



U.S. Department of State FY 2001 Country Commercial Guide: Rwanda

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Chapter 1: Executive Summary

This Country Commercial Guide (CCG) presents a comprehensive look at Rwanda's commercial environment, using economic, political and market analysis. CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a U.S. government, multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. CCGs are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

While Rwanda is still recovering from years of civil war culminating in genocide in 1994, the Rwandan government continues to make slow but steady progress towards full economic recovery. The government of Rwanda is completing its second year under a Poverty Reduction and Growth Facility (PRGF), which replaced the Enhanced Structural Adjustment Facility (ESAF). The government's objectives under the PRGF is to achieve annual average real GDP growth of 5-6 percent a year; maintain inflation under 5 percent; reduce the external current account deficit (excluding official transfers) to approximately 16-17 percent of GDP; and maintain a level of gross official reserves of at least 4 months of imports. The rise in world oil prices, decrease in world coffee prices since 1997, and sharp reduction in donor support to Rwanda, have all contributed to a decline in Rwanda's economy since 1999, making these objectives more difficult to meet than earlier anticipated.

Over the next few years, the government of Rwanda intends to focus on private sector development, including rural and urban small scale enterprises; encouraging trade, particularly exports; promoting market based agriculture; strengthening the commercial banks and credit union system; completing the privatization of public enterprises; and reforming the social security system. These reforms, however, will be hindered by the ongoing conflict in the Eastern Democratic Republic of the Congo (DROC), with security-related expenditures still absorbing a significant percentage of the government budget. The lack of human and physical capital will also make these reforms more difficult to achieve.

CCGs are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact STAT-USA at 1-800-stat-usa for more information. CCGs can be accessed via the World-Wide-Web at <http://www.stat-usa.gov>, <http://www.state.gov/>, and <http://www.mac.doc.gov>. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-ntis. U.S. exporters seeking general export information and/or assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-usa-trad(e) or by fax at (202) 482-4473.

Chapter II: Economic Trends and Outlook

Major Trends:

Rwanda is the most densely populated country in Sub-Saharan Africa with a population growth rate of nearly 3 percent. The current population of 8 million is expected to increase to 11.2 million inhabitants by 2012. Education and employment opportunities will most likely not keep pace with this growth. The population remains overwhelmingly rural with over 90 percent of families earning a living through subsistence agriculture and 70 percent of households living below the poverty line. Finite limitations on the amount of land available for farming are pushing an increasing percentage of youth to seek off-farm employment. Life expectancy was estimated in 1998 to be 40.8 years. Over 51.8% of Rwandans cannot read or write.

Rwanda's civil war and 1994 genocide seriously disrupted the country's economy. The International Monetary Fund (IMF) estimated that in 1995 the economy had shrunk by 50 percent, inflation rose to 64%, and per capita incomes declined to \$80. From 1995 to 1999, the economy recovered at a rapid pace, with real GDP growth rates of 37% in 1995, an average of 12% a year in 1996-97, and an estimated 10% in 1998. Meanwhile the annual rate of inflation fell from about 64% in 1994, to 22% in 1995, to an average of 10% in 1998. Government revenues increased from 7.1% of GDP in 1995 to 10.2% of GDP in 1998.

In 1999, the Rwandan economy stagnated due to a combination of factors, including the increase in world oil prices, a decrease in world coffee prices, economic pressure from the conflict in Eastern DROC, and a reduction in donor support. Economic growth fell to an estimated 5.9%, reflecting Rwanda's lack of new investment in the productive sector. While inflation continued to fall, mainly due to the decrease in prices for staple foods, the price of imports increased significantly. As a result, the amount of imports dropped and government revenues from import duties, while increasing slightly due to improved administration, were not as high as anticipated. Government revenue fell to 9.7% of GDP in both 1999 and 2000. In an attempt to jumpstart the private sector, the government abolished the state-controlled Chamber of Commerce. It was replaced with the Rwandan Private Sector Federation (RPSF), which is an independent body of private sector organizations. While the RPSF is still a fairly weak organization, it is hoped that it will become more effective in representing the private sector in dialogue with the government of Rwanda as a means to improve government policies and therefore stimulate economic growth.

Rwanda is a foreign aid dependent economy and will continue, at least in the near future, to depend on foreign aid for up to 75 percent of its budget requirements. The Rwandan economy is based on the largely rain-fed agricultural production on small farms. Agriculture employs more than 90 percent of the labor force and in 1998 accounted for 36.7% of GDP and 80% of foreign exchange. Overall production in agriculture has reached pre-war levels, but there is still little new investment in agribusiness. Industry accounts for 13% of GDP and employs about 10,000 workers. The industrial sector is comprised mostly of food industries, the majority of which are small and medium scale with capital not exceeding \$1 million. To date only 40% of pre-war industries have resumed operations. Exports remain concentrated in tea and coffee (70% of exports in 1999) which are well suited to the small farms, steep slopes and cool climates of Rwanda. Rwanda entrepreneurs are exploring other agriculturally based industries, such as

flower production and fruit juice processing, in order to expand its export base. High transportation costs, however, has limited the profitability of many new projects. The total purchasing power in Rwanda is estimate to be only about \$1 billion.

