ANNEX 5

UGANDA

Page

CONTENTS

I. ECONOMIC ENVIRONMENT A5-489
(1) MAIN FEATURES OF THE ECONOMY A5-489
(2) RECENT ECONOMIC DEVELOPMENTS A5-490
(3) TRADE AND INVESTMENT PERFORMANCE A5-494
(4) OUTLOOK A5-500

II. TRADE AND INVESTMENT REGIMES A5-502
(1) GENERAL FRAMEWORK A5-502
(2) TRADE POLICY OBJECTIVES A5-504
(3) TRADE AGREEMENTS A5-506
(i) World Trade Organization (WTO) A5-506
(ii) Regional and bilateral trade agreements A5-506
(4) INVESTMENT REGIME A5-506

III. TRADE POLICIES AND PRACTICES BY MEASURE A5-509
(1) INTRODUCTION A5-509
(2) MEASURES DIRECTLY AFFECTING IMPORTS A5-509
(i) Registration, customs procedures and valuation A5-509
(ii) Tariffs A5-510
(iii) Other duties and charges A5-511
(iv) Import prohibitions, restrictions and licensing A5-512
(v) Contingency measures A5-513
(vi) Standards and other technical requirements A5-513
(vii) Other measures A5-517
(3) MEASURES DIRECTLY AFFECTING EXPORTS A5-517
(i) Procedures A5-517
(ii) Export taxes, charges and levies A5-517
(iii) Export prohibitions, restrictions and licensing A5-518
(iv) Export subsidies and incentives A5-518
(v) Export finance, insurance, and guarantees A5-518
(vi) Export promotion and marketing assistance A5-518
(4) MEASURES AFFECTING PRODUCTION AND TRADE A5-519
(i) Incentives A5-519
(ii) Government procurement A5-519
(iii) Intellectual property rights A5-520
(iv) State-trading enterprises, state ownership, and privatization A5-522
(v) Competition policy and regulatory issues A5-523

Page

IV. TRADE POLICIES BY SECTOR A5-525

(1) INTRODUCTION A5-525

(2) AGRICULTURE A5-525
(i) Overview A5-525
(ii) Agricultural policy A5-527
(iii) Policy by subsector A5-530
(iv) Forestry A5-534
(v) Livestock A5-535
(vi) Fisheries A5-536

(3) MINING AND ENERGY A5-537
(i) Mining A5-537
(ii) Petroleum A5-538
(iii) Electricity A5-541

(4) MANUFACTURING A5-543

(5) SERVICES A5-545
(i) Financial services A5-545
(ii) Communications services A5-549
(iii) Transport A5-553
(iv) Tourism A5-557

REFERENCES A5-559

APPENDIX TABLES A5-565

Page

CHARTS

I. ECONOMIC ENVIRONMENT

I.1 Main sectors of the economy, 2006/07-2010/11 A5-490
I.2 Composition of merchandise trade, 2005 and 2010 A5-497
I.3 Direction of merchandise trade, 2005 and 2010 A5-498

TABLES

I. ECONOMIC ENVIRONMENT

I.1 Basic economic and social indicators, 2005-11 A5-491
I.2 Distribution of working population by industry, 2005/06-2009/10 A5-492
I.3 Balance of payments, 2005-11 A5-495
I.4 Investment, 2005-10 A5-499
I.5 Stock of FDI by major source and sector, 2005-10 A5-499

II. TRADE AND INVESTMENT REGIMES

II.1 Selected trade and trade-related legislation, June 2012 A5-503
II.2 Investment incentives, June 2012 A5-507
II.3 Doing business ranking A5-508

III. TRADE POLICIES AND PRACTICES BY MEASURE

III.1 Main excise duties, FY 2010/11 A5-512
III.2 Labelling and packaging standards, 2012 A5-517
III.3 Proposed thresholds for procurement methods under the PPDA Amendment Act A5-520
III.4 State-owned companies and statutory corporations A5-523

IV. TRADE POLICIES BY SECTOR

IV.1 Sectoral GDP, 2006-10 A5-526
IV.2 National land-cover statistics, 1990, 2000 and 2005 A5-526
IV.3 Cultivated land by region, 2008 A5-527
IV.4 Coffee exports, 2006-10 A5-530
IV.5 Cotton production and exports, 2005/06-2010/11 A5-532
IV.6 Cotton production targets and average yield, 2011/12-2014/15 A5-533
IV.7 Cocoa exports and earnings, 2005/06-2010/11 A5-533
IV.8 Livestock, 2008-10 A5-536
IV.9 Mineral production and exports, 2006-10 A5-537
IV.10 Annual changes in industrial production, 2006-10 A5-544
IV.11 Structure of the financial system, 2006-11 A5-546
IV.12 Insurance services indicators, 2006-10 A5-548
IV.13 Telecommunications services, 2006-11 A5-550
IV.14 Commercial traffic at Entebbe International Airport, 2006-10 A5-554
IV.15 Air transport performance at Entebbe International Airport, 2008-11 A5-554
IV.16 Tourist arrivals, 2006-10 A5-557

Page

APPENDIX TABLES

I. ECONOMIC ENVIRONMENT

AI.1 Structure of exports, including re-exports, 2005-10 A5-567
AI.2 Structure of imports, 2005-10 A5-568
AI.3 Destination of exports, including re-exports, 2005-10 A5-569
AI.4 Origin of imports, 2005-10 A5-570

I. ECONOMIC ENVIRONMENT

(1) MAIN FEATURES OF THE ECONOMY

1. Uganda is a landlocked country covering an area of 242,000 km^2, with a population of 32.9 million as of mid-2011. Uganda's position astride the equator means it enjoys two annual growing seasons and usually abundant rainfall. In 2011, Uganda was ranked 161st in the UNDP Human Development Index, behind Kenya and Tanzania and ahead of Rwanda and Burundi, its EAC partners. Uganda remains one of the world's poorest countries with a per capita GDP of US$526 and life expectancy of 54.1 years.

2. Over the past two decades, Uganda has pursued export-led growth coupled with prudent macroeconomic policy management and structural transformation of its economy. Inflation has generally remained in single digits (until its recent dramatic rise); fiscal deficits are modest and public debt is low, due to debt relief and a cautious borrowing policy. Uganda operates a flexible exchange rate regime with interventions primarily to dampen short-term volatility in exchange rates.

3. Although agriculture continues to dominate Uganda's economy, accounting for 46% of total export earnings in 2010, its contribution to GDP and employment continues to decline (Chart I.1). The contribution of services to GDP is growing and accounts for about half of Uganda's GDP. Transport, communications, and financial services registered the strongest growth during the period under review. Manufacturing and services (in particular transport and communications, wholesale and retail trade, and financial services) account for a growing percentage of economic activity. The share of exports to GDP rose over the period, led by non-traditional exports (fish, petroleum products, cement, cellular phones, and animal/vegetable fats and oils) and tourism, rather than the traditional exports of coffee, tea, and cotton.

