

INVESTING IN COTTON AND TEXTILES IN UGANDA

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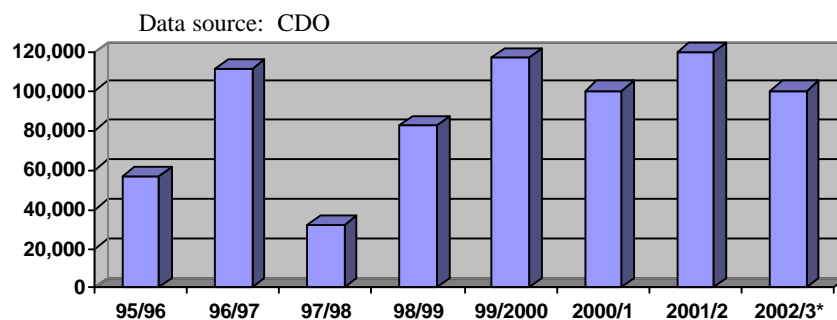
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COTTON SECTOR OVERVIEW

Cotton was introduced in Uganda in 1903 to serve both as a cash crop and raw material for textiles and it's by products. Uganda cotton belongs to the (G.Hirsutum) species, whose origins trace back to the American Upland varieties, (Allen and Sunflower). Cotton in Uganda is grown at an altitude of below 1500m above sea level, is rain fed and grown by small scale farmers on average farm holdings of one acre each, in 31 of the 56 Administrative districts countrywide. The Eastern, Northern, Lower West Nile and South Western, remain the dominant cotton growing areas because their sandy, loamy soils are suitable for cotton production.

The cotton sub sector in Uganda has been totally liberalized since 1994. All activities from primary production to export are wholly in the hands of the private sector. Production for 2001/02 was 120,000 bales. Due to drought and heavy rains, production for the 2002/03 season is estimated at 100,000 bales. Production trends are shown in figure 1.

Figure 1: Cotton Production in Uganda 1994/1995 to 2002/2003 (Bales)



Note: * = Estimates Data Source: CDO

Table 1 shows Uganda's cotton production, earnings from exports, and earnings by farmers in the period 1994-2003. Production by district is shown in appendix 1.

Table 1: Cotton Production and Earnings (Bales) For the Period 1994-2003
(1Bale = 185 kgs)

YEAR	PRODUCTION (Bales @ 185 kgs)	EARNINGS FROM EXPORTS Value (US \$ mill)	EARNINGS BY FARMERS	
			Average Farmgate price (Shs/Kgs)	Value (Shs Bn)
1994/95	33,000	12.82	400	7.39
1995/96	54,416	20.67	350	11.06
1996/97	110,710	38.09	320	19.84
1997/98	32,000	10.61	390	6.99
1998/99	82,000	25.40	400	18.37
1999/00	117,000	29.09	300	19.66
2000/01	100,000	27.00	420	30.58
2001/02	120,000	17.76	270	18.14
2002/03*	100,000	20.35	500	28.00

Source: Cotton Development Organization (CDO)

The price has steadily increased to an average of 550/- per kg as at 10th February 2003. This increase is attributed to the increase of prices on the world market. The Cotton price on the world market rose from 41 cents per pound in November 2002 to 57 cents per pound in late January and early February 2003.

Table 2 shows comparative figures for cotton exports for the period 1998/99 to 2001/02

Table 2: Cotton Exports 1998/99 – 2001/02

	1999/2000				2000/2001				2001/2002		
	Jan	Feb	Mar	FY	Jan	Feb	Mar	FY	Jan	Feb	Mar
Volume (*000mtons)	2.6 9	4.0 2	4.8 1	21.4 4	0.6 2	2.7 3	2.6 4	12.6	1.7 0	3.1 5	3.0
Unit Value (US\$/Kg)	0.9 3	0.9 8	1.0 8	1.05	1.1 7	1.1 3	1.1 3	1.12	0.7 7	1.0 7	1.07
Value (US\$ million)	2.5 0	3.9 4	5.1 9	21.4 4	0.7 3	3.0 9	3.0 9	14.0 8	1.3 1	3.3 6	3.20

*Estimate

Source: Bank of Uganda

The volume of cotton exports is estimated to have increased by 75.4% in 2002, although the value is estimated to have increased by only 20.2% due to a decrease in price of 31%.

