BURUNDI
INVESTMENT CLIMATE STATEMENT
2015

Table of Contents

Executive Summary

Burundi is a landlocked country located in Central Africa. Burundi is still in a post conflict state, is resource poor, its population suffers from extreme poverty, and many of the recent economic reforms have not been fully implemented. Its landlocked location and infrastructure constraints limit transportation of goods and services. Energy demand significantly exceeds capacity and rolling blackouts are common. Years of civil conflict have created a brain drain. Scarcity of skilled labor limits growth in all sectors.

The Government of Burundi (GoB) seeks to attract more foreign investment. However, inexpert fiscal governance and corruption limit foreign direct investment (FDI). The 2013 IMF estimate for FDI inflow in Burundi was USD 68 million. Since 2008, members of the executive branch have granted large discretionary exemptions to private foreign companies by presidential decree or ministerial ordinance in order to attract FDI. These direct government-to-company agreements undermine the Burundian tax law and the investment code. Following the recommendations of the IMF 5th review however, significant efforts have been made to curb these discretionary exemptions. In addition to reducing revenues for the state, these exemptions injure private companies already operating in Burundi by granting advantages to select competitors.

Conversely, over the last year both the telecommunications and mining sectors have been subject to large increases in taxation, also by presidential decree or ministerial ordinance, that have reduced profits and discouraged investors. In some cases, the revenues from the new taxes were managed outside of the official government budget. Corruption is suspected.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

The Investment Code adopted in September 2008, which aims to attract and reassure foreign investors, reflects the GOB official attitude toward foreign investment. The Code's regulations outline processes to facilitate acquisitions, as well as the production, transformation, and distribution of goods and services.

Other Investment Policy Reviews

There are no established processes or criteria for the screening or review of foreign investments. The GoB has no overall economic or industrial strategies that discriminate against foreign investors. Article 63 of the 2013 mining code, stipulates that the GoB must own at least 10 percent of shares of any foreign company which has an industrial mining license. This clause worries investors because the upper limit has not been specified. One of the few cases where the government implemented this Code provision was with Burundi Mining Metallurgy, a registered South African company which was granted a nickel mining license and where 15 percent of the shares were allocated to the government.

Foreign investments concerning weapons, munitions, and any sort of military or para-military enterprises are restricted. Private investments in this sector are rare, and most military enterprises are conducted on a government-to-government basis. No other investment sectors are restricted, nor are there any sectors where foreign investors are denied the same treatment as domestic firms.

The investment code does not distinguish between domestic and foreign investment except for in the military sector. The Investment Promotion Authority (known by its French acronym API) approves new projects seeking to benefit from the advantages included in the investment code. The investment code sets forth no specific bidding criteria for the acquisition of GoB interests by private firms.

Laws/Regulations of Foreign Direct Investment

In August 2009, a series of amendments designed to clarify the somewhat vague provisions of the investment code came into effect. These amendments spell out substantial tax exemptions for real estate purchases related to new investments, tax reductions for goods used to establish new businesses and profit-tax breaks for investors employing more than 50 Burundian workers. The paperwork for creating a business has been made easier and most proposals receive a response within three to four days after the application is submitted. Along with the new code, the government created the API. Currently, its main objectives are not only to inform and assist potential investors, but also to ensure that new laws and regulations that benefit investors are being upheld, and promote reforms aimed at improving the business climate. In 2012, API set up a one-stop investment center to help facilitate and simplify business registration in Burundi. In 2014, API created a follow-up mechanism to make sure that investors are really implementing projects for which they received tax exemptions and other advantages provided in the investment code. Although the country is ranked 152 out of 189 economies in the 2015 World Bank's Doing Business Report, Burundi has made tremendous progress both in terms of starting a business and registering property where it is respectively ranked 18 and 48 out of 189 countries.

Industrial Promotion

The government of Burundi does not have any programs to attract foreign industrial investment.

