CTI NEWS FLASH

The Voice of Industry

MAY, 2015

CTI GIVES MEMBERS ENERGY EFFICIENCY AWARENESS

The CTI Chairman Dr. Samuel Nyantahe (from right) and Second-Vice Chairman Mr. Pankaj Kumar keenly following-up one of the presentations at the recent Energy Efficiency Programme Seminar, which was held at Belmont Hotel in Dar es Salaam.

It is now clear that CTI members, through the just ended Energy Efficiency awareness seminar, can save between 20 and 30 percent of their energy consumption bill, which in some companies translates into between 100 and 150m/ per month.

This seems to be a panacea to exorbitant power prices the manufacturing sector has been facing. Tanzania's Energy Costs account for 18 percent of many firms' total production cost, rendering the manufacturers uncompetitive in local, regional, and international markets.

Presenting a brief note on Energy Efficiency Programme and the woes that manufacturers continue to face, at the seminar on the Energy Efficiency Programme held at JB Belmont Hotel in Dar es Salaam, the CTI Director of Policy and Advocacy, Hussein Kamote, said that in spite of other factors responsible for creating firm's competitiveness, low production cost was the main factor.

He said that implementation of Energy Efficiency measures has proved to be the most effective way to reduce unnecessary energy consumption of many firms, which results in reduction of energy costs, as well as low prices of products.

"With an intention of enhancing competitiveness of its members, the Confederation, through the energy efficiency programme, will pay for members 75 percent of the total cost, and companies participating in the exercise will contribute only 15 percent to CTI as an administration cost to enhance the sustainability of the programme" he said.

He informed that, the Confederation will link the participating companies with financial institutions which will provide soft loans to finance investments arising from energy audits proposals.

Since the Energy Efficiency Programme seeks to extend the services to 45 companies in the first phase, members were requested to fill in the questionnaires and send them back to CTI so that they could be considered to participate in the pilot programme, which is almost fully funded.

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He pointed out that the manufacturing sector has been contributing about 20 percent of total foreign exchange earnings, 11 percent of total formal employment, 35 percent of total government revenue, and continues to form the basis for future advancement of science and technology in the country.

Despite the above mentioned contributions of the sector to the economy, the manufacturers face a number of challenges which hold back the utmost contribution of the sector to the development process of the country due to high costs of production.

The high costs of production is being attributed to expensive energy costs including electricity which is sold at USD 16 cents per kWh; expensive costs of clearing goods from ports, airports and border crossing points; expensive costs of capital (high interest rate 16-20 percent), expensive road and railway transport system and high costs of compliance to multiple regulatory bodies.

Other challenges include, unfriendly business environment caused by unproductive bureaucratic procedures during paying taxes and levies, renewal of business licenses and establishment of business. Unfair competitions in the market caused by tax evasion through smuggling, sub-standard and counterfeit goods, and under declaration of the value of imported goods also pose challenges.

On his part, the Chairman of the Confederation of Tanzania Industries (CTI) Dr. Samuel Nyantahe assured members in the zones of Mwanza, Tanga and Arusha that they will be educated on the importance of Energy Efficiency Programme in their manufacturing process in the near future.

He pointed out that, the concept of energy efficiency was new in our country and that the Confederation will make sure that sensitization seminars to all CTI members and other relevant stakeholders are conducted.

“Similar seminars will be conducted in Arusha, Mwanza and Tanga to raise awareness and understanding of the energy efficiency issues so that industries can participate in the envisaged energy audits that will be initiated immediately after the seminars” he said.

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Dr. Nyantahe thanked both the Royal Danish Government and the Confederation of Danish Industries (DI) for funding the programme and providing technical advice, respectively. He added that CTI will utilize the funds provided in accordance with the agreed terms and procedures in order to achieve the set objectives of the programme. ■

Dennis Karera Elected New EABC Chairman

The East African Business Council (EABC) has during its 16th Annual General Meeting (AGM), elected its Executive Committee Members (ECM) with Mr. Dennis Karera from Kigali, Rwanda emerging as the New Chairman.

Mr. Karera will lead the Council for the period 2015/2016 and heading an Executive Committee team of 22 Members that provides Strategic Direction to the East African Business Council, the apex body of the Private Sector in East Africa.

EABC changes its board of directors once every year during the Annual General Meeting. Mr. Dennis Karera takes over from Mr. Felix Mosha from Tanzania who has served for the period 2014-2015.

Mr. Dennis Karera, the newly elected EABC Chairman.

Mr. Dennis Karera, a Rwanda business leader, operates businesses in the hospitality sector and real estate development and brings to the Business Council a wealth of experience from his past leadership roles.

