

Uganda

September 2021

Executive Summary

This country fact sheet provides key trade and investment related statistics for Uganda. Specifically, it shows Uganda's trade and investment flows including an analysis of top markets and products with both South Africa and the Western Cape, while highlighting the largest and fastest growing products and sub-sectors. It also analyses consumer-related insights for Uganda and tourism trends between Uganda and South Africa. Key findings and trends are provided below:

Economy

Uganda's economy contracted by an estimated 2.1% in 2020. The economy is expected to recover and reach 6.3% in 2021 and 5% in 2022. Public investment will drive growth. Energy and transportation infrastructure projects are the main targets of the government's efforts. Uganda is expected to build a pipeline to connect its oil fields to the port of Tanga in Tanzania.

Trade

In 2020, Uganda's export receipts increased by 16.42% from USD3.56bn recorded in 2019 to USD4.15bn in 2020. Associated imports costs also increased, by 7.20% from the USD7.70bn in 2019 to USD8.25bn in 2020.

In 2020, South Africa's export receipts with Uganda totalled USD100.31m, declining by 23.77% from the 2019 value of USD131.59m. Contrastingly, South Africa's imports from Uganda increased by 164.81% to a value of USD19.78m in 2020, up from a cost of USD7.47m incurred in 2019. South Africa's leading export product to Uganda in 2020 were motor vehicles for the transport of goods, at a value of USD10.34m. South Africa was the 25th largest destination market for Uganda's exports and the 8th largest source market for Ugandan imports.

The Western Cape exported goods to the value of USD13.85m to Uganda in 2020, a decline of 17.28% from the 2019 value of USD16.74m, while imported goods were valued at USD12.29m in 2020, increasing by 2669.12% from the 2019 value of USD0.44m.

Investment

A total of 349 inward foreign direct investment (FDI) projects were recorded into Uganda from global sources over the period 2003 to March 2021. These projects represented a total capital investment of USD20.57bn. In turn, Uganda recorded 17 outward FDI projects into the world over the said period with an associated capex value of USD538.8m.

There is no record of FDI investments from Uganda into South Africa during the period 2003 to March 2021; and 28 FDI projects with a total capex value of USD713.2m were recorded from South Africa into Uganda over the same period. Seven of those projects were from the Western Cape province, at a capex value of USD73.50m.

Tourism

South Africa received 3, 510 Ugandan tourist arrivals in 2020, declining by 76.28% from the 2019 value of 14, 795.

Table of Contents

1.	General Information	3
2.	Economic Overview	4
2.1	Economic Structure.....	5
2.2	Doing Business in Uganda.....	6
2.3	Uganda's Sovereign Credit Ratings	7
3.	Trade.....	9
3.1	Trade in Services	9
3.2	Uganda Global Trade	10
3.3	South Africa Trade with Uganda	13
3.4	Western Cape Trade with Uganda	15
3.5	Trade Regulations Markings and Standards.....	17
3.6	Tariffs	18
3.7	Port-to-Port Rates	20
4.	Consumer Insights	21
4.1	Consumer Expenditure.....	21
5.	Investment.....	23
5.1	Global Investment into Uganda.....	23
5.2	Global Investment from Uganda	26
5.3	Investment Relations between South Africa and Uganda	29
5.4	Investment Relations between the Western Cape and Uganda	31
6.	Tourism.....	32
6.1	Ugandan Tourist Arrivals into South Africa	32
6.2	Ugandan Tourist Arrivals into the Western Cape	32
7.	AfCFTA status and timeline.....	33

1. General Information

British influence in Uganda began in the 1860s with explorers seeking the source of the Nile and expanded in subsequent decades with various trade agreements and the establishment of Uganda Protectorate in 1894. The colonial boundaries created by Britain to delimit Uganda grouped together a wide range of ethnic groups with different political systems and cultures. These differences complicated the establishment of a working political community after independence was achieved in 1962. The dictatorial regime of Idi AMIN (1971-79) was responsible for the deaths of some 300,000 opponents; guerrilla war and human rights abuses under Milton OBOTE (1980-85) claimed at least another 100,000 lives. The rule of Yoweri Museveni since 1986 has brought relative stability and economic growth to Uganda. In December 2017, parliament approved the removal of presidential age limits, thereby making it possible for Museveni to continue standing for office.

Uganda faces numerous challenges, however, that could affect future stability, including explosive population growth, power and infrastructure constraints, corruption, underdeveloped democratic institutions, and human rights deficits.

Prior to the COVID-19 outbreak, structural transformation was driving a decline in poverty, despite a slowdown in average economic growth over the last decade. The transformation was characterised by a reduction in the total workforce employed in agriculture and a take-off in industrial production, largely in agro-processing. Notwithstanding shifts to higher productivity jobs, per capita real GDP growth decelerated to 1.3% in the five years prior to the COVID-19 crisis, from 2.2% between 2010 and 2015, as population growth climbed further to 3.7% per year. Furthermore, poor people remain highly vulnerable to shocks, as seen in the temporary rise in poverty following the 2016/17 drought.

Since the onset of COVID-19, there have been widespread firm closures, permanent layoffs in industry and services, a rapid slowdown of activity particularly in the urban informal sector, and a movement of labour back to farming. Household incomes have also fallen, which is concerning given the high levels of vulnerability to poverty, limited social safety nets, and impact this might have on human capital development and Uganda's capacity to benefit from its demographic transition.

The country's heavy reliance on low productivity agriculture (about 25% of the economy, 50% of exports and 70% of employment) also contributes to income volatility and stagnation. To keep up with growth in the labour force, the economy needs to create at least 700,000 jobs per year, which far exceeds the 75,000 jobs that are currently created annually. Raising incomes further will also require improving productivity in agriculture and opportunities for absorbing excess labour into more productive employment in industry and services.

Sources: CIA World Factbook, 2021; World Bank, 2021

GENERAL INFORMATION	
Capital city	Kampala
Government type	Presidential Republic
Chief of State	President Yoweri Kaguta Museveni
Population	44,712,143 (July 2021 est.)
Life expectancy	68.58 years
Literacy	76.5%
Ethnic groups	Baganda 16.5%, Banyankole 9.6%, Basoga 8.8%, Bakiga 7.1%, Iteso 7%, Langi 6.3%, Bagisu 4.9%, Acholi 4.4%, Lugbara 3.3%, other 32.1% (2014 est.)
Religions	Protestant 45.1% (Anglican 32.0%, Pentecostal/Born Again/Evangelical 11.1%, Seventh Day Adventist 1.7%, Baptist .3%), Roman Catholic 39.3%, Muslim 13.7%, other 1.6%, none 0.2% (2014 est.)
Languages	English (official language, taught in schools, used in courts of law and by most newspapers and some radio broadcasts), Ganda or Luganda (most widely used of the Niger-Congo languages and the language used most often in the capital), other Niger-Congo languages, Nilo-Saharan languages, Swahili (official), Arabic
HDI (2020)	0.54 (Ranked 159 th)

Sources: CIA World Factbook, 2021, Human Development Indicators, 2020

2. Economic Overview

Uganda is the third-largest economy in East Africa after Kenya and Tanzania. The country has achieved astonishing economic performances in the last decades and although slower in recent years, growth remains sustained. Between 1992 and 2010, the country experienced average economic growth of 8%, GDP per capita tripled and the poverty rate was cut in half. The country is gifted with substantial natural resources, including fertile soils, regular rainfall, substantial reserves of recoverable oil, and small deposits of copper, gold, and other minerals. Agriculture is one of the most important sectors of the economy, employing 72% of the work force. The country's export market suffered a major slump following the outbreak of conflict in South Sudan, but has recovered lately, largely due to record coffee harvests, which account for 16% of exports, and increasing gold exports, which account for 10% of exports. Uganda has a small industrial sector that is dependent on imported inputs such as refined oil and heavy equipment. Overall, productivity is hampered by several supply-side constraints, including insufficient infrastructure, lack of modern technology in agriculture, and corruption.

Uganda's economic growth has slowed since 2016 as government spending and public debt has grown. Uganda's budget is dominated by energy and road infrastructure spending, while Uganda relies on donor support for long-term drivers of growth, including agriculture, health, and education. The largest infrastructure projects are externally financed through concessional loans, but at inflated costs. As a result, debt servicing for these loans is expected to rise. Oil revenues and taxes are expected to become a larger source of government funding as oil production starts in the next three to 10 years. Over the next three to five years, foreign investors are planning to invest USD9bn in production facilities projects, USD4bn in an export pipeline, as well as in a USD2-3 billion refinery to produce petroleum products for the domestic and East African Community markets. Furthermore, the government is looking to build several hundred million dollars' worth of highway projects to the oil region.

Uganda faces many economic challenges. Instability in South Sudan has led to a sharp increase in Sudanese refugees and is disrupting Uganda's main export market. Additional economic risks include poor economic management, endemic corruption, and the government's failure to invest adequately in the health, education, and economic opportunities for a burgeoning young population. Uganda has one of the lowest electrification rates in Africa - only 22% of Ugandans have access to electricity, dropping to 10% in rural areas.

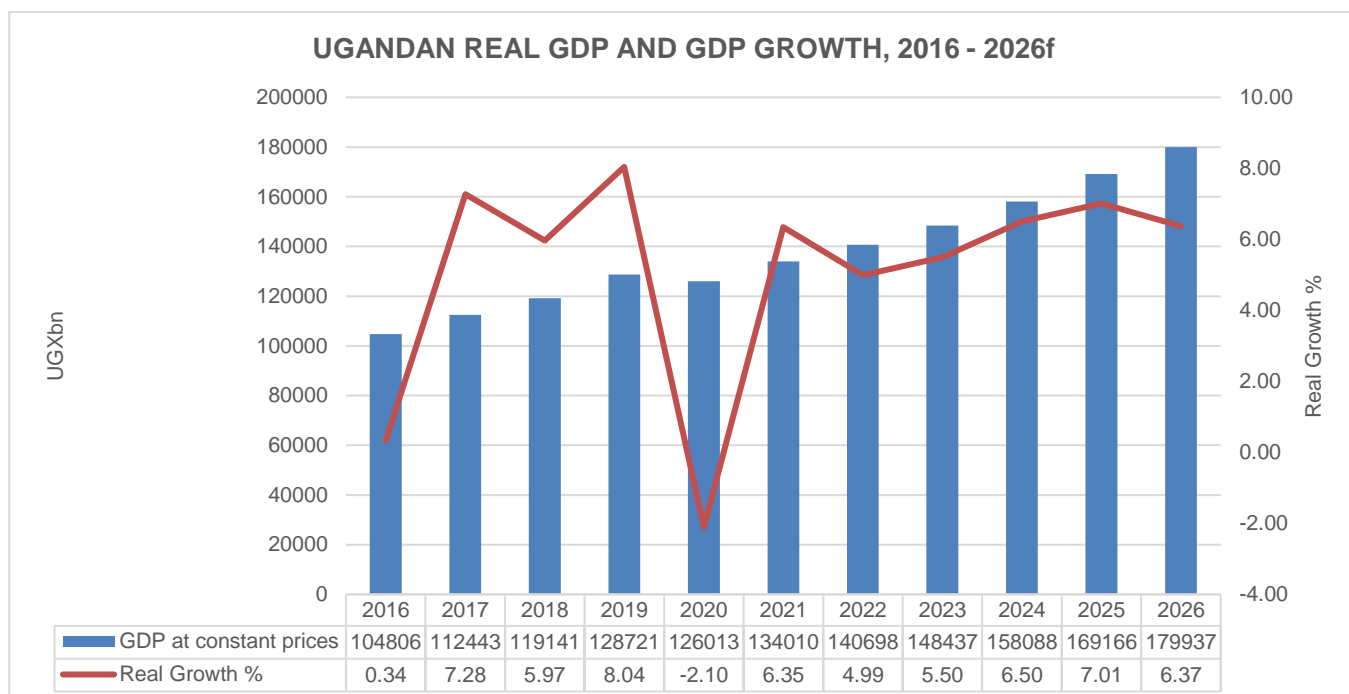
Sources: *CIA World Factbook, 2021*

ECONOMIC INFORMATION	
GDP at constant prices, national currency (2021 est.)	UGX134, 010.01bn
GDP growth at constant prices (2021 est.)	6.34%
GDP per capita at constant prices, national currency (2021 est.)	UGX3, 156, 119.13
Inflation (2021 est.)	5.16%
Central Bank Rate (CBR) (August 2021)	6.5%
Unemployment rate (2021 est.)	42.46%
Doing Business, 2020 Report (ranking out of 190)	116
Total Exports (2020)	USD4.15bn
Total Imports (2020)	USD8.25bn

Sources: *IMF 2021; Bank of Uganda, 2021; Doing Business in Uganda 2020; Trade Map, 2021*

In contrast to the economic contraction recorded in 2020 (-2.1%, according to the latest IMF available data), the economy will recover and reach a projected 6.3% in 2021 and 5% in 2022. Public investment will drive growth. Energy and transportation infrastructure projects are the main targets of the government's efforts. Uganda is expected to build a pipeline to connect its oil fields to the port of Tanga in Tanzania. The project is set to start in March 2021.

