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CBC
COMESA BUSINESS COUNCIL
Voice of the Private Sector in the Region
BUILDING REGIONAL GOING GLOBAL

BIZNET WEEKLY

Fortnightly Newsletter of the COMESA Business Council

NEWS & FEATURES

Who we Are!!

CBC is the recognized Business Member Organization, established as a private sector institution of COMESA. We represent the interests of businesses sectors at a regional level. The services provided go beyond advocacy, to actively promote business participation in regional integration, investment and global trade. This is done by facilitating the growth of strong business synergies, the development of business opportunities, business alliances, legislative and strategic advocacy. We provide custom tailored services that are driven by both industry and enterprise interests.

COMESA Institutions to Partner with AeTrade Group in Regional Trade Facilitation

The COMESA Business Council (CBC) and Africa Leather and Leather Products Institute (ALLPI) have joined forces with AeTrade Group to advance intra-Africa trade. This will be done through cooperation on matters of digital business facilitation, technical skills development, trade partnerships and private sector development, with a specific focus on empowering Small and Medium Enterprises (SMEs). This was symbolically done through the signing of Memoranda of Understanding by the two COMESA institutions with AeTrade Group on 10th February in Addis Ababa, Ethiopia. The event was conducted on the sidelines of the 33rd African Union Ordinary Session Summit themed, "Silencing the Guns: Creating Conducive Conditions for Africa's Development."

Former CBC Chairperson, Doctor Amany Asfour, ALLPI Executive Director, Professor Mwinyikione Mwinyihija and AeTrade Group's Founder and CEO, Mr. MuluAlem Syoum, each signed on behalf of their organisations. Secretary General Chileshe Mpundu Kapwepwe and CBC Chief Executive Officer Sandra Uwera witnessed the signing.

Speaking at the event, the chair of the CBC Mr. Marday Venketasamy said: "This partnership is a real opportunity to transform the region's socioeconomic landscape, strengthening industries and SMEs through financial inclusion, business linkages and facilitation of market access." The three institutions will further explore and implement as appropriate, actions that support solutions to some of Africa's trade and economic challenges. These are identified as priorities in line with the implementation of the Agreement on African Continental Free Trade Area, with a specific focus on the master plan of the African Union Strategy on Micro Small and Medium-Sized Enterprises (MSMEs) "Our aim is working together to reap synergies and drive transformation faster in line with our respective mandates," said AeTrade Group's Founder and CEO, Mr. MuluAlem Syoum.

The cooperation will concentrate on, but not limited to the establishment and/or consolidation of regional electronic trade, and development of sustainable efforts in the areas of fair and transparent business models and practices.

The collaboration is a response to the low levels of intra-Africa trade, and will provide a opportunity to empower and support small and medium enterprises across the continent to take full advantage of the African Continental Free Trade Agreement (AfCFTA) and its opportunities in the digital market. Both the public and private sectors are urged to explore ways that they can partner with the CBC, ALLPI and AeTrade Group, in facilitating the delivery of intra-regional trade enhancing solutions, through multi-stakeholder processes and mechanisms, befitting for the African context.

Strengthening the CBC Collaboration with the State of Eritrea


The COMESA Business Council represented by its 1st Vice Chairman- Dr. Khalid Magboul and the Business and Policy and Programs Manager Ms. Kudzai Madzivanyika undertook a mission to Eritrea on 25th February 2020, to strengthen areas of collaboration with both the government and the private sector.

A meeting was held with the Eritrean Minister of Foreign Affairs: Honourable Osman Saleh Mohammed- Minister and His Excellency Mr. Beyene Russom, the Eritrean Ambassador to Kenya and Permanent Representative to COMESA.
Dr. Magboul Dr. Magboul expressed appreciation to the excellencies for meeting with the COMESA Business Council. He further, expressed CBC's commitment to working with Eritrea and strengthening the private sector within the country to actively participate in regional trade.

The Honourable Minister Osman welcomed the approach and looked forward to working with the COMESA Business Council in engaging the private sector and working on practicable solutions that can advance Eritrean businesses within COMESA. The parties agreed on several actions including convening a national business dialogue: bringing together the Eritrean private sector to a platform of advocacy, and to increase awareness on the training opportunities and trade facilitation instruments within COMESA.

