


Presentations on how national industrial policies refer to regional opportunities.

The Case of BURUNDI

By

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My presentation highlights how
National Industrial Policies in the
Regional Industrialisation
Framework: How to Create the
Linkages to The current situation
of Burundi

Presentation Outline

Introduction

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Foreign direct investment (FDI) in
Burundi

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Introduction

The industrial sector in Burundi is not developed comparing to the situation of other countries of the region, its contribution to the GDP is about 10% . It is mainly composed by food and mining industries.



According to the National Strategy for Industrial and Commercial Development (2012), the industry faces several constraints:

Structural constraints including:

Lack of sufficient guidance to the commercial sector means;

Lack of information and training of the majority of traders;

Difficulties in access to bank loans and other sources of funding, particularly for young operators, and women entrepreneurs ruined by the crisis and currently do not have warranty;

Lack of capacity to promote exports;

The country is landlocked and its distance from the transit ports that increase the cost of imported and exported goods.

Other constraints to this sector include:


A poor business climate attractive to private investors;

Lack of competence human resources, particularly in technical and scientific fields;

Lack of adequate infrastructure and services in the field of transport, communication and production / energy supply;

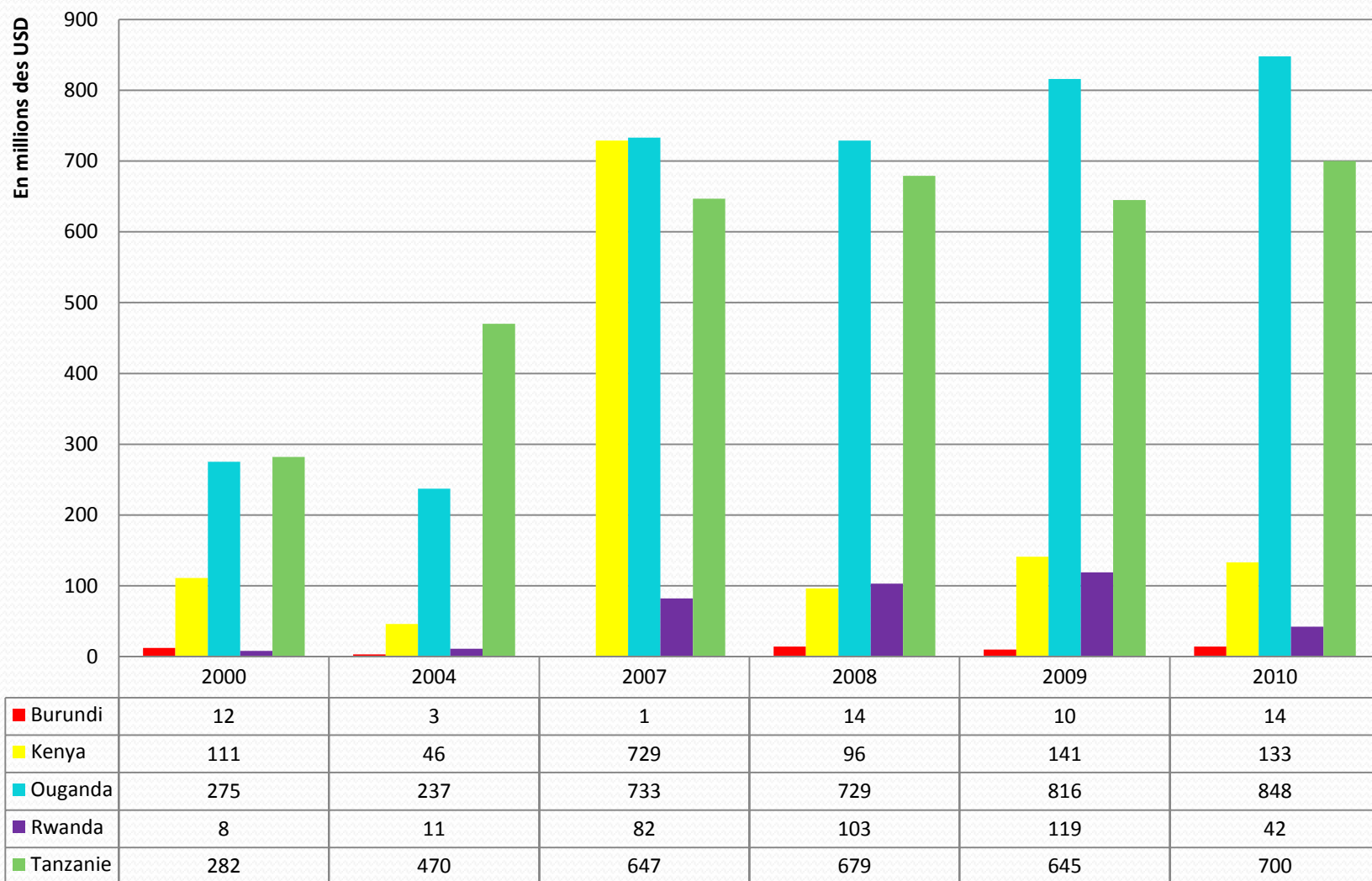
Lack of access to finance;