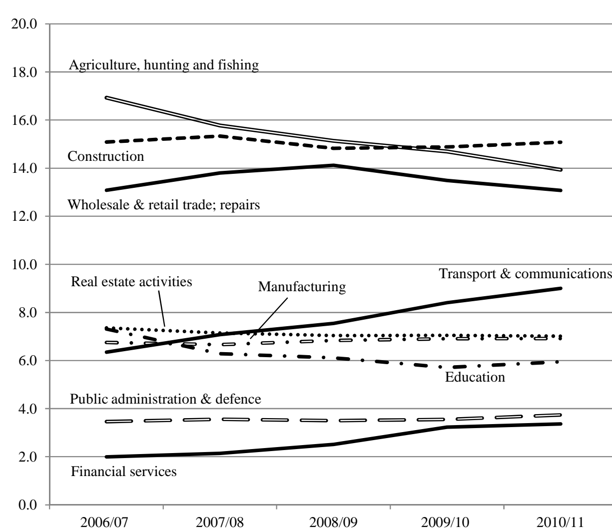
4. Uganda's strengths include its tourism industry, which is one of its largest foreign exchange earners. Improvements in infrastructure and investment in this sector could unlock its potential and increase earnings. Uganda's recent discovery of commercially viable petroleum deposits brings both development opportunities and challenges. Increased government revenue from petroleum will offer Uganda a unique opportunity to transform its economy if an institutional framework is in place to properly manage resource rents and address economic, social, and environmental issues. The return of peace and stability in Northern Uganda after decades of unrest offers an opportunity for its re-integration and the potential for economic growth given the region's agricultural and mineral resources and its proximity to the markets of DR Congo and South Sudan.

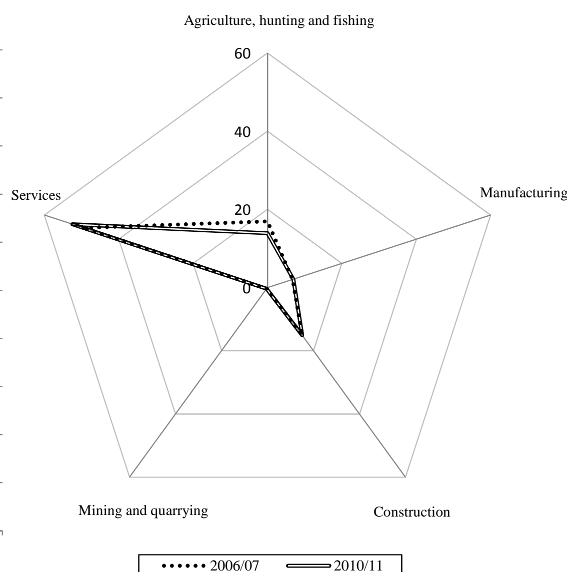
5. Uganda faces a number of challenges. Infrastructure bottlenecks, particularly energy and transport, have been identified as major binding constraints to economic growth. Electricity shortages need to be addressed through improvement in electricity-generation capacity, reduction of transmission losses, and adjustment of electricity tariffs to cost-reflective levels. Only a quarter of its national road network is paved. Uganda's population growth rate of 3.2% per annum is one of the highest in the world, and half the population is below the age of 15, creating pressure on social services provision and leading to youth unemployment and underemployment. Uganda has a low tax-revenue base; its huge, predominantly agricultural, informal sector generates non-cash transactions that are hard to tax. Small- and medium-size traders do not keep proper accounts, are difficult to monitor and have a low tax compliance level. Uganda's narrow export base leaves it vulnerable to commodity price swings. Low agricultural productivity, impediments to value addition, regulatory constraints, and trade taxes (import tariffs and export taxes) that promote non-competitive industries impede exports. Exogenous risks include the security situation in neighbouring countries, which has

an impact on regional trade and remittances, and weather and drought conditions, which have a strong influence on agriculture sector performance.

Chart I.1
Main sectors of the economy, 2006/07-2010/11

Per cent of GDP at constant prices





Source: **Uganda Bureau of Statistics, Statistical Abstract 2011.**

6. Uganda's landlocked position and poor infrastructure add to its cost of doing business. According to the World Bank, Uganda ranks 123rd out of 183 economies (behind Rwanda and Kenya, and ahead of Tanzania and Burundi).[1] Regulatory reform and investment in infrastructure and social services are essential to promote economic growth and support development objectives, particularly if Uganda is to achieve its stated objective of transforming the country from an LDC to middle-income status in the medium term.

(2) RECENT ECONOMIC DEVELOPMENTS

7. Real GDP growth was irregular during 2005-10, varying between 4.1% and 10.4%, while averaging 7.7% annually, above the average in sub-Saharan Africa, despite the global economic downturn (Table I.1).

8. Although the total labour force in Uganda increased by almost a quarter from 2005/06 to 2009/10, the numbers engaged in agriculture fell from 72% to 66% (Table I.2). According to the 2008/09 Uganda Census of Agriculture (UCA), an estimated 3.95 million households, i.e. 19.3 million persons, are engaged in agriculture. The next general population census is due to take place in 2012.

[1] World Bank (2012).

