

Uganda approves construction licence for \$3.5bn crude pipeline

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Uganda has approved an application by a company controlled by France's Total Energies to construct a \$3.5bn oil pipeline that will transport the country's crude to international markets.



Workers are seen at an oil exploration site in Bulisa district approximately 244km North-West of Kampala. 2012. Source: Reuters

The approval is a key step to developing the East African country's oilfields where commercial petroleum production has been delayed for nearly two decades because of a lack of infrastructure and disagreements between the government and oil companies.

The cabinet approved the application to construct the pipeline by the East African Crude Oil Pipeline Company (EACOP) at its meeting on Monday, Godfrey Kabbyanga, the state minister for information, said in an emailed statement on Thursday, 18 January.

Total Energies is the largest shareholder in EACOP with a 62% stake. Other investors include the state-run Uganda National Oil Company and Tanzania Petroleum Development Corporation, which have 15% each, while China's CNOOC holds 8%.

The planned pipeline will run from landlocked Uganda's oilfields in the country's west to a port on Tanzania's Indian Ocean coast, a distance of 1,445km.



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Campaign against project

Environmentalists and rights activists have mounted a campaign against the project which they say will displace tens of thousands of people and endanger fragile ecosystems in the region.

Uganda discovered crude oil reserves in fields near the border with the Democratic Republic of Congo in 2006 but disagreements between the government and oil firms over taxes and development strategy have stymied attempts to develop them.

Government geologists estimate that the country's gross reserves stand at 6 billion barrels while recoverable oil is seen at 1.4 billion barrels.

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