Trade, Investment & Tourism Opportunities in Uganda

Presentation By

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UGANDA

August 2016
Structure of the Presentation

- Trade and investment Guided by the Vision 2040 & NDP
- Snapshot on Uganda: Comparative Facts and Figures
- Why Uganda for your Business?
- Ministry of Trade, Industry and Cooperatives
- Summary of trade between Uganda and Singapore
- Investment Opportunities in priority sectors?
- Some Challenges as opportunities
- Procedures to invest in Uganda
Trade and Investment Guided by the National Vision

Vision of National Development Plan (NDP)

“A transformed Ugandan Society from a peasant to a modern & prosperous country within 30 years.” (set in 2010)

Elements of NDP

- Stability & Peace
- Knowledge based economy
- Exploitation of resources gainfully & sustainably
- A strong federated East Africa with an effective African Common market, ....
- Private Sector led economy

Uganda Vision 2040 stresses the above
### Snapshot: Uganda

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (Billion US$)</td>
<td>16.8</td>
<td>19.8</td>
<td>21.3</td>
<td>25.3</td>
<td>27.0</td>
</tr>
<tr>
<td>GDP Annual Growth Rate: %</td>
<td>9.7</td>
<td>4.4</td>
<td>3.3</td>
<td>4.6</td>
<td>5.0</td>
</tr>
<tr>
<td>GDP Per capita, PPP (US$) – constant prices</td>
<td>1,695.7</td>
<td>1,720.3</td>
<td>1,770.9</td>
<td>1,648.5</td>
<td>1,752.1</td>
</tr>
<tr>
<td>Foreign direct investment, net inflows (% of GDP)</td>
<td>5.2</td>
<td>4.4</td>
<td>4.2</td>
<td>4.4</td>
<td>4.2</td>
</tr>
<tr>
<td>Investment to GDP Ratio: %</td>
<td>24.8</td>
<td>24.5</td>
<td>25.2</td>
<td>25.7</td>
<td>26.5</td>
</tr>
<tr>
<td>Headline Inflation: %</td>
<td>13.7</td>
<td>5.4</td>
<td>8.0</td>
<td>6.2</td>
<td>5.5</td>
</tr>
<tr>
<td>Population (Million)</td>
<td>33.0</td>
<td>34.0</td>
<td>34.2</td>
<td>36.6</td>
<td>37.8</td>
</tr>
</tbody>
</table>

**Sources:** Global economy: Outlook on Uganda, UBOS Statistical abstract
The Ideal investment Climate: What about Uganda?

1. Political Stability/ Security - Yes
2. Predictable environment and Economic Stability - Yes
3. Good Infrastructure - Yes & No (no=opportunities)
4. Access to global markets, domestic and regional - Yes
5. Productive, competitive and trainable labour - Yes
6. Strong Natural resource base - Yes
7. Fully liberalized economy (e.g. Banking & Finance) - Yes
8. Streamlined Government machinery - Yes
9. Justice - Yes
10. Government commitment to private sector - Yes
11. Quality of Life - Yes
12. Incentives (e.g. Land) - Yes
Why Uganda: Strategic Location & Market

**MARKET**

Uganda - 38* million
East Africa - 180* million
Great Lakes - 190* million
COMESA - 19 member countries
- 489 million people.

- Region Imports over USD 150bn p.a.
- Tripartite: COMESA, EAC & SADC-
  - 26 member countries
  - 632 million people (57% of Africa’s Population)
  - USD 1.3 Trillion GDP

AGOA - US
EU – EBA
China – Easy Access
Japan – over 173 agric. Products
Why Uganda: Investment Incentives

- Capital allowances on capital goods imported: 50% - 75%
- Deductible Annual Allowance
- Import duty exemptions
- Duty draw back facilities
- First arrival privileges (e.g. vehicles, domestic facilities...)
- Externalization of funds allowed
- 10 Year tax holiday for value added exporters
- Withholding tax exemptions on interest, raw materials, plant & machinery.
Status of Actual FDI to Uganda and the EAC (2005 – 2014)

Source: World Investment Report 2015 (UNCTAD)

NB: 2005-7: Pre-crisis annual average
Ministry of Trade, Industry and Cooperatives:

**Mandate and Functions**

- Formulate and support strategies to promote the diversification of trade, industrialization, Cooperatives movement
- Monitor and evaluate the performance of various sectors
- Conduct studies and evaluate the impact of the sector, fiscal and other policies
- Collect data
MTIC’s AGENCIES

- **UIRI** – undertake applied research, Develop and transfer technologies

- **UNBS** - Promotional (facilitating trade and industries) and Regulatory (enforcing standards)

