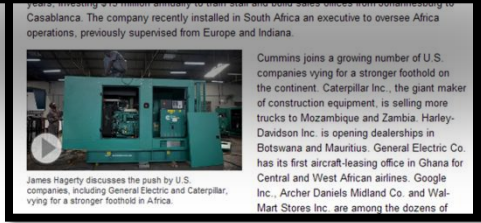
East Africa Imports by Partner  
(Billions USD)



## U.S. Companies Race to Catch Up in Africa

**THE WALL STREET JOURNAL BUSINESS**

Some U.S. business people say they could use more assistance from American embassies in Africa, which can help companies gather information and find their way through local bureaucratic mazes. But the number of commercial staff members at U.S. embassies and other offices in sub-Saharan Africa has dropped to 38 from 61 a decade ago because of budget constraints, the U.S. Commerce Department says.



The Wall Street Journal: June 2011

Source: Global Trade Atlas 2009

# Where do you begin?



# Our “Big Five” Focus

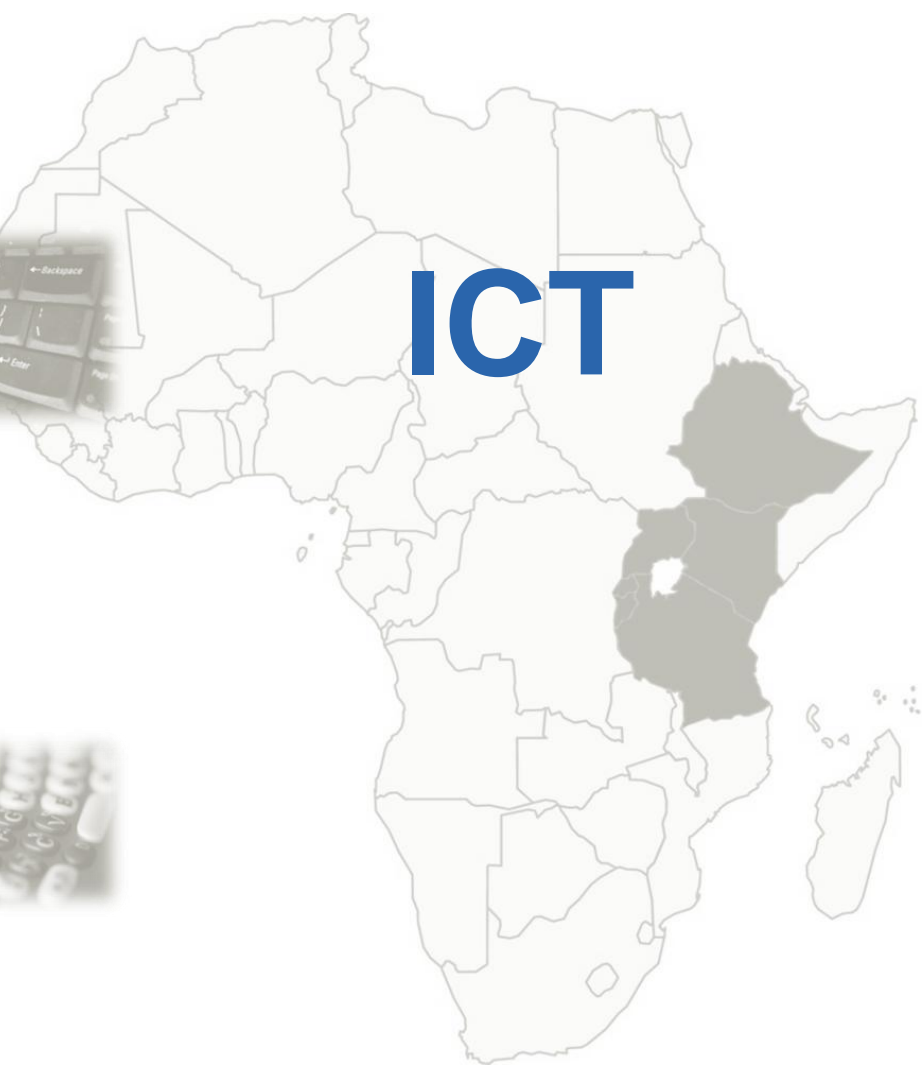
- **Best Prospects For U.S. Exports:**

- ICT
- Energy
- Construction
- Agriculture
- Health

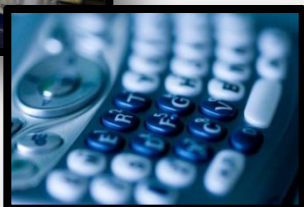
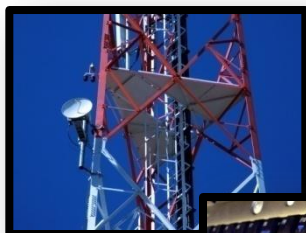




