

Visit of 'Investment-cum-Sourcing Delegation' from India to East African Countries (December 3-8, 2017).

A 12-Member Leather Sector 'Investment-cum-Sourcing Delegation' from India, headed by Mr. Mukhtarul Amin, Chairman, Council for Leather Exports (CLE) visited Tanzania, Uganda and Kenya during the period 3rd to 8th December, 2017. The main purpose of visit of the Delegation was to explore possibilities for making investments in the Leather Sector in these East African Countries and also to source raw materials (leather) for manufacturing value added finished leather products in India. Visit of the Indian Delegation was organized by SITA (Supporting India Trade & Investment for Africa), a Project implemented by International Trade Centre (ITC), Geneva that promotes trade and investment partnerships between India and East African Countries (EAC) – Ethiopia, Kenya, Rwanda, Tanzania and Uganda – across agriculture, services and light manufacturing, including leather and leather products.

The following members were part of the Indian Delegation:-

S. No.	Name of the Delegate	Company Name
01.	Mr. Mukhtarul Amin Chairman, CLE	Superhouse Limited Kanpur
02.	Mr. Javed Iqbal Regional Chairman-CR, CLE	Naaz Exports Pvt. Ltd. Kanpur
03.	Mr. Anil K. Sondhi, Convener, Raw-material Panel, CLE	AKS Leather India Pvt. Ltd. Gurgaon
04.	Mr. Iftikharul Amin	Super Tannery Limited, Kanpur
05.	Mr. Ravindra Sadashiv Kelkar	C & E Limited, Chennai
06.	Mr. K. Prabhuram	Ven Ponn Shoes Pvt. Ltd. Chennai
07.	Mr. K. Mohamed Affan	Affan Shoes Pvt. Ltd. Chennai
08.	Mr. Tariq Rizwan	Homera Tanning Industries Pvt. Ltd., Kanpur
09.	Mr. Aloke Kumar Sengupta	ASG Leather Private Limited, Kolkata
10.	Mr. Uvais Ahmed Chuna	Imaan Impex
11.	Mr. Kaka Mohammed Abrar	Chennai
12.	Mr. Vijaya Kumar. C	Council for Leather Exports

Visit to Tanzania (December 3-4, 2017)

As per programme, the Indian Delegates reached at Dar es Salaam, Tanzania on 3rd December, 2017 evening. The SITA representatives and Officials from the Ministry of Industry, Trade & Investment, Govt. of Tanzania were present at the airport and offered a warm welcome to the Indian Delegates.

The round-table meeting between Indian Delegates and their African counterparts was held in Protea Hotel Dar es Salaam Courtyard Marriot on 4th December, 2017. The programme started with the welcome remarks by Mr. Govind Venuprasad, Coordinator, SITA. Mr. Venuprasad recalled the initiatives taken by Mr. Aqeel Ahmed, Vice-Chairman, CLE for facilitating visit of the Indian Delegation to EAC. African

side was represented by Mr. Lutu Ludovick Nduhiye, Deputy Permanent Secretary, Ministry of Industry, Trade & Investment, Prof. Adolf F. Mkenda, Permanent Secretary, Ministry of Foreign Affairs, Mr. Zacharia Kingu, Acting Director, Investment Promotion, Tanzania Investment Centre, Col. (Retd.) Joseph Leon Simbakalia, DG, EPZ Authority, Mr. Oswald Ngamilo, Chairman and members of the Leather Association of Tanzania etc. About 15 tanners and raw-materials suppliers of Tanzania attended the programme. Mr. Robert Shetkintong, Deputy High Commissioner, High Commission of India, Tanzania was also present on the occasion.



Prof. Adolf F. Mkenda, Permanent Secretary, Ministry of Foreign Affairs, Govt. of Tanzania (Sitting in the middle of 1st row) with the Indian Delegates.



Mr. Mukhtarul Amin, Chairman, CLE, interacting with the Permanent Secretary, Ministry of Foreign Affairs, Govt. of Tanzania.

Prof. Adolf F. Mkenda, Permanent Secretary, Ministry of Foreign Affairs, Govt. of Tanzania, in his address welcomed the Indian Delegates and



Prof. Adolf F. Mkenda, Permanent Secretary, Ministry of Foreign Affairs, Govt. of Tanzania, addressing the Indian Delegates and the African leather fraternity.

informed that 'Industrialization' is the prime objective of the Govt. and there exists enormous opportunities for the Indian companies to invest in the leather sector in Tanzania. Easy availability of raw-materials and cheap labour, coupled with the special incentives offered by the Govt. of Tanzania will definitely motivate the overseas investors to invest in the Country, the Principal Secretary opined. He further stated that the long-standing cultural and political relationship between India and Tanzania will help the Industries in both the Countries to enhance their business relationship in the years to come. The Permanent Secretary stated that Tanzania is according great value to the trade relationship with India and wished successful business meetings between Indian Delegates and their African counterparts.

