



**20<sup>th</sup> April 2026**

**The Clerk to Parliament,  
Parliament of Uganda,  
Parliament Buildings, Plot 16-18,  
Parliament Avenue, Kampala,  
P.O. Box 7178,  
Kampala, Uganda**

**Dear Sir/Madam,**

**RE: POSITION STATEMENT ON THE PROPOSED PROTECTION OF  
SOVEREIGNTY BILL, 2026**

***A Perspective from the Association of Uganda Tour Operators (AUTO)***

### **1. Introduction**

**The Association of Uganda Tour Operators (AUTO)**, as the umbrella body representing tour operators and key stakeholders in Uganda's tourism sector, takes cognizance of the Government's objective of safeguarding national sovereignty through the proposed ***Protection of Sovereignty Bill, 2026 (the "Bill")***.

The Bill in its current form seeks to regulate external influence in Uganda's political, economic, and social affairs, particularly in relation to foreign funding, partnerships, and activities perceived to affect national independence.

AUTO recognizes that the protection of national sovereignty is both legitimate and necessary, however, the proposed legislative framework raises significant concerns regarding its potential impact on private sector operations, international partnerships, and Uganda's global competitiveness.

Tourism is inherently international in character. It depends on foreign investment, cross-border partnerships, global marketing systems, and international visitor flows. As such, broad or restrictive provisions within the Bill risk disrupting the very foundation upon which the sector operates.

This position statement outlines the importance of tourism to Uganda's economy, the role of tour operators, the specific concerns arising from the Bill, the potential implications for the sector and local communities, and AUTO's recommendations for a balanced approach.

## 2. Background: The Importance of Tourism in Uganda

Tourism remains one of Uganda's most strategic economic sectors, serving as a key driver of economic growth, foreign exchange earnings, employment, and environmental conservation.

Uganda recorded approximately **USD 1.28 billion (UGX 4.8 trillion)** in tourism earnings in **2024** from **1.37 million** international visitors, reflecting a 26% increase from the previous year. By 2025, revenues had grown further to approximately **USD 1.7 billion**, with international arrivals reaching 1.65 million.

Leisure visitors spent an average of **USD 2,114** per trip, with average stays extending to 8.7 nights, demonstrating increasing value per visitor. The sector contributes significantly to GDP and supports hundreds of thousands of jobs across accommodation, transport, food services, and travel operations.

Government targets an aim to increase tourism earnings to **USD 4 billion** annually by 2029/30 and **USD 50 billion** by 2040, underscoring the sector's central role in national development planning.

Beyond economic contribution, tourism is a major driver of conservation and community development. Revenue-sharing mechanisms ensure that a portion (approximately 20% of park fees) supports local communities through investments in schools, health facilities, and infrastructure.

Uganda's competitive advantage lies in its unique natural and cultural assets, including destinations such as Bwindi Impenetrable National Park, Murchison Falls National Park, and Queen Elizabeth National Park. These, alongside rich biodiversity and cultural heritage, position Uganda as a distinctive destination in the global tourism market.

The sector is deeply dependent on international engagement. Tourism growth relies on foreign direct investment, global marketing platforms, partnerships with international travel agents, and collaboration with conservation and development organizations.

Institutions such as the **Uganda Tourism Board** and the **Uganda Wildlife Authority** work closely with AUTO and private sector actors to promote Uganda globally efforts that depend heavily on openness and cross-border cooperation.

## 3. Overview of the Role of Tour Operators in the Economy

Tour operators are a central driver of Uganda's tourism economy, serving as the main link between international markets and local tourism products. They play a coordinating role that integrates accommodation, transport, guiding services, and conservation activities, thereby distributing economic benefits across a wide value

chain that includes hotels, transport providers, guides, artisans, and community enterprises.

Economically, they are major earners of foreign exchange, as they facilitate most international tourism transactions, which directly contribute to Uganda's balance of payments and national reserves. Their operations also support extensive employment across both formal and informal sectors, creating livelihoods in hospitality, transport, guiding, crafts, and community services, with wide geographic and demographic reach.

In addition, tour operators are key catalysts for investment in tourism infrastructure by generating demand that justifies expansion of hotels, lodges, transport fleets, and new tourism products. Many also engage directly in investment and help attract foreign capital and technical expertise through international partnerships.

They also function as Uganda's primary private-sector marketers globally, promoting destinations through international travel networks, digital platforms, and global exhibitions, thereby enhancing the country's visibility and competitiveness in tourism markets.

Finally, tour operators contribute significantly to conservation by supporting protected areas, generating park revenue, promoting sustainable tourism practices, and partnering in community and conservation initiatives that safeguard Uganda's natural heritage.

Overall, tour operators are not just service providers but critical economic enablers whose activities underpin foreign exchange earnings, employment, investment, global marketing, and conservation. Any regulatory framework affecting their ability to operate internationally therefore has broad systemic implications for the entire tourism sector and the wider economy.

#### **4. Key Concerns in the Bill relating to the Tourism Sector**

##### **a) Who qualifies as an “agent of a foreigner” in ordinary tourism transactions?**

The Bill adopts a broad definition of an “agent of a foreigner,” extending to any person acting under the direction, control, or financial support of a “foreigner.” Given that the definition of “foreigner” includes not only non-citizens but also Ugandans residing abroad, international organizations, and foreign entities, this creates significant uncertainty for the tourism sector.

The core definition of an agent-principal relationship legally is indeed a relationship where one person (an agent) who acts on behalf of another (the principal) with authority to create legal relations between the principal and third parties. The key

elements in this relationship are actual authority (expressly stated), apparent authority (implied), control and fiduciary duties and liability.

In most cases, the Ugandan-based operator identifies and recruits an agent from another country to collaborate and bring clients to Uganda. In this instance, the Ugandan operator acts as the principal, while the foreign contact functions as the agent who solicits and channels business to Uganda.

Legally, and in business terms, the person being sought out is the agent therefore the operator is the principal commissioning the agent's services and handling the Client's relationships once they arrive.

And yet, this bill seeks to redefine the relationship by tying an agent status to a payment threshold rather than to actual duties and roles. If the bill treats anyone that receives funds from a foreigner above a certain amount as the "agent", it labels the tour operator the party arranging, delivering the services, and managing the client relationships as the agent simply because money changed hands.

This completely ignores who initiated the relationship, who contracts with clients, and who is responsible for delivering the service. In practice, it can create misclassification, legal ambiguity, and potential liability shifts, since the Operator's core function may be mischaracterized as merely acting on behalf of another party.

Additionally, tour operators routinely receive advance payments from foreign clients, enter into contractual relationships with overseas agents, participate in co-marketing with international partners, and obtain technical assistance from foreign brands, a strict reading of the bill could reclassify these operators as agents of foreigners. This would shift liability and oversight away from the actual principal-agent dynamics and onto financial flows, misaligning legal responsibility with the business realm.

It is on this premise that we raise the following core questions:

- Do routine client payments, by themselves of foreign origin amount to "foreign support?"
- Do commercial contracts with international partners amount to or create "agency relationships"?
- Could participation in global tourism networks impose additional regulatory obligations?