# ICT



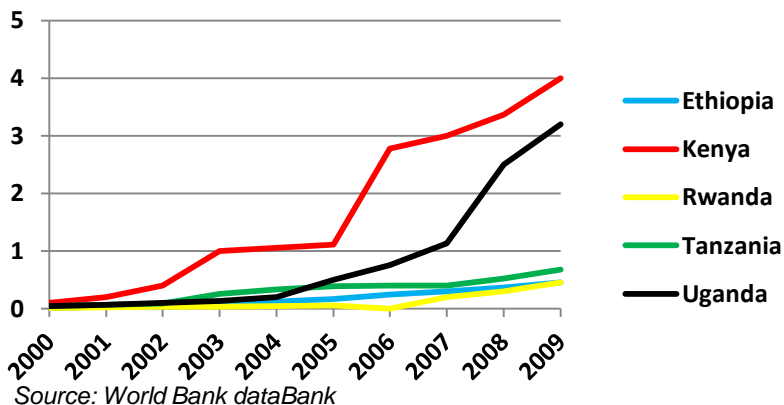
# ICT – The Overview



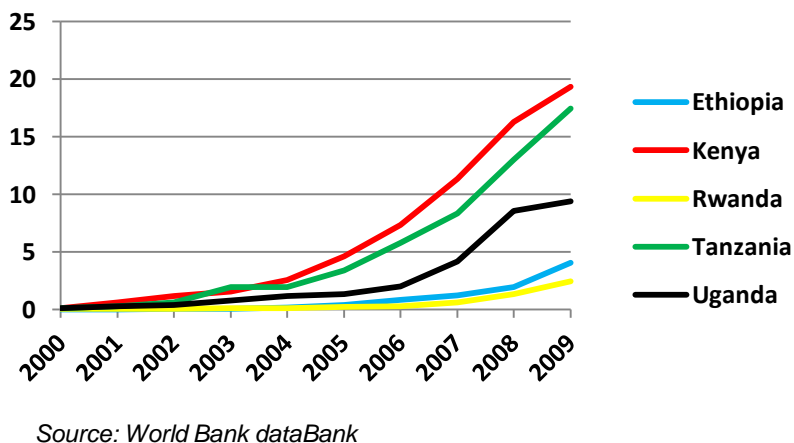
- *Regional ICT growth driven by 4 main factors:*
  - **Consumer Demand**
    - Access to cheap mobiles, even rural areas
    - Leapfrogging technology
    - Exports to land-locked neighbors
  - **Private Sector Development**
    - Massive waves of privatization
    - Innovative mobile banking solutions
    - Aggressive service provider competition
  - **Public Sector Demand**
    - Governments adopting use of eServices
  - **Government Support**
    - Installation of SEACOM fiber optics
    - Creation of 'IT Parks' & 'Silicon Valleys'

# ICT – The Numbers

## Internet Users (Millions)



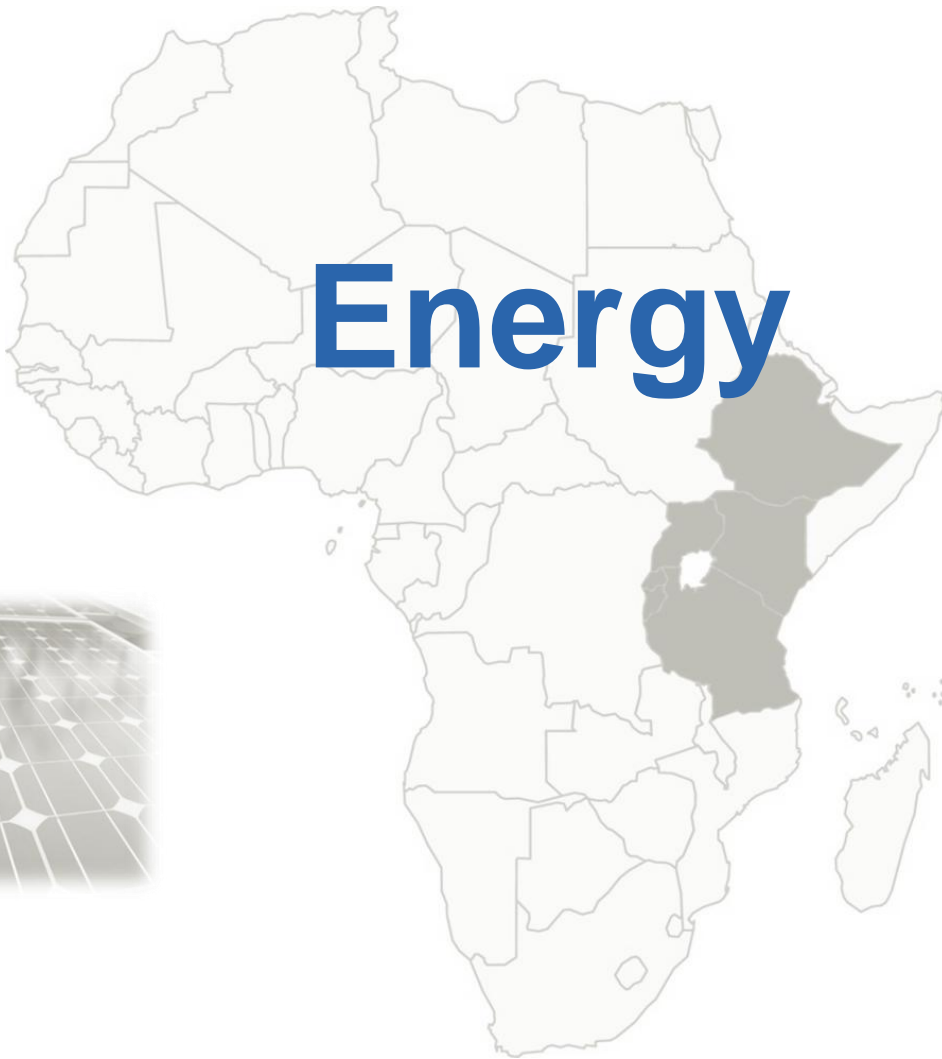
## Mobile Subscribers (Millions)



