

# **MINISTERIAL STATEMENT ON THE COMMEMORATION OF THE AFRICA INDUSTRIALIZATION DAY AND OTHER ISSUES RELATED TO THE INDUSTRIALISATION AGENDA IN UGANDA**

## **1.0 Introduction**

**1.1** Rt.Hon. Speaker and Honorable Members,  
Thank you for giving us the opportunity to inform and update you about the commemoration of the Africa Industrialization Day. The day is observed globally on 20<sup>th</sup> November annually to mobilize commitment of the international community to the industrialization of Africa. Here in Uganda, the day will be observed on Friday 19<sup>th</sup> November 2021. The theme for this year in Uganda is : **Promotion of Inclusive and Sustainable Local Manufacturing to Bolster Uganda’s Industrial Sector.”** I will also use this statement to give highlights on some key issues regarding the industrialization agenda in Uganda.

## **2.0 Background**

**2.1** Rt.Hon. Speaker, and Hon Members,  
Industrialization plays an important role in transforming an economy from subsistence to one based on manufacturing of goods and serves as a primary engine of economic growth, creation of jobs and wealth, technology transfer, investment flows and skills development. It is a journey from peasantry to modernity and from poverty to prosperity.

**2.2** Prior to COVID 19, our GDP growth rate was at 6.5%. Industry was the main driver of this growth, expanding at a rate of 10.8%; followed by Agriculture (5%) and Services (4.9%). Our total import bill stood at USD 7.3bn in 2019. It is important to note that most of these items that we import can be manufactured domestically.

- 2.3 For the last two years, the COVID-19 pandemic has disrupted the supply systems for industrial inputs and markets for finished goods. Industries that have been most affected are those that largely depend on imported raw materials.
- 2.4 Africa is endowed with vast resources – in agriculture, mining, and marine and if properly harnessed, can stimulate a resource-based industrialization. Industrialization is therefore a *sin qua non* to Africa’s long-term development, achievable through promotion of value addition to raw materials to create jobs and wealth, reduce on the trade imbalance and eradicate poverty. In this regard, the African Union and African countries have expressed a strong commitment to industrialize Africa.
- 2.5 The goal of commemorating Africa Industrialization Day is to raise awareness on the strides made to industrialize Uganda and the continent, key interventions being implemented and the efforts to advance structural transformation in Uganda and Africa.
- 2.6 Over the last three decades, the NRM Government has steadily established and built a strong foundation to increase value addition and grow the industrial sector. These include: investment in improving the business environment by increasing industrial support infrastructure such as roads; energy; information, communication and technology (ICT) networks; construction of industrial parks; strengthening the investment climate; and Research, among others.

### **3.0 Some Key Achievements in the Industrial Sector**

- 3.1** Rt Hon Speaker and Hon Colleagues, specifically, the following key achievements have been registered:

- I. The industrial sector contribution to the GDP has increased from 3.5% in 1986 to 27.4% in 2020/21;
- II. Our manufacturers are diversifying into many new products such as industrial refined sugar, ethanol, sanitizers, masks, casein and powdered milk, medical oxygen and steel products to mention but a few.
- III. Production of manufactured goods has increased e.g Sugar production is at 540,000 Metric Tonnes, with consumption at 380,000 Metric Tonnes and surplus at 190,000 Metric Tonnes; Cement has reached 8m Metric Tonnes. Steel production recorded 219,194 metric Tonnes in 2020. Forexample,we can now produce ceramic tiles, assemble mobile phones, and produce fabrics for export, etc
- IV. The number of Industries has increased from 81 units in 1986 to more than 5,200 Units in 2020 and the manufacturing sector employs over 1m direct workers.

#### **4.0 The National Industrial Policy 2020**

**4.1** Rt. Hon. Speaker and members, Cabinet approved the National Industrial Policy in December, 2020. The goal of the Policy is to: increase the manufacturing value added (MVA) to Gross Domestic Product (GDP) from 8.3% to 30% by 2030'. The Policy highlights key value chains for development to increase employment, import substitution, export promotion, and increased house hold incomes among others.

The following industrial value chains are prioritized for investment in the Policy.

- i. **Agro- based Industries:** Fruits, Coffee, Cotton, Textiles and Apparels, Tea, Cassava, Grains, Oil Seeds, Sugar cane, Bananas, Cocoa, Diary,

Leather and Leather Products, Irish potatoes among others

- ii. **Extractive based industries:** Iron and Steel, Copper, Gold, Oil and Gas, Plastics, Cement/clinker, salt, sand/glass and Fertilizers (phosphates) etc.
- iii. **Knowledge based industries:** Pharmaceuticals, Automobiles, Electronics and Electronic Products Assembling etc.

## **5.0 Strategies for the Implementation of the Industrial Policy and the Industrial Licensing Act**

As part of the implementation of the Industrial Policy and the Industrial Licensing Act, the Ministry is focusing on the following strategic areas

### **5.1 Regulation and creating a conducive environment for industrial development**

- A) Develop regulations for licensing all industrial operations; update the industries database and monitor compliance to regulations by the manufacturing industries. The database will provide for online registration of new industries and licensing of operations of all industries.
- B) Focus on reducing the cost of doing business by building more road network infrastructure and ensuring stable supply of electricity at USD 5cents/KW hr for manufacturers; and building of the 22 industrial parks.
- C) Improving the quality and standards of our products in order to target regional and international markets i.e. EAC with a population of over 400 million; the African Continent Free Trade Area with a population

of 1.3 billion; the European Union market; and AGOA among others;

## 5.2 Recapitalization of Uganda Development Corporation (UDC)

Rt.Hon. Speaker and members, government will capitalize UDC to a tune of UGX 500 billion over the medium term to focus on the following interventions:

- I. **Agro-processing:** Under this sector, UDC plans to invest in areas but not limited to Coffee, Irish Potatoes, Salt, Cocoa, Tea, Fruit, Cotton, Grain, Sugar and Cassava processing based on the growth corridor and the 18 agro ecological zones of Uganda.