Each possibility hinges on what control, direction, and responsibility actually reside with the operator versus the foreign party and without clear boundaries, there is a real risk that legitimate, everyday business activities may unintentionally fall within the scope of regulation, exposing operators to compliance burdens and potential sanctions.

## **b) At what point is approval required for foreign-linked transactions?**

The Bill does not clearly define when approval must be obtained. The question of when approval is required for foreign linked transactions is particularly crucial for tour operators navigating the legal landscape under the sovereignty bill. It speaks to the broader issues of regulatory compliance and operational efficiency. In essence, the timing of approval hinges on several key factors including the nature of the transaction, the level of involvement of foreign entities or individuals, and the specific regulatory frameworks established by the bill.

First, it is necessary to consider the definition of “foreign linked transactions”. The term could encompass a wide range of activities, such as direct financial investments from international entities, partnerships with foreign tour operators, and contracts for services or resources that involve non-Ugandan parties or even Ugandans living abroad.

Given this variety, the Bill may delineate specific criteria that trigger the need for government approval. For instance, an approval could be mandated when a certain percentage of foreign ownership in a local company is reached or when financial contributions exceed the predefined amount.

Second, the Bill may outline different levels of scrutiny based on the type of transaction. For example, transactions involving major investments or significant operational decisions might necessitate a more rigorous approval process than routine client transactions or minor service agreements. This distinction is crucial because it allows for a balanced approach that addresses legitimate regulatory concerns without imposing excessive burdens that could stifle business operations and foreign investment.

Additionally, clarity is essential around the timing of approval requests. Tourism transactions often involve staged payments, advance bookings, and ongoing partnerships. Should it be prior to entering negotiations, before formalizing contracts, or once the transaction is completed. This distinction impacts not only compliance but business agility.

If approval is required before negotiations, operators will face prolonged timelines, which in turn will hinder their ability to compete effectively. Conversely, if the requirement is after a transaction is already in motion, it might cause reputational harm or lead to contractual liabilities.

Uncertainty regarding timing may lead to delays, disrupted transactions, or inadvertent non-compliance, affecting the sector’s efficiency and competitiveness.

As earlier stated, transactions in the tourism sector are often structured in stages, including: deposits paid months in advance of travel, instalment payments for tour packages, rolling contracts with international agents and pre-financing of marketing campaigns. It is unclear when approval is required:

- Is it before entering into a contract?
- Is it before receiving funds?
- Is it after a threshold is reached cumulatively?
- Is it on a per-transaction or annual basis?

AUTO highlights this issue because uncertainty regarding timing creates operational risk. Businesses may either delay transactions pending approval (leading to lost business opportunities), or proceed without clarity and risk non-compliance.

Given the fast-paced and time-sensitive nature of tourism bookings, delays or uncertainty at the transaction stage could significantly disrupt operations and reduce competitiveness.

**c) Does the Foreign Funding Cap (UGX 400 million / ~USD 106,000 per year) Capture Ordinary Tourism Revenue?**

The proposed Bill restricts any person or “agent of a foreigner” from receiving foreign financial support, donations, loans, or other assistance exceeding UGX 400 million (approximately USD 106,000) within a 12-month period without prior written approval from the Minister responsible for Internal Affairs.

While the provision appears intended to regulate significant foreign inflows linked to influence or non-commercial activity, its application to tourism raises practical concerns.

Tourism operators routinely receive foreign currency payments from international tourists, travel agents, and global booking platforms. These are not exceptional inflows but the core of the industry’s revenue model. Given that payments are aggregated across multiple bookings, clients, and peak seasons, it is highly likely that many operators would exceed the proposed threshold within a single season purely through legitimate commercial activity.

This creates a risk that ordinary tourism earnings such as payments for safari packages, accommodation, transport, and guided experiences could be treated as regulated foreign support, thereby requiring ministerial approval. Such a requirement would introduce administrative complexity into standard business transactions and potentially slow down revenue flows that are critical to day-to-day operations.

#### **d) How Will Banking Compliance Requirements Affect International Tourism Transactions?**

The Bill also places significant compliance obligations on financial institutions handling foreign transactions. Banks would be prohibited from processing transactions involving “agents of foreign entities” without proper declarations and ministerial approvals. In addition, banks would be required to submit monthly reports of all such transactions to the Minister, with penalties of up to UGX 4 billion for non-compliance.

In practice, this raises an important question about how banks will manage the processing of international tourism payments under heightened regulatory risk.

Given their exposure to significant penalties, banks are likely to adopt conservative compliance approaches. This may include additional verification requirements for incoming foreign payments, delays while awaiting confirmation of approvals or documentation, reluctance to process transactions where classification is unclear, and increased scrutiny of all tourism-related foreign inflows.

For tour operators, this is particularly consequential. The tourism sector depends on timely and predictable receipt of international payments, often tied to fixed travel dates, booking confirmations, and seasonal demand cycles. Any delay in processing foreign transfers can result in cancelled bookings, strained international partnerships, and loss of business.

#### **e) What timelines govern approval processes?**

Tourism operations are time-sensitive, and delays in approvals may lead to lost business, financing challenges, and reduced investor confidence. Clear timelines are therefore essential.

The concern here is fundamentally about *administrative certainty* as a condition for economic efficiency, particularly in a sector where timing is not incidental but central to business viability.

The Bill, as currently framed, introduces a requirement for prior approval in certain circumstances involving foreign funding or influence-related activity. However, it does not establish the procedural safeguards that normally accompany such regulatory controls most notably, clear statutory timelines for decision-making and a consequence mechanism where the regulator fails to respond within the prescribed period.

In regulatory practice, especially in investment-sensitive sectors, the absence of defined timelines creates what is often referred to as “administrative indeterminacy.” This is not merely a procedural inconvenience; it becomes a structural risk that affects how businesses plan, contract, and execute commercial activity.

In the tourism sector, this risk is particularly pronounced. Transactions are inherently time-bound and seasonal. A tour operator confirming a safari package, for instance, may be dealing with flight schedules, accommodation availability, park permits, and international client itineraries that operate within narrow and non-flexible windows. Similarly, marketing campaigns and partnership agreements with foreign agents are typically structured around fixed launch dates and promotional cycles that cannot be easily postponed without financial loss or reputational damage.

Against this backdrop, an approval regime without defined timelines introduces several operational vulnerabilities. First, businesses are left without certainty as to when approval may be granted, making it difficult to commit to contracts or guarantee services. Second, financial institutions may adopt a risk-averse approach, withholding facilitation of transactions in the absence of explicit regulatory clearance timelines. Third, foreign partners may perceive the jurisdiction as procedurally unpredictable, thereby redirecting business to more stable regulatory environments.

The absence of a “deemed approval” or “silence is consent” mechanism further compounds this uncertainty. In many modern regulatory frameworks, such mechanisms are used precisely to prevent administrative delay from becoming a barrier to trade and investment. Where regulators do not respond within a specified timeframe, approval is automatically assumed, allowing economic activity to proceed while preserving the regulator’s right to audit or intervene later if necessary. Without such a safeguard, the risk of indefinite administrative delay becomes real and operationally disruptive.

