



The Voice of the Private Sector in East Africa

Report on the First East African Manufacturing Business Summit



Keynote Speakers at the 1st East African Manufacturing Business Summit (The Insider Uganda)

In September 2015, the East African Business Council (EABC) in collaboration with the EAC organized the first East African Manufacturing Business Summit. The event which was sponsored by GIZ among other organizations brought together more than 400 participants from across the region to discuss the challenges facing the manufacturing sector in East Africa and ways of improving and strengthening this important sector.

One of the unique factors that made this event a success was the fact that participants were drawn from both the private and public sectors, and they included key manufacturers, supply industries, wholesalers and retailers as well as policy makers from the East African region and beyond. This combined the key aspects of policy advocacy and dialogue meetings between

stakeholders from the private and public sectors hence giving room for more inclusive discussions which resulted in the proposal of feasible solutions for policy makers to implement.

The theme of the high profile event was “Unleashing the Manufacturing Potential of East Africa” and it formed the basis of high quality presentations and informed discussions amongst the participants. In his opening speech read on his behalf by the Prime Minister of Uganda, President Yoweri Museveni emphasized the need for special efforts to be undertaken in order to boost the manufacturing sector and increase its contribution to the regional bloc’s GDP from 10% to the targeted 25%. He further stated that in order to make EAC a regional manufacturing hub it was necessary for the region to not only invest in research, skills and technology, but also to improve the ease of doing business.

President Museveni’s comments were also reiterated by the EAC Secretary General, Dr. Richard Sezibera who called for tough decisions and implementation of policies as well as the removal of all trade barriers in order to achieve the 25% contribution of manufacturing sector to the GDP of the region. He also explained that the manufacturing sector had a huge potential in terms of creation of employment opportunities.

Indeed many of the participants lauded the event as a long-overdue platform for manufacturers in the region. EAC has for the past five years experienced an average GDP growth rate of 4.7% and as such has been regarded as one of the most successful RECs in the region. Despite this growth, the manufacturing sector is still very weak and contributes very little to the GDP and employment opportunities of the region. The Summit could therefore not have come at a better time than this.

EAC Manufacturing Sector Contribution to Employment and GDP

| Indicator | Partner State/Years | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------------------|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Employment in Manufacturing Number | Burundi | - | - | - | - | - | - | - | - | - | - |
| | Tanzania | 89,223 | 129,319 | 121,973 | 107,386 | 108,460 | 109,545 | 115,022 | 120,774 | 126,882 | |
| | Uganda | - | - | - | - | - | 139,097 | - | - | - | - |
| | Kenya | 247,500 | 254,900 | 256,112 | 264,095 | 266,400 | 270,300 | 271,500 | 270,900 | 279,400 | 287,400 |
| | Rwanda | - | - | 45,907 | - | - | - | - | - | - | - |
| Contribution of Manufacturing to GDP | Burundi | - | - | - | - | - | 12.8 | 13.4 | 9.4 | 10.5 | |
| | Tanzania | 8 | 8 | 8 | 7.8 | 7.9 | 8.1 | 8.4 | 8.4 | 8.5 | |
| | Uganda | | | | | | 9.4 | 11.0 | 10.0 | 9.8 | 9.3 |
| | Kenya | 11 | 13 | 13 | 12.1 | 12.0 | 11.3 | 11.7 | 10.9 | 10.4 | 10.0 |
| | Rwanda | 6 | 6 | 5 | 6.4 | 6.4 | 7.0 | 6.6 | 5.9 | 5.1 | |

Source: EAC Facts and Figures 2015

The event generated a number of key policy recommendations which will be useful to policy makers in addressing the challenges faced in the East African manufacturing sector. Among the sectors that engendered a lot of interest include the textile, automotive and leather industries and one of the key recommendations from the forum was the need for both the governments of the Partner States and the private sector to increase procurement of local products from these sectors. This could be done by coming up with a promotional strategy for the Buy East Africa, Build East Africa scheme. In addition, the forum highlighted the importance of creating better and more harmonized policies that would boost these sectors hence increasing employment opportunities and technological development.

In addition, the EAC was advised to create a coherent regional policy on Local Content that would give a clear definition of “local content” in the regional context hence give room for preferential treatment of regional products within the Partner States. The subject of counterfeit products also came up strongly in the forum and it was recommended that EAC ought to come up with watertight legislations to curb the production, sale, distribution and importation of illicit and counterfeit products. Other areas that were discussed during the meeting were reduction of energy costs in the region and streamlining tertiary education with the different job sectors and needs.

Already, some of the recommendations have been taken into account and plans are underway to conduct studies on the automotive, textile and leather industries conduct studies in a bid to create better and more harmonized policies in these areas. In general the event was well received by stakeholders in the manufacturing sector and it was recommended that the Summit be held annually.

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