Sources: Santander, 2021



Source: IMF, 2021

5

2.1 Economic Structure

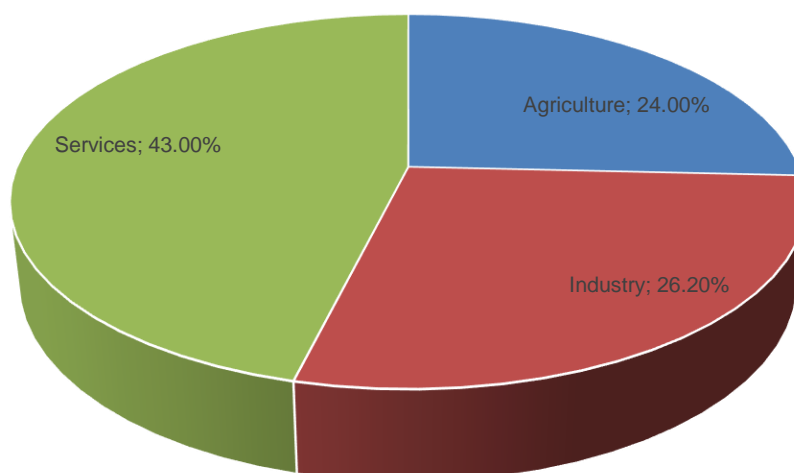
Uganda has considerable natural resources, including fertile soils, regular rainfall, significant reserves of recoverable oil, and small deposits of copper, gold, cobalt, limestone, and other minerals. Agriculture is one of the most important sectors of the economy, employing 72% of the work force and accounting for 24.00% of the GDP.

The country's industrial sector is small and is dependent on imported inputs such as refined oil and heavy equipment. Several supply-side constraints, including insufficient infrastructure, lack of modern technology and corruption hamper productivity. The sector contributes to 26.2% of GDP but employs only 7% of the workforce. The most important sectors are the processing of agricultural products, the manufacture of light consumer goods and textiles, and the production of beverages, electricity, and cement. Most industries are small, local firms with limited manufacturing added value, while the larger industries in the country are predominantly foreign owned.

The services sector in Uganda represents 43% of GDP and employs 21% of the active population; however, it is detached from primary sectors like agriculture and manufacturing, thus lacking the ability to spur economic growth. The ICT sector is one of Uganda's fastest-growing sectors, recording double-digit growth over the last few years, largely driven by the telecommunications sector.

Sources: Santander, 2021

UGANDA GDP SECTORAL CONTRIBUTION, 2020



Source: Santander, 2021

2.2 Doing Business in Uganda

The World Bank Group in its annual *Doing Business 2020* report ranked Uganda 116 out of 190 countries monitored in terms of the ease of doing business. Uganda's strengths in terms of ease of doing business include enforcing contracts, with the country ranking 77th globally in this category, getting credit (80th) and protecting minor investors (88th). Conversely, according to the report, the country fared less favourably in terms of starting a business with a ranking of 169th, getting electricity (168th), and registering property (135th). Indicators ranked by the report are tabled below:

UGANDA'S RANKINGS - DOING BUSINESS, 2020 REPORT	
INDICATORS	2020 RANKING (OUT OF 190 COUNTRIES)
Starting a Business	169
Dealing with Construction Permits	113
Getting Electricity	168
Registering Property	135
Getting Credit	80
Protecting Minority Investors	88
Paying Taxes	92
Trading Across Borders	121
Enforcing Contracts	77
Resolving Insolvency	99
Doing Business 2020	116

Source: World Bank Group's *Doing Business, 2020 Report*.

2.3 Uganda's Sovereign Credit Ratings

"A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and include political risks. At the request of the country, a credit rating agency will evaluate the country's economic and political environment to determine a representative credit rating" (Investopedia, 2020).

While several credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services (Moody's) and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing.

Two key rating 'standards' exist, with the highest possible rating category being "AAA" according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e., defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

On the 23rd of June 2021 Fitch affirmed Uganda's rating at B+, with a negative outlook. The rating reflects the country's solid medium-term growth outlook and record of relative macroeconomic stability prior to the coronavirus shock, aided by an independent central bank that operates under an inflation targeting framework. The rating is constrained by low GDP per capita and low scores on World Bank Governance Indicators, with particularly low scores on political risk and control of corruption. The negative outlook reflects downside risks to public finances and growth from the coronavirus shock amid a build-up of government debt and persistent twin deficits, which is expected to continue into the medium term.

In November 2020, Moody's maintained Uganda's B2 rating with a stable outlook. The ratings agency noted that the rating is constrained by the country's "ba3" economic strength, reflecting a small and landlocked economy characterised by low per capita income and vulnerability to climate-related shocks due to the significant reliance on the agricultural sector; "b3" institutions and governance strength, taking into consideration low Worldwide Governance Indicators, and limited institutional capacity as reflected by weak public financial management; "b3" fiscal strength, reflecting a rising debt burden and an increased reliance on domestic financing that has resulted in higher debt-servicing costs; and its "ba" susceptibility to event risk mainly driven by political risk as well as government liquidity risk due the limited diversification of the funding structure.

Sources: Fitch, 2021; Yahoo Finance, 2021

UGANDA'S SOVEREIGN CREDIT RATINGS, 2021			
CREDIT RATING AGENCY	STANDARD & POORS	MOODY'S INVESTOR SERVICES	FITCH RATINGS
CREDIT RATING	BB-	B2	B+
OUTLOOK	Stable	Stable	Negative
DATE OF LAST CHANGE	2014-01-17	2020-11	2021-06-23

Sources: Trading Economics, 2021

Several alternative measures and rating scales exist to assess risks posed to companies and banks, particularly those pertaining to political and commercial risks when undertaking international commercial transactions. One such company that offers these services is Belgium's Delcrederecroire's, the country's official export credit agency and public credit insurer.

The table below shows Delcrederecroire's current risk assessment of Uganda in terms of export transactions and direct investments. Ratings are between 1 and 7, and between A and C, with 7 and G being the maximum risk indicators.

- In terms of political risk associated with exports transactions in Uganda, these are deemed to be low in the short-term and relatively high in the medium to long-term.

- Business environment risk in turn is considered high.
- Regarding direct investment, except for risk of expropriation and government action, all other categories are considered relatively high risk as indicated by scores awarded below.

UGANDA'S RISK ASSESSMENT - Delcredereducroire		
EXPORT TRANSACTIONS (Scale 1 – 7) *		
Political Risks	Short Term	4
	Medium-Long term	6
	Premium Classification OECD	6
Business Environment Risk A to G	F **	
DIRECT INVESTMENTS		
Political Violence Risk	5	
Risk of expropriation and government action	4	
Currency Inconvertibility and Transfer	6	
* Where 1 is associated with the least risk and 7 the most.		
** Where B is associated with mid risk; A is low risk and G is high risk.		

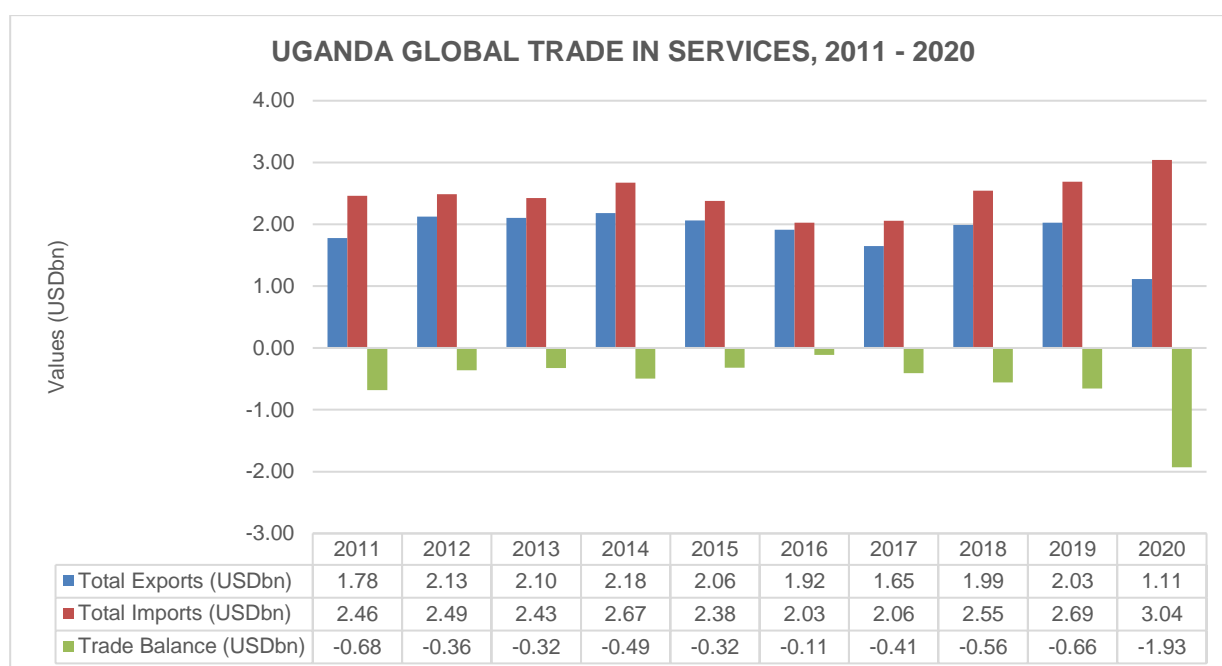
Source: ONDD, 2021

3. Trade

3.1 Trade in Services

The figure below illustrates the trend in Uganda's global trade in services for the period 2011 to 2020. Over the period under review, import costs constantly outpaced that of export receipts, keeping Uganda's services balance in a deficit and making Uganda a net importer of services.

In 2020, services exports stood at USD1.11bn, decreasing by 45.12% from the 2019 value of USD2.03bn. In contrast, associated services imports costs increased by 13.20%, from USD2.69bn in 2019 to USD3.04bn in 2020.



Source: TradeMap, 2021

Key Trade Services

In terms of key trade **service exports**, the travel services category dominated service export earnings in 2020, at a value of USD397.10m, equivalent to 35.66% of total services export receipts earned in 2020. Government goods and services came second at a value of USD231.138m, equivalent to 20.76% of total services export receipts earned in 2020. This was followed by transport services in third place at a value of USD167.93m and equivalent to 15.08% of total services export receipts earned in 2020. Combined, these three categories accounted for 71.49% of total service export receipts earned in 2020.

Uganda's fastest growing **service export categories** over the five-year period leading up to and including 2020 were charges for the use of intellectual property (102.32%), construction (34.30%), and insurance and pension services (8.02%).

Turning to key trade **service imports**, import costs associated with transport services dominated in 2020 at a value of USD1, 451.14m, equivalent to 47.70% of total service import costs in the year. Other business services followed in second position with related service import costs totalling USD1, 284.62m, equivalent to 42.23% of total service import costs in 2020. Construction services came third at a value of USD86.29m, equivalent to 2.84% of total service import costs in the year. Combined, these three categories accounted for 92.76% of total service import costs incurred in 2020.

Uganda's fastest growing **service import categories** over the five-year period leading up to and including 2020 were government goods and services (50.22%), construction (23.55%) and other business services (20.16%).

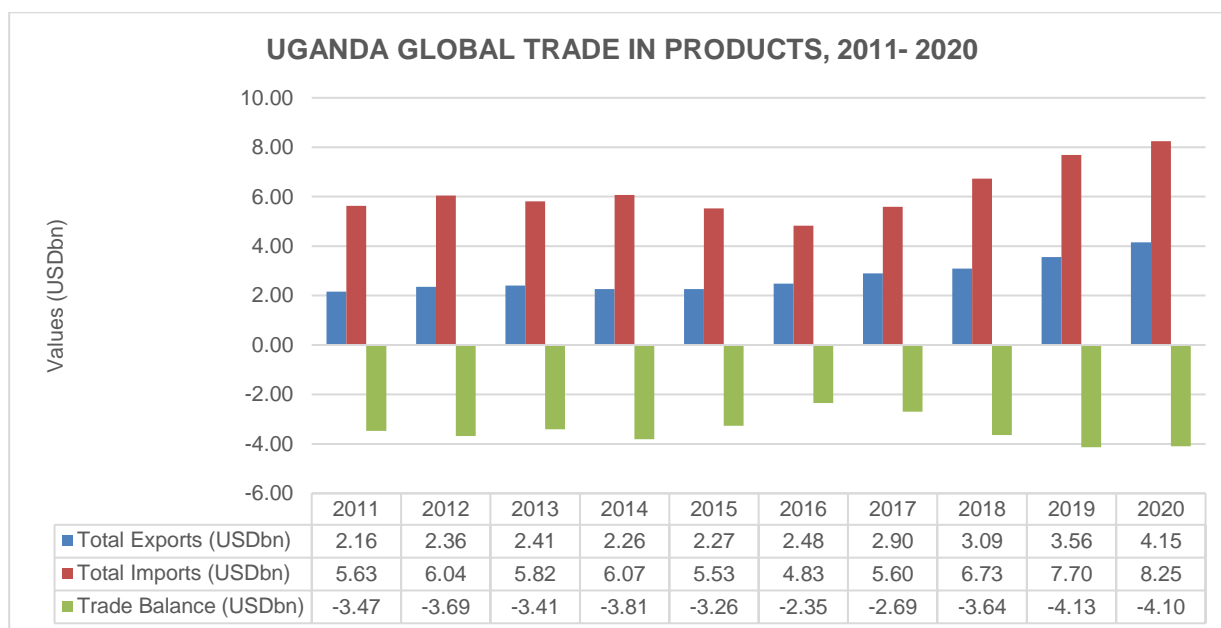
TOP 10 SERVICES EXPORTED BY UGANDA, 2020				TOP 10 SERVICES IMPORTED BY UGANDA, 2020			
CODE	SERVICES	VALUE 2020	% Growth,	RANK	SERVICES	VALUE 2020	% Growth,
		(USDm)	2016-2020			(USDm)	2016-2020
1	Travel	397.10	-10.03%	1	Transport	1451.14	5.76%
2	Government goods and services	231.13	0.90%	2	Other business services	1284.62	20.16%
3	Transport	167.93	4.58%	3	Construction	86.29	23.55%
4	Other business services	151.19	-12.92%	4	Insurance and pension services	72.56	1.78%
5	Construction	74.73	34.30%	5	Travel	61.39	-12.28%
6	Financial services	35.85	7.12%	6	Government goods and services	38.56	50.22%
7	Telecommunications, computer, and information services	30.70	-5.75%	7	Telecommunications, computer, and information services	26.07	-17.37%
8	Insurance and pension services	12.47	8.02%	8	Financial services	11.72	13.76%
9	Charges for the use of intellectual property	8.75	102.32%	9	Personal, cultural, and recreational services	9.91	-5.35%
10	Personal, cultural, and recreational services	3.76	-2.53%	10	Maintenance and repair services	0.01	-44.13%
TOTAL		1113.60	-8.69%	TOTAL		3042.27	5.85%

Source: TradeMap, 2021

3.2 Uganda Global Trade

The figure below shows the trend in the Uganda's global trade from 2011 to 2020. Uganda's import costs consistently outpaced its export receipts throughout the period under review. Accordingly, the country's global trade balance remained firmly in deficit throughout the period analysed.

