

Private Sector Position Paper on Visa Requirement for Ugandan and South African Travelers

Presented to

**His Excellency Yoweri Kaguta Museveni – President of the Republic
of Uganda**

And

**His Excellency Cyril Ramaphosa – President of the Republic of South
Africa**

By

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1.0. Background

Your Excellencies, as you are well aware, the Governments of the Republic of Uganda and the Republic of South Africa enjoy cordial and excellent bilateral and economic relations premised on the longstanding blood bond that existed between the two countries even before South Africa gained its freedom in 1994.

A solid framework for cooperation exists between Uganda and South Africa. The two countries concluded a Convention on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income in 1997. In May 2000 they signed an Agreement on the Promotion and Protection of Investments and in 2002, South Africa and Uganda signed a Bi-Lateral Trade Agreement establishing a Joint Permanent Commission of Cooperation to enhance cooperation in areas like defense, trade and investment, foreign relations, health, agriculture and education. The first Session of the Joint Commission of Cooperation (JCC) was held in Pretoria in November 2012 and the overall issues that the two countries identified for cooperation under the first JCC framework included, agriculture, health, water and environment, culture, economy, education, political, security, sports, science, technology, and trade. The second session of the JCC was held in Kampala in July 2022 through which more areas of cooperation were considered and these included Tourism, defense, foreign relations, health, ICT, Trade and Investment, Education, Agriculture, Health, Oil and Gas, Mining and Transport among others. The above mechanisms are geared towards enhancing cooperation, facilitating the smooth relations between the two countries and ensuring a more balanced trade relationship between Uganda and South Africa.

In years under the cooperation framework a number of cooperation MoUs were signed between the two countries some of which include; Agreement of trade cooperation, an Agreement on the Reciprocal Promotion and Protection of Investments, an Agreement on the establishment of the Joint Commission of Cooperation, Agreement on avoidance of double taxation and prevention of fiscal evasion with respect to taxes and income, Agreement on cooperation and Mutual Assistance between Customs administrations and many more others.

In May 2000 the two countries signed an Agreement on the Promotion and Protection of Investments. In 2002, South Africa and Uganda signed a Bi-Lateral Trade Agreement. In 2005 the two countries signed an agreement establishing a Joint Permanent Commission of Cooperation Joint Permanent Economic Commission (JEPC) which led to the creation of the framework of the Joint Commission of Cooperation (JCC) on 23rd July 2010. As a result of that, among the top ten Ugandan taxpayers are at least 4 South African Associated Companies.

1.1. Context

Uganda boasts a market-based economy rich in natural resources and one of the fastest-growing and youngest populations in the world. With comparative advantages in agriculture and estimated recoverable oil reserves of over 1.4 billion barrels, with the first oil expected in 2025, Uganda is seeing increasing interest among foreign investors. Uganda's Minerals investment opportunity is now at US\$ 620.5 billion.¹ Uganda's economy grew by 3.8% in the fiscal year (FY) 2021/22, and prior to the Covid-19 pandemic, Uganda's growth for the previous five years (FY 2013/14 to 2018/19) averaged 5.3% (UBOS, 2022). With a total

¹ New Vision Monday, August 9, 2021 p. 20

GDP of \$45.7 billion in FY 2021/22, primarily driven by the industrial sector, comprising 26.8% of the economy, and the agriculture sector, which employs 68% of the workforce and represents 24.1% of GDP².

In the last 20 years, there has been a steady rise in Uganda's export earnings. In 2019, the total value of Ugandan exports was US\$ 3.01Billion and this earned the country position number 133 on the league of exporters across the world. The export earnings included US\$ 1.7 Billion from gold, US\$ 382M from coffee, US\$ 92.5 from Milk, US\$ 90.3 from Fish fillet and US\$ 64.7m Raw Tobacco. This trend has seen a shift from the overreliance on destinations in the European Union (EU) that led to the diversification of markets, especially on the African continent and the Middle East.

