

WESGRO

cape town & western cape
research



Uganda: Country Fact Sheet

September 2023

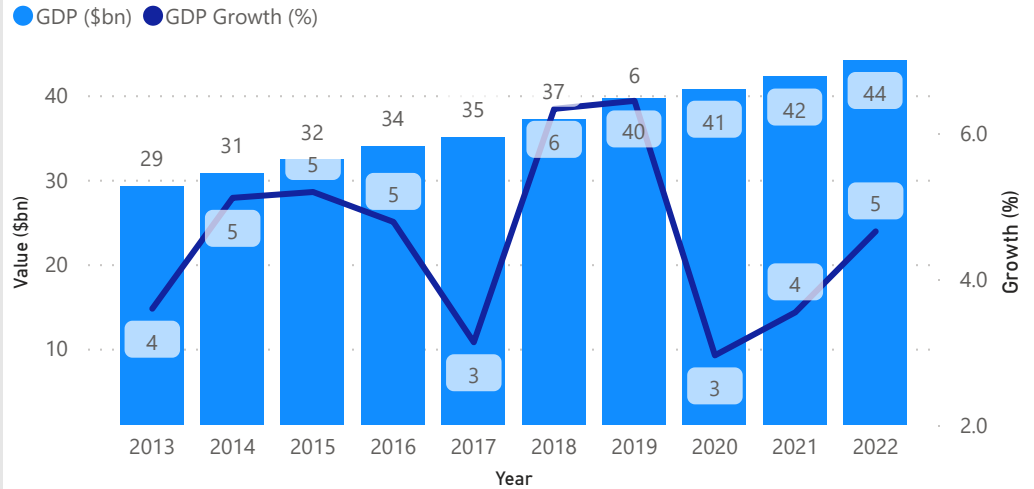
Cape Town and the Western Cape – A Leading Regional Economy

1) Economic Overview - Uganda

Uganda has been one of Africa's fastest growing economies in recent decades. More recently, the country's gross domestic product (GDP) grew from a value of \$29.29bn in 2013 to \$39.60bn in 2019, translating to an average annual growth rate of 4.93% over this period. This can be seen in Figure 1. Restrained by the onset of Covid-19, economic growth slowed to 2.95% in 2020. The slowdown was short lived however, with economy rebounding to a value of \$42.21bn in 2021, equivalent to a 3.54% y-o-y growth rate. This recovery was underpinned in part by the sustained increase in exports of coffee, tea, and other agricultural products.

Uganda was one of East Africa's fastest growing economies in 2022, with the economy expanding by 4.65% y-o-y despite significant global challenges, including disruptions to supply chains, a tightening of global monetary policies, and inflationary pressures.

Figure 1: Uganda's GDP, 2013-2022

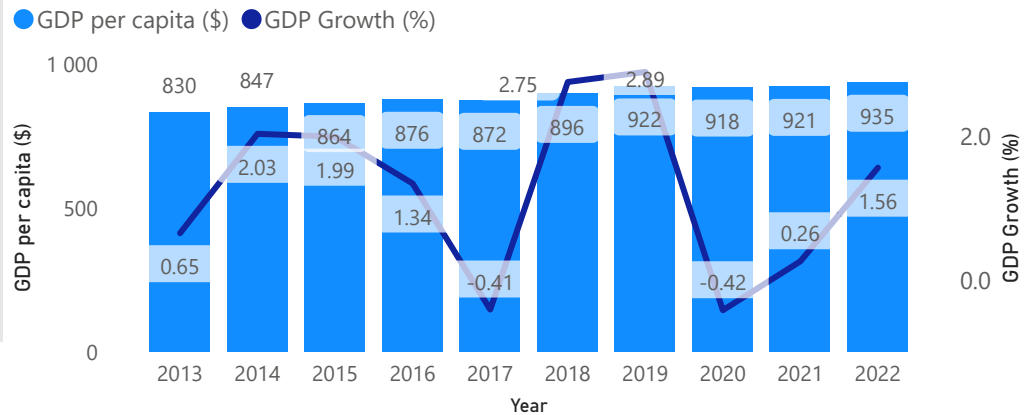


Source: World Bank, 2023

As illustrated in Figure 2, Uganda's GDP per capita increased from a value of \$830.48 in 2013 to \$922.02 in 2019. This was equivalent to an average growth rate of 1.60% per annum during this period.

Reflective of the economic contraction recorded in 2020, the country's GDP per capita declined by 0.42% y-o-y to a value of USD918.12 in 2020, recovering marginally to USD920.55 in 2021. An upward trend was witnessed in 2022, with the GDP per capita reaching a value of USD934.90, an increase of 1.56% y-o-y.

Figure 2: Uganda's GDP per capita, 2013-2022



Source: World Bank, 2023

In terms of economic structure, the agriculture, hunting, forestry, and fishing sector accounted for the largest share of economic output in 2021, representing an estimated 27.81% of GVA. The 'other activities' segment, which comprises various small, amalgamated sectors, followed in second place, equivalent to an estimated 27.61% of economic output in 2021. The mining, manufacturing and utilities sector was in third place, accounting for an estimated 19.02% of GVA.

Figure 3: Uganda's Sector Contribution to GVA (%), 2021



Cape Town and the Western Cape – Source: Euromonitor, 2023

2) Trade

2.1) Ugandan Global Merchandise Trade

Uganda recoded a trade deficit throughout the period analysed, with the trade shortfall widening from ZAR47.95bn in 2018 to a deficit of ZAR75.58bn by 2021, before narrowing sharply to a shortfall of ZAR25.93bn in 2022. This was ascribed in part to lower export earnings *and* softer import costs, with the latter easing at a faster pace than export earnings in 2022. Uganda's export earnings increased from a value of ZAR40.65bn in 2018 to ZAR48.96bn in 2022, while import costs fluctuated between ZAR88.60bn in 2018 and ZAR74.89bn in 2022. The net effect was a consistent trade deficit during this period.

Uganda's top export category in 2022 was coffee which, at a value of ZAR13.31bn, accounted for 27.19% of total global export earnings. Gold was the second largest export category, generating ZAR11.83bn in export revenue, which was equivalent to 24.16% of total exports in 2022. Exports of fish was the third largest export category, which at a value of ZAR1.17bn, was equivalent to 2.39% of total export earnings.

Human blood, was the fastest growing export category with an average growth rate of 1,433.05% from 2018 - 2022. Human blood was mainly exported to South Sudan, Kenya and the Democratic Republic of Congo (DRC). Exports of gold, which grew at an average annual growth rate of 36.55%, followed in second place, while exports of fish was third, with an average growth rate of 28.66% over the same period.

In 2022, the United Arab Emirates, Kenya and South Sudan were Uganda's top three primary export destination markets, with these three countries collectively accounting for 52.26% of the country's exports in that year, as shown in Figure 6. The United Arab Emirates was Uganda's largest export market in 2022, with Uganda exporting goods to the value of ZAR15.69bn to this Arab nation, representing a share of 26.82% of global exports in 2022. Kenya followed as the second-largest recipient of exports from Uganda, having received goods to the value of ZAR7.76bn (13.25%), with South Sudan in third position accounting for exports to the value of ZAR7.14bn (12.20%) in 2022.