In 2020, the Uganda's export receipts increased by 16.42% to a value of USD4.15bn, up from USD3.56bn recorded in 2019. In a similar manner, associated import costs also increased, by 7.20% from the cost of USD7.70bn incurred in 2019 to USD8.25bn in 2020.



Source: TradeMap, 2021

Key Trade Markets

In terms of key trade export markets, the United Arab Emirates was the leading destination market for Uganda's exports at a value of USD1844.84m in 2020. Kenya and South Sudan were the second and third largest consumers of Ugandan products in 2020, importing products to the value of USD465.55m and 357.34m, respectively. Of the top 10 exports markets, the fastest growing markets for Ugandan exports over the five-year period leading up to and including 2020 were the United Arab Emirates (112.91%), Sudan (71.94%), and Tanzania (12.16%).

South Africa was Uganda's 25th largest destination market in 2020, at a value of USD11.41m.

TOP 10 DESTINATION COUNTRIES FOR UGANDA'S EXPORTS, 2020			
RANK	COUNTRY	VALUE 2020 (USDm)	% GROWTH (avg.; USD terms) 2016-2020
1	United Arab Emirates	1844.84	112.91%
2	Kenya	465.55	3.56%
3	South Sudan	357.34	-
4	Congo, Democratic Republic of the	267.19	12.02%
5	Italy	138.05	7.66%
6	Tanzania, United Republic of	95.13	12.16%
7	Germany	93.81	4.88%
8	Sudan	89.93	71.94%
9	Netherlands	78.12	1.83%
10	Belgium	72.53	5.27%
25	South Africa	11.41	29.98%
TOTAL EXPORTS		4148.96	12.93%

Source: TradeMap, 2021

China was the leading source market for Uganda's **imports** in 2020, with imports valued at USD1351.95m. India and Kenya were second and third largest source markets for Uganda's imports in 2020, with values totalling USD959.11 and USD773.23m, respectively. Of the top 10 markets, the fastest growing markets for Uganda imports over the five-year period leading up to and including 2020 were Zimbabwe (7951.83%), Tanzania (74.10%) and Saudi Arabia (11.75%).

South Africa was Uganda's 8th largest source market in 2020, at a value of USD220.87m.

TOP 10 SOURCE MARKETS FOR UGANDA'S IMPORTS, 2020			
RANK	COUNTRY	VALUE 2020 (USDm)	% GROWTH (avg.; USD terms) 2016-2020
1	China	1351.95	9.27%
2	India	959.11	-2.33%
3	Kenya	773.23	8.96%
4	Tanzania, United Republic of	743.68	74.10%
5	United Arab Emirates	495.87	9.10%
6	Japan	342.87	3.14%
7	Saudi Arabia	274.52	11.75%
8	South Africa	220.87	1.16%
9	Gambia	212.87	-

10	Zimbabwe	203.86	7951.83%
TOTAL IMPORTS		8250.51	9.01%

Source: TradeMap, 2021

Interesting Trade Facts



Source: TradeMap, 2021

Key Trade Products

In terms of key trade products, gold was Uganda's **dominant export category** in 2020 at a value of USD1818.00m, equivalent to 43.82% of export receipts earned in the said year. Coffee was the second largest export category at a value of USD515.53m (12.43% of total export earnings), while cocoa beans were third at a value of USD99.07m (2.39%). Combined, these three categories accounted for 56.63% of total product export receipts earned in 2020.

Uganda's **fastest growing export products** over the five-year period leading up to and including 2020 were petroleum oils (excluding crude) (337.76%), gold (217.70%), and cocoa beans (14.31%).

In turn, gold was also the **leading import category** into Uganda in 2020 at a value of USD1841.92m, equivalent to 22.32% of import costs. Petroleum oils (excluding crude) category was as the second largest import category at a cost of USD932.90m (11.31% of total import costs), while medicaments were third at a value of USD294.51m (3.57%). Combined, these three categories accounted for 37.20% of total product import costs incurred in 2020.

Of the top ten products, Uganda's **fastest growing import products** over the five-year period leading up to and including 2020 were insecticides, rodenticides, fungicides, herbicides (13.98%), palm oil (8.84%), flat-rolled products of iron or non-alloy steel (7.38%).

12

TOP 10 PRODUCTS EXPORTED BY UGANDA, 2020				TOP 10 PRODUCTS IMPORTED BY UGANDA, 2020			
RANK	PRODUCT (HS 4)	VALUE 2020 (USDm)	% GROWTH (avg.; USD terms) 2016-2020	RANK	PRODUCT (HS 4)	VALUE 2020 (USDm)	% GROWTH (avg.; USD terms) 2016-2020
1	Gold	1818.00	217.70%	1	Gold	1841.92	-
2	Coffee	515.53	7.68%	2	Petroleum oils (excluding crude)	932.90	1.78%
3	Cocoa beans	99.07	14.31%	3	Medicaments	294.51	0.51%
4	Tea	78.67	2.66%	4	Palm oil	271.55	8.84%
5	Petroleum oils (excluding crude)	77.12	337.76%	5	Motor cars	178.80	0.72%
6	Fish fillets	74.12	-0.15%	6	Wheat and meslin	151.71	4.73%
7	Cane or beet sugar	71.58	3.58%	7	Motor vehicles for the transport of goods	139.54	-1.35%

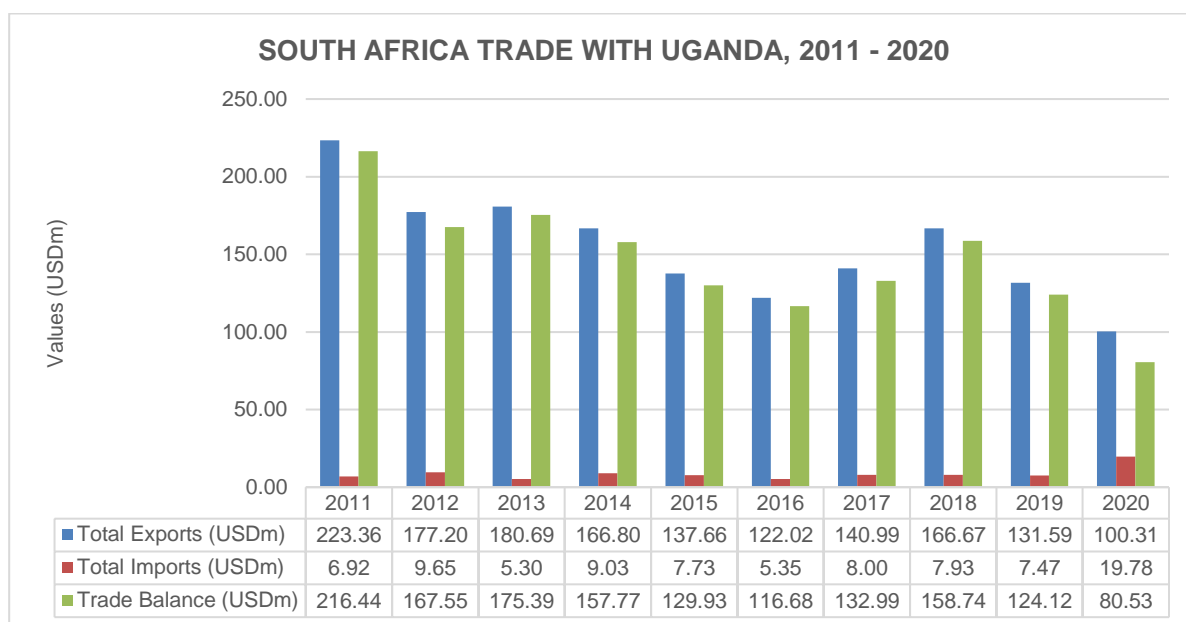
8	Cement	69.45	0.52%	8	Flat-rolled products of iron or non-alloy steel	135.32	7.38%
9	Maize or corn	66.24	5.76%	9	Telephone sets	126.39	0.79%
10	Live plants	50.33	0.10%	10	Insecticides, rodenticides, fungicides, herbicides	108.57	13.98%
TOTAL EXPORTS		4148.96	12.93%	TOTAL IMPORTS		8250.51	9.01%

Source: Trade Map 2021

3.3 South Africa Trade with Uganda

South Africa's trade with Uganda for the period 2011 - 2020 is presented in the figure below.

In 2020, South Africa's export receipts with Uganda totalled USD100.31m, declining by 23.77% from the 2019 value of USD131.59m. In contrast, South Africa's imports from Uganda increased by a significant 164.81% to a value of USD19.78m in 2020, from a cost of USD7.47m incurred in 2019. This increase in import costs came from the importing of medicaments at a value of USD13.03m in 2020. Prior to this, South Africa had never bought medicaments from Uganda.



Source: Trade Map 2021

Key Trade Products

South Africa's **dominant export category** to Uganda in 2020 were motor vehicles for the transport of goods, at a value of USD10.34m, equivalent to 10.31% of all export receipts earned from Ugandan trade in 2020. Bars and rods of iron or non-alloy steel placed second at a value of USD6.20m (6.18%), followed by insecticides, rodenticides, fungicides, herbicides at USD5.88m (5.86%). Combined, these three categories accounted for 22.36% of total product export receipts earned in 2020.

Of the top ten products, South Africa's **fastest growing export product categories** to Uganda over the five-year period leading up to and including 2020 were bars and rods of iron or non-alloy steel (717.98%), printed books, brochures (368.10%), and insecticides, rodenticides, fungicides, herbicides (77.86%).

Medicaments **dominated South African imports** from Uganda in 2020 at a cost of USD13.03m. This was equivalent to 65.87% of all import costs incurred with Uganda in 2020. Coffee placed second at a cost of USD3.01m (15.20%), followed by unmanufactured tobacco at a value of USD1.28m (6.47%). Combined, these three categories accounted for 87.54% of total product import costs incurred in 2020.

Of the top ten products, South Africa's **fastest growing import product categories** with Uganda over the five-year period leading up to and including 2020 were parts of aircraft and spacecraft (227.24%), instruments and apparatus for physical or chemical analysis (203.55%), and vanilla (171.07%).

