TRADE

BoU signs contracts with two companies to supply gold

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Gold. |

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The Bank of Uganda (BoU) has finalised the signing of contracts with two companies, EuroGold Refinery Ltd and Feldstein Trading Limited, to start supplying gold.

This marks a significant step towards boosting Uganda's gold industry and increasing the country's earnings from gold exports.

The Central Bank plans to commence purchases with 100 kilograms of gold, valued at about $160 million (Shs592billion).

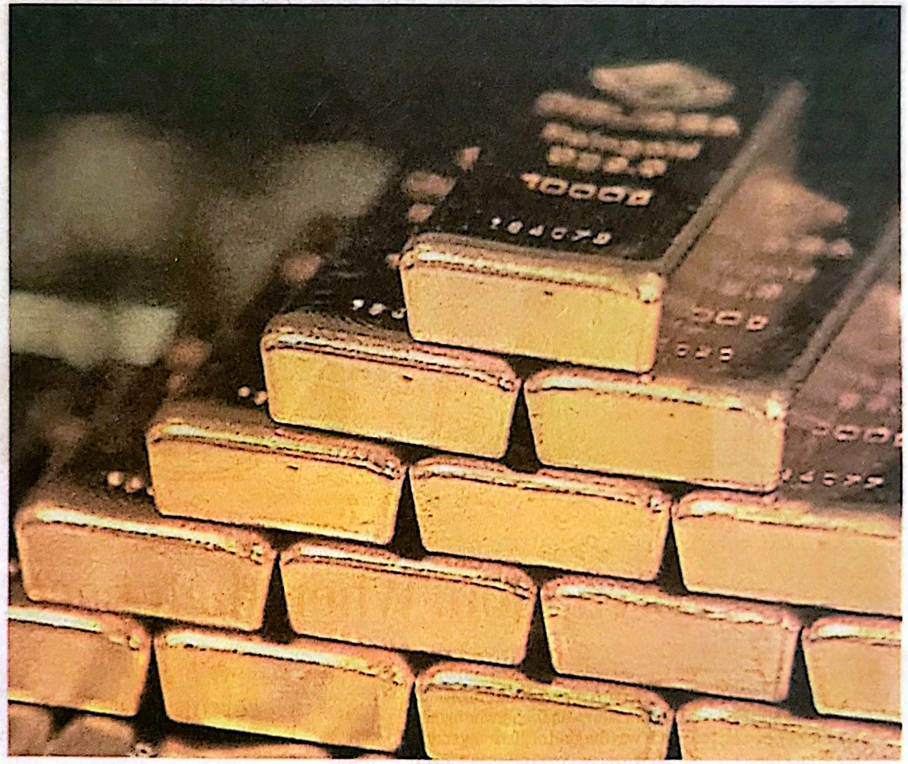
"We have sent the contracts for signing to the refineries, and they have been signed," Dr. Adam Mugume, director of research at Bank of Uganda (BoU), said in an exclusive interview.

This development comes as the country navigates the challenges posed by tensions in the Middle East, a key region for Uganda's gold exports. Hong Kong has emerged as the second-largest destination for Uganda's gold exports, after the United Arab Emirates, with the majority being re-exports.

Uganda's export earnings hit a record high of $14.4 billion (Shs53.64 trillion) in 2025, driven by strong performance in key sectors like gold, coffee, and tourism.

Gold exports alone contributed $5.8 billion (Shs21.1 trillion), up 44 percent from the previous year, while coffee exports earned $2.4 billion (Shs8.7 trillion), a 40 percent increase. Tourism also brought in $1.7 billion in earnings for FY 2024/25.

Mugume noted that if the Middle East market is disrupted and Hong Kong's demand subsides, Uganda's gold imports and exports would decline proportionately.



Bank of Uganda's efforts to start local gold purchases aim to increase the country's earnings from the gold industry. PHOTO / FILE

"Gold imports are from several sources, including Tanzania, West Africa, Southern Africa, and a bit from DRC. Since gold exported is largely imported, with marginal value added, if the Middle East market is closed and Hong Kong's demand is subdued, most likely both imports and exports would proportionately decline," he explained.

The implications for the economy are significant, with Uganda's gold exports contributing a small value addition of $50-100 million per annum. Mugume noted that the net effect on the economy would be minimal, as imports and exports are almost equal.

"We only earn from the tax, about $200 (Shs740,000) per kg. Largely, yes," he said, indicating that the country's earnings from gold exports are limited to tax revenue.

The BoU's efforts to start local gold purchases aim to increase the country's earnings from the gold industry, reducing reliance on re-exports and enhancing economic benefits. With the situation in the Middle East continuing to evolve, Uganda's gold export market remains vulnerable to external shocks. The government's efforts to boost local gold purchases and diversify exports will be crucial in mitigating the impact of any potential disruptions.

Domestic gold purchase

The Domestic Gold Purchase Programme is expected to support Uganda's local gold value chain, given that the Central Bank has indicated it will only purchase refined gold domestically.

This initiative is also expected to promote value addition to Uganda's natural resources and enhance transparency in gold trade.

The BoU's move is part of a broader trend of Central Banks worldwide adding gold to their reserves, with Uganda joining countries like Kenya and the Democratic Republic of Congo in diversifying their reserves.

Key figures

Shs592b

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