Feasibility studies have been completed or are near completion for the following processing factories awaiting funding for development:

- Cocoa in Bundibugyo;
  - Starch in Acholi, Lango, Masaka and Teso;
  - Fruit factories in Luwero and West Nile;
  - Tea factories in Kisoro, Buhweju and Sheema;
  - A Sugar factory in Luuka;
  - Phosphate Fertilizer plant in Sukulu, Tororo district;
  - Salt processing at Lake Katwe;
  - Paper industry;
  - Soya beans for oil processing;
  - Revival of Cotton ginning in Lira among others
- II. **Mineral Beneficiation:** Under this sector, UDCs focus is on Cement, Lime and Marble, Sheet Glass, Copper, Iron and Steel. Some of the feasibilities done under mineral sector ready for investment include;
    - Clinker for use in cement production in Moroto;
    - Copper in Kilembe; among others.

III. **UDC’s other strategic investments:** These will mainly be in infrastructure development and services and to support partnerships with private sector.

### **5.3 Recapitalization of Uganda Development Bank (UDB)**

This will help to provide affordable and long-term financing for manufacturing industries especially for Small Medium Enterprises in key strategic areas.

### **5.4 Attraction of foreign direct investment (FDI)**

FDIs continue to play a critical role in the growth of our economy especially in the industrial sector. Over the last 20 years, FDI has grown from USD 0.03bn in 1989 to USD 1.3bn in 2019. Government will continue to attract FDIs to support our industrialization agenda

*The above interventions will help to replace the following key imports among others that continue to cause hemorrhage of our forex, jobs and wealth to other countries.*

**TABLE 1: SUMMARY OF COMMODITIES PRIORITIZED FOR IMPORT SUBSTITUTION**

<b>#</b>	<b>Commodity</b>	<b>Annual Value of Imports</b>	<b>Justification</b>	<b>Action required</b>
<b>1</b>	Petroleum Products	USD 1.3bn	High potential for job creation across the value chain	<ul style="list-style-type: none"> <li>• Fast tracking of supportive infrastructure e.g the pipeline, refinery, Oil roads;</li> <li>• Formulating a policy for blending ethanol with fuel</li> </ul>
<b>2</b>	Iron & Steel	USD 400M	Availability of adequate raw materials and significant multiplier effects in the economy	Attraction of Foreign Direct Investments and support to local processors

#	Commodity	Annual Value of Imports	Justification	Action required
3	Cereals and cereal preparations	USD 300M	Enough raw materials and potential for export to the region	Implement measures to increase production and productivity through; mechanization, and use of improved seed varieties
4	Medical and pharmaceutical products	USD 300M	Of high strategic importance for national sustainability	Support innovation and local medical, and pharmaceutical industrial research and development
5	Plastics in primary forms	USD 280M	Existence of raw materials	Partner with the private sector to establish plastics recycling facility to produce various forms of plastics
6	Vegetable fats and oils	USD 250M	Existence of comparative advantage for raw materials	Establish an oil seed refinery with a capacity of 300,000 MT
7	Textile yarn, fabrics, made-up articles, and related products	USD 120M	Comparative advantage for raw materials	Develop model textile and garmenting industrial parks fully serviced and support to the cotton ginning industries
8	Salt	USD 90M	Uganda has salt resources in Lake Katwe amounting to 22.5 million tonnes of crystalline salts	Fast-tracking timely completion of the Katwe Salt factory to revamp the project in partnership with the private sector
9	Fertilizers	USD 70M	Existence of local raw materials	Complete the Sukulu Phosphates fertilizer factory through private partnership
10	Veterinary drugs	USD 85M	Existence of local raw materials	Undertake public-private partnerships for veterinary drugs and Vaccines' investments.
11	Starch	USD 350M	Availability of raw materials	Feasibility study completed



## **6.0 Planned activities where Members can participate**

Rt Hon Speaker and Hon Members, the following activities will be undertaken during the commemoration of the Africa Industrialization Day.

- i. Participatory and interactive sessions to engage various stakeholders on the thematic areas of industrialization;
- ii. A media briefing at the Media Centre to inform the public about the significance of this day.**
- iii. Three physical meetings to dialogue on industrialization with limited numbers and using online tools to observe social distancing and other COVID 19 standard operating procedures (SOPS);
- iv. Webinar on the role of local governments to promote and support industrialization;
- v. Launching of the National Industrial Database and Information Portal and the Green Manufacturing Strategy.

## **7.0 Conclusion**

Rt.Hon. Speaker and colleagues, industrialization is the sure way to develop Uganda from a peasantry economy to a modern one. It is the development strategy that will unlock the potential of Africa by adding value to the abundant raw materials the continent is endowed with; and in turn create jobs, wealth and help us to banish the demons of poverty that have belittled Africans for ages by putting money in the pockets of Ugandans. I therefore invite you to attend and support the scientific Commemoration on Africa Industrialization Day on Friday 19<sup>th</sup> November 2021 in Kampala at Golden Tulip Hotel while observing the COVID-19 SOPs and commit government support for the Industrialization Agenda of our country.

I beg to submit.



**David Bahati (MP)**

**Minister of State for Trade, Industry and Cooperatives  
(Industry)**