Poverty Reduction and Growth Facility:

In June 1998 the International Monetary Fund (IMF) approved a three-year Enhanced Structural Adjustment Facility (ESAF) arrangement, now termed the Poverty Reduction and Growth Facility (PRGF). The African Development Bank (ADB) approved a structural adjustment credit of \$20 million. The World Bank agreed to provide \$75 million to Rwanda in economic recovery credit to consolidate ongoing economic recovery and stability, reduce rural poverty, lay the foundation for private sector-led growth, and enhance the prospects for national reconciliation by opening up economic opportunities to all Rwandans. While both the IMF and World Bank have given Rwanda positive reports for its first two years of performance, disbursement of funds were delayed in 2000 due to fighting in eastern DROC and delays by the government of Rwanda in reaching key PRGF targets. The consensus that the government is genuinely committed to economic reform and reducing its dependency on foreign assistance is balanced by criticism of military expenditures due to the conflict in eastern DROC. Despite financial constraints, however, the government has increased spending in the social sector from 2.5% of GDP in 1997, to 3.8% of GDP in 1999. It is expected to increase to 3.9% of GDP in 2000.

Rwanda continues to carry a heavy debt burden, with an Net Present Value (NPV) of debt to exports ratio of approximately 520% after rescheduling and a hypothetical stock-of-debt operation of official bilateral debt. The government is preparing a Poverty Reduction Strategy Paper (PRSP) that will articulate its goals, priority actions and targets for poverty reduction. An interim PRSP will be presented by the government to the IMF and World Bank when it applies for debt relief under the Highly Indebted Poor Countries (HIPC) initiative in December 2000.

Military spending:

As a result of continued security needs and the reintegration of ex-combatants of the former army (ex-FAR) into the current army, Rwandan Patriotic Army, the government's military spending remains high, amounting to 25.6% of government recurrent expenditures in 2000. The government of Rwanda has promised that upon the resolution of the conflict in Eastern DROC, with adequate safeguards for security along common borders, it will accelerate the demobilization of soldiers and reduce military spending. However, it is yet unclear when the conflict will be resolved.

Infrastructure:

Rwanda has developed a good network of primary and feeder roads. Major roads are well maintained, particularly compared to neighboring countries, but feeder roads have deteriorated due to conflict, excessive loads by relief-related vehicles, and flooding in 1997. The World Bank is providing funding for road construction in key areas of the country, including international transportation connections, routes connecting major commercial areas, and rural feeder roads.

Electricity costs in Rwanda are three to four times that of neighboring countries, making light manufacturing expensive. Electrogaz, the water/energy utility, will be restructured under private management in early 2001 and eventually privatized. The government is working with the private sector to harness methane gas reserves in Lake Kivu.

Transportation costs are some of the highest in Africa. The government of Rwanda is negotiating with Tanzania to improve rail transportation from Dar Es Salaam to a new dry port in Isaka, just across the Rwandan border.

The telecommunications sector is dominated by the government-owned telephone company and sole Internet Service Provider, Rwandatel. Internet service is unreliable and expensive. The government intends to liberalize the telecommunication sector over the next year or two by establishing a regulatory agency and privatizing Rwandatel. While licenses for competing Internet Service Providers are now available, there is yet no serious competition against Rwandatel. Mobile phone service is provided by one company, MTN-Rwandacell.

Chapter II: Political Environment

Nature of Bilateral Relationships With the United States:

Relations between the United States and Rwanda are cordial, with frequent exchanges of views on a range of bilateral, regional, and international issues. Rwanda's involvement in the conflict in DROC has not disrupted the basically positive bilateral relationship between the U.S. and Rwanda. U.S. AID programs in Rwanda concentrate on health, food security, and democracy/good governance. Rwanda benefits from two regional programs, the Great Lakes Justice Initiative and the Education for Development and Democracy Initiative.

Major Political Issues Affecting the Business Climate:

The government of Rwanda has traditionally exerted tight control over politics and society. This is reflected in the business realm, in which a small elite tends to dominate government-run companies. The private sector, however, is more diverse. While the government has promised political decentralization and has sold most small parastatals, there is still a possibility that major parastatals will be sold only to members of the economic elite who have formed partnerships with foreign investors.

The government of Rwanda currently owns all the land in Rwanda, with property titles being issued only when a structure is built on property. Investors must seek authorization from local government authorities to build on vacant land. A new law providing ownership of land is expected to pass in the year 2002.

Since mid-1999 the Transitional National Assembly has been considering a draft labor code to replace the outdated 1967 code. The major provisions for which labor unions are pressing include a National Labor Commission and a labor court; maternity leave with two-thirds of normal salary to be paid; establishment of health and safety committees in the workplace; and a shorter period for arbitration of labor disputes.

Government price controls have been eliminated for all but the following commodities: cement, electricity, water, telecommunications, petroleum, beer and soft drinks.

Synopsis of the Political System:

Rwanda's Transitional Government of National Unity was put in place after the Rwandan Patriotic Front (RPF) stopped the genocide in July 1994 and assumed power. In June 1999, the government extended to July 2003 the period of transition to an elected national government. During this period, a national commission is slated to write a new constitution. The RPF (now a political party), while frequently criticized for being a minority government, has consistently demonstrated a willingness to share power with moderates in other parties.

