

Sovereignty Bill is against natural fundamental economic principles

While countries like Rwanda and others world over are putting up strategies that improve foreign inflows in terms of remittances, foreign exchange from tourism, visa exemptions to boost tourism inflows, among others, Uganda is drafting a Bill to restrict the country from getting more money to improve the welfare of its citizens. Here is some simplified economics to guide citizens about the dangers of the Protection of Sovereignty Bill 2026:

Gross Domestic Product (GDP) is the total monetary value of all goods and services produced within the geographical boundaries of a country during a specific period, by both nationals and non-nationals, while Gross National Product (GNP) is the total monetary value of all goods and services produced by a country's nationals, both within the country and abroad, during a specific period. The difference $GNP = GDP + \text{income earned by residents abroad} - \text{income earned by foreigners living in a country}$.

You need remittances from your citizens abroad to balance off the money foreigners are taking out of your country in the form of profit repatriation. So when you restrict your nationals from bringing in more money from abroad, it becomes a disaster for your country. There is no money coming in to close the gap caused by money foreigners are taking out of your country.

Concept of balance of payments position and balance of trade position. You need to sell more abroad and import less. When you sell, you get more money, and you become rich-

er; when you buy, you become poorer by making others richer. For you to become rich, at least have something to sell. Therefore, ensure remittances, exports, and trade in the country are more than imports, loans, profit repatriation, and expenditures. When your exports exceed imports, it's called a favourable balance of trade.

A favourable balance of payments (BOP) means a country has a net inflow of money from the rest of the world over a given period. Then your currency becomes even more stable when you have a surplus of inflows. You need fewer shillings to buy a foreign currency like a dollar.

When the inflows are less, it's called unfavourable. The local currency will definitely depreciate because you need more shillings to buy one foreign currency like a dollar. There, a country

can't have reserves.

A sovereign country should be able to finance itself through its reserves for at least 4.1 months in case of a total lockdown without importing or exporting anything, termed as "Reserve to GDP ratio for future months". These reserves should be in foreign currency like dollars, gold, or special drawing rights from IMF to avoid drastic appreciation or depreciation. More foreign inflows makes the dollar affordable and improves our reserves.

The governor is simply saying, get more money from your neighbour's pocket and put it in yours. That's what makes you rich. And it's the principle of trade. Refusing someone's money because you had a quarrel with him will make you poorer. Trade is about having something to sell so that you get more money. The Sovereignty Bill is

against all these natural fundamental economic principles, but rather a misguided political tool.

The best way to maintain a favourable balance of payments position is by ensuring there is more inflows than outflows through an export promotion strategy where you manufacture more goods than importing them. Secondly, by ensuring that all jobs in your country are given to citizens, which is impossible in the real world, financial inflows are inevitable in correcting the balance of payment deficits from existing foreigners working in your country.

The Sovereignty Bill is going to depreciate our country's currency.

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