Accordingly, AUTO’s concern is not the existence of oversight itself, but the absence of procedural clarity governing that oversight. Three key gaps are therefore highlighted:

- The Bill does not specify the maximum statutory period within which approval decisions must be made, leaving applicants in a state of uncertainty.
- It does not provide for interim, conditional, or provisional approvals that would allow time-sensitive transactions to proceed while compliance review is ongoing.
- It does not include a deemed approval mechanism in cases of administrative silence, thereby allowing regulatory inaction to function as a de facto refusal without accountability.

From a sectoral perspective, these gaps collectively introduce friction into what is otherwise a fast-moving, internationalized industry. Tourism depends heavily on trust, predictability, and responsiveness—not only from private sector actors but also from the regulatory environment within which they operate.

The broader implication is that regulatory uncertainty of this nature can gradually alter market behavior. Operators may become more conservative in their engagement with foreign partners, investors may factor in regulatory delay risk when assessing

viability, and some transactions may simply be redirected to competing destinations with more predictable approval systems.

In that sense, the concern is not only procedural but structural: without clear timelines and default mechanisms, regulatory oversight risks shifting from being a governance tool to becoming an unintended constraint on legitimate economic activity.

#### **f) What Is the Extent of Criminal Liability Exposure Under the Bill?**

The Bill introduces severe criminal sanctions for non-compliance with its foreign funding and influence-related provisions, significantly elevating the legal risk profile for individuals and corporate entities operating in affected sectors such as tourism.

Under its enforcement framework, violations are classified as serious criminal offences. Individuals found in breach may face imprisonment of up to 20 years and fines of up to UGX 2 billion. Corporate entities are exposed to even higher financial penalties of up to UGX 4 billion. In addition to these penalties, any funds deemed to have been received or held in excess of the prescribed threshold are subject to confiscation by the State.

A key concern is the severity of the custodial sentence provided for under the Bill. The maximum penalty of 20 years' imprisonment places it significantly above comparable international regulatory frameworks governing foreign influence and funding disclosure.

For context, under the United States' Foreign Agents Registration Act (FARA), criminal penalties are substantially lower and generally proportionate to disclosure failures or willful non-compliance. Similarly, Australia's Foreign Influence Transparency Scheme operates primarily through administrative and disclosure-based enforcement mechanisms, with criminal sanctions reserved for narrowly defined intentional breaches and carrying significantly lower custodial exposure.

Even in jurisdictions such as Russia, whose foreign agent legislation has faced widespread international criticism, the penalty structure is comparatively less severe in terms of custodial sentencing for equivalent regulatory breaches.

Against this backdrop, the Bill's penalty of up to 20 years' imprisonment appears exceptionally stringent in comparative global practice, particularly for regulatory breaches that may arise from procedural non-compliance, misclassification of funds, or failure to obtain prior approval.

In practice, the combination of high financial penalties, potential asset confiscation, and long custodial sentences creates a strong deterrent effect that may extend beyond intentional wrongdoing to include cautious over-compliance by businesses and financial institutions. This can result in conservative interpretation of the law,

increased reluctance to process foreign transactions, and heightened documentation and approval requirements even for standard commercial activity.

For tour operators, who regularly receive foreign payments from clients and partners, the risk is not necessarily linked to intentional non-compliance, but rather to classification uncertainty where legitimate commercial receipts could potentially be mischaracterized under broad regulatory definitions.

The broader concern is proportionality and regulatory calibration. While strong enforcement mechanisms are necessary to prevent abuse of foreign funding channels, the current penalty framework raises questions about balance between deterrence and operational fairness.

A custodial sentence of this magnitude, combined with significant corporate fines and asset confiscation powers, places substantial legal exposure on actors in sectors where foreign inflows are not exceptional but structurally embedded in normal business operations.

The implication is that regulatory design must carefully distinguish between deliberate attempts to circumvent sovereignty protections and inadvertent non-compliance arising from complex, high-volume international commercial activity. Without such calibration, there is a risk that enforcement mechanisms designed for serious misconduct may inadvertently capture ordinary business conduct, thereby increasing legal uncertainty and compliance risk across the tourism value chain.

## **5. Potential Implications for the Tourism Industry and Local Communities**

If enacted in its current form, the Protection of Sovereignty Bill, 2026 may have significant and far-reaching consequences across Uganda's tourism ecosystem. Because tourism operates as an interconnected value chain, disruptions at the level of regulation, funding, or international engagement tend to cascade across employment, investment, conservation, and community development.

### **a) Reduced competitiveness of Uganda as a destination**

Uganda's tourism sector operates in a highly competitive global marketplace where travelers, tour operators, and investors continuously compare destinations not just on attractions, but on the overall ease and predictability of engagement. Countries such as Kenya, Tanzania, Rwanda, and South Africa have invested significantly in positioning themselves as accessible, investor-friendly, and stable tourism destinations. At the same time, emerging destinations in Asia and Latin America are aggressively marketing seamless travel experiences, digital booking ecosystems, and predictable regulatory environments. Within this landscape, Uganda is not only

competing on the uniqueness of its offerings such as gorilla trekking and biodiversity but also on how easy and reliable it is to do business within its tourism ecosystem.

Perception plays a decisive role in this competition. Tourism decisions are often made far in advance, based on risk assessments conducted by international tour operators, travel platforms, insurers, and even corporate travel planners. These actors rely heavily on signals from government policy, regulatory frameworks, and media narratives. If a proposed law such as the Protection of Sovereignty Bill creates even a perceived shift toward regulatory rigidity or unpredictability, it can trigger caution across the value chain.

For instance, perceived restrictions on international partnerships could undermine one of the core pillars of Uganda's tourism model. The industry relies extensively on collaborations between local tour operators and foreign agents who market Uganda as part of broader regional packages. If foreign partners interpret the Bill as limiting their ability to operate freely, share revenues, or enter into joint ventures, they may redirect business to destinations where such partnerships are clearly protected and encouraged. This would not necessarily require actual enforcement of restrictive provisions; the mere possibility of constraints can be sufficient to alter business decisions.

Similarly, uncertainty around foreign payments or booking systems introduces operational risk. International tourism is heavily dependent on smooth, secure, and predictable financial transactions often involving advance payments, cross-border transfers, and online booking platforms. Any perception that these processes could be subject to additional scrutiny, delays, or restrictions may discourage international agents from promoting Uganda. In practice, they may favor destinations where payment systems are frictionless and regulatory interference is minimal, ensuring reliability for both the operator and the end traveler.

Increased bureaucratic approval requirements further compound this challenge. Tourism is a time-sensitive and highly competitive industry where responsiveness matters. If engaging with Uganda is perceived to involve additional layers of approvals, licensing, or compliance checks, it raises the cost both in time and resources of doing business. Tour operators, particularly those managing multi-destination itineraries, are likely to prioritize destinations where processes are streamlined and predictable. Even small administrative burdens can tip the balance when choosing between otherwise comparable destinations.