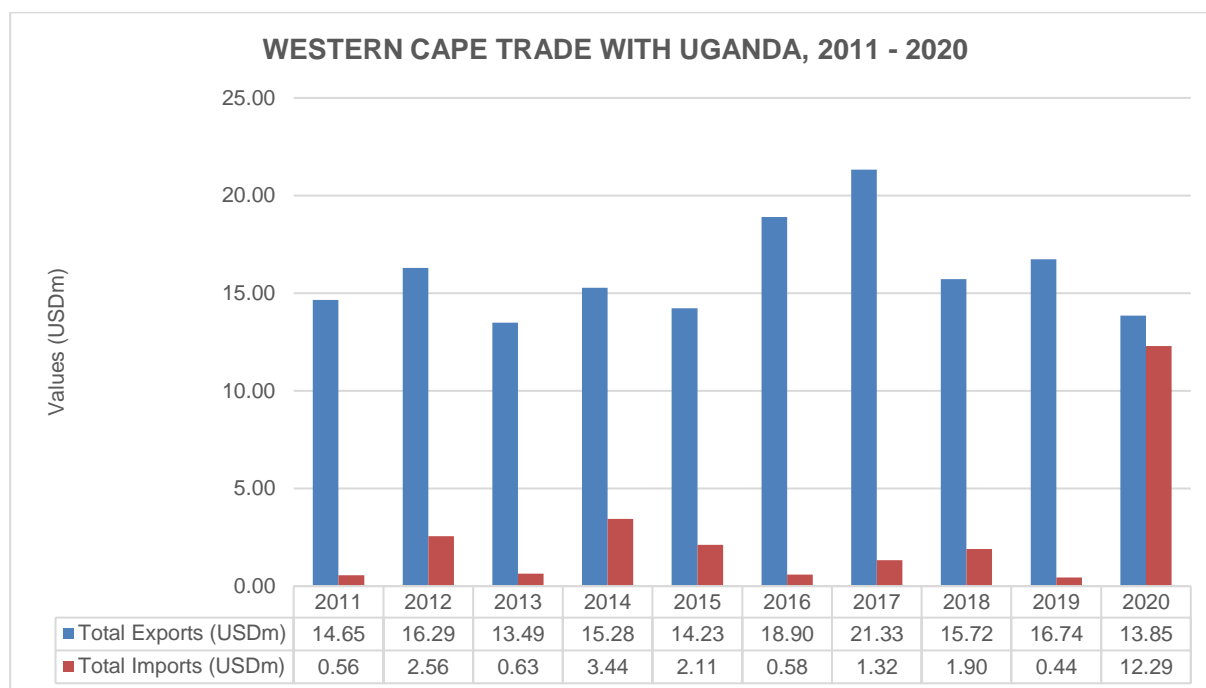
TOP 10 SOUTH AFRICA PRODUCTS EXPORTED BY UGANDA, 2020				TOP 10 SOUTH AFRICA PRODUCTS IMPORTED BY UGANDA, 2020			
RANK	PRODUCT	VALUE 2020 (USDm)	% GROWTH 2016-2020	RANK	PRODUCT	VALUE 2020 (USDm)	% GROWTH 2016-2020
1	Motor vehicles for the transport of goods	10.34	-2.26%	1	Medicaments	13.03	-
2	Bars and rods of iron or non-alloy steel	6.20	717.98%	2	Coffee	3.01	-
3	Insecticides, rodenticides, fungicides, herbicides	5.88	77.86%	3	Unmanufactured tobacco	1.28	37.91%
4	Uncoated paper and paperboard	4.30	13.13%	4	Vanilla	1.00	171.07%
5	Parts and accessories for tractors	3.52	36.80%	5	Live plants	0.83	134.82%
6	Printed books, brochures	3.09	368.10%	6	Cocoa beans	0.16	11.06%
7	Instruments and appliances used in medical, surgical, dental	2.69	21.76%	7	Instruments and apparatus for physical or chemical analysis	0.08	203.55%
8	Medicaments	2.41	7.44%	8	Parts of aircraft and spacecraft	0.05	227.24%
9	Motor cars	2.32	12.96%	9	Other oil seeds	0.04	-
10	Apples, pears	2.31	11.19%	10	Seeds, fruits	0.04	-
TOTAL EXPORTS		100.31	-4.48%	TOTAL IMPORTS		19.78	100917.69%

Source; Trade Map 2021

3.4 Western Cape Trade with Uganda

Turning to the Western Cape's trade with Uganda for the period 2011 – 2020.

In 2020, the Western Cape's export receipts from trade with Uganda stood at USD13.85m; a decrease of 17.28% from the 2019 value of USD16.74m. In contrast, associated import costs increased by 2669.12%, from a value of USD0.44m in 2019 to a value of USD12.29m in 2020. Similarly to South Africa, this massive hike in Western Cape import costs was due to the importing of medicaments at a value of USD11.13m in 2020.



Source: Quantec, 2021

Key Trade Products

The Western Cape's **dominant export product** to Uganda in 2020 were apples and pears valued at USD1.87m equivalent to 13.53% of all export receipts earned with Uganda in 2020. Wine placed second at a value of USD1.80m (12.85%), followed by insecticides, rodenticides, fungicides, herbicides, anti-sprouting products at USD1.22m (8.81%). Combined, these three categories accounted for 35.19% of total product export receipts earned in 2020.

Of the top ten products, the Western Cape's fastest **growing export product category** to Uganda over the five-year period leading up to and including 2020 were refrigerators, freezers, (685.13%), diagnostic or laboratory reagents on a backing (214.74%), and dish washing machines (205.71%).

Medicaments **dominated products imported** from Uganda by the Western Cape in 2020 at a cost of USD11.12m, equivalent to 90.56% of all import costs incurred with Uganda in 2020. Unmanufactured tobacco came second at a cost of USD0.734m (5.98%), while vanilla was third at USD0.210m (1.71%). Combined, these three categories accounted for 98.25% of total product import costs incurred in 2020.

Of the top ten products, the Western Cape's **fastest growing import product categories** with Uganda over the five-year period leading up to and including 2020 were vanilla (203.99%), and cocoa beans (19.29%).

THE TOP 10 WESTERN CAPE EXPORTS TO UGANDA, 2020				THE TOP 10 WESTERN CAPE IMPORTS FROM UGANDA, 2020			
RANK	PRODUCT (HS4)	VALUE 2020 (USD 000')	% GROWTH 2016 - 2020	RANK	PRODUCT (HS4)	VALUE 2020 (USD 000')	% GROWTH 2016 - 2020
1	Apples, pears	1873.40	10.03%	1	Medicaments	11128.89	-
2	Wine	1779.54	-1.13%	2	Unmanufactured tobacco	734.36	-
3	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products	1220.10	77.17%	3	Vanilla	210.66	203.99%
4	Instruments and appliances used in medical, surgical, dentals	839.03	26.04%	4	Cocoa beans	153.59	19.29%
5	Dish washing machines	692.22	205.71%	5	Coffee	13.78	-
6	Seeds, fruit	660.15	17.72%	6	Other vegetables prepared or preserved otherwise	12.77	-
7	Diagnostic or laboratory reagents on a backing	517.20	214.74%	7	Articles of apparel and clothing accessories	11.72	-
8	Refrigerators, freezers	479.36	685.13%	8	Other oil seeds and oleaginous fruits	7.93	-
9	Other fruit	455.63	27.48%	9	Collections and collectors' pieces of zoological, botanical, mineralogical	5.59	-
10	Machinery, not specified or included elsewhere in this Chapter, for the industrial preparation	336.23	118.47%	10	Instruments and apparatus for physical or chemical analysis	3.86	-
TOTAL EXPORTS		13848.44	1.71%	TOTAL IMPORTS		12288.52	538.18%

Source: Quantec, 2021

3.5 Trade Regulations Markings and Standards

Import Tariffs

- Uganda, Kenya, Tanzania, Rwanda, and Burundi have adopted a three-tiered duty structure for imports from outside the East Africa Customs Union (EACU) under the terms of the Protocol on the Establishment of the EACU, which became fully operational in January 2010.
- Most finished products are subject to a 25% duty, while intermediate products face a 10% levy.
- Raw materials (excluding foodstuffs) and capital goods may still enter duty free. The East African Community (EAC) is currently reviewing this three-tiered duty structure (East African Community Common External Tariff).
- Imported goods are charged a value added tax (VAT) of 18% and a 15% withholding tax, which is not reclaimable. Combined, these taxes effectively charge a 33% tax on all foreign goods and services.
- Imports are also charged a 1.5% infrastructure tax to finance railway infrastructure development.
- The EAC agreement increased import duties on some products (e.g., chocolate, tomato sauce, mineral water, and processed meat, among others) that Uganda currently imports from the United States. Uganda is negotiating with Kenya and Tanzania to define certain manufactured products of key importance to Ugandan industries as “raw materials.”
- In November 2009, the heads of state of the EAC member countries signed the Common Market Protocol, agreeing to establish a common market for Kenya, Tanzania, Uganda, Rwanda, Burundi, and South Sudan. The Common Market is being implemented gradually and is supposed to set the stage for implementation of the East African Monetary Union, which is targeted to become fully operational by 2023.
- In addition to the EAC, Uganda is a member of the Common Market for Eastern and Southern Africa (COMESA), a free trade area comprised of 19 member states aimed at reducing import tariffs among member nations.

Prohibited/Restricted Products

The following items cannot be imported into Uganda:

- Pornographic materials
- Used motor vehicle tires
- Used computers and appliances
- Used underwear

Other categories of imports may be banned under international agreements to which Uganda is signatory.

Trade Agreements

The following are trade agreements Uganda partakes in:

- Uganda is eligible for AGOA and Generalized System of Preferences trade benefits. Uganda does not yet have a BIT or FTA with the United States.
- On November 28, 2018, Uganda formally ratified the agreement establishing the Africa continental Free Trade Area (AfCFTA). The AfCFTA is the second largest trade area (after the WTO) in terms of member countries and is expected to become operational by June 2019.
- Uganda is a member of the EAC, COMESA and the African Union Abuja agreement. Duties and tariffs for countries in these groups are significantly lower than duties for non-members. As part of the EAC, Uganda, Kenya, Rwanda, Burundi, Tanzania, and South Sudan have created an East African Customs Union designed to promote free trade among the six nations. The United States signed TIFA with the EAC in 2008, and with COMESA in 2001.

Source: *International Trade Administration, 2021*

3.6 Tariffs

The table below shows *tariffs imposed by Uganda on South Africa's exports in 2021*.

TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS BY UGANDA, 2021					
HS CODE AND PRODUCT DESCRIPTION	TARIFF , %	HS CODE AND PRODUCT DESCRIPTION	TARIFF , %	HS CODE AND PRODUCT DESCRIPTION	TARIFF , %
H01: Live animals	0	H33: Essential oils, perfumes, cosmetics, toiletries	11	H65: Headgear and parts thereof	24
H02: Meat and edible meat offal	25	H34: Soaps, lubricants, waxes, candles, modelling pastes	16	H66: Umbrellas, walking-sticks, seat-sticks, whips	29
H03: Fish, crustaceans, molluscs, aquatic invertebrates	4	H35: Albs, uminoids, modified starches, glues, enzymes	0	H67: Bird skin, feathers, artificial flowers, human hair	15
H04: Dairy products, eggs, honey, edible animal product	8	H36: Explosives, pyrotechnics, matches, pyrophorics	2	H68: Stone, plaster, cement, asbestos, mica, articles	6
H05: Products of animal origin	0	H37: Photographic or cinematographic goods	4	H69: Ceramic products	13
H06: Live trees, plants, bulbs, roots, cut flowers	7	H38: Miscellaneous chemical products	2	H70: Glass and glassware	9
H07: Edible vegetables and certain roots and tubers	11	H39: Plastics and articles thereof	5	H71: Pearls, precious stones, metals, coin	1
H08: Edible fruit, nuts, peel of citrus fruit, melons	4	H40: Rubber and articles thereof	16	H72: Iron and steel	7
H09: Coffee, tea, mate, and spices	3	H41: Raw hides and skins (other than fur skins) and leather	5	H73: Articles of iron or steel	10
H10: Cereals	5	H42: Articles of leather, animal gut, harness, travel goods	29	H74: Copper and articles thereof	1
H11: Milling products, malt, starches, inulin, wheat gluten	6	H43: Fur skins and artificial fur, manufactures thereof	19	H75: Nickel and articles thereof	0
H12: Oil seed, oleagic fruits, grain, seed, fruit,	5	H44: Wood and articles of wood, wood charcoal	7	H76: Aluminium and articles thereof	6
H13: Lac, gums, resins, vegetable saps and extracts	5	H45: Cork and articles of cork	0	H78: Lead and articles thereof	0
H14: Vegetable plaiting materials, vegetable products	7	H46: Manufactures of plaiting material, basketwork, etc.	20	H79: Zinc and articles thereof	0
H15: Animal, vegetable fats and oils, cleavage products,	9	H47: Pulp of wood, fibrous cellulosic material, waste	0	H80: Tin and articles thereof	0
H16: Meat, fish, and seafood food preparations	13	H48: Paper & paperboard, articles of pulp, paper, and board	5	H81: Other base metals, cermet's, articles thereof	0
H17: Sugars and sugar confectionery	44	H49: Printed books, newspapers, pictures	3	H82: Tools, implements, cutlery, of base metal	9
H18: Cocoa and cocoa preparations	8	H50: Silk	0	H83: Miscellaneous articles of base metal	12
H19: Cereal, flour, starch, milk preparations and products	26	H51: Wool, animal hair, horsehair yarn and fabric thereof	6	H84: Nuclear reactors, boilers, machinery	2
H20: Vegetable, fruit, nut food preparations	20	H52: Cotton	16	H85: Electrical, electronic equipment	4
H21: Miscellaneous edible preparations	10	H53: Vegetable textile fibres paper yarn, woven fabric	4	H86: Railway, tramway locomotives, rolling stock, equipment	0
H22: Beverages, spirits, and vinegar	9	H54: Manmade filaments	16	H87: Vehicles other than railway, tramway	16
H23: Residues, wastes of food industry, animal fodder	7	H55: Manmade staple fibres	14	H88: Aircraft, spacecraft, and parts thereof	0
H24: Tobacco and manufactured tobacco substitutes	99	H56: Wadding, felt, nonwovens, yarns, twine, cordage	15	H89: Ships, boats, and other floating structures	2

H25: Salt, sulphur, earth, stone, plaster, lime, and cement	0	H57: Carpets and other textile floor coverings	23	H90: Optical, photo, technical, medical apparatus	0
H26: Ores, slag, and ash	0	H58: Special woven or tufted fabric, lace, tapestry	16	H91: Clocks and watches and parts thereof	0
H27: Mineral fuels, oils, distillation products,	1	H59: Impregnated, coated, or laminated textile fabric	8	H92: Musical instruments, parts, and accessories	0
HS28: Inorganic chemicals	1		19	H94: Furniture, lighting, signs, prefabricated buildings	15
H29: Organic chemicals	1	H61: Articles of apparel, accessories, knit or crochet	42	H95: Toys, games, sports requisites	4
H30: Pharmaceutical products	0	H62: Articles of apparel, accessories, not knit or crochet	43	H96: Miscellaneous manufactured articles	12
H31: Fertilizers	0	H63: Other made textile articles, sets, worn clothing	81	H97: Works of art, collectors pieces and antiques	0
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	3	H64: Footwear, gaiters and the like, parts thereof	28	H99: Commodities not elsewhere specified	0

Source: TradeMap, 2021

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit www.macmap.org to determine the exact tariff applicable to the product at HS

3.7 Port-to-Port Rates



Port Bell (Malindi) is a small industrial centre in the greater metropolitan Kampala area, in Uganda. Port Bell has a rail link and a railroad ferry wharf used for international traffic across Lake Victoria to Tanzania and Kenya.

