Mainstream production of

By Edward Batiddawa

I am glad that this article is coming out after the New Year message from President Yoweri Museveni to the people of Uganda. I was greatly encouraged by the President's pronouncement that in this year, the Government will minimise Uganda's dependence on foreign imports. This should be good news to all of us who have continued to be greatly concerned about the country's overdependence on not only foreign support, but also imports.



The subsistence farming in Uganda, which still largely depends on nature, cannot be relied on to drive economic transformation

Economic dilemma

However, while we continue to digest the entire message from the President, in which he inspiringly spelt out what lies ahead for Uganda this year and, possibly for many more coming years, there is an economic juxtaposed dilemma that we need to immediately address as a country.

We all know that Uganda, just like many African countries, is majorly an agricultural country, whose biggest population (80%) live in the rural areas and depend on subsistence agriculture. Because of this fact, many economic and policy experts have for many years urged the Government to increase the annual budget allocation to the agricultural sector substantially if meaningful socio-economic transformation is to take place. The appeal has been for the budget allocation to the agricultural sector to be increased from its current 7% to 15% of GDP as recommended by the Maputo Declaration of 2003. Actually, many leading economists in this country have argued that it is only with substantial increment to budget allocation for the agricultural sector that meaningful economic growth will be realised.

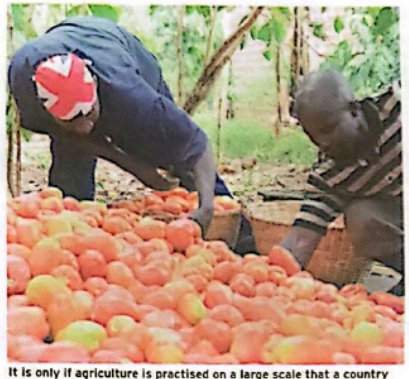
Although the arguments of those pitching for agriculture as the main engine for our economic growth may sound convincing, the global economic historical facts do not support that line of argument.

Tackle subsistence farming

I think this is where the rubber meets the ground and we should seriously start asking ourselves the very hard question.

Can subsistence agriculture that is currently practiced in Uganda and which, interestingly, still largely depends on the whims of mother ture and which is endemic with sorts of challenges, including disoriented land tenure system, abated land fragmentation, lack extension services and skewed ctural direction, be relied on to e the economic transformation we desire as a nation?

ts available from all over the show that, absurdly, subsistence ulture in its current form cannot ill not enable us attain the mic growth or the economic ansformation for the 21st economy. Records available it the world over, there is no that has attained meaningful transformation through e. Therefore, we, in Uganda, cord breakers if we can



It is only if agriculture is practised on a large scale that a country can get bigger returns for economic growth and development

transform our economy based on peasant subsistence agriculture.

It has never worked anywhere. It never worked even in Canada, a country that has more fertile land acreage per capita than Uganda. (Size of Canada – 9.985 million sq km, Canada's Agriculture Productivity was $91,291 in 2016 compared to Uganda's agricultural productivity of $460 in 2015. Canada has the highest fertile land acreage per capita in the World (Agricultural land in sq. km per capita in Canada was 20.25 per 1,000 people compared to Uganda's 4.23, per 1,000 people in 2007, respectively. For its economic transformation, just like many other countries, Canada had to rely on industrialisation.

Vietnam, a country which for decades depended on agriculture, has shifted its economic focus from experimenting with agriculture to industrialisation and modernisation. It is interesting to note that although, in Canada they have all the technology, they have adequate land more than us and, in addition, they have easy access to water for production than we do. In spite of all the above favourable factors, farmers in Canada still receive government subsidies to remain in agricultural production, something that does not happen here in Uganda.

Given the above facts, therefore, for us in Uganda, agriculture must only be regarded and treated as a raw material source for value addition and a strategic source for food security, but definitely not for the economic transformation of our people.

Our best bet as a country remains on industrialisation. We should be making deliberate and strategic efforts to see that we exploit and leverage on the abundant resources that God has bestowed upon us and the future generations.

RECORDS AVAILABLE SHOW THAT THE WORLD OVER, THERE IS NO COUNTRY THAT HAS ATTAINED MEANINGFUL ECONOMIC TRANSFORMATION THROUGH AGRICULTURE

Value addition

As a country, we need to start mainstreaming the production of the vital inputs for industrialisation for our economy. All countries that have made economic breakthrough have done so by either exploiting and or processing into semi-finished or finished products of the various raw materials such as coal, iron ore (steel), tin, aluminum, phosphates, copper, tin etc. They spurred those economies to industrialisation which is a prerequisite for meaningful economic social transformation.