Agronomic Issues

- Cotton production is rain fed and dominated by small-holder farmers with very small acreage, some planting as little as 1.0 of an acre.
- Yields range from 600 kg/ha in the north and north-east to 2000 kg/ha in the volcanic soils of Kasese in the west, while experimental yields stand at 2500 kg/ha.

Varieties

- Uganda is the only country in the world that grows one variety of cotton – the long stapled Bukalasa Pedigree Albar (BPA)
- Uganda used to grow a second variety, Serere Albar Type Uganda (SATU), but this has been discontinued to promote BPA the long staple cotton. This ensures uniformity and easier quality control measures in the production of lint and yarn.
- Strains of BPA have breeder based resistance, but generally, the variety is susceptible to bacterial blight, fungal wilts, lygus bug, pink bollworm, spiny bollworm, American bollworm, aphids, white flies and cotton staining buds. Imported pesticide formulations are used to control pests and diseases.

Seed Multiplication and Distribution

- There are no commercial based seed multiplication, dressing and distribution services.
- Breeder and Foundation seed is produced by the Serere Agriculture and Animal Research Institute (SAARI) under National Agriculture Research Organization (NARO) and multiplication is by farmers supervised by SAARI, Cotton Development Organization (CDO), and Ginner in Western region.
- Seed dressing and distribution is carried out by CDO, while Uganda Seed Certification Services, certifies the seed before it is dressed.

Organic Cotton

- Some areas in Lira district have been certified for organic cotton production.
- Indications in the international market are that Uganda is now a known organic cotton producer and earns a premium price.

Ginneries and Ginning Capacity

- Uganda's ginning out turn (GOT) is ranges from 35-39% but research gives a GOT of 40%.
- Uganda uses double roller gins. The saw and the high speed single roller gins were introduced after the sector was liberalized but these have failed to work in Uganda, because:
 - Saw gins are more suitable for short staple varieties.
 - High speed single roller gins are more suitable for black seeded cotton and not for fuzzy seeded cotton grown in Uganda.
- Ginneries are privately owned by either co-operative unions or private companies. Appendix 2 shows ginneries capacity and status.
- Ginning capacity has increased from 100,000 bales (1994/95) to 800,000 bales (2001/02)
- A medium ginnery with capacity to produce 15,000 bales per season is in the cost range of US \$ 3m including installation costs.

11/16”

Table 3: Sale of Seeds by Ginners

YEAR	Quantity of Seed (metric tones - MT)	Average price per MT (Shs)	Value (Shs Bn)
1994/95	11,451	100,000	1.15
1995/96	19,576	100,000	1.96
1996/97	38,413	100,000	3.84
1997/98	11,104	120,000	1.33
1998/99	28,454	130,000	3.70
1999/00	40,599	150,000	6.09
2000/01	34,700	150,000	5.21
2001/02	41,640	130,000	5.41
2002/03	34,700	170,000	5.90
*			

Note: * = Estimates

Source: CDO

Government Policy Overview

- The overall government policy framework in the agricultural sector emphasizes private sector participation and investments
- All agricultural activities in the country are guided under the Plan for the Modernization of Agriculture (PMA). The PMA is part of the Government of Uganda’s broader strategy of poverty eradication contained in the Poverty Eradication Action Plan (PEAP)
- Government controls that limited private sector participation were abolished by the 1994 Act. Parastatals and government companies that were involved in ginning and fabric manufacturing were either sold or returned to their original owners.
- In September 2001, the *Strategic Government Intervention for Promoting Production, Processing and Marketing of selected Export Commodities* was approved by Cabinet. Cotton is one of these export commodities with a target of producing one million bales by the year 2006

Under this strategic intervention, the cotton sub sector, under the lead role of Cotton Development Organization (CDO) is implementing six components namely:

1. Procurement of seed for planting
2. Procurement of seed delinting and grading machines
3. research and seed breeding
4. facilitation of field extension workers
5. Mobilization and sensitization of farmers and other stakeholders