A side meeting was also held with the Mrs Zeferework Fessahaye Desta, Director, International trade relations, from the Ministry of Trade and Industry. Key issues of discussions included the need for COMESA to put in place mechanisms to facilitate small cross border trade and the implementation of the Simplified Trade Regime for the countries for Eritrea and its neighbouring countries: Djibouti, Sudan, Ethiopia and Somalia. Dr. Magboul also noted the strengthening cross- border partnerships as paramount. There parties assured that the COMESA Business Council will facilitate Sudanese businesses, Eritrean businesses and the Ministry of Trade to structure linkages and work towards a cooperation arrangement that can foster cross border linkages amongst the two countries.


New Approval Regime for Mergers, Acquisitions Ushers in Faster Process

It will cost more but take less time for firms to merge after Kenya enacted the Competition (General) Rules, 2019, ushering in a new approval regime in mergers and acquisitions.

The domestication of the new Common Market for Eastern and Southern Africa (COMESA) rules will eliminate double notifications. Companies based in Kenya with at least two-thirds of their combined turnover or assets generated or located in the country will only need approval from the Competition Authority of Kenya (CAK) to merge.

Merger transactions that meet the COMESA notification threshold should make a filing only to the COMESA Competition Commission (CCC) and not the CAK. The competition authority said the new regulations address dual notification to CAK and CCC, thus eliminating red tape and bureaucracy. Companies with a minimum combined turnover or assets of$10 million that want to merge must notify the authority, while those with assets of below $5 million do not need approval.

Approval

The regulations stipulate that where at least two-thirds of the merging companies' combined turnover or assets are generated or located outside Kenya, the companies will only require the CCC approval.

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Let us know your Policy Needs!!!
Visit:
http://comesabusinesscouncil.org/policy-survey-2020/

To fill in the 2020 CBC policy survey

Common Customs Bond in East Africa will Reduce Costs

Importers in East Africa will from July operate under a common Customs bond, which guarantees uniform import duties and taxes across all partner states. Currently, the value of Customs bonds varies from country to country because of the application of different duty rates, valuation and sensitivity of goods. Kenya requires importers of transit goods to secure a Customs bond issued by an insurance company, while delicate or sensitive cargo requires a bank or cash guarantee. In Uganda and Rwanda, the Customs bond is issued by an insurance company with rates based on the taxes charged by the destination country. According to the East Africa Community Single Custom Territory Monitoring and Evaluation Committee, the common Customs bond will reduce the cost of doing business and goods turnaround time.

This common Customs bond is expected to be adopted during the Council of Ministers in July as part of the pillar to create a Customs Union. It is meant to create a level playing field for the region's producers by imposing uniform competition laws, Customs procedures and external tariffs on goods imported from countries outside the EAC.

The Monitoring and Evaluation Committee met in Mombasa, Kenya to discuss how to tackle the remaining trade barriers. They agreed that enhancing integration of Customs and port functions will ease the seamless exchange of information among partner states. To secure cargo movement in the region, the revenue commissioners from Kenya, Rwanda, Burundi, Tanzania and Uganda, who were in attendance, said they were already implementing cargo tracking systems and before the end of this year, they will have one data control centre to monitor and track cargo.

The new data control centre involves computerisation of all Customs systems and it will help in enhancing online tools, which include a regional dashboard, transport observatory system and a geographic information system. A regional cargo tracking system is already operational on the Northern Corridor and it has reduced cargo loss to close to zero in 2019. The committee said EAC secretariat in collaboration with Trade Mark East Africa and other partner states particularly the Tanzania Revenue Authority (TRA) are looking into the possibility of interfacing the TRA Electronic Cargo Tracking System (ECTs) platform with existing ECTS systems along the central corridor.

Automation across the region has been enhanced in all partner states with upgrades of the Customs and migration systems to more advanced and robust systems, which are Kenya's Integrated Customs Management System (iCMS) for Cargo, Tanzania Customs Integrated System (Tancis) and Rwanda, Uganda and Burundi's (ASYCUDA world).

