INVESTING IN UGANDA'S FISH AND FISH FARMING INDUSTRY

CONTENTS

OVERVIEW OF SECTOR

Government's Policy and Plans for the Fisheries Sector

The government of Uganda's long-term vision for the sector is articulated in the National Fisheries Policy Draft and embraces the following: -

? Stable fish production of over 330,000 metric tonnes per annum
? Improved domestic fish consumption.
? Improved fish exports.
? Modernized fish folk communities with high human development indicators.

Government's action towards these policy objectives includes: -

? Provision of resources for improved fish management, research and development.
? A tripartite Lake Victoria Environment Management Project established to ensure improved productivity of Lake Victoria.
? Increased resource allocation to help farmers in fish farming. There is an Aquaculture Research and Development Institute at Kajjansi to train technical staff for fry and extension.
? Provision of resources to up grade landing sites and quality control laboratories to meet international standards.
? Provision of resources to strengthen the Uganda National Bureau of Standards and Inspectorate section of Fisheries Department.
? Provision of a number of courses in tertiary institutions relevant to the fisheries sector.

The Government predictions for the sector, outlined in the document " Government Interventions to promote Production, Processing and Marketing of Selected Strategic Exports", are to increase output from the current levels to 300,000 metric tonnes by 2004/5. With the expansion of the resource through the introduction of commercial aquaculture, (18,000 metric tonnes from ranching in dam lakes and 12,600 metric tonnes from commercial farms) by 2004/5, foreign exchange earnings are predicted to increase to more than US$ 120 million annually. The practicalities of raising large quantities of fingerlings in the short term are considered optimistic without considerable private sector investment.

The government's development strategy and targets for the fisheries sector under the Plan for Modernization of Agriculture (PMA) programme is to:

? Maintain and expand Uganda's presence in the European Union (Under Group 1 category) and other markets;
? Increase production through fish ranching and aquaculture, and
? Add value and expand the fish and fish products exported, through market differentiation and promotion.

The targets are to increase fish production to 300,000 metric tonnes within the next five (5) years, exploit the fish resources of other lakes of Uganda apart from Lake Victoria and expand production from aquaculture and fish farming from 2,000 metric tonnes to 15,000 metric tonnes by the fifth year.

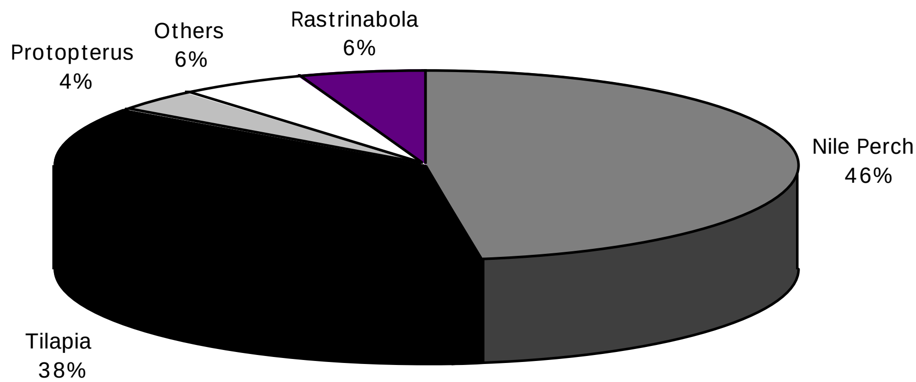
The National vision is to triple the value of fish exports and to increase domestic consumption significantly over the next twenty-five years.

Government, business associations, NGOs and donor organizations have all invested substantial resources in improving fisheries management as well as production and marketing of fish and fish products. As a result, the fisheries infrastructure has greatly improved and support institutions such as the National Bureau of Standards, the Fisheries Department and Research Centers have been strengthened.

Fish species

Over 350 fish species are known to exist in Uganda's water bodies. The major commercial species include Nile Perch and Tilapia, as shown in Figure 1.

Figure 1: Relative Abundance of Different Fish Species in Uganda



Source: Fisheries Department, Ministry of Agriculture, Animal Industry and Fisheries

? Recent stock assessments conducted by Lake Victoria Fisheries Research Project (LVFRP) indicate that Lake Victoria has at least 200 fish species, 127 of which are cichlids, mostly of the haplochromine stock. Since the introduction of the Nile perch in the 1950s, the lake's multi-species composition has reduced to a dominance of three species: the Nile perch (*Lates niloticus*), the tilapia, (*Orechromis niloticus*) and, to a much lesser extent, the sardine type (*Rastrineobola argentea*). It is estimated that the stock of Nile Perch, the major export species, is at 650,000 metric tonnes in the whole of Lake Victoria. The assessment took three years during which it was determined the stocks have not changed in volume.