Figure 6: Uganda's Top Export Markets (ZARbn), 2022

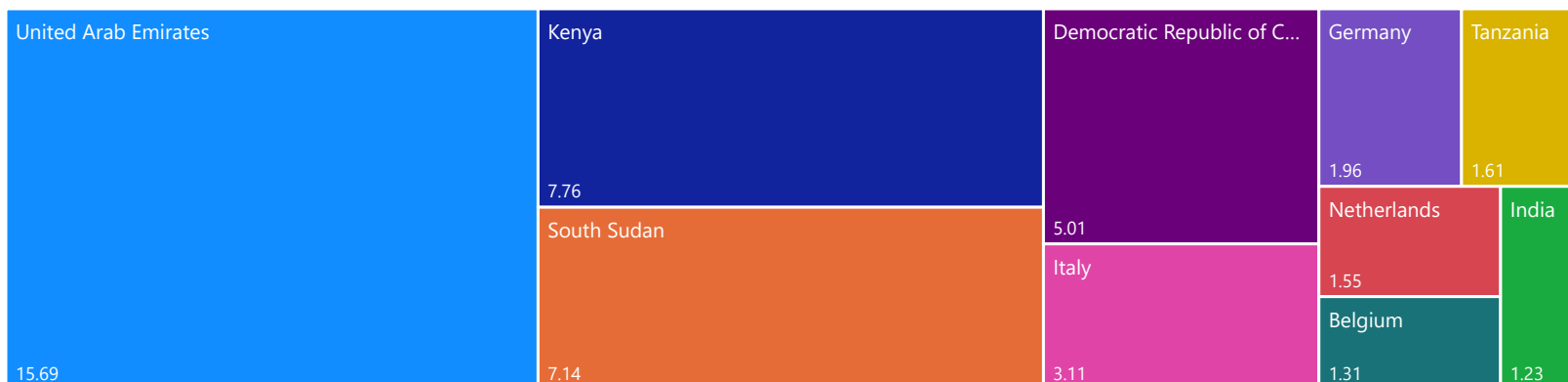
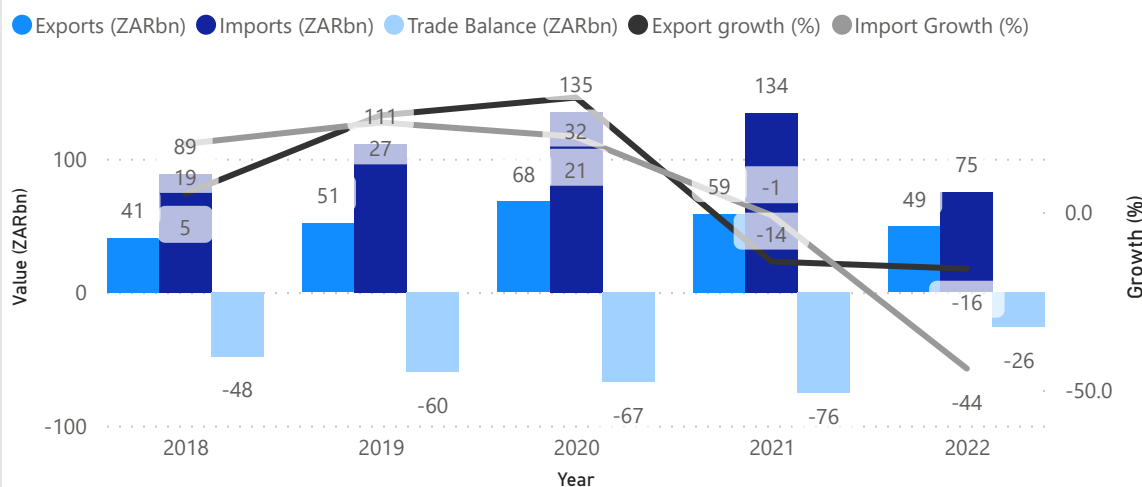
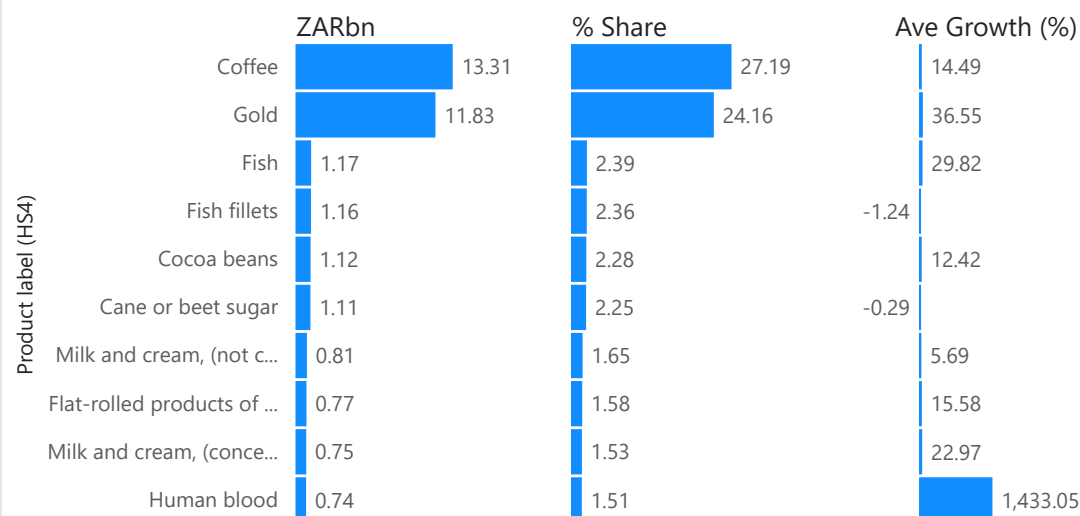


Figure 4: Uganda's Global Trade, 2018-2022



Source: Trademap, 2023

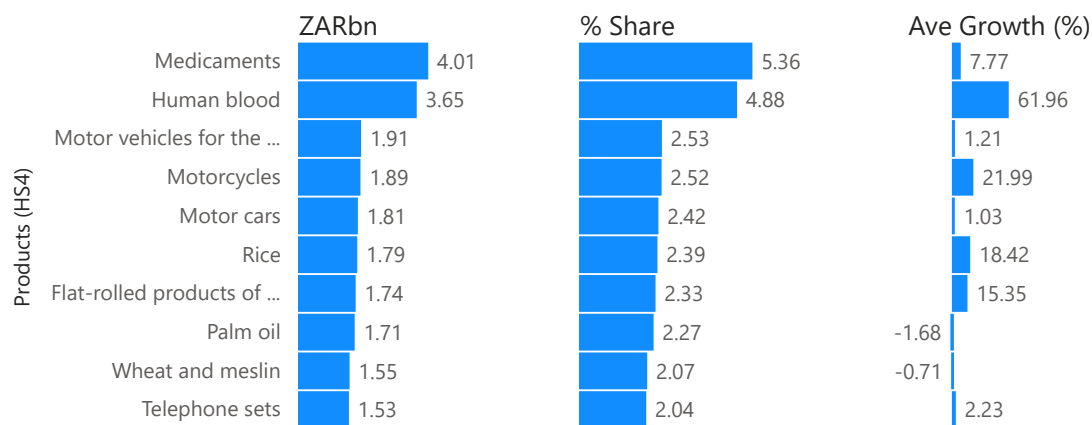
Figure 5: Uganda's Top Export Products, 2022: (Average Growth: 2018-2022)



Source: Trademap, 2023

Medicaments dominated Uganda's imports in 2022, which at a cost of ZAR4.01bn was equivalent to 5.36% the total import costs incurred in 2022. Imports of human blood placed second at a cost of ZAR3.65bn (4.88%), followed by motor vehicles for the transport of persons at ZAR1.91bn (2.53%). Human blood was the fastest growing import product during the period 2018 to 2022, with a five-year average growth rate of 61.96%. This was followed by motorcycles with a growth rate of (21.99%), and rice (18.42%).

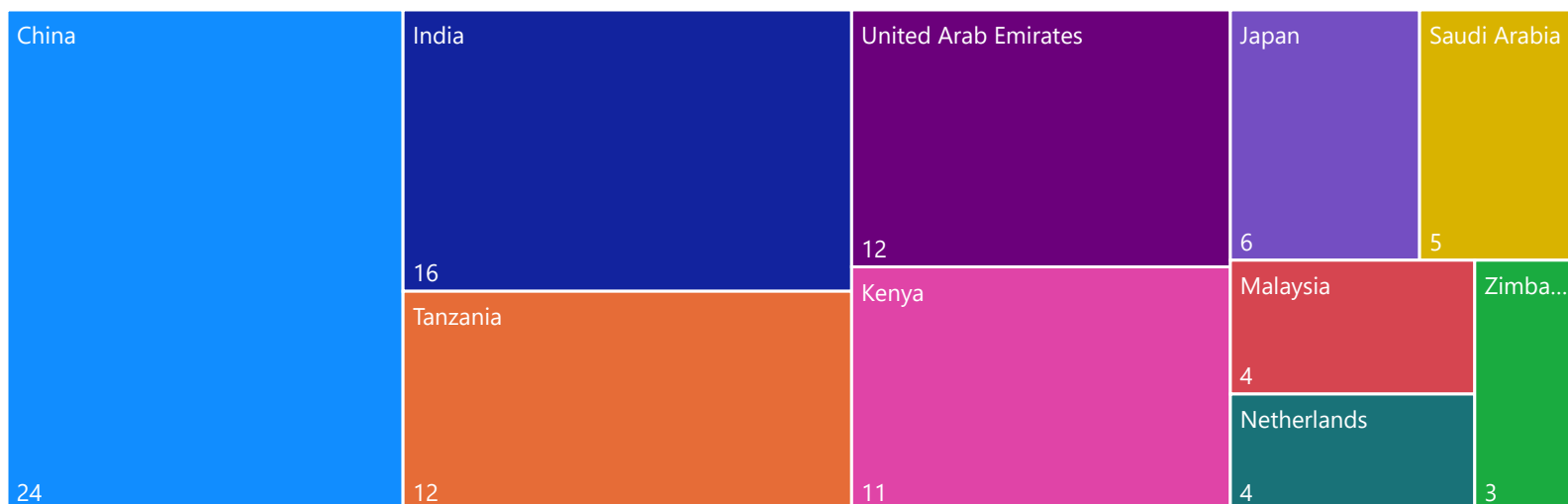
Figure 7: Uganda's Top Import Products, 2022: (Average growth: 2018-2022)



Source: Trademap, 2023

In 2022, China, India and Tanzania were Uganda's top three primary import source markets, with these three countries collectively accounting for 38.79% of the country's total imports in that year, as shown in Figure 8. China was the country's largest import source market in 2022, accounting for ZAR24.39bn worth of import goods, equivalent to 18.19% of total global import costs incurred. India followed with imports of ZAR15.51bn (11.57% of total imports), while Tanzania was in third position at a cost of ZAR12.11bn (9.03%). Asia remains the country's top source region for imports with four of the top ten import markets located on that continent.