Limits on Foreign Control

If a foreign investor receives fiscal or any other tax or credit exemption, the investor is required to hire a certain number of local workers.

The 2013 new mining code, stipulates that the GoB own at least 10 percent of shares in any foreign company with an industrial mining license. The ambiguity of this clause concerns investors because a threshold has not been specified.

Privatization Program

Burundi’s coffee industry – the largest source of foreign exports – was opened for privatization in 2009. A foreign investor bought the first 13 washing stations in 2010, followed by 28 others acquired by local investors in 2011. The bidding process was non-discriminatory and transparent. The process of privatization gave rise to a specialty coffee sector which was internationally recognized during Burundi's first Cup of Excellence competition in 2012. A list of a number of state-run companies proposed for privatization is still pending at the National Assembly. The list includes but not limited to ONATEL (a national telecommunications company), OTB (a tea company), SOSUMO (a sugar company), SIP (a real estate company) and ONATOUR (a peat producing and distribution company). It is reported there is resistance among members of the National Assembly to approve the bill. There has been no recent indication of any move towards implementing the privatization program. In practice, the process seems to have stalled and no activity can be expected until the conclusion of upcoming national elections.

There is no explicit discrimination against foreign investors at any stage of the investment process, nor are there any laws or regulations specifically authorizing private firms to adopt articles of incorporation or association which limit or prohibit foreign investment, participation, or control. On paper, Burundi's economy has been liberalized and is open to foreign investors. In practice, corruption hampers many business activities, domestic and foreign.

Screening of FDI

There are no institutional barriers against foreign investors including U.S. businesses, and there is no screening mechanism specifically oriented to them.

Competition Law

There are no Burundian agencies that review transactions for competition-related concerns.

Investment Trends

It is challenging to track Foreign Direct Investment (FDI) in Burundi, as no FDI survey has ever been completed by the GoB. API's figures do not separate FDI from domestic investment, but do provide some relevant information: According to API, since its inception three years ago 193 investment projects have been approved, worth 824 billion Burundian Francs (BIF) (USD 588 million), and a large percentage of the projects have already been launched. The most targeted sectors are tourism, energy, agribusiness, and transportation. Foreign investors are primarily from the East African Community, India, and China. According to the International Monetary Fund, FDI in 2012 amounted to only USD 600,000. The 2013 International Monetary Fund (IMF) estimates an FDI inflow in 2013 of USD 68 million.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	159 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	152 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	138 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 260	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of USD 4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015.

2. Conversion and Transfer Policies

Foreign Exchange

There are no restrictions on converting or transferring funds associated with an investment into a freely usable currency at a legal market rate. The new investment code allows completely free access to foreign exchange for investment remittances. There are no regulatory barriers to obtaining foreign exchange, but availability of foreign currency within Burundi's Central Bank is limited, since the Bank is not accustomed to accommodating large international transactions. Many local investors complained about the lack of available hard currency in late 2014 and early 2015.

Remittance Policies

The average delay for remitting investment returns, once all taxes have been paid, is three months. The reasons for such delays are attributable to general inefficiency in the banking sector and the rarity of such transactions in an environment with very little foreign direct investment. There is no mechanism allowing investors to remit funds through a legal parallel market using convertible negotiable instruments. There is no stated legal limit on the inflow or outflow of funds for remittances of profits, debt service, capital, capital gains, returns on intellectual property, or imported inputs.

3. Expropriation and Compensation

Burundian law allows the GoB to expropriate property for exceptional and state-approved reasons but stipulates that fair market value is required. In practice, there are no recent cases involving expropriation of foreign investments, nor do any foreign firms have pending complaints about compensation. If such disputes did arise, the investment code offers plaintiffs recourse to the national court system or international arbitration.

The new mining code (2013) does not specifically mention expropriation because the holder of the operating license does not have any property rights over the perimeter of activity. However, it does stipulate that any foreign company can be forced to withdraw at any stage of exploitation, without indemnity or compensation, due to violations of the mining code.