? Other species numbers including the various tilapiines and the pelagic fish species, "Mukene" (Rastrineobloa argentea) are only roughly estimated to be 750,000 metric tonnes, pending more appropriate sampling techniques.

? Approximately 42,500 boats are fishing in Lake Victoria on an open access fishery with no restriction, but LVFRP is formulating a fisheries management plan for Lake Victoria to be in place by the end of 2001.

? Most of the available species have not been substantially exploited. The *Haplochromine cichlids*, which account for about 300 species have only recently gained commercial value as ornamental fish. Uganda has capacity to produce about 300,000 metric tonnes of fish a year on sustainable basis but the maximum annual catch recorded so far was 245,000 metric tonnes in 1990. There is still great potential to improve fish yields, through both improved lake exploitation and aquaculture.

World Production and Demand of Fish and Fish Products

The World Production of fish and fish products is estimated at 125.2 million tonnes of which 92.3 million tonnes is from fish capture and 32.9 million tonnes is from aquaculture (FAO, 2000). World human consumption is estimated at 92.6 million tonnes (Table 1). The trade commodity is valued at US$ 53.4 billion with an annual growth of 4.0% per annum. The current annual per capita consumption is 15.8 kgs. About 30.4 million tonnes is converted into fishmeal and oil.

Table 1: World Fisheries Production and Utilization (ml tones)

PRODUCTION	1994	1995	1996	1997	1998	1999
INLAND						
Capture	6.7	7.2	7.4	7.5	8.0	8.2
Aquaculture	12.1	14.1	16.0	17.6	18.7	19.8
Total Inland	**18.8**	**21.4**	**23.4**	**25.1**	**26.7**	**28.0**
MARINE						
Capture	84.7	84.3	86.0	86.1	78.3	84.1
Aquaculture	8.7	10.5	10.9	11.2	12.1	13.1
Total marine	**93.4**	**94.8**	**96.9**	**97.3**	**90.4**	**97.2**
Total capture	91.4	91.6	93.5	93.6	86.3	92.3
Total aquaculture	20.8	24.6	26.8	28.8	30.9	32.9
Total world fisheries	**112.3**	**116.1**	**120.3**	**122.4**	**117.2**	**125.2**
UTILIZATION						
Human consumption	79.8	86.5	90.7	93.9	93.3	92.6
Reduction to fishmeal and oil	32.5	29.6	29.6	28.5	23.9	30.4

Source: FAO, 2001

The present world production of fish is 90,000,000 metric tonnes, of which 40% of the fish is traded. Fish alone constitutes 22% of the whole world trade and the value accruing from fish trade rose from 3 billion dollars in 1970 to 55 billion in the year 2000.

World Fish production for 2010 is projected at 144 million tones of which 114 million tonnes and 30 million tonnes will be for human consumption and conversion into animal feeds, respectively. The World's demand for fish and fish products is growing and market opportunities have been enhanced by the problems in the livestock sector related to the "mad cow" disease (BSE) and most recently, the Foot and Mouth Disease 9FMD0 in Europe.

Domestic Production

The average annual catch of fish in Uganda is approximately 250,000 metric tonnes annually, mainly from natural lakes. Fish exports were expected to increase from US$ 50.11 million realized in 2000/01 to an estimated US$ 87.45 million in 2001/02 reflecting volume growth of 32.4% and price growth of 31.6%. Approximately 60% of the fish landed is marketed fresh, while 20% is processed by traditional methods, mainly smoking. Industrial processing is still limited almost exclusively to fish for export. Ten processing plants (mainly for export) are active, and three more are to start. Five landing sites are going to be constructed (at Kasensero in Rakai, Katosi and Kiyindi in Mukono, Ddimu in Masaka, Wakawaka in Bugiri and Kasenyi in Wakiso Districts) and more are in progress. There are 6,200 fish ponds spread over the country with potential for producing 15,000 metric tonnes. Potential exists for cage fish farming in available fresh water lakes.

National Institutional bodies

? The Fisheries Department of Uganda is the sector's lead agency that provides support services and policy guidelines and is responsible for monitoring and evaluation of fish catches, fishing efforts, marketing trends and the socio-economics of the lake environment.

? The Lake Victoria Fisheries Organization (LVFO) was set up by an agreement between Uganda and Kenya in June 1994. Its objectives are to foster co-operation among the contracting parties; harmonize national measures for sustainable utilization of living resources, and the development and adoption of conservation measures.