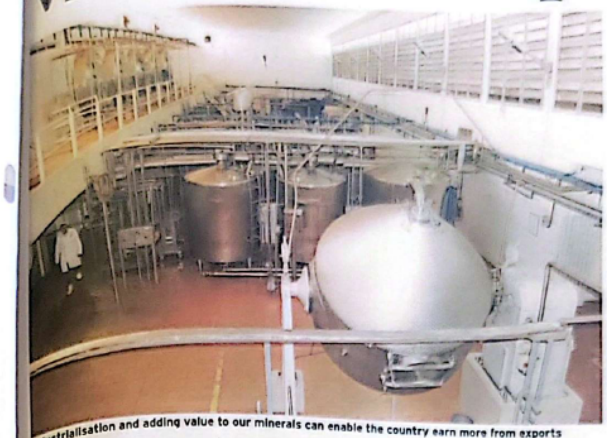
According to available reports, Uganda has large deposits of many and various minerals, including large tonnages of aluminous clays which are highly enriched in rare earths (REE) such as Yttrium, Scandium and Gallium. (Yttrium is used to make television tubes, Scandium is used in the aerospace industry components and Gallium is used in the making of solar panels, medical thermometers and Lasers). The demand for rare earth minerals has increased as more uses for these elements are found. Today, there are hundreds of uses for REE, ranging from high-tech (lasers, camera lenses, computer memory modules, x-ray machines), energy (batteries, lamps, superconductors) and industrial (aerospace, caustic cleaning agents, specialised glass) applications.

On October 7 2013, a local daily newspaper carried an interesting revelation in which it was reported that "New Minerals worth trillions have been discovered in Busoga"

It is not only Busoga region that is host to large deposits of minerals in this country. Karamoja is reported to have abundant deposits of limestone, first class marble stones and gold. Bukedi and, particularly, in the area of Busia, is endowed with deposits of gold, which the communities are trying to extract locally using crude methods that are hazardous to both human and the environment.

Actually, it is reported that the mineral deposits in only Busoga and Sukulu in Tororo are worth $800b, which is almost 16 times more than what is expected from the oil discoveries so far in the Albertine Graben.

vital inputs to spur growth



Industrialisation and adding value to our minerals can enable the country earn more from exports

THERE IS NO JUSTIFIABLE REASON AS TO WHY PRICES OF CEMENT IN UGANDA CONTINUE TO BE HIGH WHILE WE HAVE SUCH LARGE DEPOSITS OF LIMESTONE IN KARAMOJA, TORORO AND HIMA.

Poverty trap

It is, therefore, not paradoxical that regions reported to host the country's potential economic trolls are currently rated as the poorest and the people there walloping in embarrassing poverty? The Uganda National Household Survey (UNHS) 2016/17 report by the Uganda Bureau of Statistics (UBOS) on poverty, cites the worst hit regions as Karamoja, with 60% of the people categorised as income poor, followed by Bukedi with 48% and Busoga with 42%.

It should be a shame to us as leaders to continue looking at only peripheral issues and not decisively addressing the catastrophic crisis of income and jobs that is facing our people.

Recently, it was reported in the local media that the UK government, through its development arm, the Department for International Development (DfID) has committed an additional $37m (about sh133.7b) to address malnutrition concerns in the Karamoja sub-region. While this gesture from our donors/development partners is applauded, shouldn't we be asking ourselves if really this is the best that can be done for Karamoja?

Why is it that we are failing to equip and empower the people of Karamoja with jobs and incomes which can enable them to take care of their nutrition issues in a much more sustainable manner than such temporary handouts?

Imagine what would be the economic impact for not only Karamoja as a region, but also Uganda's economy, if that amount of money was geared towards the activation of the exploitation and processing of the mineral resources in Karamoja.

I believe most of Uganda's elite must have heard of this Nigerian businessman called Aliko Dangote. I do not know whether this man has ever ventured into Uganda, but we know that his Cement Consortium is operating in 10 African countries, including Zambia and Tanzania. The reports we have talk of the prices of cement both in Zambia and Tanzania going down by 50% as a result of Dangote cement manufacturing operations in those countries. There is no justifiable reason as to why prices of cement in Uganda continue to be high while we have such large deposits of limestone in Karamoja, Tororo and Hima. We all know that affordable and steady supply of cement is very critical to the success of the infrastructural and habitat development of any country.

