



Private Sector Communique

Presented To

**H.E. Yoweri Kaguta Museveni Tibuhaburwa
President of the Republic of Uganda and H.E.
Hassan Sheikh Mohamud, President of the
Federal Republic of Somalia**

Presented by

**Hon. Dr. Elly Karuhanga
Chairman, Private Sector Foundation Uganda
(PSFU)**

10th August 2022

H. E Yoweri Kaguta Museveni President Republic of Uganda

H.E: Hassan Sheikh Mohamud, President of the Federal Republic of Somalia

Hon. Cabinet Ministers from Uganda and Somalia present

Chairman, Somalia Chamber of Commerce

Captains of industry

All distinguished ladies and gentlemen

Background

The Republic of Uganda and the Federal Republic of Somalia enjoy a very cordial diplomatic relationship. The private sector, appreciates you, Your Excellencies for making our two countries strong partners.

Your Excellency President Hassan Sheikh Mohamud, we sincerely appreciate you for making your first ever State Visit as President of the Federal Republic of Somalia to Uganda. We further appreciate you, Your Excellencies for accepting to meet with the private sector.

Your Excellencies, Uganda is home to hundreds of Somali Businesses and hosts over 14,000 Somalis both business people and students. As you can see Your Excellencies, the Somali business community is very well represented here. Also, Your Excellencies, Uganda has been and continues to export some of our products such as Cereals, maize flour, milk preparations and products, dairy products such as ghee, eggs, honey, Articles of iron or steel, Electrical, electronic equipment and Furniture (among others) to Somalia.

Uganda and Somalia, we have a lot in common and plenty to share.

Your excellencies businessmen from both sides have started conversations that will lead to business partnerships and investments in our two countries.

Your excellencies to exploit the numerous trade and investment opportunities to the full potential private sector has a few issues we feel need attention.

Private Sector Requests

1. **Security assurance:** Your Excellencies, I sure you agree with well know fact about capital being a coward. To this effect we thank you for the efforts put in place to ensure a secure environment in Somalia. The private sector is looking forward to your continued efforts that will create a safe environment for themselves and their capital when trading and investing in Somalia. Your Excellencies, it is also important that security agencies make information available for the private sector such that they are well informed of the security situation and how to navigate some obstacles (if any). Your Excellencies, in 2012 Uganda's exports to Somalia were US\$ 14 million. That number was less than US\$ 1 million in 2021. Our wish and ambition today is to set ourselves a target to grow three or four times the 2012 number.
2. **Transport infrastructure:** Your excellencies, the cost of transporting cargo from Uganda to Somalia and vice versa is still high given that there are no open routes for water transport and the cargo airlines are limited. Your excellencies thanks to our two countries relationships somalia is one most popular routes for Uganda Airlines. The private sector, is willing to work with both our governments to ensure that we create an environment to attract investments in cargo aircrafts to supplement what our two

governments are able to offer so as to facilitate easy movement of cargo from our two countries.

- 3. Movement of investors and students from Somalia to Uganda:** Your excellencies, as you well know, Uganda hosts a big number of students and business communities from Somalia. As already noted Your Excellencies, Uganda hosts over 41,000 Somali citizens. The private sector, would suggest you accept our request that a special visa on entry consideration be given to both students and the business community entering both countries.
- 4. Fast-tracking of Somalia to join the East Africa Community:** Your Excellencies, the private sector will appreciate if the Federal Republic of Somalia's request to join the EAC is fast-tracked. Your Excellencies, this will facilitate seamless flow of goods, services and capital between our countries.
- 5. Developing the Horticultural export cold chain:** Your Excellencies Uganda produces the best horticultural products such as avocados, hot Pepper, French beans, onions, Garlic, cow peas, ginger, tomatoes, pineapples, okra and passion fruits among others. Uganda also produces one of the best Khat in our region. Somalia is one of the major importers of these hot cultural products. However, Uganda doesn't significantly export these good products because of poor logistics. Therefore, the private sector requests that the government invests in the value chain from production to export marketing. Investments in the cold chain and regulation is of critical importance to grow and export these products to Somalia. For instance, Your Excellency, our neighbour Kenya Exports Khat worth US\$ 110 million (Ksh 13 billion) according to a report by France24, 10/06/2022. Uganda has a much greater potential to export many of these products to Somalia if the transportation and cold chain issues are solved.

6. **Special insurance schemes for the private sector investors:** The private sector would like to have special regional insurers to provide insurance policies to investors in Somalia preferably under special guarantees by our two governments.

7. **Access to financing:** Access to affordable financing is also recognized as a key constraint amongst the Somali business community whose investment priorities/ interests target Uganda as a destination. For this to thrive, there are requirement amendments in the Islamic financing policies and Laws to be expedited. For instance, the current tax regime doesn't recognize the central tenets and features of Islamic finance. These tenets are focused on compliance with the sharia law, no interest on money advanced and where a financial institution purchases an asset on behalf of the borrower. The Bank of Uganda and Parliament of Uganda are requested to expedite the development of the required regulations to support the implementation of Islamic financing together with its tenets. Other affiliated legal frameworks such as the Financial Institutions Amendment Act 2016, Income Tax Act Cap 340, Value Added Tax Act Cap 349, Excise Duty Act, 2014, Stamp Duty Act and Tax Procedures Code Act need to be aligned to support the investments of the Somali business community in Uganda.

Conclusion

Your Excellencies, allow me to re-emphasize that Somalia offers a vast range of investment and trade opportunities with Uganda, especially in agriculture and agro-processing, manufacturing especially building materials, and trade-in dairy products, tobacco and Khat among others. When the existing fears and Non-Tariff barriers are removed, our trade relations are unstoppable.