- **UDC** - Promote and assist in the financing, management or establishment of new undertakings solely or through PPPs

- **MTAC** - entrepreneurship and Management training

- **UEPB** – trade promotion and market services

- **AGOA** - Initiative for marketing products duty free and quarter free access to the US market

- **UWRSA** - Facilitate bulk storage of goods for export

- Other collaborating institutions
## Trade between Uganda and Singapore

<table>
<thead>
<tr>
<th>Product label</th>
<th>Uganda's exports to Singapore (in Million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Cotton</td>
<td>31.39</td>
</tr>
<tr>
<td>Coffee, tea, mate and spices</td>
<td>17.00</td>
</tr>
<tr>
<td>Cocoa and cocoa preparations</td>
<td>2.49</td>
</tr>
<tr>
<td>Electrical, electronic equipment</td>
<td>0.90</td>
</tr>
<tr>
<td>Fish, crustaceans, molluscs, aquatic invertebrates nes</td>
<td>0.53</td>
</tr>
<tr>
<td>Machinery, nuclear reactors, boilers, etc</td>
<td>0.06</td>
</tr>
<tr>
<td><strong>Total of all products</strong></td>
<td><strong>54.013</strong></td>
</tr>
<tr>
<td>Product</td>
<td>Uganda's imports from Singapore (in Million USD)</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Animal, vegetable fats &amp; oils</td>
<td>19.469</td>
</tr>
<tr>
<td>Mineral fuels, oils, distillation products</td>
<td>25.557</td>
</tr>
<tr>
<td>Optical, photo, technical, medical apparatus, etc</td>
<td>0.809</td>
</tr>
<tr>
<td>Electrical, electronic equipment</td>
<td>13.019</td>
</tr>
<tr>
<td>Paper and paperboard,</td>
<td>1.140</td>
</tr>
<tr>
<td>Plastics and articles thereof</td>
<td>1.130</td>
</tr>
<tr>
<td>Vehicles other than railway</td>
<td>0.559</td>
</tr>
<tr>
<td>Machinery, boilers</td>
<td>1.794</td>
</tr>
<tr>
<td>Glass and glassware</td>
<td>0.655</td>
</tr>
<tr>
<td><strong>Total of all products</strong></td>
<td><strong>67.820</strong></td>
</tr>
</tbody>
</table>
Challenges

- Limited budget resources and inadequate infrastructure
- Inadequate human resource (brain drain)
- Leadership, Management and Specialization are in short supply at all levels of health care.
- Investment in training is low
- Recruitment (though improving) and retaining of staff is poor
- Demoralization due to work overload is common
Some Multinationals in Uganda

- Protea Hotels
- Netcare
- Laborum
- Africell
- Tullow Oil plc
- Alcatel
- UBA
- Olam
- Ecobank
- Serena Hotels
- Ericsson
- Reliance Communications
- Toyota
- African Minerals
- Barclays
- Citi
- Hilton
- Finabank
- Heritage
- Oil Corporation
- Salini Impregilo
- Dominion Petroleum Limited
- RIO Tinto
- Equity Bank
- Hertz
- TrønderEnergi
Multinationals in Uganda cont’d
Priority Sectors and Investment Opportunities

- Manufacturing
- Agriculture
- ICT
- Storage Facilities - Warehousing and Silos
- Infrastructure - Transport / Logistics
- Housing / Construction
- Energy / Clean Development Mechanism (CDM) - renewable energy
- Mining
- Petroleum
- Services - Health, Education, Financial services
- Tourism and Wildlife - Untapped Potential in the form of eco-tourism, birdlife, contrasting scenery and wildlife
Manufacturing

- Agro-processing
- Packaging industries
- Livestock
- Mineral exploration and processing
- Fast moving Consumable Goods
- Other industrial and farming Inputs
Major Crops & Livestock

- Coffee
- Cotton
- Pulses
- Cereals
- Flowers
- Fruits
- Cattle, Poultry, Fish
- Tea

Agriculture
DAIRY SECTOR

- A lot of untapped potential in the diary sector
Transport / Logistics

- Buses
- Trucks
- Railways and trains
- Inland Ports
- Water Transport – ferries, cargo carriers, boats
- Industrial Parks
- EPZ’s
Business Opportunities in ICT

- Business Process Outsourcing
- Software development
- Hardware Assembly
- Multimedia Development
- Internet Applications
- Film Industry and Graphics
- Rural Communications
## Finance Sector

Composed of formal, semiformal and informal institutions

<table>
<thead>
<tr>
<th>Institution</th>
<th>Number</th>
<th>Branches</th>
<th>Total Assets (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Banks</td>
<td>25</td>
<td>565</td>
<td>6638.52</td>
</tr>
<tr>
<td>Credit Institutions</td>
<td>3</td>
<td>55</td>
<td>105.40</td>
</tr>
<tr>
<td>Microfinance Deposit-taking Institutions</td>
<td>3</td>
<td>75</td>
<td>109.48</td>
</tr>
</tbody>
</table>

- **Formal institutions**: More prominent in Urban areas. Only serve 14% of the rural population.
- **Informal institutions**: Serve approximately 12% of the rural population.