A customs interconnectivity study is being undertaken to establish the appropriate legal and system integration framework for a centralised interconnectivity platform to facilitate exchange of information required to support a Single Customs Territory. The Rwanda Revenue Authority Deputy Commissioner Musoni William said despite the progress, the region is still experiencing persistent Non-Tariff Barriers. Kenya Revenue Authority regional co-ordinator Southern Region Kenneth Ochola said they are setting up internal mechanisms in consultations with the Kenya Bureau of Standards to monitor compliance.

Read more on: https://www.theeastafrican.co.ke/business/Common-Customs-bond-East-Africa/2560-5460844-144srn8/index.html

CBC in Pictures

Delayed Leather Industry Park Could See Investors Flee from Kenya

Kenya is yet to begin the construction of a $164 million leather industry park, as it seeks to develop a sector riddled with exports of semi-processed leather commonly known as wet-blue and smuggling of raw hides and skins. This, despite the government doubling export tax to 80 per cent in a bid to encourage value addition.

The industry is on a downturn after China drastically cut imports of semi-processed leather products from Kenya due to quality concerns. Potential investors are turning to Ethiopia and Tanzania for opportunities.

The EastAfrican has established that the Kenya Leather Development Authority is yet to complete the construction of a $9.6 million common effluent treatment plant three years after embarking on the project. The affluent plant which is the major component of the park, is a key incentive for investors to open shop in the facility being constructed on a 500-acre piece of land, and aimed at providing a one stop shop for leather, footwear, leather goods and allied industries.

"KLDA has so far received 30 applications from investors from across the globe, seeking to set up shop i Kenya, with the majority being from Asia"

KLDA chief executive Dr Issack Noor attributed the delays to the prolonged rains experienced in the country since 2018. “We have encountered delays in building the plant because of rains but we are on course to complete it by September this year,” he said.

KLDA has so far received 30 applications from investors from across the globe, seeking to set up shop i Kenya, with the majority being from Asia. “The park promises to be a plug-and-play facility but investors are wondering how committed Kenya is to develop the leather industry if the affluent plant alone takes more than four years to complete,” said secretary general of Leather Apex Society of Kenya Beatrice Mwasi.

Tanzania and Ethiopia on the other hand, are offering incentives to investors. Last year two Italian companies, Toscana Machine Calzature and ItalProgetti, ventured into Tanzania to invest $24.5 million in leather factories, one for shoes and the other for tanneries. Ethiopia, which already has a thriving leather sector is also keen on spurring the leather industry with investments in industrial parks. China, which Kenyan exporters relied on, is increasingly turning to South American countries for semi-processed leather where the quality is of high standards. The decline in demand from China is threatening the survival of the 14 tanneries in Kenya, majority of which are operating at below 40 per cent of their capacity.

Data in the Economic Survey 2019 shows Kenya’s leather exports declined to 23,141 in 2018 from 26,212 tonnes in 2014, while exports of footwear plunged to 34.4 million from 40 million pairs in the same period. Globally, the leather industry is estimated to be worth $100 billion and despite Africa owning a fifth of the global livestock population, the continent accounts for a paltry four per cent of world leather production and 3.3 per cent of value addition in leather.

https://www.theeastafrican.co.ke/business/Delayed-leather-industry-park-could-see-investors-flee/2560-5451282-yo41gqz/index.html

Bank of Uganda Keeps Policy Rate at Nine Per Cent

Uganda's Central Bank has kept its policy rate at nine per cent at its first Monetary Policy Committee meeting of 2020. This reflects opportunities for stronger credit growth and a stable exchange rate but falls short of being an economic stimulus.

"Our policy rate was around 13 per cent in late 2018 but has since dropped to nine per cent today. Prime lending rates have also dropped from 23 per cent to about 18 per cent during the same period," said BoU's executive director for Research Dr Adam Mugume. "But monetary policy transmission patterns take long to feed into the economy as banks move to adjust to changes in policy rates, borrowers' terms and conditions plus fairly long turnaround times experienced during disbursement of funds to selected borrowers."