Table I.1
Basic economic and social indicators, 2005-11

	2005	2006	2007	2008	2009	2010	2011
Nominal GDP (USh billion)	17,878	20,166	23,351	28,176	33,596	38,577	..
Nominal GDP (US$ billion)	10.0	11.0	13.5	16.4	16.5	17.7	..
Real GDP growth rate (%)	10.0	7.1	8.1	10.4	4.1	6.2	..
GDP per capita (at current US$)	369	392	466	544	529	526	..
Total debt stock (end of period) as a % of GDP	43.3	14.7	11.7	11.1	13.5	13.4	..
Debt service (maturities including IMF) as % of exports of goods and services	11.7	14.2	4.3	3.0	2.9	2.7	..
GDP by economic activities at constant 2002 prices			**(% of GDP)**				
Agriculture and forestry	19.2	17.6	16.6	15.3	15.1	14.5	..
Mining and quarrying	0.3	0.4	0.3	0.3	0.3	0.4	..
Manufacturing	7.1	6.9	6.8	6.6	7.1	7.0	..
Electricity and water supply	3.3	3.0	2.9	2.7	2.9	2.9	..
Construction	14.0	14.4	14.5	15.9	14.5	15.2	..
Services	48.4	49.9	49.7	49.7	50.6	51.5	..
Wholesale & retail trade; repairs	12.7	13.0	13.6	14.0	13.5	13.0	..
Hotels & restaurants	4.5	4.5	4.6	4.7	4.9	4.6	..
Transport & communications	5.2	5.9	6.1	6.8	7.2	7.6	..
Financial services	2.2	2.4	2.2	2.2	2.8	3.6	..
Real estate activities	7.6	7.5	7.4	7.0	7.2	7.2	..
Other business services	1.5	1.6	1.6	1.6	1.7	1.8	..
Public administration & defence	3.9	3.7	3.6	3.5	3.6	3.7	..
Education	7.1	7.3	6.9	6.2	6.0	5.9	..
Health	1.7	1.7	1.6	1.4	1.4	1.5	..
Other personal & community services	2.0	2.2	2.3	2.3	2.5	2.6	..
Adjustments	7.7	8.0	9.2	9.3	9.5	8.5	..
FISIM	-1.0	-1.2	-0.9	-1.0	-1.4	-2.3	..
Taxes on products	8.7	9.2	10.1	10.3	10.9	10.8	..
National accounts			**(% of GDP)**				
Total GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0	..
Final consumption expenditure	88.5	93.4	88.1	91.3	86.2	91.4	..
Household final consumption expenditure	74.9	80.0	77.0	81.3	76.4	81.3	..
Government final consumption expenditure	13.7	13.4	11.2	10.0	9.8	10.1	..
Gross capital formation	21.6	20.7	23.0	20.4	22.1	23.5	..
Fixed capital formation	21.3	20.5	22.7	20.1	21.8	23.2	..
Changes in inventories	0.2	0.3	0.3	0.3	0.3	0.3	..
Trade balance	-10.1	-14.1	-11.1	-11.7	-8.3	-14.9	..
Goods exports, f.o.b.	10.1	10.8	14.9	16.5	17.4	14.1	..
Services exports	5.1	4.1	4.0	3.5	5.8	6.9	..
Goods imports, f.o.b.	-17.4	-20.1	-22.0	-24.3	-22.9	-25.1	..
Services imports	-7.9	-8.9	-8.0	-7.3	-8.6	-10.8	..
Prices and interest rates							
Inflation (CPI, % change)	8.6	7.2	6.1	12.0	13.0	4.0	18.7
Deposit rate-% per annum	8.8	9.1	9.3	10.7	9.8	7.7	13.0
Lending rate--% per annum	19.6	18.7	19.1	20.5	21.0	20.2	21.8
Government finance statistics (% of GDP)	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11[a]**	..
Revenues excluding grants	..	12.9	13.2	12.7	12.4	15.8	..
Tax revenue	..	12.4	12.9	12.2	13.1	15.6	..

Table I.1 (cont'd)

	2005	2006	2007	2008	2009	2010	2011
Non-tax revenue	..	0.5	0.3	0.5	0.3	0.2	..
Grants	..	5.1	3.0	2.9	2.5	3.1	..
Total expenditure	..	19.8	18.1	17.2	19.6	23.7	..
Overall fiscal balance (excluding grants)	..	-7.0	-4.9	-4.6	-7.2	-10.6	..
Overall fiscal balance (including grants)	..	-1.9	-1.9	-1.7	-4.7	-2.1	..
Total external reserves (US$ million)	1,407	2,160	2,685	2,442	2,490	2,220	..
Reserve cover (months of imports of goods and services)	6.3	7.8	7.0	5.4	5.2	4.0	..
Memorandum	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Exchange rate (USh/US$, period average)	1,781	1,831	1,723	1,720	2,030	2,178	2,523
Inward FDI stock (% of GDP)	20	24	26	25	29	32	..
Real effective exchange rate (index 2005=100)	100.0	100.0	103.0	106.3	105.3	111.4	107.2

.. Not available

a Projection.

Source: Bank of Uganda online information. Viewed at: http://www.bou.or.ug; Uganda Bureau of Statistics' Statistical Abstract reports 2010 and 2011. Viewed at: www.ubos.org; IMF IFS database. Viewed at: http://elibrary-data.imf.org/; and UNCTAD statistics online information. Viewed at: http://unctadstat.unctad.org/.

Table I.2
Distribution of working population by industry, 2005/06-2009/10

Industry	**2005/06 (%)**	**2009/10 (%)**
Agriculture, forestry and fishing	71.6	65.6
Sale, maintenance, repair of vehicles and personal goods	9.1	9.8
Manufacturing	4.5	6.0
Education	3.0	3.5
Transport storage and communications	2.2	2.7
Hotels and restaurants	2.8	2.3
Others	6.8	10.1
Total	**100**	**100**

Source: Uganda Bureau of Statistics, 2011. Viewed at: http://www.countrystat.org/country/uga/documents/docs/2011%20Statistical%20Abastract.pdf.

9. The impact of the global financial crisis on Uganda has been less severe than expected. After suffering a downturn in 2009, the economy bounced back in 2010 due to increased regional demand, particularly for food (Table I.1). Uganda's financial system proved to be resilient, due to its sound banking system and limited exposure to assets whose prices fell during the crisis.[2]

10. Since 2006, Uganda's macroeconomic management has been guided by the Policy Support Instrument (PSI) approved by the IMF. The Government's primary macroeconomic objective is to promote rapid, broad-based, and sustainable economic growth through maintaining annual CPI inflation (which incorporates some food products, primarily processed foods, such as flour, sugar, rice and oils) at less than 5%; promoting increased private-sector investment; rebuilding foreign reserves equivalent to five months of imports; maintaining a flexible real exchange rate; ensuring that medium-term fiscal strategy is conducive to investments that boost productive capacity and employment creation; and introducing a transparent system of petroleum revenue management to fund infrastructure investment.[3]

[2] IMF (2010).
[3] IMF (2011).

11. In January 2011, the BOU adopted a tight monetary policy stance (following a looser policy stance in 2009-10) in an effort to contain inflation and the second-round effects of food and fuel price shocks. In July 2011, Uganda moved away from monetary targeting to a flexible inflation targeting monetary policy framework (inflation targeting "lite" - ITL) that involves varying the levels of commercial bank liquidity so that the 7-day interbank rate remains within the range of the announced Central Bank Rate (CBR).[4] The new CBR is set monthly with a corridor of two percentage points above and below. The BOU supplies liquidity through reverse repo operations if the 7-day interbank rate is towards the upper limit, and withdraws surplus liquidity through repo operations if rates fall towards the lower limit. The goal is to maintain core inflation (which excludes the prices of fuel and food crops) at an annual level of 5% over the medium term.

12. Headline inflation averaged 8.5% between 2006 and 2010, before accelerating from 5% in January 2011 to a peak of 30.5% in October 2011, largely driven by increased food and commodity prices, currency depreciation, and an accommodative monetary policy. The Ugandan shilling depreciated from USh 1,781/US$ in 2005 to USh 2,506/US$ in April 2011. Foreign exchange reserves declined from US$2.4 billion in 2008 (5.4 months of import cover) to US$2.2 billion in 2010 (4 months of import cover), following BOU interventions to correct short-term volatility of the exchange rate.