The government held local level elections for nearly 9000 local development committees in March 1999. These elections, while not by secret ballot, were considered open and fair. The committees are an innovation through which the government intends to implement its policy of decentralization of power (previously all local officials were appointed by the central government). Elections at the commune level have been scheduled for October 2000. Elections at the national level are expected to take place before the announced end of the transitional period in 2003.

The president and several cabinet officers are members of the RPF. Members of three other political parties hold portfolios in the cabinet, including the Prime Ministry. In the National Assembly, five seats are reserved for the Rwandan Patriotic Army (RPA) and one still vacant seat is reserved for a former member of the former regime's army (commonly referred to as ex-FAR). The other 64 seats are divided among eight political parties in proportion to their pre-genocide membership. The parties appoint deputies to the National Assembly. Because of the association of certain political parties (now banned) with divisiveness and genocide, the remaining political parties agreed in 1994 to abstain from activity below the government/National Assembly/National Committee level during the transitional period.

Rwanda will face periods of grave difficulty over the next few years as it struggles to deal with the legacy of the genocide, but indications are mounting that the majority of Rwandans will support a stable, fair government regardless of its composition.

Chapter IV: Marketing U.S. Products and Services

Distribution and Sales Channels:

No company dominates the import-export business. Instead, trading companies import small amounts of goods (one or two containers at a time). Many international purchases are conducted through irrevocable letters of credit. There is a sufficient amount of foreign reserve to obtain a letter of credit, but it is expensive and time consuming. Many buyers personally purchase goods with cash, particularly in Dubai.

Use of Local Agents and Distributors:

Use of a local agent who can help with licensing and other official tasks, locating warehouse space, and hiring staff is useful in establishing a long-term presence in Rwanda. U.S. companies can contact the Rwandan Federation of the Private Sector or the U.S. Embassy commercial section to assist in locating an agent. When interviewing potential agents, key questions include: contacts with the appropriate labor market, access to a warehouse or other physical plant, and knowledge of local competition.

Franchising:

Franchising is a new concept in Rwanda. Many Rwandans would have difficulty raising money for initial franchise costs, but Rwandans who plan to return from exile in the U.S. might be good candidates for U.S. franchises.

Direct Marketing:

The Rwandan postal system is not yet sufficiently developed to support direct marketing on any large scale. Marketing is conducted primarily through word of mouth. A small but increasing number of Rwandans have access to the Internet, which is a growing form of direct marketing.

Joint Ventures:

The government encourages joint ventures with foreign firms, particularly in the purchase of previously government-owned businesses. There are currently few joint ventures with American firms.

Steps to Establishing an Office:

The bureaucracy involved in establishing an office in Rwanda has been streamlined with the establishment of the Rwandan Investment and Promotion Agency (RIPA), which will soon include a "One-Stop-Shop" for investors. It would still be helpful to have a local agent assist with minor details.

Selling Factors/Technique:

French and English are widely spoken by the Rwandan business community, but many of their customers speak only Kinyarwanda. Providing promotional materials in Kinyarwanda may assist in marketing consumer goods, especially with new and unfamiliar products.

Advertising and Promotion:

Government controlled radio and television are available for commercial advertisements. Newspapers in English, French and Kinyarwanda sell advertising space and are well read. Ugandan papers and the East African, published in Kenya, are widely read in Rwanda. Billboards are also used for advertising. Most promotion, however, is done through word of mouth, and most recently via e-mail.

Sales Service/Customer Support:

Provision for customer support is crucial because local technical expertise in many fields is limited or non-existent. Since e-mail and the World-Wide-Web are available in Rwanda, international communication is becoming less expensive.

Selling to the Government:

The government of Rwanda established the National Tender Board in 1998 to issue and manage procurement rules, regulations, guidelines and policies. Currently the Tender Board serves as the government's procurement agency for the majority of government, parastatal, and donor funded purchases. An Auditor General's office was established in early 1999 to carry out a continuous audit of adherence by the ministries and parastatals to fiscal controls.

Need for a Local Attorney:

A local attorney is necessary. Rwandan employees can be very litigious regarding personnel issues.

Performing Due Diligence:

Rwanda is one of the less corrupt countries in Africa. However, investors would be wise to make all possible inquiries before taking on a local partner, distributor or agent. The U.S. Embassy Commercial Office is a good place to start such an investigation. Rwanda is a small country where everyone in the business community knows each other and considerable value is placed on character and reputation.

Chapter V: Leading Sectors for U.S. Exports and Investment

While Rwandans have traditionally looked to Africa, Europe and Dubai for the bulk of their trade, there is a growing interest in U.S. companies and products. Telecommunications equipment and used clothing make up the majority of Rwanda's imports from the U.S. There have also been several large single sales from U.S. companies over the past few years. Northrop Grumman sold a \$16 million commercial radar system to the government of Rwanda. Lucent Technologies completed a \$25 million deal with the telecommunications parastatal, Rwandatel, to provide a turnkey wireless air loop system. Smaller import opportunities are available in bulk staple foods such as wheat, sugar, rice and dried milk, 4-wheel drive vehicles, trucks, computer equipment, cosmetics, and consultant services. The hotel and restaurant industry is expected to expand as tourism returns to normal over the next few years.

