



THE REPUBLIC OF UGANDA

**MINISTRY OF TRADE, INDUSTRY AND
COOPERATIVES**

**REMARKS BY HON. AMELIA KYAMBADDE, MINISTER,
AT THE OPENING OF THE 5th NATIONAL TRADE
SECTOR REVIEW CONFERENCE, 9th SEPTEMBER 2011**

SPEKE RESORT MUNYONYO

Honorable Ministers

Honorable Members of the Parliament

Members of the Diplomatic Corp

Members of the Private Sector

Distinguished Guests

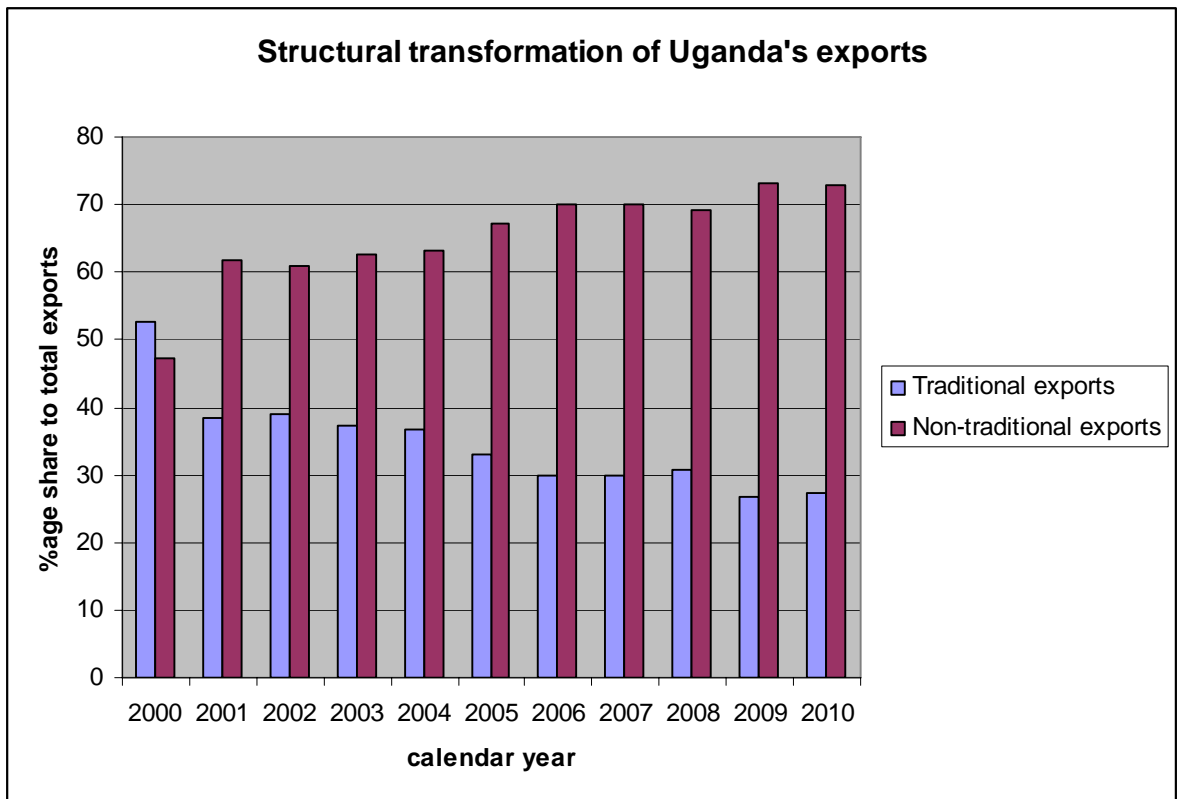
Ladies and gentlemen,

1. I wish to welcome you all to this 5th National Trade Sector Review Conference, which is a major milestone in the economic development process of this country. The Ministry values your presence here and we look forward to positive interaction as we deliberate on the issues that affect all of us in the context of this Conference. The theme of this 5th Trade Sector Review Conference is ***“Growing Exports for Robust Economic Development and Transformation”***. This is a very important area for discussion, especially at this time, which makes this Conference even more significant.