? The Lake Victoria Environment Management Programme (LVEMP) was established by a treaty in 1994 between Uganda, Tanzania and Kenya. It aims basically at seeing how best the regional co-operative framework for lake basin management should provide for the riparian countries to implement integrated basin management programmes in their areas of control. Its two basic broad components include: a) management of water quality and land use (including wetlands) and b) Fisheries management and water hyacinth control

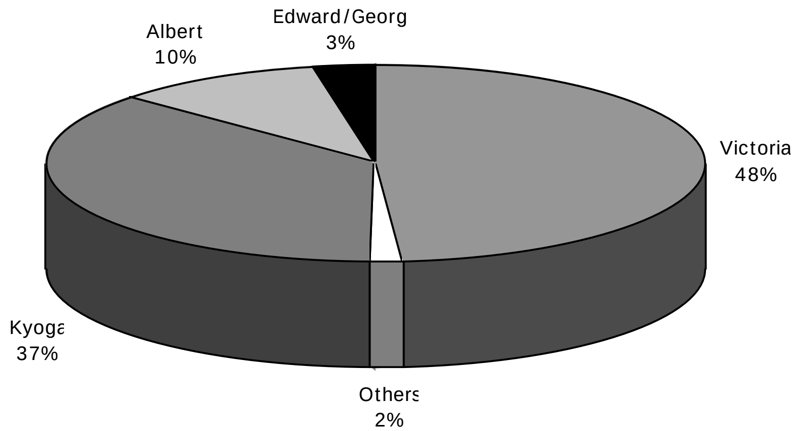
Sector Performance

Resources Available

? Uganda is rich in aquatic resources with about 18% of its surface area covered by lakes, rivers and swamps, of the 241,038 km² total area of the country. Uganda has a potential fish production of about 250,000 metric tonnes annually. The most important fish production systems are Lake Victoria, which produces about half of the national fishery yield, followed by Kyoga, Albert, Edward and George. The smaller lakes, rivers and streams are also important fish sources especially for local communities around them. Uganda has vast aquaculture potential whose development holds the key to increasing fish production.

? The relative abundance of fish in the major different lakes is given in figure 2, while Table 1 shows fish catch by water body.

Figure 2. Relative abundance of Fish in Different Water Bodies



Source: Fisheries Department, Ministry of Agriculture, Animal Industry and Fisheries

TABLE 1: FISH CATCH BY WATER BODY (1995 - 2001)

FISH CATCH BY WATER BODY	***1995***	***1996***	***1997***	***1998***	***1999***	***2000***	***2001***
CATCH ('000 tonnes)							
Lake Victoria	103.0	106.4	106.6	105.2	104.2	105.4	105.8
Lake Albert	16.4	21.9	19.1	19.1	29.1	29.6	29.0
Albert Nile	4.7	4.6	3.4	3.5	3.7	n.a	n.a
Lake Kyoga	80.2	80.6	80.1	80.2	81.1	80.2	80.1
Lake Edward, George & Kazinga Channel	5.2	4.8	6.4	5.6	7.4	7.2	7.4
Other Waters	3.7	3.7	3.7	3.5	4.3	4.5	4.5
	0.19						
TOTAL	**213.4**	**222.0**	**219.3**	**217.1**	**230**	**227**	**227**

SOURCE: Fisheries Department, Ministry of Agriculture, Animal Industry and Fisheries

Reference **Table 1.** provides data on fish catch by water body for the period 1995-2001. Over 80% of the fish catch is from L.Victoria and L.Kyoga. Fisheries activities provide an important source of livelihood for many people in Uganda.

By far, the most important water body in the country is Lake Victoria, whose share to total catch was 46 percent in 2000 and 47 percent in 2001. Lake kyoga followed this with shares of 35.3 percent in both 2000 and 2001.

Uganda's fish industry sources 100 percent of its fish from the 31,000-km² area that makes up the country's share of Lake Victoria. Not only is Lake Victoria the world's most productive lake, it is also virtually the only water system in which Nile Perch is found in sufficient abundance to form a commercial fishery. Catches from the Uganda-owned area are approximately 100,000 tonnes per year.

Lake Victoria is also home to the most abundant stock of wild Tilapia (oreochromis Miloticus) in the world.

Performance of fish and fish products

The fisheries are still relatively artisanal in nature. Technology in use is a combination of the traditional and modern. Although in essence the fisheries are modernized small-scale fisheries, a combination of the large number of fishing units (e.g. 15,544 fishing boats were operating on Lake Victoria in 2000).

Fishing has always played an important economic role in the modern state of Uganda, and has assumed an even greater profile with the advent of the Lake Victoria Nile perch fishery. By some estimates, exports-primarily of Lake Victoria products -amount to as much as US$ 100 million annually, making fishing the third largest earner of foreign exchange after coffee and tourism. It can be roughly estimated that some 500,000 Ugandans are involved in fisheries-related employment (around 100,000 for the harvest sector such as fishers, crew, and/or boat and gear owners; 400,000 engaged in secondary or tertiary sectoral activities relating to processing, trading and the provision of miscellaneous support services).

