

# ENGINEERING, TECHNOLOGY & INNOVATION IN UGANDA

Dynamics & Turbulence in the Manufacturing Industry...

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THE RIGHT QUESTIONS TO ASK THE UGANDA'S MANUFACTURING SECTOR: AREN'T THE INDUSTRIAL INVESTORS OVER PROTECTED?

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It is a global reflex action that the manufacturing sector is as James R. Tybout in his paper *Manufacturing Firms in Developing Countries: How Well They Do and Why?* once put it, the darling of policy makers especially in the less developed countries, the leading edge of modernization and skilled job creation as well as a fundamental source of positive spillovers. It is therefore quite clear that for a sector to develop, there have to be supportive mechanisms to hold it up condusively while policies being at the fore front.

As a country with a growing manufacturing sector whose economy was projected to grow by 6.2% in the 2019/2020 financial year while in this the industrial sector's growth was estimated to grow by 5.6% even beating agriculture which was projected at 3.8%, Uganda is obviously enthusiastic about thrust of the sector and would as one could say be in a position to do whatever it takes to bring its dream to a reality, however, as I mentioned in the previous article in this same series of *The Right Questions To Ask The Uganda's Manufacturing Sector:* where I paused a question *Is The Current Value Addition Valuable Enough?* The right questions need to considered if the right policies are to be enacted to aide the development of the sector. Therefore, under this quest, it is of importance to know that that it is still easy for a the policy

makers to stretch themselves beyond their capacity without possibly noticing its immediate impact if the right steps are not taken and a thing which could in turn affect the small scale manufacturers while reluctantly favoring the large scale producers or affecting both or on the other hand even favor both parties yet being unfair to the labour force itself leaving them exploited at the end of the day.

*As to whether small scale manufacturers decide to remain small to avoid excessive regulation and do away with heavy tax burdens or large scale manufacturers grow bigger because of bigger influence to obtain special treatment is a question of whether a country's policies are favorable or not and to whom.*

It has been a repetitive pattern in history of developing countries especially in Africa that the upcoming small scale manufacturers tend towards remaining informal to avoid levies such as higher tax burdens because they have seen how the medium scale manufacturers have fought their way through coping with licensing policies, contending to higher labor costs to substantially trying to strike a balance between higher excise duties and profits.

Therefore with all the above mentioned factors put into consideration, it is important to note that how far the medium scale manufacturers will go and how high small scale one will rise is largely if not completely dependent upon how well the current policies will favor them in their successive stages of early development otherwise it is quiet easy that we shall continue to see ourselves in a state of continuous crop up of small scale manufacturers that continue to remain in the lower zones of manufacturing without crossing the medium scale boundaries and this means that the industrialization dreams will for a long time not be achieved. Therefore, the prevailing policies should be adjusted and bent so far that they can favor the small scale while not reluctantly giving a free pass to the large scale ones.