Figure 8: Uganda's Top Import Markets (ZARbn), 2022



Source: Trademap, 2023

2.2) Trade Agreements

Uganda is eligible for the African Growth and Opportunity Act (AGOA) and Generalised System of Preferences trade benefits. Uganda does not yet have a free trade agreement (FTA) with the United States. On November 28, 2018, Uganda formally ratified the agreement establishing the African Continental Free Trade Area (AfCFTA). The AfCFTA is the second largest trade area after the World Trade Organisation (WTO) in terms of member countries and is expected to become operational by June 2019. Uganda is also a member of the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA), and the African Union Abuja agreement. Duties and tariffs for countries in these groups are significantly lower than duties for non-members. As part of the EAC, Uganda, Kenya, Rwanda, Burundi, Tanzania, and South Sudan have created an East African Customs Union designed to promote free trade among the six nations. The United States signed Trade and Investment Framework Agreements (TIFAs) with the EAC in 2008, and with COMESA in 2001.

Source: Southern African Customs Union, 2023

2.3) Bilateral Trade: South Africa and Uganda

Bilateral trade between South Africa and Uganda has recovered in recent years., with South Africa's exports to Uganda rising from ZAR1.64bn in 2020 to ZAR1.80bn by 2022. Despite this increase, South Africa exports to Uganda remain well below the ZAR2.19bn earned pre-Covid in 2019. The increase in export earnings in recent years can be ascribed to an increase in a number of export categories, including electric accumulators which increased by ZAR202.45m over these two years; semi-finished iron products (+ZAR32.40m); instruments for physical or chemical analysis (+ZAR24.51m); and polymers of propylene or of other olefins (+ZAR23.76m) amongst others. In turn, South Africa's imports from the country increased by 13.38% y-o-y to a cost of ZAR0.30bn in 2022, up from the ZAR0.27bn incurred in 2021. South Africa recorded a consistent trade surplus with Uganda throughout the period analysed.

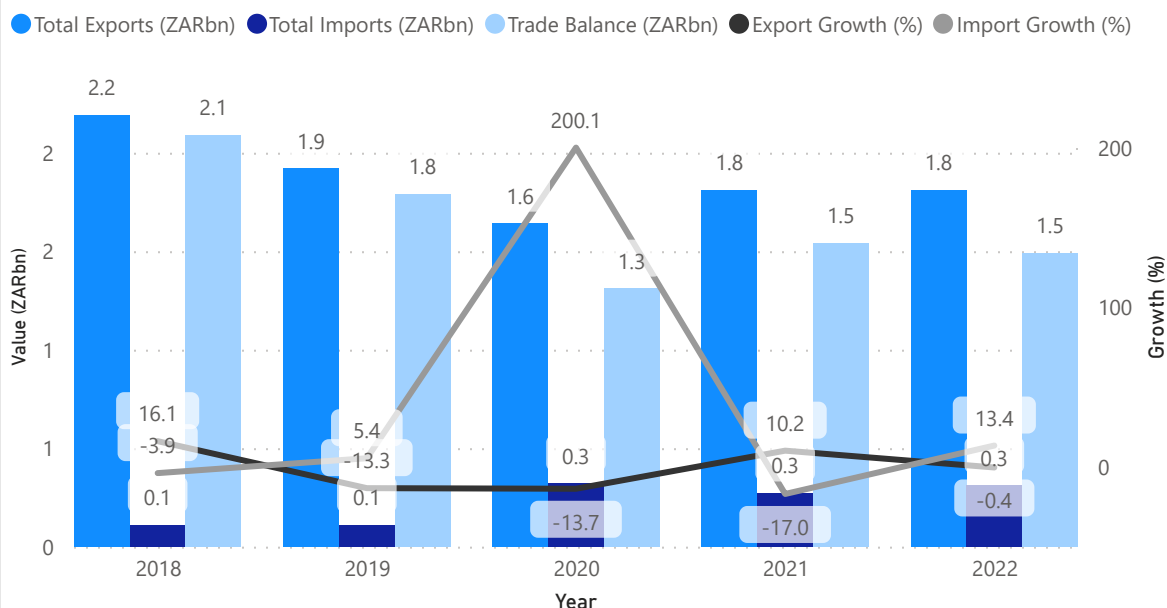
Electric accumulators were South Africa's top export product to Uganda in 2022, which at a value of ZAR202.91m, accounted for 11.29% of export earnings in the said year. Exports of motor vehicles followed in second place at a value of ZAR177.35m, with exports in insecticides in third position at a value of ZAR118.81m.

Of particular interest is the growth in exports of electric accumulators, which exhibited a five-year average annual growth rate of 10,166.49% between 2018 and 2022. This was followed by a five-year annual average growth rate of 4,019.52% in receipts from exports of polymers of propylene.

Medicaments was South Africa's top import product from Uganda in 2022, which at a cost of ZAR153.73m accounted for 50.47% of all import costs incurred with Uganda in that year. This was followed by imports of coffee, and other live plants at values of ZAR83.24m and ZAR25.07m respectively.

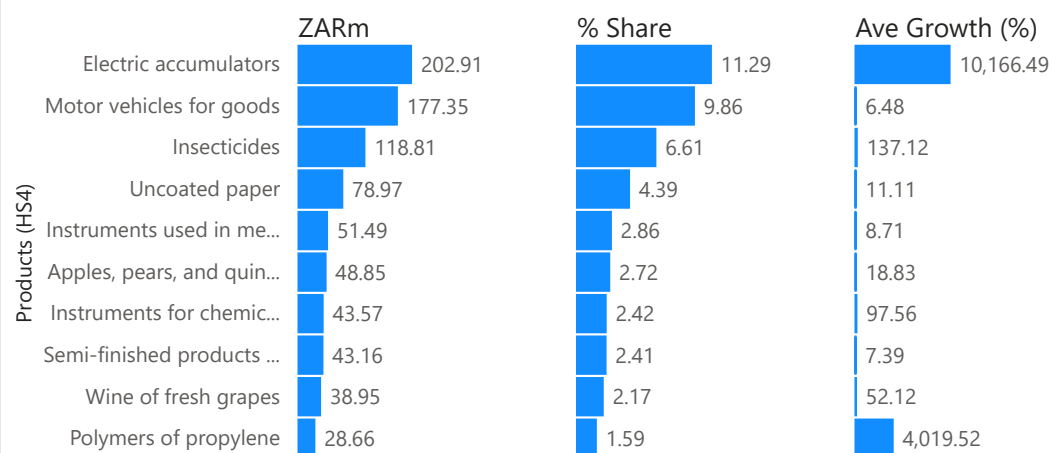
Of interest was the notable five-year growth in imports of medicaments from Uganda which grew by an annual average growth rate of 28,237,253.57% from 2018 to 2022, albeit that this was off a very low initial base.

Figure 9: South Africa's Trade with Uganda, 2018-2022



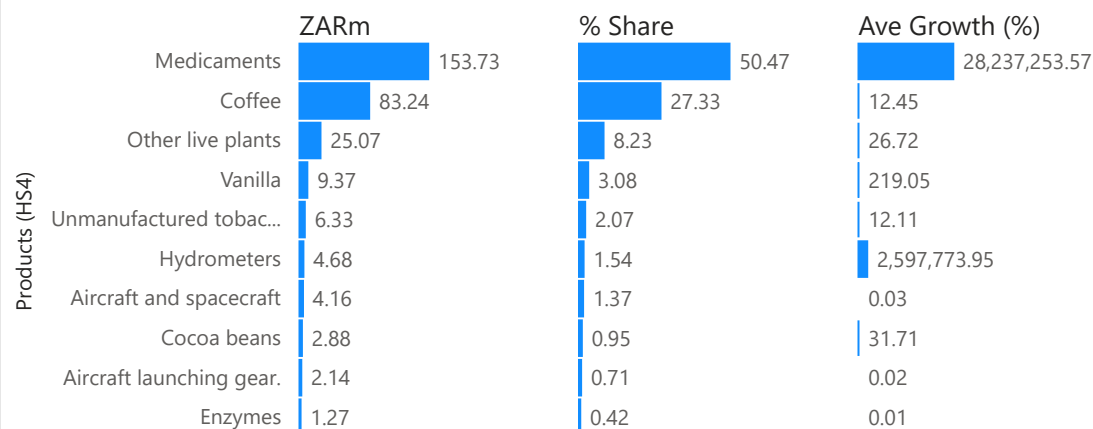
Source: Quantec, 2023

Figure 10: South Africa's Top Exports to Uganda, 2022: (Average Growth: 2018-2022)