Addressing the audience, Mr. Mukhtarul Amin, Chairman, CLE expressed gratitude to SITA for arranging meetings with the Government Officials and leather fraternity in Tanzania. Chairman, CLE informed that India is among the top 5 investment Countries in Tanzania. Many major Indian entities, financial institutions and companies i.e. Bank of India, Bank of Baroda, Canara Bank, LIC, NIC, Tata International Ltd., Ashok Leyland, Eicher, Bajaj, TVS, Kriloskar, Godrej etc. are operating in Tanzania. While talking about India-Tanzania trade relations in the leather sector, Mr. Mukhtarul Amin informed that India's export of leather and leather products to Tanzania has

increased from USD 1.34 million in 2012-13 to USD 7.21 million in 2016-17, growing at a CAGR of 52.30%. He further added that, if the Govt. of Tanzania can announce some major investment promotion initiatives, Indian exporters may consider investing in the Country.

The Chairman, CLE invited the Tanzanian Tanneries to attend



Indian Delegates & African counterparts @ Round-table meetings

After address by Chairman, CLE, Mr. Zacharia Kingh, Acting Director, Investment Promotion, Tanzania Investment Centre made a detailed presentation on 'Overview of Investment Climate & Opportunities in Tanzania'. The presentation highlighted the following points:-

Functions of Tanzania Investment Centre:

- Creating and maintaining a positive climate for private sector investment;
- Providing advice to the Government on investment related matters;



Mr. Mukhtarul Amin, Chairman, CLE, addressing the Forum

the 'Raw Material Sourcing Meet' scheduled to be held on 1st February, 2018 in Chennai on the occasion of the India International Leather Fair for having one-to-one business meetings with the Indian importers of raw materials. Concluding his address, Chairman, CLE requested the Senior Officials of the Govt. of Tanzania, who were present in the meeting, to share detailed information about the policy and fiscal incentives, labour rules, import duties etc., to the Indian companies for considering investment in Tanzania. The Officials informed that the document is under preparation, however, a Draft copy will be shared with the Indian delegates for their reference and to consider investing in Tanzania. As advised by Chairman, CLE, the Indian delegates introduced themselves, by presenting profile of their company and their business interest in Tanzania/EAC.



Mr. Oswald Ngamilo, Chairman, Leather Association of Tanzania, speaking at the Forum

- Stimulating local and foreign investments;
- Facilitating foreign and local investors;
- Stimulating and supporting the growth of Entrepreneurship and SMEs in Tanzania;

- Collecting and disseminating up-to-date information on investment opportunities and incentive available to investors;

- Monitoring the Tanzania business environment and growth of Foreign Direct Investment (FDI) in the Country.

Economic Overview of Tanzania

- GDP growth rate of 7.0% in 2015 with BOT projected GDP growth rate of 7.2% in 2016.
- inflation dropped to 6.1% in May 2017 compared to 16% and 8% at the end of 2012 and 2013 respectively mainly due to tight monetary policy.
- Fastest growth in 2015 : Construction (16.8%); Information & Communication (12.1%) ; Financial Services & Insurance(11.8%) ;Mining& Quarrying (9.1%) ; and Transport & Storage (7.9%).

Why Investment in Tanzania – Tanzania's Inherent Advantages

- Among most peaceful & politically stable countries in Africa
- Has multiparty democracy with a multiparty electoral system
- Fastest GDP growth in the region
- Boasts in the presence of precious minerals and gemstones
- Tourist attractions, natural gas and vast arable land
- Attractive fiscal and non-fiscal incentives for investment
- Bilateral investment treaties to protect investments
- Gateway to 6 land-locked countries (Uganda, Rwanda, Burundi, DRC, Zambia & Malawi)
- Presence of 3 major ports Dar es Salaam,Tanga & Mtwara
- Member of EAC,SADC and Indian Ocean Rim Association for Regional Cooperation (IOR-ARC)
- Access to USA and EU markets guaranteed under AGOA and EBA respectively.

Manufacturing Sub-Sector: Key Facts

- Leather industry provides clear opportunities for value addition to hides and skins produced in Tanzania.
- Tanzania imports about 85% of its entire health commodities including pharmaceuticals, spending approx. USD 150-200mil annually.
- Tanzania has a sugar demand-supply gap of about 300,000 tonnes met through imports.
- Tanzania imports around 60% of its edible oil and spent USD 294 mil in 2016 for such imports.
- By the year 2025, the United Republic of Tanzania will produce high-quality hides and skins processed to finished leather, footwear and leather goods for domestic and export markets while protecting the environment.

