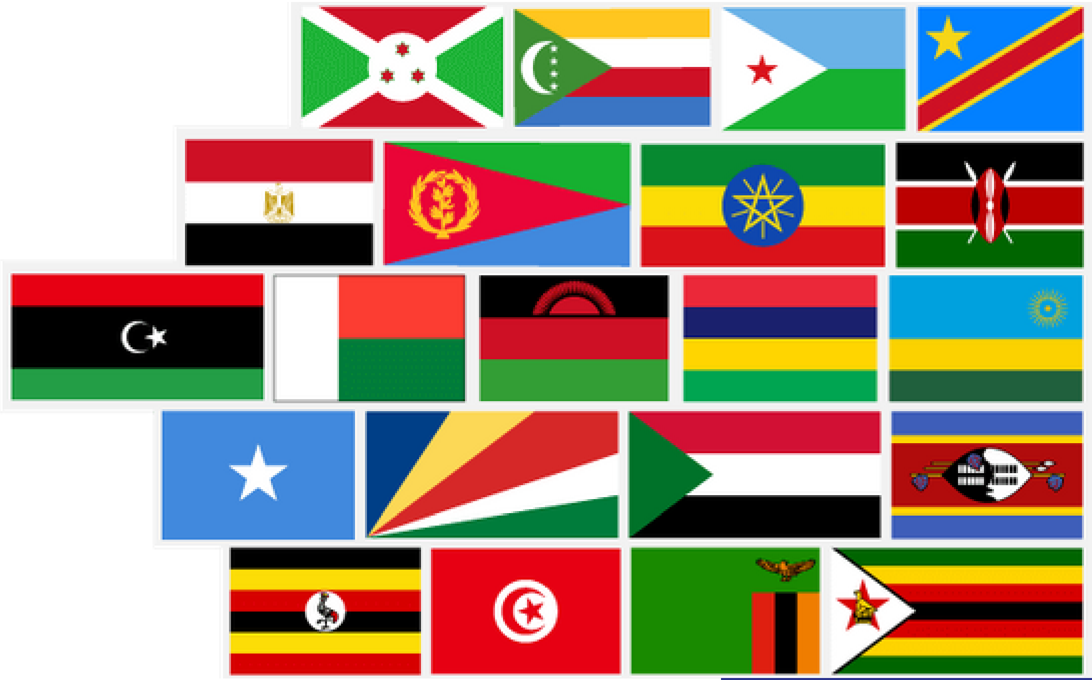
ISSUE 52

BIZNET WEEKLY

Newsletter

News Updates from the COMESA Business Council - 16 September, 2019.



About CBC

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..

CBC COMESA BUSINESS COUNCIL

Voice of the Private Sector in the Region

BUILDING REGIONAL GOING GLOBAL

INSIDE THE NEWS

1ST UGANDA - TANZANIA BILATERAL TRADE MEETING

The Uganda-Tanzania Bilateral Trade meeting was held on 6th September at Julius Nyerere International Convention Centre. The meeting was attended by the CBC CEO; Ms Sandra Uwera and Digital Financial Inclusion Manager; Dr. Jonathan Pinifolo.

Prior to the meeting, the Digital Financial Inclusion Manager had meetings with Regulators namely Bank of Tanzania and Tanzania Communications Regulatory Authority (TCRA) to understand the existing Infrastructure and regulatory framework on Digital Financial Inclusion.

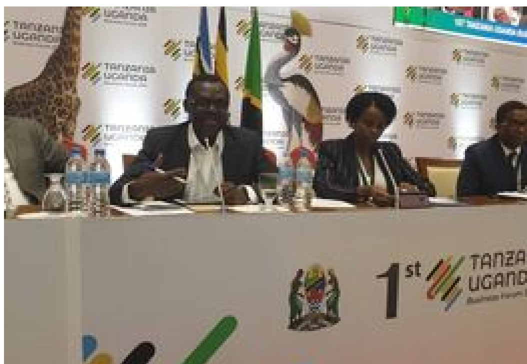
The CBC CEO, Ms. Sandra Uwera was a Panel member on Finance roundtable discussion. The Panel was coordinated by Olivia Byanyima who is a Finance and Investment Specialist and the Session was attended by Ms. Sandra Uwera CEO COMESA Business Council, Mr Patrick Mweheire, Chief Executive Stanbic Bank Uganda, Mr. Abdulmajid Nsekela, Managing Director CRDB Tanzania, Mr Patrick Ayota, Deputy Managing Director National Social Security Fund Uganda and Mr Oscar Mgaya, Chief Executive Officer, Tanzania Mortgage Refinance Company.

The Finance plenary session focussed on financing to meet business and government objectives. Among other aspects, the discussion included the following:
1. Access to financial services by the citizens of Uganda and Tanzania, and how new technologies are increasingly impacting all sector.
2. Financing the planned infrastructure developments in Uganda and Tanzania
3. Supply chain financing for key sectors
4. Utilizing private sector investments in social sectors particularly education and health

It was noted that the opportunity for Investment in both countries are numerous. Uganda and Tanzania have enviable tourism assets, ideal soils and climate for a variety of agricultural products, significant deposits of crude oil and natural gas, a growing middle class with high purchasing power, a sizeable and adaptable workforce. The two countries are increasingly better connected by air,land and water, and their governments offer lucrative tax cuts. Key opportunities for Investment include Manufacturing, Infrastructure, Mining and Extractives, Agribusiness, Information Communication Technology, Tourism, Fisheries, Education and Financial Services.

