



**PRESENTATION BY THE DEPARTMENT
OF EXTERNAL TRADE TO HON.
MINISTERS - MTIC**

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Layout

- About the Department of External Trade – Mandate, Vision, Mission, Strategic Objectives, Structure, Resources (human & financial)
- Legal and Policy regime – international trade agreements, External Trade Act, The National Trade Policy, National Policy on Services Trade, and the National Export Development Strategy (NEDS)



Layout

- Looking back, and into the future
- Conclusion

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About the Department of External Trade

- **Mandate:** Development of appropriate external trade policies that consolidate and drive expansion of Uganda's export markets
- **Vision:** effective integration of the Ugandan economy into the regional economy & the multilateral trading system through increased access to regional & multilateral markets; & enhanced national capacity to take advantage of the markets

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About the Department of External Trade

- **Mission:** To increase household incomes and prosperity through growing, sustainable and competitive export/international trade
- **Strategic Objectives:**
 - i. To ensure that international/export trade effectively and efficiently complements the domestic trade and production sub-sectors
 - ii. To promote the competitiveness of Ugandan goods and services in international/external markets

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About the Department of External Trade

- **Strategic Objectives (cont'd):**
 - iii. To influence policies and practices of the country's trading partners so that they are conducive to, and supportive of the country's development aspirations, through trade negotiations
 - iv. To play a lead role in adapting Uganda's economy to the trade and trade related policies and practices of the country's trading partners in such a manner that Uganda increasingly benefits from international trade

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About the Department of External Trade

- To deliver on its Mandate, Objectives and Vision, the Department works very closely with the Department of Internal Trade, relevant MTIC Agencies, MOFA, MFPED, & MAAIF
- The Department is also responsible for technical supervision of Uganda Export Promotion Board (UEPB) – a body set up by an Act of Parliament with the responsibility for the operational aspects of marketing Uganda's exports; and the AGOA Response Unit

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About the Department of External Trade

- External Trade covers exports and imports; plus international trade relations
- **Structure:** Two Divisions (Regional & Bilateral Trade, and Multilateral Trade) make up the Department
- In each Division, there are Units, and then Desks in each Unit
- Units under Regional & Bilateral Trade Division: EAC, COMESA, ROA – due for re-organization to cover AfCFTA & Tripartite FTA

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About the Department of External Trade

- **Structure:** Units under the Multilateral Trade Division: World Trade Organization (WTO); Other International Trade Organizations – UNCTAD, ITC, World Bank, IMF, WIPO; and ACP/EU
- **Resources**
 - Human: approved staff structure of 22, o/w 3 are support staff and 19 technical
 - Of the 19 technical staff, currently 11 (58%) are available

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About the Department of External Trade

- **Resources**
 - Financial: in 2020/21, the Department received Ushs 90,459,999 for its operations {Q1: Ushs 10,000,000; Q2: Ushs 15,000,000; Q3: Ushs 10,000,000; and Q4: Ushs 55,459,999}
 - In Q1 of 2021/22, Ushs 10,104,000 is available for the Department's operations

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Legal and Policy regime

- International trade agreements:
 - The WTO Agreement (Trade in Goods, Trade in Services, Trade Related Aspects of Intellectual Property Rights/TRIPS, Dispute Settlement Understanding, Agreement on Trade Facilitation)
 - The EAC-EU EPA (concluded in 2016, but remains unsigned)
 - Agreement Establishing the African Continental Free Trade Area (negotiation of the Annexes to make the Agreement operational still ongoing)

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Legal and Policy regime

- International trade agreements:
 - The COMESA Treaty – Uganda a Member of the COMESA Free Trade Area
 - Treaty Establishing the East African Community {Customs Union Protocol, Common Market Protocol, EAC Customs Management Act, SPS Protocol, ...}
 - Tripartite Free Trade Area Agreement (EAC+COMESA+SADC)

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Legal and Policy regime

- External Trade Act – a 1953 law that provides for the regulation of external trade and other matters incidental thereto or connected therewith. Empowers the Minister to restrict certain imports or exports; prohibit or limit imports or exports. Regulations to guide better implementation of the Act have been finalized