2. As you will appreciate, the global economy is currently facing several economic challenges; and Uganda is grappling with the second round effects of the global economic crisis. The impact is manifested in the depreciation of the domestic currency against major international currencies such as the United States dollar and the Euro, rising food and commodity prices, and a slowdown in international demand for our exports. Domestically, these are exacerbated by structural constraints especially along the Production, Marketing, Distribution and Transportation (PMDT) chain.

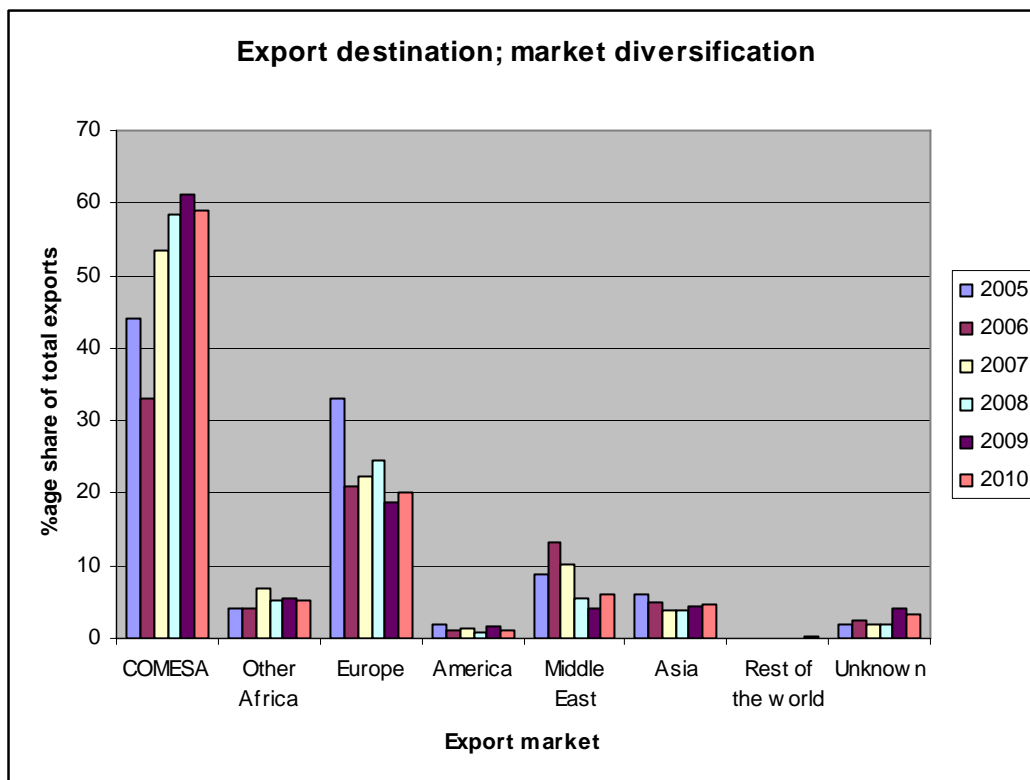
3. I wish to assure all stakeholders that while these constraints prevail, they are surmountable. The NRM Government is at the forefront of ably addressing them. We have diversified the export structure, both in terms of products and destinations. As late as 2000, four products (coffee, tea, cotton, and tobacco) dominated our exports; which exposed our economy to vulnerability to shocks in international prices of just four products. We have since changed that, with the four traditional export products now accounting for

only 27.2% of total exports in 2010 down from 52.6% in 2000. Over the same period, the non-traditional exports such as fish and fish products, grains such as maize, cereals, flowers, manufactures (such as steel and steel products, plastics, cement) now account for 72.8%.



