



FREE ZONES IN UGANDA

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About Uganda Free Zones Authority

- Uganda Free Zones Authority (UFZA) is a Government Agency established by the Free Zones Act, 2014, for the purpose of creating opportunities for export-oriented investment and job creation.
- UFZA is responsible for:
 - 1) Establishment;
 - 2) Development;
 - 3) Management;
 - 4) Maintenance;
 - 5) Marketing;
 - 6) Supervision, and
 - 7) Control...of Free Zones in Uganda

...Uganda Free Zones Authority

- The Authority has membership in:
 - 1) Africa Economic Zones Organization;
 - 2) World Free Zones Organization
 - 3) Global Alliance on Special Economic Zones
- UFZA offers developers and operators of Free Zones in Uganda the advantages of extra-territoriality and transnationalism – No border frictions

International legal and policy linkages

- East African Community (EAC) Customs Union Protocol – Articles 25, 29,31 and 32
 - EAC Customs Management Act, Part XIV
 - EAC SEZ Policy, 2022
 - Article 23 of the AfCFTA CPTG
-
- Global best practice
 - Full integration into the Global SEZs ecosystem

What is a Free Zone?

- A “Free Zone” is a gazetted geographical area exempted from customs duties, and taxes applicable on exportation of outputs to aid the production of export competitive goods and services.

Examples

- **Export Processing Zones**
- **Free Port Zones**
- **Special Economic Zones**
- **Free Trade Zones, etc.**





Types of Free Zones Licenses

Developer's License

- Issued to an Entity which would invest in the development of infrastructure in a Free Zone for either their own use or to let out to other Operators or Business Enterprises

Operator's License

- Issued to an Entity which undertake commercial operation activities in the Free Zone

Manager's License

- Issued to a person or an entity which carries out the day to day running of a Free Zone.

Business Opportunities in Free Zones

1. **Manufacturing – Electronics, Machinery & Equipment, Textiles and Apparels, Leather and foot wear**
2. **Agri-business & Processing – Coffee, Cocoa, etc**
3. **BPO/ITES**
4. **Furniture and Wood Products**
5. **Refined petroleum Products**
6. **Pharmaceuticals, Botanical Products Pathogen economy**
7. **Basic metals and precious mineral beneficiation**
8. **Warehousing & Dry/Cold Storage**
9. **Simple Assembly**
10. **Development of Comprehensive Model SEZs**



Who is Eligible?

1. Exporters of at least 80 per cent of goods produced by the enterprise (Export Processing Zone)
2. Developers of transshipment hubs (Free Port)
3. Private Developer who owns land or industrial buildings
4. Greenfield investors – No minimum capital threshold