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Legal and Policy regime

- The National Trade Policy: The key gist is *boosting private sector competitiveness to harness opportunities in the domestic and international markets, and expanding both domestic and international markets to stimulate increased production in the economy*
- Domestic trade development; pursued in order to act as a springboard for the country's participation in international trade, and to expand the domestic market

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Legal and Policy regime

- External Trade development/increasing export earnings; pursued through regional integration, strategic bilateral engagements, and multilateralism in order to create bigger markets and stimulate further agricultural and industrial production in the country, and ultimately create wealth
- The Policy is implemented through two instruments: the National Trade Sector Development Plan, and the National Export Development Strategy (NEDS)

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Legal and Policy regime

- National Policy on Services Trade – this focuses on enhancing the country’s ability to harness Trade in Services both domestically and in international markets
- Highlights of the National Export Development Strategy (NEDS): runs from 2017/18 – 2021/22
- Strategy was informed by the realisation that whereas Uganda has done well in opening up markets through negotiating preferential trade arrangements, our penetration of those markets remains wanting

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Legal and Policy regime

NEDS Problem Diagnosis

Poor penetration of markets is due to:

- ✓ limited production,
- ✓ low levels of value addition,
- ✓ poor post-harvest handling,
- ✓ financing that is skewed towards importation

(average %share of monthly commercial bank lending for the period Jan 2018-Nov 2019 to total commercial bank credit to the private sector: Exports- 0.1%; Imports – 1.8%)

- ✓ information asymmetry, and
- ✓ inadequate infrastructure for export development , *among others.*

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Legal and Policy regime

NEDS Solutions to the Problem

- i. Securing preferential markets and increasing preference margins
- ii. Addressing Non-Tariff Barriers (NTBs)
- iii. Product and market focusing
- iv. Increasing and sustaining production
- v. Value Addition, Quality Assurance and Product Competitiveness
- vi. Financing for Export Development – *setting up an Export Development Fund*

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Legal and Policy regime

- vii. Export Enterprises Development and Incentives
- viii. Import substitution, mainly through the BUBU Policy – *but by outcompeting imported products rather than stopping them*
- ix. Trade in Services: to consolidate the country's services sector and increase service exports,
- x. Developing/Strengthening Institutions for Export Development, and
- xi. Dedicated Export Promotion Initiatives – e.g. specific marketing missions, trade fairs and exhibitions, ...

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Legal and Policy regime

- Implementation of the NEDS was estimated to cost a total of Ushs 2,756.78 billion spread over five years as follows: Ushs 891.14b in year one, Ushs 497.68b in year two, Ushs 467.31b in year three, Ushs 451.52b in year four and Ushs 449.13b in the fifth year; but it remains a problem!
- This investment is projected to increase the country's (merchandise) annual export earnings to US\$ 8.3571b in 2022

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Looking back, and into the future

- See figures below

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Uganda's Merchandise Exports, US\$ Millions (20/21 – up to April 2021)

Market	FY '15/16	FY '16/17	FY '17/18	FY '18/19	FY '19/20	FY '20/21
European Union	414.29	519.29	569.27	504.09	512.52	454.12
Rest of Europe	51.85	42.15	35.26	175.52	40.44	43.71
The Americas	48.04	53.13	68.55	49.00	60.32	43.17
Middle East	356.61	585.72	417.78	1,050.36	1,178.83	1,933.20
Asia	196.23	194.56	225.83	289.79	264.94	227.55
COMESA	1,486.14	1,692.99	2,079.55	1,772.37	1,576.15	1,454.44
Rest of Africa	132.20	184.04	133.30	119.32	164.03	153.64
Unclassified	2.46	2.20	1.72	1.95	2.57	1.36
Total	2,687.83	3,274.09	3,531.26	3,962.41	3,799.80	4,311.19

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Uganda's Merchandise Exports by Destination Market Shares, % (20/21 – up to April 2021)