It is further important to note that East Africa has recorded consistent, more-than-average growth in the number of Foreign Direct Investment over the last decade. The East African Community (EAC) is the second largest single market in Africa of around 145 million, second only to Nigeria with its 200 million. Investors in East Africaalso have access to the Common Market for Eastern and Southern Africa (COMESA) through Uganda and Kenya, the Southern Africa Development Community (SADC) through Tanzania; and all 3 countries enjoy preferential access to the EU market and the US market through the African Growth and Opportunity Act (AGOA).





HOW MAURITIUS IS BECOMING A BIG BUSINESS PLAYER IN AFRICA

This small country is becoming a big business player not only in Africa but on a global scale. Mauritius may just be an island – its annual tourist influx of 1.4 million outnumbers its own population of around 1.3 million – but this hasn't stopped it, over the past three decades, from growing into a giant on the business front. As far as the continent goes, it's already racked up a number of African "firsts" in terms of international business achievements. These include Economic Freedom of the World (2017, Fraser Institute), Forbes Survey of Best Countries for Business (2017) and the Global Competitiveness Index (2017-2018). It also secured first place in Africa and 25th position overall out of 190 countries on the World Bank's Ease of Doing Business Report, receiving recognition in terms of its political, social and economic stability, efficient and effective regulatory framework, state-of-the-art infrastructure, transparent and innovative legal framework and
its highly competitive tax system.

With a government focused on promoting foreign and domestic investment, it has enabled free repatriation of profits, no withholding tax on dividends, interest and royalties, no capital gains tax, and no estate duty, inheritance tax or gift tax. It has 44 tax treaties with countries across the globe and another 32 in various stages of negotiation and ratification. Together with its low tax rates, its fiscal regime has seen it being listed in 2017 on the Organisation for Economic Co-operation and Development (OECD) "white list" in terms of transparency and being a fully compliant tax jurisdiction in terms of best practice international standards. It was, indeed, one of only three such top-rated jurisdictions in the world.

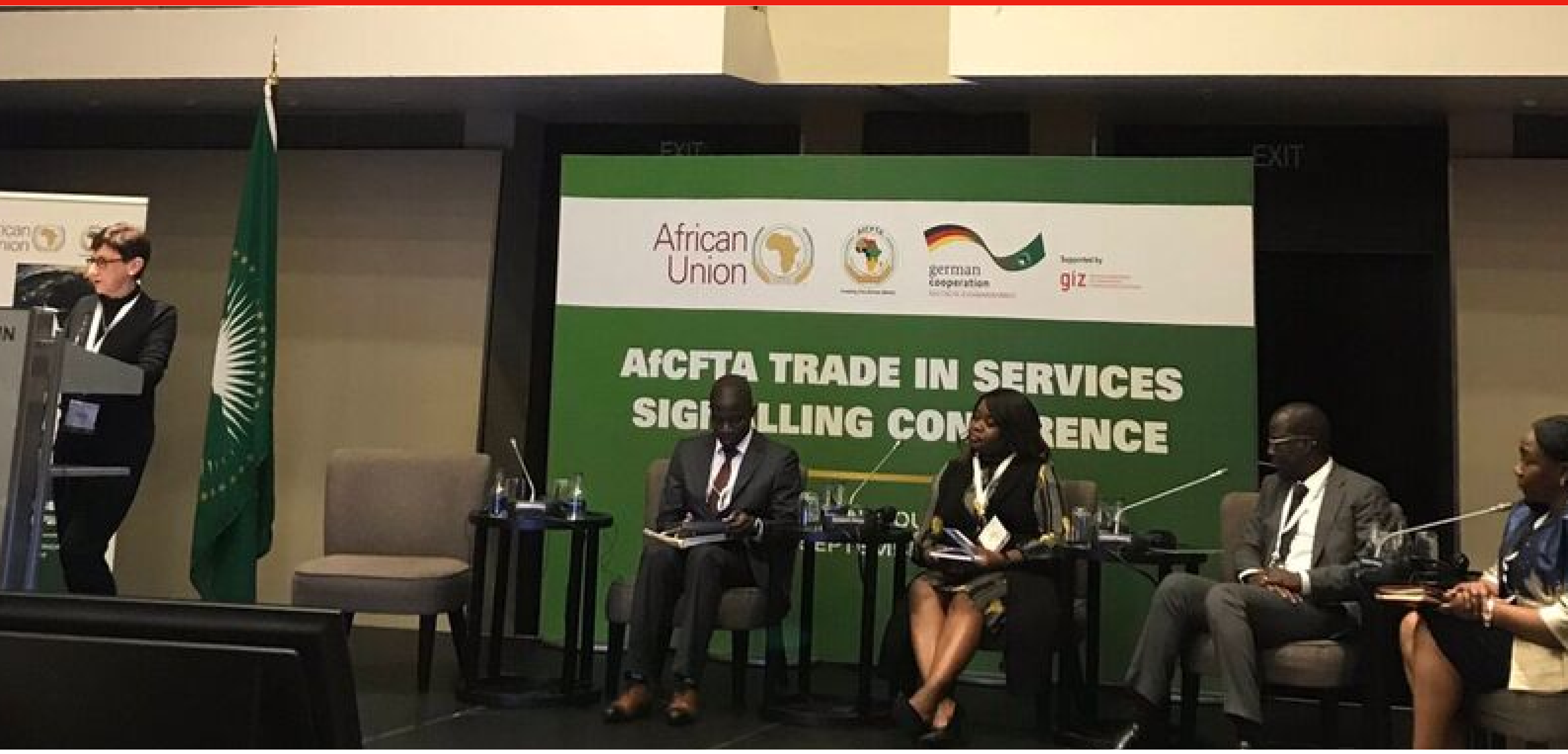
Investors from places such as France, India, the UK, SA – are all seeing it as a safe place to set up shop. It's why we, as The Business Exchange (TBE) with our own home base in South Africa, have set up our latest coworking space here, to meet the growing demand for office space on the island. A safe investment climate, efficient financial infrastructure and political stability are always going to be highly conducive towards attracting and conducting business. Little over an hour longer in flying time than the time it takes to travel between Cape Town and Johannesburg, the third smallest country in Africa is, therefore, becoming an
attractive destination in which to live, work, play and stay quite possibly forever.