Chapter VI: Trade Regulations, Customs, and Standards

Trade Barriers, Tariffs and Import Taxes:

There are no significant trade barriers that affect the importation of goods and services to Rwanda and the government is continuing a trend towards trade liberalization. Banks are authorized to sell up to the equivalent of \$50,000 to bona fide importers without prior documentary justification. Supporting document for these transactions are required after the fact.

Customs Valuation:

In 1998 the government of Rwanda established the Rwanda Revenue Authority (RRA), which oversees the collection of customs duties. The RRA had a difficult start and the staff has been restructured several times. Tax collection is slowly improving with special attention being paid to the collection of customs duties. Customs duties on imports range from a maximum of 40% to no duty on specified items. Rwandan customs procedures, however, are complex, bureaucratic and fraught with corruption. In an attempt to reduce corruption, the RRA has expanded customs processing facilities and is requiring pre-shipment inspection by SGS (General Society for Surveillance). The government is also establishing minimum standards for all clearing agents. The RRA hopes to implement a Value Added Tax system in early 2001.

Export/Import Licenses:

The export/import licensing system is simple and fast. Export licenses can be obtained from any commercial bank in Rwanda. Companies must have a trade registration card that indicates that the holder is in the import/export business. The Rwanda Revenue Authority issues cards for all importers.

Export Controls:

To promote the development of export industries, all exports are exempt from duties and sales taxes. As a signatory of the Convention on International Trade in Endangered Species (CITES), it is illegal to import or export wild specimens of endangered flora and fauna.

Membership in Free Trade Arrangements:

Rwanda is one of 20 members of the Common Market for Eastern and Southern Africa (COMESA), which offers preferential terms for trade among its members. The government of Rwanda has delayed implementation of COMESA's tariff free policy until they are better able to compensate for the loss in revenues from such a policy. Rwanda has requested membership in the East Africa Cooperation (EAC), which, if accepted, would lead to unified lowered tariffs among EAC member states. Rwanda is a member of the World Trade Association.

Chapter VII: Investment Climate**A. Openness to Foreign Investment**

The government of Rwanda is promoting foreign investment in Rwanda. The Rwandan National Assembly approved a new investment code in December 1998, which provides incentives to foreign investors. To qualify for benefits under the act, foreigners must make a minimum investment of \$100,000 in Rwanda. Qualified investors are exempted from import and sales tax when importing plants, machinery and equipment. Business enterprises registered with the agency will automatically be entitled to three work permits for expatriate employees. These expatriate employees will be exempt from import duty and sales tax for the importation of a vehicle and personal and household effects. Additional information on incentives for investments in Rwanda can be obtained from the Internet website: www.Rwanda1.com/economy/investment_incentive.htm.

1. Rwanda Investment Promotion Agency

In June 2000, the government of Rwanda established the Rwandan Investment Promotion Agency (RIPA). RIPA operates a "One-Stop-Center" to assist potential investors intending to make new investments or rehabilitate, expand, renovate or restructure existing business enterprises. The agency registers new investment projects and assists registered enterprises in securing all required approvals, certificates, work permits and land for their projects.

2. National Tender Board

The government of Rwanda's National Tender Board has steadily expanded its authority since its creation in November 1997. The Tender Board was established to issue and manage procurement rules, regulations, guidelines and policies, but is currently serving as the procurement agency for most government purchases, including those made by parastatals and international donors. Legislation detailing the board's responsibilities and authority is currently being reviewed by the National Assembly and is expected to pass by the end of 2000. Tenders will soon be posted on a National Tender Board website.

3. Privatization

In 1996, the Rwandan National Assembly passed a law giving the government authority to liquidate, contract-out, restructure, and divest partially or wholly any public enterprise. Since then, the Rwandan Privatization Secretariat has sold over 25 enterprises, several to foreign buyers. The Privatization Secretariat is actively working with RIPA to encourage foreign

investors to bid on government-owned enterprises. Over the next two years, the government will be selling nine tea factories and plantations; a water, electricity and gas company; a telecommunications company; and a mineral processing factory. Several hotels and small agricultural based enterprises will also be sold.

B. Regulatory Environment

1. Financial System

In 1995 a fully liberalized and market-determined exchange rate system was established and 20 foreign exchange bureaus were licensed. All lending and deposit interest rates were liberalized and administrative controls abolished. Exporters are permitted to sell their foreign export earnings freely on the domestic exchange market or to retain them in accounts with domestic banks. The exchange rate for the Rwandan franc fluctuates freely, and payments and transfers for current international transactions are easily made. Special provisions apply to receipts from Rwanda's two major exports, coffee and tea: 90% of these export earnings have to be sold to commercial banks. The average market reference exchange rate, as reported by the National Bank of Rwanda (Rwanda's central bank), applies to these transactions.

The withdrawal of foreign currency from local bank accounts is regulated by the central bank. Cash withdrawals of over \$50,000 per year must be supported by documentation proving a need for the cash.