There have been no actions of expropriation in the past or policy or legal shifts laying such groundwork. The current government has no tendencies towards discrimination against U.S. investments, companies, or representatives with regard to expropriation.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The legal system of Burundi is based on German and French civil codes and customary law. They have both a Court of Appeals and a Supreme Court. The 1992 Constitution established a number of new courts. Within the Court of Appeals there is a special commercial chamber, established in 2014 and dedicated to settling commercial disputes/conflicts at the appellate level. Burundi's legal system contains standard provisions guaranteeing the right to private property and the enforcement of contracts. While the GoB has been known to impede judicial procedures in cases with political or human rights overtones, it generally does not interfere in business matters. Burundi has a written and consistently applied commercial law which allows for the judgments of foreign courts to be accepted and enforced by local courts. Monetary judgments are usually made in the investor's currency.

Bankruptcy

The current legislation on insolvency in Burundi is 8 years old. In fact, there are two laws governing or pertaining to insolvency. These are Law N°1/07 of 15 March 2006 on bankruptcy and Law N°1/08 of 15 March on legal settlement of ailing company. In 2012, import measures were issued by the GOB to implement the laws on legal settlement of ailing company and on bankruptcy, as well as to regulate some aspects of the insolvency procedures.

A major reform of the insolvency regime is currently in the works. A draft law was adopted by the GOB in 2014 and tabled in the Parliament. These reforms will help fill the gap of the existing legislation in the area of Cross-border/International insolvency, currently unlegislated in the present law. Likewise they are aiming to put together all the provisions related to insolvency in one law and also harmonize the insolvency regime of Burundi with the insolvency regime of the other East African Community Partners (Kenya, Rwanda, Tanzania and Uganda) by incorporating into the new law international and regional best practices.

Investment Disputes

In recent years, there have been few investment disputes involving U.S. or other foreign investors in Burundi. However, in the past six months one additional dispute involving a U.S. company has arisen and is still ongoing. It is currently being arbitrated in the domestic judicial system and a final ruling has not yet been made. An appeal to national or international courts is always possible if the first judgment is considered to be unfair.

International Arbitration

In rare cases involving international elements the GoB accepts international arbitration, and recognizes and enforces foreign arbitral awards. In investment disputes between private parties, international arbitration is accepted as a means of settlement provided one of the parties is an extra-national. In 2007, the GOB created a Center for Arbitration and Mediation to handle such disputes; to date, the Center has heard no cases. The GoB is a member state of the International Centre for Settlement of Investment Disputes (ICSID convention).

ICSID Convention and New York Convention

Burundi became a member state to the ICSID Convention in 1969. The country fully abides by the rights and obligations of the convention. Burundi became the 150th country to become a signatory to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention)

Duration of Dispute Resolution

Due to the limited numbers of foreign investors who have entered into formal business disputes in Burundi, it is difficult to estimate an average timeframe for dispute resolution.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Burundi joined the World Trade Organization on July 23, 1995 and was a member of the General Agreement on Trade and Tariffs (GATT) since 1965. The GoB has not notified the World Trade Organization (WTO) of any measures that are inconsistent with the WTO's Trade Related Investment Measures (TRIMs), nor have there been any independent allegations that the GoB maintains any such measures.

Investment Incentives

There are no established performance requirements for foreign investors. In theory, all new investors qualify for tax deferral based on the rate, duration, and nature of their investments. The standard enticement offered to potential large investors, foreign or domestic, is one or more years of tax-free operation. Amendments adopted in August 2009 to the investment code include exemption of charges for real estate purchases related to new investments, tax exemptions for goods used to establish new businesses, and profit-tax breaks for investors employing more than

50 Burundian workers. Further, the investment code provides free transfer of foreign assets and income after payment of taxes due.

API and the Burundian Revenue Authority (known by its French acronym OBR) have proposed new amendments to the investment code to review existing exemptions and ensure they are consistent with the investment code, and make sure that the tax exemptions are in harmony with those of the East African Community of which Burundi is a member.

