



Business growth is our business

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PRIVATE SECTOR POSITION PAPER ON THE COORDINATED CLEARANCE OF VALUE-ADDED TIMBER EXPORTS BY NEW FORESTS COMPANY

SUBMITTED TO
COMMISSIONER GENERAL, UGANDA REVENUE AUTHORITY
(URA)

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BY
PRIVATE SECTOR FOUNDATION UGANDA
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1.0 Introduction

The Private Sector Foundation Uganda (PSFU) presents this position to formally request urgent intervention by the Uganda Revenue Authority (URA) in facilitating the smooth export of value-added timber products by New Forests Company (NFC). The company, a member of PSFU and a major player in Uganda's forestry value chain, is experiencing persistent clearance delays at the Uganda–Rwanda border. These delays are affecting its regional trade operations, threatening jobs, compromising export earnings, and weakening Uganda's standing as a competitive supplier within the East African Community (EAC).

2.0 PSFU's Mandate and Appreciation of URA's Role

PSFU is the apex body for the private sector in Uganda, representing over 340 business associations, corporate entities, and public-private partnerships that actively contribute to the country's economic transformation. As a recognized counterpart of the Government in policy formulation and public-private dialogue, PSFU advocates for policies and administrative frameworks that promote competitiveness, industrialization, and inclusive growth.

We acknowledge and commend URA's efforts in enhancing compliance, expanding the tax base, and digitizing revenue systems. The Authority's enforcement and regional integration measures—especially under the EAC and COMESA frameworks—have been instrumental in facilitating legitimate trade and improving Uganda's revenue performance. It is in this spirit of mutual partnership that we raise this matter for immediate attention.

3.0 About New Forests Company

New Forests Company (NFC) is a vertically integrated, **FSC®-certified** and socially responsible forestry enterprise with operations in Uganda, Tanzania, South Africa, Kenya, and Mauritius. The company specializes in sustainable plantation forestry and the production of timber and value-added wood products, serving both domestic and regional markets.

We are writing in support of our corporate member, **The New Forests Company (NFC)**, a leading and highly significant player in Uganda's commercial forestry sector. **NFC manages the largest tree plantation in the country, with over 12 million pine and eucalyptus trees planted on 22,000 hectares—60% of which is dedicated to commercial planting and 40% to conservation buffer zones.** According to the World Bank's *2022 Report on Uganda's Commercial Forestry Sector*, **NFC accounts for 45.2% of the private sector's commercial plantation area**, representing approximately 12% of the total commercial planted forests nationwide.

In Uganda alone, NFC owns and manages **22,000 hectares** of forest plantations across several districts, while across East Africa, its total footprint spans **30,000 hectares** with an estimated 40 million trees. This means that

over 73% of NFC's total investments are in Uganda, underscoring the company's deep commitment to the country's forestry sector and national economic transformation.

NFC is a significant contributor to Uganda's industrial and export base, employing nearly 4,000 people directly and impacting over 18,400 individuals indirectly through its value chains, contractors, suppliers, and local community initiatives. The company contributes between USD 2 million and 3 million annually in taxes to the Government of Uganda, reinforcing its role as both a major employer and revenue generator.

NFC has invested in expanding local timber finishing and processing capacity, thereby reducing reliance on raw timber exports and promoting in-country value addition. It is also a member of international industry alliances advancing climate resilience, responsible trade, and sustainable forest management, and is widely recognized as a model investor in Uganda's green economy.

4.0 Current Challenge: Border Clearance Delays

In recent months, NFC has faced substantial delays in customs clearance processes at the Uganda–Rwanda border, particularly at Gatuna/Katuna. Despite the company's full compliance with documentation and export procedures, including traceability and origin certification, its shipments of value-added timber products are routinely subjected to inconsistent inspections and clearance bottlenecks.

These administrative delays have led to monthly export losses of approximately UGX 1.5 billion. Over the past six months, cumulative losses are estimated at UGX 9 billion. In addition, a key contractual agreement with a Rwandan buyer valued at UGX 18 billion annually is at risk of termination due to unpredictable delivery schedules. As a result, 45 staff have already been laid off this year, with a projected loss of up to 300 jobs should the situation persist into the next quarter. Moreover, truck owners and transporters—already bearing the cost of border delays—are increasingly reluctant to provide logistics services for NFC cargo due to the risk of prolonged holding periods and high daily rental costs. This trend is likely to escalate transport costs and further disrupt NFC's operations and competitiveness.

5.0 PSFU's Request

In light of the above, PSFU respectfully requests the Uganda Revenue Authority to:

- i. **Establish a fast-track clearance channel** for compliant, high-contribution exporters like NFC, particularly at Gatuna/Katuna border point.
- ii. **Coordinate inter-departmental inspections** (enforcement, valuation, documentation) to streamline and harmonize the clearance process for value-added exports.

- iii. **Convene a technical engagement meeting** between URA, PSFU, and NFC within the next seven working days to address specific procedural challenges and develop a long-term facilitation framework.

6.0 Justification

This request is grounded in both the economic and strategic importance of NFC's operations:

- i. **National Economic Impact:** NFC is a major contributor to employment and national revenue. Clearance inefficiencies directly undermine fiscal collections and household incomes, especially in rural areas.
- ii. **Value Addition and Industrialization:** The company aligns with Uganda's Third National Development Plan (NDP III), which prioritizes agro-industrialization and value-added exports as engines for structural transformation.
- iii. **Trade Facilitation and Regional Integration:** Under the EAC and African Continental Free Trade Area (AfCFTA), Uganda has committed to removing non-tariff barriers and promoting intra-African trade. Delays at the border contradict this commitment and jeopardize regional market access.
- iv. **Investor Confidence:** As a flagship investor, NFC's challenges signal risk to other private investors. Transparent, timely, and predictable customs processes will reinforce Uganda's reputation as an efficient trade partner.
- v. **Operational and Logistical Efficiency:** With daily truck charges compounding NFC's cost of doing business, the inability to guarantee clearance timelines threatens both financial stability and future investment decisions.

7.0 Conclusion

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PSFU urges URA to adopt a risk-based, coordinated, and supportive approach to facilitating NFC's export processes. This intervention will help preserve Uganda's regional market share, safeguard over 4,000 formal jobs, sustain millions in annual tax contributions, and demonstrate national readiness for industrial and export-led growth. We stand ready to support further technical engagements and look forward to URA's favorable consideration of this request.