



MASTERING YOUR MARKET UNDER AFCFTA - BURUNDI

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OVERVIEW OF BURUNDI

Burundi has a population of about 11.89 million people and it is the 45th (27,830km) largest country in Africa in terms of land mass. It is the 45th largest economy in Africa, and it is classified as a low-income country. It is located in the East African region, surrounded by countries like Tanzania, Rwanda, and DR Congo. The sales of Gold (48.6%), and Coffee (20.5%) accounts for about 60% of its export revenues. Burundi is among the East African Community (EAC) countries which includes countries like Kenya, Tanzania, Rwanda and Uganda. Burundi is a landlocked country, hence, goods will be shipped into the country only through air, road and rail (if any), despite this, the market opportunities and the demographics of the country has made this African market to become a place to explore by African exporters under AfCFTA.

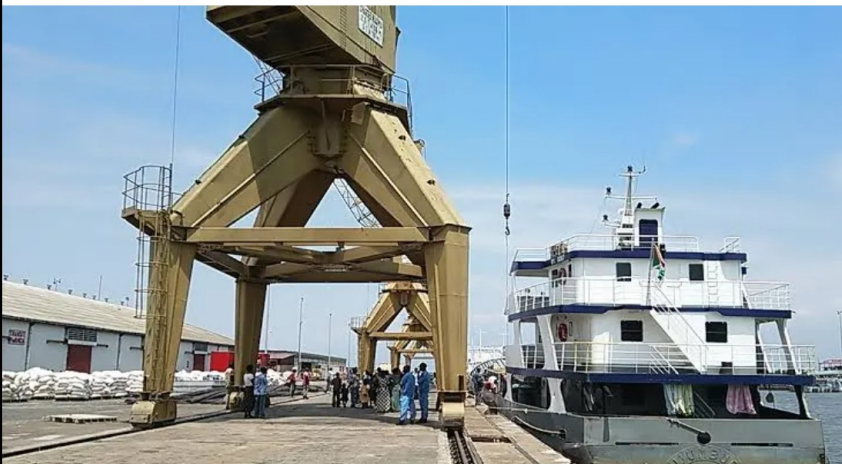
ECONOMIC SNAPSHOTS

Burundi is a landlocked country, hence, have no coastline. It is a predominantly Christians (91.5%) nation, 2.1% practice the Islamic Faith and 5.5% practice the Traditional Faith. Kirundi (29.7%) is the official language, French (3%) Swahili (2%) and English are other languages spoken in the country. It is a low-income country with a per capita income of about \$790 (2017 est.). The GDP was about \$3.11 billion in the year 2019. 28.9% was attributed to Agriculture, Services contributed 47.94% of the GDP while Industries contributed 10.96% (2019 est.).



ECONOMIC SNAPSHOTS

The inflation rate is 7.31% (2020 est.), the literacy rate is 68.38% (UNESCO), while 63.59% of the country's population is between 1-24 years of age. The young population is an indication of the type of goods a Foreign company should be looking at producing or exporting to Burundi. The major products produced are Coffee, Tea, Corn, Beans, Wheat, Sorghum, Sweet Potatoes, Sugar, Gold, Shoes, Soaps, Cement.



MARKET CHALLENGES

Just like most developing nations, one of the major challenges of running a business in Benin is the unfavourable or strict policies on the part of the government.

The world bank's "Ease of doing business" index ranks Benin republic at 149 out of about 180 countries. This therefore means that Benin republic is a difficult place to do business. Language bar-

rier is another challenge that a company from an English speaking country would have to contend with, as an interpreter would be needed for communication. Corruption and protracted delays in resolving trade disputes are other issues, but the government have so far taken steps to remedy this.



IMPORT PRODUCTS

In 2019, the total import volume of Burundi amounts to about \$878 million. Some of the items imported and the amount include the following:

1. Refined Petroleum - \$149M
2. Medicament - \$44.5M
3. Cement - \$36M
4. Raw Sugar - \$30.1M
5. Cars - \$25.8M
6. Blood, vaccines - \$20.5M
7. Delivery Trucks - \$18.9M
8. Wheat - \$18.8M
9. Bedspreads - \$15.9M
10. Chem. fertilizers - \$15.9M
11. Rice - \$15.5M
12. Postage stamps - \$11.4M
13. Used clothing - \$11.3M
14. Malt - \$10.2M
15. Palm Oil - \$78.4M
16. Rubber Tyres - \$7.68M
17. Med Instruments \$6.34M
18. Motorcycles - \$5.93M
19. Plastic Lids - \$5.5M
20. Vehicle parts- \$5.22M