- Accounts for nearly 10% of all imports into the region
- Industry estimated at nearly \$3 billion
- Regional internet subscriptions have grown by nearly 300% in the last 5 years
- Registered mobile subscribers have increased by more than 400% in the last 5 years as well
- The industry will continue to grow at a rapid pace as internet penetration rate for all of East Africa is only 5%
- As governments are providing incentives to develop this sector specifically, expect continued growth

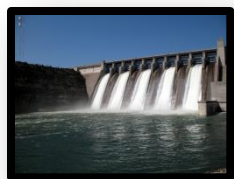
# ICT – The Prospects

- **Consumer Goods**
  - Computer Systems
  - Computer Peripherals
  - Home Networking Systems
  - Smart Phones
  - Cellular Phones
- **Business Solutions**
  - Data Terminals
  - Server Systems
  - Switches & Routers
  - Wireless Access Equipment
  - Voice Over IP Telephony
- **Media Systems**
  - Broadcasting Equipment
  - Dish Network Systems
- **ISP Providers**
  - Broadband Equipment
  - VSAT Equipment
  - Fiber Optic Equipment
  - Data Transmission Equipment
  - ISP Equipment
  - Fiber Cable
  - Modems
- **Services**
  - Software Development
  - Website Development
  - Mobile Banking Services
  - Payphone Terminals
  - Outsourcing Services
  - Electronic Government Services



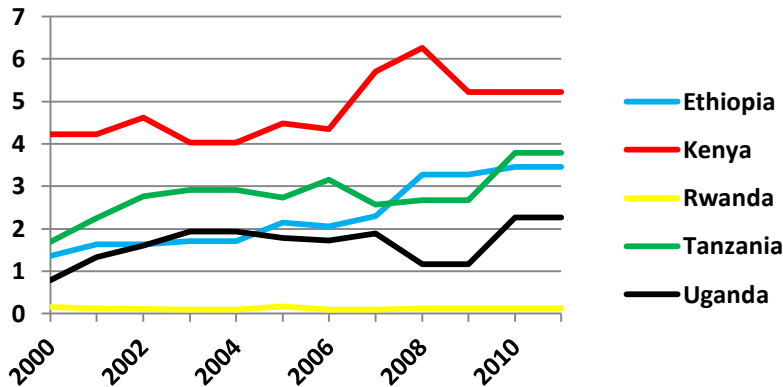
# Energy – The Overview

- *Governments Recognize Energy as the Backbone for Growth*
  - **Owned & operated by government enterprises\***
  - **Small percentage of the population has access**
  - **Frequent blackouts & periodic rationing**
  - **Darkness falls by 6:00 PM**
  - **Rural households use kerosene & wood fires**
  - **Abundant & diverse generation capacity**
  - **Efforts increasing to tap into natural resources**
  - **Partnerships done at national & ministerial level**



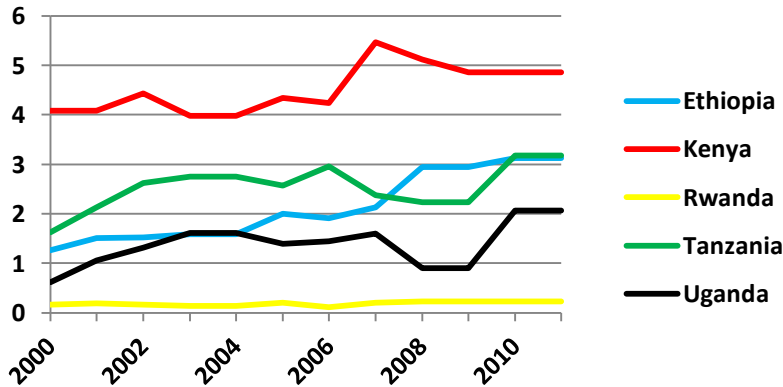
# Energy – The Numbers

Electricity Production (kWh Billions)



Source: CIA World Fact Book

Electricity Consumption (kWh Billions)



Source: CIA World Fact Book

Percentage of Population with Access

<u>Kenya</u>	<u>Uganda</u>	<u>Tanzania</u>	<u>Ethiopia</u>	<u>Rwanda</u>
<b>23%</b>	<b>15%</b>	<b>14%</b>	<b>10%</b>	<b>7%</b>

Consumption Demand Growth Rate

<u>Kenya</u>	<u>Uganda</u>	<u>Tanzania</u>	<u>Ethiopia</u>	<u>Rwanda</u>
<b>5.0%</b>	<b>9.7%</b>	<b>6.7%</b>	<b>7.5%</b>	<b>6.1%</b>

## This Means...

- Governments will be attempting to double generation capacity in the next 5-10 years
- Opportunities will continue to exist for construction & energy consulting firms and any companies involved in the energy production supply chain