Crucially, the impact of these perceptions is amplified by the nature of tourism demand itself. Tourism is highly elastic and sensitive to risk signals. Unlike essential goods or services, travel is discretionary; consumers can easily substitute one destination for another with minimal switching costs. If Uganda is perceived even inaccurately as more complex or restrictive, demand can quickly shift to competitors offering similar experiences with fewer perceived risks. This is especially true in the

digital age, where information (and misinformation) spreads rapidly through travel advisories, online reviews, and industry networks.

Moreover, perception tends to lag behind reality. Even if the regulatory environment remains practically unchanged or is later clarified, initial negative impressions can persist, affecting Uganda's brand as a destination. Rebuilding confidence can require significant time and investment in marketing, stakeholder engagement, and policy reassurance.

In essence, the concern is not solely about the direct legal effects of the Bill, but about the signals it sends to the global tourism market. In a sector where trust, predictability, and ease of engagement are paramount, even perceived regulatory uncertainty can have tangible economic consequences, influencing where tourists go, where operators invest, and how Uganda is positioned relative to its competitors.

#### **b) Decline in foreign exchange earnings**

Tourism is a critical pillar of Uganda's external sector because it brings in **net foreign exchange earnings** revenue that is earned from outside the country and injected directly into the domestic economy. Unlike some export sectors that require significant import inputs, tourism earnings are relatively "clean" inflows: international visitors pay in foreign currency for experiences that are largely delivered locally, from accommodation and transport to guiding and conservation services. This makes tourism especially valuable for strengthening Uganda's balance of payments position.

If the Bill creates **delays in approvals for foreign-linked transactions**, the immediate effect is operational friction within this ecosystem. International tourism is built on advance planning and prepayment. Tour operators abroad typically require certainty that payments can be processed quickly, refunds handled efficiently, and contractual obligations honored without regulatory interruptions. Any perceived risk of delays whether in receiving funds, remitting payments, or securing approvals can disrupt booking cycles. In response, international agents may reduce the volume of business they channel to Uganda or shift to destinations where transaction flows are more predictable.

A related risk is the **reduction in international bookings driven by uncertainty**. The tourism value chain is highly interdependent: global travel platforms, destination management companies, airlines, insurers, and agents all rely on confidence in a destination's regulatory environment. If Uganda is perceived as introducing uncertainty, these actors may adopt a risk-averse stance. For example, travel platforms may deprioritize Ugandan listings, agents may hesitate to pre-sell packages, and insurers may adjust premiums or coverage conditions. Even without formal restrictions, hesitation at these upstream points translates into fewer confirmed bookings and, ultimately, fewer arrivals.

The consequence is a **decline in foreign currency inflows**. Because most high-value tourism transactions such as safari packages, luxury lodges, and specialized experiences are priced in dollars or euros, any reduction in bookings directly reduces the volume of foreign exchange entering the country. This has broader macroeconomic implications:

- **Pressure on foreign reserves:** Tourism contributes significantly to Uganda's foreign exchange reserves, which are essential for financing imports and maintaining currency stability. A decline in inflows can tighten reserve buffers and increase vulnerability to external shocks.
- **Balance of payments strain:** Tourism receipts are recorded under services exports. A drop in these earnings widens the current account deficit unless offset by gains elsewhere, which may not be immediately feasible.
- **Exchange rate implications:** Reduced foreign currency supply can put downward pressure on the Ugandan shilling, potentially leading to depreciation. While this might benefit some exporters, it increases the cost of imports, contributing to inflationary pressures.
- **Fiscal impact through reduced tax revenues:** Tourism generates tax income through VAT on services, corporate taxes from hospitality businesses, park fees, and indirect taxes across the value chain. A contraction in activity reduces this revenue base, affecting government fiscal space.

Importantly, the effects are not linear they are multiplier-driven. A single international tourist supports a network of economic activity: hotels, transport providers, craft markets, food suppliers, conservation agencies, and local communities. When tourist numbers or spending per visitor decline, the impact cascades through these interconnected sectors. For instance, fewer high-end tourists can reduce occupancy rates in lodges, which in turn lowers demand for local agricultural produce, transport services, and employment. This amplifies the initial loss of foreign exchange into a broader economic slowdown within tourism-dependent regions.

Given that tourism already contributes over a billion dollars annually to Uganda's economy, even marginal contractions such as a small percentage drop in arrivals or average spend can translate into substantial absolute losses. More critically, these losses are difficult to reverse quickly because tourism demand is influenced by perception and long planning cycles. Once international operators adjust their portfolios or consumers choose alternative destinations, it can take multiple seasons of targeted marketing and policy reassurance to regain lost ground.

In this context, the concern is not merely about immediate revenue loss but about macroeconomic stability and resilience. Tourism's role as a steady source of foreign exchange means that any disruption—whether real or perceived—has ripple effects

that extend beyond the sector, influencing currency stability, fiscal performance, and overall economic confidence.

### **c) Job losses and reduced livelihoods**

Tourism is one of Uganda's most employment-intensive sectors, meaning it generates a high number of jobs relative to the capital invested. Unlike extractive industries or highly mechanized sectors, tourism relies heavily on human interaction and service delivery. Every tourist arrival activates a chain of employment relationships from airport pickup to accommodation, guiding, cultural experiences, and retail services. As a result, even small fluctuations in visitor numbers can have immediate and visible effects on livelihoods across the sector.

If tourism activity declines due to reduced bookings, regulatory uncertainty, or diminished investor confidence, the impact is first felt in direct tourism employment. This includes tour guides, drivers, and safari coordinators, who are often engaged on a trip-by-trip basis. Their income is closely tied to actual visitor flows rather than fixed salaries. When bookings fall, their working days reduce almost immediately, leading to income volatility. For many, especially freelance guides and drivers contracted through tour companies, this can mean sudden gaps in employment with little advance warning.

The same dynamic extends to hospitality workers in hotels, lodges, and guesthouses. These establishments operate on occupancy-driven staffing models. Housekeeping staff, waiters, receptionists, kitchen staff, and maintenance teams often experience reduced shifts or temporary layoffs when occupancy rates drop. Because fixed costs remain high for businesses, labor adjustments are typically one of the first responses to declining demand. In practice, this translates into reduced hours before full job losses occur.

Beyond direct employees, tourism also sustains a large number of indirect and auxiliary workers. Travel consultants and administrative staff in tour companies are affected when booking volumes decline, as their workload and commissions shrink. Transport providers—such as taxi operators, safari vehicle drivers, and charter services—experience fewer assignments, reducing both income and vehicle utilization rates. This ripple effect extends further into supply chains, including food suppliers, laundry services, and maintenance providers who depend on steady hotel and lodge operations.

A particularly vulnerable segment is freelance and informal workers, including craft sellers, cultural performers, porters, and community-based tourism hosts. These individuals often operate outside formal employment structures and depend entirely on daily or seasonal tourist flows. Their livelihoods are highly elastic and can be severely disrupted even by short-term declines in visitation. For example, fewer tour groups visiting cultural sites directly translates into lost income for performers and

artisans, with no compensatory mechanisms such as salary protection or unemployment insurance.