13. The fiscal deficit (excluding grants) contracted to 4.6% of GDP in 2008/09 before rebounding to 10.6% of GDP in 2010/11 (Table I.2). Public expenditure grew during 2006/07-2010/11, due to increased expenditure on infrastructure investments, exceptional spending on security (in the run-up to the presidential elections in February 2011), wages and salaries for the lower-paid cadre of civil servants, payment of pension arrears, and higher thermal power subsidies due to rising fuel prices. Tax revenue increased during the same period, while non-tax revenue (NTR) halved. Most of the tax expansion was from import taxes and income taxes; some key economic drivers had a more significant positive impact on tax collections than on general GDP growth, causing an expansion in the tax to GDP ratio. In terms of economic factors, import taxes were affected by the exchange rate and the level and rate of growth of import demand. Over 2010/11, the exchange rate depreciated by 14.5%, which had the effect of expanding the import value base on which taxes are levied, causing a higher than expected level of revenue collections. In FY 2010/11, new registrations for PAYE (nearly 800) and corporate income taxes (over 4,000), and an estimated USh 117 billion recovered from arrears, had an impact on income taxes. According to the authorities, the enforcement of NTR collections is still weak and reporting of collections by some ministries, departments, and agencies is not always done. This has led to the transfer of collection obligations of some NTR items to the Uganda Revenue Authority (URA); implementation is ongoing and NTR collections are expected to increase in coming years.

14. Recent efforts by the authorities to improve the fiscal position include broadening the scope of VAT and income tax (Chapter III(2)(iii)) and increasing royalties on minerals to boost NTR (Chapter IV(3)(ii)).

15. Donor support accounted for 26% of the Government's budget and 4.9% of GDP in FY 2007/08 and for a projected 28.9% and 5.7%, respectively, for FY 2011/12.

16. Uganda's tax-to-GDP ratio is lower than the 20% average for sub-Saharan Africa and those of Tanzania and Kenya at 15% and 22%, respectively. A narrow tax base due to, *inter alia*, inadequate

[4] According to the BOU, the transformation of the Ugandan economy over the last decade, in particular the rapid growth and diversification of the financial system, including innovations in electronic payments systems, make the accurate targeting of money quantity untenable.

provision for taxation of profits from betting, billiards, and gambling, together with low compliance have been identified as the major contributors to low tax collection.[5] The IMF has urged the Government to do away with tax exemptions, particularly on intermediary goods such as computers, petroleum products, inputs to hydropower projects, poultry and livestock feed, and machinery and packing materials in order to maintain steady economic growth and increase revenue collection.[6]

17. The authorities acknowledge that their joint objectives of mobilizing revenues and encouraging investment are not complementary; increased investment should generate revenue in the long-run, but in the short to medium term, granting tax incentives often erodes the tax base. Recent efforts to enhance revenue include eliminating some tax exemptions and strengthening tax administration, including through the introduction of a national identification system, and new guidelines on transfer pricing.

18. Uganda has maintained a sustainable debt position, thanks to sound macroeconomic policies and cautious public borrowing following debt relief. Uganda benefited from the enhanced HIPC initiative in 2000 and from further debt relief under the multilateral debt relief initiative (MDRI) in 2006, through which 100% of the debt owed to the IMF, the World Bank, and the African Development Bank that had reached completion point under HIPC was written off. Over the review period, the total debt stock declined from 43.3% of GDP in 2005 to 13.4% in 2010. Debt service obligations (maturities including IMF) declined from 11.7% of exports in 2005 to 2.7% in 2010. Uganda's current debt strategy, adopted in 2007, seeks to ensure medium- and long-term external debt sustainability, and consistency between the level of external financing and the wider macroeconomic objectives of fiscal consolidation and reduced aid dependency, to minimize the cost of external financing to Government, and to restrict borrowing to productive sectors only.[7] The emphasis is on grant financing rather than borrowing. The strategy recommends that at least 80% of new borrowing should be on concessional terms[8], and the balance based on less favourable concessional terms.[9] The strategy also recommends the enforcement of a borrowing cap with annual borrowing limits announced by the Ministry of Finance, Planning and Economic Development.

(3) TRADE AND INVESTMENT PERFORMANCE

19. Following a modest surplus in 2005, Uganda consistently posted a deficit in its external current account during the period under review. After decreasing slightly in 2009, the current account deficit grew to reach some 9% of GDP in 2010 (Table I.3). Increasing exports over the period did not keep pace with a sharp increase in imports, which was due to higher global prices for foodstuffs and commodities. Prior to the global financial crisis in 2008, Uganda was able to finance its current account deficits with large inflows of foreign capital. Since then, however, foreign capital flows to Uganda have stagnated due to the slowdown in real economic activity in developed economies and increasing investor caution.

20. The deficit in services and income flows has been steadily increasing to reach 4% of GDP. The financial and capital account balance, on the other hand, displayed a growing surplus, reaching US$1.8 billion in 2011, following strong investment inflows to the private sector.

[5] African Development Bank (2010).
[6] "Stop tax exemptions, IMF urges Government". Viewed at: http://www.africa-uganda-business-travel-guide.com/stop-tax-exemptions-imf-urges-uganda-government.html.
[7] Bank of Uganda (2010b).
[8] IDA terms or better, i.e. a 40-year maturity, 10-year grace period, and annual interest rate of 0.75%.
[9] I.e. 23-year maturity, six-year grace period, and 2% annual interest.

Table I.3
Balance of payments, 2005-11
(US$ million)

	2005	2006	2007	2008	2009	2010	2011
Current account balance	38	-338	-632	-1,267	-1,096	-1,562	-1,903
Goods account (trade balance)	-730	-1,028	-1,182	-1,835	-1,509	-2,212	-2,439
Total exports (f.o.b.)	1,016	1,188	1,776	2,208	2,327	2,164	2,519
Total Imports (f.o.b.)	-1,746	-2,216	-2,958	-4,043	-3,835	-4,376	-4,958
Services account (services net)	-84	-245	-384	-458	-404	-421	-748
Inflows (credit)	525	526	593	799	984	1,376	1,430
Transportation	11	12	17	53	53	53	111
Travel	380	346	398	498	667	784	959
Other	134	168	178	247	264	538	360
Outflows (debit)	-609	-770	-977	-1,257	-1,388	-1,797	-2,178
Transportation	-353	-468	-620	-885	-884	-1,051	-1,171
Travel	-124	-123	-132	-156	-192	-320	-393
Other	-131	-179	-226	-216	-312	-425	-613
Income account (income net)	-249	-239	-243	-261	-376	-291	-332
Inflows (credit)	50	72	97	130	42	21	28
Outflows (debit)	-299	-311	-340	-391	-418	-313	-360
Current transfers (net)	1,101	1,173	1,176	1,287	1,192	1,362	1,616
Inflows (credit)	1,246	1,359	1,380	1,611	1,586	1,612	1,895
General government inflows (credits)	663	616	391	379	403	627	668
Grant disbursements	598	558	323	333	358	456	289
Budget support	308	435	206	174	234	253	112
Project aid	291	123	116	159	124	204	177
HIPC assistance	64	58	69	47	45	49	51
Other transfers						121	328
Other Sectors	583	743	988	1,231	1,183	985	1,227
Workers remittances	322	411	452	724	778	768	949
Other through BOU	0	0	0	0	0	0	0
Other (NGOs, IAA etc)	261	332	537	508	405	217	278
Outflows (debits)	-145	-185	-203	-324	-394	-250	-279
Capital & financial account balance	554	880	1,393	1,169	1,721	1,052	1,770
Capital account	0	3,555	0	0	0	0	6
Financial account; excluding financing items	554	-2,675	1,393	1,169	1,721	1,052	1,765
Direct investment	380	644	792	729	842	547	792
Portfolio investment	-13	22	45	18	29	-111	257
Financial derivatives, net	0	0	1	7	-6	-1	5
Other investment	187	-3,341	554	416	856	616	710
Errors and omissions	-430	14	7	115	-259	348	42
Overall balance	162	556	767	17	365	-163	-90
Reserves and related items	-162	-556	-767	-17	-365	163	90
Indicators (%)							
Balance of goods/GDP	-7.3	-9.3	-8.7	-11.2	-9.1	-12.5	..
Current account balance/GDP	0.4	-3.1	-4.7	-7.7	-6.6	-8.8	..
Overall balance/GDP	1.6	5.1	5.7	0.1	2.2	-0.9	..