# Energy – The Prospects

- **Off-Grid Solutions**
  - Solar Water Heating
  - Solar Lighting & Charging
  - General Solar Equipment
  - Solar Cooking Systems
  - Solar IT Systems
- **Generation**
  - Gas Turbines
    - Parts & Services
  - Thermal Diesel Turbines
    - Parts & Services
  - Coal Power Generating Plants
- **Distribution**
  - Poles
  - Cables & Lines
  - Transformers
  - Switch Gears
  - Usage Meters
  - Home Installation Equipment
- **Petroleum**
  - Refined Products
    - Oils & Lubricants
  - Exploration
    - Consultancy
    - Drilling Equipment
    - Extraction Equipment
- **Renewable Energy**
  - Engineering Services
    - Wind
    - Solar
    - Geothermal
    - Biomass
    - Hydropower



# Construction & Infrastructure

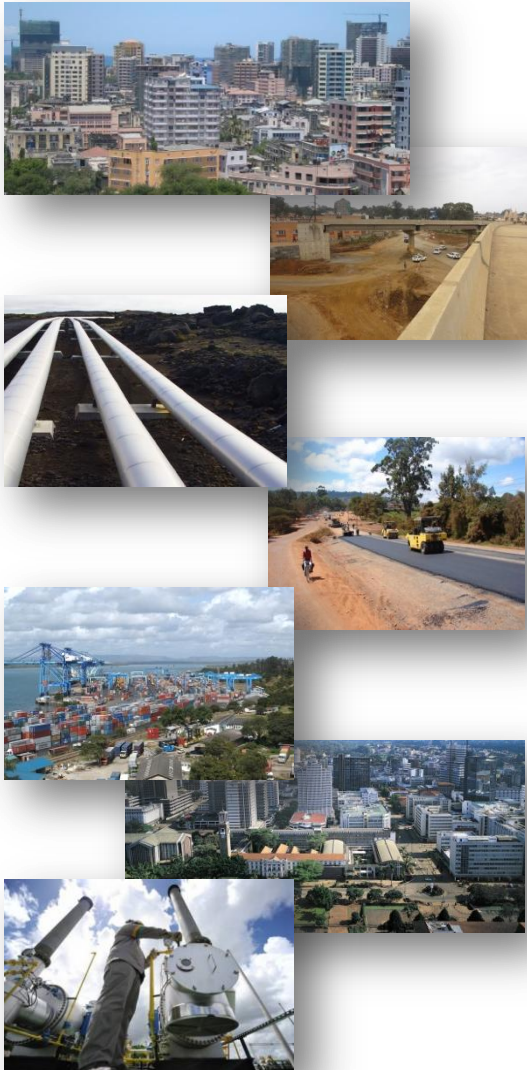


# Construction & Infrastructure – The Overview



- *Construction is booming because of 4 factors:*
  - **Massive Infrastructure Projects**
    - Construction of dams, power plants, miles of roads, ports, bridges, hospitals, airport expansions, etc.
  - **Rapid Growth In Tourism**
    - Hotel & restaurant construction
    - National park accommodations
  - **Demand Driven Housing Shortage**
    - Rapid urbanization
    - Growing middle class
    - Increased access to home loans
  - **Industrial Output**
    - Expansion of existing production facilities
    - Growth in mining & extraction

# Construction & Infrastructure – The Numbers



- **Consistent 12 – 15% growth in the construction sector over the last 5 years**
- **Nearly 100 planned energy infrastructure projects to be completed in next 10 years**
- **An estimated 150 regional airport upgrades planned for both paved and unpaved airports**
- **More than 400,000 miles of planned road construction in the next 5 years**
- **Shortfall of nearly 1,000,000 housing units annually throughout the region**
- **15 – 20% Increase in consumption of paint and other construction materials a good indicator of robust growth**

# Construction & Infrastructure – The Prospects

## ▪ Services


- Infrastructure Design
- General Contracting
- Construction, Operation, & Transfer
- Frequent International Tenders
- Feasibility Studies

## ▪ Materials


- Low Cost Housing Materials
- High-Quality Prefabricated Building Materials
- Pipes, Plumbing, & Water Movement Materials
- High-Quality Restaurant & Hotel Supplies

## ▪ Equipment

- Bulldozers
- Light & Heavy Earthmovers
- Loaders
- Crawlers
- Tippers
- Excavators
- Compactors
- Graders
- Mining Equipment
- Drilling Systems
- Cranes
- Trucks
- Forklifts
- Vehicle Attachments
- Generators
- Waste Water Systems



# Agriculture & Chemicals



# Agriculture & Chemicals – The Overview



- Microclimates & fertile soil provide variety & volume
- Region susceptible to periodic drought
- Virtually all agricultural inputs are imported
- Industry has seen increased production driven by:
  - Liberalized markets
  - Increased commercialization
  - Government focus on consumption & export
  - Investments in larger, more productive operations
- Opportunities in value added activities with raw agricultural products are also beginning to emerge
- Boasts some of the most active livestock markets & production in Africa

# Agriculture & Chemicals – The Numbers



- The agricultural sector is a \$40 billion industry throughout the entire East Africa region
- Employs 75 – 85% of the entire population
- Regional post-harvest losses roughly 20 – 40%
- Fertilizer imports alone amount to nearly \$800 million on an annual basis
- 75% of total agricultural output produced by smallholder farmers
- Average smallholder farm size is 2.5 hectares (roughly 6 acres)