Research and Development

U.S. and other foreign firms are not restricted from participating in government/authority financed and/or subsidized research and development programs. However, there have not been any cases of U.S. or foreign firms participating in research and development programs in Burundi in the past.

Performance Requirements

The GoB imposes no performance requirements on investors as a condition for establishing, maintaining, or expanding their investments, or for access to tax and investment incentives. There are no requirements that investors purchase from local sources or export a certain percentage of their output, or only have access to foreign exchange in relation to their exports. There is no requirement that nationals own shares in foreign investments that the share of foreign equity be reduced over time, or that technology be transferred on certain terms.
The GoB imposes no offset requirements linking major procurements to investments in specified sectors of the national economy. There are also no government-imposed conditions on permission to invest related to geographic location, percentage of local content, local equity, employment of nationals, use of domestic employment agencies, import substitution, export targets, technology transfer, or local funding sources.

Data Storage

The GOB does not follow forced localization, the policy in which foreign investors must use domestic content in goods or technology. There are no laws requiring foreign IT providers to turn over source code and/or provide access to surveillance with the exception of sharing user information in terrorism investigations.

6. Right to Private Ownership and Establishment

Foreign and domestic private entities have the right to establish and own business enterprises and engage in all forms of remunerative activity permitted by Burundian law. Private entities may freely establish, acquire and dispose of interests in business enterprises. Private enterprises enjoy competitive equality in competition with public enterprises with respect to access to markets, credit, and other business operations.

7. Protection of Property Rights

Real Property

Secured interests in both real and movable property are nominally recognized under Burundian law. The legal system in general and the investment code in particular claim to protect and facilitate the acquisition and disposition of all property rights. The law also guarantees adequate protection for such intellectual property as patents, copyrights and trademarks but contains no provisions about trade secrets or semiconductor chips. However, beginning in 2012 there have been a number of cases arbitrated by the National Commission for Land and Other Possessions (known as its French acronym CNTB) which have resulted in restoration of property to returning refugees reportedly without compensation being granted to the current property owners. So far, this situation has not affected foreign investors.

Intellectual Property Rights

Like most WTO members, Burundi has adopted the 1995 agreement on Trade-Related Aspects of International Property Rights (TRIPS), which introduced global minimum standards for the protection and enforcement of virtually all intellectual property rights (IPR). The only relevant area where TRIPS applies is the protection of pharmaceutical products, most of which are imported and distributed under the auspices of international donors in full compliance with WTO regulations. Burundi is also a signatory to the 1997 and 2000 UN World Intellectual Property Organization (WIPO) treaties governing industrial property and patent law.

The BBN (Burundi Bureau of Standards) is in charge of this activity, but it lacks the know-how and the necessary equipment. TMEA is providing technical assistance in terms of foreign expertise, but this has also stopped due to the current crisis. No statistics are available.

Resources for Rights Holders

-Molly Runyon
-Political and Economic Section Chief
-U.S. Embassy Bujumbura
-+257 2220 7310
-RunyonAR@state.gov

For a list of local lawyers, see: burundi.usembassy.gov/legal-medical.html

8. Transparency of the Regulatory System

The GoB’s general attitude toward investment is welcoming; however, the government is still working on setting transparent policies for fostering competition and establishing a regulatory framework. There are no explicit tax, labor, environment, or health and safety policies that would discourage investors nor is there any bureaucratic procedure -- beyond registering with the GoB’s Revenue Authority (OBR) -- required to launch or invest in a new enterprise. There are no informal regulatory processes managed by NGOs or private sector associations.

Before the GoB enacts laws and regulations concerning investment policy, private consultants generally publish a study on the draft legislation for review and comment by the private sector. Comments are then submitted for consideration by the GoB before the legislation is voted upon. This procedure was followed during the drafting of the investment code.