The 16th AGM event was graced by the Permanent Secretary, Ministry of Trade and Industry of the Republic of Rwanda, Mr. Emmanuel Hategeka who emphasized the need for the private sector to remain the engine of growth within the EAC Integration process.

He lauded the East African Business Council for the good work that has been done in the recent years and congratulated the incoming board of directors, urging them to continue with the ongoing initiatives in the EAC Integration process.

On the other hand, in his acceptance speech, Mr. Karera reiterated the need to strengthen the EABC Secretariat and work towards the sustainability of the Institution with a view to reducing donor dependence and steering the organization towards greater heights.

Amongst his commitments for the new board of directors, Mr. Karera outlined the need to continue building EABC's institutional capacity through enhancing the technical and financial capabilities in order to ensure EABC remained the voice of the private sector.

He said that he will ensure EABC earns regional recognition as the driver for policy change on East African business issues, adding that strong advocacy campaigns will be undertaken for the full implementation of existing EAC protocols namely the EAC Customs Union and Common Market Protocols and effective participation in the ongoing projects under the Northern and Central Corridors.

Karera said that full implementation of the EAC Customs Union and other agreed upon commitments were key to improving the business environment in the region and furthering intra-EAC trade.

He described EABC as having a widened mandate emanating from the new strategic plan, inclusion in the Northern and Central Corridor Summits, Implementation of the East African Business Summit resolutions among other areas.

Mr. Karera also promised to aggressively pursue the project of building the EABC Headquarters in Kigali, adding that he will work to strengthen the secretariat and push to secure the Facilitation of EABC staff as promised by the government of Rwanda.

The new team will also seek to engage various partners much more effectively for the mutual benefit of both organizations. The EAC and EABC national focal points remain the key Partners at regional and national levels respectively. Mr. Karera reiterated, "We will seek to engage such partners more effectively and also manage our relationship with the development partners in order to ensure sustainability of EABC".

The EABC Executive Committee will now look like this:-

New Chairman EABC - Mr. Dennis Karera

EABC Board Members from Burundi

1. Mr. Econie Nijimbere- Chairman Burundi Federal Chamber of Commerce and Industry (Vice Chairman)
2. Ms. Claudette Ngendandumwe- Association of Women Enterpreneurs of Burundi
3. Mr. Ndikumana Petite Jean – ABADT
4. Mr. Novat Niyungeko- BICOR (Insurance Company)

EABC Board Members from Rwanda

1. James Gatera- CEO bank of Kigali
2. Johnbosco Rusagara- Chairman, Rwanda Shippers Council
3. Garard Mukubu, CEO – Private sector Federation

EABC Board Members from Kenya

1. Amb. Dennis Awori- Chairman Toyota Kenya (Vice Chair Kenya),
2. Mr. Francis Munywoki- Director- Standard Group
3. Mr. Pradeep Paunrana- Chairman Kenya Association of Manufacturers & CEO ARM Cement
4. Ms. Rita Kavashe, CEO General Motors Ltd

EABC Board Members from Tanzania

1. Mr. Felix Mosha, Immediate Past Chairman, EABC. (Vice Chair Tanzania),
2. Mr. David Mgwassa, CEO Tanzania Distilleries Ltd
3. Eng. Peter Chisawilo, President, Tanzania Chamber of Commerce.
4. Mr. Kake Dhariwal, CEO Avco Investment
5. Dr. Samuel Nyantahe, Chairman, Confederation of Tanzania Industries

EABC Board Members from Uganda

1. Mr. Kassim Omar- Chairman, Uganda Clearing Industry and Forwarding Association, (Vice Chair Uganda),
2. Mr. Jim Kabeho, Director, Madhvani Group
3. Mr. Francis Onapito - Director – Nile Breweries
4. Mr. Sikander Lalani, Group CEO, Roofings Ltd.

Tanzania's yearly Export of Goods, Services up by 9 percent

The Bank of Tanzania (BoT) Governor, Prof. Benno Ndulu.

The value of Export of Goods and Services has increased to USD 9,355.5 million in the year ending March 2015 compared with USD 8,593.2 million recorded in the corresponding period in 2014, this being a 9 percent increase, the recent Bank of Tanzania (BoT) report indicates.

Good performance in exports of manufactured goods, travel receipts and traditional exports accounted for the improvement in those items. However, export value of gold decreased due to fall in export volume and prices in the world market.

Foreign exchange earnings from traditional exports increased to USD 890.2 million in the year ending March 2015 from USD 877.4 million in 2014.

All traditional export crops recorded lower value, except for cashew nuts and coffee. Export value of cotton and tea decreased as a result of a fall in both export volume and prices while sisal, tobacco and cloves recorded a decline only in export volume.