Source: Quantec, 2023

Figure 11: South Africa's Top Imports from Uganda, 2022: (Average Growth: 2018-2022)



Source: Quantec, 2023

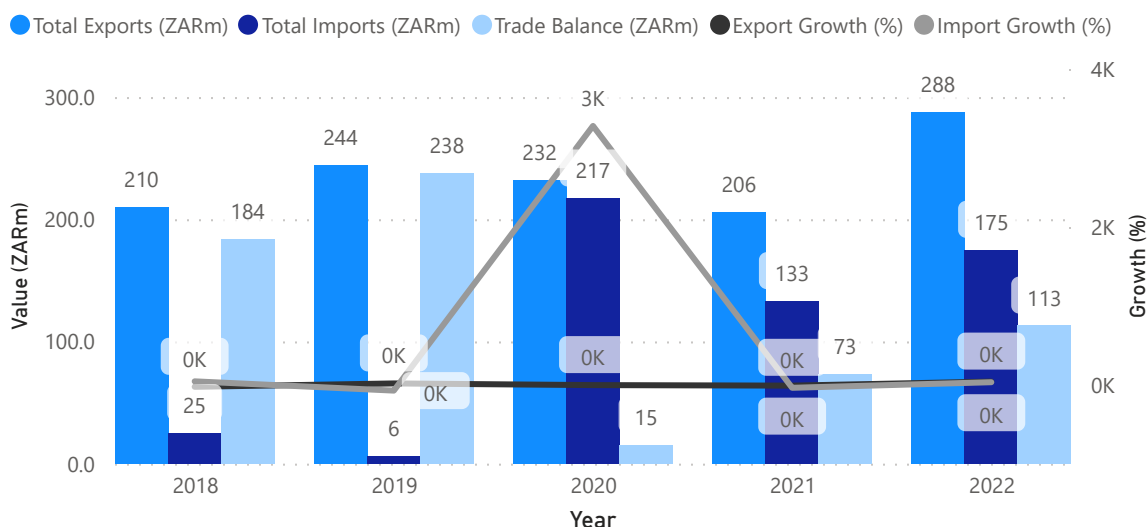
2.4) Bilateral Trade: Western Cape and Uganda

Uganda was the Western Cape's 64th largest export partner in 2022. Local export receipts earned from trade with Uganda totaled ZAR288.04m in 2022, an increase of 39.77% y-o-y from the value of ZAR206.08m recorded in 2021. This can be observed in Figure 12.

In turn, Uganda was the Western Cape's 71st largest import source market in 2022. Import costs totaled ZAR174.93m in 2022, representing a growth of 31.92% y-o-y on the 2021 cost of ZAR132.61m incurred.

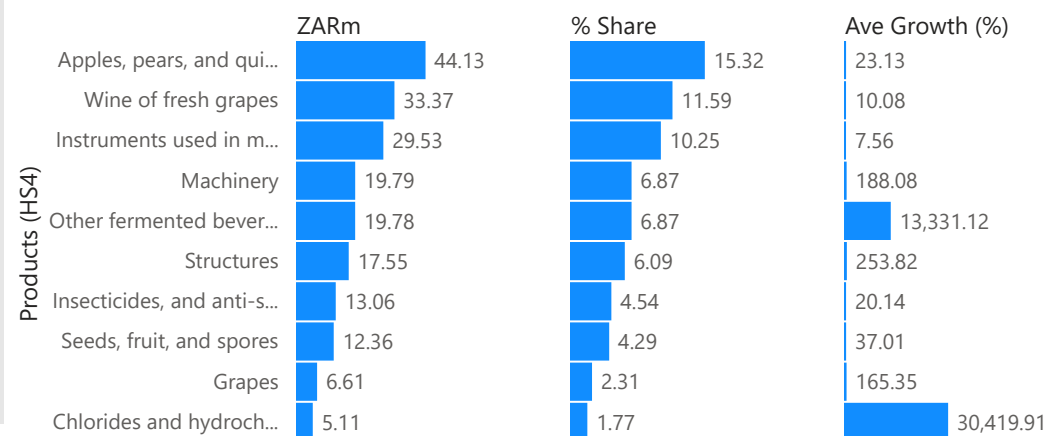
The Western Cape recorded a trade surplus with Uganda throughout the period analysed - albeit fluctuating - with the province's trade surplus recovering significantly in recent years, to a value of ZAR174.93m in 2022.

Figure 12: Western Cape's Trade with Uganda, 2018-2022



Source: Quantec, 2023

Figure 13: Western Cape's Top Exports to Uganda, 2022: (Average Growth : 2018-2022)

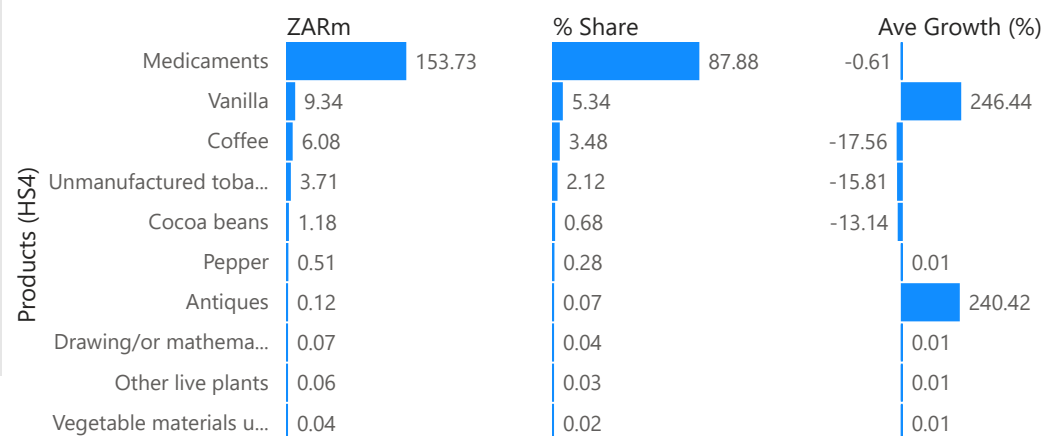


Source: Quantec, 2023

Apples, pears and quinces; wines; and instruments used in medical sciences were the Western Cape's top three export products to Uganda in 2022, collectively accounting for 37.16% of the total export basket to Uganda in that year.

Exports of chlorides and hydrochloride oxides showed the highest average growth rate of 30,419.91% over the five-year period. This was followed by exports of other fermented beverages with a five-year average growth rate of 13,331.12%.

Figure 14: Western Cape's Top Imports from Uganda, 2022: (Average Growth: 2018-2022)



Source: Quantec, 2023

Medicaments was the Western Cape's largest import category from Uganda in 2022. At a cost of ZAR153.73m, these imports accounted for 87.88% of the province's imports from Uganda in 2022. This was followed by imports of vanilla at a cost of ZAR9.34m, and coffee at a cost of ZAR6.08m.

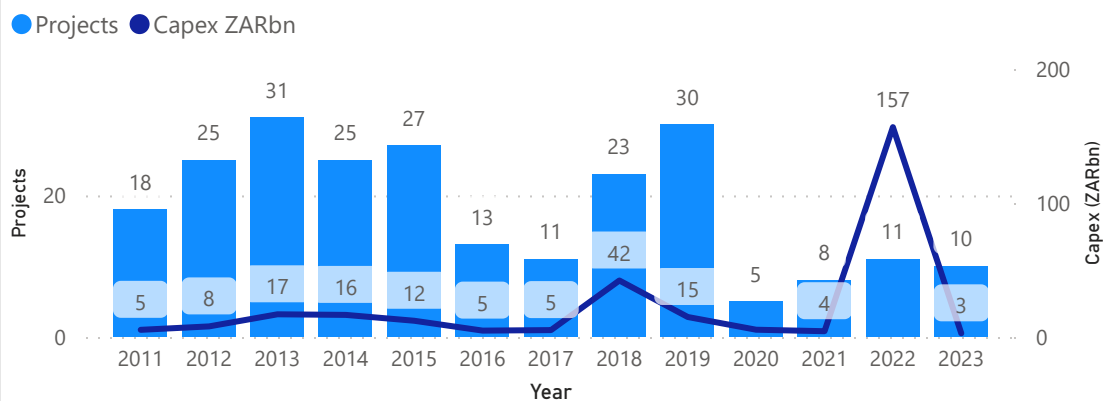
Imports of vanilla from Uganda grew at a five-year annual average rate of 246.44%. This was followed by imports of antiques which grew at a five-year annual average growth of 240.42% from 2018 - 2022, albeit off a very low base.

