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Opposition figure General David Sejusa returns from exile in London under unclear circumstances. The opposition Forum for Democratic Change holds its party conference but defers its decision on a presidential candidate until February 2015. Kenya and Uganda resolve a dispute over sugar which highlights the challenges facing the implementation of East African Community (EAC) common market. Security officials warn of increased risk of terror attacks over the Christmas holiday period.

David Sejusa returns from exile

Opposition figure General **David Sejusa** (formerly **Tinyefuza**), former coordinator of intelligence services, returned from exile in **London**, most likely following a negotiated settlement with the government.¹ The timing of Sejusa's return on 14 December, a day before delegates of the ruling **National Resistance Movement (NRM)** convened in **Kampala**, triggered speculation that he planned to launch his nascent opposition group **Free Uganda**² concurrently with the NRM national party congress (see *ARC Uganda November 2014 Briefing*). This is unlikely, as his arrival appears to have had the prior approval of the government. Notably, Brigadier **Ronnie Balya**, head of the **Internal Security Organisation (ISO)** and an ally of President **Yoweri Museveni** (1986 – present), met Sejusa at **Entebbe International Airport**.³ The ISO did not detain Sejusa, despite treason charges against him still active following allegations he made concerning the **Muhoozi Project**. In April 2013 Sejusa claimed in a private letter (which the **Daily Monitor** newspaper subsequently published in May 2014) that Museveni was willing to assassinate political and security opponents, including then prime minister **Amama Mbabazi**, to ensure the succession of his son Brigadier **Muhoozi Kainerugaba Museveni (MKM)**.

There are longstanding reports that Sejusa has remained in constant contact with the NRM leadership over how best to manage a return that would allow both parties to save face.⁴ It is unlikely that Sejusa would agree to return without guarantees in place that he would not face legal action or a threat to his life.⁵ Sejusa has yet to explain his return, saying only, "it is my constitutional right to return back home. Security has not done anything so far and I expect the situation to remain so."⁶ Sejusa returned to his home in **Sembabule District**, and there are no indications that he plans to attend the NRM conference. Sejusa's lawyer said his only intention is to seek Sejusa's discharge from the **Ugandan People's Defence Force (UPDF)**.⁷ A discharge would allow Sejusa to avoid a potential court-martial and indicate to the NRM government that he does not pose a threat by putting distance between himself and the UPDF chain of command.⁸ It would also, however, remove any leverage that Sejusa might need to protect himself from the threat of legal action, suggesting that Sejusa had already reached a deal with the government. The future of Free Uganda is uncertain, although supporters had

¹ Daily Monitor, 14 Dec 2014.

² Also known as the Freedom and Unity Front.

³ Daily Monitor, 14 Dec 2014.

⁴ East African, 25 May 2013.

⁵ Source, journalist, Nairobi

⁶ Daily Monitor, 14 Dec 2014.

⁷ VOA, 14 Dec 2014.

⁸ Source, senior think tank fellow

called on Sejusa to return to Uganda to seek political change in Kampala rather than from London.⁹ In a memo, Sejusa reportedly told Free Uganda officials that the challenge against the NRM was entering a critical phase:

“Supposing Museveni drops dead, are we going to wait to be invited back? And will you be invited back by the new force in charge?”

Museveni has managed the response to the Muhoozi Project very carefully and Sejusa’s return coinciding with the NRM conference is unlikely to be coincidental. Museveni responded to the publication of Sejusa’s letter by ordering the temporary closure of the Daily Monitor, owned by **Karim Aga Khan’s Nairobi (Kenya)-based Nation Media Group**. This was apparently a warning to international companies not to intervene in the succession debate.¹⁰ It was also Museveni’s way of demonstrating solidarity with Kenyan president, **Uhuru Kenyatta** (2013 – present), a frequent target of Daily Nation criticism.¹¹ Museveni wants Kenyatta to back his re-election bid in 2016.¹² This (partly) explains his repeated diplomatic efforts to secure the withdrawal of **African Union** states from the **International Criminal Court**.¹³ Sejusa’s return may allow Museveni to highlight to NRM delegates both his tolerance of dissent and equally the failure of his critics to launch meaningful political challenges.