Benefits of Free Zones to the Private Sector

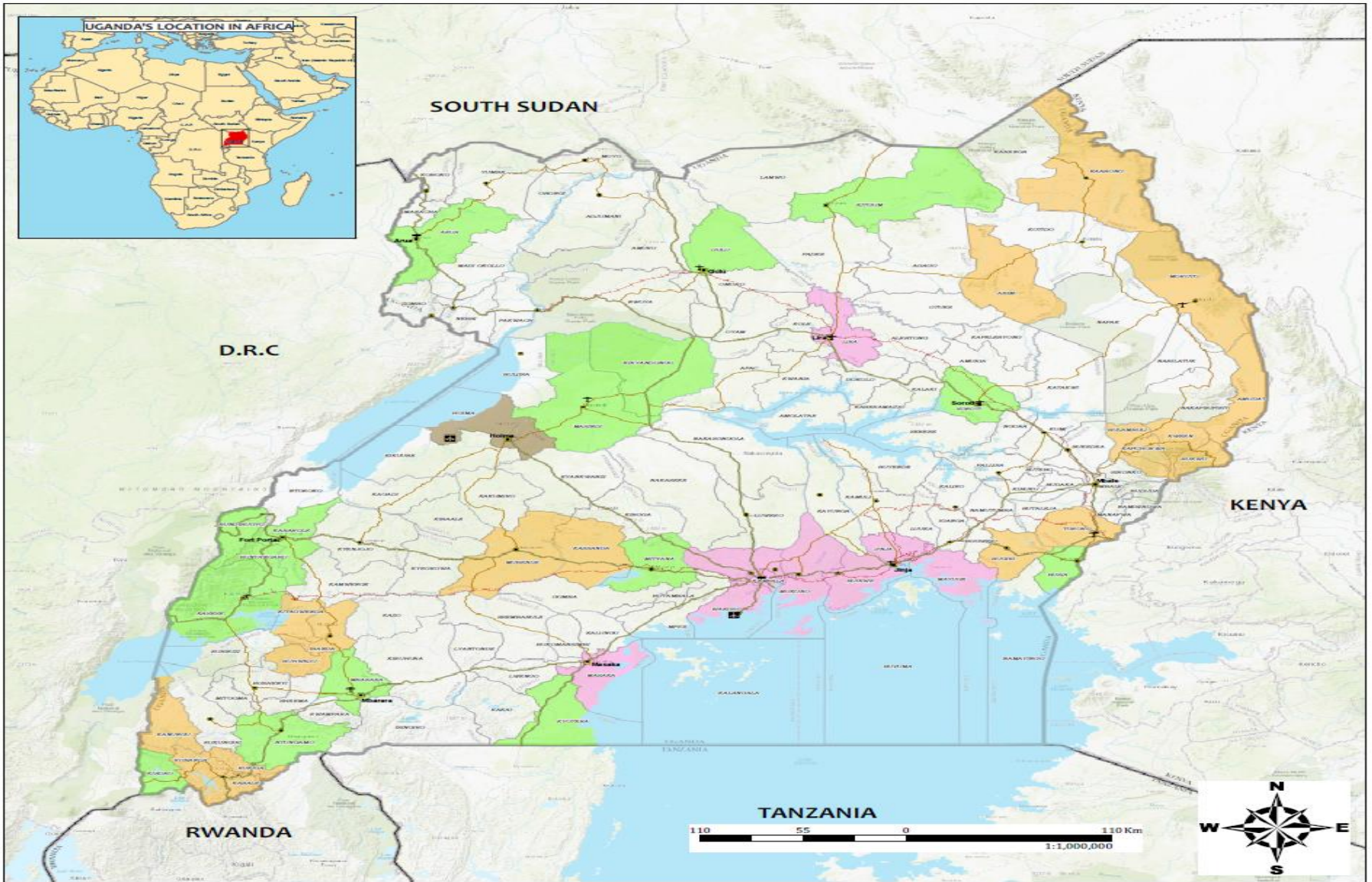
1. Agglomeration, clustering and co-location
2. Simplified Administrative Procedures for obtaining licensees and permits from other Government institutions - *Relationship Manager assigned to every Free Zone*
3. Green Channel Customs Management Platform for Free Zones goods
4. Green field & serviced industrial land for leasing
5. Pre-built Plug and play industrial sheds, warehouses & office space



Tax Incentives

1. Import Duty is exempt on Plant and machinery, Spare parts, tools, raw materials, intermediate goods, construction materials, equipment, office equipment and supplies, and transport equipment;
2. 10-Year Income Tax Exemption for a Free Zone Developer and Operator;
3. VAT is exempt on any payment for feasibility studies, design, construction services, construction materials, earth moving equipment and machinery;
4. Excise Duty is exempt for construction materials for development or construction of a factory or warehouse; and
5. No stamp duty payable on legal instruments executed by Developers and Operators of Free zones e.g. debenture, lease of land, increasing of share capital and transfer of land.

POTENTIAL FREE ZONE AREAS IN UGANDA



Abbreviations:

Km - Kilometre, Int - International
 D.R.C - Democratic Republic of Congo
 UBOS - Uganda Bureau of Statistics
 UNRA - Uganda National Roads Authority
 MEMD - Ministry of Energy and Mineral Development
 MAAIF - Ministry of Agriculture, Animal Industry and Fisheries

Note:

This map is a result of the national mapping survey to identify potential free zone areas, the supporting social amenities and major sector of investment.