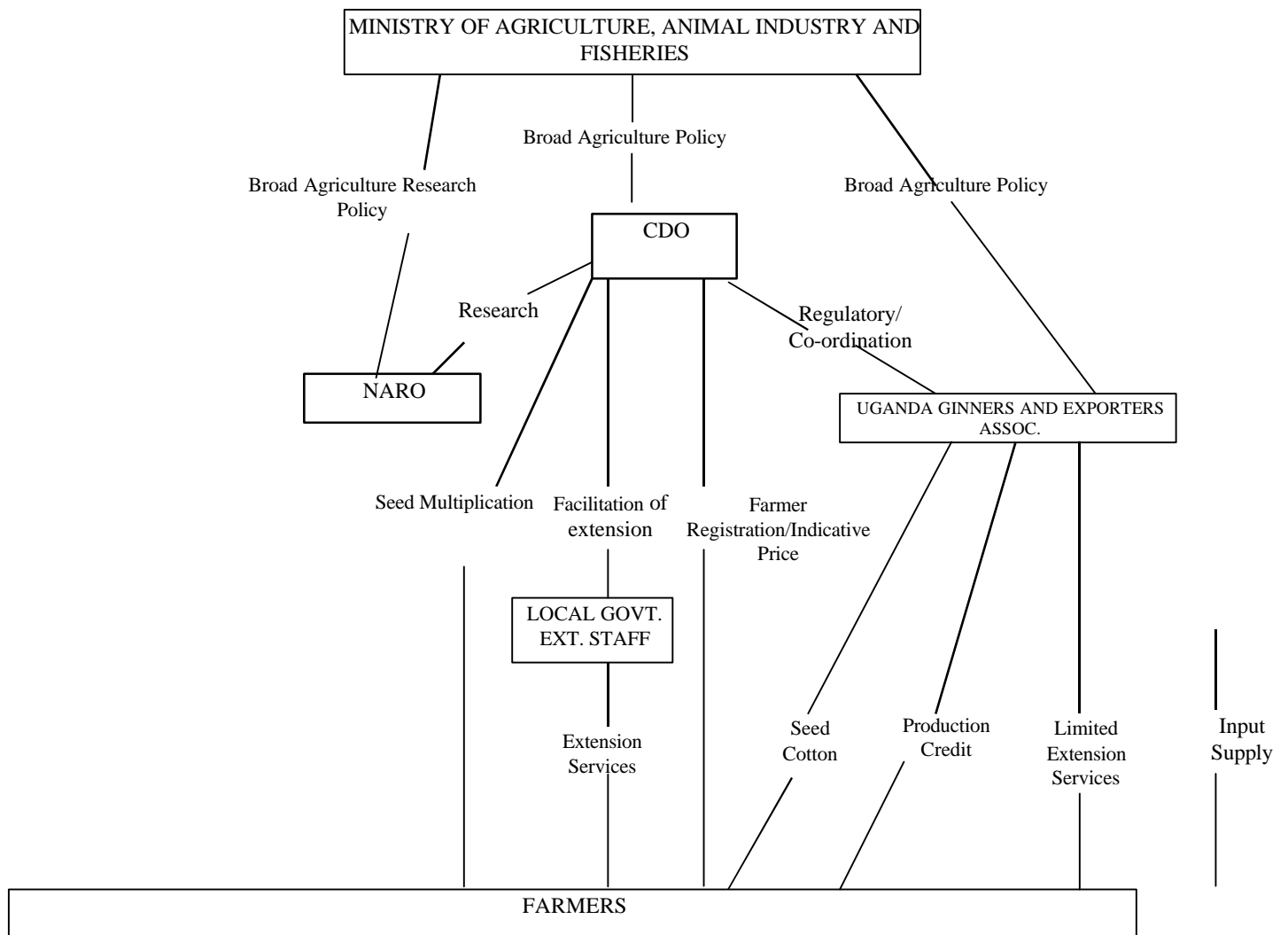
6. Research study on relevant irrigation systems for cotton production

Institutional set up

- In order to establish an efficient regulatory framework for the cotton industry and improve managerial, technical, and operating efficiency, CDO was established by the Cotton development Act of 1994 as the apex body of the cotton industry. It is mandated to regulate, promote, coordinate, and represent the industry in all aspects.

Stakeholder relations and functions are presented in the following diagram.