2. Tax and Import Duty Collection

In 1998 the government of Rwanda established the Rwandan Revenue Authority (RRA). Tax collection is slowly improving with special attention being paid to collection of taxes from large companies and customs duties. Enterprises are subject to corporate tax. Customs duties on imports have been simplified and lowered, using a three-tier system with a maximum rate of 40% and a minimum rate of 0%. Rwanda is moving towards a Value Added Tax system, to be established in early 2001. Items originating from COMESA member states receive special treatment and will eventually be imported duty-free. The government of Rwanda is working towards establishing a free trade zone.

Rwanda's trade regimes were liberalized in 1998, with the elimination of surrender requirements for coffee and tea export receipts and the reduction of the maximum tariff rates from 100 percent to 40 percent. As a result, Rwanda's trade restrictiveness index fell to "3" (relatively open). The import licensing system is simple and fast, but customs clearance on imports is still fraught with petty corruption and bureaucratic hurdles. The government of Rwanda is in the process of improving the import process, including the requirement of pre-shipment inspection by SGS (General Society for Surveillance). The government is also establishing minimum standards for all clearing agents.

3. Government Oversight

The government established an Office of the Auditor General in 1999 to carry out a continuous audit of government adherence to fiscal controls. The office expects to audit on a yearly basis every ministry, government-owned business and major projects.

A draft private sector regulatory law is currently under review by the National Assembly and is expected to pass in 2000. This law will create a regulatory board to regulate the utility sectors in Rwanda, including telecommunications, electricity, gas and water. A new regulatory agency will provide guidance on granting licenses, enforcing regulations, addressing anti-competitive activities, and implementing standards. The law will also provide incentives for investment in Rwanda's utility sector

The labor code was revised in 2000 to eliminate gender discrimination, restrictions on the mobility of labor, and wage controls. The law allows for economic layoffs. A new insurance law is being prepared. The government run Chamber of Commerce was replaced in 2000 by the Federation of Private Sector Professional Associations. A private arbitration center was recently established to settle commercial disputes.

C. Investment Possibilities

Private investment since the 1994 genocide has been minimal. However, with the passage of the investment code and creation of RIPA, the government of Rwanda hopes to more aggressively promote investment opportunities in Rwanda for foreign investors.

1. Coffee

One of the best investment opportunities is in the coffee sector. The coffee sector is fully liberalized and the government of Rwanda is currently liquidating its share in Rwandex, the largest coffee exporter in Rwanda. There is a need for investment for building washing stations, which would add considerable value to the high quality Arabica coffee beans grown in Rwanda. There is room for a high quality coffee roasting company as well.

2. Tea

There is currently one privately owned tea factory in Rwanda, Sorwathe. Sorwathe is owned by an American company, Tea Importers, with the government of Rwanda holding 49 percent of the shares. The nine government owned factories will be sold to private investors over the next year. Rwanda's tea is some of the best in the world and the current market would support the expansion of tea production, both at the factory and farm levels.

3. Energy and water

The government of Rwanda is soliciting bids for the short-term management of Electrogaz, the government owned electricity, water and gas company. The government expects to sell the company some time in the future after improving its management and infrastructure. There is potential for the exploitation of methane gas from lake Kivu, with initial investment ranging from \$5 to \$20 million depending on the size of the project. The government is open to

providing support and incentives to a private company interested in exploiting this methane gas. Fuel wood and charcoal provides the main source of energy in Rwanda. Investment opportunities exist in developing alternative sources of energy such as peat, biogas and solar energy.

4. Telecommunications and Internet

The government-owned telecommunication company, Rwandatel, currently controls most of Rwanda's telecommunications and internet access. However, the government is in the process of liberalizing the telecommunications sector. The Rwanda Information Technology Agency (RITA) has recently been established to coordinate and promote the process of learning and application of information technology in the private and public sectors. Rwandatel is in the process of liquidating its shares in Rwanda's only cellular telephone company, Rwandacell. The government recently issued licenses to at least three Internet Service Providers, but they are not yet formally established. Rwandatel should be privatized by the end of 2001 and the government is actively soliciting American companies that would be interested in purchasing the company.

5. Tourism

Tourism in Rwanda centers on the mountain gorillas, with Rwanda being one of the few countries in which tourists can visit the gorillas. Rwanda's tourism sector is still weak, but private sector actors are starting to play a more active role in reviving tourism in Rwanda. The government is considering replacing the government run tourist board with a private company. There is the potential for investment in new hotel facilities and the establishment of organized tours throughout Rwanda.

6. Other Investment Opportunities

Opportunities exist in small industries such as processing of pyrethrum; tomato concentrate; food processing; flower production; beer and soft drink industries; commercial fishing; construction; and high quality agribusiness. Partnership opportunities are available in the banking sector. Minerals mined in Rwanda include cassiterite, wolframite, colombo-tantalite and gold.

D. Sales Opportunities

Telecommunications equipment has been the United State's largest export to Rwanda, with used clothing running a close second. Sales opportunities also exist in bulk staple foods, 4-wheel drive vehicles, trucks, construction equipment, communications and computer equipment, cosmetics, and consultant services.

E. Project Opportunities

The best project opportunities are in projects funded by the World Bank, African Development Bank and the United Nations Development Program in road expansion, water supply, agriculture, and management consulting.

