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

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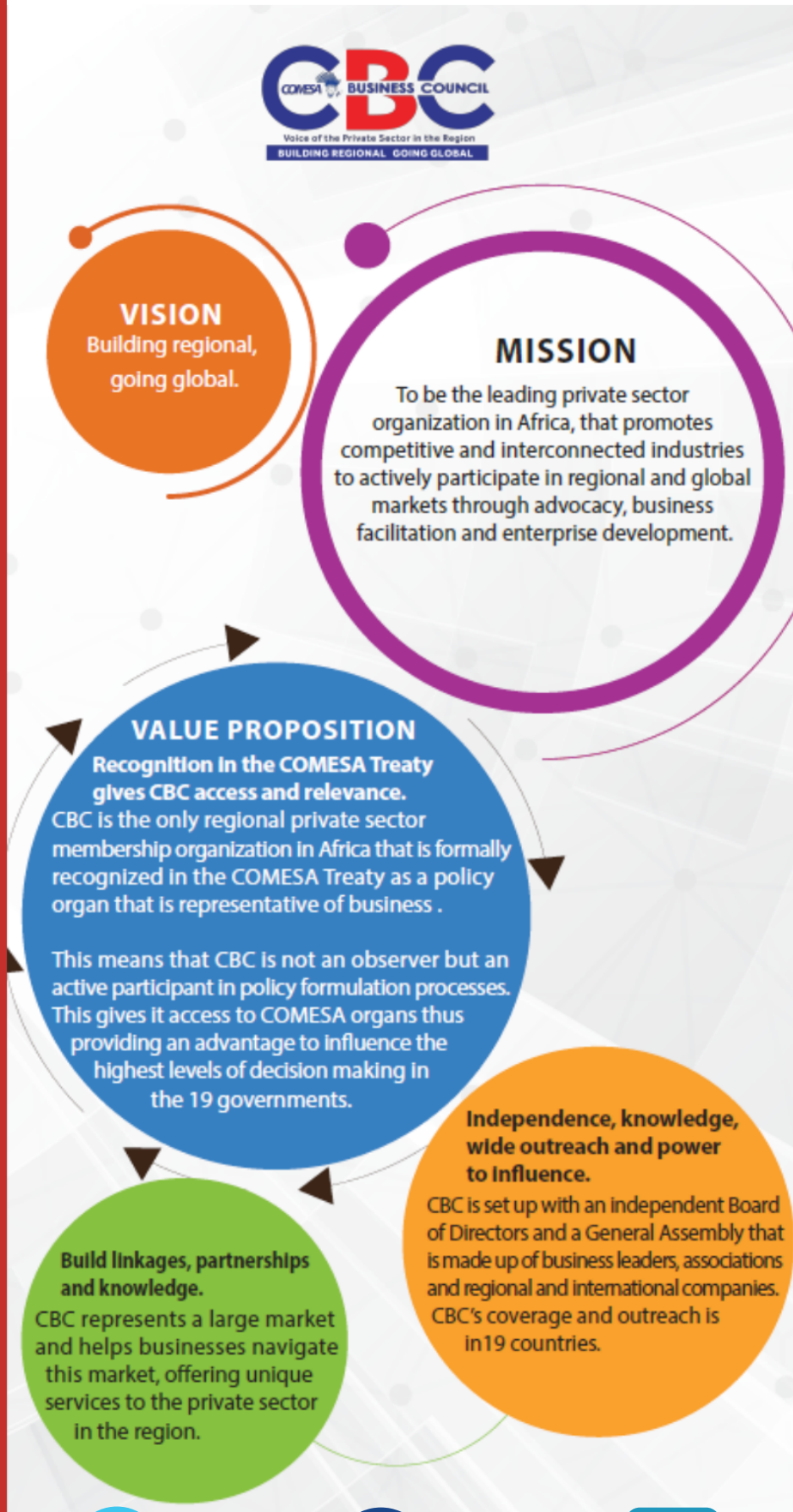


FURNITURE INDUSTRY BEARS THE BRUNT OF IMPORTS AND LOGGING BAN

The Kenya Association of Manufacturers (KAM) has warned that uncontrolled influx of finished wood-based panels and furniture products will wipe out timber-related industries. A newly released sector survey says the imports are growing at 22 per cent annually while local manufacturing of timber and wood-based products are growing at a mere seven per cent.