4. Similarly, we have diversified our export markets with the regional market now absorbing most of our exports. Sudan accounted for 18.9% (US\$405.5m) of our total exports in 2010, followed by D.R Congo at 15.2% (US\$327.1m), Kenya at 13.2%

(US\$284.4m) and Rwanda 8.5% (US\$182.2m). The regional market has played a key role in shielding the Ugandan economy from the second round effects of the global financial crisis; and we must therefore deliberately consolidate it.



5. We are, however cognizant of the widening trade deficit which the country has continued to experience. Over the last couple of years, Uganda's import bill has been much more than the export receipts, and the growth in imports has continued to outstrip growth in exports. For example, while exports grew by 14% between

2007/08 - 2008/09, and by 8% between 2009/10 - 2010/11, imports grew by 16% and 15% respectively in the corresponding period. Similarly, the trade deficit widened by 28% in 2008/09, contracted by a marginal 8% in 2009/10 and grew by 24% in 2010/11. These figures tell a big story; we must grow our exports much more than is currently the case and ensure that our imports boost domestic production capacity if we are to ensure sustainable economic growth and transformation. I am therefore optimistic that with the theme of our deliberations today, we can jointly map out strategies to bolster our production and export capacity.

6. There are a number of initiatives that are already being implemented in order to fully address the challenges I have just enumerated;

- On the constraints affecting the Production, Marketing, Distribution and Transportation chain, Government is repositioning the NAADS Programme to ensure that it is truly a vehicle for increased production.

- We appreciate that agricultural extension services must be complemented by commercial extension services if the envisaged increased agricultural production is to be economically meaningful; and we have therefore embarked on a programme of strengthening District Commercial Offices to ensure that they provide these services. We have so far trained seventy four (74) districts across the entire country; and this Financial Year my Ministry introduced a conditional grant to District Commercial Offices in fifteen selected districts. This will be rolled out to other districts in subsequent years.
- Government has continued to improve road infrastructure with several kilometers either tarmacked or graded.
- With respect to the energy sector, the Government is steadfastly moving to address this problem with Bujagali nearing completion as the first 50MW should be available in October 2011.

These interventions should contribute to increased production and value addition, which are essential in driving robust economic development.

7. At the Trade, Industry and Cooperatives sector level, my Ministry is spearheading several initiatives aiming at boosting our export performance. We are finalizing an Export Growth Action Agenda with a view to propelling export growth and thus ease the pressure on some key fundamentals of the economy. We have noted that while export opportunities exist in regional and international markets, we are unable to exploit them due to low quality and low quantity on the production side. We can hardly sustain export contracts, nor are we able to sustainably meet domestic demand. Apparently, it is more lucrative for an individual to engage in import trade than export trade; but as an economy we need more exports than imports. We must therefore deliberately and transparently identify, encourage and support players in the Ugandan economy to engage in exportation, and I pledge my personal commitment to this

cause. In the course of developing this Agenda, it has come to my notice that there are a number of imported products which can also be produced in desired quantities and qualities domestically with a little Government push. The NRM Government will bolster private sector capacity through targeted interventions to ensure that domestic capacity to produce such products is increased. It is therefore essential that as we deliberate during this Conference, we reflect more deeply on these proposals and elaborate actionable points for us to follow up.

8. The Ministry has also taken the issue of the existence of Non-Tariff Barriers, even within the East African Community Common Market, very seriously. Accordingly, we have finalized verification missions to ascertain the nature and impact of the NTBs and are moving into bilateral engagements with the respective countries so that we can solve the problem of NTBs.

9. In the same spirit, we are moving to construct border markets at strategic border towns across the country in order to increase our ability to tap into the markets in neighboring countries. We will initially start with one at Bibia in Amuru district so that we can tap into the South Sudan market. I understand that our traders have faced numerous challenges inside South Sudan. I have therefore set up an Arbitration Committee to help address the concerns raised by the traders. This, together with the border market, should help us to consolidate our trade interests in South Sudan.