Museveni may consider that permitting Free Uganda a base in Uganda will further fracture and confuse Uganda’s opposition which is struggling to unite behind a single presidential candidate. Free Uganda has achieved little success during Sejusa’s time in exile. In January, opposition figurehead and founder of the **Forum for Democratic Change (FDC) Kizza Besigye** confirmed that he was in contact with Sejusa, but relations are said to be strained after Sejusa was involved in Besigye’s arrest in 2005 on rape and treason charges.¹⁴ In July, Free Uganda chairman **Amii Omara Otunnu** published a statement criticising Sejusa’s leadership of the group.¹⁵ The FDC held its delegates conference in Kampala on 5 December.¹⁶ The FDC is divided between factions loyal to party president **Mugisha Muntu** and those loyal to former opposition leader in parliament **Nathan Nandala-Mafabi**.¹⁷ The FDC denied that Muntu would automatically be its presidential candidate in the 2016 presidential election, but said that the party would make a final decision at another party conference in February 2015.¹⁸

Uganda and Kenya reach sugar agreement

Sugar has in recent months soured the relationship between Kenya and Uganda in a dispute indicative of wider problems with the implementation of **East African Community (EAC)** common market protocols. Uganda had accused Kenya of blocking sugar exports. Under the new EAC system, Kenya has said that Uganda, its biggest trading partner, will be able to sell its excess produce locally, pending permits from the agriculture ministry.¹⁹ Kenya’s sugar companies can at best produce 600,000 tonnes per year while consumption is estimated to be 728,000 tonnes.²⁰ Imports make up the deficit. Some of the licence-holders for importing sugar are sugar companies and politically well-connected businessmen.²¹ Uganda, too, has traditionally imported sugar but over the last few years it has

⁹ www.thelondoneveningpost.com

¹⁰ Source, senior think tank fellow.

¹¹ Source, senior think tank fellow.

¹² Source, senior think tank fellow.

¹³ East African, 12 Dec 2014

¹⁴ Daily Monitor, 7 Jan 2014.

¹⁵ New Vision, 23 Jul 2014.

¹⁶ The Observer, 5 Dec 2014.

¹⁷ Monday Times, 9 Dec 2014.

¹⁸ Monday Times, 9 Dec 2014.

¹⁹ Source, journalist, Nairobi

²⁰ Source, journalist, Nairobi

²¹ Source, journalist, Nairobi

increased annual production to 465,000 tonnes against a demand of 320,000 tonnes.²² Ugandan sugar millers want to export this surplus to the Kenyan market without any barriers as is expected under the EAC common market which allows for the free movement of goods and people. Kenya has intentionally delayed imports from Uganda to protect its domestic sugar millers, most of which are state-owned enterprises and heavily in debt, but economists argue that the move is futile. *“You cannot prevent Uganda from exporting its sugar...”*²³

Domestic politics continues to hinder common market principles. Politicians from Kenya’s sugar belt are lobbying to block any attempt that would let firms die a natural death since many MPs from the region are cane farmers who supply these companies.²⁴ There is a fear that Ugandan exports to Kenya will muscle in on local sugar barons’ lucrative turf. With sugar selling at an average retail price of \$1.20 per kilo,²⁵ sugar barons can make as much as \$0.66 per kilo in net profit.²⁶ The Kenyan government says that most sugar imports from Uganda are dumped in the country, undercutting local millers and denying the state millions of shillings in taxes. Trade analysts and economists say that the bigger picture is poor government policies on the part of Kenya and a desire to retain control of the multi-million dollar sugar industry at the expense of the common market.