Agriculture Machinery Imports by Type	
Soil Preparation	\$56 Million Annually
Harvesting	\$49 Million Annually
Grain & Seed	\$41 Million Annually

# Agriculture & Chemicals – The Prospects

## ▪ Treating, Processing, & Packaging

- Fruit Concentrates & Juices
- Fruit & Vegetable Canning
- Cashew Nuts
- Specialty Coffee
- Sugar Cane
- Fish
- Meat
- Dairy (Including By Products)
- Cut Flowers
- Cotton
- Tobacco
- Biofuels
- Edible Oils
- Wine & Other Alcohols
- Maize
- Wheat
- Rice

## ▪ Inputs

- Fertilizer
- Pesticides (All Kinds)
- Preservatives

## ▪ Equipment

- Tractors
- Harvesters
- Transport Vehicles
- Power Tools
- Hand Farming Implements
- Repair & Maintenance

## ▪ Farming Infrastructure

- Irrigation Pivots & Pumps
- Bore-Hole Digging Equipment
- Quality Storage Facilities
  - Grain Silos
  - Methods
  - Consultancies



# Health – The Overview



- **Private hospitals actively modernizing their equipment**
- **Rising demand for better-quality care for all categories of diseases**
- **Increased government budgetary allocation to public health sector in re-equipping strategy**
- **Buyers & distributors demonstrating increased awareness of counterfeit pharmaceuticals**
- **Excellent market for high-quality, used, & refurbished medical equipment**
- **U.S. medical equipment quality highly regarded**
- **U.S. manufacturers increasingly partnering with local sellers under established distribution agreements**

# Health – The Numbers



- **The medical equipment industry is entirely import dependent throughout the East Africa region**
- **Electro-medical equipment market growth estimated at 10% annually over the next three years**
- **The East Africa region imports more than \$1 billion in pharmaceutical products on an annual basis**
- **Additionally, nearly \$500 million in medical & laboratory equipment are imported as well**
- **U.S. medical equipment imports have declined in the region by nearly 7%**
- **Likely due to hospital construction partnerships formed at the ministerial level by governments & donors from countries providing competition**

# Health – The Prospects

- **Dental & Optometry**

- Dental Chairs
- Burnout Ovens
- Mobile X-Ray Units
- Tray Delivery Systems
- Instrument Sets

- **Sanitation Tools**

- Needle Cases
- Autoclaves & Sterilization Equipment
- Water Purifiers

- **Lab Equipment**

- Microbiology
- Hematology
- Chemistry
- Histopathology
- Immunology

- **Medical Equipment**

- Ultrasound Units
- Defibrillators & Electrocardiographs
- Obstetrics Dopplers
- Pulse Oximeters
- Ventilators
- Cardiac Echo Machines
- Treadmill Stress Machines
- CT Scanners
- X-Ray Equipment
- Angiography
- Endoscopy
- Anesthesia Monitors
- Pressure Monitors
- Dialysis Machines
- CCU & Hygiene Beds
- Patient Monitors

# Doing Business: East Africa

- **U.S. Commercial Service Intel:**
  - **Market Challenges**
  - **Who's Already Here**
  - **Entry Strategy**
  - **Market Intelligence**
  - **How You Can Join In**



# East Africa Business Challenges

- **Due to Governance:**

- Corruption still present
- Bureaucratic inefficiencies
- Limited contract enforcement
- State controlled utilities
- Land contracts state regulated
- Customs process is slow
- Large quantities of counterfeit consumer products

- **Due to Demographics:**

- High levels of crime
- High levels of unemployment
- Price sensitive consumers
- Limited availability of skilled & motivated labor

- **Due to Finances:**

- Access to foreign exchange limited in some cases
- High interest rates
- Unpredictable import valuation
- Relatively strong U.S. Dollar
- Cheaper & lower quality alternatives from Asia

- **Due to Infrastructure:**

- High transportation costs
- Intermittent power outages
- Underdeveloped transport system
- Shipment transit time from the U.S. estimated at an average of 8 weeks

# Ease of Doing Business

Country	World / 183
Rwanda	58
Kenya	98
Ethiopia	104
Uganda	122
Tanzania	128

Source: The World Bank , Doing Business Economy Rankings

Country	Sub-Saharan Africa / 46	Low Income / 37
Rwanda	4	2
Kenya	9	6
Ethiopia	10	7
Uganda	12	10
Tanzania	14	12

Source: The World Bank , Doing Business Economy Rankings

- At first glance, these East African countries are often regarded as difficult places to do business
- But for Sub-Saharan Africa & Low Income Countries, the East Africa region actually offers some of the easiest places to do business
- Likely due to:
  - Relative political stability
  - Rapidly improving infrastructure
  - Developed financial markets
  - Rapid growth & improvement