Its private and government institutions are strong. Good schooling (in English with French as a second language), state-of-the-art healthcare facilities, and a low crime rate are starting to see a number of South Africans turning their heads north in its direction – families as well as companies. As a property ownership destination, it's already been proving its worth for a number of years now, initially for holiday and second homes but, today, increasingly for residency, relocation and retirement. A huge attraction for investors and in particular those looking to attain passive rental income, has been its property development schemes for foreign non-citizen investment. An investment of $500 000 or more in a PDS will also grant an investor permanent residence status.

And, as we ourselves have found as The Business Exchange, there's a great deal that's attractive to invest in from a business perspective as well. Not only is there an ideal opportunity for us to service the rapidly growing need for professional office space on the island, but we've also decided to use the country as the perfect base from which to launch our own growth into the rest of Africa. Legislation around setting up companies and ownership structures in Mauritius are quite straightforward and relatively simple to administer with the right partners and advisors onboard. It may well have been a place of beaches to start with, a few decades ago – and, believe me, those pristine sands are still just as beautiful – but it's business opportunities are now among its biggest attractions. And as South Africa continues to reflect uncertainty, I've no doubt that Mauritius's positive offerings will continue to grow even brighter.

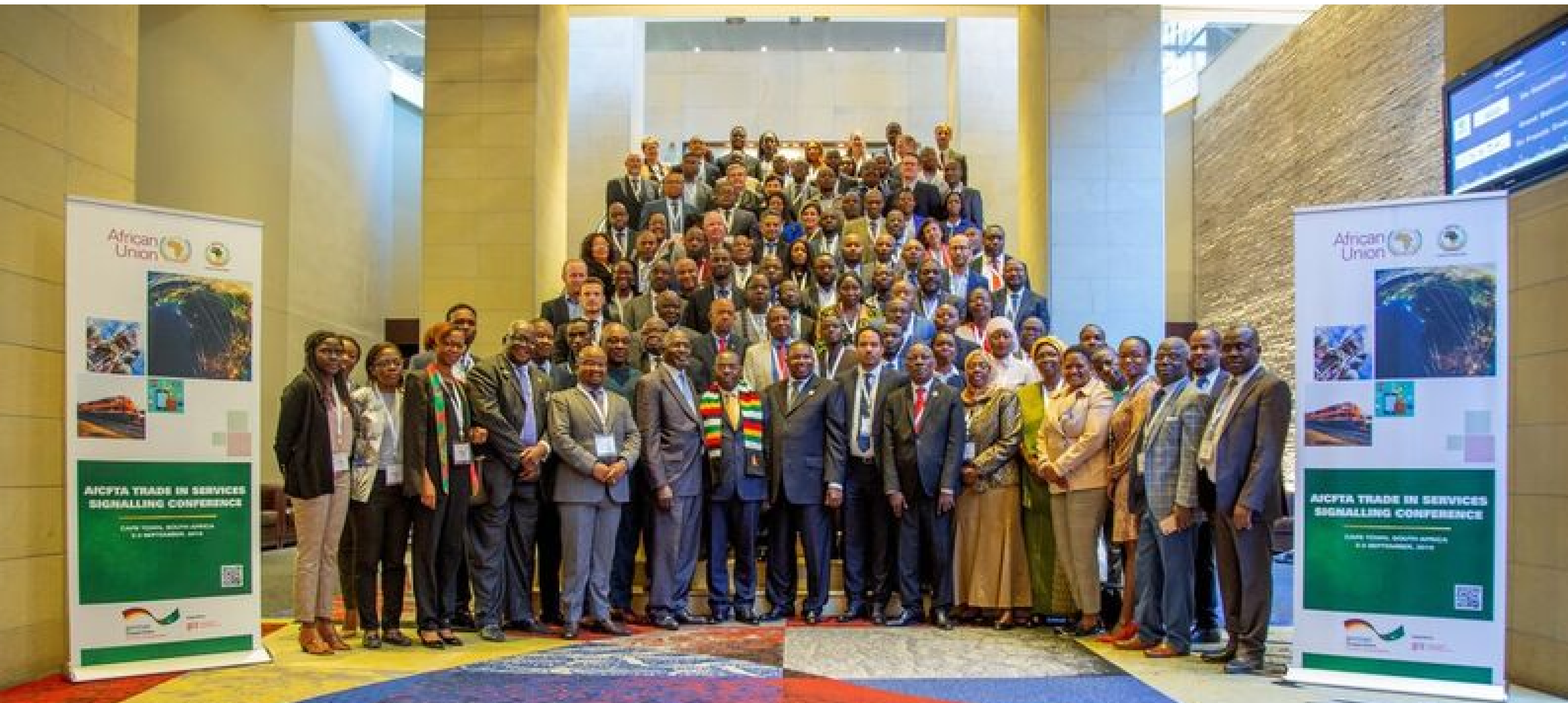
Read more on https://techfinancials.co.za/2019/09/10/how-mauritius-is-fast-becoming-a-big-business-player-in-africa/