- Around 90 % of exports in the sector now are raw hides and skin.
- Tanzania has the 2nd largest livestock population in Africa with potential of producing at least 4 million hides and around 6.1 million skins annually.
- Low investments in value addition have undermined government revenues and associated benefits like job creation.
- Low production costs due to cheap labour and access to a large supply of raw materials.

Leather Industry – Projected Livestock Population (2016)

LIVE STOCK SPECIES	PRO-JECTED BASE-LINE POPU-LATION (2016)	ANNUAL POP-ULA-TION GROWTH RATE (%)
Cattle	28,435,825	4.7
Goats	16,672,786	2.8
Sheep	5,012,098	3.5
Pig	1,851,317	7.7
Poultry	37,428,444	0.7
Donkey	572,357	3.2
Other	4,539,665	4.3

Export Processing Zones / Special Economic Zones

I). EPZ Eligibility

- A. New investment
- B. Export at least 80% of goods produced
- C. Annual exports from US\$ 500,000 and above

II). SEZ Eligibility

- A. New investment
- B. Minimum capital of US\$ 500,000

Incentives Granted to TIC Registered Projects

Fiscal Incentives	Non-Fiscal Incentives	Strategic Investor Status
<ol style="list-style-type: none"> 1. Exemptions on projects capital goods 2. Tax relief on deemed capital goods 3. Capital allowance 4. Depreciation allowance 5. Assembly of motor vehicles, tractors, fishing boats and outboard engines. 	<ol style="list-style-type: none"> 1. Automatic Immigration Quota 2. Protection against non-commercial risks 3. Protection against nationalization / confiscation 4. Unconditional transferability of funds 	For projects of specific/great impact to the society or economy, investor may apply for a strategic investor status to seek/request additional investment incentives from the Government

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Top 10 Investing Countries in Tanzania

TANZANIA INVESTMENT CENTRE

INVESTMENT STOCK OF LEADING COUNTRIES 1990 - MAY 2017

Sn	Country	No. of Projects	Jobs	Value in \$ M
1	CHINA	670	83,394	5,779.36
2	UNITED KINGDOM	927	273,840	5,390.17
3	USA	239	51,836	4,719.71
4	MAURITIUS	66	9577	4,261.32
5	INDIA	420	54,406	2,125.45
6	AUSTRALIA	58	3,981	1,774.56
7	KENYA	499	50,256	1,662.52
8	NETHERLANDS	157	13,784	1,046.10
9	BELGIUM	32	1,814	902.09
10	EGYPT	8	953	887.02
	TOTAL	3076	543,842	28,548.31

Trade Between India & Tanzania (2012-2016)

	2012	2013	2014	2015	2016
Tanzania's Exports to India	480,637	752,174	1,254,632	1,149,437	753,489
Tanzania's Imports from India	880,629	2,308,712	2,453,793	1,258,872	1,089,578

Source: ITC Trade Map and NBS (2017)

Value : In US\$

Subsequent to the Round Table meeting and presentations, One-to-One business meetings between the Indian delegates and the Tanzanian tanners were held at the venue.



One-to-One Business Meetings between Indian Delegates and the Tanzanian Tanners / Raw-material suppliers

Thereafter, in the afternoon, the Indian delegates visited the factory of M/s Bora Industries Limited, a footwear manufacturer in Tanzania offering both casual and formal shoes for men, women and children, all kinds of Hawaii slippers within their product range. They are one of the largest manufacturers of Hawaii slippers in Africa and well known in the African market. The company was Bata Limited before and in 1997, it was taken over by M/s Bora Industries Limited, an Indian entrepreneur. The Indian delegates had detailed discussion with Mr. Rajesh Gun, CEO of M/s Bora Industries and he provided an insight about the East African market and the kind of products African customers are looking for. The Delegates also visited their manufacturing facilities before returning to the Hotel.

In the evening, SITA has organized a 'Networking Dinner' with Indian Business Forum in Tanzania, wherein, H.E. Mr. Sandeep Arya, High Commissioner of India, Mr. Robert Shetkintong, Deputy High Commissioner, High Commission of India, Tanzania were present. Representatives of Indian Banks in Tanzania viz., Bank of Baroda,



Indian Delegation visiting the manufacturing unit of M/s Bora Industries Ltd. In the 2nd photo, extreme right Mr. Rajesh Gun, CEO of the Company

Bank of India were also attended the programme.