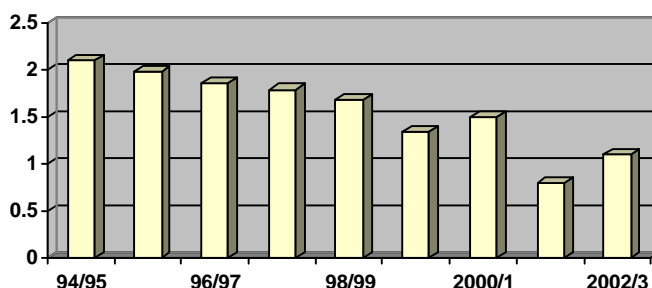
Cotton Industry, Stakeholder Relationships



Price Movements

- Cotton prices have experienced heavy fluctuations recording the highest price of US \$2.10/kg by 1994/95 and the lowest of \$0.80/kg in 2000/2001. However, the price has risen again in 2002/03 to 1.10\$/kg (*est.*). Real prices are expected to increase by 14% by 2015.

Figure 2 Price movements for the period 1994/95 to 2002/03



Customs Duties

Customs duties on imports of textiles and textile articles are covered under section xi chapters 50-63 of the Finance Act 2000. Uganda has a two bund customs duty as shown in table 4.

Table 4: Structure of Customs Duties

TAX	COMESA IMPORTS (%)	NON COMESA IMPORTS (%)
Import duty (I/D)	0, 4 and 6	0, 7 and 15
VAT	17	17
Withholding Tax	4	4
Import , Lic. Comm	2	2
Effective tax rate	27.68	40.55*

Source: Finance Act 2000. *Based on 15% I/D.

In addition:

- A 10% excise duty / surcharge, aimed at protecting locally produced products, is imposed on selected items. Second hand clothing, which is considered to damage the local textile industry, attracts a higher duty (15%).
- For export oriented manufacturers, there is a duty drawback system which allows claims on taxes on inputs used to manufacture exportable products.
- There is also the facility to manufacture under bond for exports

TEXTILES AND TEXTILES ARTICLES OVERVIEW

Textile Mills in Uganda

Table 5: Textile Mills in Uganda

Textile Mill	Location	Operation capacity	Installed Capacity	Products	Product disposal
Southern Range Nyanza Ltd	Jinja	Spinning: 6000 kg yarn/day Weaving: 46000m/day Processing: 7000m/day	Spinning: 10,000 kg yarn/day Weaving: 60,000m/day Processing: 100,000 m/day	Yarn, Fabric, Uniforms/Bed sheets, etc	Local Market High Potential for export
African Textile Mills	Mbale	17%	7000 metres per annum	Yarn, Fabric	Local Market
Simba Blankets	Old Portbell Road, Kampala	27%	25,000 pieces /m	Blankets	Local Market
Phenix Logistics Uganda Ltd	5 th St. Ind. Area Kampala	20%	54MT/month 2000 Doz. Shirts & 5000 Doz. T-shirts per month	Curded/Combed Yarn 54MT	36 ton. Export/Local internal use Export/Local
Pearl Textiles	Bukoto, Kampala	50%	300,000 pieces p.a.	Blankets	Local Market
Ug. Fishnet Manufacturers	5 th Street Ind. Area, Kampala	24%	-	Ply 4, 6, 9 and 12 for production of spindles	Local Market

Source: Textile Mill owners and UMACIS/UIA Textile Report

- Textile mills in Uganda are only capable of producing yarn up to count 40.
- A potential Swiss investor spinned Ugandan cotton to count 148, an indication that Ugandan cotton is under spinned and with modern spindles, Ugandan cotton is capable of producing high class yarn.
- With revamped cotton production as a resource base for the textile industry, privatization and rehabilitation of textile mills, the textile industry has reached a take off stage and can attract further investments especially in spinning, weaving and manufacture of garments.

Trade in Textiles and Garments

Uganda's textile trade is imbalanced in favor of imports as shown in table 6.

Table 6: Uganda Textile and Garment trade by value (1995-1999) US \$,000.

	1995	1996	1997	1998	1999
Imports					
Textiles fabrics not manufactured	23,421	25,788	21,392	23,024	22,477
Textile Yarn, fabrics made up articles	37,599	28,378	25,692	23,121	23,539
Articles of apparel and clothing accessories	14,754	14,125	11,490	17,335	17,587
Total (a)	75,774	68,291	58,574	63,480	63,603
Exports					
Textiles fabrics not manufactured	11,478	14,963	29,197	8,447	18,965
Textile Yarn, fabrics made up articles	2,073	3,192	11,609	1,393	1,465
Articles of apparel and clothing accessories	290	92	76	-	81
Total (b)	13,841	18,247	40,882	9,840	20,511
(a-b)	16,933	50,044	17,692	53,640	43,092
b as % of a	18	27	70	15	32

Source: Statistical Abstract, June 2000

The manufacture of apparel and clothing has been minimal. Competition from finished products contributed to the fall in indices for textiles and clothing. However, with AGOA coming into effect, there has been new investment and production has increased. Table 4 shows the production of manufactured garments for the period 1996 to 2000.

