

THE REPUBLIC OF UGANDA

MINISTRY OF TRADE, INDUSTRY AND COOPERATIVES

STATEMENT TO PARLIAMENT

ON CONCERNS REGARDING

**AREA LICENSING BOARDS UNDER THE ENGULI MANUFACTURE AND
LICENSING ACT, CAP.86**

18th MARCH, 2020

A handwritten signature in black ink, consisting of a stylized, cursive script.

Rt. Honorable Speaker,
Hon. Members of Parliament;

On 20th, February 2020, I presented a Paper in Parliament on some Issues of national concern on the status of the “*Enguli*” (Manufacturing and Licensing) Act Cap 86 provisions in regulating the Alcohol Sector.

The issues in question were;-

- Who the licensing Authority is for the establishment of Alcohol manufacturing industry and
- Whether one can be given a license to Manufacture “*Enguli*” (Crude Waragi)

Introduction

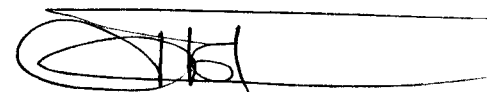
From the Colonial times, “*Enguli*” was defined as all the locally manufactured (home-made) spirits from agricultural products such as: cassava, maize, bananas, sorghum etc.

These products were declared unsafe and not of good quality for direct human consumption. However, to promote wealth creation to the local communities, Government promotes refining all the crude “*Enguli*” into Uganda Waragi for direct consumption.

Background of the “*Enguli*” (Manufacturing and Licensing) Cap 86

This Act was passed in 1965 and its enactment commenced in January 1966. It created a Central Licensing Board, whose membership on Ministerial appointment and a series of Local Subordinate Boards were to be appointed by the Central Board.

The Central Board set the number of “*Enguli*”



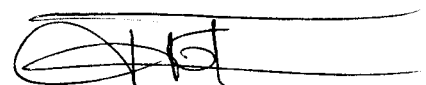
manufacturing licenses to be issued and the overall quantity of “*Enguli*” which could be produced; the local board distributed these licenses and quota among applicants.

While these structures were put in place, and the system ran into some administrative challenges due to several challenges.

Challenges with implementation of the “*Enguli*” Act

- The quotas for the number of licences applied and the overall production were restrictive central licensing board.
- The price of buying the “*Enguli*” by the exclusive buyer and selling of the refined spirit was fixed by Government, through the Central Licensing Board. This resulted into few people applying to manufacture “*Enguli*”.
- In 1971, a body which claimed to represent licensed “*Enguli*” producers complained over the low prices they were paid and some manufacturers started selling their product across the borders illegally.
- The insecurities that ensued after the liberation wars in the Country from 1980 -1985 affected the operations of the East Africa Distillery at Luzira and they stopped buying “*Enguli*” from the exclusive supplier. Instead, they bought spirit which was produced by sugar mills.
- The Central and Area Licensing Authorities were headed by Regional Governors and District Commissioners, who are not in existence now.

The Alcohol Industry has fully expanded in both formal and informal production and the existing



Regulatory Framework have become obsolete. They can no longer comprehensively regulate the Sector and have been overtaken by new requirements attributed to technological developments in the manufacture, packaging, trade and environmental considerations.

Current Regulations for licensing investments and businesses

The existing Legal Framework include; the Investment Code (*Amended*) Act 2019 which provides for investment licensing of businesses in alcoholic products for both local and foreign investors

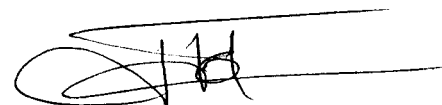
- Trade (*Licensing*) (*Amendment*) Act 2012, provides guidance related to trading of the product
- Uganda National Bureau of Standards Act (*as Amended 2013*), to ensure the safety and quality of the product is maintained.

Some Local District Governments have enacted Ordinances to regulate the licensing, manufacture and trading of alcoholic beverages at the various levels, the Municipalities, Town Council and Trading Centre at the village, Sub-County and County levels.

To note:

The existing “*Enguli*” (*Manufacturing and Licensing*) Act Cap 86 provisions for establishing Central Licensing and Area Licensing Board are not enforceable based on the existing industrial, economic , political , social and environmental policies and regulations.

The Ministry has now developed the Principles of the New Alcoholic Drinks Control Bill and is undergoing consultations. This new Bill once passed and enacted, will



repeal the existing “Enguli” Act Cap 86.

Modalities for Regulation of Jaggeries

Under The sugar Policy, Government committed to establish a sugar regulatory mechanism to mediate and administer Sugar Sector related matters. While developing the National sugar Bill, a provision was made for regulating Jaggery and Open Pan Mills for farmers adding value to the sugarcane.

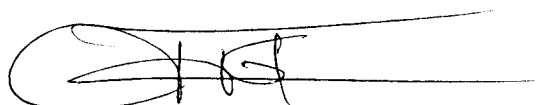
Conclusion:

Rt Honorable Speaker and Honorable Members, the “Enguli” produced under the “Enguli” Act is not meant for “direct consumption” but to under go further refining process into a portable spirit, called “Uganda Waragi”.

Alcohol produced in today has many other uses including direct consumption, for example can be used as raw material to Pharmaceutical industries to make medicine, perfumes, disinfectants and other medical uses. Hence the need to review the existing alcohol Acts to make the product meet the expected purposes.

The Ministry will fast-track the development and finalization of the two Bills namely; Industrial Licensing Act Amendment Bill and the National Alcoholic Drinks Control Bill to sustainably promote and regulate the Industry.

I thank you!



Kafabusa Michael Werikhe (MP)

MINISTER OF STATE FOR TRADE AND INDUSTRY