Market	FY '15/16	FY '16/17	FY '17/18	FY '18/19	FY '19/20	FY '20/21
European Union	15%	16%	16%	13%	13%	11%
Rest of Europe	2%	1%	1%	4%	1%	1%
The Americas	2%	2%	2%	1%	2%	1%
Middle East	13%	18%	12%	27%	31%	45%
Asia	7%	6%	6%	7%	7%	5%
COMESA	55%	52%	59%	45%	41%	34%
Rest of Africa	5%	6%	4%	3%	4%	4%
Unclassified	0%	0%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%

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Disaggregation of Uganda's Exports to Africa, US\$ Millions, & %

Market	FY '15/16	FY '16/17	FY '17/18	FY '18/19	FY '19/20	FY '20/21
Africa	1,618.34	1,877.04	2,212.85	1,891.69	1,740.18	1,608.08
o/w COMESA, %	92%	90%	94%	94%	91%	90%
o/w outside COMESA	8%	10%	6%	6%	9%	10%
o/w outside (COMESA & EAC)	2%	3%	2%	2%	2%	3%

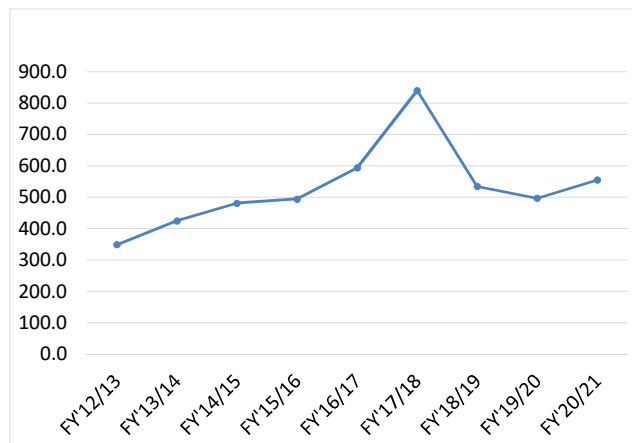
2020/21 – up to April 2021

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Uganda's Exports to Kenya, US\$ Millions (up to April

2021 {Uganda must lead the removal of NTBs against Kenya & seek Kenya to reciprocate}



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Looking back, and into the future

- Key strategic priorities under External Trade are;
 - i. Increasing market access for Uganda's goods and services in regional markets

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Looking back, and into the future

- i. Increasing market access for Uganda's goods and services in international markets, pursued under WTO, from which we already have:
 - Non-Reciprocal Duty Free and Quota Free Market Access to developed country markets, particularly the European Union (EU) through Everything But Arms (EBA), USA through the African Growth and Opportunity Act (AGOA), Special Preferential Treatment in China, India and Japan, *among others*

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Looking back, and into the future

- the Services Waiver under which Services and Services Suppliers are accorded preferential treatment in developed country markets such as EU, Switzerland, USA, Canada, Japan, e.t.c
- Trade Related Aspects of Intellectual Property Rights (TRIPS) under which we are allowed to manufacture generic drugs, thus leading to investments in the pharmaceutical industry (CIPLA, e,t.c.) and availability of cheaper medicines

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Looking back, and into the future

- Working to develop domestic capacity and ability to fully harness the opportunities created by these Schemes – Notifications, quality assurance, e.t.c.
- Implementation of Trade Facilitating measures
- Stimulating Investment towards increased production, particularly under OWC

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CONCLUSION

- Opportunities for increasing exports abound, but we must remain steadfast and systematic in addressing the existing challenges
- Whereas the private sector exports, public financing for an enabling environment to boost export growth is indispensable
- A multitude of policies and actions impact on export performance; thus cross-sectoral synergies is essential for the country to register further export growth

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CONCLUSION

- The market opportunities created in the domestic, regional and international markets must be harnessed by building firm/enterprise level competitiveness, ultimately catalyzing the transformation drive through increased household incomes
- The infrastructure and regulatory regime for doing is largely in place; and we should work to consolidate this and harness it

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The End

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