Because a significant portion of Uganda's tourism workforce is informal or semi-formal, the sector has limited built-in resilience to shocks. Workers often lack contracts, savings buffers, or social protection systems that would cushion income loss. As a result, even moderate reductions in demand can quickly lead to **reduced working hours**, as businesses attempt to retain staff while cutting operational costs and **income instability**, particularly for commission-based and freelance workers.

The socio-economic implications are significant. Youth and women constitute a large share of the tourism workforce, particularly in entry-level hospitality roles, guiding services, craft markets, and cultural tourism enterprises. These groups often rely on tourism as one of the most accessible pathways to formal and informal employment. Consequently, any contraction in tourism demand disproportionately affects them, potentially widening existing vulnerabilities in income security and employment opportunities.

At a broader level, job losses in tourism do not remain confined to the sector. Reduced household incomes among tourism workers lead to lower consumption in local economies—affecting food vendors, schools, transport services, and small businesses in tourism-dependent regions. This creates a multiplier effect in reverse, where reduced tourism activity triggers reduced local spending, further amplifying economic slowdown in communities that are heavily reliant on visitor-driven income.

In essence, the concern is that because tourism is both labor-intensive and structurally informal, it is highly sensitive to even modest disruptions in demand. Any policy perception that dampens visitor flows can therefore translate quickly into employment stress, income insecurity, and broader socio-economic impacts, particularly for already vulnerable groups who depend on the sector as their primary livelihood source.

#### **d) Reduced income for community-based tourism enterprises**

Community-based tourism (CBT) in Uganda plays a uniquely important role because it sits at the intersection of economic inclusion, conservation, and cultural preservation. Unlike large-scale commercial tourism enterprises, CBT initiatives are typically owned or managed at the village or community level, meaning that revenue flows directly into households and local development projects. These initiatives such as cultural performances, homestays, craft markets, and guided nature walks are not just supplementary attractions; they are often a primary source of cash income in rural and peri-rural areas.

The sustainability of these initiatives depends heavily on their integration into the broader tourism value chain. In practice, most CBT sites do not receive visitors

independently; instead, they rely on tour operators and travel agents to package and market them as part of wider itineraries. International tour operators play a particularly important role because they control access to high-volume tourist markets.

When they design safari routes or cultural circuits, they decide which community experiences are included. If confidence in Uganda's regulatory or operational environment declines, these operators may reduce the number of community-based experiences they include in their packages, or exclude them entirely in favor of more predictable alternatives in other destinations.

This dependence means that even a perceived reduction in international collaboration can have immediate downstream effects. If the Bill is interpreted as creating barriers to partnerships between local communities, NGOs, and international tourism actors, it may weaken the relationships that sustain CBT programs. Many of these initiatives are supported not only by tourism revenue but also by **foreign-funded conservation and development projects**, which provide training, infrastructure, marketing support, and capacity building. These partnerships help communities meet international tourism standards and remain competitive in global markets. Any perception that such collaborations could be restricted or complicated may reduce the willingness of external partners to invest or engage.

The direct consequences for communities would likely include a **decline in visitor numbers**. Since CBT experiences are highly dependent on curated travel itineraries, even small reductions in bookings through tour operators can significantly reduce foot traffic to community sites. Unlike urban tourism businesses, rural communities often lack the ability to independently market themselves at scale or absorb fluctuations in demand.

Because these income streams are largely transactional and visitor-dependent, they are highly sensitive to demand shifts. There is little buffering capacity when tourists stop coming, revenue drops immediately.

The broader impact is most acutely felt at the **household level in rural areas**, where tourism often represents one of the few viable cash-income opportunities outside subsistence agriculture. In many communities near national parks and protected areas, CBT income is used for essential needs such as school fees, healthcare, housing improvements, and agricultural inputs. A reduction in tourism revenue therefore does not merely affect discretionary spending; it directly impacts household welfare and resilience.

Over time, sustained declines in CBT activity can also undermine the **incentive structure for conservation**. Many community tourism initiatives are linked to environmental stewardship programs, where local populations are economically motivated to protect wildlife and ecosystems. If tourism income decreases, the

opportunity cost of conservation increases, potentially leading to reduced community support for conservation efforts or increased pressure on natural resources for subsistence use.

In summary, community-based tourism is highly sensitive to changes in international collaboration and visitor confidence. Because it is deeply embedded in global tourism networks and external funding ecosystems, any perception of increased restriction or uncertainty can quickly translate into reduced participation, lower incomes, and weakened rural livelihoods. The ripple effects extend beyond tourism itself, influencing household welfare, conservation outcomes, and the long-term sustainability of rural development models in Uganda.

#### **e) Weakening of conservation efforts**

Tourism and conservation in Uganda are structurally interdependent, meaning that the viability of one directly supports the sustainability of the other. The country's protected areas such as national parks, wildlife reserves, and conservation corridors are not only ecological assets but also **economic engines** that generate revenue through tourism activities like park entry fees, gorilla permits, game drives, and eco-tourism concessions. These revenues are critical because they provide one of the most consistent domestic funding sources for conservation management.

A key institution in this ecosystem is the system of **park-generated revenues**, which are reinvested into conservation operations. Funds collected from visitors are typically allocated toward wildlife protection, ranger salaries, infrastructure maintenance (such as park roads and ranger posts), habitat restoration, and community conservation programs. This model reduces reliance on central government budgets and ensures that conservation areas are, at least partially, self-sustaining through tourism demand.

In addition to tourism income, Uganda's conservation sector is significantly supported by **international cooperation frameworks**. Many conservation programs are implemented in partnership with international NGOs, development agencies, and foreign research institutions. These actors contribute funding, technical expertise, and global best practices in areas such as biodiversity monitoring, species protection, and ecosystem management. They also play a critical role in building capacity for local conservation authorities and community wildlife organizations.

If a legislative framework such as the Bill is perceived to restrict or complicate foreign engagement whether through tighter controls on funding flows, increased approval requirements, or administrative barriers it can have several cascading effects on conservation systems. One immediate risk is a potential **slowdown or reduction in conservation financing streams**. Many conservation initiatives depend on predictable and timely disbursement of international funds. If partners perceive

uncertainty in financial or operational engagement, they may scale back commitments, redirect funding to more stable jurisdictions, or delay new projects.

This could directly affect **joint wildlife protection initiatives**, which often involve coordinated efforts between government agencies, NGOs, and local communities. These partnerships are particularly important in combating transboundary threats such as poaching, illegal wildlife trade, and habitat encroachment. Reduced collaboration weakens coordination mechanisms, limits intelligence sharing, and can reduce the effectiveness of enforcement operations across protected areas.

Similarly, **research and monitoring programs** may be impacted. Uganda's conservation success depends heavily on ongoing ecological research, including wildlife population surveys, migration tracking, and habitat assessment. These activities are frequently conducted in collaboration with international universities and conservation organizations that provide technical tools, funding, and scientific expertise. Any perceived barriers to foreign research engagement could reduce the frequency or scope of such studies, leading to gaps in data that are essential for evidence-based conservation planning.