The total service import volume of Burundi in 2018 is about \$229 million and some of the services imported include the following:

1. Transportation - \$161M
2. Business Service- \$19.1M
3. Govt. Services - \$92M
4. Business Travels -\$12.6M
5. Personal Travel - \$10.2M
6. Comp. & Info systems — \$8.58M
7. Fin. Services - \$2.2M



MARKET OPPORTUNITIES

Burundi, like most African countries have myriads of challenges that confronts a smooth business operation, such as corruption, erratic power supply and internet connectivity, in spite of these issues, there are a lot of opportunities that can be explored by Foreign businesses in this export market. These include the huge demand for services in the Sea and Air transportation, Professional and Technical services, Computer and Information services, and insurance services. There is also a huge opportunity in Burundi for Foreign Businesses who are inter-

ested in selling different manufactured goods in this market. Some processed Agro and manufactured products with huge demands that is worth millions of dollars in the Burundian market include Raw Sugar, refined petroleum, medicaments, cement, delivery trucks, cars, Bedspreads, rubber tyres, palm oil etc.

MARKET ENTRY

Burundi ranks 166 of 190 economies in the ease of doing business index ranking, it is imperative that a Foreign business looking to enter this market do their due diligence in understanding the business culture, necessary documentations and permits needed to set up business in Burundi. In 2008, the government established the Burundi Investment Promotion Agency, which is saddled with the responsibility of attracting foreign and boost local investments. One of its core functions is to promote export, assist investors with informa-

tion legal formalities and documentations like licenses, certificates, approvals, authorizations and permits.



IMPORT DOCUMENTATIONS

Burundi has a single window portal that aids the starting of a new business, simplify tax procedures and harmonize commercial laws with those of the East African Community (EAC). All shipments into Burundi are mandated by law to go through a pre-shipment exercise, which is to be carried out in the country of export. This

process is managed by an inspection company known as SGS. A Certificate of Conformity is issued to evidence successful completion of this process and same is used for customs clearance of the goods when it arrives Burundi. Failure to present this document at the point of clearing the goods from customs would attract a penalty of

15% of CIF value of the goods. The importer would also be required to undergo the inspection process in Burundi. The minimum import value for pre-shipment inspection is USD5000 CFR Burundi while Shipments below USD3000 will not be subjected Inspection.





PAYMENT & EXCHANGE

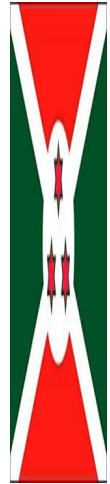
Since 2008, the volume of “government to private foreign companies” agreement, approved by presidential decree or ministerial ordinance in a bid to attract FDI, have led to an uneven implementation of laws and regulations. The corporate tax rate is 30%, with reductions for companies that employ certain numbers of its citizens. After paying

tax, there are no laws stopping the expatriation of funds associated with investment. However, investors find it difficult to convert funds into foreign currency due to de facto capital controls implemented by the Central bank of Burundi in 2019.

BUSINESS CULTURE

The way one dresses is very important in business meetings. Hence, high-level administrators or representatives should wear suits (jackets) and a tie or at least a long sleeve shirts and a tie. When meeting a prospective business partner, it is best to broach on neutral topics such as peace, health, family and work. Avoid the temptation to discuss issues relating to ethnicity, regionalism, sexuality, religion, or even criticism of the governments politics or authorities. Moderate humor is accept-

able but avoid sarcasm at all cost. Personal space depends on the relative rank of people’s positions: the greater the gap in rank, the greater the distance maintained and it is usually up to the individual of higher rank to tell you to mover closer.





IN CONCLUSION

Burundi like most African countries, is plagued by high level corruption which has hampered the economic growth of the landlocked country. This market offers huge opportunities for Foreign (African businesses) under AfCFTA.

Any business looking to enter the Burundian

market must be ready to put structure in place for a successful venture. There are no laws impeding foreign businesses to set up structure in burundi, but it is imperative to take note of the businesses not allowed to be owned by foreigners and also their import prohibition list. Finally, Burun-

dian market also gives businesses the opportunity to trade with other countries in the COMESA, CEPGL and CEEAC region.



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