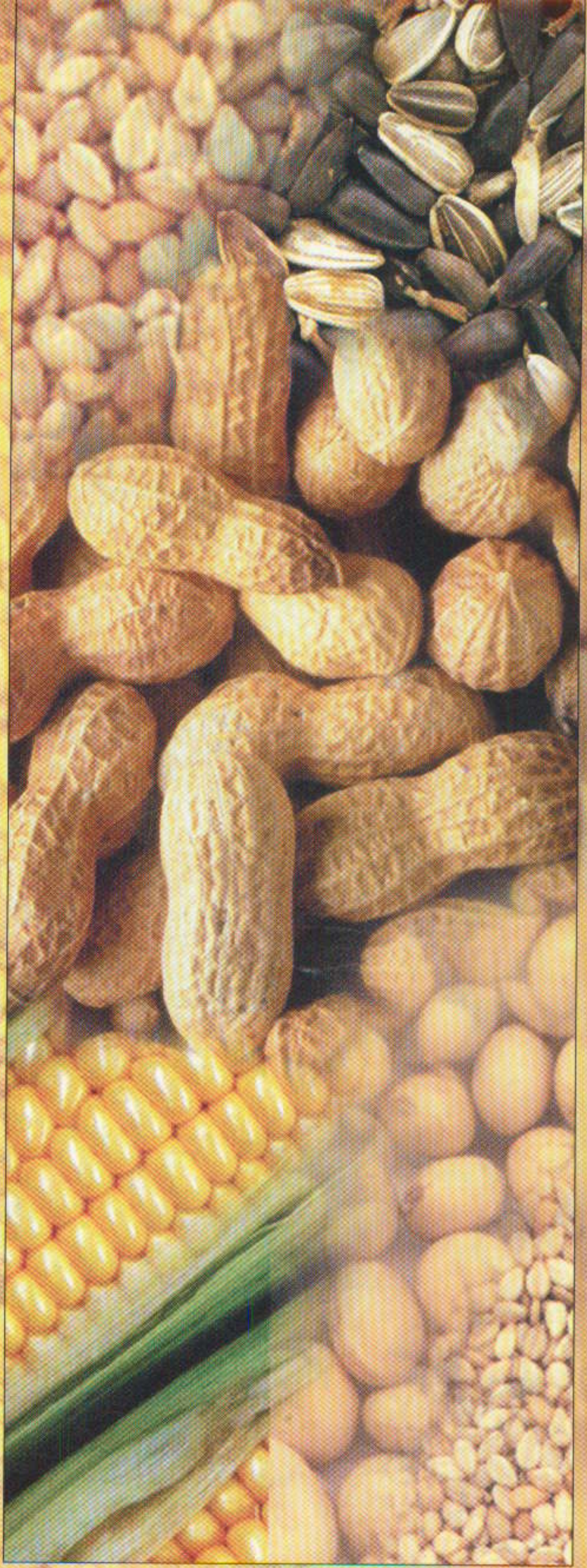
INDUSTRY PROFILE 8

Investing in Uganda



Edible Oil

UGANDA INVESTMENT AUTHORITY

The Edible Oil Industry

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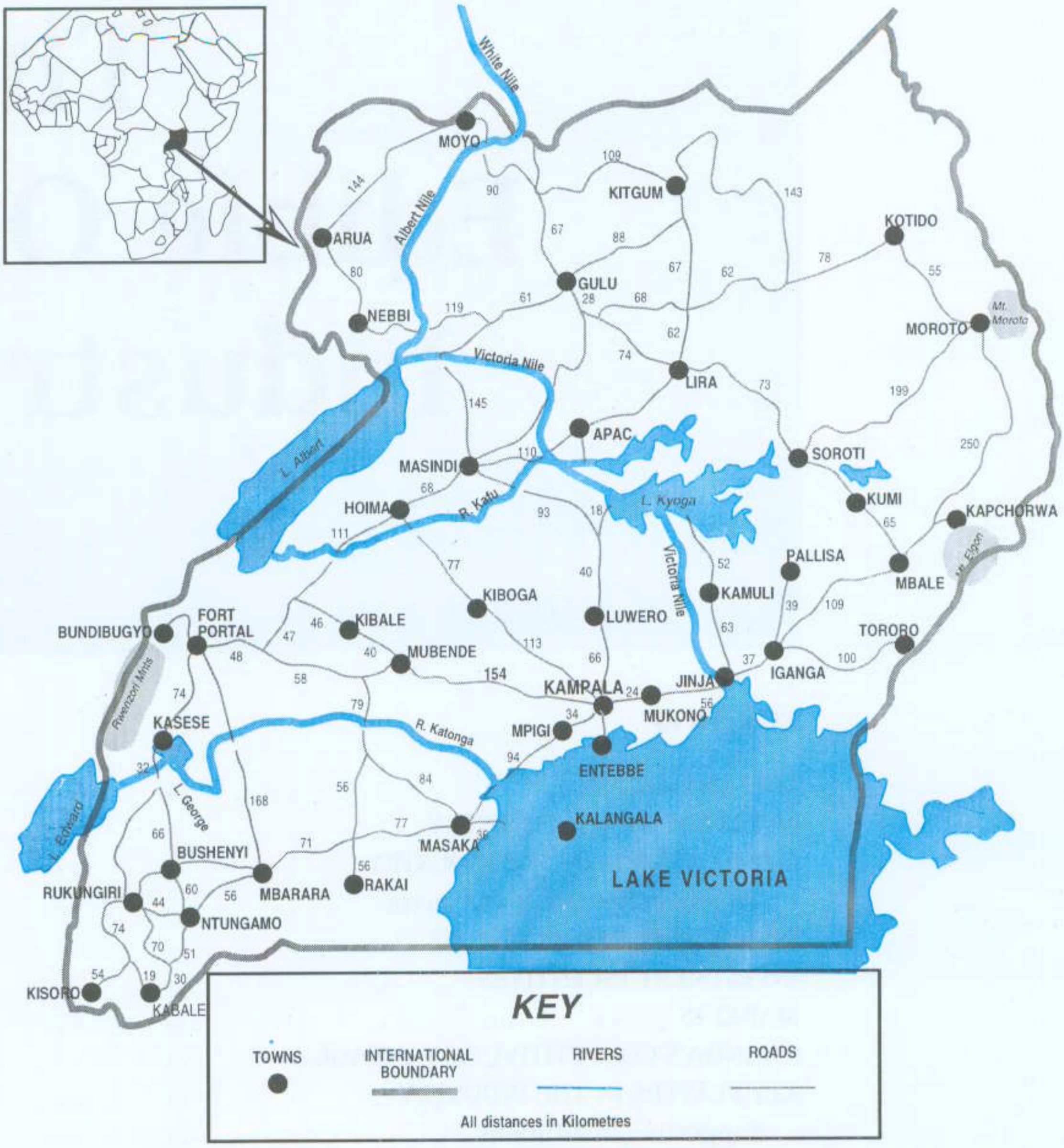


Overview of the Edible Oil Industry

Uganda once had a vibrant private sector driven edible oil industry. The economic turmoil of the 1970s and '80s however brought the sub-sector to its knees. With the right macro-economic policies now in place, the sub-sector is no longer an eyesore. The sub-sector has made a huge turn around. The edible oil industry is now one of the leading sustainers of the 6 per cent annual economic growth rate Uganda has enjoyed for the last fifteen years.

Uganda's demand for vegetable cooking oil is growing at a rate of 3 per cent per annum. The national demand for edible oil is projected to reach 80,000 MT in 2005 up from 42,000 in 1999. National production stands at 16,000 MT making Uganda a net importer of edible oil. This gives investment opportunites into the edible oil industry. More importantly, Uganda's central location in the East and Central Africa region makes her a good springboard to the COMESA market with a population estimate of 370 million people. Trained, trainable as well as unskilled labour is readily available for prospective investors in the sector to utilise.

Developments in the Industry

Government policy overview

All agricultural activities in the country will be guided under the Plan for the Modernization of Agriculture (PMA). The PMA is part of the Government of Uganda's broader strategy of poverty eradication contained in the Poverty Eradication Action Plan (PEAP). Strategically the PMA objectives include:

- Deepening decentralization;
- Reduction in public sector activities in favour of the private sector;
- Adoption of productivity enhancing technologies; and
- Enhanced stakeholder participation in the planning and implementation of programmes.

The overall government policy framework in the agricultural sector therefore continues to emphasize private sector participation and investments. This emphasis is highlighted in a comprehensive strategy to deal with major constraints to private sector development called the Medium-Term Competitive Strategy (MTCS) for the private sector (2000-2005). The contents of the MTCS were agreed upon by the private sector, donors and Government during the meeting of the consultative group for Uganda in March 2000.

Specifically, in the edible oil industry:

- sub-sector has been fully liberalised to create competition in production, processing and marketing,
- the taxation system is being harmonised so that oil millers operate on a level playing field,
- institutions that promote raw material production have been set up and are adequately financed.

TRENDS IN THE EDIBLE OIL SECTOR

Raw material production

Production of raw material in the edible oil industry has shown an upward trend since 1995. By 1999, importation of raw material had dropped to 60-65 per cent from a level of 95 per cent in 1995. It is projected that 700,000 MT of locally available raw material will be crushed in 2001 as compared to 170,000 MT crushed in 1999.