INVESTMENT OPPORTUNITIES IN THE INDUSTRY

The fisheries sector presents opportunities for small and large investments.

The following are some of the potential areas for investment in the Fisheries Sector:

? **Manufacture of Value Added Fish Products**
To-date there is no firm in the country processing fish into finished products such as canned fish, fish sausages, fish soups and breaded fish products. Low cost species such as tilapia and *Happochromis* could be processed for the local and regional market while premium fish such as Nile Perch could also be processed for premium markets.

Improving the export value of the existing harvest is an important objective of the processing industry. This can be accomplished by improving the net useable yield of the fish, and increasing the value of the processed fish fillets. Value added products will take additional investment in processing lines and equipment, and the investment will have to be justified by the increase sales price. A re-processor friendly portion pack is the answer to obtain optimum freight and at the same time a higher value by preparing the traditional fillet into proportional convenient portions either in fresh or frozen form. In such a way, the processor is taking over some of the processing work of the re-processor I Europe, and thus reducing the expenses of the importer or re-processor.

? **Local and Regional Cold Distribution Chain**
Distribution of fish on the local and regional market to a large extent is done without refrigeration and is accompanied by postharvest loss and deterioration. Premium markets such as hotels therefore often resort to purchasing directly from export processors. Since exporters lack retailing facilities, the buyers have to take responsibilities such as long time storage which could be avoided if a cold distribution chain existed. Most groceries in the country lack refrigeration facilities and are therefore unable to retail fish. There is evidence that consumers are willing to pay for the cost of maintaining quality. Some firms are successfully operating beef retailing units with chilling facilities and sell their product for about twice the price elsewhere. Entry into this sub-sector would require refrigerated trucks, cold rooms and a processing facility. Integrating a cold distribution chain with an existing chilling/freezing facility would reduce capital costs.

? **Dry/Smoked Fish**

The demand for dry/smoked fish is quite high within the region but production is dominated by artisan processors. Investment required to setup a drying facility is rather low and yet with special spicing and cold smoking premium price products can be produced guaranteeing high profits. Integration into an existing industrial filleting plant is also feasible. Consumption of smoked fish in Europe registered remarkable increase in the past decade. The EU could be targeted as market for these products. Cold smoking equipment that operates at a capacity of 500 - 1000 metric tonnes per year with an automated filleting system and independent automated smoke generators costs approximately US$ 800,000 while equipment for hot smoking, capable of producing 200 metric tonnes per year costs approximately US$ 200,000.

? **Production of Value Added Byproducts**
There is potential for development and marketing of high value materials from fisheries byproducts i.e. skins and carcass. The skins could be tanned and marketed as high value leather while both the skins and the carcass may be used as raw materials for gelatin and glue. Fish gelatin is suitable for use in kosher and halal foods and therefore is likely to command high value on the export market. It can also be used for non-food applications. Currently, only one firm, Uganda Fish Skin tannery converts fish skins into leather for export. Other markets identified for fish leather include South Africa and Asia. There are also opportunities in fish oil and fishmeal production. In the European Union, fish oil prices have been rising sharply because of limited supply. There is therefore potential of exporting to these countries. Opportunities exist in the use of trimmings and neck meat for fish ball formulations for the Asian markets. Other value added products such as isinglass, pharmaceutical and other biochemical products can be manufactured from fisheries waste. Potential investors could take advantage of local professionals to further investigate which ones would be most profitable to produce.

? **Fish Export Marketing**
There is great potential for investment in marketing of fish and fish products. The main task would be promotion, identifying buyers and negotiating favorable sales terms. Currently there is minimal promotion of fish and fish products from Uganda. Such promotion could significantly boost sales and guarantee profits for processors and the marketing firm.

? **Ornamental Fish**
The potential of marketing ornamental fish species has not been significantly exploited. Fish especially of the *Happochromis* family have gained market in USA and the European Union as ornamental fish and there is potential for exploiting other families and markets.

? **Aquaculture**
Aquaculture in Uganda is almost exclusively practiced at a subsistence scale. Lack of stocking material is the major problem facing fish farming. The National Agriculture Research Organization (NARO) and the Fisheries Department are addressing this problem. The species widely grown include mirror carp, various species of Tilapia including *Oreochromis niloticus* and *Tilapia zilli*. There are a total of 6,200 ponds in the country, covering a total area of 124.6 ha. Yields as high as 10,000 kg of fish per ha per year have been recorded. Fish diseases are not common and feed is available. There are opportunities for the culture of "Tillapine" species, the Nile perch, rainbow tout ornamental fish and catfishes. There are also opportunities for farming fish species like the Nile crocodile, the crayfish and bullfrogs which have high export value. Development of stockfish is another unexploited opportunity.