Potential Free Zone Areas

Key Investment Sectors

- Agriculture and Agro-processing
- Light and Heavy manufacturing
- Mineral and Mineral processing
- Oil and Gas

- Airfield
- Int. Airport
- Capital City
- City
- Major Towns
- National Road
- District Road
- Railway line
- Main river
- Lakes
- District Boundary
- Int. Border



Opportunities for Developers Kaweweta (4,465.363 Hectares)

The land is located in Central Uganda.

Investment Opportunity:

1. Development and operation of a Private Free Zone as a single tenant or multi-tenant model
2. Construction of industrial facilities, warehouses, & office building for lease/rent by more than 1000 private operators

Potential Sectors

1. Heavy and Light Manufacturing
2. Commercial farming & Agro-processing
3. Services





Entebbe International Airport Free Zone Business Opportunity - Plug and play industrial shed space

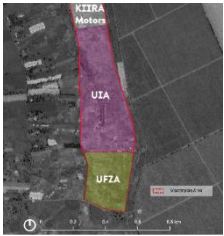
Competitive advantages

1. Free Zone is located within the Entebbe International Airport
2. One - Stop Trade Facilitation Centre
3. Pre-built factory units/warehousing facilities & office space for rent
4. Fenced & onsite transport infrastructure & utilities - dedicated power, water, ICT backbone
5. Internal Container shed
6. **Rental space for 7 operators @ 800 m² each unit.**
7. **Targeted Business Activities:**

Horticulture, Meat & Dairy, fish, Mineral processing, Logistics/ Cold storage, Packaging



Jinja Free Zone (20 acres) Single-Tenant for Cotton, Textile and Apparel



Textile Mill Project

Cost: US\$ 47.44 Million

Apparel & Garment Project

Cost: US\$ 24.82 Million

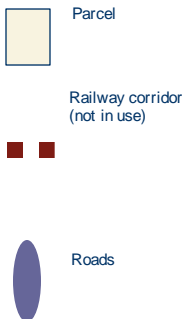
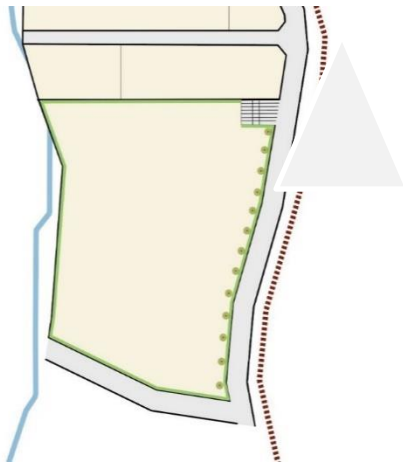
Site Advantages

1. Access to Utilities (**water**) 6 inches diameter water pipe
2. **Reliable Power** - 33KV electricity transmission line running through the site
3. Planned **Industrial Park**