Soft policy actions pursued by BoU since 2018 have led to notable declines in interest rates, a lending frenzy among big banks seeking to exploit cheaper funds in the inter-bank market to grow their loan portfolios and muted growth in default rates.

Strong rains that boosted food harvests last year have tamed headline inflation rates, to an average 3.7 percent, over the past three years, which below the annual policy target of five per cent.

While private sector credit flows grew by 12 per cent as at the end of 2019 compared with 5.7 per cent in 2018, headline inflation — a measure of average changes in local food prices — dropped from 3.6 per cent in December to 3.4 per cent in January according to data from the Uganda Bureau of Statistics.

Read more on: https://www.theeastafrican.co.ke/business/BoU-keeps-policy-rate-at-nine-per-cent/2560-5459826-11gncrtz/index.html

Zimbabwe Dry Port Records Huge Business Turnover

Zimbabwe's dry port in Walvis Bay, Namibia, is now operational and has recorded exceptional business turnover following its official opening by President Mnangagwa last year, Transport and Infrastructural Development Minister Joel Biggie Matiza has said. The dry port is one of the country's trade gateways to the Atlantic Ocean opened under the new dispensation in line with President Mnangagwa's policy that Zimbabwe is open for business."

Walvis Bay dry port is seen as an alternative, cheaper and shorter route for transportation of goods via the sea. In an interview , Minister Matiza said more business was coming via the Walvis Bay dry port. I am happy to tell the nation that our dry port in Walvis Bay is now fully operational. Business is coming and it's very encouraging," said Minister Matiza. "

We have received the first consignment of about 200 tonnes of timber and the port is being managed by the National Handling Services. We are expecting more volumes in the not-too-distant future." Officially opening the port, President Mnangagwa said: "This dry port infrastructure will go a long way towards the realisation of economic development and integration of our countries. It's not only going to serve Zimbabwe.

"It is going to serve Zimbabwe Botswana, Malawi, Zambia and possibly DRC. This facility provides us in Zimbabwe with a direct alternative shipping route on the Atlantic side for both exports and imports from the Americas, the Far East, Europe and West Africa. It will further broaden the prospects of our companies to increase trade within the context of African (Continental) Free Trade Area (AfCFTA), by promoting inter-African trade."

The dry port facility was built on an estimated 19 000 square metres given to Zimbabwe by Namibia on a lease agreement of over 50 years. In a related development, Cabinet recently approved the construction of a rail line linking Zimbabwe and the Beira seaport in Mozambique by an Australian company — Balmoral Investments.

The rail line would be used to carry mining and agricultural produce destined for other countries. Balmoral Investments, according to the Ministry of Transport and Infrastructural Development, owns a piece of land at the Beira seaport and is going to construct a dry port and a container depot that would be handed over to the Government of Zimbabwe under a Build Operate and Transfer arrangement. It is understood that Balmoral Investments is already mobilising funds for the construction of the sea port

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Read more on: https://bulawayo24.com/index-id-news-sc-national-byo-179953.html

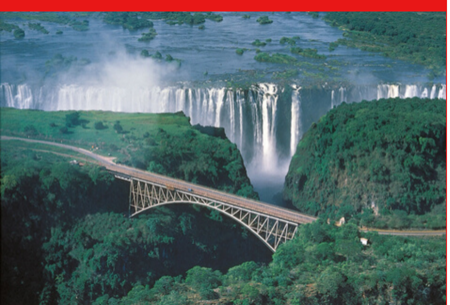
Market Focus: Zambia

Republic of Zambia lies in a central position in southern Africa. It is a landlocked country between Angola in the west, Namibia, Botswana and Zimbabwe in the south, Mozambique, Malawi and Tanzania in the east, and the Democratic Republic of Congo in the north.

According to The World Bank, the country has a total population of 17.09 million, a Gross Domestic Product (GDP) of US$26.72 billion translating to a GDP per capita of US$ $1,540. Zambia has shown steady real GDP economic growth averaging about 6.4 per cent since 2008. Copper remains the country's mainstay, contributing about 70 per cent to export earnings.