Another critical dimension is **community conservation partnerships**, which link conservation outcomes to local livelihoods. Many communities living near protected areas participate in revenue-sharing schemes, eco-tourism initiatives, and conservation employment programs. These arrangements help align community incentives with wildlife protection by ensuring that local populations benefit economically from conservation success. If tourism revenue declines or international support weakens, these community programs may be scaled back, reducing local incentives to protect wildlife and increasing pressure on natural resources for subsistence use.

A reduction in tourism itself compounds these challenges. Because park revenues are directly tied to visitor numbers, any decline in international arrivals or spending immediately translates into reduced funding available for conservation operations. This creates a feedback loop: fewer tourists generate less revenue, which limits conservation capacity, potentially affecting park quality and wildlife protection outcomes. Over time, this can undermine the attractiveness of Uganda as a tourism destination, further reducing visitor numbers.

The broader concern is that weakened conservation financing and coordination can have **long-term ecological consequences**. Reduced funding may lead to fewer anti-poaching patrols, delayed infrastructure maintenance, and limited capacity for rapid response to environmental threats such as illegal logging or encroachment. These pressures can degrade ecosystems, reduce wildlife populations, and diminish biodiversity core assets upon which Uganda's tourism industry depends.

In essence, the linkage between tourism and conservation means that any disruption in tourism flows or international collaboration has a dual impact: it affects both the **financial sustainability of conservation efforts** and the **ecological integrity of protected areas**. Over time, this can weaken Uganda's competitive advantage as a nature-based tourism destination, where wildlife and pristine ecosystems are the primary draw for international visitors.

#### **f) Reduced investment in infrastructure**

Tourism development is fundamentally capital intensive and confidence driven. Unlike sectors where assets can be quickly deployed or scaled, tourism infrastructure requires long-term investment horizons, significant upfront costs, and stable regulatory environments to ensure returns over time. Investors typically commit funds only when they are confident that the legal, financial, and operational frameworks governing their projects are predictable and supportive of sustained growth.

In Uganda, much of this investment is driven by **foreign investors and international joint ventures**, particularly in high-value segments such as luxury lodges, safari camps, eco-resorts, and integrated tour operations. These investors bring not only capital but also technical expertise, global branding, marketing networks, and access to international travel markets. Similarly, partnerships with foreign hotel chains and travel technology platforms are increasingly important for integrating Uganda into global booking systems and improving destination visibility.

Tourism infrastructure development spans multiple interconnected components. It is not limited to accommodation facilities alone, but includes:

- **Lodges and hotels**, which form the backbone of visitor accommodation in national parks and urban centers
- **Transport fleets and logistics systems**, including safari vehicles, charter flights, and transfer services that enable movement across destinations
- **Digital booking platforms**, which connect local operators to global travel agents and consumers in real time
- **Training and hospitality infrastructure**, such as tourism and hospitality institutes that build skilled labor capacity
- **Access roads and destination facilities**, which are essential for connecting remote attractions to major tourism circuits

Each of these components requires sustained capital inflows and long-term planning. Investors typically recover their costs over many years through stable occupancy rates, predictable tourist flows, and a reliable regulatory environment.

If a legislative framework is perceived to introduce uncertainty around **approval of foreign funding**, investors may become cautious about committing capital. Tourism projects often rely on phased financing, where funds are released in stages based on regulatory approvals and project milestones. If approval processes are perceived as unpredictable or subject to additional scrutiny, this can delay project timelines or increase financing costs, making investment less attractive.

Similarly, uncertainty around the **regulatory framework for international partnerships** can significantly affect investor confidence. Many tourism developments operate through joint ventures between local operators and foreign partners. These partnerships allow risk-sharing and combine local market knowledge with international expertise. If the legal environment appears to complicate or restrict such arrangements, investors may perceive higher compliance risks, leading them to postpone or redirect investments to jurisdictions with clearer partnership rules.

Another key concern is the **classification of foreign-linked entities**. Investors need clarity on how their businesses will be categorized under national law, particularly in relation to taxation, ownership thresholds, licensing requirements, and operational restrictions. Ambiguity in classification can create uncertainty about long-term profitability and operational autonomy. This can deter both greenfield investments (new developments) and expansion of existing tourism assets.

When these uncertainties accumulate, the typical investor response is **capital deferral or withdrawal of planned projects**. Tourism investments are highly sensitive to perception because they are irreversible or difficult to relocate once infrastructure is built. If investors anticipate potential regulatory friction, they may choose to delay commitments until policy clarity improves, or shift investment to competing destinations in the region where frameworks are perceived as more stable and investment-friendly.

The macro-level consequence of reduced investment is a **slowdown in tourism infrastructure expansion**. This has several implications for Uganda's tourism competitiveness:

First, it limits the country's ability to **increase accommodation capacity**, particularly in high-demand areas such as national parks. Without sufficient lodge and hotel development, Uganda risks reaching capacity constraints during peak tourism seasons, which can lead to lost bookings and reduced revenue even when demand is strong.

Second, it constrains improvements in **transport and connectivity infrastructure**, which are essential for accessing remote attractions. Poor or insufficient transport networks increase travel times and costs, making Uganda less competitive compared to destinations with more developed tourism corridors.

Third, it slows the development of **digital tourism ecosystems**, including online booking platforms and integrated payment systems. In a global market increasingly driven by digital travel planning, lack of seamless online access reduces visibility and conversion rates for potential visitors.

Fourth, it limits **skills development and hospitality training capacity**, which are necessary to maintain service quality standards. Without investment in training institutions and workforce development, the sector risks skill shortages that affect visitor experience and destination reputation.

Finally, reduced investment also affects **regional development spillovers**. Tourism infrastructure often stimulates broader economic growth in surrounding communities through job creation, supply chain linkages, and small business development. When investment slows, these multiplier effects are also constrained, limiting the broader developmental impact of tourism.

In essence, tourism infrastructure depends on a stable and predictable investment climate. Any perception of increased regulatory uncertainty particularly around foreign participation can have a chilling effect on capital inflows. Over time, this not only slows sectoral growth but also reduces Uganda's ability to compete with other destinations that are actively expanding and modernizing their tourism infrastructure to meet rising global demand.

#### **g) Increased vulnerability of SMEs**

Small and medium-sized enterprises (SMEs) dominate Uganda's tourism sector, particularly among tour operators. These businesses typically operate with:

Small and medium-sized enterprises (SMEs) form the **structural backbone of Uganda's tourism industry**, especially within the tour operations sub-sector. Unlike large multinational hotel chains or well-capitalized destination management companies, most Ugandan tour operators are small businesses that have grown organically, often family-owned or entrepreneur-led. Their survival depends heavily on maintaining steady cash flow, flexible operations, and low administrative overheads.

These SMEs typically operate under several structural constraints. First, they have **limited working capital**, meaning they rely on advance bookings and quick turnover of payments to finance ongoing operations such as vehicle maintenance, staff salaries, fuel, and park logistics. Second, they are highly sensitive to disruptions in cash flow because they lack financial buffers such as large reserves or access to affordable credit lines. Third, many operate with **minimal legal and compliance infrastructure**, often without dedicated in-house legal teams or specialized compliance officers, making it more difficult to navigate complex regulatory requirements.