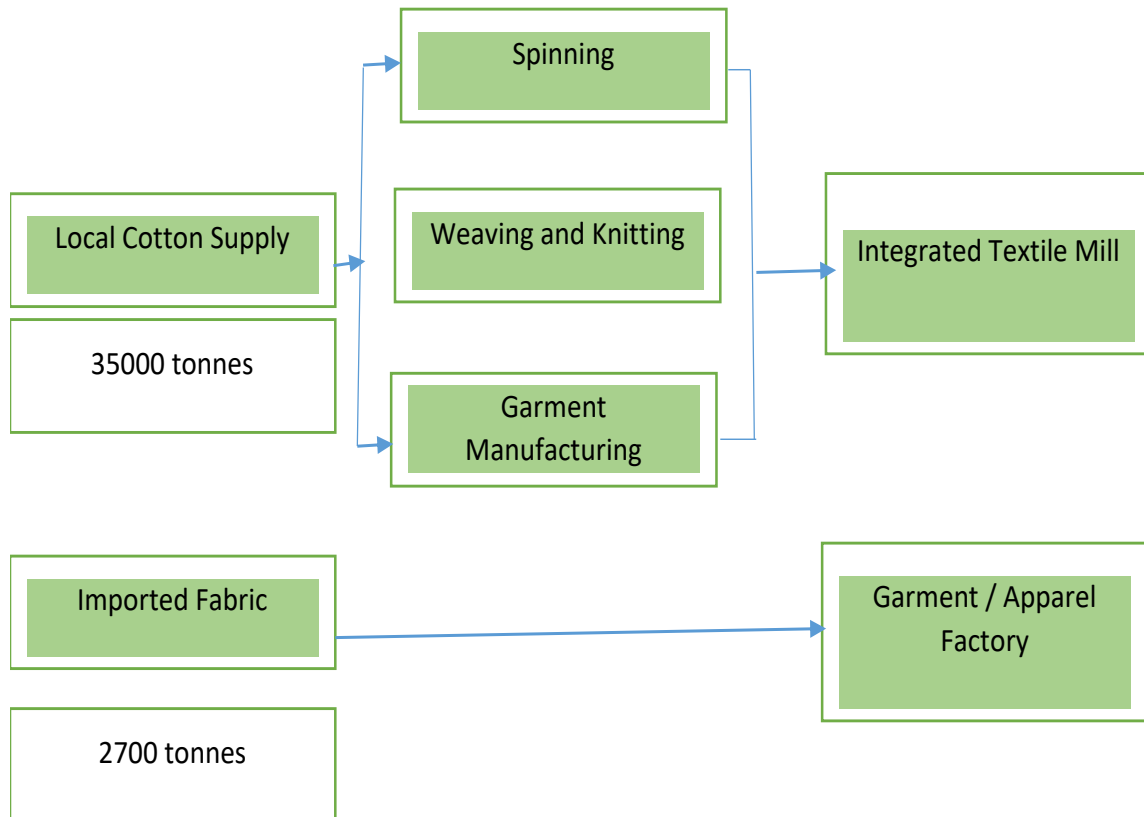
Investment Opportunity:

- 5 acres of land for an integrated fabric mill;
- Provision of a Zero Liquid Discharge (ZLD) facility which would require a total land area of 5 acres. (The ZLD is a wastewater treatment facility which eliminates liquid discharge from a system; and
- 10 acres of land to accommodate 3 garment and apparel factories for export to North America under AGOA.

Land Use allocation



Textile Opportunities for establishing an integrated Textile mill, Garment & Apparel factory in Jinja Free Zone (20 acres)



Input Volume (60%)	Employment
3000 tonnes / annum	Permanent –30 General Workers– 400
480 tonnes /annum	Permanent – 25 General Workers – 1,500

Source: Gherzi Report, 2009

Integrated Textile Cost Analysis

Integrated Textile Mill

Description	Cost
Buildings and Infrastructure	\$23 089188
Plant and Machinery	\$12 783 905
Pre-operative expenses	\$1 345 674
Contingency reserve	\$2 071 095
Working Capital	\$3 143 093
Total Project Cost	\$42 432 957
Input Material (lint)	\$3 600 000
Insurance (1% of CAPEX)	\$127 839
Water (\$0,6/m ³)	\$6 668
Electricity (\$0,05/kwh)	\$291 414
Staff	\$950 000
Administrative	\$30 000
Total	\$47 438 878

Apparel and Garmenting Factory

Description	Cost
Construction of Facility <ul style="list-style-type: none"> • Parking • Truck Entry Bay • Offices • Gate & Entry/Exit • Power Points • Storage areas • Quality Control rooms • Offices 	\$4 025 000
Machinery & Equipment*	\$780 000
Input Materials	\$18 506 880
Staff	\$1 365 840
Insurance (1% of CAPEX)	\$48 050
Marketing	\$50,000
Administrative	\$45,000
Total	\$24 820 770

Source: Feasibility Report for Jinja Free Zone, 2020



Textile & Apparel opportunity – Cont'd...