Institutional support to raw material production

A number of institutions have been created to boost production of raw materials for crushing:

- The National Agricultural Research Organisation (NARO) spearheads research in the production and dissemination of improved varieties for vegetable oil processing.
- The IFAD funded Vegetable Oil Development Project (VODP) of the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) is spearheading the development of the vegetable oil industry in Uganda.
- The Cotton Development Organisation (CDO) was set up to revive the cotton industry. Already modest progress has been recorded in the supply of crushable cottonseed.
- The Uganda Oil Seed Processors Association (UOSPA), a private sector organisation, is very instrumental in co-ordinating the rehabilitation and development of edible oil sub-sector. UOSPA has established a sustainable seed multiplication and distribution system in the country.
- Appropriate Technology (Uganda) [AT (Uganda)], a branch of Appropriate Technology International (ATI), a US-based NGO is promoting the growing and small-scale (ram press) processing of sunflower (Sunfola variety) in its operational areas of northern and north-eastern Uganda.

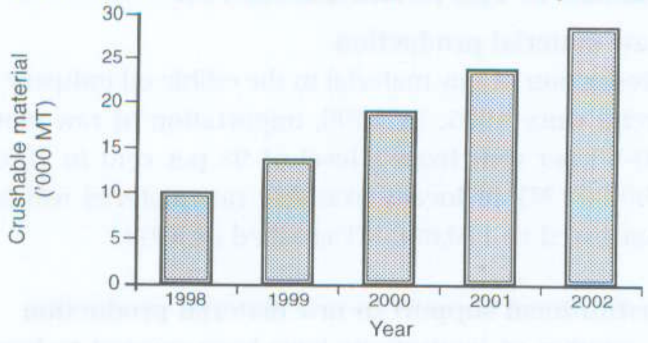
Major raw materials for vegetable oil production in Uganda

The majority of the raw materials for the production of edible oil are sunflower and cottonseed, followed by soybean and oil palm.

Sunflower

- Sunflower is presently the main material for edible vegetable oil processing in Uganda.
- It is mainly grown in the drier northern and north-eastern Uganda.
- Research has been done to improve yield, oil content and ease of processing. The dominant variety (sunfola) is high yielding (about 2500 kg/ha), has a greater oil content (25-40 per cent) and is easy to crush because of its thin seed coat. It is projected that 30,000 MT of sunfola will be crushed by 2002 with an oil yield of 7,500 MT. Figure 1 shows the supply of crushable sunflower to the oil mills in Uganda for the period 1998-2002. The 2000 and 2001 figures are estimates by UOSPA.

Figure 1: Growth in supply of sunflower for crushing 1998–2002

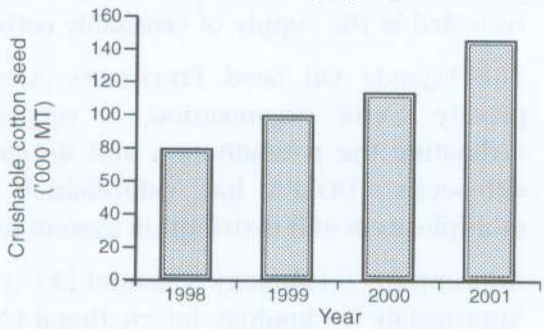


Source: UOSPA Business Plan, 2000

Cottonseed

- Until the early 1970s, cottonseed was the main raw material for edible vegetable oil processing.
- The economic mismanagement of the '70s and '80s led to the collapse of the cotton industry and hence domestic oil supply. However, since the launching of the IFAD/IDA funded Cotton Subsector Development Project in 1994, cottonseed output has continually been increasing. The projected cottonseed available for crushing in 2001 is 160,000 MT with oil yield of 16,000 MT (Figure 2).

Figure 2: Growth in supply of crushable cottonseed 1998–2001

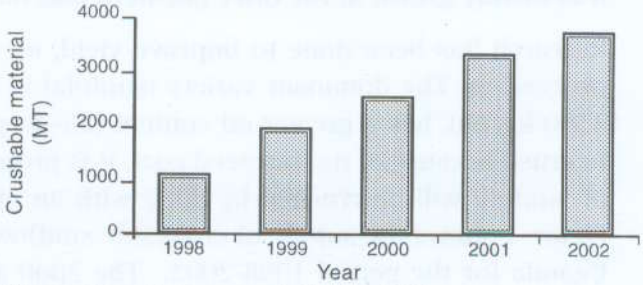


Source: Cotton Development Organisation (CDO), 1999

Soybean

- Soybean is widely grown in Uganda. Busoga (49 per cent) and Lango (23 per cent) regions are the leading producing areas.
- The high yielding and non-shattering Nam I and Nam II are the popular varieties grown. Soybean's high protein content of up to 40 per cent makes its cake very popular for livestock feed.
- Soybean production is estimated to be growing at over 30 per cent per annum. About 4,000 MT of soybean will be available for crushing in 2002. Figure 3 shows production levels for 1998-2002.

Figure 3: Growth in supply of crushable soybean 1998-2002



Source: Uganda Revenue Authority, 2000

Oil palm

Oil palm is the foremost producer of vegetable oil per unit land area, and on a worldwide basis, is second to soybean in oil production. Palm oil is now one of the world's most widely consumed edible oils.