In this context, the introduction of additional compliance obligations such as enhanced registration requirements, mandatory reporting of foreign transactions, or approval processes for routine operational activities can create a **disproportionate administrative burden** on SMEs. While such measures may be manageable for larger firms with dedicated compliance departments and financial systems, smaller operators may struggle to absorb the additional costs and procedural demands.

For example, **registration obligations** that require frequent renewal, documentation updates, or verification processes can consume time and resources that SMEs would otherwise allocate to core business activities such as marketing, client engagement, and service delivery. Similarly, **reporting requirements for foreign transactions** which are common in tourism due to international payments may necessitate additional accounting systems, staff training, or professional services that increase operational costs.

Even more impactful are **approval processes for routine operations**, which can slow down the responsiveness of SMEs in a sector where timing is critical. Tourism is highly time-sensitive; clients often expect quick confirmations, flexible itinerary adjustments, and rapid booking responses. Any delays caused by administrative bottlenecks can result in lost bookings, especially in competitive international markets where clients can easily switch to alternative destinations.

Over time, these cumulative pressures can lead to several structural outcomes:

One major consequence is **increased cost of compliance**, which reduces profit margins for SMEs that already operate on thin margins. This can make certain business models economically unviable, particularly for operators focusing on budget or mid-range tourism segments.

Another likely effect is **reduced competitiveness**, both domestically and internationally. SMEs may struggle to match the operational efficiency and pricing structures of larger firms that can spread compliance costs across higher volumes of business and more diversified revenue streams.

In more severe cases, regulatory complexity may contribute to **business closures or informalization of operations**. Some SMEs may exit the formal market entirely, while others may continue operating informally to avoid compliance costs. This shift can reduce regulatory oversight, limit tax revenue collection, and weaken professional standards within the sector.

A further structural risk is **market consolidation in favor of larger entities**. As compliance costs rise, larger firms with stronger financial and administrative capacity are better positioned to absorb regulatory burdens. This can lead to increased concentration of market share among a smaller number of dominant players, reducing competition and limiting opportunities for local entrepreneurs.

The broader implication of these dynamics is a **loss of diversity and resilience within the tourism ecosystem**. SMEs contribute significantly to innovation, niche product development, and localized tourism experiences such as community tours, specialized safaris, and cultural interactions. They also provide geographic spread, ensuring that tourism benefits are distributed across different regions rather than concentrated in a few large operators or urban centers.

When SMEs are weakened, the sector risks becoming less flexible and less responsive to market changes. A more consolidated industry may be more stable in some respects, but it can also be less innovative, less inclusive, and more vulnerable to systemic shocks that affect large players disproportionately.

In essence, while regulatory frameworks are important for governance and accountability, their design and implementation must carefully consider **scale sensitivity**. In a sector dominated by SMEs, even well-intentioned compliance requirements can have unintended consequences if they are not proportionate to the capacity of smaller operators. The long-term risk is not only business disruption, but also a gradual erosion of the entrepreneurial base that has historically driven Uganda's tourism growth and regional inclusivity.

#### **h) Lower effectiveness of destination marketing**

Destination marketing is one of the most critical determinants of tourism performance because tourism demand is not naturally “self-generating”—it must be actively created, sustained, and reinforced in competitive global markets. Uganda's tourism brand relies on coordinated efforts between public institutions like the Uganda Tourism Board, private sector tour operators, international travel intermediaries, and global media and trade networks. This ecosystem ensures that Uganda remains visible and competitive in the minds of potential travelers who are constantly being targeted by alternative destinations.

At the core of this system is **collaborative marketing**, where the private and public sectors pool resources to maximize reach. Private tour operators provide on-the-ground product knowledge and market-specific insights, while national tourism authorities coordinate branding, messaging, and participation in international campaigns. International travel agents and digital platforms amplify this visibility by packaging Uganda into broader regional itineraries or promoting it through algorithm-driven travel recommendations. This interdependence means that weakening any link in the chain reduces the overall effectiveness of destination marketing.

If a legislative framework such as the Bill is perceived to restrict or delay international collaboration, the first area likely to be affected is **participation in global tourism expos and trade fairs**. These events such as ITB Berlin, World Travel Market in London, and similar regional expos are essential platforms where destinations

compete for attention from global buyers, wholesalers, and media. They provide opportunities for direct engagement, deal-making, and long-term partnership building. Any regulatory uncertainty that complicates participation, funding, or coordination can reduce Uganda's presence at these events, diminishing its ability to compete for visibility against more consistently present destinations.

Another critical channel is **joint marketing campaigns with foreign partners**. These campaigns often involve co-funded promotions between Ugandan stakeholders and international tour operators or airlines. They are particularly effective because they leverage established foreign distribution networks and brand credibility. For example, a tour operator in Europe or North America may promote Uganda alongside regional circuits in East Africa, but only if there is confidence in stable cooperation frameworks. If collaboration becomes uncertain, these joint initiatives may be scaled back or redirected to competing destinations, reducing Uganda's share of voice in key markets.

The impact also extends to **digital advertising and booking platforms**, which now play a dominant role in travel decision-making. Online visibility is heavily influenced by partnerships with global platforms such as booking engines, travel aggregators, and social media marketing systems. These platforms prioritize destinations that are easy to transact with, integrate into payment systems, and promote through stable commercial agreements. Any perception of regulatory friction can reduce Uganda's integration into these digital ecosystems, limiting algorithmic exposure and reducing organic reach to potential travelers.

Equally important are **familiarization trips (fam trips)** for international agents, journalists, and influencers. These trips are a cornerstone of destination marketing because they convert abstract awareness into experiential advocacy. When travel professionals visit Uganda, they are more likely to confidently sell it as a destination. However, fam trips depend on smooth coordination between government agencies, private operators, and international partners. If administrative or regulatory processes become more complex, the frequency and scale of these visits may decline, weakening Uganda's presence in professional travel networks.

The cumulative effect of reduced collaboration across these channels is a **decline in Uganda's visibility in key source markets**. Tourism demand is highly awareness-driven, especially for long-haul destinations where travelers are not spontaneously familiar with options. Unlike regional travel, where proximity drives demand, long-distance tourism requires sustained marketing exposure to influence decision-making. If Uganda is less visible in advertising, trade fairs, and digital platforms, it becomes less likely to be included in travel itineraries, even when interest in African safaris remains strong.

This has a direct impact on demand conversion. In tourism economics, visibility is closely correlated with **booking probability**. Destinations that are frequently promoted, easily accessible through trusted agents, and consistently present in

consumer-facing platforms tend to capture a larger share of global tourism flows. Conversely, reduced marketing exposure leads to a drop-in inquiry, fewer conversions from interest to actual bookings, and ultimately lower arrival numbers.

The effect is particularly pronounced in **long-haul markets**, such as Europe, North America, and parts of Asia, where Uganda competes with multiple African and global destinations. In these markets, awareness is already relatively limited compared to more mainstream destinations like Kenya or South Africa. Therefore, even marginal reductions in marketing intensity or visibility can have a disproportionately large impact on demand. Travelers who are not repeatedly exposed to Uganda as an option are more likely to default to better-known or more heavily promoted alternatives.