.. Not available.

Source: Bank of Uganda, Balance of Payments Statistics. Viewed at: www.bou.or.ug/bou/home.html.

21. Despite some diversification, coffee, fish, tea, and other food items continue to dominate Uganda's merchandise exports, accounting for over 50% of total merchandise exports in both 2005 and 2010 (Chart I.2 and Table AI.1). The shares of semi-manufactures and office machines and other telecommunication equipment rose during the period under review. Uganda's main export destinations in 2006-10 were the EU, Sudan, Kenya, and DR Congo. Despite a considerable decline, the EU remains Uganda's largest export market; the shares of Uganda's exports destined for Sudan, Kenya, DR Congo, and Rwanda have increased. The share of Uganda's exports to Europe as a whole declined over the review period, while that of African countries increased (Chart I.3 and Table AI.3).

22. The structure of merchandise imports remained largely unchanged during the period under review. Fuel accounts for a growing share, reflecting higher prices, while the share of agricultural products has declined (Table AI.2). Uganda's main import suppliers in 2006-10 were the EU, India, and Kenya. The shares of the EU and Kenya declined sharply, while the shares of India and China rose (Chart I.3 and Table AI.4). According to the authorities, imports of textiles and clothing, household equipment, agricultural products and pharmaceutical items are increasingly sourced from Asian countries since they are cheaper.

23. Services exports over the period 2006-10 were driven mainly by travel and other business services, whereas the main imported services categories were transportation, travel, other business services and insurance.

24. In 2007, the BOU and the Uganda Bureau of Statistics put in place a framework for estimating informal cross-border trade data, based on monthly surveys at Uganda's main border posts. In 2010, informal exports were estimated at over US$500 million, almost a quarter of Uganda's total exports.[10] South Sudan is the leading destination for informal exports, accounting for US$197 million, followed by DR Congo, Kenya, Tanzania, and Rwanda. Kenya was the highest source of informal imports in 2010, accounting for US$43 million, followed by DR Congo, Tanzania, South Sudan, and Rwanda. These imports were estimated at US$66 million in 2010, about 1.5% of total imports. While informal trade is an important source of foreign exchange, it also represents a revenue loss in terms of customs revenue forgone.

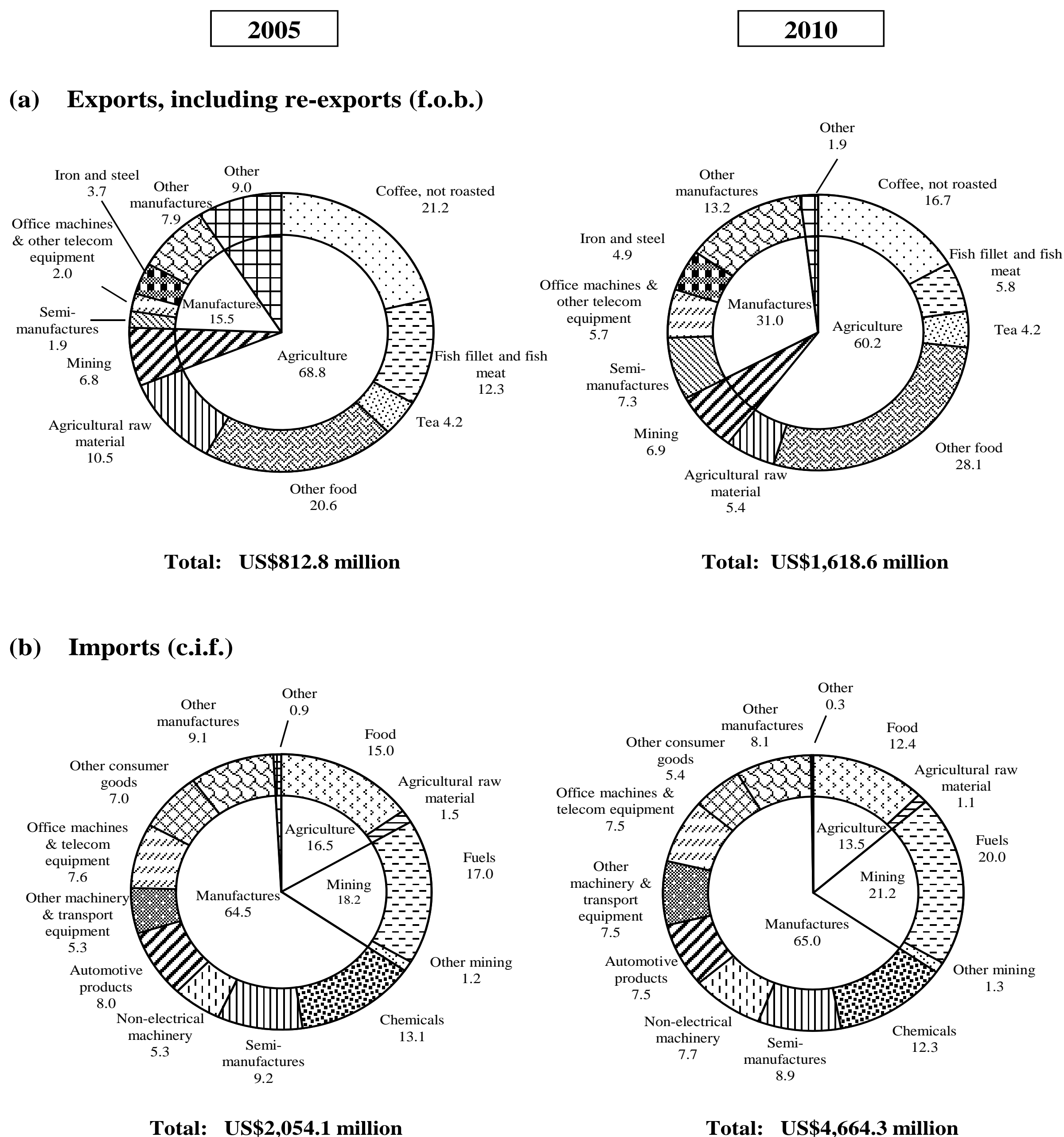
25. During the review period, Uganda became an increasingly attractive destination for foreign direct investment (FDI) with inflows up from US$380 million in 2005 to US$842 million in 2009, before dropping to US$534 million in 2010. In FY 2010/11, the electricity and gas subsector attracted the largest part of FDI, followed by financial, insurance, real estate, and business services.