Table 7: Production of Manufactured Garments (1996 – 2000)

	Sector ISIC	Unit	1996	1997	1998	1999	2000	2001
Cotton & Rayon Fabrics	1721	Square Meters	2,410	8,825	5,206	6,860	4,743	5,603
Garments	1810	Dozens	-	1,260	681	219	13,577	43,024
Bed sheets	1810	Pairs	-	371,898	525	535,720	592,543	521,795

According to the 'Background to the Budget 2002/03, preliminary figures in 2001/02 indicate the growth rate in the production of textiles to be 246%. The strong performance in textile production reflects the trend in demand for these products.

COMPETITIVE ADVANTAGE

Uganda has a comparative advantage of agronomic and climatic conditions for producing among the best cottons in the world. With application of appropriate technological packages, Uganda's cotton production potential rates are over 1 million bales annually. Uganda's competitive advantage in cotton production lies in:

- Fertile soils and good climatic conditions consisting of an annual rainfall of 750 mm - 2000 mm and a temperature range of 15-30°C with a very narrow diurnal range
- Uganda's national average seed cotton yields range from 600 Kg (2001) in the lesser fertile soils to 2,500 Kg per hectare in the rich volcanic foothills of the Rwenzori Mountains
- Ability to produce large tonnage of organic cotton using natural predators and locally available botanicals in some areas
- High quality-the quality of cotton grown in Uganda is the proportion of 3 most grades of UCON, UCOB and UCOP improved from 36.10% during 1995/96 to 80.25% during 1998/99. 76% of the staple fall within 1 1/8" and 1 3/16", which falls within the medium staple category. This cotton is said to be one of the best in the world.
- A single variety which ensures uniformity of quality
- Long experience of cotton production since 1903, provides Uganda with a reliable resource base for development of the textile industry
- In the East African region, Uganda is self sufficient in electricity and with a reliable source of raw material, the country stands out to create a regional textile hub
- Uganda's policy environment is ahead of all regional countries in privatization and open market economy. This allows private investors to enjoy benefits of their investments and to engage in external trade without unnecessary restrictions
- Uganda is a strategically located and takes advantage of the market in Rwanda, Democratic Republic of Congo, Northern Tanzania, Southern Sudan and Western Kenya
- Uganda is member of Liverpool Cotton Association (UK), Bremen Cotton Exchange (Germany), Cotlook (UK) and the International Cotton Advisory Committee (USA). Every two years we present our standard grades for approval and international reference to these bodies.

INVESTMENT OPPORTUNITIES

1. Cotton Production

Cotton production is dominated by small-holder farmers and seventy percent of the available arable land is un-utilized. There are opportunities for commercial cotton farming.

2. Value Added Products

Uganda's cotton is mostly exported in the raw form. There exists a conducive environment for processing cotton to yarn before export. The global yarn market is in the region of US \$7bn a year. There is also viability in value addition to lint to produce yarn, grey cloth, textiles, fine garment, and surgical materials. Also cottonseed is a source of oil and animal feed.

3. Mixed Fibre Production

Fabrics of mixed fibres generally have high local demand and would secure regional markets.

4. Clothing and Apparel Industries

The availability of a large labour force can be tapped into since the clothing sub sector is labour intensive, for instance finishing stages.

5. Tailoring and designing School

There is need for training/designing schools to build the capacity in the clothing and apparel industries.

6. Cut Cloth/Contract Tailoring

There is a possibility of high labour cost countries looking for outlets for contract tailoring. In this case cut cloth is sent to low labour cost countries for tailoring and then re-exported. Investors can use Uganda's less costly labour to produce garments for export.

7. Production and Marketing Organic Cotton

Organic cotton is a more specialized product than conventional cotton. Its production requires certification and its marketing is more specialized. Investment opportunities exist in the production, marketing and export activities for organic cotton.

8. Production Chemicals

Cotton crop is susceptible to diseases and pests. Investment opportunities exist for pesticide formulators and mixers to combat the problem. Currently, all chemicals used in cotton production are imported in their finished formulations.