Uganda mostly exports agricultural products, accounting for 80% of total exports. The most important exports are coffee (22% of total exports) followed by tea, cotton, copper, oil and fish. South Africa is one of the major trade partners with Uganda alongside Sudan, Kenya, DR Congo, Netherlands, Germany, South Africa and UAE (Bank of Uganda, 2022). The National Export Development Strategy 2015/16 – 2019/20 (MTIC, 2015) identified 20 products (the country's top exports) that were initially selected to form the bulk of the priority products that were targeted by the government to promote exports. These comprise coffee, iron and steel products, fish and fish products, cement, tea, hides and skins, tobacco, sugar, cocoa, flowers, sesame seed, maize, plastic products, animal and vegetable oils and fats, rice, beans, soap, cotton and fruits and vegetables. Uganda is also known to offer a number of ITC-related services and professional services, like medical services, and financial services among others.

² <https://www.trade.gov/country-commercial-guides/uganda-market-overview>

Forum of South African Businesses in Uganda's (FOSABU) data indicates that more than 70 South African companies worth US\$ 2.4 billion by 2015 were registered in Uganda. By 2019, the foreign direct investment of South African Businesses in Uganda had moved slightly higher to US\$3.1 billion (Shs 11.1 trillion).³ There is a potential of doubling these numbers when borders are opened for the private sector to create more partnerships and joint ventures.

Moreover, Uganda boasts of the lucrative tourism industry. The country is ranked as a top tourist destination and one of only three countries with about 50% of the world's known population of endangered mountain gorillas (Source: Lonely planet 2012 and CNN 2016). As of such, Uganda is ranked among the top 16 holiday destinations in the world. The country is endowed with a wide range of tourism resources, including biodiversity, varied landscapes, and cultural and religious heritage. In addition to wildlife, Uganda's protected areas host the continent's largest variety of bird (over 1,082 species). The tourism sector presents huge opportunities for investment for both Ugandan and South African investors, ranging from constructing high-quality accommodation facilities, operating tour and travel circuits (bicycle tours, air balloon travel, marine activities on Lake Victoria and river rafting on the Nile River), development of specialized eco and community tourism facilities and faith-based tourism. Furthermore, familiarization trips between Uganda and South African Tour Operators are essential to boost our tourism industries. However, these can be facilitated by free movement of people between the two countries.

South Africa is one of the fastest-growing economies in the world with an estimated population of 60.8 Million and a GDP of \$25.46 trillion in 2022. South

³Dairy Monitor, Tuesday, April 05, 2022. Are South African businesses a pillar of Uganda's economy?
<https://www.monitor.co.ug/uganda/business/prosper/are-south-african-businesses-a-pillar-of-uganda-s-economy--3772290>

Africa's main imports are: machinery (21.3% of total imports), mineral products (16.9%), chemicals (12.6%) and vehicles and aircraft vessels (7.7%). As one of the growing sources of Foreign Direct Investment for Uganda, South Africa's exports to Uganda increased in total value from R2.18 billion in 2017 to R3.11 billion in 2018, then recorded a notable decrease in 2019 (R1.35 billion) due to Covid-19 before showing an increase in 2021 (R1.80 billion). Your Excellencies, the private sector has no limit as to how much they can invest in our two countries provided the existing travel barriers are solved.

Your Excellencies, that is why trade relations between the two countries continue to grow from strength to strength irrespective of the existing bottlenecks. During the last 25 years the exports of South Africa to Uganda have increased at an annualized rate of 6.82%, from US\$36 Million in 1995 to US\$187 million in 2020. In the same period, the exports of Uganda to South Africa have increased at an annualized rate of 12.8%, from US\$1.01 million in 1995 to US\$20.7 million in 2020⁴. In 2021/22, post-Covid-19 era, South Africa's exports to Uganda declined to USD 126.86M while Uganda's exports to South Africa increased to US\$ 27.34 million.

The main exports from Uganda to South Africa include; packaged medicaments/pharmaceuticals, coffee, raw tobacco, tea and spices, cocoa, mineral fuels, cuttings and paintings, fish fillets, fresh flowers, and aircraft parts among others. South Africa's main exports to Uganda include; Gold, vehicles, Wines, Laboratory reagents, machinery, motorcars, plastics, chemicals and electronics, parts and accessories, petroleum, live animals, books and newsprint, textiles, footwear, vehicles, aircraft, and household goods.

⁴ <https://oec.world/en/profile/bilateral-country/zaf/partner/uga#:~:text=Growth%20In%20October%202022%2C%20the,22M%20or%20725%25>).