The report tabled during a stakeholders' sector committee meeting in Nairobi said the future for local timber manufacturing is not guaranteed especially after the government increased import tariffs for raw wood and semi-processed wood-based panels products from 25 per cent to 35 per cent amidst a logging ban. "There will be an influx of imported wood panels and furniture products with the local scene witnessing reduced value addition. Furniture manufacturers will be encouraged to outsource their production offshore, since it is cheaper to import than locally produce," said the statement.

Industry players proposed that import duty for raw and semi-processed products reverts to 25 per cent and that 35 per cent import tariff be maintained for imported finished products. The findings come after the Kenya National Bureau of Statistics released its third quarter Producer Price Index showing timber prices rose by 36.18 per cent while furniture prices rose 11.73 per cent in the past year following imposition of a logging ban. It added that a ban on logging saw prices of timber meant for the construction industry rise as well as wood fuel prices, adversely affecting the lives of low income earners.

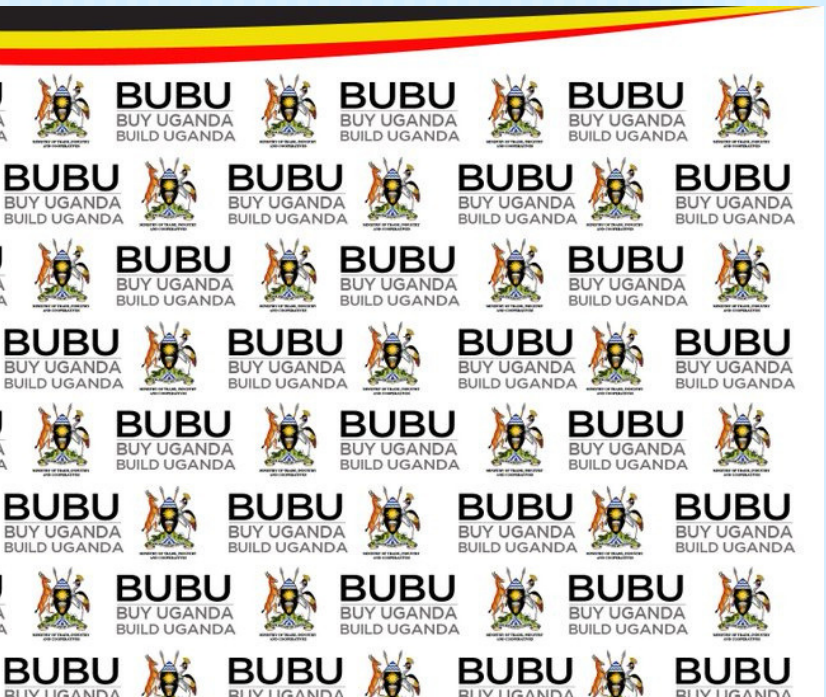
https://www.businessdailyafrica.com/markets/marketnews/Furniture-industry-bears-the-brunt-of-imports/3815534-4822554-y4xyi6z/index.html

MUSEVENI BANS BONDS FOR LOCALLY MADE PRODUCTS

President Museveni has announced a ban on import bonds for products that are locally produced in Uganda. The President issued the directive on Tuesday evening while meeting a delegation from the Uganda Manufacturers Association (UMA) at State House Entebbe. A statement from State House said the delegation was led by Ms Barbra Mulwana, the UMA chairperson.

The meeting was also attended by ministers Ms Amelia Kyambadde (Trade and Industry), Mr. Matia Kasaija (Finance) and Ms Evelyn Anite (State for Investment). Mr Museveni reportedly said: “There should be no bonded warehouse for sugar or any other product that we have produced in abundance in Uganda. The practice of bonding such products is due to corruption.”

