

## Sub-Saharan Report

Sub-Saharan Africa is one of the focal regions of Global Challenge 2015.

These reports are by Mr. Kenshi Tsunemine, an expatriate employee working in Johannesburg with a view across the region.

### Vol. 18: Uganda

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As the number of Japanese who visit Uganda is small, the documentary broadcast on television by NHK at the end of 2015 of the popular actress Satomi Ishihara's visit to Uganda likely gave many their first glimpse of the country, its people and their lifestyles (note 1) (picture 1).



Picture 1: Roadside shopping mall?

Also, the late Japanese talent and comedian who went by the stage name "Uganda Tora" and was

known for his wide berth (120 kilograms or 260 pounds) and hefty appetite, once said "curry rice is nothing more than a drink for me". It was said he could eat a plate of curry rice in three seconds. Uganda Tora actually chose his stage name for his likeness to a former president of Uganda (note 2).



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In order for the Marubeni Research Institute to acquire live information from the field and contribute to the Company's strategy, young Marubeni staff well-versed in economic and industry analysis have been posted to the region.

So, as you have already gathered, I am going to introduce the East African country of Uganda, of which you may not have much knowledge.

Table 1: Uganda Country Information

Basic Data (2014)	
Population	39.9 million
Land Area	241 thousand km <sup>2</sup>
Nominal GDP	\$25 billion
Per Capital GDP	\$625
Official Language	English, Swahili

Source: IMF

Uganda is a landlocked country in East Africa surrounded by Kenya in the east, South Sudan to the north, the DRC on its western border and Rwanda and Tanzania on the south (table 1). The country has a tropical savanna-type climate, with the south mainly subject to large amounts of rainfall. It is famous for its rich natural beauty and has been dubbed the "Pearl of Africa".

The capital of Uganda is Kampala and although it is located on the equator it is both near the shore of Lake Victoria and located in the highlands at an altitude of 1,200 meters, so it has a relatively mild climate with its temperature ranging just above and below 21 degrees centigrade.

As mentioned, Kampala is very near Lake Victoria and you can take a cruise on the lake and can see the point where it flows into the Nile River and also monuments that mark the position of the equator. In addition, if you make the trek to near the borders of the DRC and Rwanda, there are many national parks filled with abundant natural beauty.

While 10% of Uganda's population comes from the Ganda ethnic group who live mostly in and around Kampala, the rest in fact comprises over 50 other ethnic groups, making the country very rich in diversity. Also English and Swahili are the official languages of Uganda.

The main staple food of Uganda is for all practical purposes the banana. One staple is mashed and steamed green bananas called "matoke", however, these are not like the sweet bananas we are used to but rather have a taste and texture more like potatoes. Other staple foods that are widely eaten are cassava, rice and pumpkins (picture 2).



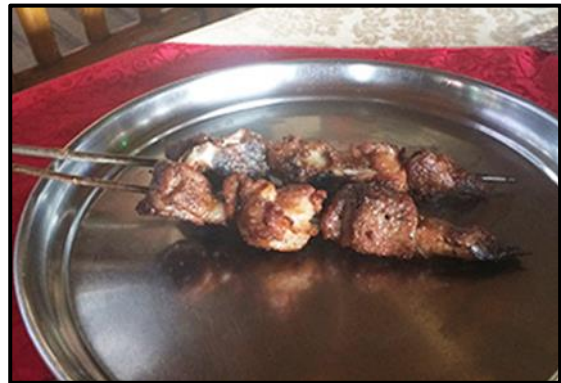
**Picture 2:** An assortment of staple foods, matoke (center), potato (lower left), cassava (bottom), and so on

Matoke and cassava are very often eaten with a g-nut paste (g-nut = groundnut), a kind of peanut sauce, over them. Also, meat can be mixed into the g-nut paste and wrapped with banana leaves, which is called "meat luwombo and g-nut paste". And while it doesn't look very appetizing it is actually creamy and quite tasty (picture 3).

Other types of foods eaten are pork on skewers called "pork joints" (picture 4), and such freshwater fish as Nile perch and tilapia caught in Lake Victoria (note 3).