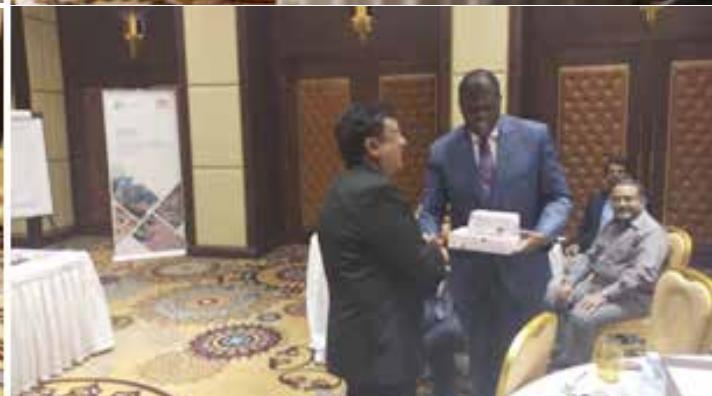
Visit to Uganda (December 5-6, 2017)

After visiting Tanzania, the Indian Delegation reached in Uganda on 5th December, 2017 morning. Officials from the Uganda Ministry of Trade, Industries and Cooperatives extended a warm welcome to the Indian Delegates at Entebbe International Airport and accompanied to 'Pearl of Africa Hotel', Kampala, where the Organizers had arranged Round-table meetings between Indian Delegates

and their African counterparts.

At present there are 7 tanners in Uganda and manufacturing leather upto the stage of wet blue. Export of raw-leather is banned in Uganda. In order to up-grade the productivity and competitiveness of the tanning segment, the Government of Uganda is very keen to attract overseas investors. An investor from India has set-up a Footwear manufacturing unit in Uganda recently and it will be functional shortly. Likewise, another investor from India is operating a tannery unit in Uganda, who recently

started manufacturing leather goods and accessories also, the first licensed leather goods manufacturing unit in Uganda. Uganda has a population of 39.03 million and there is no minimum wages applicable in the country, rather it is determined by the market. Uganda is providing 10-year Corporate Tax Holiday for the overseas investors and VAT exemption is on. Import duty rate on machinery for industrial production is 0%. Industrial land for setting up infrastructure is free of premium in Government's industrial parks. The incentive regime is non discriminatory and can be accessed by both foreign



View of Audience & Round-table Meetings in Uganda

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and domestic investors. Uganda is strategically land linked within the EAC (150 million people) to provide access to the markets into central Africa and South Sudan.

In terms of leather sector trade with Uganda, India's export of leather and leather products to Uganda has shown a remarkable progress from USD 0.42 million in 2012-13 to USD 4.22 million in 2016-17, growing a CAGR of 78.04% in the last five year period. India exported non-leather footwear worth USD 3.90 million during 2016-17 to Uganda. The overall import of leather and leather products by Uganda during 2016-17 was USD 80.89 million and India accounts for a share of 5.22% out of it.

The 'Round-table meeting' proceedings were started with the Keynote address by Mr. Michael Werhike, Hon'ble Minister of State for Trade, Uganda Ministry of Trade, Industry & Cooperatives. In his address, the Hon'ble Minister welcomed the Indian Delegates to Uganda and informed that Government of Uganda is offering utmost importance to the interest of overseas investors. Uganda is an important market for leather sector, keeping in view the abundant availability of quality raw-materials. While summing up his address, the Hon'ble Minister offered all kind of support and assistance to the Indian delegates for promoting trade between India and Uganda in the Leather Sector.

H.E. Mr. Ravi Shankar, Indian High Commissioner to Uganda, in his address informed that, the High Commission of

India in Uganda and the Government of India is taking a number of initiatives for attracting Indian investors, by availing the special incentives offered by the Govt. of Uganda. He informed that last week, Confederation of Indian Industries (CII) organized visit of 150 member Indian business delegation to Uganda and other East African Countries for exploring investment opportunities. Uganda has many natural advantages keeping in view of its large Agricultural base, abundant livestock etc., in addition to the fact that the Government of Uganda is according utmost importance for FDIs and Joint Ventures. While summing up his speech, the Hon'ble Indian High Commissioner opined that this is the right time to invest in Uganda and the Indian investors should seriously explore possibilities for investing in the Country.

