

PRESS RELEASE: EAC and China Sign Framework Agreement to Boost Trade, Investment

The East African Community and the People's Republic of China today signed a Framework Agreement on economy, trade, investment and technical cooperation.

East African Community Secretariat, Arusha, 17 November 2011: The East African Community and the People's Republic of China today signed a Framework Agreement on economy, trade, investment and technical cooperation.

The Agreement, signed by EAC Secretary General Amb. Richard Sezibera on behalf of the Community and Vice Minister for Commerce Hon. Jiang Yaoping on behalf of China, seeks to further open up opportunities for Sino-EAC investment and trade, which stood at US\$ 3.89 billion in 2010.

The Framework Agreement focuses on the promotion of commodity trade, exchange of visits by businesspeople from EAC and China, co-operation in investment, infrastructure development and human resource development and training. It also created a Joint Committee on Economy, Trade, Investment and Technical Cooperation (JCET) as the implementation framework for the Agreement.

While speaking at the first Session of the Joint Committee on Economy, Trade, Investment and Technical Cooperation, which preceded the signing of the Agreement, the Chairperson of the EAC Council of Ministers and Burundi's Minister for EAC Affairs Hon. Hafsa Mossi said she hoped to see a transformation of the EAC-China relationship from being more trade-related to more investment-centered because, she reasoned, "it is through investments, especially value added investment, that we can engage in fair, balanced trade with the rest of the world."

The Council Chairperson was among several dignitaries in attendance at the ceremony held at the EAC Secretariat headquarters in Arusha, which also attracted senior officials from the EAC Partner States and a 50-member strong Chinese delegation, comprising representatives from the Chinese Government and business community.

"The challenge before the business actors in China and the EAC region is to develop more robust partnerships to spur trading relationships through investments in the broad range of sectors especially in the infrastructure but also in agricultural production and processing of agricultural commodities which are very key," Hon. Mossi asserted.

She also highlighted opportunities in the energy sector, where she noted that Kenya has over 2,000 megawatts of geothermal power potential and presently exploits only 127 MW; Rwanda's potential in methane gas in the Lake Kivu which can generate 700 MW of power for 50 years; and hydro-power potential in Uganda and Tanzania.

According to Chinese statistics, bilateral trade with EAC member states grew 39% from the year before, and by September 2011, China had invested more than US\$ 750 million in the EAC member countries, in areas such as clothing, machinery and equipment manufacture.

The EAC Secretary General Amb. Richard Sezibera on his part described the Agreement as an opportunity to explore the way forward in strengthening EAC-China co-operation, and was quick to note that infrastructure development, where China has wide experience in the region, would be a crucial enabler for all the trade and investment initiatives being discussed. He thus called upon China to play a leading role in supporting infrastructure development in the region.

"EAC requires approximately US 80 billion dollars in infrastructural investments for the period up to

2018. This investment for sure will not be raised within this region and we are, therefore, extending a hand of friendship to Chinese investors to work with us and take advantage of the huge potential for investment,” said the Secretary General.

Amb. Sezibera proposed to the Chinese investors a number of priority projects which require funding, including the rehabilitation of the Arusha-Holili-Voi Road—estimated to cost US\$ 566 million; improvement of public facilities (markets, parking bays for long distance drivers and emergency coordination) along the EAC Corridors—US\$ 77 million; feasibility and detailed engineering design studies for four priority roads in East Africa—US\$ 15 million; and a tourism project on branding and development focused on Chinese visitors – estimated to cost US\$ 5 million, among others.

The Chinese Vice Minister for Commerce Hon. Jiang Yaoping meanwhile said China attached great importance to its relationship with the EAC Partner States, and fully supported regional integration. He hailed this latest step EAC and China had taken to boost economic cooperation, declaring the Chinese market open to East African products and reiterating the need for infrastructure.

“This platform we have established will be good for our business community. We need to promote infrastructure and this is of significance to our future cooperation,” Hon. Yaoping affirmed.

He added: “We should work together to identify projects as quickly as possible especially for those that need to be financed”, confirming that China will provide funding for feasibility studies on roads and infrastructure.

The Chinese Ambassador to the United Republic of Tanzania with accreditation to the EAC, His Excellency Liu Xinheng; the Permanent Secretary in the Ministry of EAC (Kenya) Mr David Nalo; senior officials from the Ministries of EAC in the Partner States of Burundi, Rwanda, Tanzania and Uganda; and senior officials from the EAC Organs and Institutions attended the function.

Notes to Editors

- China is one of the leading trading partners of the EAC Partner States. According to Chinese statistics, bilateral trade in 2010 stood at \$3.89 billion, up 39% from the year before.
- By September 2011, China had invested more than US\$ 750 million in the EAC member countries, in areas such as clothing, machinery and equipment manufacture.
- The Framework Agreement on Economy, Trade, Investment and Technical Cooperation signed today between EAC and China comes against the background of a high level visit the EAC Council of Ministers undertook to China in 2008.
- The main objective of that visit was to establish a formal framework for regular consultations between China and the EAC Partner States on mutual development activities.
- Emphasis was placed on infrastructure development, an area in which the EAC has great interest and in which China has made big strides.
- The Framework Agreement focuses on the promotion of commodity trade, exchange of visits by businesspeople from EAC and China, co-operation in investment, infrastructure development and human resource development and training.
- The Agreement also created a Joint Committee on Economy, Trade, Investment and Technical

Cooperation (JCET) as the implementation framework.

• The EAC proposed the following projects for collaboration for the short to medium term, (the period up to 2016):

1. Co-financing of the reconstruction and rehabilitation of the Arusha-Holili-Voi Road – US\$ 566 million – priority targeting the China Exim Bank for co-financing with the African Development Bank and Japan.
2. Development of Lake Victoria Basin Commission Headquarters in Kisumu – US\$ 5 million
3. Development of office infrastructure for the Ministries responsible for EAC Affairs in the Partner States – US\$ 30 million (Priority Burundi – US \$ 6 million)
4. Improvement of Public Facilities (Markets, Parking Bays for Long Distance Drivers, Emergency Coordination and selected Arusha urban roads) along the EAC Corridors – US\$ 77 million;
5. Feasibility and detailed engineering design studies for four priority roads in East Africa – US\$ 15 million
6. Industrial Upgrading and Modernization Programme (IUMP) for the Small and Medium Enterprises (SMEs) – 16 million Euros; and
7. Tourism project on branding and development focused on Chinese visitors – US\$ 5 million.

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