The GoB's overall legal system is not transparent and is often subject to judicial roadblocks in cases pertaining to politics and human rights. With regard to trade and investment, however, Burundi's regulatory and accounting systems are generally more transparent and consistent with international norms.

9. Efficient Capital Markets and Portfolio Investment

Credit for investment in Burundi is not readily available and many businesses in Burundi face challenges caused by the low levels of available hard currency on the market.

Money and Banking System, Hostile Takeovers

In theory, foreign investors have access to all existing credit instruments. There are no explicit restrictions on foreign investors' access to local credit, but the local market's own resources are extremely limited. Given this lack of resources, there is no regulatory system to encourage and facilitate portfolio investment. Foreign technical experts including U.S. Treasury are assisting Burundi's Central Bank (known by its French acronym BRB) in developing such a regulatory system and establishing a more active bond market. Although financial markets are small, they are highly liquid and could potentially permit the movement of large amounts of capital.

According to the latest annual reports (2013), the total assets of Burundi's three largest commercial banks are: Interbank Burundi (IBB), USD 197.8 million; Burundi Credit Bank (BCB), USD 187.9 million; and Burundi Commercial Bank (BANCOBU), USD 106 million. On average, approximately 10 percent of the three banks' total asset base is non-performing, which indicates a relatively stable banking environment. (Note: The formal banking sector mainly serves Burundi's small elite of wealthy business people and government officials, as well as its miniscule middle class, composed mostly of civil servants. The majority of Burundians has no access to formal credit and relies on micro-finance institutions that dispense commercially-negligible amounts.) At this point, hedging against currency risk using Burundi's commercial banking system is not possible.

There are no arrangements by private firms that restrict foreign investment through mergers and acquisitions. Private firms also have no specific mechanisms or written strategies to prevent hostile takeovers. The private sector has limited access to credit locally as the credit market is not developed.

10. Competition from State-Owned Enterprises

Private enterprises are allowed to compete with state-owned enterprises (SOEs) under the same terms and conditions with respect to access to markets, credit, and other business operations, such as licenses and supplies. SOEs in Burundi are mainly active in the agricultural sector: coffee, tea, sugar, cotton, and palm oil. SOEs are also present in the telecom and utility industries. ONATEL offers landline, mobile and internet services, while REGIDESO is the country's sole producer and distributor of water and electricity services.

Corporate governance of SOEs is structured from the top down, with a government minister in charge, a Board of Directors, and a General Manager. The management reports directly to the Board of Directors, whose decisions must be approved by the minister within 15 days to be valid. The minister may overrule any decision made by the Board if the minister considers it to be "against the general interest" – a catch-all phrase that allows the minister to have the last word in any dispute. SOEs are required to prepare annual reports but do not routinely submit to independent audits.

OECD Guidelines on Corporate Governance of SOEs

Burundi does not adhere to the OECD guidelines on corporate governance for SOEs.

Sovereign Wealth Funds

Burundi does not have a sovereign wealth fund (SWF).

11. Corporate Social Responsibility

Corporate social responsibility is still a fairly unknown concept in Burundi. According to the investment code, any new enterprise is required to take into account environmental issues and employee rights in its investment/business plan. However, no reliable information is available on the maintenance and enforcement of domestic laws with respect to labor and employment rights, consumer protections and environmental protections. There are no corporate governance, accounting, or executive compensation standards in place to protect the interests of shareholders.

OECD Guidelines for Multinational Enterprises

There is no general awareness of corporate social responsibility among producers or consumers. The national brewery, Brarudi, which is managed and predominantly owned by the Dutch company Heineken, follows such principles as the OECD Guidelines for Multinational Enterprises. Since 2002, Brarudi has introduced programs to conserve water and electricity usage while reducing industrial waste; the company has also donated construction materials for schools and equipment for local NGOs.

The two largest telecommunications providers, Leo and Econet merged in 2014 and spent USD 250,000 in 2013 on public education, largely building schools and providing school equipment. The company helped approximately 2,000 orphans pay for secondary school fees, and they also have provided scholarships for students with limited resources.