Countries. Chairman, CLE further stated that the testing and training institutes i.e. CLRI FDDI are the strength of Indian Leather Industry and these institutes are providing their services to the East African Countries also for improving their technological and training skills. While referring about various special incentives offered by the Govt. of Bangladesh to the overseas investors, Chairman, CLE desired that Government of Uganda may also come up with a 'Special Package' for investment in the Leather Sector so that Indian Investors can consider investing in Uganda accordingly. Chairman, CLE further stated that the All India Skin & Hides Tanners & Merchants Association (AISHTMA) had organized visit of an Industry Delegation in November, 2016 and Mr. Aqeel Ahmed, Vice-Chairman,

CLE was also a part of the Delegation. While summing up his address, Chairman, CLE invited Tanners from Uganda to visit India on the occasion of India International Leather Fair (IILF), Chennai in the first week of February,

2018 so that business discussions of mutual interest can be taken forward to the next level. Chairman, CLE also invited the raw material suppliers to participate in the 'Raw Material Sourcing Meet' scheduled to be held on 1st February, 2018 in Chennai for meeting the Indian importers of various categories of leather. Mr. Anil K. Soni, Convener of the Raw Material Panel, CLE explained in detail about the Raw Material Sourcing Meet and invited the Suppliers of raw materials to participate the Sourcing Meet in India.



H.E. Mr. Ravi Shankar, Indian High Commissioner to Uganda, High Commission of India, Tanzania, speaking At the Round-table meetings.

Mr. Mukhtarul Amin, Chairman, CLE, in his address expressed gratitude to the Hon'ble Minister of State for Trade

for arranging a grand welcome to the Indian Delegation at the airport. Chairman, CLE informed that Government of India is giving special focus for promotion of trade with African



Mr. Michael Werhike, Hon'ble Minister of State for Trade, Uganda Ministry of Trade, Industry & Cooperatives, addressing the Indian Delegates.



Mr. Mukhtarul Amin, Chairman, CLE, addressing the audience.

Thereafter, Ms. Jolly Kaguhangire, Executive Director, Uganda Investment Authority (UIA) made a presentation on “Doing Business in Uganda and Investment Opportunities”, highlighting the following aspects:-

Uganda Investment Authority – Support to Investment

1. Provides Information on Investment Opportunities
2. Issues Investment Licenses and provides aftercare services
3. Assists in Securing Secondary Approvals
4. Brokers Joint Venture Partnerships
5. Offers “One- Stop – Centre” Services (Business incorporation, tax registration and advice, Immigration issues, environmental impact assessment guidance, as well as land verification for investment)
6. Facilitation and Enhancement of SMEs
7. Assists in Land Acquisition for Investment and Develops Industrial Parks

Tax & Other Incentives

- Gov’t has provided various fiscal incentives through the respective tax laws
- Incentives are sector specific especially in agriculture, transport, education, manufacturing and energy sectors in order to



Ms. Jolly Kaguhangire, Executive Director, Uganda Investment Authority (UIA), making the Presentation

encourage investment in those sectors and generate employment for nationals

- Industrial land for setting up infrastructure free of premium in Government’s industrial parks
- 10 years tax holiday if the assembly or manufacturing company is going to export at least 80% of the products
- The incentive regime is non discriminatory and can be accessed by both foreign and domestic investors

The Uganda Investment Authority (UIA) is the Government agency that promotes and facilitates investment in Uganda, through a One Stop Centre at no fee.

After the Round-Table meetings, One-to-One meeting between Indian Delegates and the Tanners of Uganda was also organized.

On 6th December, 2017, the Indian delegates visited the shop of M/s Leatherland Limited (owned by an Indian entrepreneur), operating in Acacia Mall, Kampala. They are the only one licensed producers of leather goods, catering local and regional market in Uganda.

Thereafter, the Delegation visited the tannery unit of M/s Leather Industries of Uganda (LIU) Ltd., Jinja the first LWG audited tannery in East Africa, whose

origins go back to 1975. The tannery processes cow hides of Ugandan origin into wet blue leather and supplying locally and internationally to finished leather manufacturers. They supply cow hide wet blue leather in full substance, full grain split, full split, double butt split and calf wet blue leather. Business negotiations and discussions were held between the Indian delegates and owner of the company.



One-to-One Business Meetings between Indian Delegates and Ugandan Counterparts



Indian Delegates visiting the Shop of M/s Leatherland Limited



Visit to the Tannery of Leather Industries of Uganda Ltd.

After finishing the factory visits, the Indian Delegates accompanied by the SITA Officials, departed to Entebbe Airport for taking flight to Kenya.