9. Textile Manufacturing for the Regional markets

High class textile manufacturing requires high technology. Producing good finish is capital intensive and would meet stiff competition with established countries like Germany and Italy. However, Uganda can attract investments in textile manufacturing for regional markets whose markets have not been fully exploited

MARKETS

The European Union Market

There is access to the European market under the Everything But Arms initiative (EBA). Most of Uganda's cotton is exported to Western Europe.

The US Market

The US market under the African Growth and Opportunity Act (AGOA). AGOA provides for duty free and quota free access to the US market without limit, for apparel made in eligible sub-Saharan countries from US fabric, yarn and thread. It also provides for substantial growth of duty free and quota free apparel exports to the US made from fabric produced in beneficially countries in sub-Saharan Africa.

Uganda was the 10th out of 35 eligible countries to satisfy all the conditions under AGOA.

The East African Market

This is a market of about 85 million people covered under the East African Community (EAC). The Treaty that established the EAC is in force and was subsequently ratified by the Para States on 30th November 1999.

The next stage of the EAC integration process is the establishment of the EAC Customs Union by 2004. A draft protocol of the EAC CU is currently under negotiation by the Para States.

The COMESA Market

- The Common Market for Eastern and Southern Africa (COMESA), is a regional economic co-operation group of 20 African countries with an estimated population of 367 million people (Appendix 3).
- The overall objective of COMESA is to promote regional integration through development of trade, natural and human resources. COMESA is one of the regional economic groups in Africa. The following specialized financial institutions support its activities:
 - The Trade and Development Bank for Eastern and Southern Africa (PTA)
 - The Leather and Leather Product Institute (LLPI).
 - The Clearing House.
 - The Re-insurance Company.
- Most of the co-operation progress has been made in trade liberalization.
 - Intra-COMESA trade has grown from US \$ 2,728.67 million in 1997 to US \$ 3, 199.05 million, in 2001.
 - An Automated System for Customs Data and Management (ASYCUDA) is used in all COMESA member states.

- Agreement has been reached to implement a Common External Tariff (CET) by the year 2004 with a proposed CET of 0%, 5%, 15% and 30% on capital goods, raw materials, intermediate goods and final goods respectively.
- Agreement has been reached to transform COMESA into a Free Trade Area (FTA) based on reciprocity.

The CONTONOU ACP/EU Partnership Agreement

- This agreement is to replace the ACP/EU relationship agreement.
- Under the agreement EU will be requested to establish a single regional fund for Eastern and Southern Africa region and COMESA states will adopt a common position on European Development Fund (EDF).

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 6: 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 7. 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 8. Other annual depreciation allowances

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

Investments into priority areas indicated in table 9, are accorded additional benefits.

Table 9: Priority Investment Areas

• Crop processing	• Storage
• Education	• Forestry and processing of forest products
• Fish processing	• Steel 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 6-8, 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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Every care has been taken to ensure the accuracy of information in this profile. Uganda Investment Authority does not accept responsibility for any error, omission or change that may have occurred and advises investors to verify facts for themselves.

Appendix 1: The Uganda Cotton Official Standards

Uganda Standard	Micronnaire	G-tex	Staple Length (inches)	International Equivalent Standard
ROLLER GINNED				
UCON	3.8 – 4.0	30 – 32	15/32 – 13/16	Good Middling
UCOB	3.8 – 4.0	30 – 32	11/8 – 15/32	Strict Middling
UCOP	4.0 – 4.2	29 – 30	11/8 – 15/32	Middling
UCOA	4.0 – 4.2	29 – 30	11/8	Strict low Middling
UCOM	4.0 – 4.2	28 – 29	11/8	Low Middling
UCOG	4.2 – 4.4	27 – 29	13/32 – 11/8	Good Ordinary
SAW GINNED				
UCOSA 1	4.0 – 4.2	29 – 30	13/32 – 11/8	Strict Middling
UCOSA 11	4.0 – 4.2	29 – 30	11/16 – 13/32	Middling
UCOSA 111	4.0 – 4.2	28 - 29	11/16	Strict Low Middling