In Uganda, oil palm is grown in the districts of Kalangala and Bundibugyo. It is one of the crops being developed and promoted under the VODP as an alternative source of vegetable oil.

About 900 MT of crude palm oil is produced annually using traditional extraction methods. So far, only one investor is actively involved in production of palm oil from locally available raw material.

Other available oilseeds

Simsim (Sesame)

Simsim, with an oil content 45-50 per cent is a major crop grown in northern and north-eastern Uganda. Production is continually growing.

Some 93,000 MT of simsim was produced in 1999, but, the high export demand leaves a mere 10 per cent of the crop for edible oil production. Over the period 1995-1999, exports of simsim have continually been increasing (Table 1).

Table 1: Export of simsim by value and quantity, 1995-1999

Year	Quantity (MT)	Value ('000 USD)
1995	9,314	5,696
1996	11,462	7,392
1997	11,913	1,448
1998	13,640	9,548
1999*	2,325	1,420

** Decline due to poor weather conditions, no increase in demand for processing*
Source: Uganda Revenue Authority, 2000.
Note: 4 kg simsim produce 1 litre of oil on crushing

Groundnuts (Peanuts)

Groundnuts are widely produced in the country. Production is continually increasing. In 1999, some 183,000 MT was produced up from 91,000 MT in 1997.

Although production is increasing, groundnut is not a suitable raw material for vegetable oil because the price for the whole nut exceeds the value of oil produced.

Simsim and groundnuts are being promoted as Non-Traditional Agricultural Exports (NTAEs).

Essential oils

Essential oils are the volatile oil fractions of some crop plants (flowers, leaves, stems or roots). They usually have the odour and/or flavour of the plant from which they are extracted. Essential oils are used in the flavourings fragrance and pharmaceutical industries. Flavourings are essential ingredients in the food industry.

The East Africa region is presently a net importer of essential oils. It is estimated that the three East Africa countries, Kenya, Tanzania and Uganda currently import 150 MT of essential oils annually for their perfume, cosmetics, soap and detergent and food processing industries. No significant production has however started in any of these countries.

Uganda is at a competitive edge over her neighbours. A recent study financed by the EU identified a range of essential oil-yielding crops in Uganda. Geranium, citronella, lemon grass and mint were particularly identified as offering high commercial potential. The lake Victoria crescent, Kabale, Mt. Elgon and Fort Portal were identified as the most suitable areas for the production of these essential oil crops.

Shea nut

Shea nut trees widely grow in northern and north-eastern Uganda. Shea nut products, the solid fat (butter) and liquid oil (olein) are ideal raw materials in cooking oil, margarine, cosmetics, soap, detergents and candles. The production of shea nut products remained traditional, until 1994 when USAID, through COVOL, started financing a community-based program for processing shea nut oil in northern Uganda.

National milling capacity

Presently, the national milling capacity is estimated to be 1000 MT per day of which 409 MT is exported. The major players can be categorised into:

- Large-scale processors with a capacity of more than 50 MT/day,
- Medium-scale processors with a capacity of 10-50 MT/day,
- Small-scale/cottage (including ram presses) operators with capacities of less than MT/day.

Large-scale and medium-scale operators are the core of vegetable oil processing in Uganda. There are presently 38 operational large- and small-scale oil mills in the country. They are generally well-managed commercial operations.

The large-scale processors have sophisticated refining, down-stream manufacturing and packaging facilities. Medium-scale mills follow a similar design of 4 or 5 low-capacity expellers, a decorticator, a low-pressure boiler, a crude oil neutralising vessel and a small soap plant. The capacity of existing facilities in Uganda is shown in Table 2.

Table 2: Existing oil milling capacity in Uganda

Mill size	Potential capacity (tonnes per day)	Practical throughout the day (tonnes per day)
Small (0—0.1 MT)	40.8	20.4
Medium (0.2—10 MT)	190.2	63.8
Large/industrial (11—50 MT)	229.0	110.0
Extra large (> 50 MT)	540.0	215.0
Total	**1,000.0**	409,122

Source: Otim-Odoch and Singh, 2000.

Potential and actual products of edible oil processing

Cooking oil

This is the major product. All processors produce vegetable cooking oil for frying. The large-scale processors have their product refined. One large-scale operator is estimated to control 70-80 per cent of the country's refined edible oil market.

Vegetable cooking fat

A negligible quantity of vegetable cooking fat is produced locally. The demand for vegetable cooking fat is met through importation, mainly from the neighbouring Kenya.

Margarine and shortening

- There is only one investor producing margarine in the country.
- There is no local production of shortenings such as baking fat and Uganda's demand is met by imports mainly from neighbouring Kenya.

Cake and soapstock

These are natural by-products of edible oil processing which are usually sold to animal feed and soap manufacturers. There are presently four soap manufacturers and about 50 feed mills in the country which consume these by-products. With the increasing export of soap and demand for feeds, these by-products will continue to have a ready market.