AU AFCFTA TRADE IN SERVICES SIGNALLING CONFERENCE



The COMESA Business Council through Business Policy and Programs Manager, Ms Kudzai Madzivanyika participated in the African Union's African Continental Free Trade Area (AfCFTA) Trade in Services Signalling Conference, 2-3 September 2019 that was held in Cape town, South Africa. She presented in one of the key sessions with a focus on promoting trade in professional services and removing the barriers (mainly domestic regulation) to the movement of professionals in the region.

The Conference brought together representatives from several AU member States, some regional economic communities (RECs) and private sector to discuss priorities for services sector commitments under the AfCFTA Agreement. The discussions focussed on key issues including; the need for inclusion of the private sector and regulators within the Trade in Services negotiations, growing tradable services to increase trade, the need for an enabling business and regulatory environment, infrastructure development and promoting the movement of people as key to an effective services trade integration. The Conference participants presented positions and recommendations to the African Ministers who had also participated at the event.



COMESA BEGINS CRACKDOWN ON ROGUE COMPANIES

The Common Market for Eastern Africa Competition Commission has opened investigations into firms operating in the 21-member economic bloc, which exploit consumers to make super profits. The EastAfrican has learnt that pharmaceutical and construction companies are targeted in the initial phase of investigation on production of fake goods, price fixing and cartel-like behaviour. The investigations are expected to be completed by December.

The next phase of investigations, which starts in January 2020, targets firms in the banking, telecommunications, dairy, beverages and water sectors. It is estimated that countries without effective competition laws lose one per cent of their gross domestic product annually from reduced production and investments. According to the regional competition watchdog, trading malpractices among firms operating within the Common Market for Eastern and Southern Africa member states have seen prices of certain goods and services inflated by between 25 and 30 per cent by unscrupulous traders. The products highly susceptible to price fixing are white rice, white sugar, frozen chicken, bread, butter, flour, milk, potatoes, eggs and chocolate.

According to the Commission the retail prices of 10 key consumer goods are on average at least 24 per cent higher in African cities than in other economies around the world even after factoring in transportation and other input costs. “In some sectors such as banks, collusion behaviours by a few dominant firms have produced significant costs for local consumers raising prices above the international levels,” said George Lipimile, CCC’s chief executive.

According to the commission, collusion and cartel-like behaviour in various sectors of the economy are largely brought about by firms which cannot compete at both national and regional levels. As a result, the commission is collaborating with national competition authorities and ministries of trade of member states to gather information on firms suspected to be involved in trading malpractices with sanctions including financial penalties amounting to 10 per cent of each firm’s annual turnover. “We are currently screening various sectors, which have prioritised to identify the anti-competitive practices such as price fixing and collusion tendencies,” said Stellah Onyancha, CCC’s manager in-charge of enforcement and exemptions.

Competition Laws

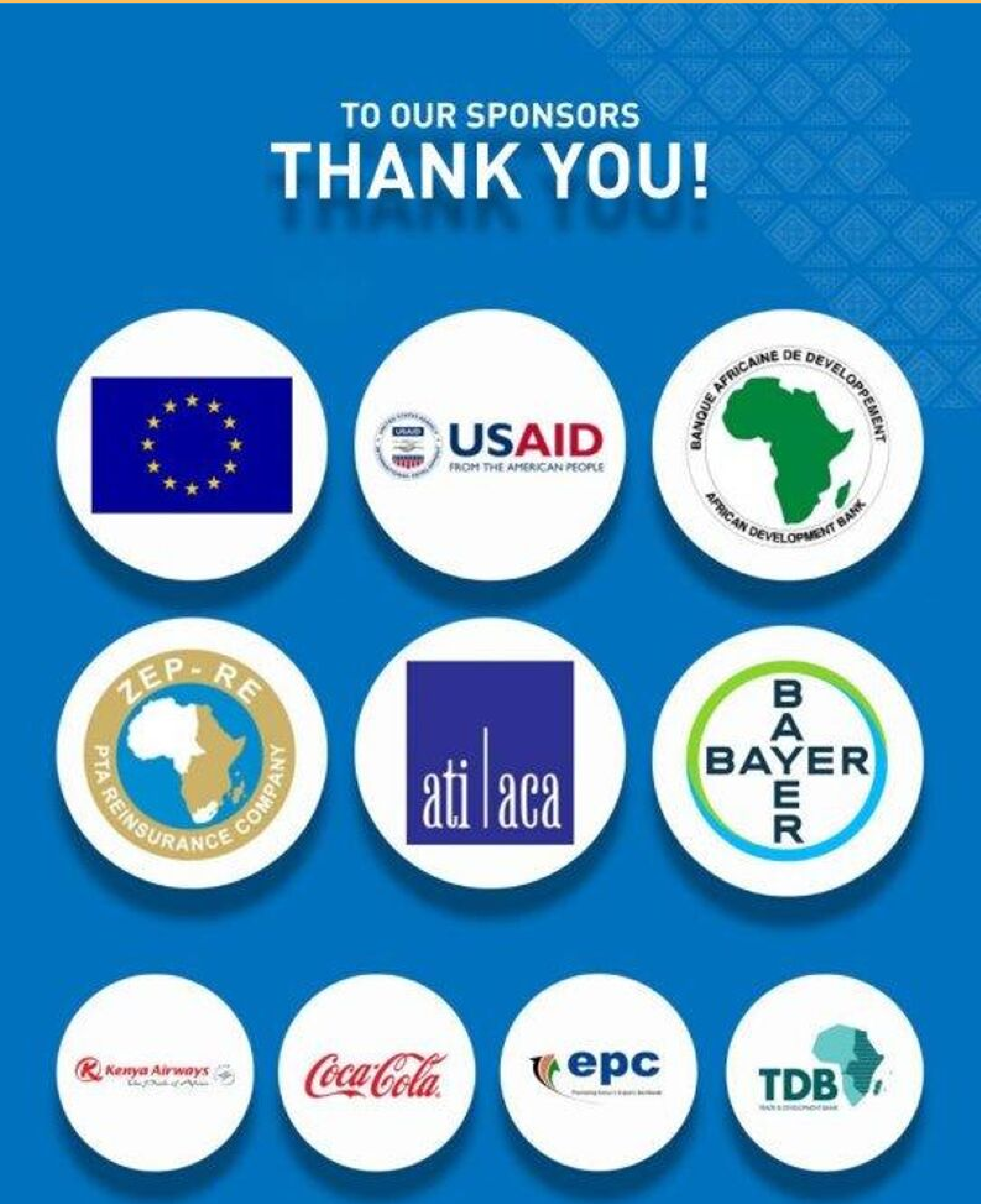
Although all COMESA member states save Somalia, Libya and Eritrea have competition laws in place the enforcement of these legislations in several countries has been hampered by lack of capacity and political will. “Competition laws are meant to protect and promote the competitive process so as to promote economic efficiency in terms of low prices and increased consumer choices. However, most competition laws within the COMESA region are not being enforced. Most competition laws are just gathering dusts on shelves,” said Mr Lipimile.