3) Foreign Direct Investment (FDI)

3.1) Global FDI in Uganda

Uganda benefited from 237 foreign direct investment (FDI) projects from January 2011 to June 2023, as shown in Figure 15. These projects represented a total capital investment (capex) value of ZAR294.91bn, which equated to an average investment of ZAR1.24bn per project. From 2011 to June 2023 a total of 36,788 jobs were created as a result. In that period, the number of projects ranged from a high of 31 projects in 2013, to 30 projects in 2019, and most recently, to an estimated 10 projects in the first six months of 2023. The capex value of these projects ranged from ZAR5,347.52m in 2011, to a high of ZAR156.62bn invested in 11 projects in 2022, to an estimated ZAR2,741.26m in the first six months of 2023.

Figure 15: FDI in Uganda, 2011-2023

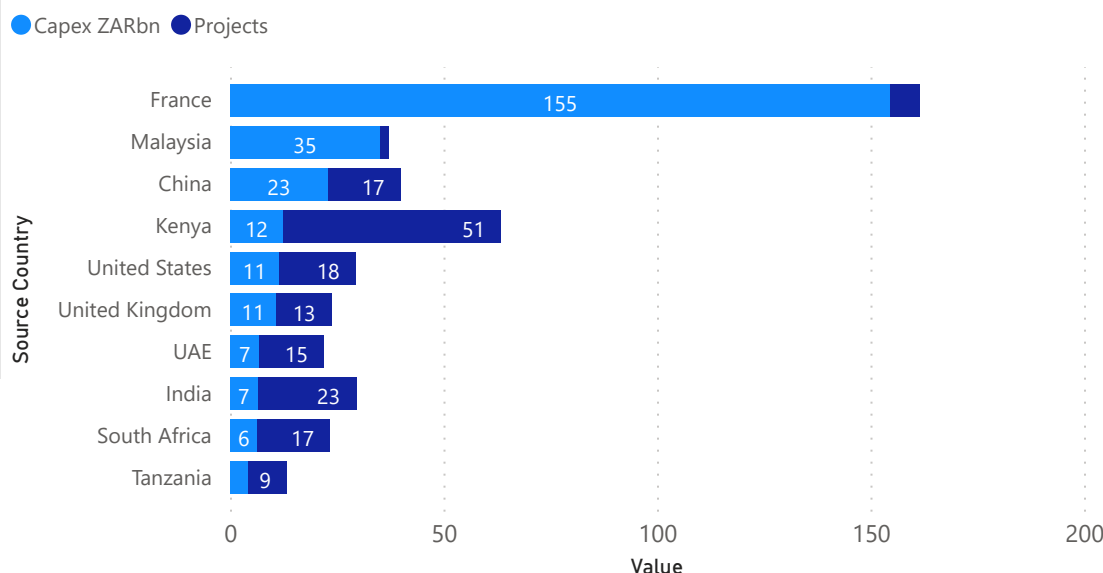


Source: FDI Markets, 2023

France was the main source of FDI into Uganda when measured by capex over the period 2011 to June 2023. As is evident in Figure 16, FDI from France to Uganda totaled ZAR154.66bn over the period analysed, with this capex invested across seven projects.

Malaysia ranked second with a total capex of ZAR35.18bn invested in two projects, while China was third, with a capex of ZAR22.97bn invested across 17 projects.

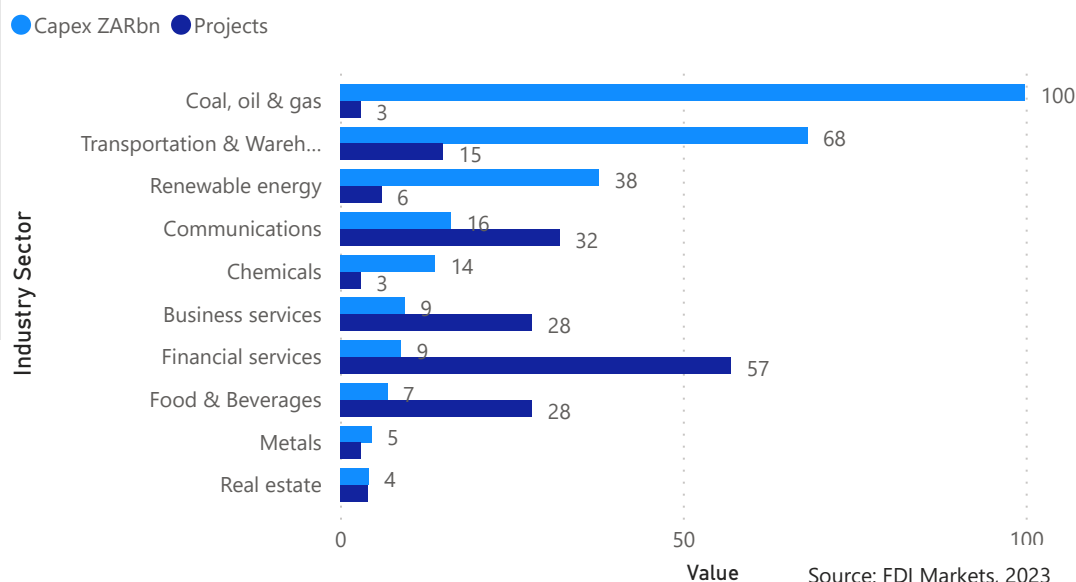
Figure 16: FDI in Uganda by Source Markets, 2011-2023



Source: FDI Markets, 2023

Uganda's coal, oil and gas sector was the largest recipient of global FDI (in terms of capex) over the period January 2011 - June 2023. As is evident in Figure 17, this capex was invested across three projects and was collectively worth ZAR99.87bn. The transportation and warehouse sector was the second largest recipient of FDI, with 15 projects valued at ZAR68.13bn in capex. The renewable energy sector followed, with six projects worth ZAR37.75bn in capex.

Figure 17: FDI in Uganda by Sectors, 2011-2023



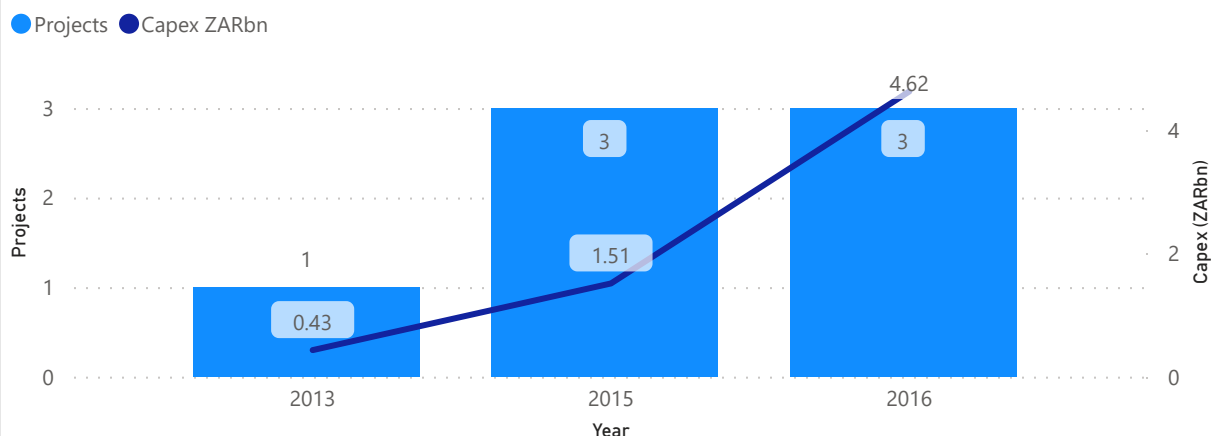
Source: FDI Markets, 2023

3.2) Global OFDI From Uganda

In terms of outward foreign direct investment (OFDI), four Ugandan-based companies invested in seven FDI projects in the global economy between January 2011 and June 2023. These projects amounted to a total capex value of ZAR6,554.78m.

During this period, 789 jobs were created as a result. A breakdown of these figures can be observed in Figure 18.