There is also potential for substantial investment for large-scale fish farming. A closed fish farming system, capable of producing up to 200 metric tonnes per acre annually and consisting of equipment for breeding, hatching, fish fattening and sales tanks costs approximately US$ 1.5 million.

MARKETS

Overview

At present, fish is among the highest revenue foreign exchange earner for non-traditional exports. The fish exports registered unprecedented growth in earnings coming second after coffee in 2001. Its proportional share to export earnings rose from 5 per cent to 17 per cent from 1994 to 2001.

It is estimated that fish exports in 2001 were of the order 28,000 metric tonnes, with a value of approximately US$ 78 million. This makes up a monthly total of about 23,000 metric tonnes of finished goods, which is equivalent to about 70,000 metric tonnes wet fish weight harvests annually from the lake for export. A further estimated 50% of harvested fish, often immature fish, are consumed locally or exported to DR Congo, making the harvest of Nile Perch from the lake around 110,000 metric tonnes in 2001. This compares with a total catch of 72,000 metric tonnes in 2000 (export value approximately US$ 38 million) when the export ban was imposed by the European Union for much of the year. This current rate of harvest is not considered sustainable, but is being driven to some extent by the excess processing capacity that exists on a regional basis. This is especially true of plants in Tanzania and Kenya.

The European Union, is the major importer and accounts for approximately 70% of the total exports. Japan, Singapore, Hong Kong, Australia, Israel, United Arab Emirates, Egypt, South Africa and USA are among the main export destinations for frozen fish. Other cured fish, mainly Tilapia are exported to neighbouring countries. Government has set a quota of 60,000 metric tonnes per annum., as the maximum fish exports. The highest level achieved was 16,046 metric tonnes in 1995. The European Union, is the major importer and accounts for approximately 70% of the total exports. Japan, Singapore, Hong Kong, Australia, Israel, United Arab Emirates, Egypt, South Africa and USA are among the main export destinations for frozen fish. Other cured fish, mainly Tilapia are exported to neighbouring countries. Government has set a quota of 60,000 metric tonnes per annum as the maximum fish exports. The highest level achieved was 16,046 metric tonnes in 1995.

The Nile perch (*Lates niloticus*), with its firm white flesh, closely resembling that of cod, is very competitive in European and other temperate markets. Approximately 67% of all the fish caught is consumed locally. Local consumption is mainly as whole fresh fish or smoked/dry fish. The Nile tilapia (*Oreochromis niloticus*), a favourite within the region also commands very high demand within Uganda and in neighboring countries while some *Haplochromine cichlids* have emerged as ornamental species.

Consumption of fish worldwide is increasing, guaranteeing market for fish and fish products. Increased demand for fish is a result of the following developments:

? Increased health consciousness- Fish is generally considered a healthier food than other meats

? Need for Convenience - fish products are generally easy and quick to cook.

? Increased Income - The relatively high standard of living in many countries gives opportunity to consumers to buy a variety of fisheries products.

International demand for high quality white fish like Nile Perch is high and growing. Nile Perch offers many advantages:

- Firm white flesh,

- Low cholesterol levels
- Abundance of Omega 3
- Ease and flexibility of use in cooking

Owing to its inherent culinary qualities, Nile perch has become the perfect option to fill the gap left by declining resources of "traditional" white fish. With more than 1,000 tonnes of chilled fillets flown monthly from Uganda to Europe, Nile perch is in the process of becoming the "favourite option" of white fish consumers. Increasing quantities of this fresh chilled fillet are airlifted to the United States despite the freight cost burden of almost US$ 3.00 per kg. With the whole fish weighing an average of 1 to 2 kg, fresh Tilapia fillets are also making a considerable breakthrough into European markets.

Fish products currently marketed include fresh fish (not chilled), chilled and frozen fish, dry/smoked fish, fish maws, fishmeal, fish oil, fish skins and live (ornamental) fish. The annual local demand of fish is estimated at around 200,000 metric tonnes. This is projected to rise as population and per capita income increase. The export of fish is also expanding. Table 3 shows the trends in fish exports from Uganda.

Table 3. Trends in Fish Exports from Uganda (1990-2002)

ear	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**
o. of perational ctories													
stablishing ocessing apacity onnage per y)													
xport (metric nnes)	1589.50	4751.00	7831.00	60337.10	6563.70	12970.90	16396.40	9839.oo	13754.60	6151.00	15876.00	28672.20	25159 0
alue in Sm$	1.39	5.31	6.45	8.81	14.77	25.92	39.78	28.80	46.90	34.40	55.20	80.408	87.44

* Fish exports to Regional Markets in neighbouring countries of Kenya, Rwanda, Zaire approximates 20,000 metric tonnes amounting to US$ 34,760.

