Address

by

H.E. Yoweri Kaguta Museveni

President of the Republic of Uganda

at

The Uganda Investment Forum 2014.

London - UK ***6th May 2014***

The Minister for Africa in the UK, Hon Mark Simmons,

The Chairman of the Commonwealth Business Council, Lord Marland of Odstock,

Honourable Ministers and Representatives of the Diplomatic Community in London,

Esteemed Members of the Business Community in London and Uganda,

Ladies and Gentlemen.

Thank you for inviting me to address such a distinguished audience. I have confidence that by the end of this forum, there will be decisions to locate business in Uganda's growing and resilient economy.

There are two Kings in the modern world: the entrepreneur and the consumer. This is as far as business is concerned. The entrepreneur has got the following three factors:

(i) ability to detect opportunity and how to utilize it in order to maximize profits and minimize costs;

(ii) savings or ability to raise cost effective funding to cause the realization of the project or enterprise; and
(iii) ability to acquire the necessary technology to produce the desired items.

The consumer, on the other hand, has got two characteristics: need for the concerned product and ability to pay for it — i.e. purchasing power.

The two Kings, however, need five other factors to have a beneficial relationship. Those factors are:
(i) good infrastructure that ensures that the costs of doing business in the economy are low so that profits can be made;
(ii) peace in the country;
(iii) availability of raw-materials;
(iv) a business friendly policy environment; and
(v) a skilled work force that accepts competitive wages.

At the present moment, much of Africa has got one King — a capable and growing consumer society — as well as the five facilitating factors. Moreover, the awareness for the need for the expanding of these five factors is also growing. There is in fact a growing enlightenment for the need to generate more electricity, bituminize more roads, build modern railways, expand education and skill the society as well as expanding the ICT network.

The collective GDP of Africa is now US$ 1.8 trillion and it will be US$ 2.6 trillion by 2020. What is crucial is to remember that this GDP was only US$ 500 billion in 1998. It has now grown by almost 4 times in the last 16 years. This growth has been in spite of the historical bottlenecks such as inadequate electricity, poor roads, no railway systems, lack of peace in big chunks of the continent, etc.

These bottlenecks notwithstanding, when the rest of the world was in economic turmoil recently, Sub-Saharan

Africa was growing at the rate of 5% per annum. Uganda's economy has been growing at the annual average rate of growth of 6.5% per annum for the last 28 years, the strategic bottlenecks notwithstanding. With more electricity supply, improved roads and the modernized railway system, Uganda's economy will grow by double digits. Uganda is rich in natural resources with very good agricultural potential and history (traditional); a lot of fresh water resources (Lake Victoria — Nalubaale, the River Nile — Kiira, the Mountains of the Moon — the Rwenzori) are all found in Uganda; a lot of mineral wealth discovered recently by the Government (gold, uranium, wolfram, nickel, iron-ore, limestone, phosphate, vermiculite, aluminium clays, coltan, tin, copper, cobalt, etc.,); petroleum and gas; tourism resources; forest resources; and, of course, the growing, educated human resource of, presently 37 million people, to grow to 53.7 million by 2025. This human resource has already manufactured proto-types of electric automobiles, industrial machinery and claims an array of scientific patents.

Uganda is right at the heart of this massive continent – 11.7 million sq. miles of land – that can easily accommodate China, the USA, India, Western Europe and Brazil and still remain with some space. The population of Africa is currently 1.1 billion people and will be 2.4 billion people by 2050, which will be more than double. The consumption of this population is growing. If you take Uganda for instance. By 1986, the per capita consumption of milk was 16 litres per person per annum. It is now 50 litres per person per capita per annum. The World Health Organization (WHO) recommendation is that somebody should consume 200 litres per annum. The meat consumption was 4.5 kg per person per annum in 1986, it is now 6.4 kg per person per capita per annum and it should be 50 kgs per capita per annum according to (WHO). Similarly, the consumption of all other items is growing and will grow more whether you are talking of: steel, cement, textiles or fuel.