Source: *Inros Lackner, 2021*

The table below shows the most important port in Uganda. It also shows the distance and time it takes goods to travel from Cape Town Port terminal to these ports.

TRANSIT TIME FROM CAPE TOWN TERMINAL TO VARIOUS PORTS IN UGANDA, 2021		
TERMINAL	DISTANCE	TRANSIT TIME
Malindi	4087.32 km	7 days 1 hour

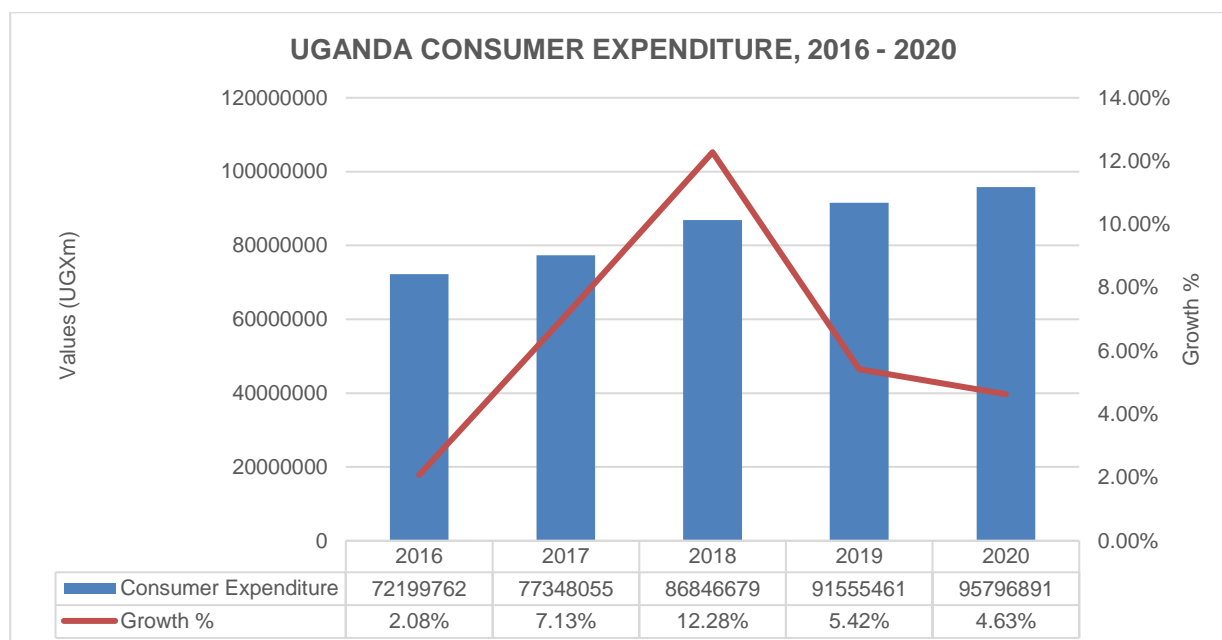
Source: *Sea-Rates, 2021*

4. Consumer Insights

4.1 Consumer Expenditure

The figure below presents Uganda's consumer expenditure and growth for the period 2016 - 2020.

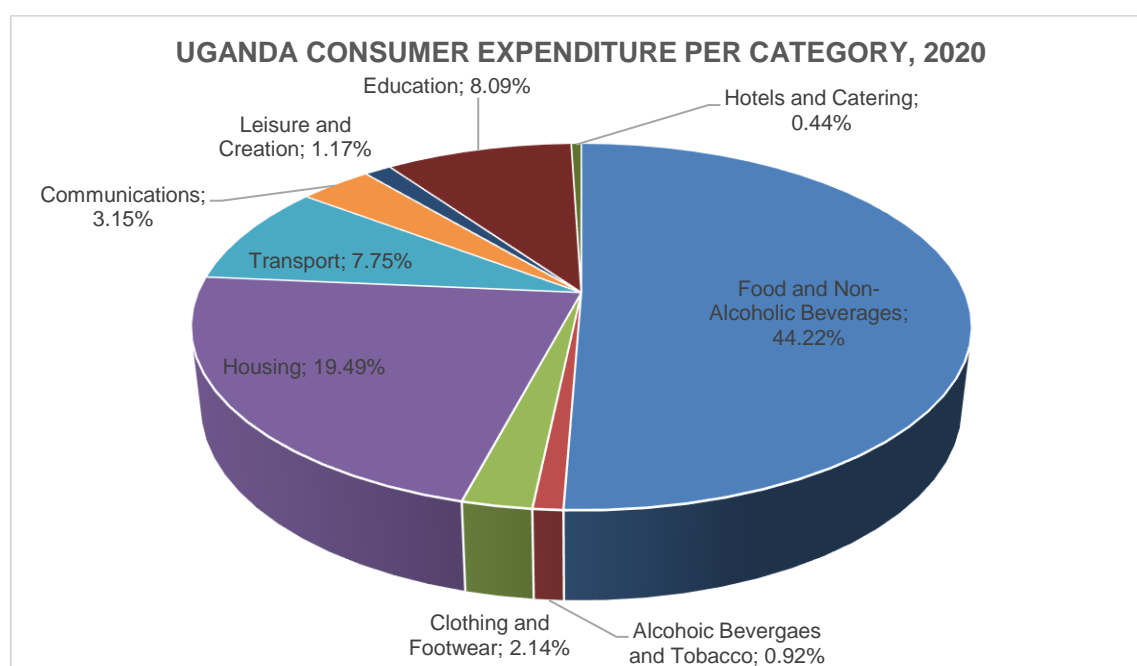
In 2020, Uganda's consumer expenditure stood at UGX95, 796, 891 million and grew by 4.63%.



Source: Euromonitor, 2021 (values at current prices*)

21

Consumer expenditure per category is presented in the figure below. Food and non-alcoholic beverages were the largest consumer expenditure category in 2020 accounting for 44.22% of total consumer expenditure. This was followed by housing (19.49%) and education (8.09%).



Source: Euromonitor, 2021 (values at current prices*)

Income and expenditure in Uganda

Uganda's consumer income is expected to double by 2040 yet remain among the smallest globally. Purchasing power will be concentrated in the hands of present-day Millennials, yet seniors will be the major spenders on luxury items. Expenditure on leisure and recreation will be the fastest rising, due to growth in tourism and rising foreign arrivals, yet food and non-alcoholic beverages will remain the most substantial item. Overall, income and wealth are likely to remain unequally distributed.

Prospects

Income is to increase, yet the economic landscape becomes increasingly hostile

- Per-capita income in Uganda is projected to double by 2040 and grow at a pace above regional and global averages. Nonetheless, income levels are set to remain among the lowest globally.
- Additionally, the country is expected to witness short- to medium-term negative effects, due to the COVID-19 pandemic, the locust invasion, and flooding in 2020. The related decline in GDP and increased unemployment are likely to hinder rapid economic recovery.
- The drop in exports, tourism, and foreign direct investment (FDI), due to trade disruptions and movement restrictions, are among the reasons for the below-potential income growth in the country. Additionally, regional instability and global trade uncertainty will remain the main external threats to the economy over the 2020-2040 period.
- In 2019, the population cohort aged 55-59 were the highest per-capita income earners in Uganda. However, by 2040, the distribution of the highest average income will shift to those aged 45-49 – current Millennials. The generation that can be defined as digital natives is anticipated to continue driving demand for digital services, especially those available on mobile devices.
- Moreover, the tendency not to save money and the strong involvement in the social media space are likely to contribute to increased spending on social activities and experiences. However, the population aged 65+ is forecast to constitute the largest share of the highest-income earners of more than USD250,000 in 2040, shaping demand for premium healthcare services and products.

Income inequality is to further increase, highlighting middle-class contraction

- Over 2020-2040, the share of middle-class households in Uganda is projected to slightly contract and stand at 22.9% in 2040.
- In terms of age, the younger population aged 15-29 is projected to constitute most of the middle class, with a distribution like the one witnessed in 2019. Middle-income prospects, introduced through the Second National Development Plan (NDP) in 2015 by the government, are unlikely to be attained over the short term, indicating challenging progress.
- Likewise, consumer income will increase, but will largely be spent on essential goods and services.
- Social class E is expected to dominate throughout 2020-2040 and constitute 43.0% of the total population in 2040. Moreover, social classes A and E (the highest- and lowest-income classes) will attain the largest growth rate over the projected period, indicating a further widening of the income gap in the country.

The central region leads in expenditure growth, tourism drives spending on leisure and recreation

- Uganda's consumer expenditure is largely concentrated in rural areas, yet the central region is expected to remain the largest and the fastest-growing consumer market.
- The highly-urbanised region surrounds Kampala – the capital and the largest city in Uganda. Additionally, it is the most important region economically, generating around half of the country's GDP. Moreover, the region's rapidly growing population contributes to consumer market expansion.
- The largest expenditure category in 2019 was food and non-alcoholic beverages. Over 2020-2040, the same category is projected to dominate in consumer spending and to almost double in size by 2040, as the population rapidly grows.
- Furthermore, over 2020-2040, spending on leisure and recreation is to witness the fastest growth (at an annual average rate of 11.5%) in real terms. The expansion can be largely attributed to the growing tourism sector and the increasing number of tourist arrivals in Uganda.

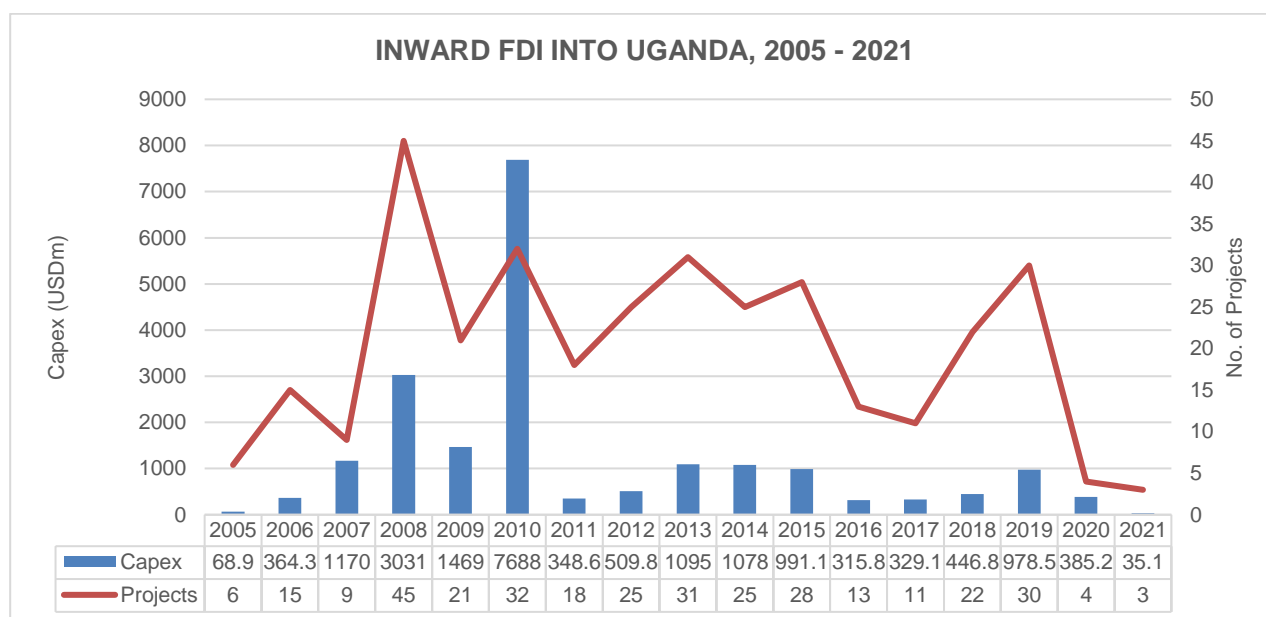
Source: Euromonitor, 2021

5. Investment

5.1 Global Investment into Uganda

The figure below shows the number of inward FDI projects into Uganda and their associated capex values for the period of 2003 – March 2021.

A total of 349 FDI projects were recorded into Uganda over the period 2003 – March 2021. These projects represented a total capital investment of USD20.57bn, which equated to an average investment of USD58.90m per project. During the period, 45,229 jobs were created.