Visit to Kenya (December 7-8, 2017)

In the last leg of their three-country 'Investment-cum-Sourcing Mission', the Indian Business Delegation headed by Mr. Mukhtarul Amin, Chairman, CLE visited Kenya on 7th & 8th December, 2017.

leather products to Kenya has increased from USD 1.80 million in 2012-13 to USD 30.25 million in 2016-17, recording a remarkable CAGR growth of 102.05%. Total import of leather and leather products by Kenya during the year 2016-17 was USD 246.36 million and India accounts for a share of 12.28% out of it. During 2016-17, the major item of import by Kenya was

Non Leather Footwear (USD 195.08 million) and India's export of this product category was USD 25.53 million.

Round-table meeting between



Round-table meetings in Kenya

Kenya has a population of 46.05 million (2015) and their minimum wage is USD 120-135 per month + charges. The export duty for raw hides and skins is 80% and there is 0% duty for wet blue and crust leather. Likewise, import duty for machinery is 0%, whereas, for chemicals and components, it will depend on the level of processing. The trade ties between Indian and Kenya had grown into a robust and multi-faceted partnership. As per sources, India was Kenya's largest trading partner in 2014-15.

In terms of leather sector trade with Kenya, India's export of leather and



Chairman, CLE addressing the Delegates at the Forum

human resource development and creation of mega leather clusters etc.

While talking about the objectives of visit of the Indian delegation, Chairman, CLE informed that the Delegation is here for exploring opportunities for making investment in the leather sector in Kenya and also to source raw-materials. Indian investors are keenly interested to find out Partners in Kenya for Joint Ventures, technical collaborations and even for FDIs. He further stated that the Indian Delegation representing various product segments and different product centers in India is hundred per cent open to do business with their counterparts in Kenya. While summing up his speech, Chairman, CLE said that even though Vietnam don't have much raw material availability, they achieved remarkable progress in the last couple of years solely depending upon their skilled labor force. However, with abundant availability of raw-materials and capable young work force, Kenya can grow much better within a short span of time.

Mr. Adan Mohamed, Cabinet Secretary, Ministry of Industry, Trade and Cooperatives, Govt. of Kenya, who attended the Round Table meetings, informed that, Kenya is giving utmost importance to the interest of Indian investors and over the years relationship between both the Countries and its people has gained remarkable progress. The Cabinet Secretary, while sharing his experience during one of his visit to Chennai, informed that Kenya has great respect to the Indian entrepreneurs and people of India. He further stated that Textile and Leather are the two areas, Govt. of Kenya is giving greater importance. Cabinet Secretary further stated that, Govt. of Kenya is ready to extend any kind of support and assistance to the companies, who are investing in the Country. He informed that, Kenya is importing 30-35 million pairs of shoes annually and the Govt. is desirous to manufacture 100 per cent of the domestic requirement within Kenya. In addition to this, Kenya is having Free Trade Agreement (FTA) with USA and many European Countries. Hence Kenyan manufacturers can export their products to these markets without any tax or duties. Now, lion-share of the domestic requirement of non-leather footwear is importing from China, hence, Indian companies and exporters have great opportunities in Kenya. Among the East African Countries, headquarters of over 35% of the MNCs are located in Kenya. While concluding his address, the Cabinet Secretary informed that now 90% of the semi-finished leather is exporting and the Government is planning to restrict export of raw-materials within next 18 months time, for ensuring easy availability of leather to the companies who are manufacturing in Kenya.

Thereafter, Dr. Moses Ikiara, Managing Director, KenInvest made a presentation on "Investment Climate in Kenya". The gist of his presentation is given below:-

Overview of Leather Sector in Kenya

- Kenya has the 3rd largest herd



Mr. Adan Mohamed, Cabinet Secretary, Ministry of Industry, Trade and Cooperatives, Govt. of Kenya addressing the Indian Delegates

size in Africa but contributes to only 3.5% of leather production in Africa.

- Kenya compared to the Region, is competitive in availability and access to raw materials with an average of 70%-80%. (ETG Estimations)
- Leather currently contributes to 0.3% of Kenya's GDP but has tremendous potential to contribute more.
- Processing of finished leather will create an additional USD 150-200 Million in GDP.
- The leather sector accounts for 6.75% of total employment in Kenya.
- Processing of finished leather will create an additional 35,000 jobs.
- The growth in GDP contribution and real exports is attributable to increased value addition of hides and skins to wet blue and leather crust before export.
- Kenya has made notable strides in moving away from exporting raw hides and skins to processed wet blue. The goal is to leverage the current momentum and move into more value

added products, further down the leather value-chain.

-Insufficient funding for investment in modern machinery and facilities associated with fine leather production provides a compelling opportunity for investors to support the efficient production of leather and finished leather products.

Investment Opportunities in the Leather Sector in Kenya

The leather sector is one of the Government focus sectors under the Kenya's Industrial Transformation Programme. Under the President's Action plan in his next 5 years in office, manufacturing is one of the focus areas, leather being one of the sub-sectors.