# Many U.S. Businesses Are Already Here



**KENYA**

90+ American Firms



**TANZANIA**

30+ American Firms



**UGANDA**

30+ American Firms



**ETHIOPIA**

20+ American Firms



**RWANDA**

10+ American Firms



**BURUNDI**

- *3M*
- *Alliance One Int'l*
- *AON Corporation*
- *Avis Rent A Car*
- *Carlson Companies*
- *CB Richard Ellis Group*
- *Chartis*
- *Cisco*
- *Citigroup*
- *Coca Cola*
- *Crowe Horwath Int'l*
- *Crown Holdings*
- *Deloitte*
- *Ecolab*
- *Gates Corporation*
- *Grant Thornton Int'l*
- *Hertz Corporation*
- *Hilton Hotels*
- *HP*
- *Illinois Tool Works*
- *Interpublic Group*
- *KPMG*
- *Lion McCann*
- *McCann World Group*
- *Microsoft*
- *Monsanto*
- *Nexant*
- *Nielsen Company*
- *Ogilvy & Mather*
- *P & G*
- *Pioneer Hi-Bred Int'l*
- *PwC*
- *S.C. Johnson & Son*
- *Sara Lee*
- *Sheraton*
- *Siemens*
- *Sodexo*
- *Starwood Hotels*
- *Travelport*
- *Tupperware Brands*
- *Weatherford Int'l*
- *Weatherford Oil*
- *Westcon Group*
- *Zimmer Holdings*

# And Many More Are Coming...



- **Each month, U.S. Commercial Specialists & Economic Officers at U.S. Embassies in major East African cities brief more than 20 companies of varying size & industry on opportunities in East Africa within their specific market.**
- **We do not publicly disclose which companies specifically, but can report considerable increase in U.S. business interest in the region.**
- **Industries of Companies Expressing Interest:**
  - **Banking & Credit Institutions**
  - **Chemicals & Plastics Production**
  - **Hotel & Tourism**
  - **Renewable Energy**
  - **Mining & Construction**
  - **And Many More...**

# New USG Commercial Initiatives



## ■ The East African Community (EAC) Initiative

- The East African Community is composed of Kenya, Tanzania, Rwanda, Uganda and Burundi. In July 2010, the EAC Common Market Protocol came into force, allowing for free movement of goods, services, capital and workers.
- In November 2011, the United States launched exploratory discussions with the EAC on a new potential trade and investment partnership in recognition of the EAC's achievements in regional integration and the importance of the EAC as a trading partner of the United States.

## ■ Tanzania Partnership for Growth (PFG) Initiative

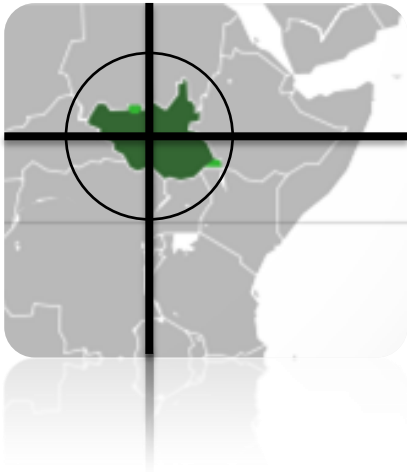


- Earlier this year, the USG, working with the Government of Tanzania, launched the PFG Initiative, which aims to promote broad-based economic growth in the country.
- The two sides agreed that improving the energy sector and rural roads are the two most important issues that can be address by working collaboratively with experts and the U.S. private sector.

# Entry Strategies & Considerations

- **Establish a local representative, agent, or distributor or sell through established dealers already operating in the market**
- **Maintain close communication with distributors and customers to exchange information and ideas on market trends**
- **Reply promptly to requests for price quotations and orders – interviewing buyers, this is a major consideration in their decision-making process**
- **Highlight quality, authenticity, or reliability of the product or service you have to offer and any warranties or after sales support you can provide**
- **Consider whether buyer has the ability to repair or replace worn or damaged product within a reasonable amount of time**
- **Be forthcoming with information on how upgrades, add-ons, or attachments effect pricing as this is often where we receive the most complaints**
- **Make your product as visible as possible, either through the web, local newspaper, advertisements on billboards or television, or presenting physical demonstrations to targeted companies or consumers**

# We Are Also Your Gateway to South Sudan...



- Many firms are already establishing home offices in Nairobi, Kenya with plans of expanding operations into South Sudan
- Check out the World Bank report on Doing Business in Juba:  
<http://www.doingbusiness.org/reports/subnational-reports/juba/>
- To learn more about the South Sudanese market contact:

Karen Burress – [Karen.Burress@trade.gov](mailto:Karen.Burress@trade.gov)