F. Corruption

Rwanda has minimal corruption compared to many other African countries. While corruption is common among mid-level government officials, it is rare in senior government levels. Visitors are not harassed by officials at the airport (Americans do not need visas to enter Rwanda) or by the local police. The National Assembly has taken an active role in investigating public officials accused of corruption and abuse of office. This led to the resignation of a number of ministers in 1999-2000. The government expects to adopt in 2001 a code of conduct and rules of disclosure for public officials.

Despite efforts to curb corruption, customs processing and the Rwanda Revenue Authority is still bureaucratic and under-the-table payments to customs officials occurs frequently. However, most companies and international organizations import goods through legal means. Smuggling of consumer goods by small traders is very common. It would be helpful to have a local clearing agent, known for its honesty, to facilitate customs and other regulatory procedures.

Procedures for acquiring land can be problematic, since the prefecture offices distribute land with little oversight or regulatory controls. While there have been a few instances of corruption at the National Tender Board, the board has responded favorably to requests by the American Embassy to review decisions that appeared to improperly reject an American company.

G. OPIC Insurance Programs

The Overseas Private Investment Corporation (OPIC) has had an investment guarantee in Rwanda since 1967. The major OPIC activity has been support for Sorwathe, the American-owned tea factory. OPIC political risk insurance was instrumental in rebuilding the tea factory after it had been damaged in the 1994 genocide. OPIC has expressed interest in continuing its involvement in Rwanda.

H. Doing Business

Business in Rwanda is conducted in both English and French. Rwanda is a member of several sub-regional economic organizations such as the Economic Community of Central African States (CEEAC); the Economic Community of the Great Lakes States (CEPGL), the Organization for the Management and Development of the Kagera River Basin (KBO), and the Common Market of East and Southern African States (COMESA). Cargo transportation costs are high. Business associations and government offices will distribute information and provide contacts for American companies. Additional information on doing business in Rwanda can be found on the government of Rwanda website at www.Rwanda1.com.

Chapter VIII: Trade and Project Financing

In 1995/1996 the National Bank of Rwanda (BNR) (the central bank) encouraged the expansion of private banking. A fully liberalized and market-determined exchange rate system was established and 20 foreign exchange bureaus were licensed. All lending and deposit interest rates were liberalized and administrative controls abolished. Exporters are permitted to sell their foreign export earnings freely on the domestic exchange market or to retain them in accounts with domestic banks. The exchange rate for the Rwandan franc fluctuates freely, and payments and transfers for current international transactions are easily made. In 1998 treasury bill auctions were introduced giving BNR an indirect instrument for controlling monetary aggregates and influencing interest rates. In 1999 the Rwandan parliament passed a new banking law that liberalized banking practices while maintaining a high level of supervision by BNR. Comprehensive audits of all five commercial banks were completed in 1999, providing the basis for the restructuring of those banks to comply with the new banking regulations.

Rwanda has five commercial banks, one development bank (Rwandan Development Bank) and one credit union system (Rwandan Union of Popular Banks). Several, but not all, of the commercial banks are profitable and paying shareholder dividends. The majority of commercial bank loans are short-term credits related to trade. The tradition of trade-oriented banks stems from the pre-1994 era when trade with Europe, particularly the export of coffee and tea, was emphasized and there was little expectation for banks to make long-term investments. All the commercial banks derive a significant portion of their profits from the foreign exchange market.

While Rwanda's banking sector is far from being dynamic, investment oriented, and well managed, it is slowly recovering from the 1994 genocide. The banks' conservative nature and the central bank's strict oversight have limited private sector initiatives. However, this conservative nature has ensured that the banks will be stable and viable. Rwanda's small banking community cannot afford to have banks collapse in the same fashion as Ugandan banks, and the government and central bank are taking measures to prevent such a collapse. Also, the banks will need to augment significantly their professional capacity in accounts management and lending before they will meet international banking standards.

Banks with Correspondent Relationships with U.S. Banks:

African Continental Bank of Rwanda (BACAR)

Valens Kajeguhakwa

Chairman of the Board of Directors

Tel: 250-72991

Fax: 250-73486

Bank of Commerce, Development and Industry (BCDI)
Alfred Kalisa
Director General
Tel: 250-74143
Fax: 250-73790
E-mail: bcdinfo@Rwandatel1.Rwanda1.com
Mobile: 250-8300110

Commercial Bank of Rwanda (BCR)
Dr. Laurean W. Rutayisire
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Tel: 250-71273
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E-mail: bcr@rwandatel1.rwanda1.com

Banque la Confiance D'or (BANCOR)
Nicola Watson
Chairman of the Board of Directors
and Acting General Manager
Tel: 27-21-7626360
Fax: 27-21-7626612
(based in South Africa)

Chapter IX: Business Travel

Business Customs:

Business customs are similar to those in the western world, with a stronger emphasis on modest dress. Dress is fairly formal, for men a suit and tie is appropriate for business and government meetings; for women dress or business suit is acceptable. The climate is warm during the day and cool at night, due to its high altitude. Formal dress is not uncomfortable. Business cards are generally exchanged. Rwandans tend to be cautious about establishing relations with outsiders, but once trust is established they are generous and forthcoming partners. Meetings with government officials tend to be on time and short because of the demands on their time.