Biodiesel

Research has been going on, especially in Europe and America, on the development of renewable and environmentally friendly fuel from oilseeds. Vegetable oil fuels (biodiesel) require less refining than edible vegetable oil. Uganda produces a variety of oilseed crops and plants that can be refined into biodiesel. Uganda's favourable climate is suitable for the production of large quantities of raw material needed for the production of these vegetable fuels.

Investment opportunities

Considerable opportunities exist in the edible oil sub-sector of the Ugandan economy. The following are suggested investment areas:

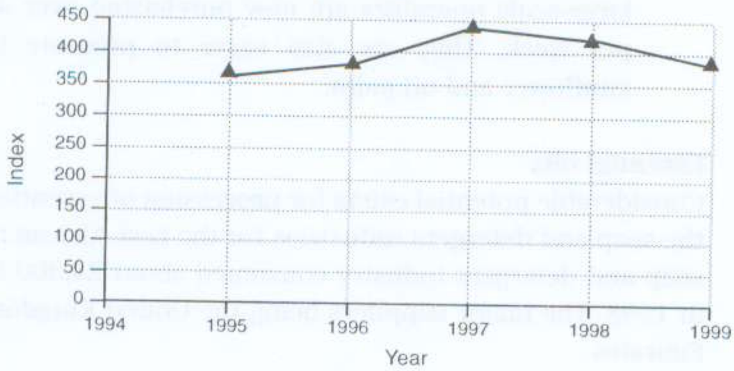
Production of edible oil and fat

Large-scale commercial production of refined vegetable oil and fat is a possible investment. National demand for vegetable oil exceeds local production, making Uganda a net importer of edible oil and fat. In 1999, Uganda imported 40,516 MT of edible oil up from 12,821 MT in 1995. There is a big export potential for edible vegetable oil and fat for the EAC and COMESA markets. Out right purchase of existing mills or joint venture arrangement with the owners are possible investments in this area. A large-scale oil processing facility is estimated to require a minimum of US$ 350,000-450,000 on equipment and accessories.

Margarine and shortenings

The baking and confectionery and foodservice industries are growing (Figure 4). Currently, all the baking fat used by the baking and confectionery industry is being imported from neighbouring Kenya. New investments or purchase of existing oil mills or joint venture arrangements are possibilities in this line. Investors can also enter into contractual arrangements with the small- and medium-scale oil mill operators to supply crude oil for further processing.

Figure 4: Index of performance of the baking confectionery industry (Base year = 1987, weight 1.4)



Cotton ginning and cottonseed crushing

Cotton ginning and cottonseed crushing are inter-related activities. In the edible oil industry, cotton ginning is a horizontal integration venture. Cotton exports have been on the increase since the inauguration of the Cotton Subsector Development Project in 1994. In 1999, cotton exports amounted to US$ 17.4 million up from US$ 7.5 million in 1997. Outright purchase of old cotton gins or joint venture with existing owners or co-operatives is a big possibility.

Animal feeds and soap

Edible vegetable oil processing gives bye-products, that can be used in animal feed and soap manufacture. The demand for soap and animal feeds has shown an upward trend since 1995 as indicated in Table 4.

Table 4: Soap and animal feed production for the period 1995-1999 (MT)

Year	Soap	Animal feeds
1995	55,402	112,900
1996	58,308	172,800
1997	62,002	248,300
1999	83,776	506,000*

Source: Uganda Bureau of Statistics.
** = Estimate.*
Note: *Increase in soap production is attributed to high export demand.*

Raw material production

Local production of raw materials are below the crushing demand of the edible oil processors. It is estimated that 60-65 per cent of the material currently used in edible oil production is imported.

A good proportion of this is accounted for by oil palm imports. Investment in estates/plantations, especially of oil palm and sunflower, offer investment opportunities. Only one investor has ventured into this area. Contract farming is another possibility that can be exploited.

Oil palm and sunflower are ideal investments because:

- They have low Domestic Resource Cost Ratios[1], 0.25 and 0.68 respectively,
- They have a strong institutional support. UOSPA is actively involved in the promotion of sunflower as a raw material for edible oil processing whereas oil palm is being promoted by VODP.

[1] The Domestic Resource Cost Ratio is the scarcity value of the domestic factors of production (i.e cost of land and labour) divided by the net return (i.e. after the deduction of the cost of tradable inputs) both in domestic prices. A ratio of one or less means that at the prevailing exchange rate the product can compete favourably on the world market.

- Large-scale processors prefer local raw materials because of the prohibitive freight costs of similar imported raw materials. All the large-scale operators are now purchasing over 400 MT of oilseeds per week. They are also eager to promote the production of sunflower and oil palm.

Essential oils

Considerable potential exists for processing of essential oils especially for the soap and detergent industries for the East African region. The Uganda soap and detergent industry consumed about 24,000 MT of citronella oil in 1998. The major suppliers being the United Kingdom and United Arab Emirates.