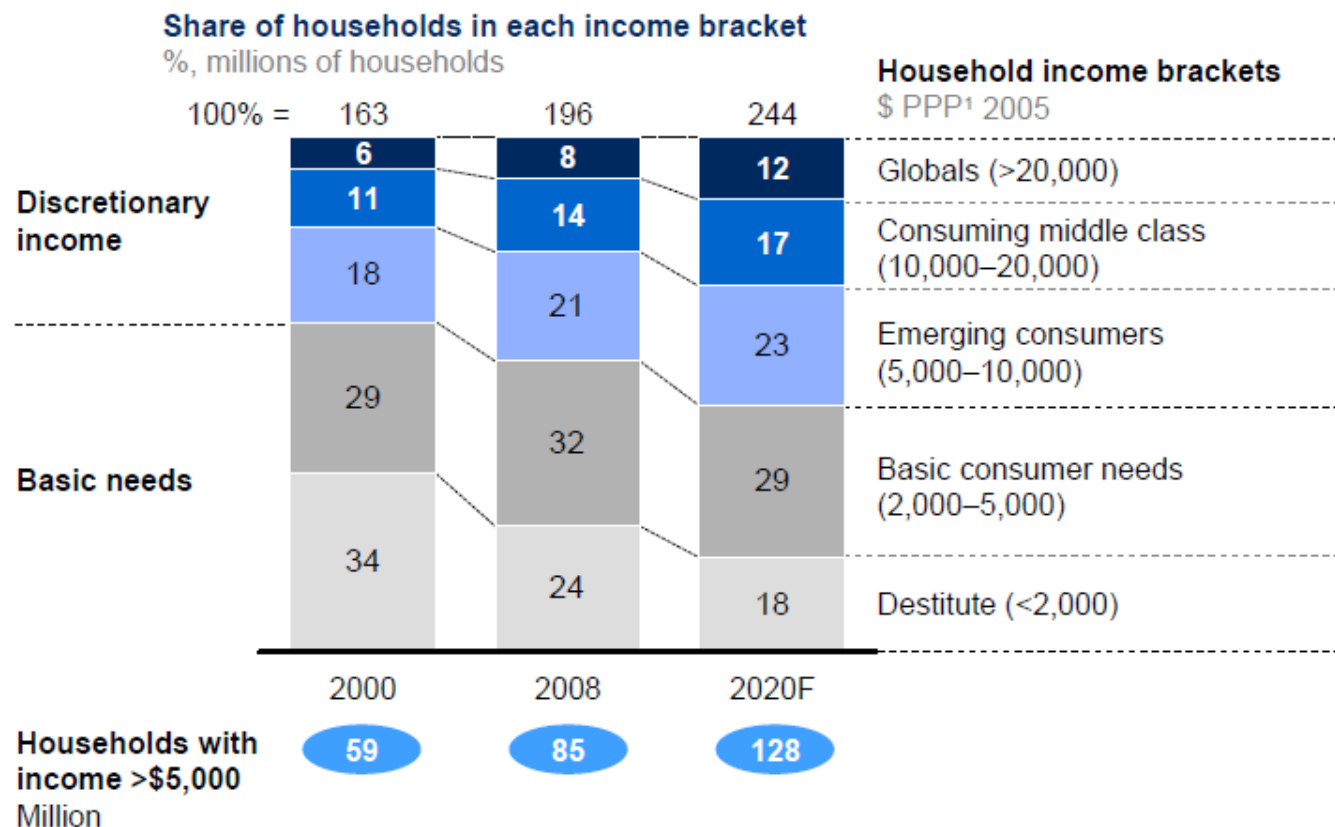
## ...and Somalia

- **Increased stability will provide opportunities for investment in Somalia.**
- **The expulsion of an insurgent group from the capital this past summer has resulted in a construction boom in Mogadishu.**
- **Other growing sectors include information technology, livestock and agriculture.**

For more information contact: Ms. Shamis Mohamud, Economic/Commercial Officer at [MohamudSH@state.gov](mailto:MohamudSH@state.gov)

# The East African Consumer

By 2020, more than half of African households will have discretionary spending power



1 Purchasing power parity adjusts for price differences in identical goods across countries to reflect differences in purchasing power in each country.

SOURCE: Canback Global Income Distribution Database (C-GIDD); McKinsey Global Institute

# The East African Consumer

Middle Class Percentage of the Population*				
<u>Kenya</u>	<u>Uganda</u>	<u>Tanzania</u>	<u>Ethiopia</u>	<u>Rwanda</u>
<b>17%</b>	<b>8%</b>	<b>3%</b>	<b>8%</b>	<b>3%</b>

Source: The African Development Bank (AfDB): The Middle Class in African Countries

These percentages may seem small, but this amounts to a population of roughly **20 million people**. That's **nearly the size of Texas**, the 2<sup>nd</sup> most populous state in the U.S.

*“The number of middle class Africans has tripled over the last 30 years...”*

*-- The African Development Bank*

As the middle class continues to emerge, brand loyalty and product preference will grow as well.

Ignoring the market now could make for a difficult entry once the middle class has emerged fully

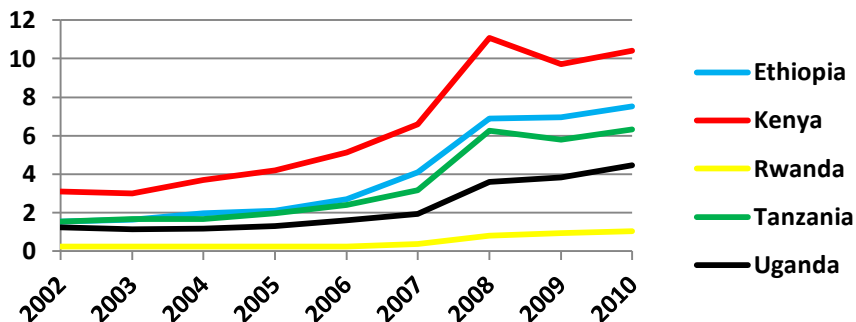
Middle & Marginal Class Percentage				
<u>Kenya</u>	<u>Uganda</u>	<u>Tanzania</u>	<u>Ethiopia</u>	<u>Rwanda</u>
<b>45%</b>	<b>12%</b>	<b>12%</b>	<b>22%</b>	<b>8%</b>

Source: The African Development Bank (AfDB): The Middle Class in African Countries

Including the marginal class, the total population with disposable income reaches nearly **50 million people**