Laws that affect the freight at regional level, which not only increases the cost of transport, but also disadvantages Burundians carriers.



This situation has a negative impact on foreign direct investment (FDI) in Burundi which are the lowest in the region, such as shown in the following chart:

Trend of Foreign Direct Investment (FDI) in the EAC






It is clear that FDI in Burundi declined during the period between 2001 and 2007 and slightly improved in 2008, experiencing a positive growth of about 93% between 2007 and 2008. This shows that there is a lot to be done to meet the goal of 2025 a growth rate of 10.8% of the economy.



The change in the index of industrial production shows that in 2010, 92.1% of industrial production came from the food industry.

Regional integration presents a number of challenges as well as opportunities for the industrial sector in Burundi.



The competition was increased due to the Integration of Burundi to regional economic organizations (adherence to free trade areas, customs unions), industrial companies of Burundi must now significantly improve the quality of products and enhance their competitiveness, particularly export products.

Strategies

In order to increase competitiveness, with limited resources, it is very important that Burundi focuses on a range of sectors to generate some quick results in the medium term. These areas concern the sectors where the country already has a comparative advantage and potential sectors. To achieve this, traditional export sectors such as coffee and tea and potential areas such as tourism and mining should be privileged.

For a long-term Burundi should promote the old industries that once contributed to export earnings before declining such as: sugar, palm oil, fish products and other traditional export products such as bark and cotton. This will require Burundi to undertake a series of reform measures and actions.


Moreover, given the important role played by the ports of Mombasa and Dar es Salaam and routes across Kenya, Uganda and Tanzania, the EAC is an important tool to boost the competitiveness of Burundi products.


Priority Actions and Recommendations


To ensure that the industrial sector of Burundi benefits from regional integration, Burundi should:

- Continue to insist on carrying out as part of the EAC, the master plan of infrastructure in areas that directly relate to Burundi (rehabilitation of the railway between Dar es Salaam - Kigoma railway Isaka-Musongati (Burundi) through Kigali);
- Negotiate the amendment of laws in the EAC, which does not facilitate carriers;
- Fast track the elimination of non-tariff barriers, which are a source of increasing transportation costs;

- The implementation of the common market protocol since 2010 which provides the free movement of factors of production (labor and capital) could allow Burundi to solve two major challenges faced by the industrial sector (finance and skilled workers);

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- Policies on industrial sector including "The East African Community Industrialization Policy" provides for action in various areas, including areas that are constraints to the industrial sector in Burundi, we can mention: capacity building, research and development and innovation, diversification of industrial production and increase the value added to exports.

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- Fast track the integration of Burundi in the "East Africa Development Bank (EADB)" which exists in all member countries except Burundi. But it will require that the Government of Burundi avails funds enabling Burundi to be a shareholder of the said Bank, like other members of the EAC countries;
 - Explore Article 77 of the EAC Treaty, which allows the country to obtain compensatory measures to competition arising from the EAC Customs Union and the Common Market;

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- Consider the reform of the banking sector, lower interest rates and boost the long-term loans to finance investments and creating a good environment for business and investment.
 - The Burundi Bureau of Standards needs to promote human and material resources in order to carry out inspections and ensure the necessary lessons related to compliance with internationally recognized standards.



Thank you for your Kind
Attention

May God Bless you all