Investment Incentives

Investment incentives are covered under the Income Tax Act 1997. These incentives are administered by the Uganda Revenue Authority as part of the taxation system. The investment incentives are indicated in the following tables:

Table 5: Capital allowances

• Initial allowances on plant and machinery located in Kampala, Entebbe, Namanve, Jinja and Njeru	50%
• Initial allowances on plant and machinery located outside Kampala, Entebbe, Namanve, Jinja and Njeru	75%
• Start up costs spread over the first 4 years	25%
• Scientific research expenditure	100%
• Training expenditure	100%
• Mineral exploration expenditure	100%

Table 6: Deductible annual allowances

Depreciable assets specified in 4 classes under declining balance method		
Class 1	Computers and data handling equipment	40%
Class 2	Automobiles, construction and earth moving equipment	35%
Class 3	Buses, goods vehicles, tractors, trailers, plant and machinery for farming, manufacturing and mining	30%
Class 4	Railroad, cars, locomotives, vessels, office furniture, fixtures, etc.	20%

Table 7: Other annual depreciation allowances

• Industrial buildings, hotels and hospitals	5%
• Farming general farm works (declining balance depreciation)	20%

Uganda has a priority investment areas list. Investments into priority areas indicated in Table 9 are accorded additional benefits.

Table 8: Priority Investment Areas

• Crop processing	• Storage
• Education	• Forestry and processing of forest products
• Fish processing	• Steel industry
• Electronics	• Cotton and textiles
• Floriculture	• Edible oil
• Metal and Metal products	• Mining industry
• Construction and building industry	• Ceramics industry
• Energy	• Manufacture of industrial spare-parts
• Tourism industry	• Meat processing
• Manufacture of building materials industry	• Iron and steel
• Transport and communications	• Real estate development industry
• Pharmaceutical industry	• Packaging industry
• Dairy and Dairy products	• Financial services
• High-Technology industry	• Health care
	• Fruits and vegetables

Other incentives

In addition to the incentives listed in Tables 5-7, Uganda offers the following:

- **Import Duty Exemptions.** Apply to motor vehicles, personal effects and plant and machinery.
- **Duty drawback facilities.** Allows exporters to claim taxes on inputs used to manufacture exportable products.
- **Corporation tax.** With the exception of mining there is a uniform corporation tax rate of 30 per cent, which allows the "carry forward of losses". Practically, this means, profits are not taxable until, previous years' losses are fully covered.

Investment protection

- **Investment guarantees**-Uganda is a member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank and VAT deferred payment agreements.
- **Externalization of funds**-Foreign investors are allowed to externalize funds for:
  - Loan repayment in a foreign country.
  - Payment of financial earnings to foreign personnel.
  - Payment of royalties or fees.
  - Payment of profits or proceeds on disposal of assets.
- **Protection against compulsory acquisition**—Compulsory acquisition can only be made in accordance with the Constitution of Uganda. Should compulsory acquisition take place, the investor must be compensated within 12 months from the date of acquisition, based on fair market value of the enterprise.

Markets

Local market

The local market for oil in Uganda is comprised of households, baking and confectionery industry, and the foodservice industry. With the return of economic stability, Uganda's commercial network has re-established itself. Most urban areas now have a range of cooking oils in shops and markets, from 3-5 litre branded containers, sealed 1-litre bottles, and 150 ml measures drawn from bulk containers.

National demand for vegetable oil is growing at 2.4 per cent per annum in real income. Demand for vegetable oil is expected to reach 80,000 MT in 2005. This is an indicator of potential investment in the sub sector.

The East African market

This is a market of about 85 million people covered under the East African Community (EAC). The Treaty that established the EAC is in force awaiting ratification. But, there is no consensus yet on trade. There is a High Level Task Force (HLTF) on implementation of Article 175 which covers trade.

The HLTF envisages a protocol on a Customs Union.

- There is a list of goods still being worked on to be subjected to a surcharge without reciprocity when imported from Kenya to Uganda or Tanzania.
- A list of manufactures that will attract a zero tariff rate for the tripartite trade is also being worked out.
- There has been an agreement in principle on establishing a Common External Tariff (CET) but its rate is not yet agreed upon. However at present, Uganda has the lowest customs tariff among the three countries.

- Rules of origin are not yet worked out, but it is proposed to use COMESA rules of origin.
- Unlike the defunct EAC, the current arrangement is market oriented and private sector driven.
- It has been agreed that the region has a comparative advantage in the agricultural sector and a study on the "Strategy on Agricultural Development" for the region is on-going. When ratified, the EAC and its focus on agricultural development, presents enormous chances for Uganda, because of the three countries, Uganda offers better avenues for agricultural development and agricultural related trade.

The COMESA market

The Common Market for Eastern and Southern Africa (COMESA), is a regional economic co-operation group of 20 African countries with an estimated population of 367 million people.