APPENDIX 2: SEED COTTON PRODUCTION BY DISTRICT 1998/2001

REGION	DISTRICT	SEASONAL PRODUCTION (KG)		
		1998/99	1999/2000	2000/2001*
SOUTH EASTERN	KAMULI	2,493,718	3,651,689	2,154,567
	IGANGA	869,070	1,998,975	1,860,684
	BUGIRI	300,416	604,814	558,348
	BUSIA	417,730	256,857	229,337
	TORORO	4,538,050	5,450,582	3,378,077
		8,616,984	11,962,917	8,181,013
NORTH EASTERN	MBALE	1,322,355	2,908,789	4,284,000
	PALLISA	5,989,500	11,493,501	12,852,000
	KUMI	393,050	874,051	1,460,558
	SOROTI	842,418	1,004,390	510,082
	KATAKWI	53,261	80,654	76,541
	KAPCHORWAA			102,816
	MOROTO		19,260	28,560
KOTIDO	13,580	5,743		
		8,614,164	16,386,388	19,314,557
NORTHERN	KITGUM	1,313,514	2,380,819	5,887,930
	GULU	179,387	551,611	2,140,001
	LIRA	8,316,550	11,801,764	9,761,808
	APAC	6,712,174	6,864,814	9,398,380
		16,521,625	21,599,008	27,188,119
WEST NILE	ADJUMANI	9,873	34,734	14,851
	MOYO	59,820	25,926	42,269
	ARUA	580,390	743,445	1,035,300
	NEBBI	6,800,395	8,265,423	6,312,902
		7,450,478	9,069,528	7,405,322
WESTERN	KASESE	2,068,866	3,826,345	5,185,600
	BUSHENYI	523,132	925,869	1,573,600
	KABAROLE	26,496	24,797	173,600
	RUKUNGIRI		4,075	
		2,618,494	4,781,086	6,932,800
MID-W & CENTRAL	MUKONO	2,983	18,190	35,985
	LUWERO	2,099	190	55,978
	MUBENDE	1,669	1,020	4,284
	NAKASONGOLA	140,227	228,264	702,576
	KIBALE	131,931	1,510	67,401
	KIBOGA	30,591	4,030	21,420
	HOIMA	206,123	348,494	619,466
MASINDI	1,288,986	1,048,815	2,301,079	
TOTAL		1,804,609	1,650,513	3,808,189
OTHERS		269,006		
GRANDTOTAL		45,895,360	65,449,440	72,830,000

Source: CDO

*Estimates

Conversion factor: Seed Cotton to bales = 560

Appendix 3: Ginneries-Capacity and Status

SR. NO.	NAME OF GINNERY	OWNER / OPERATOR	LOC.	STATUS	INSTALLED CAPACITY (BALES)	OPERATIONAL CAPACITY (%)
1	Bugema	North Bukedi Cotton Co	E	Operational	54,000	100
2	Iki-Iki	“	E	Operational	21,000	100
3	Kabole	“	E	Operational	16,500	100
4	Nyakesi	South Bukedi Co-op Limited	E	Operational	22,500	100
5	Lukhonge	Masaba Cotton Co	E	Operational	15,000	100
6	Soroti		NE	Operational	50,400	100
7	Nakivumbi	Bon Holdings Ltd	E	Operational	31,500	70
8	Bulumba	Union Exp. Services Ltd	E	Operational	16,500	100
9	Aboke	Rafiki Cotton Ind.	NE	Operational	15,000	100
10	Icheme	Routogrove Ltd	NE	Operational	10,000	100
11	Kachumbala	Teso Co-op Union	NE	Operational	22,500	100
12	Mukhongo	Teso Agri base Ltd	NE	Operational	8,100	70
13	Arapai	“	NE	Operational	13,500	80
14	Ngetta	Lango Coop Union	NE	Operational	22,500	100
15	Odokomit	-	NE	Silent	22,000	50
16	Bamunanika	Bamunanika Ginnery Ltd	C	Operational	13,500	100
17	Kasese Nyakatonzi	Nyakatozi Growers Coop	W	Operational	22,500	100
18	Busolwe	South Base Agro Ind.	E	Operational	15,000	100
19	Dabani	Minar Trading Co	E	Operational	15,000	100
20	Kitgum	-	NE	Operational	22,000	50
21	Ladoto	-	NE	Uncommissioned	15,000	To commission
22	Hoima	Magnetic Enterprises	W	Operational	15,000	75
23	Kabulubulu	Twin Brothers Ltd	NE	Operational	15,000	80
24	Rhino Camp	Dan Kangave	WN	Operational	30,000	505
25	Masindi	Muddu Awulira Ent	W	Operational	15,000	100
26	Rwenzori	Rwenzori Cotton Ginners	W	Operational	15,000	100
27	Parombo	-	WN	Uncommissioned	15,000	To commission
28	Pakwach	South West Nile Coop	WN	Silent	22,500	70
29	Coorom	West Acholi Coop Union	W	Operational	20,250	70
30	Busembatia	Pramukh Agro Industries	E	Operational	15,000	80
31	Balawoli	Balawoli Cotton Ginery	E	Operational	31,500	100
32	Aduku		NE	Silent	12,000	80
33	Kibuku		E	Silent	7,500	100
34	Jaber		NE	Silent	12,000	To rehabilitate
35	Namusede		NE	Silent	7,500	To rehabilitate
36	Luzinga		E	Silent	15,000	To rehabilitate
37	Icheme S/Gin		NE	Silent	25,200	100
38	Clark Cotton Co Ld	Clark	NE	Operational	50,400	

