



Executive director of NPA, Muvawala (centre), deputy governor Bank of Uganda, Nuwagaba (second-right) and Stanbic chief executive officer Mumba Kalifungwa (right) during the Stanbic Economic Forum. The private sector was cautioned to align its investment with government targets to move Uganda forward.

PLANNING AUTHORITY EXPLAINS HIGH IMPORT BILL

By Ivan Tibenkana

The National Planning Authority (NPA) has advised the private sector to align its investment with government targets as outlined in the latest national development plan in order to leverage market incentives and growth.

The caution came up at this year's Stanbic Economic Forum, which brought together the country's top market stakeholders, including the central bank, investment bankers, technology experts and the private sector.

NPA DIRECTOR SPEAKS

The executive director of NPA, Dr Joseph Muvawala, revealed that the high operational expenditure as experienced in key sectors like the steel industry and its affiliated high import bill of hot-rolled coils and billets, tagged at \$600m (sh2.1 trillion), points to a need for import substitution and value addition, some of the Government's top priorities.

"Government will incentivise you negatively in case you are running in the direction which doesn't move the country forward," Muvawala said.

He added that prohibitive taxes will be placed in sectors that defy the country's strategic direction.

According to the finance ministry, at the end of last year, Uganda's import bill had grown by 36.5%, from \$1.042 trillion (sh3.6 trillion) in November 2024 to \$1.422 trillion (sh5.04 trillion), mainly driven by formal private sector imports.



Stanbic Bank's Africa regional economist Jibrán Qureishi

However, Bank of Uganda (BOU) data indicates a 258% growth in free on board imported goods between 2016 and last year, from \$4.5tn (about sh16 trillion) to \$15.7 trillion (sh55.8 trillion).

Effective last December, until 30 June, 2026, the iron and steel industry has been subjected to a higher EAC Common External Tariff (EAC-CET).

Inputs like hot-rolled coils now attract a 35% duty rate, up from 25% per metric tonne.

According to the manufacturers, application of the EAC-CET or the stay of its application is aligned to market needs as deemed necessary over time.

Meanwhile, the EAC and Asia account for the country's biggest imports with 30.4% and 28.5% respectively.

CURRENT INCENTIVES

Besides the July 2025 exemptions that were accorded to the food industry, including dairy, confectionery, soft drinks, snacks and juice producers, upon the stay of application of the EAC-CET last December, Government granted duty remission to 35 companies producing commodities needed for domestic consumption. The raw materials are meant to aid the production of plastics and plastic packaging materials, beverages and mattresses. A zero percent duty rate stands, until June 30.

Alkyd resins, the organic polyesters used as binders in the manufacture of eco-friendly coatings, would have attracted a 10% import duty per kilogram. However, they were zero-rated upon the grant of duty remission.

Other tax-exempted inputs include polyacetals, the polymers used in the manufacture of appliance moving parts like vehicle bushings and door handles, plus consumer products like zippers and pen barrels.

Others include polycarbonates (unbreakable plastics) used in the construction industry, such as stadium roofs and medical functions like dialysis housing and spectacle lenses, and electronics manufacture such as sockets and lamp covers.

Similar incentives have been used by EAC partners like Burundi to support manufacturing, such as lithium-ion batteries for electric motorcycles and lubricating greases, plus liquid lubricants were tax-exempted for the

UGANDA'S INVESTMENT DIRECTION

The executive director of National Planning Authority (NPA), Dr Joseph Muvawala, said the mineral sector remains one of the highly profitable avenues if well managed. Muvawala alluded to the potential of iron ore, gold and tin among others, suggesting that the collection will be much bigger than Uganda's petroleum.

However, Bank of Uganda (BOU) has expressed concern about the trade balance paradox for key commodities, such as gold, whose receipts currently gross \$6.4b, coffee, \$2.4b and \$700b from cocoa.

"Unfortunately, gold is the highest export receipt we get, but it also holds the highest import invoice. Its trade balance is about \$20m only," Augustus Nuwagaba, the deputy governor, BOU, said.

The figures point to transit revenues and Uganda as merely a regional export corridor. As the central bank gears up its domestic gold purchase program, having pre-qualified three companies and two already appraised, product traceability has been maintained as a crucial aspect amidst market growth and the anticipation to buffer reserves and foreign exchange.

same period.

Although there is keenness on agro-industrialisation, Karen Atamba, the chief finance officer of Biyinzika Poultry, said amidst the increasing opportunities for expansion into the Sub-Saharan market, trade financing and agro-price volatility are major challenges.

"We need to look at the agricultural sector differently. There is a need for structured value chain financing," says Atamba. She placed extra caution on the trade-supply dynamics, noting that most of the suppliers within the sector are SMEs, which calls for

reconsideration of the debt ma where interest rates remain 1 despite the need for production asset growth.

Jibrán Qureishi, the Stanbic Ba Africa regional economist, revealed that while there's room for (growth between 4.6% and 4 this year for Sub-Saharan Af there is an equally pressing r to improve sub-sectors whose employment levels barely match (contribution, such as agricul at 18%, as compared to the ca intensive sub-sectors like services mining.