Marshal resources

The question for me, therefore, is what if we marshalled the sh133b to not only exploit limestone/cement, marble and gold in Karamoja, but also construct the long awaited railway line to evacuate these resources and products. With the ongoing electrification in Karamoja, surely, exploitation of these valuable resources should not be a farfetched aspiration. Small scale and often clandestine mining of gold and other minerals should be encouraged to stop because it does not really help the country and the people of Karamoja as a whole.

In the same breadth, there is no reason as to why serious exploitation and processing of those rear earth minerals in Busoga has not started so that the youths of Busoga can get jobs. It is reported that the prospectors/investors (a mixture of local and foreign investors), who are trying to do some mineral exploitation of the rare earth minerals in Makuutu, found in Bugweri, Busoga, just do not have enough financial muscle to undertake any meaningful operation. However, given the high returns associated with rare earth minerals, it would only be prudent that the Government finds a way of sourcing and providing venture capital in not only the Matuuku rear earth exploitation, but also other viable mineral exploitation undertakings in the rest of the country.

I do not think that the Government should continue to be oblivious of the financial challenges our private sector is facing. Any meaningful Ugandan would be saddened to hear again that these entrepreneurs in Makunza, just like those of Sembule Group in Nalukolongo, and Dao Marble Company, have been left to collapse and be dumped in the Uganda's dustbin of economic history.

Countrymen, all these facts stipulated above are pointing to the immediate need for our policy and decision makers to wake up and take the bull by its horns. We need to start putting in place instruments and mechanisms that can permit the exploitation of our resources and the processing of those raw materials into industrial products that can be used not only locally here in our factories, but also exported to enable the country earn the much needed foreign exchange and create jobs.

We must be export-oriented if we are to survive amidst the current fierce global competition. Actually, if done properly, the revenues from these activities can go a long way in helping us mitigate most of the funding challenges that we continue to face in the provision of basic needs and services to our people. This is when we shall be able to talk about meaningful socio-economic transformation that will be felt and, indeed, seen by our citizenry.

The big question, however, remains how do we get there? Agriculture in its present subsistence form will certainly not deliver us. The notion that all economic activities in this country should be left to the private sector without critical government support, save for attracting foreign investors, needs to be revisited.

It is no longer a secret that our private sector is still small and under-financed to be able to undertake any meaningful, sizeable and sustainable industrial production. Although it has taken us this long and with a lot of pain to realise this fact, we need to move fast and work on putting in place instruments and mechanisms that will facilitate the Government to deliberately support the private sector in this effort of leveraging on all our endowments for the benefit of our people.

Uganda can learn from China which has grown from grass to grace

We need to take lessons from China, a country that has risen from utter poverty and despair, but in only a period of less than half a century has become a world economic giant to the surprise of many and even defying all known economic development models.

China vigorously pursues a deliberate and carefully orchestrated protectionist policy coupled with efforts to prop-up and support its industries both operating locally in China and outside the country. It has done this through a number of ways, including taxation, restrictions on certain imports and ensuring that the Chinese entrepreneurs access cheap financing and technical know how. All this in effect, works in favour of the Chinese products to be much cheaper, both locally for the local consumption market and also internationally for the export market.

Therefore, it is no wonder that not only our private sector in Uganda is being out-competed hands down by the Chinese, but also Chinese products continue to be dumped on our markets.

I must also add this disclaimer that I don't seek or even pretend to be the first person to point out the issues that I have tried to discuss in both this and my previous article. I am cognizant of the fact that our President has for many years been at the helm of the campaign of both encouraging local entrepreneurs and foreign investors to bring about economic growth in our country. In some instances, the President as the chief executive of Uganda has offered unprecedented help to some of our local entrepreneurs while at the same time giving attractive incentives to foreign investors.

However, I think more emphasis needs to be exerted in this year, is in the following:

Reducing our current overdependence on foreign support by deliberately nurturing our local entrepreneurs through business and management mentorship, financing support and supervision.

Pursuing active policies to protect our burgeoning industries by imposing anti-dumping measures, strict adherence to standardisation for both locally manufactured and imported goods.

Government should intervene through financing of our local entrepreneurs/investors, particularly in the economic strategic areas of infrastructure development, mineral mining, exploitation and processing.

Embarking on vigorous leveraging on the resources that we are endowed with by making the production of the vital industrial inputs part and important component of our aspiration for economic growth.

Lastly, we must tackle the issue of commission agents, speculators, schemers and international mafias who seem to have become increasingly more daring and non-caring about the fate of Uganda. They have scared many potential foreign investors and, in the same measure, frustrated local investors. Many good government initiatives that would have seen this country propel to enormous economic growth and better living for our people, have been derailed, blocked or resisted altogether. This is a scourge that must be tackled with laser-beam determination without favour.

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