The overall objective of COMESA is to promote regional integration through development of trade, natural and human resources. COMESA is one of the more successful regional economic groups in Africa. It has financial specialized institutions to support its activities namely:

- The Trade and Development Bank for Eastern and Southern Africa (PTA).
- The Leather and Leather Product Institute (LLPI).
- The Clearing House.
- The Re-insurance Company.

- Most of the co-operation progress has been made in trade liberalization.
  - Intra-COMESA trade has grown from US$ 1,624 million in 1991 to US$ 4,200 million in 1998.
  - An Automated System for Customs Data and Management (ASYCUDA) is used in all COMESA member states.
  - There has been tremendous tariff reductions as indicated in Appendix 1.
  - Agreement has been reached to implement a Common External Tariff (CET) by the year 2004 with a proposed CET of 0 per cent, 5 per cent, 15 per cent and 30 per cent on capital goods, raw materials, intermediate goods and final goods respectively.
  - Agreement has been reached to transform COMESA into a Free Trade Area (FTA) based on reciprocity and some countries are already implementing 100 per cent tariff reduction (Appendix 1).

The CONTONOU ACP/EU Partnership Agreement

This agreement is to replace the ACP/EU relationship agreement. Under the agreement EU will be requested to establish a single regional fund for Eastern and Southern Africa region and COMESA states will adopt a common position on European Development Fund (EDF).

Uganda's Competitive Advantage

A strategic location, a predictable and stable economic environment, cheap but quality labour force, an excellent natural resource base, a better energy supply and a rapidly growing infrastructural base are regarded as Uganda's best assets as an alternative investment location in the sub-Saharan African region.

Strategic location

Uganda is strategically positioned within the East and Central Africa region that includes the Common Market for Eastern and Southern Africa States (COMESA), an economic grouping with a market of over 300 million people. This location within the heart of sub-Saharan Africa gives Uganda commanding importance as a base for regional trade and investment.

Predictable and stable economic environment

Since 1986, Uganda has been on the path of economic reconstruction and development, which has made her the new face of emerging Africa. The economic reforms undertaken, coupled with political stability, have contributed to growth rates averaging 6.5 per cent over the last decade. Inflation has consistently been maintained below 10 per cent. Uganda is now rated the second best improving country in sub-Saharan Africa to invest in, Table 9 below.

Table 9: Institutional Investor country credit ratings of selected Sub-Saharan African countries

Country	1993	1995	1997	1998	1999	2000	Overall improvement rating
Botswana	41.1	48.5	51.2	51.9	56.0	57.0	15.9
Mauritius	38.9	45.4	51.9	53.0	53.9	52.4	14.0
South Africa	39.6	42.5	46.4	46.6	45.6	45.2	5.6
Seychelles	20.7	23.7	29.5	28.9	29.6	31.9	11.2
Kenya	24.7	24.9	28.6	25.6	24.8	26.6	1.9
Zimbabwe	27.7	30.7	33.8	29.8	25.1	24.1	-3.6
Uganda	7.3	12.8	20.1	19.9	21.7	22.9	15.6
Mozambique	8.4	12.6	14.6	17.9	19.3	19.2	10.8
Tanzania	12.9	15.5	18.7	19.9	19.5	19.1	6.2
Nigeria	20.3	17.5	15.3	16.4	17.9	18.3	-2.0
Zambia	11.7	14.6	16.0	17.2	14.9	15.1	3.4

Source: The Institutional Investor: Various issues 1993 – March 2000.

Cheap but quality labour

The quality of labour force is one of Uganda's main strengths. With 12 universities and a number of polytechnics, all levels of skills and training needed to run the edible oil industry are adequately covered.

Uganda's labour is cheap compared to that of most COMESA countries. Rates of US$ 1.1, 0.5, 0.7 and 2.8 per day are quoted for Kenya, Uganda, Zambia and Zimbabwe respectively. In addition, a large per centage of the population can speak and write English. This should prove a major asset for foreign investors wanting to engage in edible oil processing in Uganda.

Excellent natural resource base

Uganda's biggest advantage is the abundance of natural resources for crop production. The country is endowed with some of the best agricultural land in the COMESA region. It has a favourable climate with ample and well-distributed rainfall (750-1500 mm) and a little temperature variability (15-30°C).

Competitive incentive regime

Uganda's incentive package provides for generous capital recovery terms, particularly for investors whose projects entail significant investment in plant and machinery as well as those whose investments are likely to yield profits over the longer term. The incentive package includes:

- a nominal corporate tax rate of 30 per cent which is among the lowest in sub-Saharan Africa,
- a zero rate tax on importation of plant and machinery,
- import duty exemptions for plant and machinery,
- duty draw-back/refund facility for exporters,
- special initial investment allowance of 50 per cent on plant and machinery,
- a special 75 per cent initial allowance for investment in remote areas,
- VAT deferral facilities.