There is a 500 acre leather cluster in Kinanie, Athiriver area with host of services/opportunities to promote the sector including:

- 6 leather footwear manufacturers
- 10 leather tanneries
- 4 packaging and logistics company
- A small and medium enterprise (SME) park
- Training centre for increased value addition
- Subsidized housing for workers

The greatest opportunity in the Kenyan leather sector lies in value addition, the value growth from leather to products increases in value x12. Investment in manufacture of high quality footwear and other leather products for the American market under the AGOA facility

Value Chain	Abattoirs & Traders	Tanning	Manufacturing	
Stage of processing	Raw hide & skins	Wet blue & crust	Finished leather	Finished leather products
Export Value	USD 6.7Mn	USD 131 Mn	USD 3.5 Mn	USD 5.6 Mn
% of Export	5%	89%	2%	4%
Input Intensity	Labor intensive	Capital intensive		Labour intensive

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Incentives available in EPZs and SEZs

EPZs	SEZs
<ul style="list-style-type: none"> - 10 years corporate tax holiday - 25% corporate tax for another 10 years; 30% from the 21st year; - 10 years withholding tax holiday on remittances to non-residents - Stamp duty exemption - Import duty and VAT exemption on raw materials, machinery and other inputs - 100% investment deduction over 20 years on building and machinery 	<ul style="list-style-type: none"> - 10% corporate tax for the first 10 years - 15% corporate tax for another 10 years; 30% from the 21st year; - 10 years withholding tax holiday on remittances to non-residents - Stamp duty exemption - Import duty and VAT exemption on raw materials, machinery and other inputs - 100% investment deduction over 20 years on building and machinery

Why to Invest in Kenya

- Kenya is now a top destination for FDI flows and is ranked third by project numbers among countries in the Middle East and Africa in the 2016 FDI Intelligence Report published by the Financial Times.

• FDI into Kenya by project numbers increased by 47 percent in 2016, reaching 84 announced projects, compared with increases in Ghana (21 percent), Nigeria (19 percent), Egypt (14 percent) and South Africa (3 percent).

• Inward FDI into Kenya grew from US\$ 259m in 2012 to about 1.5b in 2015, with annual growth rates of between 50% and 98%, before declining in 2016.

• India has always been among top 3 sources of FDI into Kenya

• Best Human Resource in Africa-Highly productive educated labor

• Premier logistics hub for the region-New investments to triple Mombasa port capacity and expand both inland and air transport networks

• Region's most developed private sector -Local strategic partnership opportunities

• Kenya's geostrategic location offers it preferential access to regional and international markets

• JKIA connects Africa to Europe, Asia and soon the USA

• Kenya has secured Category I rating, granting it direct flights to the

US

- The Port of Mombasa is gateway to East and Central Africa region.
- Main transport & logistics hub to most of the African countries in the region with great developments in infrastructure; ports, highways and SGR

Proof of Kenya's Competitiveness

Key Features	Source
Ist in Brookings financial inclusion 2015, 2016 & 2017	Brookings
Nairobi is Africa's Most Intelligent City	Intelligent Community Forum
Ranked among seven most promising global investment destinations with good governance structures-2015	Fortune Magazine
6th most 'Internet-ready' country in Africa -2015	INSEAD, French business school
3rd in Barclays Africa Trade Index	Barclays Bank
3rd most improved country in ease doing business 2016, 2017	World Bank
2nd best in logistics on the continent after SA (2016)	World bank
2nd most attractive FDI destination in Africa after Morocco (2016)	EY

- Besides having a sizeable domestic market, Kenya has signed preferential trade agreements with a total population of over 1.4 billion people and market value of \$ 29 trillion

Market Access

- Trade agreements with EU for duty free access to EU market, where

Kenya will have at least 998 tariff lines eliminated, Uganda 529 and Tanzania 697 (though Tanzania has not yet signed).

- Enhanced trade facilitation with the roll out of the EAC single customs territory, One Stop Border Posts (OBSP) and Electronic Cargo Tracking System (ECTS) for monitoring transit cargo; harmonised standards (37 EAC standards domesticated) and 21 out of 23 NTBs resolved in 2016.
- Special status Agreement with Nigeria (200m people) and Ethiopia 98 Million people
- Development of National Trade Policy and the National Export Development Strategy – 2017.

Focus on 'Ease of Doing Business'

- Cabinet Committee on Ease of Doing Business to constantly monitor progress.
- Establishment of a multi-

institutional Business Environment Delivery Unit under the MoITC, mandated to champion the implementation of various business reforms in partnership with the private sector.