Legend:

E Eastern Region
 NE North Eastern Region
 C Central Region
 W Western Region
 WN West Nile Region

Source: CDO

**Appendix 4. COMESA member states and population by country
(Millions)**

Member State	1991	1992	1993	1994	1995	1996	1997	1998 (Proj.)	1999 (Est.)	2000 (Est.)
Angola	9.5	9.9	10.3	10.7	11.1	11.5	11.6	11.9	12.3	12.6
Burundi	5.7	5.9	6.0	6.0	6.1	6.2	6.4	6.6	6.8	6.9
Comoro	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.72	0.74
Congo (D.R)	38.7	39.9	41.2	42.6	43.9	45.3	48.0	49.4	50.9	52.4
Djibouti	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.62	0.63
Egypt	57.7	59.0	60.3	61.6	62.9	64.2	64.5	65.8	67.1	68.4
Eritrea	..	3.3	3.4	3.4	3.5	3.6	3.8	3.9	4.0	4.1
Ethiopia	48.9	50.3	51.9	53.4	54.5	56.7	60.1	61.9	63.8	65.7
Kenya	24.5	25.9	26.4	27.3	28.3	29.1	29.9	30.6	31.4	32.1
Madagascar	13.0	13.4	13.9	14.3	14.8	15.2	15.8	16.3	16.8	17.4
Malawi	9.8	10.2	10.5	10.8	11.1	11.4	11.7	12.0	12.3	12.6
Mauritius	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.11	1.12
Namibia	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.6	1.64	1.7
Rwanda	7.2	7.4	7.6	7.8	8.0	8.2	8.4	8.7	8.9	9.2
Seychelles	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.10	0.10
Sudan	25.3	25.9	26.6	27.4	28.1	28.9	29.7	30.4	31.1	31.8
Swaziland	0.8	0.8	0.8	0.8	0.9	0.9	1.0	1.0	1.0	1.0
Tanzania	26.4	27.2	28.0	28.9	29.7	30.5	31.5	32.4	33.3	...*
Uganda	18.6	19.3	19.9	20.6	21.3	22.0	22.6	23.3	24.0	24.7
Zambia	8.4	8.7	8.9	9.2	9.5	9.7	9.9	10.1	10.4	10.6
Zimbabwe	10.1	10.5	10.7	11.0	11.3	11.5	11.7	11.9	12.1	12.4
Total	307.96	321.23	330.28	339.64	348.70	358.98	370.70	380.43	390.39	366.29

Source: COMESA Annual Report 1999.

* Tanzania pulled out of COMESA in 2000

Appendix 5: Tariff Position Towards COMESA FTA (March 2003)

Country	Tariff Position
Djibouti Egypt Kenya Madagascar Malawi Mauritius Sudan Zambia Zimbabwe	Duty-free trade. No duties or charges of equivalent effect on all goods originating from these countries.
Burundi Rwanda Ethiopia	Burundi, Rwanda and Ethiopia to join by end of January, 2004. Rwanda reduced tariff by 90% since January 2003 while Ethiopia reduced by same rate since October 2002. Burundi reduced by 60%.
Comoros Eritrea Uganda	Had reduced tariffs by 80%, so 20% of the general (MFN ¹) duty rates
Angola, Congo (DR), Seychelles	Full MFN rates.
Namibia Swaziland	Full MFN rates until the derogation lapses

Source: COMESA web site and Report of Finance Ministers' Meeting in Khartoum March, 2003

¹ MFN means Most Favoured Nations