10. In addition, my Ministry is working out a strategy to harness the potential of the Small and Medium Enterprises (SMEs) to make them more productive so that they can take their rightful position as leading employers in Uganda, and to act as a springboard for industrial development. I am creating a Directorate of Small and Medium Enterprises in my Ministry to oversee the coordination and implementation of SME support interventions. I call upon this Review Conference to, among other recommendations, come up with

specific recommendations on how we can assist our SMEs to grow and develop their full potential in this country.

11. We have taken deliberate steps to improve post harvest handling, especially for the grain sector. Six warehouses with a storage capacity of 65,000 metric tonnes located in Jinja, Soroti, Gulu, Kasese and Mbarara have been refurbished. The Warehouse Receipt System has been consolidated and is easing commodity production financing. The Ministry intends to build ten (10) silos, one each in Gulu, Arua, Mbale, Soroti, Mityana, Hoima, Kyenjojo, Iganga, Kabale and Bushenyi; with sixty satellite warehouses being built in the hinterland of these places to feed into the silos. Milling and other value addition machinery will also be provided.

12. The Ministry has continued to carry out measures aimed at improving the governance of cooperatives, including audits, investigations and arbitration. We are also spearheading the rebuilding of cooperatives as vehicles for production, value addition

and marketing, with a focus on interesting the youths in the cooperative movement. We will continue to promote various forms of cooperatives such as SACCOS, Housing Cooperatives, Marketing Cooperatives, Transport Cooperatives, Consumer Cooperatives, Construction Cooperatives, e.t.c. I am glad to inform you that the Budget Committee of Parliament has recommended that SACCOS be relocated to their rightful home in the Ministry of Trade, Industry and Cooperatives.

13. With respect to industrial development, we have prioritized implementation of the Sugar Policy, the Textile Policy, and promotion of the uptake of technologies developed by the Uganda Industrial Research Institute. As such, incubation has been at the core of the activities undertaken by the Institute; and the Institute will be supported to design small scale machinery for use in cottage industries and other SMEs. Government will also continue to enhance quality assurance initiatives at the Uganda National Bureau of Standards (UNBS). The Management Training and Advisory

Centre is being restructured to better position it for entrepreneurship development, especially among the youths. We are steadfastly moving to reposition the Uganda Development Corporation to be the lead vehicle for Government investment in value addition and industrialization. I wish to report that the Uganda Development Corporation is now under the Ministry of Trade, Industry and Cooperatives.

14. You may recall that Government developed the National Development Plan in 2010, and that the Plan together with the NRM's electoral contract (the NRM Manifesto) with the people guide Government programmes. The Plan envisages implementation and monitoring through, inter alia, Sector Working Groups. Tourism, Trade and Industry form one of the Sector Working Groups, and the Resolutions of this Conference will be presented at the wider Tourism Trade and Industry Sector Working Group meeting for adoption. The Joint Resolutions will then inform the sector's work-plan for the 2012/13 Financial Year. This attests to the

importance of this Review Conference, especially given that the only way we can mitigate the impact of the global economic crisis on Uganda is through increasing exports.

15. I wish to commend the facilitators at this Conference who have agreed to share with us their knowledge; and to all of you for sparing time to attend to this important national cause. I am grateful to our development partners, the European Union, who have facilitated the hosting of this Conference through the Economic Partnership Agreement Related Trade and Private Sector Support (EPA TAPSS) Programme within the Ministry.

16. I urge all of you to use this Review Conference to knit Trade, Industry and Cooperatives closely together within the context of growing exports for robust economic growth and transformation.

Your ideas matter so much to us and we are positively looking forward to hear from you. I wish to assure you of my own, and my

Ministry's commitment to fully implement the Resolutions that will

Growing Exports for Robust Economic Development and Transformation Page 13

come out of by this Review Conference. Given the importance of growing exports for robust economic development and transformation, the theme of this Conference, I now have the singular honour and duty to declare the 5th National Trade Sector Review Conference officially open.

For God and My Country