

quote of the day

EDITORIAL

Getting crude oil pipeline off ground is great leap

Real hope for Uganda's oil exploitation was given the first concrete step last Saturday at Tanga Port on the shores of the Indian Ocean in Tanzania.

The ground-breaking for the construction of 1,445-kilometre crude oil export pipeline is a giant step forward for getting Uganda's oil to external markets.

The proposed East African Crude Oil Pipeline runs from Hoima in western Uganda to Tanga Port on the Indian Ocean coastline.

Besides the prospects of refining of oil in Uganda to produce petrol, diesel, aviation fuel and other petrochemical products, the pipeline offers Uganda the first realistic hope of earnings from its unprocessed oil.

As President Museveni cited, the free crude oil export pipeline corridor should reciprocally be exploited for other economic integration ventures, including building a natural gas pipeline from Tanzania to Uganda to help process Uganda's huge iron-ore deposits into steel.

The issue:

Crude oil pipeline

Our view:

Even when the project is not due until early 2018 and completion only projected for 2020, the ground-breaking for the East African Crude Oil Pipeline is a great leap of faith forward and should be supported.

Similarly, the twin political will between presidents Yoweri Museveni of Uganda and John Pombe Magufuli of Tanzania, should not be squandered. Neither should Uganda waste Tanzania's extension of fraternal cooperation that should render this critical venture both cost-effective as well as profitable.

Tanzania has commendably waived transit fee, VAT, corporate income tax, depreciation tax holiday for 20 years, free land corridor where the pipeline infrastructure is to be built, in addition to promises of Tanzania taking up some shares in the pipeline.

Commendably, both presidents have also pledged to fight corruption and cut down the needless time-consuming procedures in getting the project off the ground.

But the presidents' desire to throw away bureaucratic procedure might, nevertheless, compromise the all-essential due diligence that has come to compromise quality control and assurance of critical national projects in the name of executive orders from above.

Of course, there's the \$3.5 billion (about Shs12.8 trillion) foreign capital expenditure and financing to secure for the pipeline project. Nevertheless, the gestures of goodwill above are great contributory commitments towards exploiting Uganda's estimated 6.5 billion barrels of oil in the Albertine Graben.

Even when the project is not due until early 2018 and completion only projected for 2020, the ground-breaking for the East African Crude Oil Pipeline is a great leap of faith forward and should be supported.

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