26. According to UNCTAD statistics, FDI inflows into Uganda increased from an annual average of US$184 million in the period 2000-04 to an average of US$653 million during 2005-10 (Table I.4). In 2010, Uganda's FDI inward stock amounted to US$5,853 million, or 32% of GDP, above the average of East African countries (24%), but just below the average for Africa as a whole (33%).[11] As a percentage of gross fixed capital formation, FDI inflows increased from 17.7% in 2005 to 22.3% in 2009.

[10] Bank of Uganda (2011a).
[11] UNCTAD (2011b).

Chart I.2
Composition of merchandise trade, 2005 and 2010

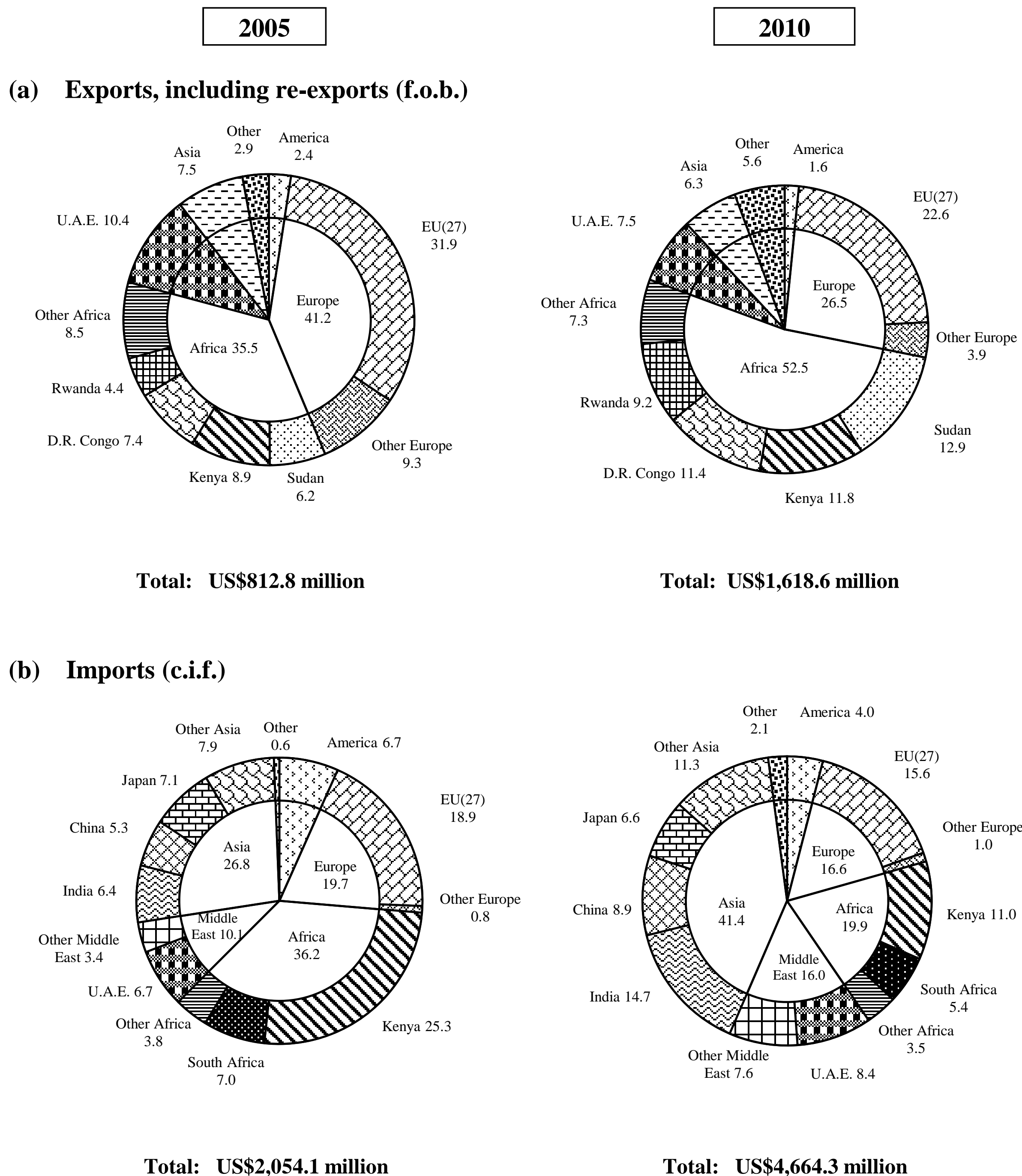
Per cent



Source: **UNSD, Comtrade database (SITC Rev.3).**

Chart I.3
Direction of merchandise trade, 2005 and 2010

Per cent



Source: UNSD, Comtrade database (SITC Rev.3).

Table I.4
Investment, 2005-10
(US$ million)

	2000-2004[a]	2005	2006	2007	2008	2009	2010
FDI inflows	184	380	644	792	729	842	534
FDI inflows (% of gross fixed capital formation)	14.7	17.7	28.6	25.7	22.1	22.3	..
FDI inward stock	1,182	2,024	2,669	3,461	4,190	5,006	5,853
FDI inward stock (% of GDP)	16.7	20.2	24.2	25.5	25.4	29.3	31.9

.. Not available.

a Simple average of 2000-04.

Source: UNCTAD statistics (accessed in May 2012). Viewed at: http://unctadstat.unctad.org/; and Ministry of Finance, Uganda.

27. According to official figures, in 2010, the United Kingdom was the main source of FDI stock in Uganda, followed by the Netherlands, Mauritius, and Kenya (Table I.5). By sector, finance, insurance, and business services accounted for 31% of FDI stock, followed by mining and quarrying, manufacturing, and transport and communications.

