
[Uganda: Will oil solve or increase the country's problems?](#)

Recently, a joint venture company between Heritage Oil & Gas --a subsidiary of the Canadian-based Heritage Oil Corp-- and South Africa's Energy Africa have announced the preliminary results from trial drilling. The exploration for oil has been going on for some time now near the country's western border and the results point to billions of barrels' worth of oil deposits along the western arm of the East African Rift Valley in the Semliki. Uganda's Semliki basin, 265 km west of Kampala, is part of a larger prospective oil field that stretches into eastern Democratic Republic of the Congo, which Heritage Oil says has reserves estimated at several hundred million barrels.

This news arrives to a country where its economic growth has declined from an average of 7 per cent to 5 per cent. Returns from coffee, which for decades was the country's major foreign exchange earner, are also dwindling given the low world prices for the crop and the coffee wilt disease that has affected millions of trees. Furthermore, security concerns, both internal and external, have also affected the country's tourism sector, which in the past earned the country considerable foreign exchange. Uganda's external debt, which in the 1980s was about \$2.5 billion, has grown to \$3.6 billion, while unemployment has shot up. According to official figures, forest and woodland cover shrunk from an estimated 45 per cent of total land area in 1900 to only 7.7 per cent by 1995. The government seems to have no immediate solutions to these problems.

For the advocates of a "development" scheme based on the export of natural resources --the role left in the global economy for impoverished but resource-rich countries-- the solution seems to be at hand: Uganda may soon start exporting significant quantities of oil.

However, they forget that most countries where oil deposits have been found are either embroiled in civil wars --which more than "civil" are corporate wars waged over access and ownership of oil-- or suffering the social and environmental impacts resulting from oil operations in their territories (see "Oil and Violence in Africa", <http://www.wrm.org.uy/countries/Africa/CapeTown.html#statement>). Will Uganda avoid such a fate? Or will it join the group of African countries --such as Angola, Sudan and Nigeria-- where war and violence have come hand-in-hand with oil exploitation?

The only thing that is clear is that in all cases the benefits from oil exploitation have accrued to the big companies and their local proxies, with just some tiny crumbs --if any-- leaking to the local people, who have had to bear all the impacts. If history repeats itself in Uganda, local people should consider the recent news as a curse and not as a blessing.

Article based on information from: "Oil: blessing or a curse?", The East African, 13 April 2003, received through Africa News Update, sent by The Norwegian Council for Africa, e-mail: update@afrika.no ; "Uganda goes for black gold", <http://www.africaonline.com/site/Articles/1,3,48556.jsp> ; "Chapter Two: The State of the Environment. Africa. Forests", <http://www.grida.no/geo2000/english/0054.htm>