Within the East African Community member states the competition Authority, which started operations last year said it was also investigating firms and trade associations engaged in trade malpractices and exploitation of consumers through price fixing. It is also undertaking sector studies to inform the competitiveness of the regional economy. It is argued that East Africa’s competitiveness as an investment destination is at risk from the rising incidence of unfair trade practices among firms operating across the region.

Firms operating across the region engage in exclusive agreements, and form cartels, forcing consumers to pay relatively higher prices for goods and services.

Read more on: https://www.theeastafrican.co.ke/news/ea/Comesa-begins-crackdown-on-rogue-companies/4552908-5272630-4gmw2tz/index.html

The Source21 COMESA International Trade Fair and High Level Business Summit would have not been a huge success without the help of our partners and sponsors



THIS WEEK'S PRODUCT FOCUS - AVOCADOS

Avocados (Persea Americana) are green or brown skinned, pear-shaped or egg-shaped fruits that ripen after harvesting. The fruit can self-pollinate because of dichogamy in its flowering and this added to the long juvenile period, makes the species difficult to breed. Most varieties are propagated by grafting. Various different cultivars or varieties are available of the fruit, but the main imported avocado variety is Hass. The avocado is popular in vegetarian cuisine as a substitute for meats in sandwiches and salads because of its high fat content. Generally, the fruit is served raw, though some varieties like the Hass can be cooked for a short time without becoming bitter. Their potential health benefits include improving digestion, decreasing risk of depression and protection against cancer.

OPPORTUNITIES

The Hass avocado, with pebbled black skin, is currently the main planted variety. The global import of avocados almost doubled in the period 2014 to 2018from US$3.4 billion to US$6 billion. The table below highlights major importers regionally and internationally;

International Markets	Regional Markets
- United States of America - Netherlands - France - Germany - Spain - United Kingdom - Canada - Japan - China - Belgium	- Morocco - South Africa - Egypt - Namibia - Botswana

MARKET ANALYSIS

According to Trademap statistics, COMESA's exports of avocados to the world has been increasing over the years. Over the past five years, COMESA's exports increased by 219% from US$38 million in 2014 to US$123 million in 2018. The major export markets for COMESA include Netherlands sourcing 35% of total exports, United Arab Emirates (14%), France (12%), Spain (9%), United Kingdom (8%), Russia (7%), Saudi Arabia (6%) and South Africa (2%), among others.

Global supply of avocados is highest from February to September, when prices are lower than during the rest of the year. In periods of low global supplies,especially in October and November, prices of small volumes of ready-to-eat avocados tend to increase their prices to approximately US$15 per 4kg box.

PRODUCT FOCUS - CONT'

EXPORT POTENTIAL

In the past years COMESA countries who have been producing and exporting avocadoes include Kenya, Zimbabwe, Egypt, Eswatini, Rwanda, Ethiopia and Uganda. Countries with potential to increase their exports include Burundi, Mauritius, Zambia and Tunisia. Generally, COMESA has potential to increase export of avocados to the world considering the favourable climatic conditions suitable to organically grow avocados. Avocados are a crop/tree that most easily lends itself to organic practices because of the relatively low pest pressure, low nutrient demand and low weed pressure when mature.