Source: FDI Intelligence, 2021

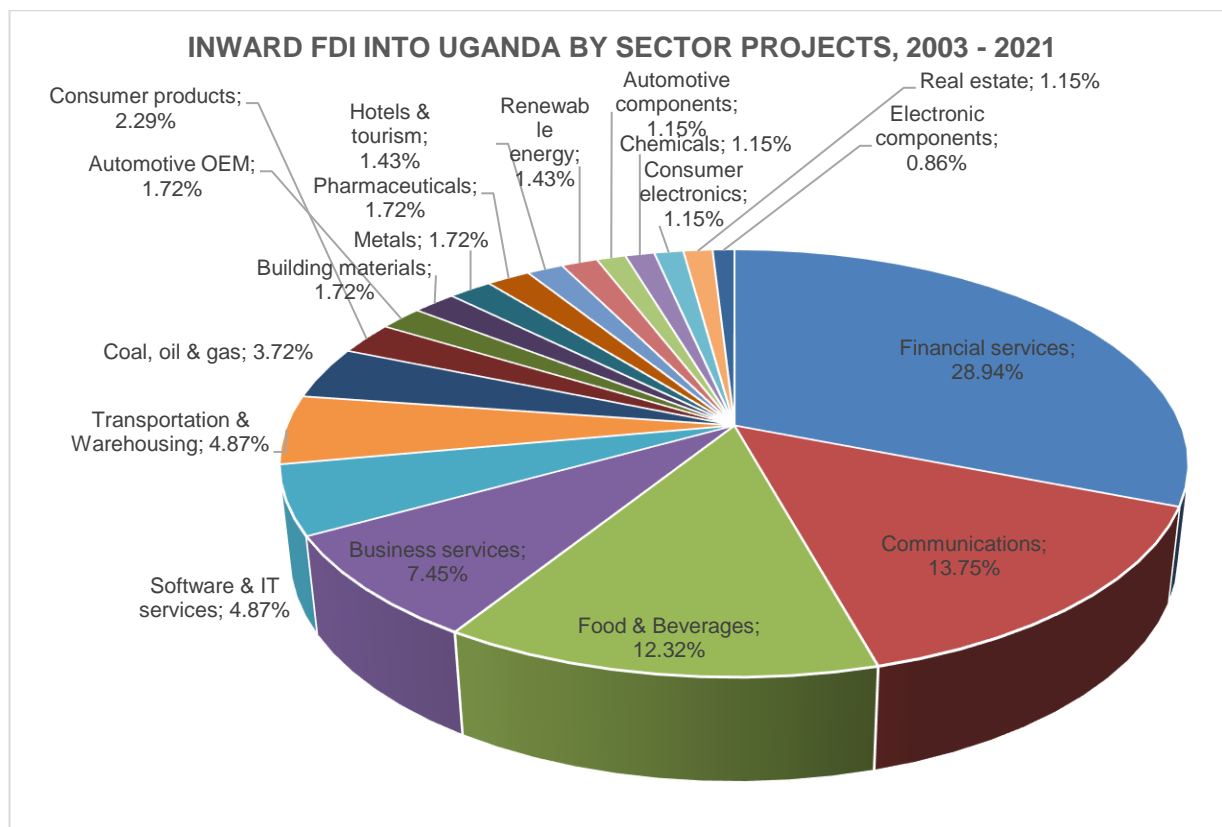
Kenya was the largest source market for inward FDI into Uganda over the review period, with 80 investment projects. These projects accounted for 22.92% of total global FDI projects into Uganda over the period 2003 – March 2021. The United Kingdom (UK) and India ranked second and third respectively, with the UK the source market for 32 FDI projects (equivalent to 9.17% of all projects) into Uganda in the period, and India with 30 FDI projects (8.60%), as tabled below.

TOP 10 SOURCE MARKETS FOR FDI INTO UGANDA, 2003 - 2021					
RANK	COUNTRY	PROJECTS	%PROJECTS	CAPEX (USDm)	% CAPEX
1	Kenya	80	22.92%	2 555.10	12.42%
2	United Kingdom	32	9.17%	7 948.50	38.64%
3	India	30	8.60%	784.20	3.81%
4	South Africa	28	8.02%	713.20	3.47%
5	UAE	22	6.30%	714.90	3.48%
6	Nigeria	21	6.02%	247.60	1.20%
7	United States	19	5.44%	754.50	3.67%
8	China	17	4.87%	1 392.00	6.77%
9	Tanzania	11	3.15%	356.30	1.73%
10	France	10	2.87%	862.80	4.19%
Total		349	100.00%	20 571.10	100.00%

Source: FDI Intelligence, 2021

Classification of FDI

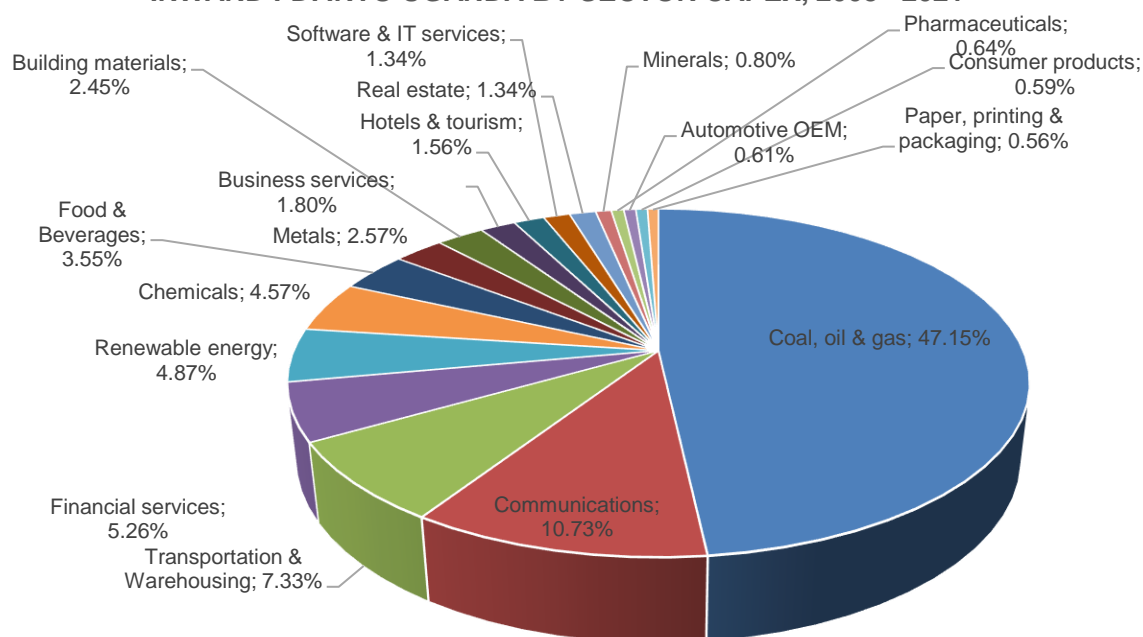
The figure below presents global FDI into Uganda's economic sectors by number of projects. The financial services sector was the largest recipient of FDI in terms of number of projects, equivalent to 28.94% of the total number of inward projects received over the review period. This was followed by communications (13.75%), and in third position, the food and beverage sector (12.32%).



Source: FDI Intelligence, 2021

In terms of sector classification of FDI by capex over the 2003 – March 2021 period, these are the key sector recipients of inward FDI. The coal, oil and gas sector was the largest recipient of FDI in terms of capex, equivalent to 47.15% of total capex related investment received. The communications sector placed a joint second at 10.73%, followed by the transport and warehousing sector at 7.33%.

INWARD FDI INTO UGANDA BY SECTOR CAPEX, 2003 - 2021



Source: FDI Intelligence, 2021

The top 10 global companies investing into Uganda by projects from 2003 to March 2021 are tabled below.

Airtel and Orient Bank were the largest source companies for inward FDI into Uganda in terms of projects over the review period, both with 11 investment projects, respectively.

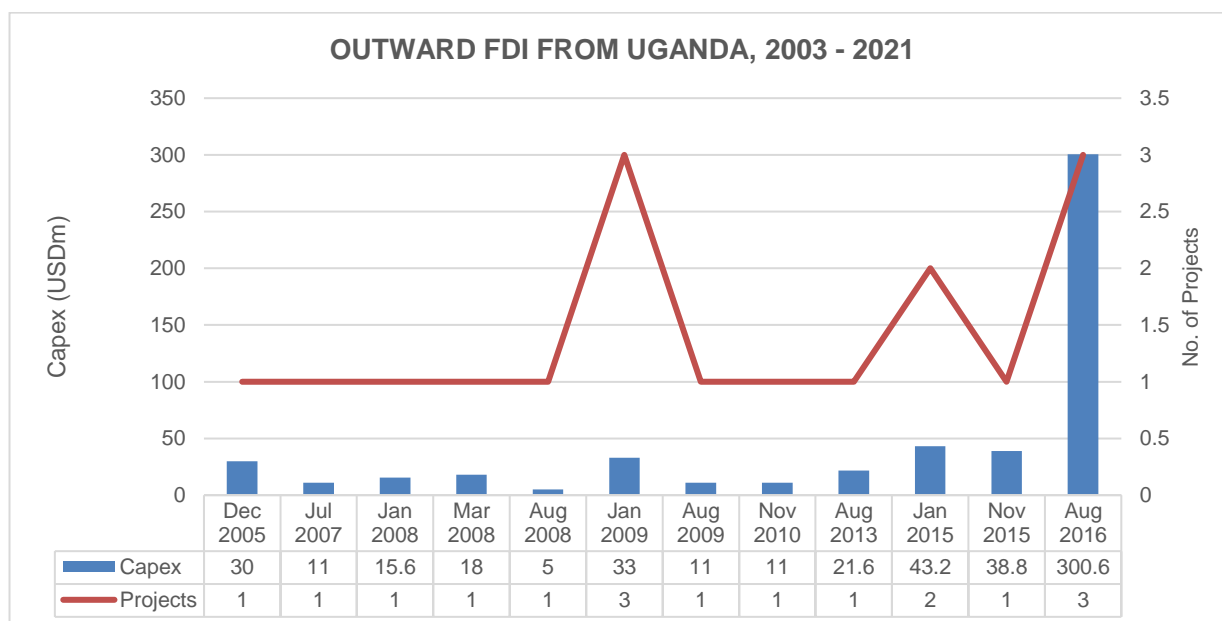
TOP 10 COMPANIES INVESTING INTO UGANDA, 2003 - 2021					
RANK	INVESTING COMPANY	SOURCE COUNTRY	SECTOR	PROJECTS	CAPEX (USDm)
1	Airtel Uganda	India	Communications	11	80.30
2	Orient Bank	Nigeria	Financial Services	11	104.50
3	KCB Bank Uganda	Kenya	Financial Services	10	108.50
4	Diamond Trust Bank	Kenya	Financial Services	9	87.00
5	MTN Uganda	South Africa	Communications	8	400.70
6	Nakumatt Holdings	Kenya	Food & Beverages	8	30.30
7	Bridge International Academies	Kenya	Business Services	7	48.30
8	Ecobank Uganda	Togo	Financial Services	6	57.00
9	UAE Exchange Centre	UAE	Financial Services	6	58.50
10	Hainan Qinfu Foods	China	Food & Beverages	5	450.00
TOTAL				349	20571.10

Source: FDI Intelligence, 2021

5.2 Global Investment from Uganda

Turning to outward investment by Uganda into the global economy over the 2003 – March 2021 period.

In total, 17 outward investment projects were undertaken by Uganda, with a total capital expenditure value of USD538.80m. This equated to an average investment of USD31.7m per project. During the period, 1, 046 jobs were created.



Source: FDI Intelligence, 2021

26

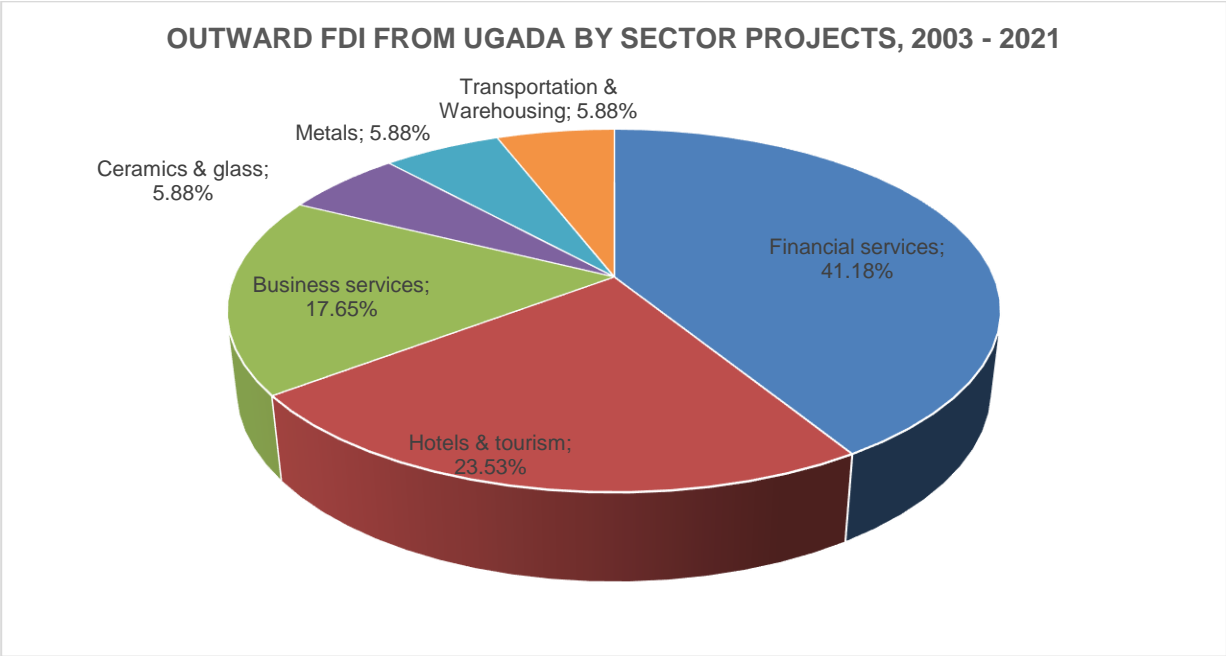
Rwanda was the largest destination market for outward FDI from Uganda over the review period, with nine investment projects, which accounted for 53% of all projects. Burundi and South Sudan ranked second and third respectively, with Burundi being the destination market for three FDI projects (equivalent to 18% of all projects) from Uganda in the period, and South Sudan with two FDI projects (12%), as tabled below.