The only King that is missing is the entrepreneur, especially the entrepreneur of the manufacturing type. As far as Real Estate, transport (buses, taxis, etc.), shops, hair-saloons, agriculture, etc. are concerned, the Ugandan entrepreneurs are doing very well. The problem is still with the manufacturing — adding value to coffee, cotton, bananas, fruits, cereals (maize), Irish potatoes and sweet potatoes, cassava, minerals, timber products, etc. We have succeeded in getting processors for milk, for tea, for fresh water fish, for vegetable oils, for palm oil, for cement, etc. The rest of the areas are still virgin. Our scientists have the capacity to process and manufacture anything using our raw materials. They, however, do not have the money. They end up depending on the Government to fund their enterprises; yet the Government has got so many priorities to deal with (the roads; the railways; electricity;

piped water; education; health; law and order, defence; etc.). Therefore, what we need from our partners in the UK are: (i) entrepreneurs, (ii) tourists and (iii) trade.

The rate of return on investment in the industrial sector in Uganda is currently 18%. With cheaper electricity, it will be 25%. The Foreign Direct Investment (FDI) into Africa have been growing from US$ 47 billion in 2011 to US$ 50 billion in 2012. In Uganda, FDI increased from US$ 894 million in 2011 to US$ 1.2 billion in 2012. With improved infrastructure, the return to investment will improve from the current 18% to 32%

The comprehensive list of areas where you can invest is as follows:

(a) Agro-processing for: coffee, cotton, bananas, potatoes, maize and other traditional cereals, beef, milk, leather, fruits, tea, cocoa, vanilla, medicinal herbs, cassava, rice, wheat, legumes, vegetable oils, palm oil, etc.

(b) Minerals:

(i)	Iron-ore	-	more than 200 million metric tonnes of proven ore;
(ii)	Phosphates	-	230 million metric tonnes of proven ore;
(iii)	Cement	-	more than 300 million tonnes of limestone;
(iv)	Aluminium clays	-	more than 3 billion tonnes of ore;
(v)	Copper	-	more than 9 million tonnes
(vi)	Cobalt	-	more than 5.5 million tonnes
(vii)	Wolfram	-	more than 800,000 tonnes
(viii)	Tin	-	more than 1 million tonnes
(ix)	Gold	-	more than 8.2 million ounces
(x)	Vermiculite	-	more than 54.9 million tonnes
(xi)	Columbite-tantalite (Coltan)		133 million tonnes
(xiv)	Rock salt and brine	-	22 million tonnes

(c) Tourism:

(i) Nine (9) National Parks and 6 Forests and 12 Wildlife Reserves. The National Parks are:

- Queen Elizabeth II
- Murchison (Kabaleega) Falls
- Kidepo
- Lake Mbuuro
- Mgahinga (Mountain gorillas)
- Bwindi (Mountain gorillas)
- Mount Elgon (Nature Park)
- Rwenzori (Nature Park) and
- Kibaale (Forest Park and Chimpanzees)

Then you have Ngamba Islands and other Wildlife Reserves. The forest reserves are the following: Mabira, Budoongo, Imaramagaambo, Kibaale, Bwindi, Mgahinga and Kyambura-gorge.

(ii) Water –rafting along the Nile;

(iii) Mountaineering — the snow capped Rwenzori peaks right on the Equator, Mt. Elgon, etc.

(iv) Sailing on Lake Victoria (Nalubaale), Lake Albert (Mwiitanzigye), etc.

(d) Oil and gas — 3.5 billion proven reserves in 40% of the target area.

(e) The human resource — light and heavy engineering, electronics, etc. — limitless.

Our modernization plan includes value addition to our minerals, agricultural products, fresh water resources and forest products. There must be a refinery or refineries for the crude oil, there should be a refinery for gold when enough tonnage is attained, there must be a vertically integrated steel industry so that we do not have to build over priced hydro-dams on account of using imported steel where we end up paying for freight up to the tune of 15% of the total price of a tonne of steel. The steel must be alloyed with cobalt, with nickel, with tungsten, etc. to produce steel sheets that can be sold to users that need them for advanced use, etc.

By doing this, not only for minerals but also for agricultural raw-materials, our economy will multiply by a factor of 2.45 in 11 years i.e. by 2025. This will earn us more forex, more value and create more jobs. You can help us in achieving this mission.

I thank you.

Yoweri Kaguta Museveni
PRESIDENT OF THE REPUBLIC OF UGANDA

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