**Picture 3:** Meat luwombo and g-nut paste, the meat is hidden in the peanut sauce



**Picture 4:** Pork joints have a nice aroma and are quite savory



In addition, there is a fast food-type omelette (on the iron skillet in picture 5) wrapped in chapatti (on the table in front), which is called “rolex”, that is popular and is sold from roadside stands for about 50 yen each (picture 5).

**Picture 5:** A women making “rolex” at a roadside stand

Uganda gained its independence from Great Britain in 1962, however, it was followed by a continuously unstable political situation. Following independence Uganda became a republic under a coalition government with the Buganda king, Edward Muteesa II, named as the president, a mostly ceremonial position (the Bugandan kingdom had formed a large portion of southern Uganda at one time). In 1966, a power struggle between Milton Obote, the executive prime minister, and King Mutessa with Mr. Obote taking over through a coup and appointing himself president for life under a socialist-oriented regime. In 1971, President Obote was ousted in a military coup led by General Idi Amin who took over as president. Idi Amin became notorious as an extremely ruthless dictator, by some reports having killed up to 300,000-400,000 of his own citizens during his rule. Idi Amin’s dictatorship lasted until 1979 when he was expelled by the Ugandan National Liberation Front (exiles in Tanzania) and dissidents within the army. However, the liberation factions and dissidents were not unified immediately following Amin’s ouster which led to continued infighting with Mr. Yusuf Lule, the first president after Mr. Amin, being replaced by Mr. Godfrey Binaisa in quick succession. Mr. Binaisa was then removed in 1980 paving the way for Mr. Obote to return as president.

However, the second Obote government was doomed as well, with a civil war breaking out in 1981 and several coups attempted. Mr. Obote was eventually overthrown by the National Resistance Movement led by Mr. Yoweri Museveni who took control of the country in 1986 as president. Presidential and parliamentary elections were finally carried out in 1996 with Mr. Museveni emerging as the winner. Mr. Museveni was re-elected in the subsequent 2001, 2006 and 2011 elections and remains leader of the country to this day.

President Museveni was able to amend re-election provisions in the constitution in 2005 and will again stand for election in the upcoming presidential election scheduled for February 18. Africa has had a problem with many of its presidential elections in that they do not lead to successors but rather long-serving incumbents. Also, due to their experience from past civil wars many citizens tend to support the status quo to ensure stability in their countries (note 4).

Due to Uganda’s long history of unabated civil war, the economy has, for the most part, been in a state of chaos. However, following the end of these civil wars Uganda succeeded in stabilizing the economy through structural changes supported by such international organizations as the IMF among others.

Even now, 80% of Uganda’s workforce is engaged in agriculture making it the mainstay of Uganda’s economic structure. Although external factors like the weather and so on can easily impact the agricultural sector, Uganda has had stable economic growth of nearly 5% in recent years owing to the restoration of public security in the country. However, as can be seen from Uganda’s nominal per capita GDP of \$600, it is still in the undeveloped country category, even in Africa.

**Graph 1: Real GDP Growth Rate**



Source: IMF

Uganda’s main export items are coffee, seafood (freshwater fish) and cotton mostly exported to such neighboring countries as South Sudan, the DRC and Kenya. On the other hand, the development of industries other than agriculture has made little headway. Given that fostering manufacturing industries is important, but also a challenge, the government is interested in developing the agricultural product processing industry in its agricultural sector. The country is also heavily dependent on oil products and machinery imports, which is a cause for concern as it is leading to a deterioration in Uganda’s current account.