TOP 10 DESTINATION MARKETS FOR FDI OUT OF UGANDA, 2003 - 2021						
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES
1	Rwanda	9	53%	232.20	43%	8
2	Burundi	3	18%	132.80	25%	3
3	South Sudan	2	12%	22.00	4%	2
4	Cameroon	1	6%	100.20	19%	1
5	Democratic Republic of Congo	1	6%	21.60	4%	1
6	Kenya	1	6%	30.00	6%	1
TOTAL		17	100%	538.80	100%	10

Source: FDI Intelligence, 2021

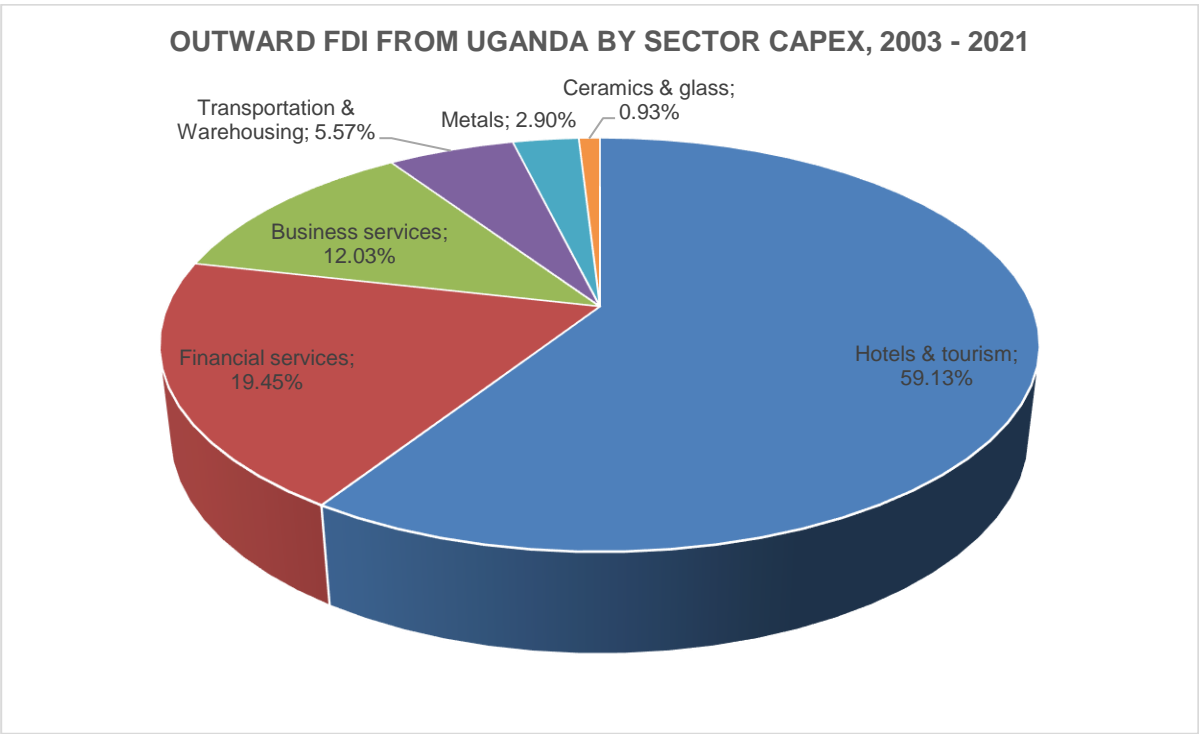
Classification of FDI

The figure below presents which sectors Uganda has invested in from a projects perspective. The financial services sector received the largest share of outward FDI from Uganda in terms of projects, equivalent to 41.18% of the total number of outward FDI projects over the review period. This was followed by the hotels and tourism sector (23.53%), and in third position, the business services sector (17.65%).



Source: FDI Intelligence, 2021

In terms of outward FDI as measured by capex, hotels and tourism dominated at 59.13%, followed by financial services (19.45%), and the business services sector at 12.03%.

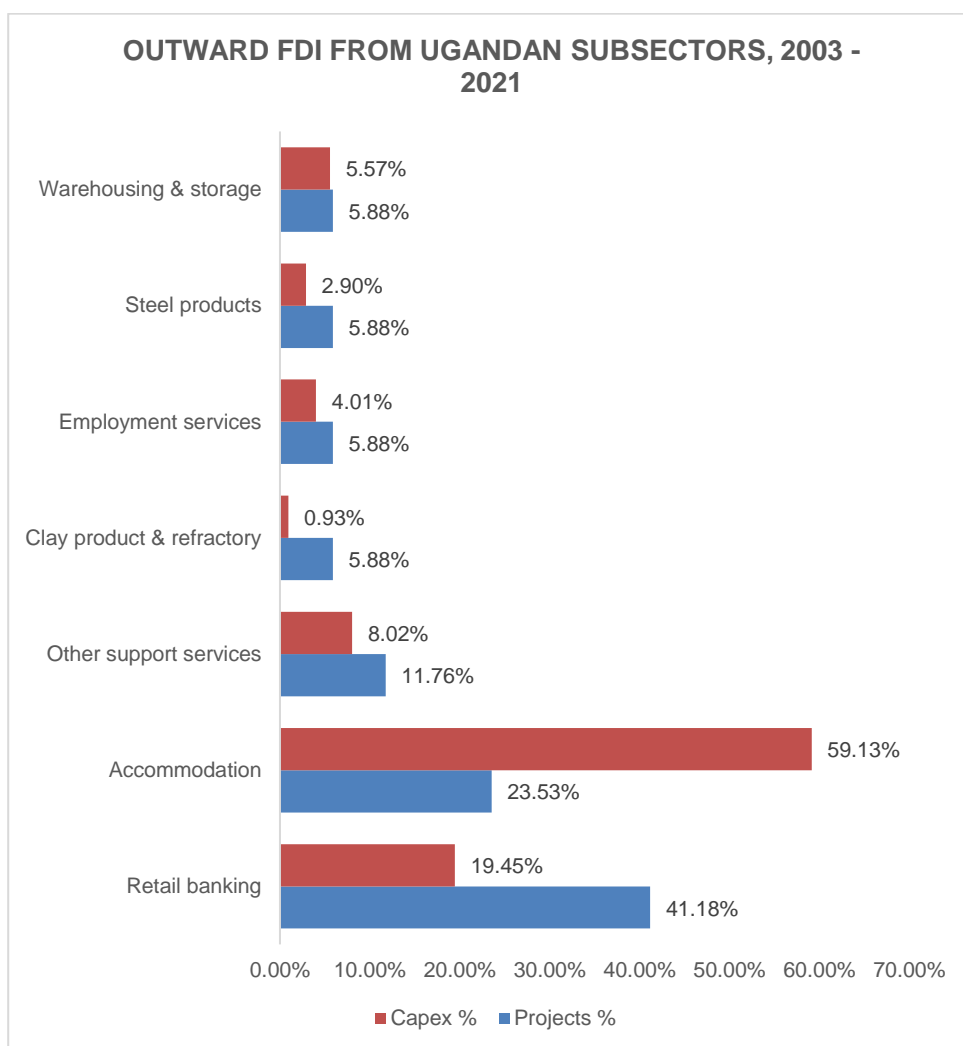


Source: FDI Intelligence, 2021

Sub-sector Classification of Outward FDI by Projects and CAPEX

In terms of the sub-sector classification of outward FDI by Uganda as measured primarily by the number of projects (with the CAPEX value as the secondary value), the following sub-sectors were the key recipients of outward FDI by Uganda over the period 2003 – March 2021:

- Retail banking, which with seven projects accounted for 41.18% of total outward FDI projects undertaken by Uganda. The relative capex % value stood at 19.45%.
- Accommodation, which with four projects, accounted for 23.53% of total projects undertaken by Uganda. The relative capex % value stood at 59.13%.
- Other support services, which with two projects, accounted for 11.76% of total projects undertaken by Uganda. The relative capex % value stood at 8.02%.



Source: FDI Intelligence, 2021

The top 10 Uganda companies as ranked by the number of outward FDI projects undertaken globally over the period 2003 – March 2021 are tabled below.

COMPANIES INVESTING FROM UGANDA, 2003 - 2021					
RANK	COMPANY	SECTORS	PROJECTS	CAPEX (USDm)	JOBS
1	CityBlue Hotels	Hotels & tourism	3	301	606
2	Crane Bank	Manufacture of footwear	3	60.8	125
3	Global Trust Bank	Manufacture of perfumes and toilet preparations	3	33.0	51
4	Old Mutual Uganda	Processing and preserving of poultry meat	2	43.2	66
5	East African Development Bank (EADB)	Other retail sale in non-specialised stores	1	11.0	15
6	Gulf Stream Investments	Manufacture of perfumes and toilet preparations	1	30.0	62
7	Madhvani Group	Computer programming activities	1	18.0	46
8	People Performance	Bank	1	21.6	33
9	Roofings Uganda	Manufacture of other furniture	1	15.6	29
10	Uganda Clays Limited	Manufacture of electronic components	1	5.0	13
TOTAL			17	539	1 046

Source: FDI Intelligence, 2021

5.3 Investment Relations between South Africa and Uganda

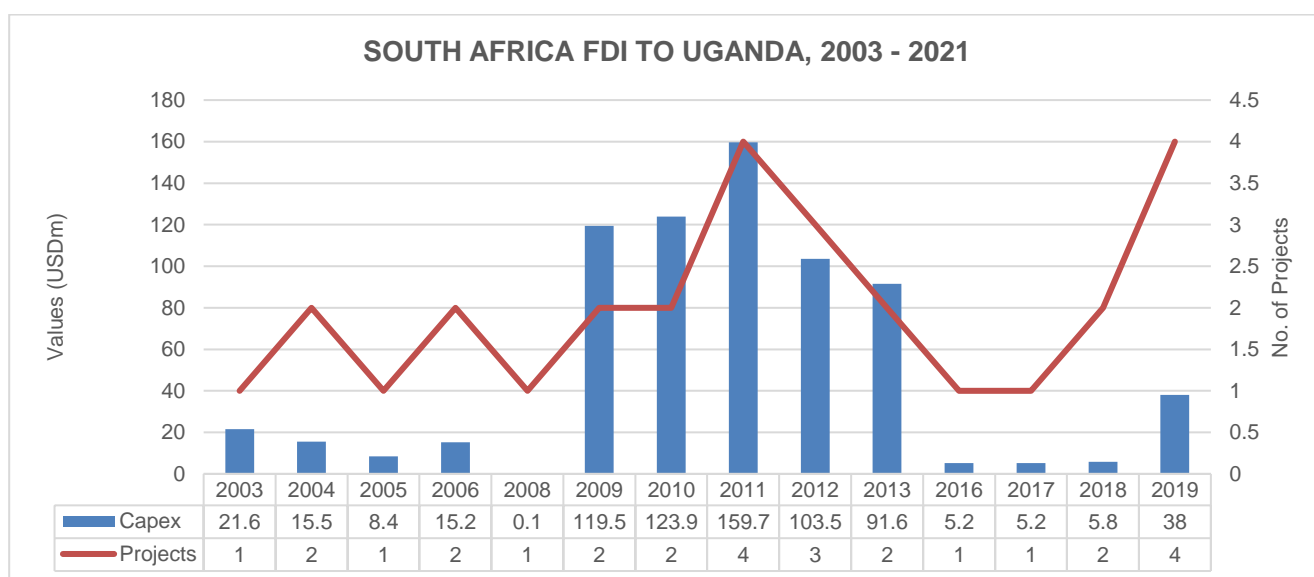
5.3.1 Ugandan FDI to South Africa

From 2003 to March 2021, there were no investments flows from Uganda into South Africa.

5.3.2 South African FDI to Uganda

Investments made by South Africa into Uganda over the period 2003 to May 2021 are shown in the figure below.