Mr Museveni was responding to complaints from the UMA delegation who had accused some government officials of frustrating the Buy Uganda, Build Uganda (Bubu) policy by allowing importation of products similar to those produced locally. Ms Mulwana told the President that several government entities continue to procure imported products over locally manufactured products irrespective of their quality and standard.



Mr Museveni then warned that he will sack government officials who ignore local products in preference to those from abroad. A few months ago, he ordered the sacking of an official in the Ministry of Education and Sports who procured office furniture from abroad.

Last month, Mr Frank Yang, the proprietor of Goodwill Uganda Ltd, the manufacturers of Tiles at Kapeeka Industrial Park in Luweero, complained that government agencies are not buying his products for their construction projects. At the time, Ms. Anite promised to follow it up by writing to all government construction projects to show where they procure construction materials.

At this week’s meeting, Mr. Museveni said government will begin levying high taxes on imported products similar to those produced in quantities in Uganda. Mr. Museveni assured the UMA delegation that electricity rates would soon reduce as Isimba, Karuma and Ayago power dams get completed, and projected that in the next four years, the country will be generating about 5000MW and 1000MW of geothermal energy.

Mr. Museveni agreed with the UMA delegation that there is need to emphasize the skilling of the available human resource using the existing technical institutions to suit the industrialization that has taken off.

http://www.monitor.co.ug/News/National/Museveni-bans-bonds-locally-made-products-/688334-4810950-iwox4i/index.html

INTRA-AFRICAN TRADE CRITICAL IN UNLOCKING AFRICA'S TRADE POTENTIAL

IThe inaugural Intra-African Trade Fair (IATF) due to take place in Cairo from 11 to 17 December is a key intervention aimed at addressing the current low levels of regional trade in Africa, Kanayo Awani, Managing Director, Intra-African Trade Initiative at the African Export-Import Bank (Afreximbank), has said. Awani, who was speaking in Bali, Indonesia, on October 9 during the 2018 Annual Combined Forum of the Macroeconomic and Financial Management Initiative (MEFMI), said that Afreximbank had identified intra-African trade as a critical factor in unlocking Africa's trade potential. She told the Forum that this was the thinking behind the first-of -its-kind Trade Fair which was being convened by Afreximbank, in collaboration with the African Union and other partners. Awani said that Afreximbank's Intra-African Trade Strategy rested on three pillars – Create, Connect, Deliver – which were the impetus behind the IATF.

Create: supports the production of goods and services that can enter regional trade. It seeks to build capacity for the expansion of production and processing capabilities, with a focus on agricultural production, agro-processing, manufacturing and services.

Connect: seeks to provide a business-driven link to market. Afreximbank will identify institutions and agents that are able to "connect the dots" in the intra-African trade value chain and facilitate the connection of demand and supply across markets.

Deliver: focuses on facilitating the provision of efficient and cost-effective distribution channels within the continent. This includes the creation of transport logistics, storage and services payment systems, in addition to buyer-financing arrangements, which will help to accelerate the flow of goods and services to buyers, thereby creating a market.

The IATF 2018 aims to bring together all the 55 member states of the African Union under one roof, something which is unprecedented on the continent she said. "We are expecting to host 1,000 exhibitors, who will have access to a platform to showcase their goods and services to the 70,000 visitors we anticipate will attend the event, which includes buyers and sellers."

She said that the IATF considered the SME sector to be vital to economic development in Africa, adding, "We hope to see wide representation from this sector at the trade fair." The seven-day trade fair will provide opportunities for business-to-business exchanges, and access to $25 billion in trade finance for deals concluded at the event. A conference will run alongside the exhibition featuring discussions and dialogues pertaining to the different trade topics.

The IATF, being organized by Afreximbank in collaboration with the African Union, and hosted by the Government of Egypt, is the first trade fair of its kind in Africa. Other institutions partnering in the fair are Africa Trade Policy Centre, Afrochampions Initiative; International Trade Centre; and Pan African Chamber of Commerce and Industry.