In the mining sector, the new mining code (October 2013) requires investors' commitment to infrastructure development, socio-economic contributions, and the welfare of their personnel. It also requires the protection of the environment in general and the rehabilitation of exploited sites in particular. Article 141 of the mining code states that the holder of a mining license must provide the Ministry of Mines with an annual activity report detailing the impact of mining operations undertaken on the environment and measures taken to address them.

12. Political Violence

There were democratic elections in 2005 and 2010. The last rebel group was demobilized in 2009, but the security situation remains tenuous throughout Burundi. Banditry and extortion by armed criminals, some of whom are rumored to have links to the security forces or demobilized former rebels, as well as a general climate of lawlessness and impunity continue to discourage foreign investment. All visitors to Burundi and all U.S. Mission employees are urged to exercise caution and avoid nighttime travel outside the capital. Nonetheless, there is no reliable evidence of anti-foreign sentiment or threats toward foreign investors. Protests, begun on April 26, and an attempted coup on May 13, 2015, caused embassies and many foreign companies, to evacuate all non-emergency personnel. An overall deterioration in security has brought the economy to its knees: lack of security prevents imported goods from reaching Bujumbura, the hub of economic activity; a fuel shortage prevents the working class from moving freely around the country; and the drawdown of international staff reduces business in restaurants and hotels. All these hits to the economy have dramatically reduced Burundians' and others' ability to access hard currency. Most banks have reduced their opening hours and closed branch offices. The franc has lost approximately 30 percent of its value since mid-April.

The security situation throughout the region is volatile, particularly in neighboring eastern Democratic Republic of Congo (DRC) and northwestern Uganda. While these conflicts currently pose little direct threat to Burundi's security, they increase instability and tension in the region. Additionally, the influx of refugees from eastern DRC, and returning refugees from Tanzania strains Burundi's limited resources.

13. Corruption

Officially, Burundi has a number of laws and regulations prohibiting corrupt practices such as bribery, nepotism, preferential hiring and promotion, and embezzlement. In practice, these measures are rarely enforced. This is largely a result of an under-resourced and poorly trained police force and civil service. There is no evidence of any particular bias for or against foreign investors in the enforcement of these statutes.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Burundi is a signatory to the UN Anti-Corruption Convention and the OECD Convention on Combating Bribery. Burundi has also been a member of the East African Anti-Corruption Authority since joining the East African Community in 2007. To date, no foreign firms have lodged complaints against the GoB under any of these agreements. A number of U.S. firms have specifically noted corruption as an obstacle to direct investment in Burundi, and corruption is seen as one of the typical hurdles to be overcome when doing business in the country. Corruption is most pervasive in Burundi in the government procurement sector; the purchase and sale of government property takes place in a non-transparent environment with frequent allegations of bribery and cronyism. Customs officials are also reportedly corrupt, regularly extorting bribes from exporters and importers.

Giving or receiving bribes, including a bribe by a local company to a foreign official, is technically a criminal act punishable by six months to ten years in prison depending on the scale of the financial interests involved. The GoB's Anti-Corruption Brigade is charged with enforcing this legislation but has very limited jurisdiction. Cabinet members, parliamentarians, and anyone appointed by presidential decree have immunity from prosecution on corruption charges, insulating them from accountability and feeding a culture of impunity. Despite the August 2010 presidential announcement of a zero tolerance policy for corruption, there has been no progress in rooting out corruption. The most frequent whistleblower on corruption is a civil society organization called Organization for the Struggle Against Corruption and Public Funds Embezzlement (OLUCOME), which frequently denounces abuses in the public sector.