Investment guarantees

- Uganda's Constitution guarantees the right to property,
- Uganda is a member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank.

Energy supply

The mainstream hydropower supply in the country is 250 megawatts. Owen falls dam, Uganda's major hydropower generating station is currently undergoing major expansion expected to boost power supply by 20 per cent. A second hydropower dam, Kiira, has already started producing power. In addition, three private power projects are underway to supplement power production levels in the country. It is expected that once completed these projects will provide cheaper power supply for investors. In addition to these developments, the energy sector is being liberalised so that power generation and distribution become competitive.

Rapidly growing infrastructural services

Uganda's excellent road network is well linked to her neighbours, Kenya, Tanzania and Rwanda. The main airport at Entebbe handles international air traffic to all major business centres in the world. Over forty international flights per week connect to European cities via Entebbe. In addition, a number of international courier firms such as DHL and TNT are represented in the country making delivery of urgent documents and materials easy.

The telecommunications sector has been fully liberalised. The country now has over 250,000 fixed lines in addition to cellular telephone services provided by three mobile phone operators. Internet services are well developed and are spread all over major towns.

Friendly land ownership policies

Foreigners can own land in Uganda in two ways:

- joint-venture arrangements with local companies;
- leasehold for up to 99 years.

Key Players in the Industry

MAJOR EDIBLE VEGETABLE OIL PRODUCERS

Kakira Sugar Works (1985) Ltd - Oil & Soap Division
Kengrow Industries Ltd
Mbale Soap Works
Mukwano Industries (U) Ltd
New Tororo Edible Oil Products
Nile Agro Industries Ltd
Uganda Trade & Industrial Enterprises

SUPPORTING INSTITUTIONS

Institution	Involvement
Uganda Oil Seed Processors Association (UOSPA)	Promotes development of sunflower as a raw material for edible oil processing
The Government Chemist Analytical Laboratory	Offers analytical guidance services on quality of final product as well as pollution monitoring
Vegetable Oil Development Program (VODP)	Promotes development of oil palm as an alternative raw material for vegetable oil processing
Vegetable Oil Development Council (VODC)	Advises government on edible oil sub-sector development priorities
Uganda National Bureau of Standards (UNBS)	Offers guidance on standards for local and export markets
Private Sector Foundation (PSF)	Provides facilities for 'equity' funding
East African Development Bank (EADB)	Provides facilities for 'extended yield curve' funding
Uganda Investment Authority (UIA)	A one-stop investment centre for all intending investors
Bank of Uganda	Provides facilities for EIB-Uganda Apex Private Sector Loan Scheme and ECGS

Useful contacts

Name	Address	Tel	Fax	E-mail
National Environment Management Authority	P.O Box 22255, Kampala	336817	332620	nema@imul.com
Private Sector Foundation	P.O Box 7683, Kampala	342163	259109	prisf@starcom.co.ug
Uganda National Chamber of Commerce and Industry	P.O Box 3809, Kampala	258791/3	258793	uncci@uol.co.ug
Uganda Investment Authority	P.O Box 7418, Kampala	234105/ 251561/5	342903	info@ugandainvest.com
Uganda Manufacturers Association	P.O Box 6966, Kampala	221034	220285	uma@starcom.co.ug
Uganda National Bureau Of Standards	P.O Box 6329, Kampala	222367/9	236606	unbs@starcom.co.ug
Uganda Oil Seed Processors Association	P.O Box 2215, Kampala	342504	342504	oilseed@starcom.co.ug

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Appendix 1: Tariff Position towards COMESA FTA (Oct 2000)

Country	Tariff Position
Egypt Madagascar Malawi Mauritius Sudan Zambia Zimbabwe	Had published the legal installment effecting 100% tariff reduction from 1st November 2000.
Seychelles	To effect 100% tariff reduction by June 2001.
Djibouti Kenya	Promised to effect 100% before end of 2000.
Comoro Eritrea Uganda	Had reduced tariffs by 80%
Congo (DR)	Promised to reduce by 70% immediately.
Burundi Rwanda	Had reduced tariffs by 60%.
Namibia Swaziland	Under a special derogation till fresh discussions in May 2001

Source: Report of the Extra-ordinary Policy Organs Meeting (Summit Inclusive) of COMESA 27-31 October 2000, Lusaka-Zambia

Appendix 2: List of abbreviations and acronyms

°C	Degree celcius
CDO	Cotton Development Organisation
COMESA	Common Market for Eastern and Southern Africa
COVOL	Cooperative Office for Voluntary Organisations of Uganda
EAC	East African Co-operation
EIB	European Investment Bank
m.a.s.l	Metres above sea level
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
Mt	Metric tonne
NARO	National Agricultural Research Organisation
UOSPA	Uganda Oil Seed Processors' Association
VAT	Value Added Tax
VODC	Vegetable Oil Development Council
VODP	Vegetable Oil Development Project

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