The Annual Combined Forum, which was co-hosted by Afreximbank and MEFMI, had the theme, "Leveraging Africa's Financial Resources" and focused on intra-African trade, African resource mobilisation and yield trends and implications for sovereign liabilities as the main discussion topics.

https://www.busiweek.com/intra-african-trade-critical-in-unlocking-africas-trade-potential/

IATF 2018

INTRA-AFRICAN TRADE FAIR

NEW MEGA PETROCHEMICAL PROJECTS TO BE LAUNCHED SOON

New mega petrochemical projects will be launched in the coming period that will create an upswing in the sector, including a project for Phosphate Misr Company, according to Chairperson of the Chamber of Chemical Industries at the Federation of Egyptian Industries (FEI), Sherif El-Gabaly. He revealed the establishment of a joint venture between Phosphate Misr—proprietor of Abu Tartour Phosphate project— and Abu Qir Fertilisers Company is underway, with total investments ranging between $500 and 600m. The project includes phosphoric acid production units in its first phase. The plant's first phase with a maximum production capacity of 250,000 tonnes whereas the sulphuric acid unit production capacity is about 750,000 tonnes.

Additionally, El-Gabaly indicated that one of the most important recent projects in the field of nitrogen fertilisers for the Egyptian Chemical Industries Company – KIMA. The project includes an annual production capacity of 396,000 tonnes of urea and an ammonium nitrate with a production capacity of 240,000 tonnes per year, with production set to begin in 2019. 'The second project, which is under review, is for Delta Company for Fertilisers and Chemical Industries. The project includes two production lines for ammonia with an annual capacity of 396,000 tonnes, and a urea production line of 650,000 tonnes per year,' El-Gabaly disclosed.

He declared that one of the most important future petrochemical projects is the Tahrir Petrochemical Complex in Ain Sokhna, which will produce ethylene with an annual production capacity of 1.4m tonnes, and propylene with an annual production capacity of 960,000 tonnes, in addition to butadiene with a capacity of 10,000 tonnes per year.

Regarding the impact of the government's decision to increase the price of gasoline in June, El-Gabaly said that the impact of the fuel price increase has not yet resonated in the chemicals industry, as it takes time to affect production inputs. However, this increase could have an impact on the transport sector, which increased by about 20%.

On 16 June, the Egyptian government raised the prices of petroleum products by 17.4% to 66.6%. The government raised the price of gasoline 92 to EGP 6.75 per litre from EGP 5, an increase of about 35%, and raised the price of gasoline 80 to EGP 5.50 from EGP 3.65, up 50%. The price of gasoline 95 increased to EGP 7.75 per litre from EGP 6.60, up 17.4%, and the price of diesel to EGP 5.50 per litre from EGP 3.65, up 50%. The price of the domestic LPG cylinder was also raised by 66.6% to EGP 50, and EGP 100 for commercial use.

El-Gabaly said that one of the most important legislative reforms that took place in the last period in favour of the Egyptian industry, especially the chemical industry, is the issuance of Law 15 of 2017, which of facilitates the procedures for licensing industrial establishments. Lack of serviced industrial land considered most important problem hindering Egyptian industry

He maintained that the lack of industrial lands which are connected to services and utilities is also a problem facing other industries in general, not just the chemicals industry, as well as stumbling factories.

With regard to the African market, he said it is a very promising market, but there are a number of issues to be worked on. The first is the Egyptian presence in these markets, such as presence during visits or the presence of Egyptian companies in African markets as well as participation in exhibitions and opening new branches.

With that, he stressed the FEI's interest to send promotional missions to open new African markets, imparting that a delegation of 10 companies visited Rwanda, and that a few FEI members met with a Ugandan delegation.

A visit to Tanzania is scheduled in early November, with at least 30 companies anticipated to participate in the Egyptian delegation to Tanzania, he mentioned.

https://menafn.com/1097637063/Egypt-New-mega-petrochemical-projects-to-be-launched-soon-ElGabaly

GOVT, BUSINESS IN FRANK TALKS

GOVERNMENT and captains of industry in Zimbabwe held a no-holds-barred indaba at State House to find lasting solutions to the challenges facing the economy. The bottlenecks have manifested in intermittent supplies of basic goods and high prices, where they were available. A breakfast meeting involving the critical parties was the first since the country was plunged into serious shortages of mainly cooking oil, fuel and bread. President Mnangagwa, who was excited about the centrality of the meeting, set the ball rolling with a keynote address before journalists were asked to temporarily leave the venue to allow for robust debate.