Semi-formal institutions: 8140 SACCOs currently registered by MTIC

The Uganda Securities Exchange (USE) remains the only approved Stock exchange in Uganda
## Textile sector

### Spinning, weaving & knitting capacities of the three textile mills

<table>
<thead>
<tr>
<th>Company</th>
<th>Spinning capacity (tonnes/day)</th>
<th>Weaving capacity (m/day)</th>
<th>Knitting capacity (tonnes/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern Range Nyanza Ltd</td>
<td>8</td>
<td>80,000</td>
<td>3.8</td>
</tr>
<tr>
<td>Phoenix Logistics Ltd</td>
<td>1.2</td>
<td>N/A</td>
<td>2</td>
</tr>
<tr>
<td>Fine Spinners Ltd</td>
<td>3</td>
<td>N/A</td>
<td>2.5</td>
</tr>
</tbody>
</table>

### Uganda’s Cotton production trends

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Production (bales)</td>
<td>125,310</td>
<td>70,300</td>
<td>146,894</td>
<td>254,036</td>
<td>102,619</td>
<td>78,364</td>
<td>93,093</td>
</tr>
<tr>
<td>Production (tons)</td>
<td>23,182</td>
<td>13,005</td>
<td>27,175</td>
<td>46,997</td>
<td>18,985</td>
<td>14,497</td>
<td>17,222</td>
</tr>
</tbody>
</table>
Packaging Sector

- Export of Agricultural products is greatly stymied by an underdeveloped packaging sector
- Currently, only 3 medium scale industries and 18 registered small and micro enterprises manufacturing packaging products

Great investment potential in the manufacture of corrugated and non corrugated boxes, carry bags, metallic containers, plastics, bottle caps, cans, woven materials, e.t.c
Leather Sector

- Animal resources are 40 – 50% of Agriculture GDP
- Uganda contributes only 5% of world leather trade
- Only 7 major tanneries involved in the processing and export of wet blue.
- Current production by MSMEs is 201,600 pairs of shoes, 115,200 pieces small leather goods

Great investment potential in the production of finished leather for supply to local SMEs and for export
Energy Potential in Uganda

(Large, Medium, Small, Micro, Pico power sites)

- **Potential Hydro**: 5,000MW
  - **Current Hydro**: 2000MW
- **Potential Geothermal**: 450MW
  - **Current Geothermal Generated**: None
- **Peat Generated**: 8 MW
- **Co-generation from Sugar factories and others**: 80 MW (added to the grid)
- **Solar**: 200 MW

lots of potential in wind and solar
Major Oil & Gas Sites

- 6 billion barrels estimated Oil reserves
- 150k-200k Refinery planned to produce diesel, kerosene and heavy fuel oil

Regulatory Framework in place
- National Oil and Gas Policy approved in 2008
- The Petroleum (Exploration, Development and Production) Act, 2013
- The Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act, 2013
Major Investment Opportunities and benefits

Oil & Gas

- New investments in Exploration
- Extraction
- Infrastructure
- Construction
- Refinery
- By-products
- Energy Generation
- Supply of goods
- Employment
- Technology transfer & industrial development
Tourism Investment Opportunities

• Hotel Accommodation & Conferences

• Tour operations- There are many Tourism Investment opportunities for new and innovative tour operators who have international contacts and are able to market Uganda internationally as a new destination based on these special attractions.

• Water sports and related activities

• National park concessions

• Joint Venture with existing players

• Golf courses and other sports
Challenges to Investment

1. Infrastructural challenges (Opportunities)

2. Access to Finance (Many opportunities in the banking and finance sector)

3. Some Bureaucratic and administrative barriers
HOW TO INVEST?

UIA – One Stop shop for investors.

Most Bureaucratic processes have been eased.

1. Register your company in Uganda
2. Locate Project Site
3. Acquire Regulatory licenses
4. Environment Impact Assessment
5. Investment License
6. Implement Investment
7. After care Services
INVEST IN UGANDA!

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