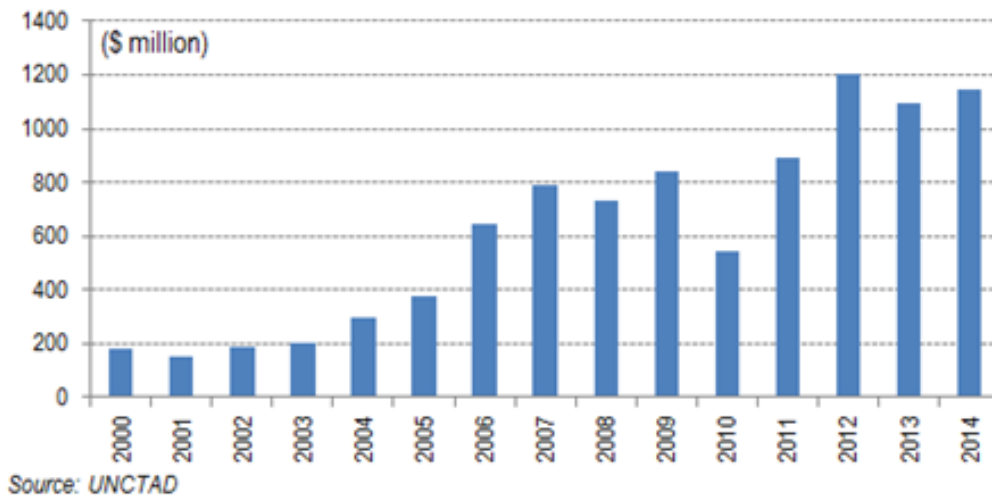
Looking at the surrounding circumstances and the fact that Uganda is dependent on agriculture it seems that Uganda is a “typical African country”, however, it has, in fact, a great deal of potential to grow dramatically in the future. At the center of this is the discovery of an estimated 2.5 billion barrels in crude oil reserves near Lake Alberta on the border of the DRC in the Alberta Rift Basin.

**Table 2: Selected African Countries’ Proven Crude Oil Reserves**

	Proven Reserves (billion barrels)	World Ranking
Libya	48	9
Nigeria	37	10
Algeria	12	15
Angola	9	17
Sudan and South Sudan	5	23
Egypt	4.4	24
Uganda	2.5	30
Gabon	2	34
Republic of the Congo	1.6	35
Chad	1.5	36
Equatorial Guinea	1.1	38
Ghana	0.7	40
Tunisia	0.4	49
Cameroon	0.2	53
DRC	0.2	53
Nigeria	0.2	53
Ivory Coast	0.1	63

Source: EIA

Graph 2: FDI Inflows to Uganda



East Africa had been known to be the “crude oil blank spot” in the resource rich African continent, however, since 2005 a number of oil deposit finds have been made in the region which has shined the spotlight on East Africa’s potential (table 3).

Uganda has its eyes on starting oil production sometime between 2018 and 2020. To accompany this, Uganda is looking to invest in the construction of an oil refinery and an oil export pipeline. This is expected to be one of the drivers of the future Ugandan economy.

The pipeline route is undecided at this point and given the downturn in current oil prices getting oil production and exports up and running will be difficult at best, however, investment in Uganda is still expected to accelerate (table 4) and should bring significant structural changes to Uganda’s economy.

With a current population of around 40 million people (7th largest in sub-Saharan Africa) Uganda is a relatively large market in Africa and with increased investment inflows the consumer market is expected to expand. In addition, although natural resource commodities in the country have yet to be developed, Uganda possesses such mineral resources as cobalt and tungsten among others. As such, Uganda is a country with strong potential in the mid to long-term, so we should pay keen attention to its situation from this point on.

As for the national character, it is said that “because the climate is good and no one is danger of or worried about starving (the land is rich and abundant in food), the people are not so diligent and industrious”. However, because public security is also good the country may be subject to idyllic and rustic impressions.

Certainly, the above-mentioned oil development will bring changes to Uganda over the next few years or so that will alter the landscape and the idyllic rural impressions of the country. Uganda does have a rich natural environment and it does have a pastoral landscape, which is how the Japanese actress must have seen Uganda, but this scene may be fading and not to be seen like that again.

- Note 1:** *[70 Years Post-War: Portrait of Japan's 70 Post-War Years - What can the Japanese do beyond those 70 Years?]* (NHK documentary program)  
*[Satomi Ishihara's Journey to Africa, 9 Days of Fascinating Life]*
- Note 2:** *This stage name was chosen due to his resemblance to the former dictator Idi Amin, who was president of Uganda at the time he picked the name.*
- Note 3:** *Lake Victoria freshwater fish export opportunities have increased as the price has been rising.*
- Note 4:** *An anti-government force called the Lord's Resistance Army has long operated out of Northern Uganda (and neighboring countries), however government operations against them have succeeded in considerably reducing their forces and stabilizing public security.*

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