

Report calls for increased efforts to boost EAC industrial development



Workers at ADMA Biscuit factory in Kigali sort biscuits. *Timothy Kisambira.*

By James Karuhanga

A NEW REPORT has called for increased efforts to boost industrial development in the region, particularly through design and implementation of well-ground strategies and action plans, in order to achieve industrialisation objectives at both regional and East Africa Community (EAC) partner state level.

Exploiting opportunities offered a the dynamic EAC market, and diversifying and upgrading through realistic, well-defined and comprehensive strategies are some of the relevant and concrete policy recommendations listed in a new regional industrial competitiveness report.

Others are: strengthening of forward and backward linkages to boost industrial and overall economic growth, and

supporting development of key industrial drivers to boost production and exports.

The draft of the first regional Industrial Competitiveness report which is set to be officially made public in October by the EAC Secretariat is a joint initiative with the UN Industrial Development Organisation (UNIDO), aimed at tracking industrial development performance in the region.

Alphonse Kwizera, the assistant executive director of Rwanda Association of Manufacturers (RAM), was a member of the team of experts from partner states that compiled the report.

He said it was developed to provide a compass to help the region navigate its way towards the industrialisation goals of the Community.

Kwizera said: "It shows the competitive-

ness of our industries, as an entire region, and also highlights how countries trade; which products are mostly exported... and all this is to help industries to strategise.

"It will help us determine what additional strategies can be used to increase competitiveness in the region. It will, specifically, help policy making."

On exploiting the opportunities in the EAC market, the report indicates that the EAC has significantly larger capacity to produce manufactured goods than to export them (\$69 per capita and \$38 per capita in 2014/2015, respectively).

It is noted that EAC provides a dynamic market where demand for manufactured goods is growing annually at 16 per cent, and at double digits for all the 20 most demanded products of the region.

The report explains that a fast-growing market increases the possibility of enlarging production scale. Currently, it is noted, the Partner States are together losing market share of manufactured goods from over nine per cent in 2010 to below six per cent in 2014.

Some of the products for which EAC provides plenty of opportunities given their dynamic demand trends are: fixed vegetable oils, medicaments and pharmaceuticals, iron and steel products, fertilis-

ers, cement, cotton apparel, leather footwear and heavy petroleum.

Richard Ndahiro, a Rwandan economist, said the fact that the Southern African Development Community bloc grew double more than EAC shows that there is potential for EAC to grow further.

"We just need to get things right," Ndahiro said.

According to Ndahiro, the fact that EAC firms lost market share on the most demanded products like cement, pharmaceuticals, iron steel and fertilisers, means that the production of EAC firms could not grow to the level of demand growth and hence losing ground to foreign companies.

"Across EAC countries, it is clear that infrastructure and agricultural development are key priorities; and one would expect our manufacturing sector to take full advantage of this and set out to take full advantage of this demand," he said.

"Unlike other sectors where one would think that manufacturers are shying away because they are not assured of demand, construction or infrastructure and agriculture have well predictable demand over which EAC companies would have a competitive advantage."

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