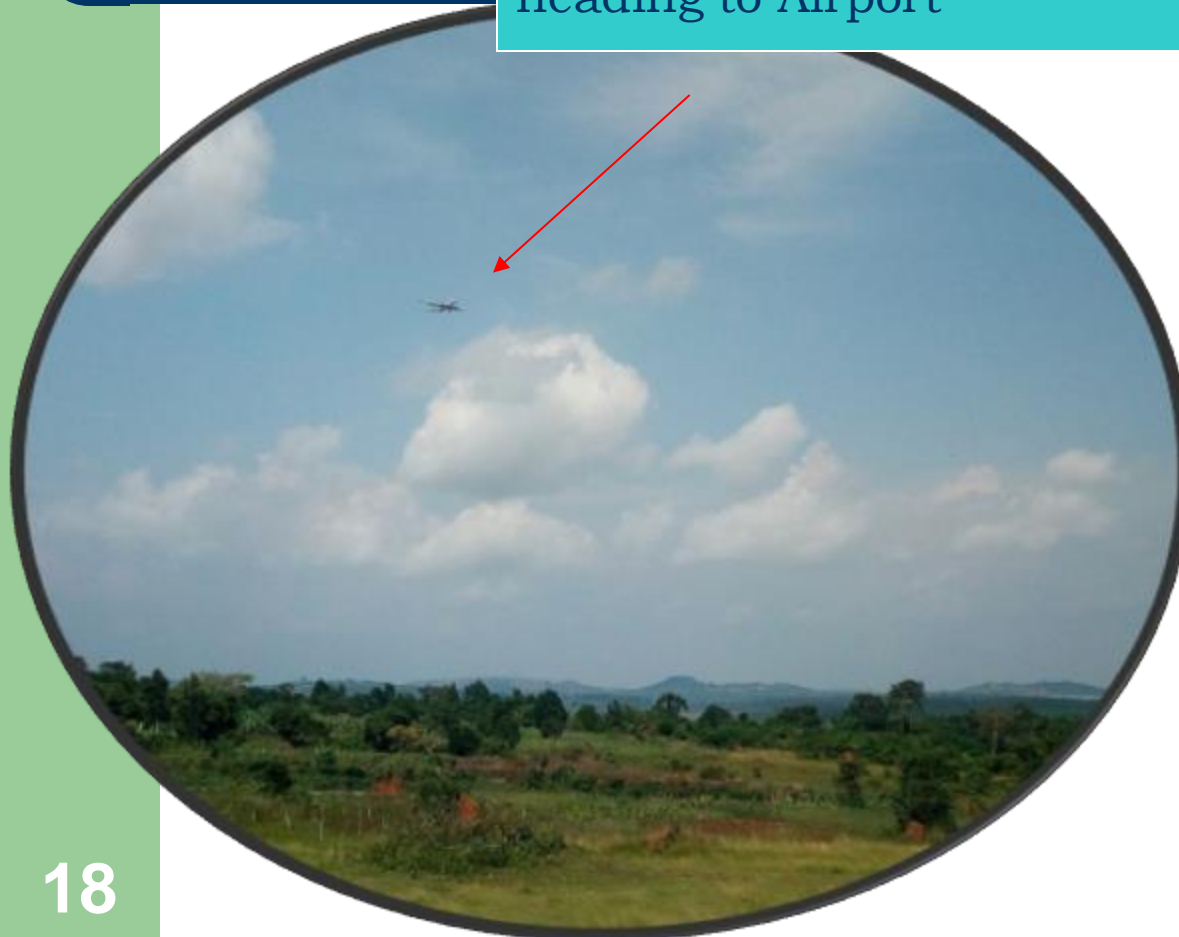
1. Sufficient local cotton supply - Uganda has the second highest area under cotton cultivation in Africa.
2. Superior organic high quality of cotton fibre (handpicked)
 - ❖ GoU subsidised power prices as low as \$0.05 per KWh
3. Supply value-added textiles to both regional and global markets
 - ❖ Export textiles under AGOA which has been severely underexploited due to quality



Opportunities cont'd...

Buwaya - 109 acres

Passenger Plane
above the site
heading to Airport



Site advantages

1. Proximity to the Airport (4kms)
2. Dry land with no Environment limitations

Sectors

1. Manufacturing
2. Agro-processing
3. Services



Opportunities cont'd...

