Trade ministry scores 70% on manifesto promises

By Ritah Mukasa
and Benon Ojiambo

Three years into the implementation of the National Resistance Movement (NRM) manifesto for the five-year term running from 2016 to 2021, the Ministry of Trade, Industry and Co-operatives has implemented 70% of the activities under it. This is according to trade minister Amelia Kyambadde.

She says one of the major highlights of the three years implemented so far is the increase in Uganda's exports that have registered a 31% increase from \$2.68b (about sh10 trillion) in financial year (FY) 2015/16 to \$3.53b (about sh13.2trillion) in FY2017/18.

On the other hand, import earnings increased from \$4.6b (in the FY2015/16 to \$5.6b in FY2017/18, representing a lower increase of 19.7%, ministry statistics reveal.

Uganda's trade deficit has increased from \$1.74b in FY2015/16 when the manifesto was first implemented, to \$2.07b in FY2017/18.

The ministry attributes the persistent increase in the import earnings to a boost in import of capital goods and equipment in the infrastructure projects in the energy, transport, oil and gas and industrial sectors.

Though the balance of trade deficit has continued to surge, the ministry has in the three years undertaken different initiatives that are aimed at reducing the balance of trade deficit.

President Museveni (wearing hat) launched the Soroti fruit factory recently

President Museveni unveiling the Build Uganda Buy Uganda logo recently

UNBS' Standards House at Bweyogerere Industrial park

Elegu is one of the four one stop border posts that are already operational

AT LEAST 86% OF THE NON-TARIFF BARRIERS REPORTED THROUGH THE WEB-BASED REPORTING SYSTEM HAVE BE RESOLVED, REDUCING THE NUMBER OF DAYS TO MOVE GOODS FROM MOMBASA TO KAMPALA FROM 21 DAYS, IN 2011, TO FOUR DAYS, IN 2018

ORABA COMERCIAL/WAREHOUSE BUILDINGS

An artist's impression of how one of the structures at the Oraba border export zone will look like

TRADE FACILITATION INITIATIVE
Electronic single window

The trade ministry, in partnership with other stakeholders, has continued to implement the electronic single window system.

Through the system, importers and exporters are allowed to submit different regulatory documents, like permits and customs declarations, using a single access point.

This has addressed the delays in the clearance of goods, which was affecting the business community in Uganda and the East African region.

The project has reduced transaction costs and time associated with processing documentation for selected imports and exports at key trade regulatory agencies in Uganda by 25%, while the transactions processed through the system have increased, according to the trade ministry.

Reduction in NTBs

On the other hand, the ministry has continued to implement a web-based non-tariff barrier (NTB) reporting system that has helped in reporting and resolution of NTBs among trade facilitating institutions.

This, in turn has reduced the delays and costs of moving goods into and out of Uganda.

Additionally, at least 86% of the NTBs reported through the system have been resolved, reducing the number of days to move goods from Mombasa to Kampala from 21 days in 2011 to four days in 2018.

The trade information portal

The portal is an electronic platform, which enables traders and other interested parties to easily access all information regarding procedures, documentation, fees and other related charges, with respect to exportation, importation and transit of goods and services in a single place.

Kyambadde explains that 10 products have since been documented on the portal, in line with the national export development strategy (NEDS).

Some of these are coffee, cotton, flowers, fish and others. She further explained that over 800 people visit the portal monthly.

Development of Border Export Zones (BEZs)

During the three years, strides towards the materialisation of the border export zones have been made. The zones are being developed to strategically position Uganda to harness regional market opportunities.

At least 18 export zones have been earmarked to be developed under the programme and these are Bibia, Malaba, Mpondwe, Katuna, Lamya-Busunga, Ishasha, Mirama Hills and Mutukula.

Others are Amudat, Lwakhakha, Suam, Vura and Oraba, Busia, Lumino, Ntoroko and Madi Opei and Kikagati.

During the three years, master plans for six border points of Katuna, Busia, Kikagate, Oraba, Lwakhakha and Elegu have been developed.

In addition, sh8.4b from the European Union (EU), through the Common Market for East and Southern Africa (COMESA), has so far been allocated to kick-start construction at five zones and these are Katuna, Busia, Oraba, Lwakhakha and Elegu.

On the other hand, Mpondwe export zone will be developed with funding from the World Bank, under the Great Lakes Trade Facilitation Project.

One-Stop Border Posts (OSBPs)

At least four border posts have been established and are operational.

These are Mutukula at the Uganda-Tanzania border; Mirama Hills at the border with Rwanda; Busia at the border with Kenya and Elegu at the Uganda-South Sudan border.

These, according to Kyambadde, have enabled joint processing of documents between the trading countries at each of the border posts. The joint processing has saved time and transit costs incurred in cross border movement as one has to clear at only one side of the border.

Commercial extension services at local governments

The ministry has facilitated provision of commercial services at the local governments through the district commercial officers (DCOs).

Effective FY2016/17, the Government rolled out a grant allocation to the DCOs in all districts and municipalities with an initial allocation of sh108m.

However, in FY2017/18, the grant allocation was increased to sh2.2b and it is expected to increase with time.

MAXIMISING REGIONAL MARKETS

"Regional markets like COMESA and the East African Community (EAC) present huge market potential that Uganda can tap into and maximise their earnings," Kyambadde says.

During last year, Uganda registered a record highest trade balance in the EAC region of \$122.78m, with exports of \$628.47m against imports of \$505.7m.

Additionally, Uganda had a surplus balance of trade with Kenya of \$560.8m million in 2017, EAC's biggest economy, from \$418.3m in 2016.

"COMESA trading bloc has been the main destination for Uganda's formal exports for the last decade. Member states including Kenya, South Sudan, Rwanda and DR Congo, who contributed significantly to our export earnings in 2017/18 accounting for \$ 628.47million, \$311.34 million, \$197.44 million and \$196.87 million, respectively," she explained.