Taxes have been another thorny issue between Kenya and Uganda. Ugandan businessmen are unhappy with **Kenya Revenue Authority** regulations that require importers to pay taxes at the **Port of Mombasa** unlike the previous system where they paid taxes on the Ugandan side. Trade policy analysts say that it is not clear why Ugandan businessmen, through their lobby group, the **Kampala City Traders Association**, would protest the pre-pay tax system. **Simon Githuka**, a trade policy analyst at the **Nairobi**-based think tank **Kenya Institute for Public Policy Research and Analysis**, says that there should be no fuss over paying taxes at the Port of Mombasa since Ugandan importers will be refunded in Kampala once they prove that the goods were actually for that market. The new system is meant to stop the practice whereby businessmen previously avoided taxes by declaring that imported goods were en route to other EAC or **Common Market for Eastern and Southern Africa** member states while in reality they were destined for the Kenyan market. Goods en route or in transit are not taxed, so by declaring that the cargo is destined for the Ugandan market and then dumping in Kenya, a trader avoids paying taxes. Sugar is one of the goods most frequently diverted into the local market. Other trade analysts add that some clearing agents are also fighting the new system since a one-stop clearing-house will mean lost business.²⁷

Commercial links between Uganda and Kenya are too substantial for disputes to have a lasting impact. Government data shows that Kenya exported goods to Uganda worth \$722 million in 2013. Ties will become even closer as commercial oil production comes online. On 28 November, Kenya announced that **Japan**-based **Toyota Tshusho** won the contract to design an export pipeline from Uganda’s oil fields to Kenya’s **Lamu Port**.²⁸

Uganda warns of terror attack over Christmas period

Uganda has warned of an increased risk of terror attacks over the Christmas holiday period.²⁹ There was no indication whether the warning related to specific intelligence. The warning did not refer to a specific group, but defence chief **Katumba Wamala** cautioned the public not *“to relax and think we’re out of **al Shabaab’s** range”*.³⁰ Police chief **Kale Kayihura** ordered police units to increase their

²² Source, journalist, Nairobi

²³ Source, economist, Nairobi

²⁴ Source, journalist, Nairobi

²⁵ Source, journalist, Nairobi

²⁶ Source, journalist, Nairobi

²⁷ Source, journalist, Nairobi

²⁸ Energy Monitor Worldwide, 28 Nov 2014.

²⁹ AFP, 5 Dec 2014.

³⁰ Daily Nation, 5 Dec 2014.

visibility in public areas. Ugandan authorities have previously used vague warnings as an excuse to maintain a high security presence in the opposition heartland of Kampala.³¹ The warning comes amid increased al Shabaab activity in northern Kenya. In September, Ugandan security forces disrupted an al Shabaab plot apparently in its final stages. The major security operation apparently followed Ugandan and western intelligence about the transfer of explosive suicide vests. In July 2010, al Shabaab claimed responsibility for an attack that killed at least 76 people in twin bombings at a sports bar and **Ethiopian** restaurant in Kampala. Previous warnings by both Ugandan officials and western embassies have listed potential targets as hotels, restaurants, diplomatic missions, transport hubs, government buildings or public transport.

Implications

Museveni will only have allowed Sejusa's return on his own terms. The threat of restarting legal action against Sejusa will hang over any attempt to turn Free Uganda into a cohesive, effective political movement. Uncertainty about whether Sejusa has agreed a settlement with Museveni will sow distrust and discord in the Ugandan opposition, which may have always been Museveni's intent.

The implementation of EAC common market principles will continue in a haphazard and piecemeal manner, with disputes in specific sectors a regular occurrence. There is an underlying tension between the political and economic aspirations of the EAC and the reality of its individual member states. While integration will continue, vested interests will continue to guard against anything that challenges their exclusive market position.

The threat of an al Shabaab attack on key infrastructure or places frequented by westerners in Kampala or Entebbe remains high. The concern is that complacency will increase with each security notice that passes without incident.

³¹ Source, security analyst.