The major commercial fish species include the Nile Perch (Lates niloticus), Nile Tilapia (Oreochromis niloticus) and mukene (Rastreneobola argentea), of which Nile Perch is the major export commodity to the markets of Europe, Australia and South East Asia. The increase in export of Nile Perch fish is exemplified in Figure 3, which shows the value has increased from a little over US$ 5 million in 1991 to nearly US$ 79 million in 2001. The upward trend was interrupted between 1997 and 2000 by a series of bans, some imposed by the EU, which restricted exports. This was seen by many as a saviour of the fishery because it reduced fishing pressure. However, once the bans were finally lifted in 2000, exports have expanded rapidly. This is seen as sustainable by researchers of the Lake Victoria Fisheries Reform Programme (LVFRP).

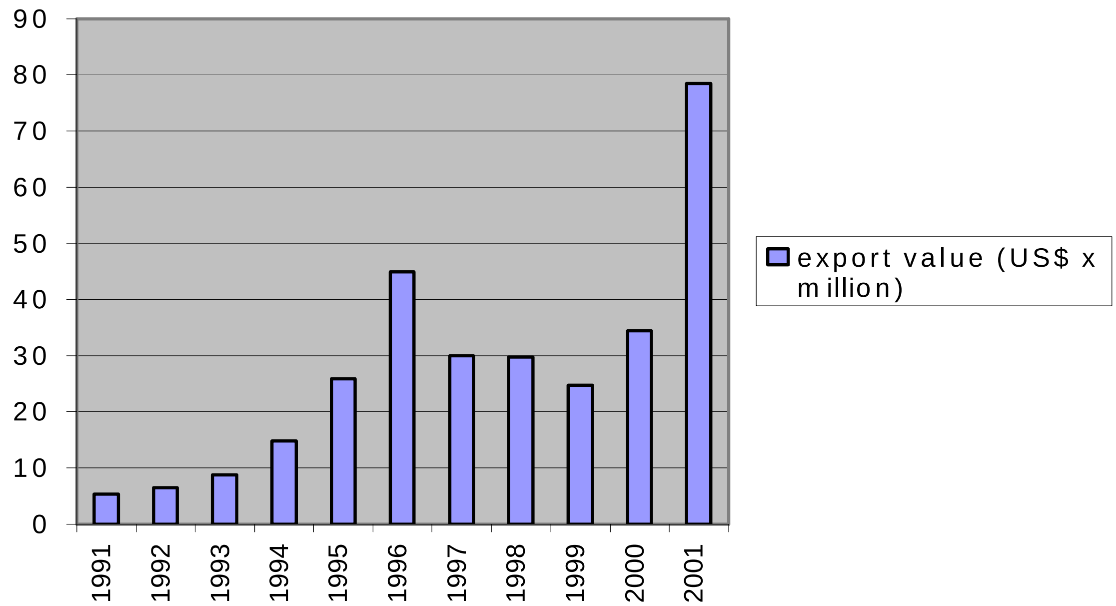


Figure 3. Development of the export of Nile Perch from Uganda

? During the evolution of the export market, it should be noted that the sale price of Nile Perch has varied a great deal (US$ 0.40 per kg in 1999 and US$ 2.78 per kg in 2001) although this has risen dramatically in February 2002 to US$ 3.25 per kg.

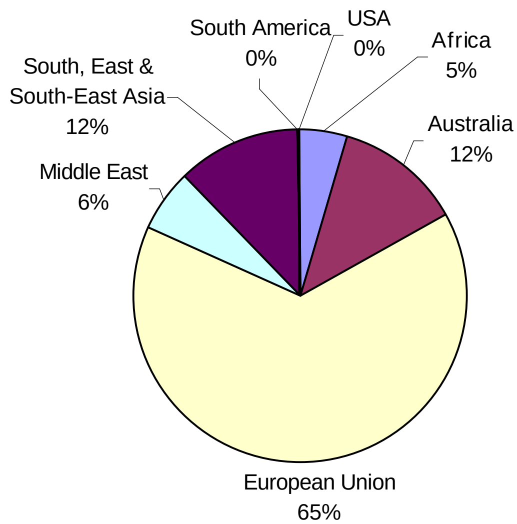
The European Union (EU) Market

The European Union has for the last decade been the leading importer of fish and fish products from Uganda. Fish imports into the EU is expected to continue growing following restrictions at landings and rising consumption levels. The market price for fresh chilled and frozen fillets has more than double since October, 2000 at US$ 0.3 per kg; February, 2001, at US$ 0.8 per kg). Processors are expected to process their 2001 full quota of 60,000 metric tonnes of fish estimated at 23,000 metric tonnes with an export value of US $64.0 million.