Table I.5
Stock of FDI by major source and sector, 2005-10
(%)

	2005	2006	2007	2008	2009	2010
United Kingdom	38	38	33	34	27	24
Bermuda	0	0	8	7	10	2
South Africa	2	2	8	7	11	3
Kenya	14	14	15	13	7	16
Netherlands	5	5	3	2	2	23
Mauritius	7	7	5	4	6	17
Belgium	1	1	0	0	3	-8
France	4	4	4	3	0	1
United States	15	15	11	10	2	2
Sweden	3	3	3	2	-3	0
Singapore	0	0	0	0	0	0
India	2	2	4	4	2	7
Others	8	8	7	14	31	13
Total	100	100	100	100	100	100
Stock of FDI by sector						
Agriculture, hunting, forestry and fishing	3	4	4	1	10	8
Mining and quarrying	37	4	4	-3	56	21
Manufacturing	18	11	11	32	13	13
Electricity, gas and water	1	6	6	3	1	3
Construction	7	11	11	3	2	2
Wholesale, retail and catering, accommodation and tourism	12	6	6	7	0	9
Transport, storage and communication	10	12	12	0	4	10
Financing, insurance, business services	12	43	43	55	13	31
Community, social and personal services	0	1	1	0	0	0
Others	0	1	1	1	1	3
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: Information provided by the Bank of Uganda.

28. In 2010, Uganda ranked 41st out of 141 economies in UNCTAD's Inward FDI Performance Index, up from 64th in 2008. It ranked 120th in UNCTAD's Inward FDI Potential Index for 2009 (125th in 2008).[12]

29. Uganda is expected to attract higher FDI inflows in coming years, particularly into the petroleum, mining, and agricultural industries, reflecting the imminent production of crude petroleum and its knock-on effects. Since its last Review, Uganda has streamlined procedures for starting a business through the development of a one-stop facilitation services centre, and procedures for business and tax registration have been simplified through the introduction of online systems.

30. Nevertheless a number of issues need to be addressed to increase Uganda's attractiveness to foreign investment and fully realize FDI opportunities. A Private Sector Investment Study[13] conducted in 2010 by the Bank of Uganda listed a number of constraints identified by investors. These include the effects of volatile exchange rates, inflation, corruption, and the cost and efficiency of electricity and road transport, which are major bottlenecks.

(4) OUTLOOK

31. The Ugandan economy has remained resilient despite both domestic and external shocks over the review period, and the authorities expect economic growth to continue at around 5% over the next couple of years. Sustained economic growth is essential to enable Uganda to boost its socio-economic indicators, thereby improving per capita income and life expectancy. Despite substantial and growing urban-rural and regional inequality, Uganda may reach at least two of the eight Millennium Development Goals by 2015, as the country is close to halving poverty and addressing gender equality. Progress has also been made towards many of the other goals.

32. Uganda's medium-term growth prospects remain solid. Services are expected to continue to be the main driver of growth, underpinned by sustained growth in communications and transport once infrastructure improves and regional trade expands. Increasing agricultural productivity and value addition, coupled with the expansion of agricultural production in the northern region should enable Uganda to exploit its comparative advantage in agriculture, thus contributing to growth. Nonetheless, continued structural transformation of the economy is necessary in order to create non-agricultural and higher productivity jobs to absorb Uganda's fast growing population.

33. Uganda developed a National Export Strategy for the period 2008-12 that aimed to generate US$5 billion per year in revenue from the export of goods and services, thus contributing more than 16% to GDP, and increasing the per capita export ratio from US$82 to US$200 as from 2012. Of the 12 sectors highlighted for the medium-term, coffee, tea, flowers, fish, cotton, and services were identified as the main priorities. In order to support export diversification, sectors with export potential such as textiles and garments, cereals and pulses, commercial crafts, natural ingredients, and dairy have also been targeted.

34. The Government aims to raise the revenue to GDP ratio from the current level of 12.5% to over 14% in the medium term, to compensate for an expected decline in concessional support, through a combination of measures to broaden the tax base and improve tax administration. Public expenditures are expected to remain at around 20% of GDP in order to boost public infrastructure and

---

[12] UNCTAD's Inward FDI Performance Index ranks host countries by the amount of FDI they receive relative to the size of their economy, while the Inward FDI Potential Index ranks host countries by the amount of FDI they receive relative to their potential, based on 12 economic and policy variables (UNCTAD, 2011b).

[13] Bank of Uganda (2011b).

address binding constraints to growth. Inflation is expected to abate following the tightening of monetary policy, and the balance of payments is expected to improve as a result of stronger capital and financial account inflows.

35. Uganda's discovery of commercially viable petroleum deposits offers a unique opportunity to transform its economy. Significant increases in government revenue, if judiciously managed and invested, could result in increased economic growth, poverty reduction, and substantial social and infrastructural improvements. Full-scale production is not expected to begin before 2016. However, massive inflows of foreign exchange have the potential to affect the international competitiveness of export sectors, particularly agriculture, which employs the majority of the population, thus upsetting the country's growth strategy. A key element in successfully managing oil revenues will be the extent to which Uganda's laws and policies bring transparency and accountability to the oil industry.[14] Uganda will also need to manage the expectations of rural and urban populations, cooperate with its neighbour, DR Congo, to prevent an escalation of violence in the region, and seek ways to forestall environmental degradation in an area extraordinarily rich in biodiversity.[15]

[14] Veit *et al.* (2011).
[15] Bategeka *et al.* (undated).

II. TRADE AND INVESTMENT REGIMES

(1) GENERAL FRAMEWORK

36. Since Uganda's previous Trade Policy Review, its institutional framework has remained generally unchanged. Under the 1995 Constitution, Uganda is a Republic with executive, legislative, and judicial branches. The Constitution, as amended in 2005, provides for Kampala as the capital city of Uganda and the administration and delineation of its boundaries; and for Swahili as the second official language of Uganda. It introduces a multiparty political system with a leader of the opposition in Parliament; removes the limits on the tenure of office of the President; creates the offices of Prime Minister and Deputy Attorney General; provides for the independence of the Auditor General and for the procedure for his or her removal, as well as for the creation and functions of special courts to handle offences relating to corruption; establishes and prescribes the functions of a Leadership Code Tribunal; and provides for the control of minerals and petroleum, and the holding of referenda.[16]

37. The Constitution provides for an Executive President, to be elected every five years. The President in power from 1986, was elected in 1996 under the 1995 Constitution, and re-elected in 2001, 2006, and 2011. Legislative responsibility is vested in the Parliament; legislative elections are held every five years. Because of re-districting, the Parliament elected in February 2011 grew from 332 to 375 members, including 112 special seats for women, 10 special seats for military, 5 for youth, and 5 for persons with disabilities. The Ugandan judiciary consists of magistrate's courts, high court, court of appeal, and the Supreme Court. The Executive, Parliament and the Judiciary are independent bodies. In practice, each ministry formulates policies relating to its field of activities by drafting bills.[17]

38. Under Legal Notice No. 4 of 1996 and Instruction Circular No. 1 of 1996, the Commercial Court was established in 1996 as a division of the High Court of Uganda devoted to commercial disputes, including company cases, bankruptcies, and intellectual property cases. The mission of the Court is to deliver an efficient, expeditious, and cost-effective mode of adjudicating disputes that affect directly and significantly the economic, commercial, and financial life of Uganda. To this end, the Court aims to make litigation faster, cheaper, fairer, and more accessible to the commercial community; help attract foreign investment in Uganda through improving investor confidence in its legal system; develop and introduce commercial-friendly rules of Court, and encourage the use of settlement methods including negotiation and mediation; improve the Court's performance through applying modern case management and modern technology such as court recording; create an effective institution with clear managerial and administrative structures run by honest, competent, motivated, well-trained staff, supported by good facilities and equipment; and effectively supervise and monitor bailiffs and all those involved in obtaining money or property owed under a court judgment.