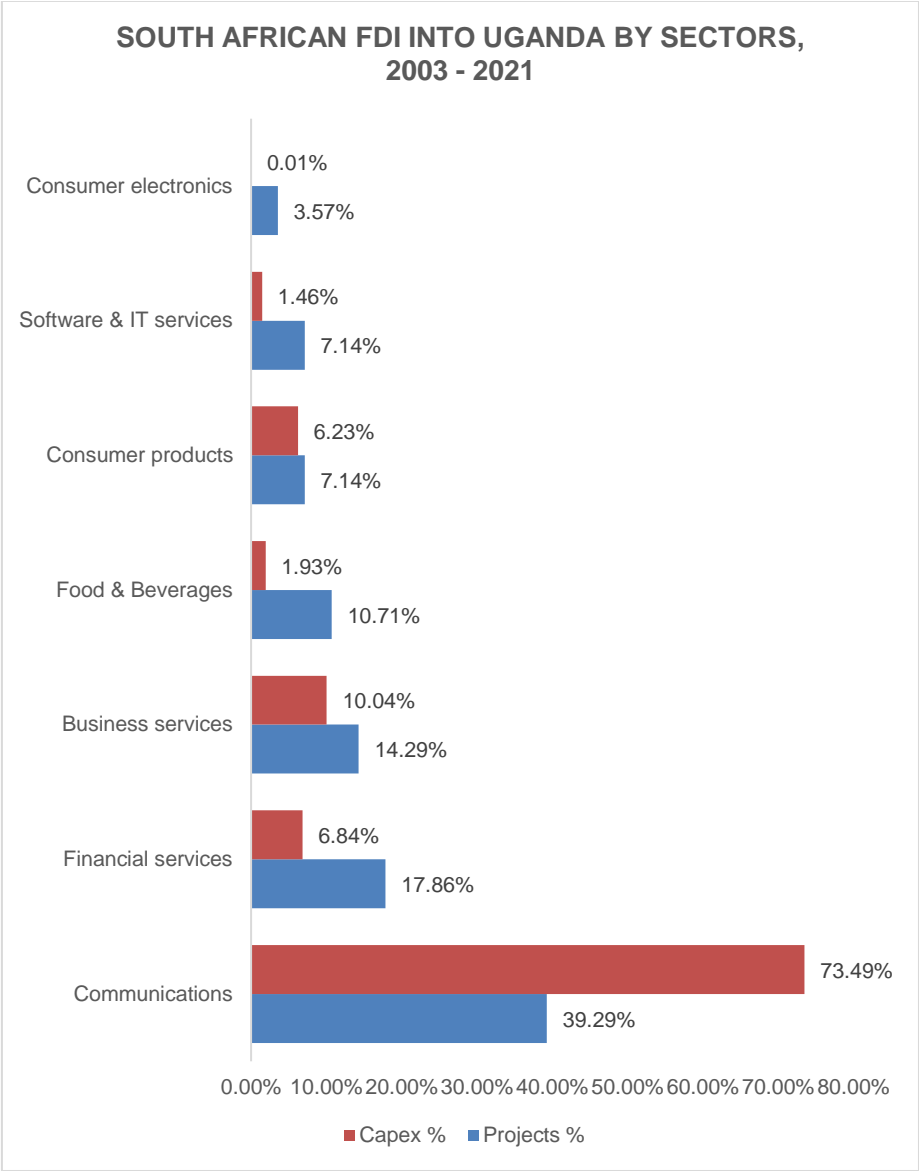
A total of 28 FDI projects were recorded from South Africa into Uganda over the review period. These projects represented a total capital investment of USD713.2m, which equated to an average investment of USD25.5m per project. During the period 1, 565 jobs were created.



Source: FDI Intelligence, 2021

In terms of the sector classification of outward FDI by South Africa into Uganda as measured primarily by the number of projects (with the CAPEX value as the secondary value), the following Ugandan sectors were the key recipients of FDI from South Africa over the period 2003 – March 2021:

- Communications with 11 projects accounted for 32.29% of total outward FDI projects by South Africa into Uganda. The relative capex % value stood at 73.49%.
- Financial services with five projects (17.86%) and 6.84% capex % value.
- Business services with four projects and 10.04% capex % value.



Source: FDI Intelligence, 2021

The following investments were made by companies by South Africa into Uganda during the period of 2003 - March 2021.

TOP 10 SOUTH AFRICAN COMPANIES INVESTING INTO UGANDA, 2003 - 2021				
RANK	COMPANY	PROJECTS	CAPEX (USDm)	JOBS
1	MTN Uganda	8	401	442
2	Absa Bank Uganda	4	38	88
3	Shoprite	3	14	397
4	Altech Group	1	2	1
5	Bowmans (Bowman Gilfillan)	1	22	33
6	Compustat	1	7	15
7	Edward Nathan Sonnenbergs (ENS)	1	22	33
8	Game Stores	1	8	43
9	Internet Solutions (IS)	1	113	89
10	Jumo.World	1	5	19
TOTAL		28	713	1 565

Source: FDI Intelligence, 2021

5.4 Investment Relations between the Western Cape and Uganda

5.4.1 Uganda FDI into Western Cape

From 2003 to May 2021, there were no investments flows from Uganda into the Western Cape.

5.4.2 Western Cape FDI to Uganda

The following investments were made by the Western Cape into Uganda during the 2003 to March 2021 period.

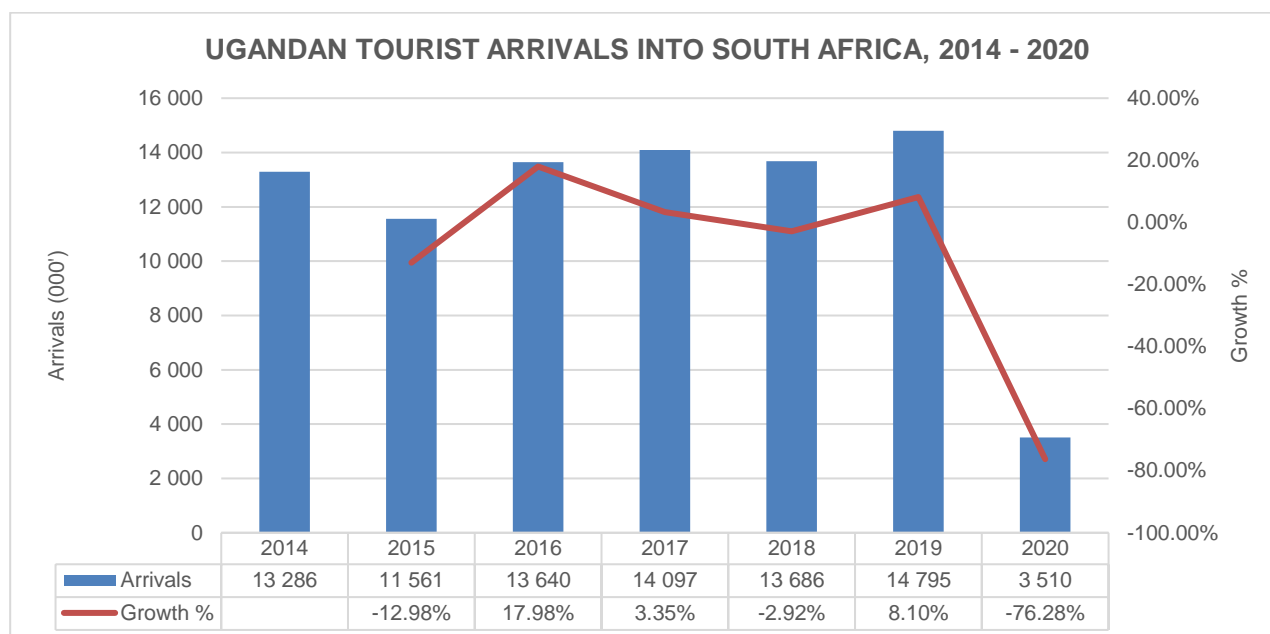
WESTERN CAPE FDI TO UGANDA, 2003 - 2021					
DATE	INVESTING COMPANY	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (USDm)	JOBS
Aug 2018	Shoprite	Food & Beverages	Retail	2.90	133
Apr 2018	Shoprite	Food & Beverages	Retail	2.90	133
Jul 2016	Jumo.World	Software & IT services	Sales, Marketing & Support	5.20	19
Sep 2011	Woolworths (South Africa)	Consumer products	Retail	36.90	179
Apr 2010	Sanlam Group	Financial services	Sales, Marketing & Support	10.80	91
Aug 2006	Compustat	Business services	Business Services	6.80	15
Oct 2004	Shoprite	Food & Beverages	Retail	8.00	131
TOTAL				73.50	701

Source: FDI Intelligence, 2021

6. Tourism

6.1 Ugandan Tourist Arrivals into South Africa

In 2020, South Africa received 3,510 Ugandan tourist arrivals. This was a decrease of 76.28%, down from 14,795 arrivals recorded for 2019. The decline in tourist arrivals was because of the Coronavirus pandemic and lockdown restriction on travels enforced by countries in 2020.

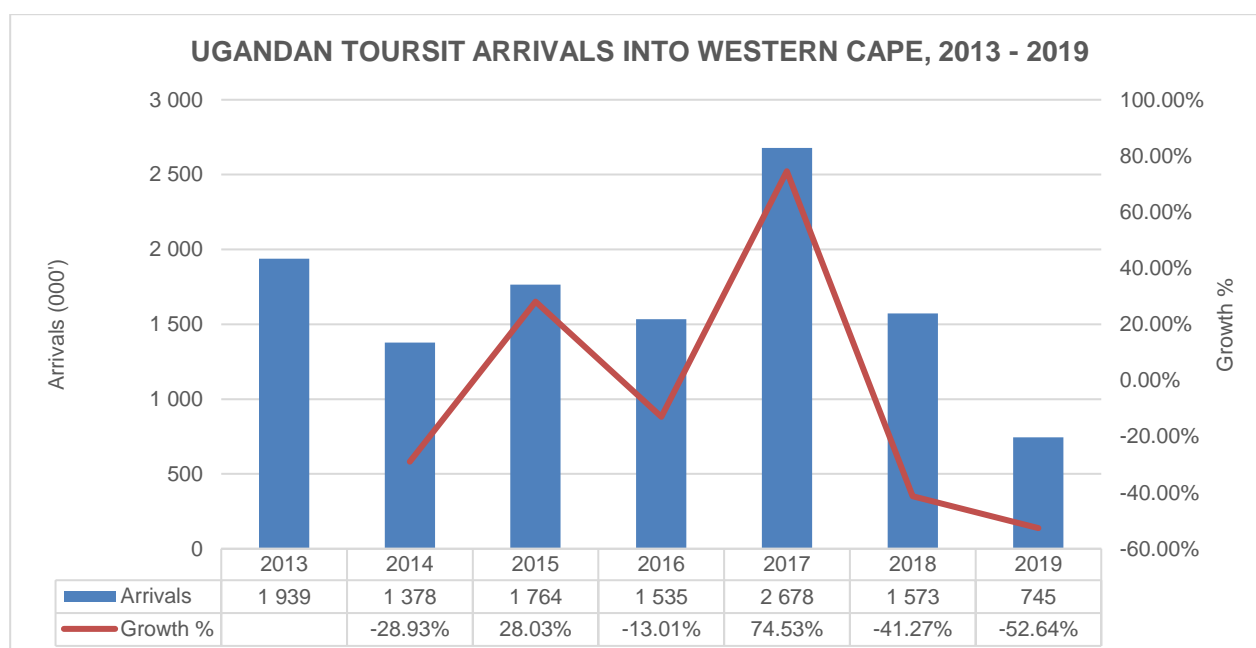


Source: SA Tourism, 2020; Stats SA, 2021

32

6.2 Ugandan Tourist Arrivals into the Western Cape

In 2019, Western Cape received 745 Ethiopian tourist arrivals. This was a decrease of 52.64%, down from 1,573 arrivals recorded for 2018.



Source: SA Tourism, 2021

7. AfCFTA status and timeline

Status of AfCFTA Ratification

According to Article 23 of the Agreement Establishing the African Continental Free Trade Agreement (AfCFTA), entry into force occurs 30 days after the 22nd instrument of ratification is deposited with the Chairperson of the African Union Commission (AUC) – the designated depositary for this purpose. The Agreement entered into force on 30 May 2019 for the 24 countries that had deposited their instruments of ratification by this date.

The operational phase of the AfCFTA was launched during the 12th Extraordinary Session of the Assembly of the Union on the AfCFTA in Niamey, Niger on 7 July 2019. Start of trading under the AfCFTA Agreement began on 1 January 2021.

As of August 2021, 38 countries have deposited their instruments of ratification (ordered by date):

Ghana, Kenya, Rwanda, Niger, Chad, Eswatini, Guinea, Côte d'Ivoire, Mali, Namibia, South Africa, Congo, Rep., Djibouti, Mauritania, **Uganda**, Senegal, Togo, Egypt, Ethiopia, Gambia, Sahrawi Arab Democratic Rep., Sierra Leone, Zimbabwe, Burkina Faso, São Tomé & Príncipe, Equatorial Guinea, Gabon, Mauritius, Central African Rep., Angola, Lesotho, Tunisia, Cameroon, Nigeria, Malawi, Zambia, Algeria. and Burundi.

Parliamentary/Cabinet approval has been received for Seychelles. Somalia is pending.

For more information on this publication and other Wesgro publications please contact research@wesgro.co.za or for more publications visit the Wesgro publications portal on our website at <http://wesgro.co.za/publications>

Disclaimer: Wesgro has taken every effort to ensure that the information in this publication is accurate. We provide said information without representation or warranty whatsoever, whether expressed or implied. It is the responsibility of users of this publication to satisfy themselves of the accuracy of information contained herein. Wesgro cannot be held responsible for the contents of the publication in any way.

© Wesgro, 2021.