Sources that attended the closed door session informed The Herald that the private sector came under "some drubbing from some of their colleagues" for expecting "too much" support from Government when they were not doing enough to warrant the same. Government was not spared, particularly for "poorly communicating key policies" involving bank balances. "The cooking oil sector was criticised for joining the queue for foreign currency from the Reserve Bank of Zimbabwe (RBZ) so that they buy feedstock," said a source.

"The private sector player, who has led one of the country's biggest companies in the recent past, questioned why the cooking oil sector was not queueing to get land from Government so that they grow soya beans or sunflowers which are key ingredients in the manufacture of cooking oil. The land is there, rains are there and farmers are also there, why are they not growing their soya beans?"

Zimbabwe spends $20 million per month importing soya beans to support cooking oil production. Bread makers also came under stinging criticism for not taking up land and contracting farmers to grow wheat. Currently, Zimbabwe is grappling with bread shortages due to low wheat supplies.

iFrom the winter wheat crop, about 120 000 tonnes are expected to be harvested, which are only enough for about four months, leaving the country with the burden to import over 300 000 tonnes. Delta Corporation, which never went to the RBZ to seek foreign currency to import barley and red sorghum for its Chibuku product, was cited as an example of how other sectors of the economy should operate.

The reluctance by companies to support the value chain means the country takes a triple knock; underfunded farmers and limited throughput and building greater input dependency. The dairy sector got plaudits for its backward and forward linkages, which is not happening in other sectors.

Confederation of Zimbabwe Industries (CZI) president Mr Sifelani Jabangwe provided "exciting" employment statistics in industry. Mr Jabangwe said 800 000 jobs have been created both in the formal and informal sector, the highest ever number which is close to what was achieved in 1965.The statistics come at a time when discourse in the country among pseudo-economists is that there is 90 percent unemployment rate in the country.

Mr Jabangwe called for the suspension of SI 122 to "be temporary" to retain the jobs, a point that President Mnangagwa had already underscored, since the policy is consistent with the country's industrialisation agenda.

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https://www.herald.co.zw/govt-business-in-frank-talks/

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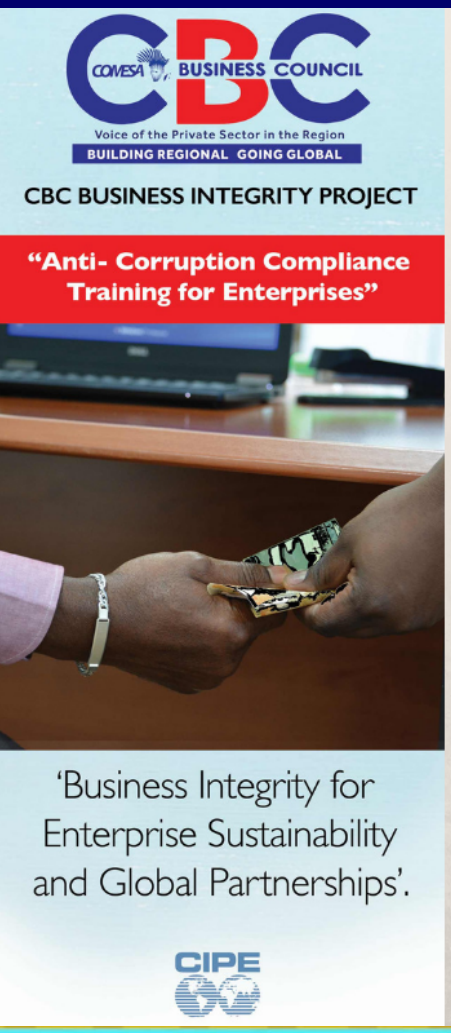
UP COMING EVENTS



SAVE THE DATE

Mauritius Anti-Corruption Compliance Training

31st October to 1st November, 2018.

Port Louis.

WHY BECOME A MEMBER OF CBC

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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