The value of cashew nuts rose to USD 257.2 million from USD 152.7 million recorded in the corresponding period a year earlier following increase in export price, as well as improved harvest associated with good weather and timely utilization of pesticides.

On the other hand, value of non-traditional exports was USD 4,028.1 million in the year ending March 2015; 8.3 percent higher compared with the value for corresponding period in 2014.

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On the contrarily, Gold, which has been a dominant non-traditional export in recent years, continued to deteriorate due to a decline in both export volume and unit price.

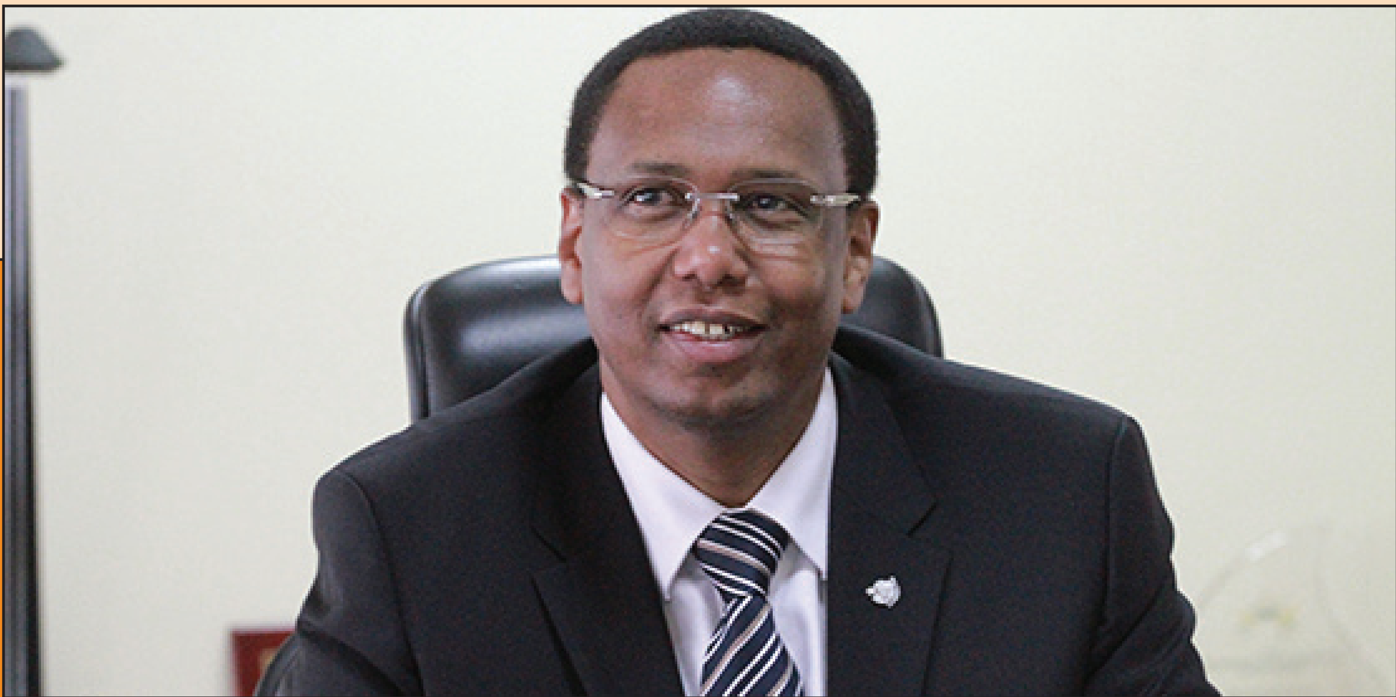
The value of imports of goods and services, amounted to USD 13,456.9 million in the year ending March 2015 compared with USD 13,765.5 million recorded in the corresponding period in 2014, largely on account of a decrease in imports of intermediate goods which more than offset increases in capital and other consumer goods.

A significant decline was recorded in the value of oil and fertilizers. The value of oil imports, which has the largest share in intermediate goods, fell by 22.0 percent to USD 3,295.3 million due to falling prices in the world market coupled with decline in import volume.

Services payments amounted to USD 2,779.3 million compared with USD 2,533.7 million in the year ending March 2014. Much of the increase was recorded in travel and other business services, while payments under transportation slightly declined consistent with a decline in goods import.

Freight payments also declined by 4.9 percent, consistent with the decrease in the import bill.

CTI TANGA OUTREACH MEMBERS CALL FOR DECENTRALISATION OF TANCIS



The TRA Commissioner General, Mr. Rished Bade.