Figure 18: Trends in OFDI from Uganda, 2011-2023

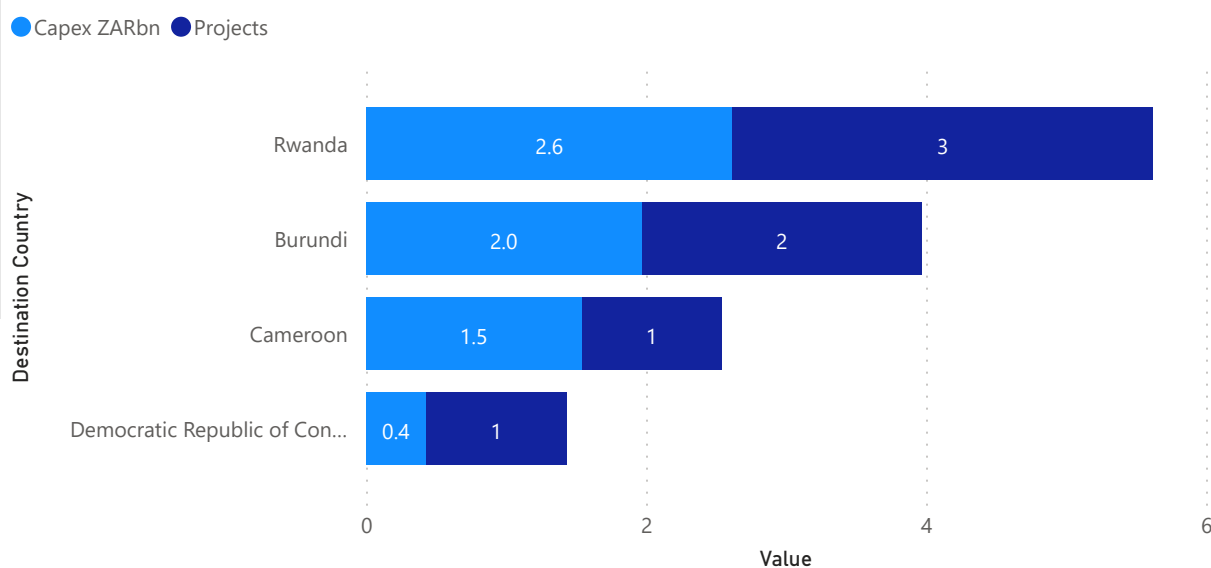


Source: FDI Markets, 2023

Rwanda was the top recipient of OFDI from Uganda from 2011 to June 2023, with ZAR2.62bn of capex invested by Ugandan-based companies into Rwanda over this period. This was followed by Burundi, and Cameroon at ZAR1.97bn and ZAR1.54bn respectively.

Interestingly, all the destination markets for OFDI from Uganda were in Africa.

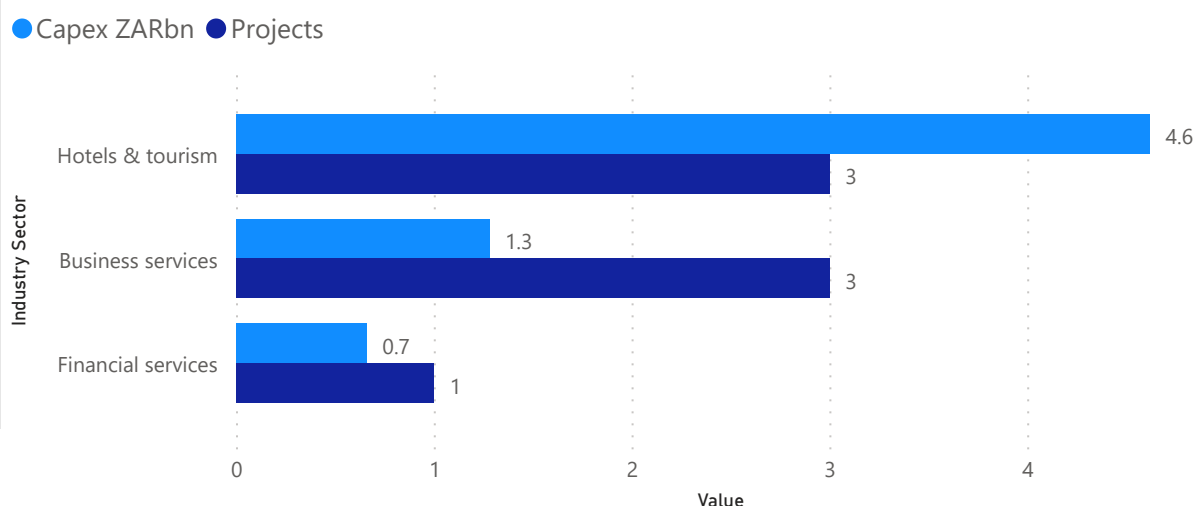
Figure 19: Destination Markets for OFDI from Uganda, 2011-2023



Source: FDI Markets, 2023

Figure 20 shows that OFDI from Uganda was predominantly focused on the hotels and tourism sector. A total of ZAR4.62bn worth of capex was invested by Ugandan-based companies into these sectors from 2011 to June 2023. This was followed by investments into the business services, and financial services sectors, worth ZAR1.28bn and ZAR0.66bn respectively.

Figure 20: Top Sectors for OFDI from Uganda, 2011-2023



Source: FDI Markets, 2023

3.3) Bilateral FDI: South Africa's FDI in Uganda

Investments made by South African based companies into Uganda between January 2011 and June 2023 are shown in Figure 21. Uganda benefited from 17 investments by South African companies with a cumulative capex value of ZAR6.46bn. This equated to an average investment of ZAR380.43 per project. An estimated 807 jobs were created as a result. South African investment (measured by capex) into Uganda peaked in 2011 at a capex value of ZAR2,449.80m, invested across four projects.

No FDI was recorded from Uganda into South Africa during the stated period.

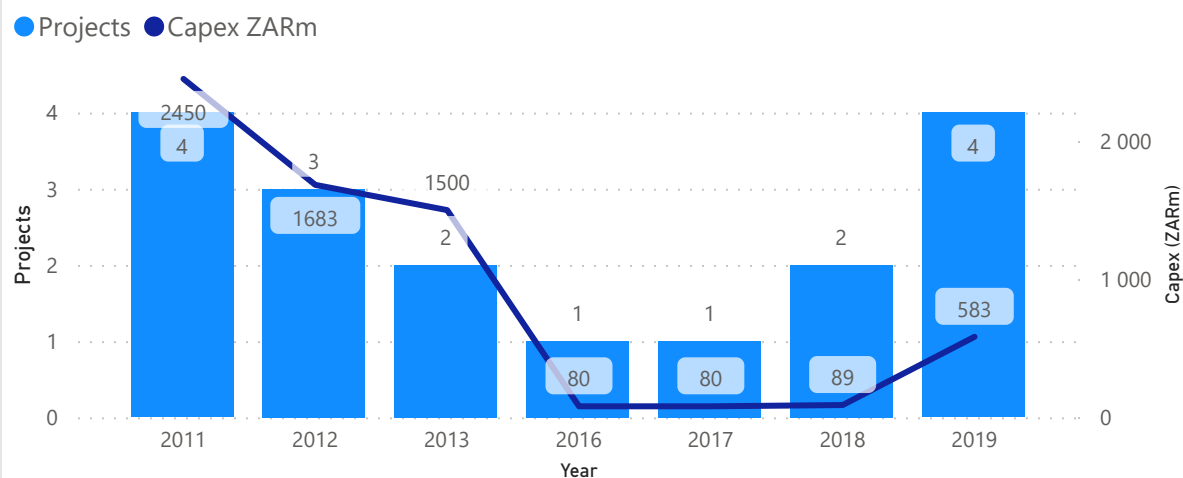
Figure 22 shows that investments in the communications sector dominated South African investments into Uganda during the period under review. This sector was the recipient of ZAR4,213.92m worth of capex invested in six projects.

Investments in two projects worth ZAR852.91m were made into the business services sector, while four investments worth ZAR582.92m were made into the financial services sector.

The top 10 South African companies that invested in Uganda (as measured by capex) from January 2011 to June 2023 are listed in table 1.

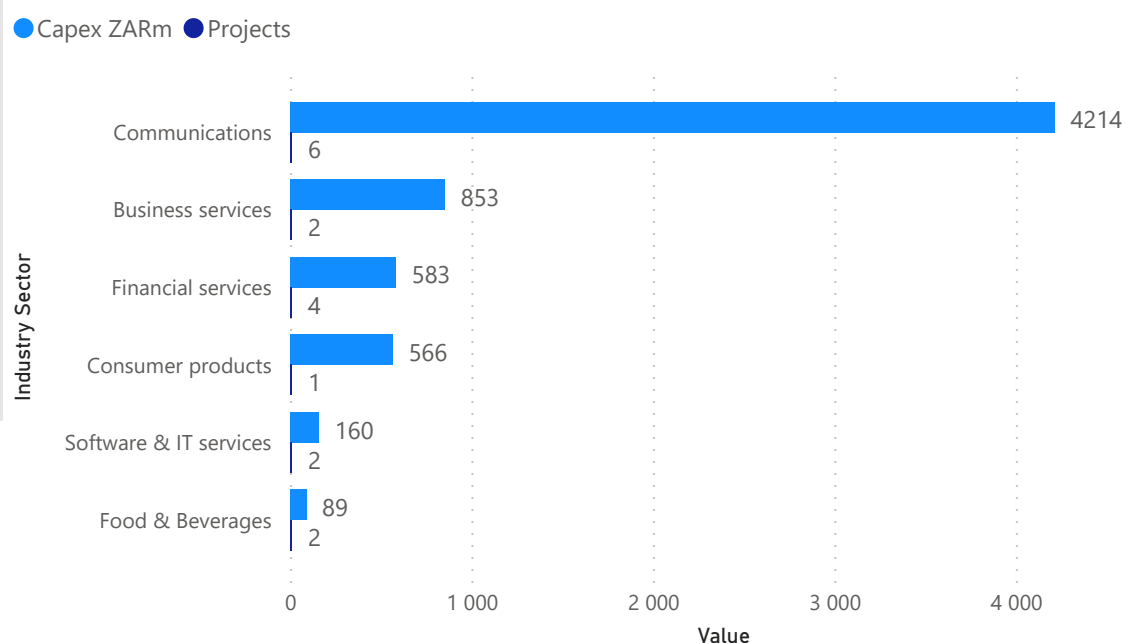
MTN Uganda was the top investor, having invested ZAR4,184.75m in five projects. Absa Bank Uganda was the second largest investor, having invested in four projects with an accumulative value of ZAR582.92m. Woolworths South Africa, in third place, invested in a single project with a capex value of ZAR566.05m.