STANDARDS

Exporters are urged to comply with food quality and safety standards such as Global GAP, Fair Trade and Sustainable Agriculture Network:

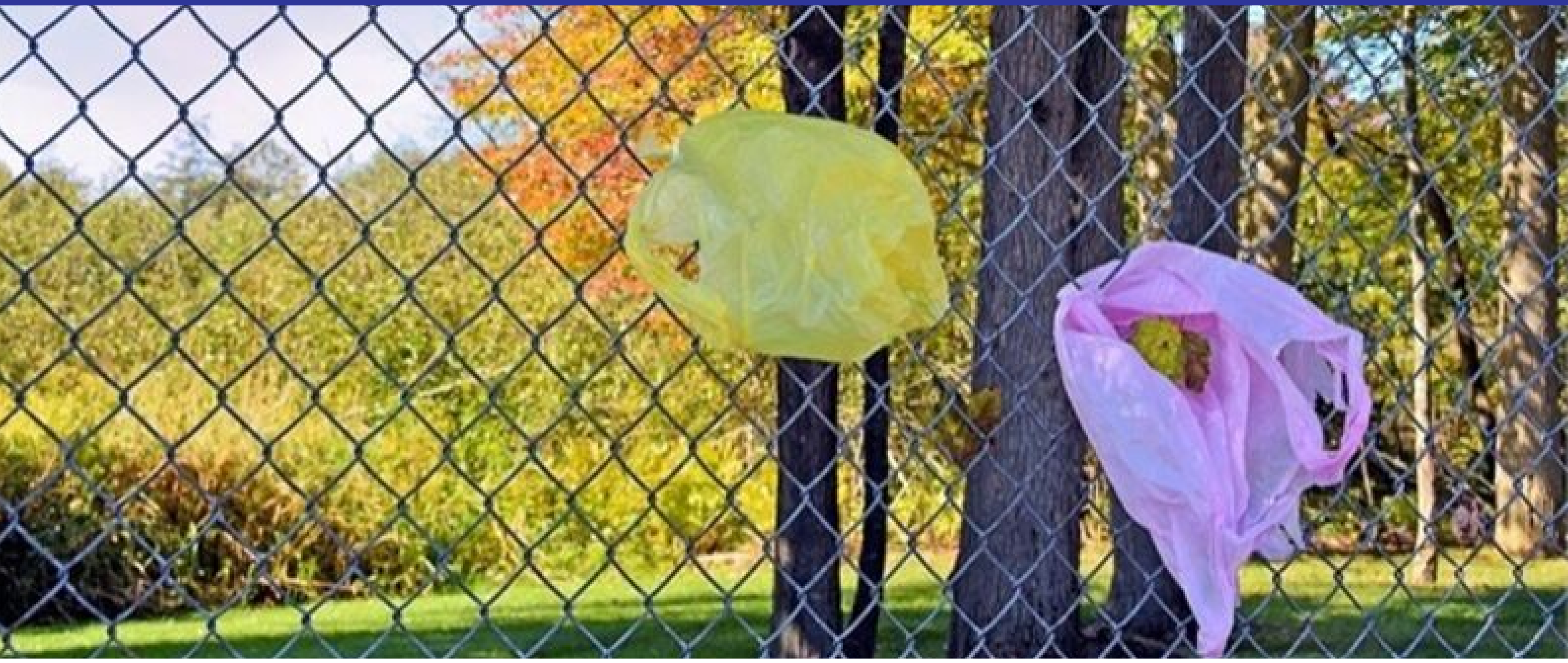
GLOBAL G.A.P: Crops (Global Good Agricultural Practice): the standard is primarily designed to reassure consumers about how food is produced on the farm by minimising detrimental environmental impacts of farming operations, reducing the use of chemical inputs and ensuring a responsible approach to worker health and safety as well as animal welfare.

HACCP (Hazard Analysis and Critical Control Points: Requirements: for the hygiene of food is laid down and states the general hygiene procedures for food at all stages of the production process from primary production to the world consumer ("from-farm-to-fork approach").

Fair Trade International: an independent, non-governmental, not-for-profit organization that promotes sustainable development and poverty alleviation and sets the Fairtrade standards. One organization (FLO-CERT) is responsible for auditing and certification of compliance against the Fairtrade standards.

Sustainable Agriculture Network: Rainforest Alliance: network of conservation groups committed to community-base conservation initiatives and research. The certification program for SAN standards is operated by Rainforest Alliance.

HAS KENYA'S PLASTIC BAG BAN WORKED?



Two years ago, Kenya introduced a ban on plastic carrier bags. Tens of millions of plastic bags were handed out in supermarkets every year in Kenya. They polluted the environment and clogged up drainage systems contributing to floods in rainy seasons. A study supported by the National Environmental Management Agency (NEMA) found that more than 50% of cattle near urban areas were found to have plastic bags in their stomachs. So after years of promising to take action, the government made the manufacturing, sale and distribution of plastic carrier bags illegal. Since the ban, the government says 80% of the population have stopped using plastic carrier bags. Although this is encouraging, some of the alternatives have also been found to be environmentally damaging.

Anyone found manufacturing, importing or selling a plastic carrier bag could be fined up to $40,000 (£32,000) or face a prison sentence of up to four years. Using the banned bags carries a fine of more than $500 or a jail term of up to a year. So far, fines
of between $500 and $1,500 have been handed out to around 300 people. Others have been sent to jail, says Keriako Tobiko, Kenya's Environment Minister. Last year, 18 people who pleaded guilty in a court in the Kenyan coastal city of Mombasa were fined $300 or sentenced to eight months in jail for using the bags. In other cases, first-time offenders have been let off without punishment.