Resources to Report Corruption

Contact at government agency or agencies are responsible for combating corruption:

Liévin Macumi
Commissaire Général
Brigade Anti-Corruption
Avenue du Large nº4731/B, PO Box 890 Bujumbura
(257) 22 25 6237
brigadeanticorruption@yahoo.fr

Gabriel Rufyiri
President
OLUCOME (Observatoire de Lutte Contre la Corruption et les Malversations Economiques)
Building KAMARA, Chaussée du Prince Louis Rwagasore
(257) 22 25 8900 / 22 25 2020
www.info@olucome.bi

14. Bilateral Investment Agreements

The GoB does not have a bilateral investment treaty with the United States.

Burundi has a long-standing mutual investment agreement with the BENELUX nations. Although Burundi is technically eligible to take part in the African Growth and Opportunities Act (AGOA), there has been no significant activity in this area.

Currently Burundi has Bilateral Investment Treaties with BLEU (Belgium-Luxembourg Economic Union), Germany, Mauritius, Netherlands and the U.K.

Bilateral Taxation Treaties

Burundi does not have a bilateral taxation treaty with the United States.

15. OPIC and Other Investment Insurance Programs

Burundi is a member of the Multilateral Investment Guarantee Agency and, in 2006, signed an agreement with the Overseas Private Investment Corporation (OPIC). To date, there are no OPIC-affiliated enterprises known to be in operation. In the unlikely event that OPIC would need to pay an inconvertibility claim, it would use Burundian Francs (BIF), which, as of April 2014, U.S. Embassy Bujumbura purchased at an official rate of BIF 1600 to one USD. After significant depreciation of the Burundian Franc in early 2013, the Burundian central bank began maintaining the exchange rate through a managed float. It has thus remained relatively stable since February 28, 2013. Given the overall weakness of Burundi's economy, there is significant risk that the value of the BIF will continue to depreciate against major market currencies should the managed float be lifted.

16. Labor

Unskilled local labor is widely available. Workers from neighboring countries (DRC, Rwanda, and Uganda) often supplement a local economy generally lacking skilled labor. Burundi has ratified all of the International Labor Organization (ILO) fundamental conventions protecting workers' rights. However, protection of core labor rights continues to be inadequate. Although the Labor Code prohibits acts of anti-union discrimination, it does not prescribe adequate penalties sufficient to deter such acts. In the private sector, labor-management relations are generally conducted according to international standards that allow for collective bargaining and freedom from reprisal against employees who engage in union activities. Nonetheless, according to the ILO CEACR 2015 report, so far, there is only one collective agreement in Burundi. Labor leaders in the public sector have occasionally been subjected to harassment and arbitrary detention. The law requiring Burundians to carry out community development work to promote the economic and social development of municipalities is inconsistent with the ILO Forced Labor Convention as it does not explicitly provide for the voluntary nature of this work or establish the rules for participation in this work. Over 27 percent of children in Burundi continue to engage in child labor, mainly in agriculture. The Trade Union Confederation of Burundi (COSYBU) also repeatedly reported that discriminatory recruitment practices occurred in the public service, particularly in the education and health sectors, based on membership of the political party in power.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

Burundi has no designated foreign trade zones or free ports.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($M USD)	2013	2,743	2013	2,714	www.worldbank.org/en/country
Foreign Direct Investment	**Host Country Statistical source***		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	N/A		2013	<1	http://bea.gov/international/factsheet/factsheet.cfm?Area=403
Host country's FDI in the United States ($M USD, stock positions)	N/A		2013	N/A	http://bea.gov/international/factsheet/factsheet.cfm?Area=403
Total inbound stock of FDI as % host GDP	N/A		N/A		

The host government does not provide statistical data on U.S. FDI in Burundi or Burundian FDI in the United States.

Table 3: Sources and Destination of FDI

Foreign direct investment position data are not available for Burundi.

Table 4: Sources of Portfolio Investment

Portfolio investment data are not available for Burundi.

19. Contact for More Information

-Molly Runyon
-Political and Economic Section Chief
-U.S. Embassy Bujumbura
-+257 2220 7310
-RunyonAR@state.gov