It is a member of World Trade Organisation (WTO), the Common Market for Eastern and Southern Africa (COMESA) which is headquartered in Zambia's capital city, Lusaka, Southern African Development Community (SADC) and African Union.

Zambia is a landlocked country surrounded by 8 other countries



Trade Opportunities

i. Markets which Zambia can target in COMESA and supply Products

	Market	Products with Potential
1.	Zimbabwe	Oilcake, tobacco, non-alcoholic beverages, maize seed, fertilised eggs, wire of refined copper, packaging material, cement, agriculture insecticides, hydraulic lime, tubes, pipes, electric conductors, soya beans, soya bean flour & meal.
2.	Malawi	Bars of iron & steel, stranded wire, cables of copper, beans, sugar cane, portland cement, electric conductors, maize seed, cement clinkers, sweet biscuits, chewing gums, live chickens, honey, packaging material, wire of refined copper, active yeasts, chicken, packaging material, yarn, electric lamps
3.	Kenya	Cane sugar, maize seed, wire of refined copper, oil cake, electric conductors, maize corn, fertilized eggs, ferro silico manganese, refined copper, zinc dust, soya beans, maize starch, bran, soya bean flour, electric conductors, beverages, raw hides & skins, birds eggs
4.	Burundi	Maize corn & seed, bars of iron & steel, sweet biscuits, cement, cement clinkers, electric conductors, beverage drinks, cane sugar, footwear, sweet biscuits, chewing gums, soap in flakes, prepared explosives, telephone sets, quicklime, undenatured ethyl alcohol.
5.	Rwanda	Cane sugar, maize corn, bran, oil cake, insulated cables, fish, structures of steel, prepared explosives, maize seed, soya beans, sweet biscuits, electric conductors

ii. International Markets Zambia can target and Supply Products

	Market	Products with Potential
1.	Switzerland	Rubies, sapphires & emeralds, copper cathodes, unrefined copper, cobalt mattes, leather, cut flowers, copper refined and unrefined, oil cake, wire of refined copper, honey, cotton, scrap silver, copper oxides & hydroxides, zinc dust, cobalt, cotton linters, copper ores & concentrates, lead ores & concentrates, arsenic sulphides.
2.	China	Copper refined & unrefined, copper alloys, cobalt, manganese ores & concentrates, wood, ferro silico manganese, hydraulic lime, lead ores, copper oxides, zinc ores, furniture.
3.	Singapore	Copper refined & unrefined, copper alloys, cobalt, manganese ores & concentrates, wood, ferro silico manganese, hydraulic lime, lead ores, copper oxides, zinc ores, furniture, raw hides & skins, cotton, cotton linters, green tea.
4.	United Kingdom	Copper refined & unrefined, copper alloys, cobalt, manganese ores & concentrates, wood, ferro silico manganese, hydraulic lime, lead ores, copper oxides, zinc ores, furniture, raw hides & skins, cotton, cotton linters, green tea, cut roses, peas, natural honey, fresh tarmids.
5.	United Arab Emirates	Copper refined & unrefined, copper alloys, cobalt, manganese ores & concentrates, wood, ferro silico manganese, hydraulic lime, lead ores, copper oxides, zinc ores, tobacco, cotton, tubes & pipes.

iii. COMESA Countries can supply the following products to Zambia:

Iron, steel products, Mineral or chemical fertilizers, nitrogenous, Pharmaceutical products, Electric transformers Mixtures of nitrogen, phosphorous or potassium fertilizers, Pumps for liquids; liquid elevators, Fish, frozen, Insulated wire/cable, Refrigerators and freezers, Insecticides, fungicides and herbicides, Tap, cock, valve for pipe including pressure, reducing valves, Agricultural, horticultural, forest, bee keeping machinery, Furniture and parts thereof, Transmission shafts &cranks, bearing, housing; gearing, Washing & cleaning agents/preparations, Electrical, apparatus for switching, Fruit & vegetable juices, unfermented, Articles of iron or steel, Cast articles of iron or steel

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