



Ministry of Trade
and Industry

Manufacturing Investment Opportunities in Rwanda

October 2014



Strong economic fundamentals

- Rwanda's economy has grown at an average of **7.6% since 2005**
- The industrial sector is 15% of GDP
- Inflation has declined since 2008 due to improved domestic food production and sound fiscal policy: **average inflation is 3%**
- Fitch recently upgraded Rwanda's credit outlook **to B+** due to a track record of prudent and coherent fiscal and monetary policies



Large and growing export markets

- Rwanda is a member of the East African Community (a customs union: duty-free imports and exports), with
 - Total GDP of **\$109 billion** (2013)
 - Average annual GDP growth of **6.1%** since 2004
 - Population of **153.1 million** people
 - GDP per capita of \$712 (2013)
 - Alongside Uganda, Kenya, Tanzania and Burundi
- Rwanda is also an ideal location for export to DRC (GDP \$30.6 billion, population 67.5 million)



Excellent Business Climate

▣ World Bank Doing Business Report 2014:

- Rwanda ranks 32nd out of 189 countries globally, and **2nd in Africa**
- 9th easiest place in the world to start a business
- Top global reformer

▣ Other Reports:

- Most competitive place to do business in East Africa and 2nd in Africa, after Mauritius (WEF Global Competitiveness Index 2014)
- 7th best destination for investment, and 2nd in Africa after Botswana (BPI Index 2014)
- Rwanda is the 2nd freest economy in Africa (Fraser Institute's annual World Economic Freedom Report)



Investment Opportunities: Construction

□ Overview:

- **Spending grew 24% in the three years to 2011, to a total of \$500m a year**
- **Housing demand of 344,000 dwelling units anticipated by 2022: new construction to rise from 10,000 to 30,000 units per year**
- **High rate of urbanisation: 4.4%**

□ Electrical cables:

- Imports of \$28m per year with no local manufacturers
- \$110m World Bank funded electrification project being implemented
- The Government's Energy Sector Strategic Plan will require \$4.8bn in investment



Investment Opportunities: Construction

□ Steel materials:

– Hollow Sections

- \$5m imported (5,500mt), 58% of consumption
- Imports by DRC (\$70m) and Burundi (\$10m) growing

– Rebar

- \$19m (17,200mt) imported per year
- Abundant scrap metal can be sourced locally from Burundi and DRC

– Roofing sheets

- \$15.4m (11,500mt) imports, 48% of market share
- DRC and Burundi together imported \$82m in 2011



Investment Opportunities: Construction

□ Clay materials

- Roofing tiles, floor tiles, bricks and paving blocks

- Clay reserves of at least 6 million mt; Kaolin at least 3 million mt
- Local demand 45,000 mt, more than double local supply

□ Glass

- Sheet and float glass

- \$4m of sheet glass imported per year
- Large domestic deposits of silica sand, dolomite, limestone and feldspar clay for float glass manufacturing



Other Investment Opportunities

- Pharmaceuticals
 - Annual imports worth \$70m
 - Availability of health insurance stimulating demand
 - As an LDC, TRIPS flexibilities available enabling generic production of brand-name essential products
- Textiles: silk yarn
 - Good local conditions for rearing silk worms
 - Rwandan cocoons can provide globally competitive 4A yarn
 - Government has allocated 1000 ha for mulberry cultivation
 - National Sericulture Centre established to support the industry
- Soaps and detergents
 - \$27m annual imports



Other Investment Opportunities

- Leather processing (tannery)
 - No existing tannery: 10 million tonnes of hides and skins are exported without value addition
- Packaging products
 - Rapidly growing, \$28m market in 2012
 - Raw materials can be sourced within the East African Community
- Fertilizers
 - \$46m annual import
 - Rapid sector growth driven by Government's commitment to increase fertilizer usage in agriculture
 - Government budget for agriculture \$125m in 2012, up from \$30m in 2007



Largest foreign investments 2011-13

Name of the Company	Investment (US\$)	Origin	Products
PPC and CIMERWA	54,000,000	South Africa	Cement
Imana Steel Rwanda	9,200,000	India	Rebar
Rwanda Compost	8,060,000	Mauritius	Fertilizers from landfill waste
Strawtec Building Solutions	5,650,000	Germany	Straw panels for construction
China Star Construction	5,000,000	China	Aluminium window frames
Nordic Ecoflex APS	3,000,000	Denmark	Oxo-biodegradable plastics
Viva Products	2,888,600	Seychelles and Tanzania	Mattresses
Kigali United Manufacturers	2,886,221	Kenya	Plastic containers
L & Ha Investment	2,871,880	UK	Packaging materials
Way Invest Rwanda Tractor	2,871,880	Slovakia	Assembling of tractors
Sahasra Electronics	2,500,000	India	LED lights



Government is addressing constraints

□ Energy

- Electrical power generation will be diversified and increase from 110 MW (2013) to 560 MW (2017)
- Special industrial tariffs, different from residential tariffs, according to time of use

□ Landlocked and far from ports

- Customs clearance reforms programs, including electronic single window
- Working with EAC partner states to address NTBs – weigh bridges, one-stop border posts, 24-hour operation at borders
- Railway line to be built from Mombasa through Kampala to Kigali
- Expansion of Kigali International Airport and construct Bugesera International Airport
- Expand on the number of direct air routes to different destinations



Incentives under new investment code

- A new investment code currently under consideration by Parliament will provide more favourable incentives to foreign investors, including:
 - Reduced corporate income taxes (up to and including zero-rated) for large investments that provide benefits to the country
 - Tax holidays of up to 7 years for large investments in priority sectors
 - No capital gains tax for any registered investor
 - Exemption from VAT on goods imported for use in the investment
 - Automatic residency for registered investors