- Regular Presidential Round Tables with private sector.
- Some of the reforms have seen improvements in two international indices: The Ease of Doing Business

ranked Kenya 80, while The Global Competitiveness Index ranked Kenya 91 out of 137 countries (2017).

- In 2016 and 2017 Kenya was feted as the 3rd most reformed economy globally and for the first time ever as the most improved economy in Africa by the World Bank.

Kenya Investment Policy

- A draft Kenya Investment Policy (KIP) developed in 2017 and addresses private investments at the national and county levels. It is a comprehensive and harmonized policy to guide attraction, facilitation, retention, monitoring and evaluation of private investment.
- The KIP creates an institutional framework that fosters coordination for efficient investment attraction, facilitation, and a favorable investment climate aimed at attracting high-quality FDI into the country while up scaling local investments and SME capacity.

Dispute Resolution

- Kenya is a signatory to MIGA, the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (which established ICSID), and a member of the Africa Trade Insurance Agency (ATIA), headquartered in Nairobi.
- Kenya has signed and ratified 12 BITs with the Burundi, Finland, French, Italian, Netherlands, Korea, Kuwait, Qatar, Swiss Confederation, United

Kingdom of the Great Britain, Ireland governments and republics and the OPEC Fund – Reforms are ongoing to address challenges posed by BITs.

- Proposal in the KIP to establish an early alert and tracking mechanism designed to identify and track at-risk investments and establishment of a business ombudsman specifically for investors within the National Investment Council.
- Institutionalised mediation process at the commercial court and Automation and adoption of ADR; establishment of a Business Court Users Committee to address challenges in the courts; restructured and reformed Judiciary.

After the Round-Table meetings, One-to-One meeting between Indian Delegates and the Tanners/raw-material suppliers of Kenya was also organized at the venue.

In the afternoon, the Indian Delegation visited the Industrial Park at Athi River and also had meeting with the CEO and other Officials of the Export Processing

Zones Authorities (EPZA). The CEO of EPZA made a detailed presentation about the Export Processing Zone and the facilities/concessions they are giving to the entrepreneurs who are making investments in the Zone. The Indian Delegation also visited Kenya Leather Park at Kinanie, which is under construction.

In the evening on 7th December, 2017, a 'Networking Dinner' with the India Business Forum in Kenya was organized, in which, representatives of Indian Banks i.e. Bank of Baroda, Bank of India, Chairman of the Export Promotion Council of Kenya were present. H.E. Mrs. Suchitra Durai, Hon'ble High Commissioner of India, High Commission of India in Kenya also attended the programme and interacted with the Indian Delegates.

On 8th December, 2017, members of the Indian Delegation visited a few footwear manufacturing (shoe uppers & Hawaii chappals) and tannery units, located in and around Nairobi.

Indian Delegates visiting the manufacturing units of M/s Ravenhood



Meeting with the CEO of Export Processing Zones Authority (EPZA)



Indian Delegates visiting the 'Ready-to-occupy' sheds of the EPZA



Indian Delegates visiting Kenya Leather Park at Kinanie, which is under construction.



Indian Delegates visiting the 'Athi River Tannery'



H.E. Mrs. Suchitra Durai, Hon'ble High Commissioner of India, High Commission of India in Kenya, participating in the 'Networking Dinner'



Indian Delegates visiting the manufacturing units of M/s Ravenhood Limited, M/s United Footwear Ltd. (the job-work units of Bata in Kenya)

Limited, M/s United Footwear Ltd. (the job-work units of Bata in Kenya)

Conclusion:

The 12-Member Leather Sector Delegation from India visited Tanzania, Uganda and Kenya for exploring investment opportunities in these Countries and also to source raw-materials for manufacturing value added finished leather products in India. During the visit, Indian delegates interacted with the Key decision makers/Govt. Officials in

these Countries and gained an idea about their investment policies and the opportunities existing in these markets. The Indian Delegates felt that, as far as attracting investment is concerned, the Governments in the EACs are competing each other to get maximum FDIs/JVs into their Countries and accordingly offering special incentives and policy support. The Indian delegates, who were interested to source raw-material, have got encouraging response from the tanneries and the raw-material

suppliers they visited. As per feedback submitted by the Indian companies, some amount of trial orders were placed for sourcing raw-materials from these Countries. Visit of the Indian Delegation will definitely serve as a milestone for enhancing business relationship between India and EACs in the Leather Sector. SITA, who facilitated visit of Indian Business Delegation to EACs has done a wonderful job and ensured successful visit of the Delegation in all aspects.