Figure 21: FDI from South Africa in Uganda, 2011-2023



Source: FDI Markets, 2023

Figure 22: FDI from South Africa in Uganda by Sectors, 2011-2023



Source: FDI Markets, 2023

Table 1: South African Companies Investing in Uganda, 2011-2023

Company name	#Projects	Capex ZARm	Total jobs	Primary sector
MTN Uganda	5	4 184.75	183	Communications
Absa Bank Uganda	4	582.92	84	Financial services
Woolworths (South Africa)	1	566.05	179	Consumer products
Edward Nathan Sonnenbergs (ENS)	1	426.45	30	Business services
Simat Group	1	426.45	30	Business services
Shoprite	2	88.97	264	Food & Beverages
Jumo.World	1	79.77	18	Software & IT services
MFS Africa	1	79.77	18	Software & IT services
Altech Group	1	29.15	1	Communications

Source: FDI Markets, 2023

3.4) Bilateral FDI: Western Cape's FDI in Uganda

Western Cape based companies invested in four projects in Uganda with a cumulative capex value of ZAR734.79m between 2011 and June 2023. These investments were made by three Western Cape companies and generated 461 jobs. Investments in a single project by Western Cape companies into Uganda when measured by capex peaked at ZAR566.05m in 2011.

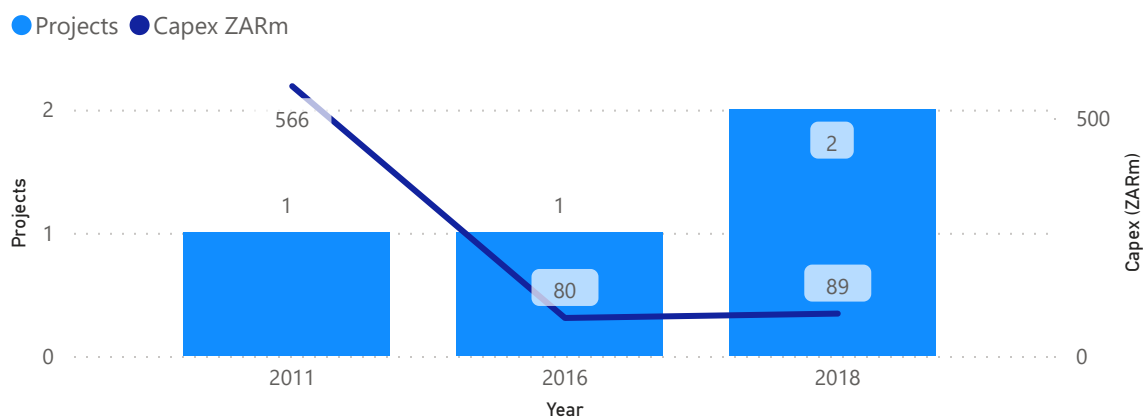
There was no FDI recorded from Uganda into the Western Cape from 2011 to June 2023.

Most of the capex from the Western Cape (ZAR566.05m) was invested in a single project in the consumer products sector, as shown in Figure 24. The food and beverages sector followed, having attracted two projects worth ZAR88.97m from the Western Cape. The software and IT services sector placed third with one project worth ZAR79.77m.

Woolworths South Africa was the top Western Cape investor (when measured by capex) into Uganda from January 2011 to June 2023. The company invested in a single project in the consumer products sector, with an associated capex value of ZAR566.05mm.

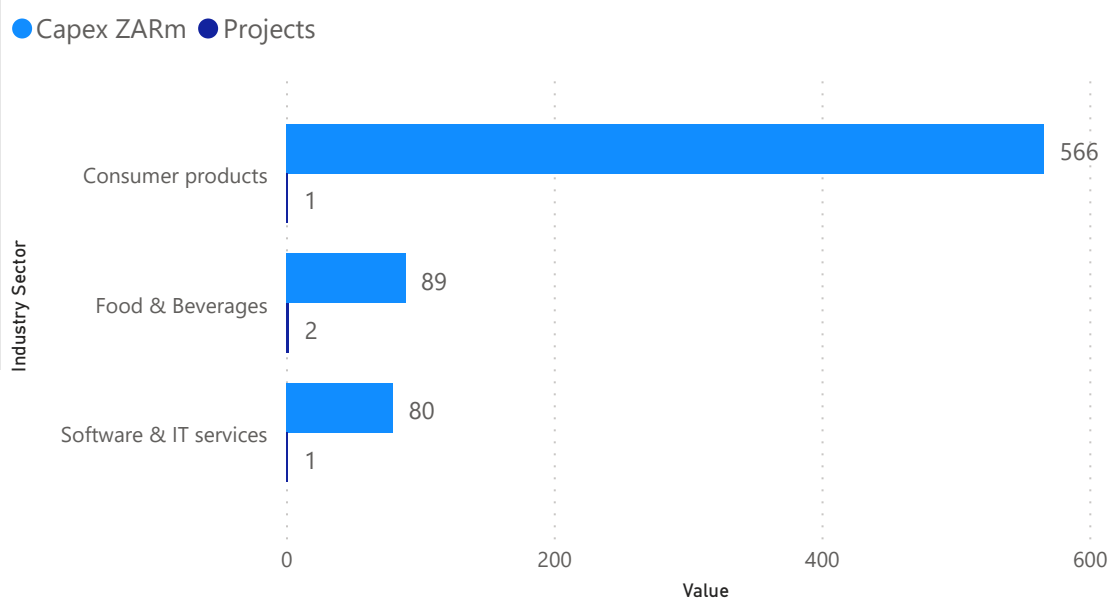
Shoprite and Jumo.World followed with investments of ZAR88.97m and ZAR79.77m respectively.

Figure 23: FDI from the Western Cape in Uganda, 2011-2023



Source: FDI Markets, 2023

Figure 24: FDI from the Western Cape in Uganda by Sectors, 2011-2023



Source: FDI Markets, 2023

Table 2: Western Cape Companies Investing in Uganda, 2011-2023

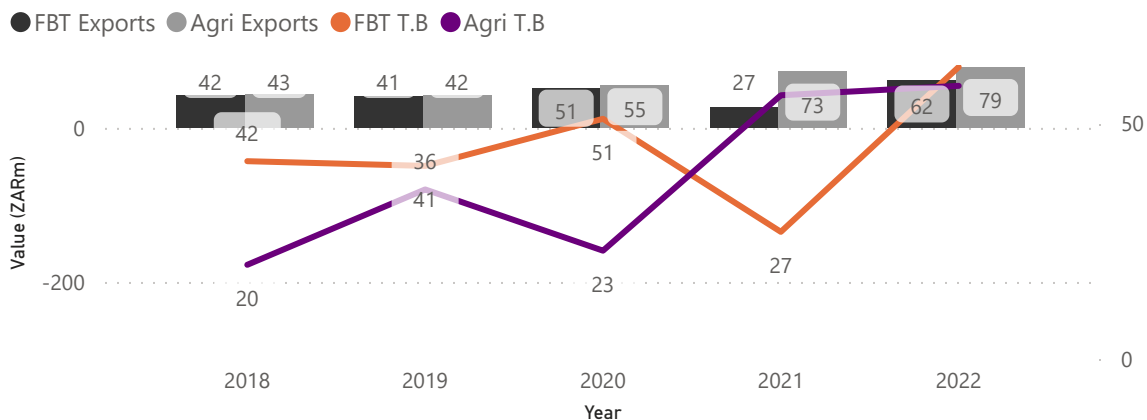
Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Woolworths (South Africa)	1	566.05	179	Consumer products
Shoprite	2	88.97	264	Food & Beverages
Jumo.World	1	79.77	18	Software & IT services

Source: FDI Markets, 2023

4) Western Cape Agribusiness Trade with Uganda

Over the years, the Western Cape has exported more agribusiness products to Uganda than it has imported from that country. Exports in agriculture fluctuated between ZAR43.13m in 2018 to ZAR79.01m in 2022. Exports of food, beverages and tobacco (FBT) products from the Western Cape fluctuated between ZAR41.94m in 2018 and ZAR61.84m in 2022. This can be observed in Figure 25.

