



# UGANDA MANUFACTURERS ASSOCIATION

## Plastics are central to Uganda's growth; do not tax them out of the economy

**U**ganda's plastics debate has increasingly been framed as a battle between environmental protection and industrial growth. Plastics are often portrayed as inherently destructive, blamed for clogged drainage systems, littered streets, and pollution. Yet this narrative overlooks a critical reality: plastics themselves are not the core problem. Poor waste management is.

The distinction matters because Uganda is considering a dramatic increase in excise duty on plastic raw materials, from USD 70 per tonne to USD 1,500 per tonne, an increase of more than 2,000 percent. While intended to address environmental concerns, such a measure risks damaging one of Uganda's most important industrial ecosystems while doing little to solve the actual waste problem.

Plastics are deeply embedded in Uganda's industrialization and economic transformation agenda. Across agriculture, manufacturing, healthcare, construction, telecommunications, and trade, plastics provide the affordable packaging, piping, storage, and transport systems that keep the economy functioning.

President Yoweri Museveni's economic philosophy, often described as "Musevenomics," is built around industrialization, value addition, and moving Uganda from subsistence to middle-income status. Plastics quietly underpin many of these ambitions.

Uganda's value-addition strategy depends heavily on affordable packaging. Coffee exports rely on multilayer plastic laminate pouches. Dairy products move in PET bottles and HDPE containers. Pharmaceuticals, detergents, cooking oil, cosmetics, and household products all depend on plastic packaging to preserve quality and reduce transport costs. Without low-cost packaging, locally manufactured goods become more expensive and less competitive regionally and internationally.

Uganda competes in regional and global markets against countries like Kenya, Tanzania, Ethiopia, Rwanda, India, Vietnam, and China that have built their industrial bases using affordable plastic packaging. These countries did not tax plastic during their industrialisation phase. They used it as the cheap, versatile, scalable packaging backbone of industrial development. Now, having industrialised, some are beginning to regulate plastic use. Uganda proposes to do the reverse: tax plastic at the start of its industrialisation journey, before it has captured the industrial benefits that others have already harvested.

Kenya's manufacturing sector, which competes directly with Uganda's in East African markets, does not apply a comparable excise duty on plastic raw materials. Tanzania's packaging industry enjoys lower input costs. Rwanda,

actively courting foreign investment into light manufacturing, offers competitive fiscal terms on packaging materials.

A Ugandan manufacturer of processed food, dairy, or beverages already competes against imports and regional alternatives. If the cost of packaging their product suddenly increases by 25% of input cost, while their regional competitors face no such increase, they lose market share, at home and abroad. Jobs are lost. Tax revenues fall. The very fiscal base that Government seeks to strengthen through this duty increase is eroded by the decline in industrial activity it causes.

Plastics also support economic inclusion. Small sachets of cooking oil, drinking water, detergents, and other essentials remain affordable largely because plastic packaging is lightweight and inexpensive. Alternatives such as glass, paper, or aluminum would sharply increase packaging and transportation costs, placing many everyday goods beyond the reach of low-income Ugandans.

### PRIVATE SECTOR RESPONSE: THE RISE OF EXTENDED PRODUCER RESPONSIBILITY

Long before proposals for retaliatory taxation emerged, Uganda's private sector had already begun investing heavily in solutions to plastic waste management.

Under the leadership of companies including Coca-Cola Beverages Uganda, Mukwano Industries, Hariss International, and Uganda Breweries Limited, working through the Uganda Manufacturers Association, Uganda developed one of the region's first producer-led Extended Producer Responsibility (EPR) systems focused on PET plastic recovery and recycling. The objective is straightforward: ensure that plastic bottles and containers introduced onto the market are collected, recovered, and recycled rather than discarded into the environment.

Importantly, this initiative was not imposed by government regulation. It was voluntarily designed, financed, and implemented by the private sector itself. This places Uganda among the few countries in Sub-Saharan Africa with an active producer-led plastics recovery framework, a model many developed economies took decades to establish. The industry itself has become a major employer. Uganda's plastics recycling sector alone supports more than 350,000 livelihoods through waste collection, transport, sorting, recycling, and manufacturing.