Travel Advisory and Visas:

Entry requirements: a passport and evidence of yellow fever immunization are required. Visas are not required for American citizens traveling to Rwanda for tourism or business. Detailed entry information may be obtained from the Embassy of the Republic of Rwanda, 1714 New Hampshire Ave., N.W., Washington, D.C. 20009, tel: 202-232-2882, fax: 202-232-4544, or check their website: <http://www.rwandaemb.org/rwanda/>. Overseas, inquiries may be made at the nearest Rwandan embassy or consulate. For the latest information on Rwanda's security, please see the Department of State Consular Information Sheet available at Internet website: <http://travel.state.gov>.

Local Time, Business Hours and Holidays:

Local time is GMT +2. Business hours are as follows:

Government offices: 0800-1700 M-F (many close for lunch)

Banks and businesses: 0800-1700 M-F, 0800-1200 S (many close for lunch)

Business Infrastructure:

Transportation:

The following airlines service Kigali: Sabena, Alliance Air, Ethiopian Airlines, and Kenya Airways. The border between Rwanda and Burundi is tense and travel by road to Bujumbura is not recommended. Travel by road to Dar Es Salaam is extremely difficult. Travel by road to Uganda and Eastern Democratic Republic of the Congo is easy. For updated travel information, contact the Department of State Internet address: <http://travel.state.gov>. U.S. travelers may hear recorded information by calling the Department at 202-647-5225 from a touch-tone telephone or receive information by automated fax by dialing 202-647-3000.

Business Services:

Business services are available in Kigali. Outside of Kigali, phone and automobile services are not widely available. Moderately priced hotels with minimal services are available in Kigali, Butare, Cyangugu, Kibuye, Kibungo, Gisenyi and Ruhengeri. International telephone calls can be made at major hotels. Facsimile services and e-mail services are available at major hotels.

Housing/Accommodation:

The Mille Collines and Umubano hotels are the most expensive and comfortable hotels in Kigali. The daily rate is approximately \$180 and credit cards are accepted. Moderately priced hotels are also available in Kigali and other urban centers, with daily rates ranging from \$30 to \$120. Credit cards are not widely accepted outside the major hotels.

Language:

Business in Rwanda is conducted in both English and French. There are two English language weekly newspapers, regular English language BBC broadcasts on the local radio, and nightly broadcasts of English language news on the state controlled television and radio.

Health:

Medical facilities are available, but limited. Some medicines are in short supply or unavailable. A missionary hospital run by Americans in Kibogora, in the southwest of Rwanda, has some surgical facilities. Most doctors expect cash payment for services. The Medicare/Medicaid program does not provide for payment of medical services outside the U.S. Supplemental medical insurance with specific overseas coverage and a medical evacuation provision is strongly recommended. Travelers generally bring their own supplies of prescription drugs and preventive medicines.

Malaria, including chloroquine resistant strains, is prevalent in Rwanda and there are periodic outbreaks of meningitis. Information on vaccinations and other health precautions may be obtained from the Centers for Disease Control and Prevention's international travelers hotline at

1-877-fyi-trip (1-877-394-8747), the autofax service at 1-888-cdc-faxx (1-888-232-3299), or by visiting the CDC internet home page at <http://www.cdc.gov>.

Food:

Rwandan, Continental, Chinese and American cuisine are readily available in Kigali. Hotels outside Kigali generally serve Rwandan or continental cuisine. Rwandan food consists mainly of grilled beef or fish, french-fries, grilled bananas, beans, potatoes and greens.

Chapter X: Economic and Trade Statistics

Appendix A: Country Data

Official Name: Republic of Rwanda

Population: 8 million

Urban population: 6.1%

Religions: 90% Christian, 10% Muslim

Government System: unitary republic

Legal system: based on Belgian law, the June 1991 constitution and the Arusha Accords of August 1993

Languages: Kinyarwanda, French, and English

Workweek: Monday through Friday with half day on Saturday

Appendix B: Domestic Economy

GDP: estimated at \$240 per capita (1999)

GNP: estimated at \$230 to 252 per capita (1999)

Consumer Price Index: 107 (1998)

Inflation Rate: 5% (2000)

GDP Growth Rate: 5.9% (1999)

Foreign Exchange Reserves: 6 months of imports (2000)

Average Exchange Rate for \$1.00: fluctuates between 420 and 460 FRW per USD

External Public Debt: 60% of GDP (1999)

Internal Public Debt: 10.5% of GDP (1999)

Investment Recovery Rate: 8% of GDP (1999)

Appendix C: Trade

Total Rwandan Exports: \$67.1 million (projected 2000)

Total Rwandan Imports: \$220 million (projected 2000)

U.S. Exports to Rwanda: \$47.5 million (1999)

US Imports from Rwanda: \$3.7 million (1999)

Chapter XI: U.S. and Rwandan Contacts

A. U.S. Government Contacts

American Embassy Kigali
Department of State
2210 Kigali Place
Washington, DC 20510-2210
Tel: 250-75602/3
Fax: 250-72128
E-mail: amembkigali@hotmail.com

U.S. Agency for International Development
Department of State
2210 Kigali Place
Washington, DC 20510-2210
Tel: 250-70940
Fax: 250-74735/73950