Kasese Free Zone (20 acres)



Site Advantages

1. Close to the D.R. Congo- major trading partner of Uganda.
2. Kasese has an Airstrip.

Potential Sectors/Areas of Investment

1. **Agro processing**
 - a. **Food processing** - Maize, Millet, Groundnuts, Irish Potatoes, Sweet Potatoes,
 - b. **Fruit Processing** (Passion fruits, Tomatoes, Cabbage, Cotton, Oranges, Coffee, Chili peppers, Mangoes, Pineapples, Pears, Apples and Sugar cane.
2. **Manufacturing**
Textile and Apparel, Pharmaceuticals, Dairy, Meat, and Leather.



Opportunities cont'd...

Soroti Free Zone (20 acres)

Site Advantages

1. Site is located in an Industrial Park.
2. Government-owned Fruit Processing Plant and other factories
3. Tarmac access road within the Park
4. Feasibility Study and Master Planning is to commence FY2021/22

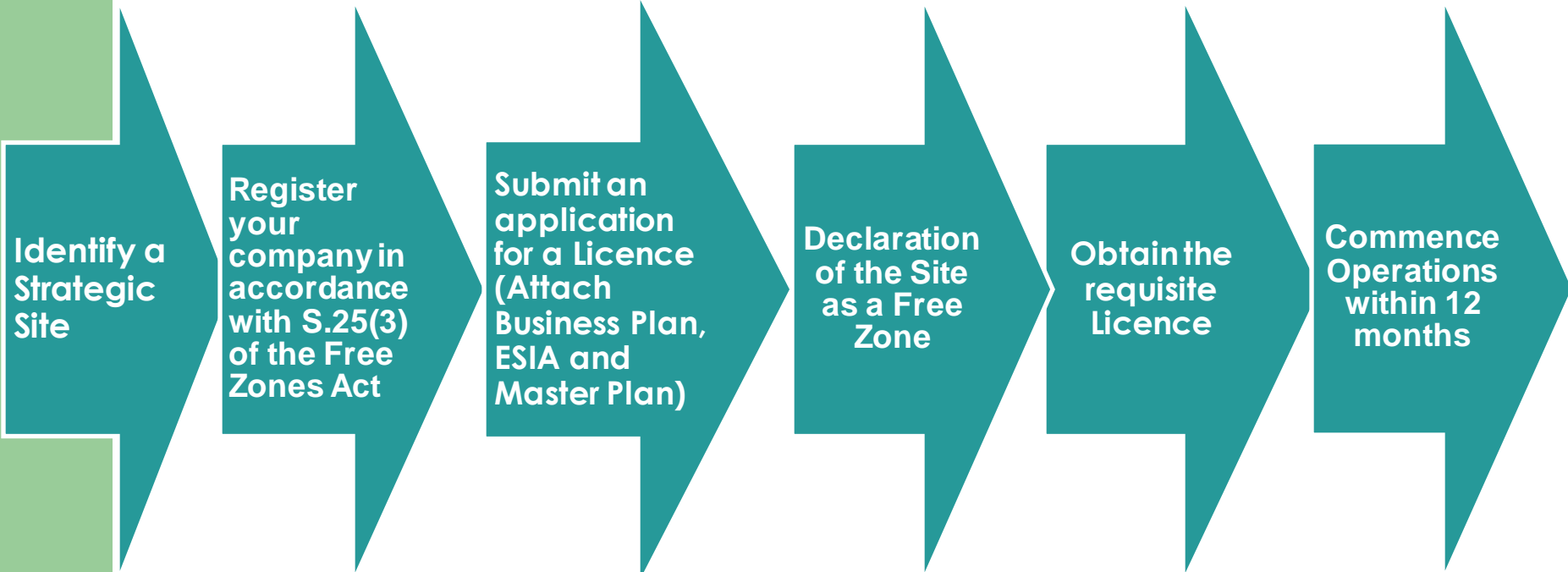


Potential Sectors

- Food processing
- Fruit processing,
- Timber/Wood processing



Starting a Business in a Free Zone



UFZA works with the Developer/Operator throughout this process



Thank You

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