Over time, reduced marketing effectiveness can also create a **feedback loop**. Lower visibility leads to fewer bookings, which reduces revenue available for marketing investment, which in turn further reduces visibility. Breaking this cycle becomes increasingly difficult once competitors consolidate their position in key markets.

In essence, destination marketing is not simply a promotional activity it is a competitive economic function that directly influences demand. Any factor that weakens Uganda's ability to collaborate internationally, participate in global marketing systems, or maintain consistent visibility in source markets can therefore translate quickly into reduced tourism performance, even if the underlying tourism products remain strong and attractive.

**In conclusion**, these ambiguities create material uncertainty for the tourism sector. Clarifying these issues is essential to ensure compliance while preserving the sector's ability to operate effectively and competitively.

These questions highlight fundamental ambiguities within the Bill that could significantly affect the tourism sector's ability to operate efficiently and competitively.

AUTO respectfully submits that these issues are essential not only for compliance purposes but also for preserving investor confidence, maintaining international partnerships, and ensuring that Uganda's tourism sector continues to contribute meaningfully to national development.

## **6. Recommendations to Parliament**

### **a) Alignment with national development priorities, particularly tourism growth**

AUTO strongly recommends that the Bill be explicitly aligned with Uganda's existing national development frameworks, particularly the National Development Plans (NDPs), which positions tourism as a priority growth sector.

Tourism is not a peripheral industry it is one of Uganda's leading foreign exchange earners, a major employer, and a key pillar of rural development and conservation

financing. The sector is also central to government ambitions to increase tourism revenues to USD 4 billion annually in the medium term and significantly higher in the long term.

Any legislation regulating foreign engagement must therefore be assessed against its potential impact on foreign exchange earnings, tourism investment inflows, international visitor arrivals, job creation across the value chain and conservation funding and community benefit-sharing.

If provisions of the Bill unintentionally constrain international partnerships or investor participation, they may directly undermine Uganda's own development objectives. Alignment is therefore not simply a policy preference it is a necessity to ensure coherence in national economic planning.

#### **b) Explicit exemptions for legitimate tourism and commercial activities**

Given the structure of the tourism industry, it is essential that the Bill explicitly excludes ordinary commercial and operational activities from restrictive provisions. Tourism is fundamentally a cross-border industry. It depends on international bookings and payments, global marketing campaigns, foreign partnerships and agency relationships, participation in international trade fairs and conservation partnerships with global organizations.

These activities are not exceptional they are the core operating model of the sector. Failure to exempt such activities could result in disruption of bookings and revenue flows, hesitancy among international partners, reduced destination visibility and administrative delays in routine transactions.

AUTO therefore recommends that the Bill clearly exempt:

- Tourism marketing and promotion activities
- Commercial contracts with foreign clients and agents
- International travel and booking transactions
- Conservation and sustainability partnerships linked to tourism

Such exemptions would ensure that the law targets genuine risks without undermining lawful economic activity.

### **c) Adoption of a risk-based, proportionate regulatory approach**

AUTO recommends that any regulatory measures introduced under the Bill adopt a **risk-based and proportionate approach**, rather than applying broad restrictions across entire sectors.

A risk-based model would distinguish between low-risk commercial activities (e.g., tourism bookings, hotel payments, agency contracts), and high-risk activities that may genuinely affect national security or policy integrity.

This approach is widely used in modern regulatory systems because it ensures that:

- Regulation is targeted and efficient
- Compliance burdens are minimized for low-risk players
- Government resources are focused on genuine risks

For tourism, a blanket regulatory approach would be particularly harmful due to the sector's reliance on speed, flexibility, and international trust. Even minor delays or uncertainty can result in lost bookings and reputational damage in global markets.

A proportionate framework would therefore safeguard sovereignty objectives without undermining economic competitiveness.

### **d) Structured stakeholder consultations prior to enactment**

AUTO strongly urges Parliament to undertake comprehensive and structured consultations with affected sectors before finalizing the Bill.

Tourism is a complex ecosystem involving private tour operators, hospitality providers, conservation agencies, local communities and international development partners. Each of these stakeholders interacts differently with foreign capital, partnerships, and markets.

Without structured consultation, there is a high risk that legislation may misinterpret operational realities of the sector, introduce unintended compliance burdens, undermine established business models and reduce policy effectiveness due to implementation gaps.

AUTO recommends that consultations include industry associations such as AUTO, Uganda Tourism Board and Uganda Wildlife Authority, private sector representatives across tourism value chains, Community-based tourism enterprises and financial institutions involved in tourism financing. Such engagement will ensure that the final legislation is both practical and economically informed.

### **e) Preservation of Uganda's international competitiveness and openness**

Finally, AUTO emphasizes that Uganda's tourism sector is highly sensitive to international perception. Competitiveness in global tourism markets depends on factors such as openness to international partnerships, predictable and transparent regulation, ease of doing business across borders, investor confidence and policy stability.

Any perception that Uganda is becoming restrictive or unpredictable in its engagement with foreign partners could result in reduced tourist arrivals, decline in international bookings, withdrawal or delay of investment commitments and shifts in regional tourism competitiveness.

Uganda competes directly with established destinations in East Africa and globally. Maintaining an open and investment-friendly environment is therefore not optional it is essential for sustaining growth.

AUTO accordingly recommends that the final legislation be carefully calibrated to protect sovereignty without restricting lawful international engagement, maintain Uganda's reputation as a welcoming destination, support continued participation in global tourism networks, encourage long-term private sector investment and preserving openness will ensure that Uganda remains competitive, attractive, and resilient in the global tourism economy.

### **Conclusion**

The Association of Uganda Tour Operators (AUTO) reiterates its unequivocal support for the protection and safeguarding of Uganda's sovereignty, as a fundamental constitutional and national priority. However, this objective must be carefully balanced with the equally important imperatives of sustaining economic growth, preserving investor confidence, and maintaining Uganda's constructive engagement within the international community.

The tourism sector, by its very nature, is grounded in openness, trust, predictability, and global connectivity. It functions within an ecosystem that depends on seamless cross-border collaboration, stable regulatory frameworks, and sustained international confidence. Accordingly, any legislative measures that directly or indirectly affect the sector must be carefully calibrated to ensure that they do not generate unintended economic distortions or undermine Uganda's competitiveness as a destination of choice.

AUTO therefore underscores the importance of a regulatory approach that is both firm in safeguarding national interests and sensitive to the operational realities of a globally integrated tourism industry. The sector's continued growth depends on maintaining Uganda's reputation as an accessible, reliable, and investment-friendly destination.

In this regard, AUTO remains fully committed to constructive and ongoing engagement with Parliament, relevant government institutions, and all key stakeholders. The objective of this engagement is to contribute to the development of a balanced and forward-looking legal framework one that effectively safeguards national sovereignty while simultaneously enabling the sustainable growth, resilience, and global competitiveness of Uganda's tourism sector.

Yours faithfully,

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**Ms. Civy Tumusiime**  
**Chairperson**  
**Association of Uganda Tour Operators**

CC: The Chairperson Committee Defense and Internal Affairs,  
The Chairperson Committee Legal and Parliamentary Affairs