Members of the Confederation of Tanzania Industries (CTI) in Tanga and Tanzania Revenue Authority (TRA) Tanga office have agreed to continue meeting to resolve issues of mutual interest including possibility of decentralising Tanzania Customs Integrated System (TANCIS).

TANCIS is a system which involves lodging of documents electronically to issuance of customs release orders at the Port.

Started in March 2014, TANCIS was initiated to reduce Goods clearance time at the Port and it was expected to manage the inventories and lessen documents procedures of exporting goods from five days to one, and from nine days to five for imports.

However, CTI Members told officials from TRA Tanga Offices that there have been problems in lodging documents which cause great disturbance, calling for TRA to consider streamlining TANCIS issues.

TRA took note of the concern on streamlining TANCIS, but cautioned that as it is now, the system has been centralized to avoid direct contact between TRA officers and customers.

“The TRA regional office does not have any access or knowledge of the insight on the system” the officials said.

It was agreed that although TANCIS team of experts was in Dar es Salaam only, CTI members should be free to visit TRA regional offices in case of problems so that they can be assisted to communicate with the Dar es Salaam head office.

The meeting also observed that some CTI members had problems on how to use the established Clearing and Forwarding system as they entered wrong codes into the system, causing performance disturbance to the entire system.

The meeting resolved that TRA Regional office will assist in communicating with the Head office in Dar in case of further bottlenecks.

However there was no comment from CTI members on Audit Notice usually given by TRA as members had noted that TRA has good organization to deal with the matter.

"Members were urged to use tax consultants in matters related to taxation to help them prepare and pay due taxes timely. TRA performs its normal customs audit once per 3 years, but for VAT, the procedures are performed on monthly basis" TRA officials said.

It was revealed that some CTI members had problems with preparing VAT returns on the excel spread sheet program, an act which made them unable to send regular reports through attachments. TRA officials promised to send hard copy forms to CTI for members to fill in immediately and payment made afterwards.

On Electronic Fiscal Devices (EFDs), CTI members raised concerns that sometimes machines were not working properly due to network problems, an act which created difficulties in sending the required reports to TRA.

"Although the 2nd phase machines have the ability to sustain data for 72 hrs, members should report and responsible persons notified in case problems persist beyond 72 hrs" TRA officials advised.

The members were told that there was no need to send business report to TRA if there was no business transaction/sales done, since some businesses were seasonal, it could take place up 3 or 6 months, giving an example of contractors' businesses.

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The CTI members expressed satisfaction with TRA management's readiness to communicate and meet with clients. They also thanked TRA for meeting them without delay, which showed trust and mindful of clients' concerns for the betterment of the nation.

The TRA management further informed members that, officially, any letter of complaints or request for information sent to their office have to be answered within 7 days, and if not answered within that time, the person concerned has to make a follow-up to that effect.

Members were advised to use the TRA website where a lot of useful information can be obtained. However, members requested TRA to rectify the forms that have been uploaded on the website so as to make them user-friendly and sometimes easy to edit, a request TRA promised to work on.

TRAINING & BUSINESS OPPORTUNITIES

I. Rwanda International Trade Fair (RITF), 29th July to 12th August, 2015

The Tanzania Trade Development Authority (Tan Trade), is organising Tanzanians participation in the **18th RITF, 2015 scheduled from 29th July to 12th August** in Kigali.

Being member of the East Africa Community, Rwanda, and indeed the RITF will provide an important platform for Tanzanian products to penetrate the Rwandan market, keeping in mind that Rwanda is among the fast growing economies in East Africa.

The fair encompasses all sectors of the economy and as thus expected to attract many visitors from all over the world.

Note that, Companies falling under SME's will contribute US$ 200 as cost sharing for administrative purposes, while non SMEs Companies will contribute US$ 1000.

For more information, contact Tan Trade, Email: info@tantrade.or.tz or **Tel: +255(0)222850238; +255(0)222850532**

II. The Bazaar Berlin Exhibition from 18th-22nd November, 2015

The Messe Berlin GmbH has organised the Bazaar Berlin Exhibition to be held at Berlin Exhibition Grounds.

The exhibition is an international consumer goods fair for industrial produced products from the following sectors; Garment, Leather goods (bags, clothing), Decorative items, Handcrafts, Toys, Music Instruments, Home Textiles, Accessories (bags, scarf, wallet), Furniture, Jewellery (precious and fashion jewellery), Carpet, Body care, Cosmetics and Tourism. Apply before 31st May, 2015.

For further details, contact the organisers through: Email: bazaar@messe-berlin.de or **Website**: www.bazar-berlin.de or **Tel:** +49303030-2132/33/35 or **Fax:** +49303038-2130

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