From the foregoing, Uganda and South Africa could strengthen trade and investment opportunities in a number of areas including information technology, health services, agro-processing, biotechnology and chemicals, tourism and crafts among others. Trade between the two countries will be further boosted by ratification of the African Continental Free Trade Area (AfCFTA) which both Uganda and South Africa are parties to. With a market estimated at over US\$ 3 trillion and a population of over 2.5 billion, the AfCFTA initiative is a game changer that will facilitate increased trade and investment opportunities among African countries and will enable firms to gain experience in exporting, upgrade their management capabilities, better understand product requirements in foreign markets, and identify global business opportunities. The AfCFTA seeks to remove obstacles to trade in Africa to boost intra-Africa trade across all sectors of the continent's economy. The private sector thanks you Your Excellencies for the AfCFTA vision and prays that you continue to facilitate its actualization. Your Excellencies, we are ready to trade and invest in our continent.

1.2. Visa requirement as a trade barrier.

Your Excellencies, Uganda and South Africa's economic relations including trade in both goods and services have unlimited potential. However, one of the major hindrances is VISA requirements. Your Excellencies, only Ugandans who hold service or diplomatic passports are allowed to enter SA without a visa for 90 days. Your Excellencies, Ugandans traveling to South Africa are required to pay at least **US\$ 130 in visa fees. Astonishingly, Your Excellencies, much of this money (US\$ 90) goes to a company contracted to process Visa applications.** Your Excellencies, the amount of money and time it takes a Ugandan business person to process a visa to South Africa is not favourable for Uganda's business community to trade with our South African Counterparts. On the other hand,

South Africans traveling to Uganda pay Visa Fees of US\$ 50 with an expiry of 90 days and can apply online.

Your Excellencies, we thank you for ratification of the agreement establishing the Africa Continental Free Trade Area (AfCFTA). Your Excellencies, in your wisdom as Heads of State and Government under the African Union Umbrella, you thought it wise to increase intra Africa Trade in both goods and services. However, as a business Community, as we transition into continental trade in goods and services, one of the major hindrances is the lack of and/or limited free movement of people which is highly affected by Visa requirements.

Your Excellencies, to grow our intra-African tourism and trade, our visa restrictions (as a non-tariff barrier) need to be revised. This will not only ease the movement of people and goods but also grow our economies and make us competitive. Removal of visa restrictions between Uganda and South Africa will without doubt unlock investment in minerals, agriculture, tourism and manufacturing among others. This will create jobs, stimulate demand and exponentially grow our economies.

1.3. Private Sector Proposals.

1. You Excellencies, the private sector recommends that you consider a visa waiver for the Ugandan business community to travel to South Africa and vice versa. This will be in the spirit of reciprocity and will unlock the trade and investment potential of our sister nations.
2. Your Excellencies, in an event that the former request is not granted, we propose that Ugandans are given at least 90 days of travel to and stay in South Africa without a visa and vice versa. Though this is a bit restrictive, but it will go a long way in facilitating trade and business partnerships between Ugandans and South Africans.
3. Your Excellencies, another scenario may be issuing of at least 5 years visa to Ugandans traveling to South Africa and vice vasa. This will equally

reduce the costs associated with paying visa fees and time lost each time the business community is required to travel.

1.4. Conclusion

Your Excellencies, if the visa requirements are harmonized, trade between South Africa and Uganda in the next 2-3 years is expected to increase to between US\$ 50 million and US\$ 100M. This included a number of tourist arrivals from Uganda to South Africa and vice versa. This will also facilitate increased trade and investment joint ventures between Ugandan and South African firms. Furthermore, investment opportunities in areas of information technology, health services, agro-processing, biotechnology and chemicals, tourism and crafts among others will be harnessed. In addition, this will translate into gains in form of employment, wages, poverty reduction, higher economic output and an increase in aggregate demand for both countries. This will enable Ugandan and South African businesses to access the market for their products as well as be able to access a wider range of productive inputs from abroad to boost production.

Your Excellencies, we hope that our prayer will be considered by you for the betterment of trade and investment in our sister nations and in the spirit of Pan-Africanism.

Sincerely, *Business growth is our business*

Humphrey Nzeyi

CHAIRMAN BOARD OF DIRECTORS