Uganda was harmonized with the European Union in October 2000. "Harmonisation is an official status given by he European Commission to a non-member state, recognizing that the harmonized country has a system of checks and controls equivalent to European Union practices. This status was achieved following inspections by the European Commission to verify the performance of Uganda's Competent Authority, the Department of Fisheries Resources. The inspections found that the legal framework and practices ranging from fishing ground to dispatch are compliant with European Union standards.

There is also potential to export to the Common Market for Eastern and Southern Africa (COMESA) market, which is a regional economic co-operation group of 20 African countries, with an estimated population of over 300 million people. The main export markets for Uganda's fish and fish products are highlighted in **figure 4.**

Figure 4: Direction of Exports of Fish and Fish Products by Value.



Source: Product profile proposal: Fish and fish products sub-sector.

Fish Processing in Uganda

The fisheries sector is the second leading foreign exchange earner in Uganda. The sector growth can be mainly attributed to the vibrant private sector that has invested heavily in 10 processing plants and exporting companies, with a total investment between them exceeding US$ 10 million, and the sector is projected to continue growing.

Nile Perch, which forms the bulk of the exports and foreign exchange earning (up to 90% of the fish products), has been found to be a perfect substitute for the traditional fish fillets favoured by the European market. Other products being exported are whole frozen fish, frozen gutted and headed fish, frozen fillets, chilled fillets, and air-dried fish maws.

Uganda currently has ten operational fish processing plants which process for the export market, with a further two new licenses awarded recently and four pending. (See Appendix 1).

Fish Export Products

The products marketed currently include: -

? **Chilled and Frozen Products**
Frozen fillets or fillet pieces account for the largest proportion of fish produced for export.

? **Dry/smoked fish**
This is majorly produced by artisan processors. The product is mainly consumed on the local and regional market. Only one firm is documented to be involved in export of sizable volumes.

? **Fish By-Products**
Important among these are fish maws, fish skins, fish oil, fish bladders and meal. Companies involved in processing of chilled and frozen fillets, are the biggest exporters of fish by-products. Fishmeal and fish oil are mainly consumed within the country. Fish maws and fish skins are exported to Asia and Europe.

Appendix 1:

LIST OF UGANDAN FISH PROCESSORS AND EXPORTERS

COMPANY	ADDRESS	TEL	FAX	E-MAIL	PRODUCT

1. Byansi Fisheries Co.	P. O. Box 156, Kalisizo, Masaka	256-481-220062/ 256-75-699054	256-481-22077		Chilled/Frozen fillets
2. Greenfields Uganda	P. O. Box 1931, Kampala	256-41-321141/321386	256-41-321386	iil@infocom.co.ug	Chilled /frozen fish fillets
3. Gomba Fishing Industries Ltd	P. O. Box 4903, Kampala	256-41-343066/243635/ 256-43-121352/121029	256-41-243335/ 256-43-121335	gomba@infocom.co.ug	Chilled/Frozen fish fillets
4. Hwan Sung Ltd	P. O. Box 4145, Kampala	256-41-285355/285684	256-41-220168	hwansungltd@hotmail.com	Chilled/Frozen Fish Fillets
5. Marine & Agro Export Processing Ltd	P. O. Box 2070, Kampala	256-41-258860/ 256-43-122112/121903/ 121114	256-41-343212		Chilled/Frozen Fish Fillets
6. Ngege Ltd	P. O. Box 20028, Kampala	256-41-221362/ 256-75-777706	256-41-221361	ngege@imul.com	Chilled/Frozen Fish Fillets
7. Uganda Fish Packers Ltd	P. O. Box 7409, Kampala	256-41-221638/221639/ 256-77-774546	256-41-221637	ufpn@uganda.com	Chilled/Frozen Fish Fillets
8. Uganda Marine Products		256-41-232716	256-41-232716	ump@imul.com	Chilled/Frozen Fish Fillets
9. Begumisa Enterprise Ltd	P. O. Box 10707, Kampala	256-41-254984/ 256-5-733829	256-41-251765	begumisa@infocom.co.ug	Fish Fillets, Fish Maws, Cow horn tips, Cow gall stones
10. Masese Fish Packers	P. O. Box 28702, Jinja	256-43-122111/122112	256-43-122110	masese-acct@spacenet.co.ug	Frozen and chilled fish fillet

UGANDA'S COMPETITIVE ADVANTAGE IN THE FISHERIES SECTOR

? Nile perch, the major species exported from Uganda is mainly found in East Africa, with Lake Victoria being the main source. Lake Victoria has a surface area of 68,000 m^2 of which about half is in Uganda. In addition to the large lake area, Uganda, unlike Kenya and Tanzania do not produce any sea fish. Processors are therefore specialized and the marketability of their product is less inclined to be affected by problems associated with other species.