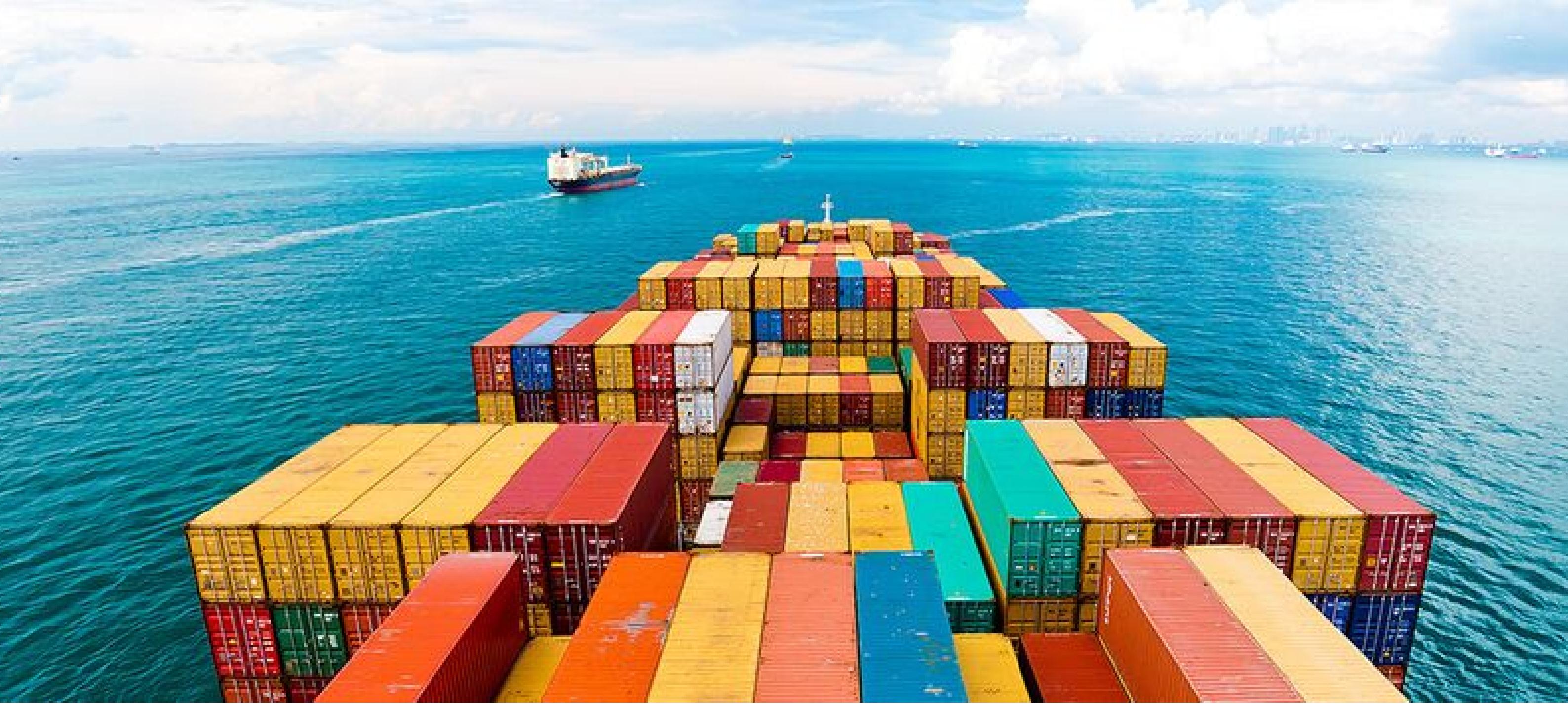
"It is good progress if what we see around is anything to go by. Previously, driving from Nairobi to a place like the Masai Mara you would see plastic bags hanging from trees like flowers after being blown away and getting stuck. We don't see them any more," says Nancy Githaiga, WWF Kenya's policy and research manager. The ban has largely been considered a success although some types of plastic bags have not disappeared entirely. While supermarkets and many shops are no longer handing out carrier bags, small traders have been using a smaller bag made of clear plastic. There are signs these are being smuggled into the country from neighbouring countries.

Government Faces New Problems

Following the ban, polypropylene bags became a popular alternative. Polypropylen is a type of plastic that is easier to recycle than polythene, the plastic more widely used in bag production. However, NEMA found that manufacturers soon started to reduce the quality of this type of bag, increasing the polythene content, so it couldn't be recycled. "The single usage of these bags will eventually lead to heavy environmental consequences due to poor disposal practices currently being experienced in the country coupled with the lack of requisite infrastructure to sustainably manage these bags," NEMA says. The government then banned polypropylene bags in March 2019 until a quality standard was introduced. But manufacturers and traders challenged this and the ban was reversed, so that polypropylene is currently permitted. KAM claims the plastic bag ban led to a loss of jobs, investment and markets as some manufacturers closed their businesses and others relocated to other countries. But it has also brought new business opportunities. "The few remaining plastic bags manufacturing companies have diversified their operations to produce fabric-based bags, non-woven bags, pulp paper-based bags amongst others," KAM's communications officer Grace Mbogo told the BBC. "However, the capacity for production remains low due to the limited supply of raw materials domestically."