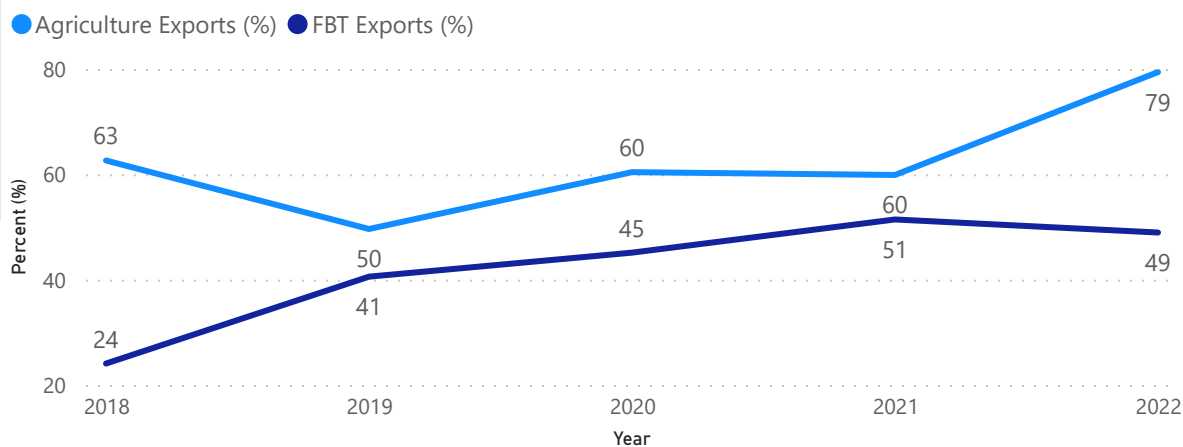
Figure 25: Western Cape's Agriculture and FBT Trade with Uganda, 2018-2022



Source: Quantec, 2023

The Western Cape accounted for most of South Africa's agribusiness exports to Uganda. In 2022, the province was responsible for an average national share of 79.40% of primary agricultural exports and 48.95% of FBT exports to Uganda, as shown in Figure 26.

Figure 26: Western Cape's Share of National Agri and FBT exports to Uganda, 2018-2022

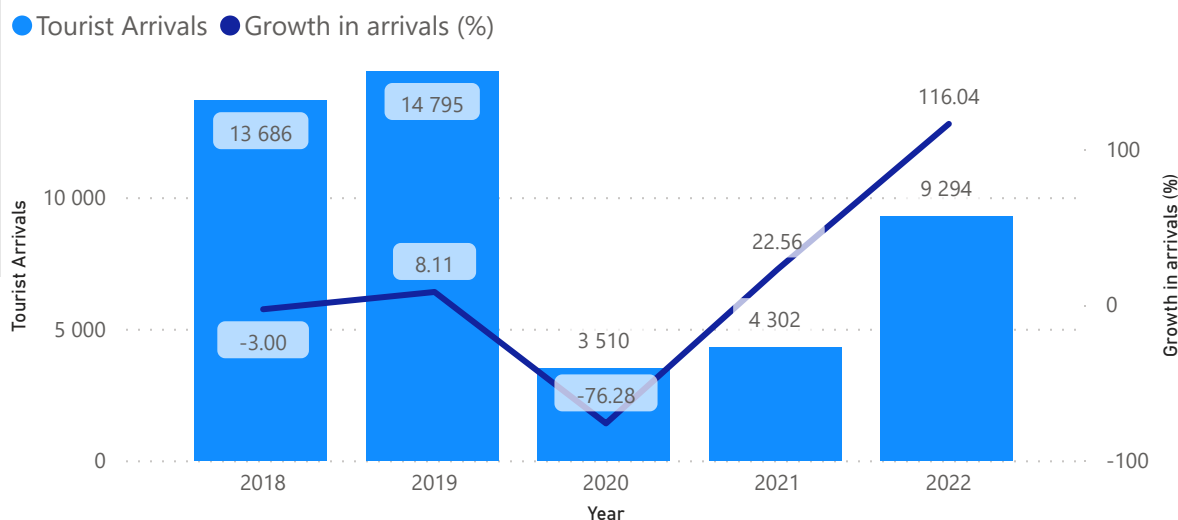


Source: Quantec, 2023

5) Tourism from Uganda to South Africa and the Western Cape

South Africa welcomed 9,294 tourists from Uganda in 2022, reflecting growth of 116.04% y-o-y when compared to 2021. This is evident in Figure 27.

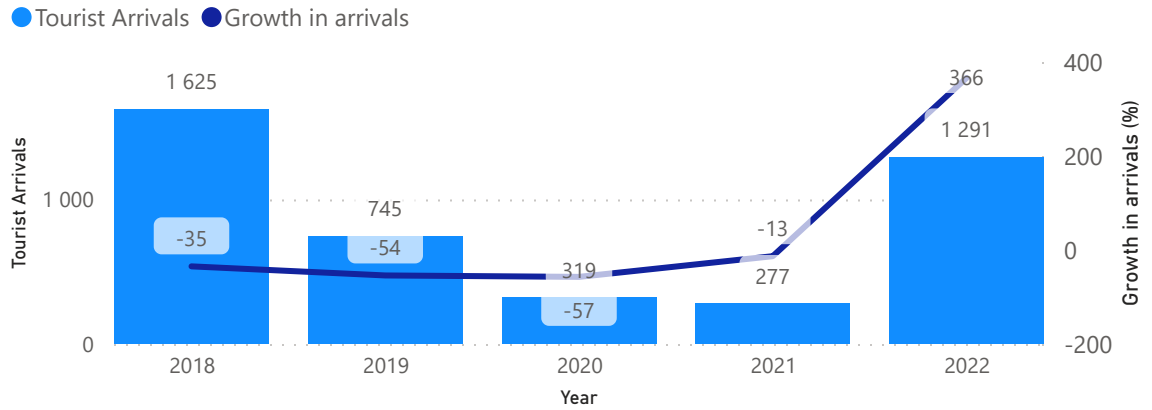
Figure 27: Tourist Arrivals from Uganda in South Africa, 2018-2022



5) Tourism from Uganda to South Africa and the Western Cape

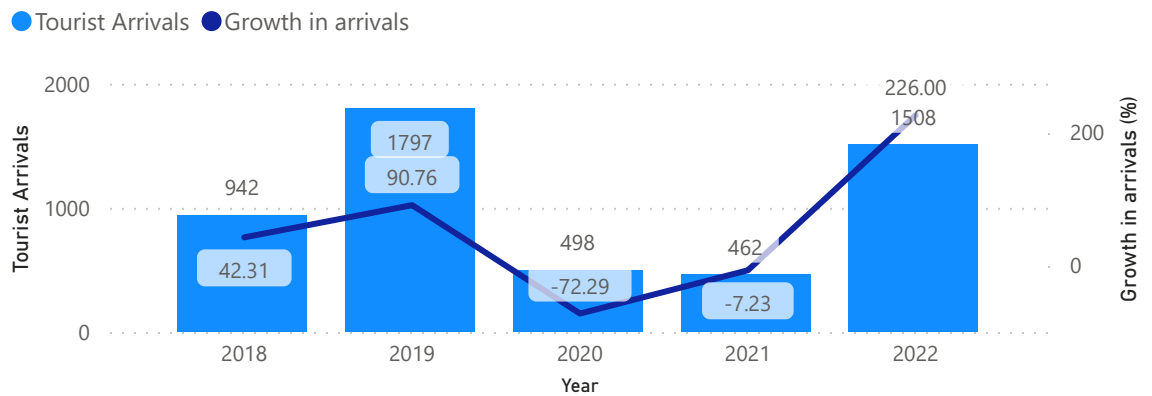
In 2022, some 1,291 tourists from Uganda visited the Western Cape, as seen in Figure 28. This reflects a recovery of 173.31% when compared to 2019 and a y-o-y growth of 366.10% in relation to 2021.

Figure 28: Tourist Arrivals from Uganda in the Western Cape, 2018-2022



Source: South African Tourism, 2023

Figure 29: Ugandan Passenger Movement through Cape Town International Airport, 2018-2022



Source: South African Tourism, 2023

Ugandan passenger movement to Cape Town (via air) picked up in 2022, with a year-on-year growth of 226.40% recorded when compared to 2021 and a recovery of 83.91% in comparison to 2019.

DISCLAIMER:

Wesgro has taken every effort to ensure that the information in this publication is accurate. We provide said information without representation or warranty whatsoever, whether expressed or implied. It is the responsibility of users of this publication to satisfy themselves of the accuracy of information contained herein. Wesgro cannot be held responsible for the contents of the publication in any way.