? Nile Perch has firm meat, with neutral flavor, white color after cooking and fillets are free from bones. These characteristics are similar to those of cod, the most important commercial species in the world. The species meets the taste of European consumers, an important aspect since Europe is the world's largest fish consumer.

? There is potential for exporting other fish species that are currently not widely marketed on the World market such as Tilapia.

? The potential for aquaculture expansion is high.

? The current harvest can be increased through improved fishing equipment.

? Over the last couple of years, Uganda has strengthened capacity in Fish Quality Assurance. Uganda has a recognized Competent Authority and laboratory facilities for certifying fish exports. Efforts to enhance quality are receiving enormous support from FAO and UNIDO and the confidence of importers is now high. As a result, Uganda through bilateral arrangements now exports fish to the European Union, which has very stringent quality requirements. Efforts are underway to get certification to export to the entire European Union, without restrictions.

? The quality of the Uganda fish is very competitive (presence of *omega* -3 fatty acids) in the World market where health concerns especially for cholesterol are of significant consideration to high income consumers.

? Uganda also has lower labour rates than many other countries and very highly trained professionals in Fisheries related fields.

? Raw fish prices are lower in Uganda than in regional neighbouring countries.

? Uganda has about 160 fresh water lakes where more fish farming and harvesting can take place making Uganda one of the ten leading producers of inland fisheries in the world.

INVESTMENT INCENTIVES

Investment Incentives

Investment incentives are covered under the Income Tax Act 1997. These incentives are administered by the Uganda Revenue Authority as part of the taxation system. The investment incentives are indicated in the following tables:

Table 4: Capital Allowances

? Initial allowances on plant and machinery located in Kampala, Entebbe, Namanve, Jinja and Njeru	50%
? Initial allowances on plant and machinery located outside Kampala, Entebbe, Namanve, Jinja and Njeru	75%
? Start up costs spread over the first 4 years	25%
? Scientific research expenditure	100%
? Training expenditure	100%
? mineral exploration expenditure	100%

Table 5. Deductible annual allowances

Depreciable assets specified in 4 classes under declining balance method		
Class 1	Computers and data handing equipment	40%
Class 2	Automobiles, construction and earth moving equipment	35%
Class 3	Buses, goods vehicles, tractors trailers, plant & Machinery for farming, Manufacturing and Mining	30%
Class 4	Railroad cars locomotives, vessels, office furniture, fixtures etc.	20%

Table 6. Other annual depreciation allowances

? Industrial buildings, hotels and hospitals	5%
? Farming general farm works (declining balance depreciation)	20%

Table 7: Priority Investment Areas

? Crop processing	? Storage
? Education	? Forestry and processing of forest products
? Fish processing	? Steal industry
? Electronics	? Cotton and textiles
? Floriculture	? Edible oil
? Metal and Metal products	? Mining industry
? Construction and building industry	? Ceramics industry
? Energy	? Manufacture of industrial spare-parts
? Tourism industry	? Meat processing
? Manufacture of building materials industry	? Iron and steel
? Transport and communications	? Real estate development industry
? Pharmaceutical industry	? Packaging industry
? Dairy and Dairy products	? Financial services
? High-technology industry	? Health care
	? Fruits and vegetables

Other incentives

In addition to the incentives listed in tables 4-6, Uganda offers the following:

? **Import Duty Exemptions.** Apply to motor vehicles, personal effects and plant and machinery.

? **Duty drawback facilities.** Allows exporters to claim taxes on inputs used to manufacture exportable products.

? **Corporation tax.** With the exception of mining there is a uniform corporation tax rate of 30%, which allows the "carry forward of losses". Practically, this means, profits are not taxable until, previous years' losses are fully covered.

Investment protection

? **Investment guarantees**-Uganda is a member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank and VAT deferred payment agreements.

? **Externalization of funds**-Foreign investors are allowed to externalize funds for:

    ? Loan repayment in a foreign country
    ? Payment of financial earnings to foreign personnel
    ? Payment of royalties or fees
    ? Payment of profits or proceeds on disposal of assets.

? **Protection against compulsory acquisition**. Compulsory acquisition can only be made in accordance with the Constitution of Uganda. Should compulsory acquisition take place, the investor must be compensated within 12 months from the date of acquisition, based on fair market value of the enterprise.

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