TPCC Trade Information Center
Tel: (800) USA-trade

U.S. Department of State
Office of Business Affairs
Tel: (202) 646-1625
Fax: (202) 646-3982

U.S. Department of Commerce
International Trade Administration
Rwanda Country Desk Officer
Tel: (703) 875-4357
Fax: (703) 875-4008

B. Banks:

Rwandan Development bank (BRD)
Edith Gasana
Director General
Tel: 250-75932 or 250-75080
Fax: 250-73569
Mobile: 250-08300169

African Continental Bank of Rwanda (BACAR)

Valens Kajeguhakwa

Chairman of the Board of Directors

Tel: 250-72991

Fax: 250-73486

Bank of Commerce, Development and Industry (BCDI)

Alfred Kalisa

Director General

Tel: 250-74143

Fax: 250-73790

E-mail: bcdinfo@rwandatell.rwanda1.com

Mobile: 250-8300110

Commercial Bank of Rwanda (BCR)

Dr. Laurean W. Rutayisire

Director General

Tel: 250-71273

Fax: 250-73395

E-mail: bcr@rwandatell.rwanda1.com

Banque la Confiance D'or (BANCOR)

Nicola Watson

Chairman of the Board of Directors
and Acting General Manager

Tel: 27-21-7626360

Fax: 27-21-7626612

(based in South Africa)

C. Ministries:

Ministry of Finance and Economic Planning

Donald Kaberuka

Minister

Tel: 250-75777

Fax: 250-75719

Website: www.rwanda1.com

Ministry of Commerce, Industry and Tourism

Dr. Alexandre Lyambabaje

Minister

Tel: 250-73944

Fax: 250-75465

Email: dce@rwandatell.rwanda1.com

Gideon Kayinamura
Secretary General
Tel: 250-08300141
Fax: 250-75465
Email: dce@rwandatel1.rwanda1.com

D. Other Rwandan Government Agencies:

Rwandan Investment Promotion Agency
Bonaventure Niyibizi
Director
Tel: 250-510248/249
Mobile: 250-08300205

Privatization Secretariat
Robert Bayigamba
Director
Tel: 250-75383 or 70991
Fax: 250-75384
E-mail: pvs@rwandatel1.rwanda1.com

National Tender Board
David Musemakweli
Executive Secretary
Tel: 250-71682
Fax: 250-71107
Mobile: 250-08300425
E-mail: dmusema@yahoo.com

Rwanda Revenue Authority
Larbi Siaw
Commissioner General
Tel: 250-73408

E. Rwandan Business Associations:

Rwanda Private Sector Federation
Pipiani Hakizabera
Executive Secretary
Tel: 250-83538 or 83541
Fax: 250-83532
E-mail: frsp@rwandatel1.rwanda1.com

Association of Women Entrepreneurs
Jeanne Mutakwayire Kabagabo
President
Tel: 250-70240 or 250-70241
Fax: 250-76015 or 250-78138

Hotel, Tourism and Restaurant Association of Rwanda
Anne-Marie Kantengwa
President
Tel: 250-84328
Fax: 250-84380
E-mail: lando@rwandatell.rwanda1.com

Rwanda Business Council/Rwanda Tourism Forum
Florence Nkera
Acting President
Tel: 250-82416
Fax: 250-82417
Mobile: 250-08399435
E-mail: aer@rwandatell.rwanda1.com

Appendix G: Accommodations:

Kigali:

Alpha Palace Hotel
Tel: 250-82981
Fax: 250-84134

Hotel Diplomat
Tel: 250-75111 or 250-75112
Fax: 250-75365

Hotel Chez Lando
Tel: 250-84328 or 250-84380
E-mail: lando@rwandatell.rwanda1.com

Le Garni du Centre Motel
Tel: 250-72654

Hotel Isimbi
Tel: 250-75109

Meridian Hotel (Umubano)
Tel: 250-83361/2
Fax: 250-85816

Mille Collines hotel (Sabena)
Tel: 250-76533/4
Fax: 250-76541

Okapi Hotel
Tel: 250-76765
Fax: 250-74413

Butare:
Ibis Hotel
Tel: 250-32160

Gisenyi:
Meridian Hotel
Tel: 250-61319

Palm Beach
Tel: 250-08323111

Ruhengeri:
Muhabura Hotel
Tel: 250-46296

Kinigi Guest House
Tel: 250-08533606

Kibuye:
Kibuye Guest House
Tel: 250-68148 or 250-8300954

Chapter XII: Market Research:

There is no current market research for Rwanda.

Chapter XIII: Trade Events:

The Rwandan Ministry of Commerce, Industry and Tourism in collaboration with the Federation of the Private Sector organizes an annual international trade fair. The next trade fair, EXPO 2001, has not yet been scheduled, but will probably take place in August or September, 2001 in Kigali. Information on the trade fair can be obtained from the following offices:

Ministry of Commerce, Industry and Tourism
P.O. Box 73
Kigali, Rwanda
Tel: 250-75465
Fax: 250-71093
E-mail: dce@rwandatel1.rwanda1.com

Rwanda Private Sector Federation
Pipiani Hakizabera
Executive Secretary
Tel: 250-83538 or 83541
Fax: 250-83532
Email: frsp@rwandatel1.rwanda1.com