Read more on: https://www.bbc.com/news/world-africa-49421885

UGANDA STARTS DIGITAL TAX STAMP ROLL-OUT



Uganda Revenue Authority (URA) has started the implementation of the Digital Tax Stamps system. Speaking during the launch of the taxpayers' appreciation month for Northern Uganda in Gulu at the weekend, Mr Cyprian Chillanyang, the URA business policy assistant commissioner, said the implementation had already started, noting that the rollout plan, which will have its first phase implemented throughout the 2019/20 financial year, will start with water, beer, soda, juices, cigarettes and other soft drinks. "Right now we are preparing soda and water factories to install equipment. Government has contracted a Swiss company (CISPA) that is going to put these tracking features in factories," Mr Chillanyang said.

In Kabalore, Ms Patience Rubagumya, the URA commissioner legal services and board affairs, said during the award ceremony for best taxpayers in Fort Portal that various interventions, key among them, digital stamps and electronic fiscal devices, had been put in place to ensure compliancy at a time when the tax agency is seeking to collect about Shs20.3 trillion in the 2019/20 financial year. "The electronic fiscal device will help us to collect more taxes and reduce smuggling and entry of counterfeits," she said, noting that the machines will be relaying data to URA for effective assessment and recording keeping.

Digital tax stamps are physical paper stamps applied to goods or their packaging containing among other things, security features to prevent counterfeiting, tracking capabilities that aid URA's monitoring of compliance of the product in order to curb tax evasion and increase revenue collection. Once stamped, a product can be verified by URA agents for authenticity using specialised digital equipment. The roll out of digital stamps had been delayed by the lack of resources after Parliament in May queried more than Shs103b, which URA had requested through a supplementary request to implement the system. URA was also put to task to explain why it had procured the services of CISPA without a competitive bidding process.

A section of traders and private sector players have also recently asked URA not to introduce a system that will transfer burdensome costs on an already loaded business community. Recently, Ms Barbara Mulwana, the Uganda Manufacturers Association chairperson, said: "We are very disturbed about the digital tax stamps, in a way it is negative and it is going to add to the costs of doing business." Digital stamps, according to URA, will address challenges of illicit trade, counterfeit products and unfair competition. "... we want to ensure that consumers are not duped into buying fake products." Mr Chillanyang said. According to Uganda National Bureau of Standards, nearly 54 per cent of products on the Ugandan market are either faked or counterfeited. URA has previously implemented tax stamping although in a version it says was too manual and became prone to forgery.

Read more on: https://allafrica.com/stories/201909090836.html

MARKET FOCUS: MALAWI

Republic of Malawi is a landlocked country in south-eastern Africa, bordered by Zambia to the northwest, Tanzania to the northeast and Mozambique to the south, southwest and southeast.

According to The World Bank, the country has a total population of 18.62 million, a Gross Domestic Product (GDP) of US$7.06 billion translating to a GDP per capita of US$392. Malawi is a predominantly agricultural economy that is highly dependent on tobacco, though tea and mining play an increasingly significant part in the economy.

Trade Opportunities

Markets which Malawi can target in COMESA and Products

Market	Products with potential
Egypt	Tobacco, tea, cane sugar, leguminous vegetable
Zimbabwe	Oil cake of soya bean oil, soya beans, groundnuts, bran, fibreboard, packaging materials (sacks and bags), tobacco, maize seed, beans, footwear, tubes & pipes.
Zambia	Groundnuts, soya beans, packaging material, sunflower seeds, maize seed, tea, fibreboard of wood, tracksuits.
Kenya	Cane sugar, black tea, oilcake of soya bean oil, leguminous vegetables, raw hides & skins.
Rwanda	Cane sugar, groundnuts, packaging materials, fibreboard of wood, footwear, maize seed, raw hides & skins, mushroom, milk & cream, electric lambs.

COMESA Countries can supply the following products to Malawi:

- Tobacco, Cement, Maize, Cement clinkers, Undenatured ethyl alcohol, Active yeast, Soap & organic surface-active products, Diesel powered trucks, Unused postage stamps; stamp-impressed paper; banknotes; cheques; stock, Insecticides, rodenticides, fungicides, herbicides & similar, Flours & meal of oil seeds

Important Contacts in Malawi

-Malawi Confederation of Chambers of Commerce and Industry (MCCCI)
Masauko Chipembere Highway
Chichiri Trade Fair Ground
P. O. Box 258
Blantyre
Malawi
Tel: +265 1 871 988/813
Fax: +265 1 871 147
Website: http://www.mccci.org/

-Malawi Revenue Authority
Head Office, Msonkho House, Private Bag 247, Blantyre.
Tel: +265 1 822 588
Fax: +265 1 822 302
E-mail: mrahq@mra.mw; feedback@mra.mw
Web: www.mra.mw

-Malawi Investment and Trade Centre (MITC)
Aquarius House – First floor
Private Bag 302
Lilongwe 3
Tel: +265 1 770 800 / 771 315
Fax: +265 1 771 781
E-mail: tradeportal@mitc.mw

-Ministry of Industry and Trade
P. O. Box 30366
Lilongwe 3 Malawi
Tel: +265 01 770 244/ +265 01 770 614
Fax: +265 01 770 680
E-mail: minci@malawi.net

MEMBERSHIP BENEFITS

1 Advocacy excellence in the region – influence decisions at the highest levels of policy decision makers in COMESA.

2 Regional brand recognition as a business through CBC

3 Market intelligence and analysis to inform trade, investment and joint venture decisions.

4 Increased partnerships in regional and global markets.

5 Business facilitation in regional and global markets through trade promotion, linkages and advisory services

6 Industry collaboration through CBC memberships for efficiency and sustainability of enterprises and associations.

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