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Meeting Summary

Stability, Growth and Cooperation: Uganda in 2012 and its Role in Regional Stability

HE President Yoweri Kaguta Museveni

President of the Republic of Uganda

Chair: Alex Vines, Research Director

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HE PRESIDENT YOWERI MUSEVENI

The speaker focused on factors of growth and transformation in society. Challenges to transformation are numerous. Here are the factors that Uganda faces:

The first factor is the question of who creates growth. Marx argued that the private sector is a parasitic force; that foreign investors are widely perceived as taking more out than they put in is an opinion shared widely. However, this is a mistaken view. The private sector does work for itself as well as the country at large. Those who practice altruism are hard to come by and the majority of society work for themselves. The private sector will continue to be the major agency of growth.

The second factor is the market, which is a crucial stimulus for continued growth, prosperity and transformation. When Africa was fragmented in to 53 small states by the imperial powers they created markets that were too small and that did not sustain growth. Compared with northern and southern America, Africa finds itself at a competitive disadvantage. The only means by which Africa can compete internationally – in addition to developing local markets - is to continue operating within our regional trade blocs (such as the East African Community).

Thirdly, and most importantly, is the issue of human resources. People need to be healthy and educated to drive forward a modern economy. This issue of human capital is a big problem in Africa and needs to be developed upon, or else a talented workforce will be lost.

The fourth factor is infrastructure. Despite some African states having foreign investment, available markets and quality human resources, they lack basic production infrastructure, or the costs to make goods are too high.

The fifth factor is the need for a strong regulatory framework. If it is weak this can negatively affect the other factors.

Growth must lead to transformation. Traditional outlooks and structures must be transformed to prepare for the emergence of a Ugandan middle class. Europe understands the history of class transformation. In the fourteenth century, it had the aristocrat, artisan and peasant classes. Then in the eighteenth century and with the industrial revolution, there were the aristocrats, bourgeois, proletariat and the peasants. The lack of economic progress in African states can be attributed partially to the lack of a metamorphosis of the way in which many African societies live. Their states are frozen. Colonialism killed African aristocrats and artisans. It needs to

develop a skilled middle class. This is already happening in some African states.

A final factor would probably have to be the exporting of raw materials. Ugandan coffee (one of its largest exports) is sold to Nestle for \$1 per kilo of beans. Nestle then take the coffee back to the UK, process and roast it, and charge \$14; not only is Uganda losing jobs but also \$13 per kilo. This issue, as well as the departure of skilled young people, must be resolved.

With regard to Uganda's role in regional stability and growth, the domestic and regional markets are difficult to access and operate in. The neighbourhood is in turmoil. There needs to be stability and Uganda wants to help its neighbouring states but is concerned about the influence foreign entities are having on local markets.

Haram (that which you find abominable) behaviour in states is often accepted by other black African states. Uganda does not practice forced interventions and does not seek to shape other peoples' countries. It is because of outside influences that Somalia remains in the dire state it finds itself in.

Only integrated markets can challenge a stagnant way of life and create a bright future for Uganda and Africa.

QUESTIONS AND ANSWERS

Question: Where do you see Uganda in twenty years time?

HE Yoweri Museveni: A high to middle-income state. Our personal and national savings are in great shape. The recent discovery of oil will lead to greater and faster infrastructure growth. Uganda is at a take-off stage. For the last six years, we have been working with the West and have developed grants with them.

Question: Could an Arab Spring occur in sub-Saharan Africa?

HE Yoweri Museveni: We are dealing with different contexts here. The Arab Spring emanated from countries that were progressing very slowly. There was no real industrialisation in North Africa and Egypt was discontent. If you compare Egypt with Turkey, there is a real difference.

There was also the difference of ideologies. You had a situation where populist Islamic groups were against secular regimes. If Africans have an issue with their government, there are spasms but they try to address the situation constructively. For example the issue of energy: In the US, 14,000kw/h of electricity is used per person. Whereas on the African continent, only Gaddafi's Libya and South Africa use(d) over 1,000 kw/h. It is the result of focusing on peripheral issues like homosexuality rather than essential ones like energy that countries fail. Homosexuals need electricity too. We must prioritise the essential issues.

Question: Many resource-rich African nations have fallen victim to the resource curse, but Uganda has been effective in avoiding it. How have you managed this? Have you any recommendations for other African states on this matter?

HE Yoweri Museveni: This issue is one of ignorance. It is often down to the fact that many African states have traditionally lacked the technical know-how to deal with the resource effectively: this was a situation that Uganda found itself in. But far from letting Western firms dictate the terms, I called Shell and BP and told them that I would not be giving them concessions yet, because we lacked the technical knowledge of the petroleum industry. I spoke to BP and Shell because they were the companies that approached me. Far from rushing in to a mistake like many of our brother countries had done, we went out and looked for young Ugandan physicists and engineers and sent them out for further education and to be trained in the petroleum business. They went to universities in America, the UK and India. When they returned they were employed by the state, and Uganda was in a much stronger position to negotiate with the oil companies: we would no longer be signing an agreement in ignorance.

The fall-out of oil exploitation worries many Ugandans. The practice of gas flaring – where residue gas from the drilling process is burned off in to the atmosphere – is a cause of environmental concern. However, we have received assurances that this harmful practice will not happen in Uganda. After all, this gas can be useful. Ugandans found the oil fields in the first place and we are not going to ruin our own country.

Succumbing to the resource curse is also a result of weak state structures: weak armies and weak political classes. In some regions of our continent, oil companies have even orchestrated coups.

The ideological element should also be taken in to account. Leaders may often be unable to contextualize the oil in the wider economy. We need to re-

emphasise that oil is a catalyst to improving human capital. Human resources are the true measure of the wealth of a country. So with, for example, agriculture and tourism sustainable sources of income can be created, whereas oil will ultimately run out. South Korea makes hundreds of billions of dollars out of its industries, whereas some African oil-producing countries make about \$20 billion from their resource but focus entirely on the oil sector. The greatest wealth of Nigeria is not its vast oil reserves, but its people.

Question: What is your vision for the oil industry?

HE Yoweri Museveni: I have been very clear as to where the oil revenue would go. First, infrastructure, especially electricity from hydro, gas, tidal and eventually solar sources. Also, science education, innovation and irrigation. It will never be used for consumer goods or travel.

Question: Please would you comment on the proposal to develop infrastructure for a railway between Uganda and South Sudan. We are currently seeing trade between South Sudan and Uganda slowing due to poor infrastructure.

HE Yoweri Museveni: I intend to use the army to build the railway. We were always planning to build the railway between our two countries regardless. The general in charge of the railway is currently in Khartoum.

Question: Should the African Union interfere in its member states?

HE Yoweri Museveni: The African Union operates a peer review mechanism and acts as an advisory body, but it does not impose its will on member states. This extreme course of action will only be taken if there is a severe violation of human rights (like the Rwandan genocide). We like our system of reviews, not a crude European intervention.

Question: What are your hopes for the Somalia Conference tomorrow?

HE Yoweri Museveni: I hope for a well structured meeting. I am very glad that both the AU and IGAD were invited and will be in attendance and that all stakeholders will be represented. I am not sure what will come out of it, but historically there has been a collective lack of political will that has failed Somalia – hopefully this will no longer be the case.