

EU supports Uganda in boosting competitiveness

By Benon Ojiambo

News of Uganda joining the Common Market for East and Southern Africa (COMESA) Free Trade Area (FTA) was received with hope and optimism that the newly found market would be a huge boost for Uganda's trade.

This meant that Uganda's exports to about 19 COMESA member countries would not attract any duties. The region commands a market of more than 389 million people and a combined gross domestic product (GDP) of \$909.8b as of 2015.

While launching the FTA in 2014, the minister of Trade, Industry and Cooperatives, Amelia Kyambadde, urged the Ugandan private sector to deliberately work to take advantage of the country's access to the market.

However, benefiting from the newly-found market could only be realised if Uganda's private sector was adequately prepared to increase its competitiveness and take advantage of the new trade opportunities for the benefit of the country. This also holds true for the EAC Customs Union.

It is on the basis of the above that the Government in 2010 developed and adopted the Border Market Programme, which was later named the Border Export Zone Programme (BEZ), aimed at strategically positioning Uganda and helping harness regional market opportunities by increasing competitiveness and penetration into regional markets.

The programme also planned to achieve the central objective by enhancing the capacity of small and medium scale enterprises (SMEs) to benefit from the existing and potential regional markets, enhancing value addition and promoting export of high value added products to the regional markets and creating employment and promoting economic growth and development.

According to Uganda's trade ministry, 18 border points included Busia, Bibia, Malaba, Mpondwe, Katuna, Lamya-Busunga, Ishasha, Mirama Hills, Mutukula, Amudat, Lwakhakha, Suam, Vurra and Oraba and Lumino were identified for development.

Currently, the Ministry has received land from only five districts that include Amuru, Busia, Kabale, Manafwa and Koboko and consultants have been contracted to develop master plans, Bills of Quantity and Environmental Impact Assessment for each of the site.

Different districts administrations in the other borders points are undertaking surveys as a prerequisite for acquiring land titles on which the border export zones will be developed.

EU support through RIIP

Notably, the ministry received financial assistance from COMESA

An artistic impression of one of the markets to be built under the RIIP partnership



with funds from the European Union (EU) through the Regional Integration Implementation Programme (RIIP) to support feasibility studies, development of master plans and undertake Environmental Impact Assessments for the respective border sites.

RIIP is a three-year project implemented under the Ministry of Trade, Industry and Cooperatives designed to enhance Uganda's capacity to integrate and harness regional economic opportunities presented by COMESA-EAC-SADC tripartite agreement.

It is supported with 23.2 million (about sh12.6b) funds from the EU through the COMESA Adjustment Facility. The programme also aims at ensuring Uganda's effective integration into the COMESA with a view to increasing her regional trade and investments.

"RIIP is supporting implementation of the Border Export Zones Programme which is aimed at positioning the country to maximise its exports to the region by increasing competitiveness and penetration into regional markets," says the Minister of Trade, Industry and Cooperatives, Amelia Kyambadde.

Supporting value chain clusters under the BEZs

In a bid to increase on the volumes and competitiveness of the country's exports that are predominantly agricultural to the regional markets, the programme supports establishment of clusters of the players along the value chains of the targeted BEZs.

"We support the players through trainings in packaging, complying with standards, normal entrepreneurial skills to boost their capacity, setting up processing centres for value addition and distributing value addition machinery," the minister explained.

There has been identification of different commodities to be handled at specific export zone points. A case



Kyambadde, trade minister

in point is the Katuna border post where fruits and vegetables, cereals, livestock and winery value chain shall be supported.

Formalising cross-border traders

The programme (RIIP) is also supporting implementation of the Simplified Trade Regime, an EAC and COMESA arrangement that was initiated to promote and formalise cross-border trade through simplification of related customs documents, establishing two trade information offices to facilitate small scale customs clearances and training the traders on regional policies, enterprises development and value addition aspect. This initiative is geared towards the formalisation of small cross-border trade between Uganda and other regional countries such as Kenya, South Sudan, Rwanda and others.

According to Steven Kamukama, the RIIP Project Coordinator, informal cross-border trade between Uganda and the neighbouring countries accounted for 42% of the country's total trade in 2008, but this has since fallen to about 15% as at the end of 2016, thanks to the support.

He explained that the continued existence of this informal trade makes it difficult for the country to plan adequately for the traders as they face a number of avoidable



Kamukama, project coordinator

challenges with other countries' immigration departments.

"Traders miss out on government support since they are unregulated, treaded as illegal immigrants in the respective countries they are trading with due to failure to comply with the law affecting their businesses," Kamukama explained.

He also noted that in most cases, they do informal trade due to ignorance of the right procedures to follow when going about their trade. "You many find that some are trying to evade non-existent taxes. They do so all because they are simply not aware," he also said.

He further explained that with support of the programme, they are to embark on a mass sensitisation drive of the traders on the general procedures to follow when exporting to the region, the applicable laws and requisite documents required like the certificates of origin before they can successfully benefit from the venture. This is also expected to reduce on the costs of doing business to the traders.

Other RIIP Achievements

Though Uganda joined the COMESA Free Trade Area (FTA) on July 1, 2014, not many of the members of the business community knew what it takes to export to the FTA.

The RIIP Project has supported mobilisation and awareness to the business community, customs and border officials to understand the new tariff regimes and implementation instruments under the FTA including the expected benefits therein.

The Project supports interventions aimed at enhancing stakeholder's awareness of the existence of the COMESA transport facilitation tools, such as the Yellow Card-Third Party Insurance Scheme, the Air Liberalisation Agreement, harmonised transit guarantee scheme, carrier license, harmonised transport charges, and harmonised vehicle dimensions, among others. Stakeholders have been made to understand their benefits in reducing the cost of transactions, how they are applied in the transport processes and domestication requirements.

According to the trade ministry, 82% of the identified Non-Tariff Barriers (NTBs) against Uganda were resolved in FY2015/16 through the National Monitoring Committee.

The Project supports implementation of regional harmonised standards. Uganda has adopted almost all COMESA and EAC harmonised standards.

"This is to facilitate mutual recognition, expand the market for Ugandan products, and facilitate free movement of our goods and services across the region," Kamukama said.



Ensuring effective integration and competitiveness of Uganda in the regional and international markets

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RIIP: A programme supported by COMESA with funds from the European Union