

Missiles, markets, and matooke: Why the Middle East war matters to Uganda

Ugandans have a habit of treating distant geopolitical crises with a certain calm detachment. When missiles fly over the Middle East, the instinctive reaction here is usually: "That is their problem." Unfortunately, in an interconnected global economy, wars rarely respect geographical distance.

Uganda, being landlocked and heavily dependent on imported fuel, is particularly vulnerable. Petrol prices here already rank among the highest on the continent. When global oil markets sneeze, Uganda tends to catch a very expensive cold.

But energy prices are only one of the transmission channels through which this conflict could affect Uganda. Another critical vulnerability lies in remittances from Ugandans working in the Gulf region.

The Labour markets may

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Geopolitics

tighten, inflation could erode earnings, and logistical disruptions could complicate transfers. Even a modest 30 percent decline in remittances would withdraw more than \$500 million from Uganda's economy.

For macroeconomists, that is a large balance-of-payments shock. For ordinary families, it simply means the person who normally sends school fees this term might call home with a very uncomfortable explanation. Trade routes represent another fragile link. Uganda's export economy relies heavily on global shipping networks.

Coffee the country's flagship export, depends on maritime routes to reach European markets. But war has a habit of making shipping companies nervous.

Already, several major shipping lines have introduced war-risk surcharges on cargo destined for or passing near conflict zones. These additional costs can exceed \$3,000 per container. Some vessels are also being rerouted around the southern tip of Africa instead of passing through volatile waters.

For Uganda, this means longer delivery times and higher freight costs. And because Uganda is landlocked, every additional dollar spent on maritime transport multiplies by the time goods reach Kampala.

So what should Uganda do while global powers play strategic chess? First, the country must accelerate domestic oil production. The Tilenga and Kingfisher projects are expected to deliver Uganda's first oil within the coming years.

Every delay prolongs the country's exposure to global price shocks. Domestic production will not magically shield Uganda from international markets, but it will provide a crucial buffer.

Second, regional cooperation must become more than diplomatic speeches. Countries such as Kenya, Tanzania, and Rwanda face similar vulnerabilities. Joint mechanisms for fuel storage, logistics coordination, and supply chain resilience could significantly reduce regional risk.

Third, Uganda needs to diversify its export markets. Currently, a large share of Ugandan exports particularly gold and agricultural commodities flows to the United Arab Emirates. Concentrating too heavily on one market creates strategic exposure.

Finally, Uganda's diplomatic missions in the Gulf must be adequately resourced to monitor and protect Ugandan workers abroad. In times of geopolitical tension, migrant workers often become the most vulnerable participants in the global economy.

How will the current conflict end? Most likely not with a dramatic victory for any side. A fragile stalemate is the more probable outcome. Neither Iran nor the United States appears eager for a prolonged war, and sustained oil price spikes would quickly push major powers toward de-escalation. But even when the missiles stop flying, the economic aftershocks will linger. That is the paradox of globalisation. Wars between great powers may begin with military strategy, but their consequences travel through markets.

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