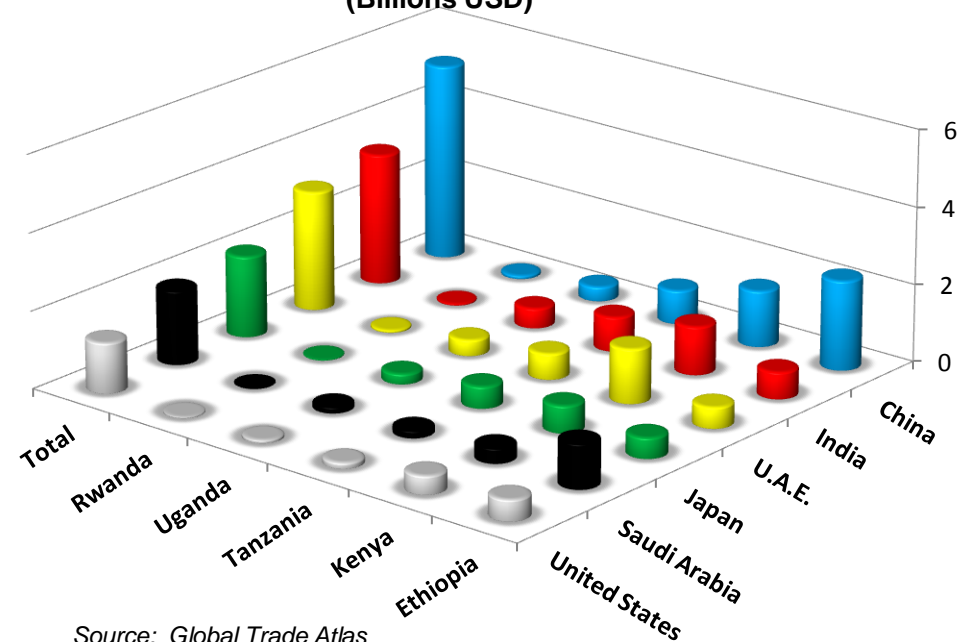
# Where Their Imports Come From

Total Imports (USD billions)



Source: International Monetary Fund. World Economic Outlook 2011

East Africa Imports by Partner (Billions USD)



Source: Global Trade Atlas

- The emerging middle class, improved infrastructure, & increased regional integration are behind massive increases in imports within the last 5 years
- China, India, United Arab Emirates, Japan & Saudi Arabia are currently the largest trading partners with the East Africa region
- The U.S. is currently the 6<sup>th</sup> largest trading partner but this position is rapidly declining as businesses from other countries begin to target East Africa in their long term growth strategies

# Getting Products & Services Into the Region

All goods and services imported into these five countries are subject to the following duties:

- Import Duty (CET)
- Excise Duty
- Value Added Tax (VAT)

▪ Import Duty depends on which trade area the country you're trading with belongs to

▪ Excise Duty is country & item specific

## EAC – The East African Community



## SADC – The Southern Africa Development Community



## COMESA – The Common Market for Eastern & Southern Africa



- Value Added Tax (VAT)
  - Ethiopia + 15%
  - Kenya + 16%
  - Tanzania + 18%
  - Uganda + 18%
  - Rwanda + 18%
  - Burundi + 18%

# AFTZ – African Free Trade Zone – 2012



Trade agreements throughout Africa are changing rapidly towards a more integrated community. In 2012, COMESA, SADC, & EAC hope to execute plans to merge into one African Free Trade Zone (AFTZ).

A good starting point for estimating Import Duties is:

- |                                 |   |     |
|---------------------------------|---|-----|
| ▪ Capital Goods & Raw Materials | – | 0%  |
| ▪ Intermediary Goods            | – | 10% |
| ▪ Final Goods for Consumption   | – | 25% |

But actual rates in application are subject to the discretion of each individual country's Finance Ministry when making annual budget proposals.

For up-to-date information on import duties, excise duties, and value added tax, we encourage you to contact our office or make use of the wealth of information we provide online.



# CS Resources Available Online

- **Country Commercial Guide**

- An overview of a country's commercial environment, using economic, political, and market analysis. It is prepared annually through the combined efforts of several U.S. Government agencies at embassies throughout the world.

- **Market Research Library**

- Contains more than 100,000 industry and country-specific market reports, authored by our specialists working in overseas posts. The library includes: Industry Overviews, Market Updates, Multilateral Development Bank Reports, Best Markets, & Industry/Regional Reports.

- **Networking with the USA**

- Introduce your business to the world! Companies that register will receive periodic updates and the opportunity to be introduced to companies seeking international partners.

- **U.S. Commercial Service Partners**

- Our office has found great value in partnering with several entities to enable us to reach the market and add value to East African businesses by matching them with U.S. suppliers.

- **Trade Events**

- Visit our website at <http://www.export.gov/> to learn more about upcoming trade events that our office brings buyer delegations to on a yearly basis. Don't miss out on these great opportunities to demonstrate your products on the world stage!





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- [www.ustda.gov](http://www.ustda.gov)



**Development Assistance**  
- [www.usaid.gov](http://www.usaid.gov)



**U.S. Agricultural Exports**  
- [www.usda.gov](http://www.usda.gov)

# Trade Resources: [www.export.gov](http://www.export.gov)

<http://www.usembassy.gov/>



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