Progress on AfCFTA

Outside COMESA and EAC, Uganda is also a signatory to many trade and trade-related agreements through which market opportunities have been achieved.

Notable among these is the Africa Continental Free Trade Area (AfCFTA), which involves 55 member states of Africa, and the world's largest free-trade area, by number of countries.

It establishes a single market of 1.2 billion people, with a combined gross domestic product of \$3.4 trillion.

To Uganda, AFCFTA provides expanded markets for our growing economic operations, attracts cross-border investment, creates employment opportunities, enhances peace and also improves the interstate infrastructure interconnectivity to enable us harness our productive capacities.

Uganda is the current chair of AfCTA forum of African ministers of trade and is currently leading the conclusion of CFTA negotiations.

Re-strategising for African Growth and Opportunity Act (AGOA)

Though AGOA was enacted in 2000 to enhance market access of Sub-Saharan countries' goods to the US market, Kyambadde notes that the population was generally inadequately prepared, something that has hindered the full utilisation of the market.

"We did not have the right quantities and our products were not adhering to US standards," Kyambadde notes.

As such, a new AGOA strategy was developed to address the bottlenecks that have been hampering exporters from easily accessing the US market.

The strategy specially focuses on niche-oriented products, where Uganda has a competitive advantage for export to the US market.

These include casein (a milk nutrient), Arabica coffee, fish fillet, cut flowers (sweetheart roses), home décor and fashion accessories, specialty foods (vanilla, dried fruits), shea butter and textile and apparel (fashion & designs).

EXPORT PROMOTION
Implementation of the NEDS

The National Export Development strategy (NEDS) was passed by Cabinet in 2017 to promote exports and is currently being implemented across all ministries, departments and agencies (MDAs).

Since 2017, implementation of the NEDS has led to an increase in bilateral and multilateral negotiations, infrastructure development, value addition and organising of groupings in co-operatives.

Other initiatives

The ministry developed trade charters for our missions in major markets of China, India, Dubai, Kenya, Rwanda, Tanzania, US and EU, to guide on trade and investment opportunities available in the country.

It also developed a one-stop centre for export information and advisory services to support current potential exporters.

Easy-to-use market information guides and materials have been developed and made available to the public.

Additional market information centres have been set up in Agago and Otuke districts, to provide the much needed market information and capacity building services.

She also added that an online exporters' directory has been developed and operationalised at the Uganda Export Promotion Board (UEPB) to promote exporters.

As a result, an average of 25 new exporters are registered and assisted each quarter. For the past three years, UEPB has registered 300 new exporters in total.

Promoting quality and standards

Government has strengthened the Uganda National Bureau of Standards (UNBS) to boost its effectiveness and efficiency to execute its mandate.

Kyambadde explained that the Government has provided additional sh10b towards recruitment of staff in order to increase the presence and coverage of UNBS to other regions and entry points of the country.

An additional sh6b was allocated to the agency during FY2017/18 towards the construction of food safety laboratories at its headquarters at Bweyogerere, Wakiso district and are expected to be commissioned by November.

UNBS has also increased its surveillance to ensure that there is no dumping of poor quality goods in Uganda, as this is not only harmful to the health of Ugandans, but to the economy as a whole.

According to David Ebiru, the deputy executive director in charge of management services, over 1,948 market outlets have been inspected out of the targeted 2,500.

"There has also been enhanced capacity for laboratory testing of product samples a result of TradeMark East Africa's (TMEA) support towards supply of modern laboratory equipment, which replaced the obsolete ones. Before TMEA supplied modern equipment, we were testing 5,000 -7,000 samples annually. Now we are testing 15,000-20,000," Ebiru explains.

In 2017/18 alone, UNBS seized 413 metric tonnes of goods worth sh3.5b including electronics, cosmetics, steel products, iron sheets, foodstuffs, toilet paper, agro-inputs, cooking oil, second-hand tyres, beer, paints and cereals, among others.

The bureau declared the Q mark compulsory on all products with mandatory standards and hence any product without it shall not be placed on the market.

UNBS decentralised its services to regional offices in the districts of Gulu, Mbale and Mbarara, to protect consumers from harmful products.

The bureau further reduced substandard goods on the market through the banning of cosmetic products containing mercury and hydroquinone, juices and salt.

The ministry is currently working with the foam sector to rid the market of substandard mattresses.

There has also been capacity building and certification of MSME's products for quality assurance. Over 509 certification permits have been issued.

To improve standardisation of local products, UNBS developed 204 standards in the first half of the 2018/19 against a set target of 200 standards.

A total of 60,342 import consignments were inspected and cleared at entry points and all the internal container depots manned by UNBS.

Additionally, 513,930 equipment used in trade were verified against a set target of 450,000 and 1,715 equipment were calibrated.

Co-operatives

At least 3,342 co-operatives have been registered since the 2015/16 financial year. This brings the total number of registered co-operatives to19,524. The majority (8,464), happen to be savings and credit cooperative organisations and societies. In addition, there are 53 co-operative societies in 38 districts, which have been availed value addition equipment through the Rural Industrialisation Development Project.

Co-operatives compensation

From the 2016/17 financial year, the Government has compensated four co-operative unions that suffered war debts to the tune of sh18b.

These are Bugisu Co-operative Union that received sh7.95b, Masaba Co-operative Union (sh7.02b), Busoga Growers Co-operative Union and Teso Co-operative Union that got sh2b and sh1b respectively.

Total compensations amounted to sh32.2b and this has resulted into revitalisation of the co-operative movement, boosting of production in commodities, like coffee and cotton as well as procurement of equipment to facilitate value addition.