More than 60 recycling firms are now operating nationwide, backed by over USD 120 million in investment.

Uganda's recycling industry currently processes over 105,000 tonnes annually and aims to recycle more than 75 percent of plastic waste generated nationally within eight years. That ambition would place Uganda among Africa's leading circular economy models.

The sector is also strategically important for Uganda's future oil economy. Globally, plastics are among the largest downstream users of petroleum products. As Uganda develops its refinery and petrochemical ambitions, domestic plastics manufacturing could become a key industrial off-taker of locally refined feedstocks.

Weakening the plastics industry now risks undermining the

**A Ugandan manufacturer of processed food, dairy, or beverages already competes against imports and regional alternatives. If the cost of packaging their product suddenly increases by 25% of input cost, while their regional competitors face no such increase, they lose market share, at home and abroad. Jobs are lost. Tax revenues fall. The very fiscal base that Government seeks to strengthen through this duty increase is eroded by the decline in industrial activity it causes.**

broader downstream oil ecosystem Uganda hopes to build.

None of this dismisses the environmental concerns surrounding plastic waste. Uganda's drainage channels, wetlands, and urban areas clearly suffer from poor waste disposal. But the evidence suggests the challenge lies in weak collection systems, inadequate recycling infrastructure, and irresponsible disposal behavior, not in the material itself.

Taxing plastics does not automatically remove litter from streets or drainage channels. Instead, it increases the cost of manufacturing, packaging, and transportation, costs that are ultimately passed on to consumers. The impact would be immediate. A water sachet could rise from UGX 200 to UGX 250. Cooking oil, milk, soda, medicines, and packaged food products would all become more expensive. In a country where millions live on modest daily incomes,

these increases would amount to a direct inflationary burden on ordinary households.

Manufacturers would also face rising production costs, reducing Uganda's competitiveness against regional rivals such as Kenya, Tanzania, and Rwanda, countries that continue to support industrial growth with affordable packaging inputs.

Importantly, Uganda's private sector has not ignored the waste problem. Companies including Coca-Cola Beverages Uganda, Mukwano Industries, Hariss International, and Uganda Breweries, working through the Uganda Manufacturers Association, have already established a producer-led Extended Producer Responsibility (EPR) framework aimed at collecting and recycling plastic waste.

The real policy challenge, therefore, is not whether plastics should exist. They already underpin healthcare, food security, manufacturing, agriculture, logistics, and industrialization. The question is whether Uganda will invest in modern waste management systems capable of capturing and recycling plastic waste effectively.

The solution lies in better collection infrastructure, stronger enforcement against littering, waste segregation at source, and incentives for recycling investment. Government can support this transition through tax incentives for recycling equipment, public-private waste collection systems, and community-level waste management programs integrated into the Parish Development Model.

International experience offers useful lessons. Countries with successful recycling systems generally incentivize recovery and reuse rather than suppressing production outright. Deposit-return schemes, recycled-content incentives, and targeted recycling subsidies have consistently delivered better environmental outcomes than blanket punitive taxes.

Uganda now faces a critical policy choice. Plastics are not simply disposable consumer materials; they are foundational industrial inputs that support value addition, exports, affordable consumer goods, and employment. Punitive taxation may weaken industry while leaving the underlying waste problem unresolved.

The smarter path is balanced reform: strengthen recycling, improve waste management infrastructure, enforce responsible disposal, and support circular economy investment while preserving the industrial competitiveness that plastics currently enable.

Plastic waste is a management challenge. Uganda's plastics industry is a strategic economic asset. Effective policy must recognize the difference.

### OFFICE LOCATION DETAILS

Physical Address: Lugogo Show Grounds, Kampala-Jinja Road, Kampala, Uganda. Postal Address: P.O. Box 6966, Kampala, Uganda.