39. The Ministry of Trade, Industry and Cooperatives has the main responsibility for formulating and implementing trade policy. Other ministries involved include the ministries of: Finance, Planning and Economic Development; Foreign Affairs; Justice and Constitutional Affairs; Information and Communication Technology; Works and Communications; Agriculture, Animal Industry and Fisheries; and Water and Environment. Other government agencies involved in trade policy

[16] Constitution of Uganda 2005. Viewed at: http://www.ldphs.org.za/resources/local-government-database/by-country/uganda/constitution/The%201995%20Constitution-%20promulgated%20in%201995.pdf.

[17] See WTO (2006), for details of the legislative procedures in Uganda.

formulation include the Uganda Revenue Authority, Uganda Export Promotion Board, the Uganda Investment Authority, and Uganda National Bureau of Standards.

40. To coordinate the formulation and implementation of trade policy, the Ministry in charge of trade established the Inter-Institutional Trade Committee (IITC), which also provides a platform for analysing trade issues, and coordinating and formulating positions relating to multilateral and regional trade negotiations. Initially the IITC was set up to coordinate the formulation and implementation of multilateral trade issues at the national level.

41. The composition of the IITC is broad based, drawing from the public and government institutions, private-sector institutions, academics and researchers, and civil society representatives, such as Advocates Coalition for Development and Environment (ACODE-Uganda), Southern and Eastern African Trade Information and Negotiations Institute (Seatini), Actionaid-Uganda, and the Consumer Protection Association. The civil society representatives have served the function of advocacy for concerns relating to specific issues such as food security and food rights, access to medicine, and technology transfer; they also represent specific sector interests, including manufacturers, farmers, exporters of fish and services, as well as academic institutions.

42. The constitution supersedes all legal instruments, including treaties and international agreements, including WTO Agreements.[18]

43. The main changes in trade-related legislation since Uganda's previous TPR, in 2006, include the adoption of the EAC Common Market Protocol, the EAC Competition regulations, the Trade Marks Act, and the Public Procurement and Disposal of Assets Act (Table II.1). Several other laws are under review, such as Uganda National Bureau of Standards Act, Food and Drugs Act, Uganda Export Promotion Board Act, and the Investment Code.

Table II.1
Selected trade and trade-related legislation, June 2012

Investment laws
The Land Regulations, 2004
The Land Act 2004 Cap 227
The Collective Investment Schemes Act (Commencement) Instrument, 2003
The Collective Investment Schemes (Unit Trusts) Regulations 2003
The Collective Investment Schemes (Financial And Accounting) Regulations, 2003
The Collective Investment Schemes (Fees) Instrument, 2003
The Collective Investment Schemes (Open-Ended Investment Companies) Regulations, 2003
The Collective Investment Schemes (Licensing) Regulations, 2003
Legislation on financial services
Financial Institutions Act No. 2 of 2004
Micro Finance and Deposit Taking Institutions Act 2003
Foreign Exchange Control Act No. 5 of 2004
Financial Institutions Licensing Regulations 2005
Foreign Exchange (Forex Bureaux and Money Remittances) Regulations 2006
Financial Institutions (Revision of Minimum Capital Requirements) Instrument No. 43 of 2010
Financial Institutions Credit Reference Regulations 2005
Uganda Securities Exchange Limited (amendment) Listing Rules 2010
The Financial Institutions (Foreign Exchange Business) Rules (2010)
The Insurance (Amendment) Act (2011)

Table II.1 (cont'd)

[18] Article 123 of the Constitution states that: "The Constitution is the Supreme Law in Uganda and any law or custom that is in conflict with it is null and void to the extent of the inconsistency".

Intellectual property
Trademarks Act (2010)
The Copyright and Neighbouring Rights Act (2006)
The Trade Secrets Protection Act (2009)
The Patents Statute of 1999
Taxation
The VAT (Amendment) Act, 2011
The Income Tax (Amendment) Act, 2010
The Excise Tariff (Amendment) Act 2011
Government procurement
The Public Procurement and Disposal of Assets Act of 2003
The Public Financial and Accountability Act, 2003
The Local Government Act of 2006
Privatization
The Public Enterprises Reform and Divestiture Act of 2000
Agriculture, Forestry and Fisheries
The Land (Amendment) Act, 2010
The Food and Drugs Act (1964)
The Public Health Act (1964)
The Plant Protection Act (1964)
The Drugs Act (1993)
The Seeds and Plants Act (2006)
The Agricultural Chemicals (Control) Act (2006)
National Forestry and Tree Planting Act (2003)
The Fish Rules 2010
Mining and energy
Petroleum Supply Act (PSA), 2003
The Petroleum (Exploration and Production) Act, 2000
The Atomic Energy Act 2008
Communications services
The Uganda Communications Act (UCA) 1997
The Communications (Fair Competition) Regulations of 2005
The Communications (Universal Service) Regulations, 2005
Telecommunication services
The Telecommunications (Interconnection) Regulations, 2005
The Telecommunications (Tariffs and Accounting) Regulations, 2005
Electronic Signature Act, Computer Misuse Act, and Electronic Transaction Act), 2011
Transport
The Ferries Act, 1994
The Vessels (Registration) Act, 1994
The Inland Water Transport (Control) Act, 1994
The Lake Victoria Transport Act (2007)
Tourism
The Tourism Act (2008)

Source: The Ugandan authorities.

(2) TRADE POLICY OBJECTIVES

44. The National Development Plan (2010/2011-2014/2015) replaced the Poverty Eradication Action Plan as Uganda's main economic development strategy document.[19] It sets out the country's medium-term strategic direction, development priorities, and implementation strategies. The theme of the National Development Plan is "Growth, Employment and Socio-Economic Transformation for Prosperity". The thrust is to accelerate socio-economic transformation to achieve the national vision

[19] National Development Plan. Viewed at: http://www.npa.ug/NDP2.pdf.

of a transformed Ugandan society from a peasant economy to a modern and prosperous country within 30 years. This is to be realized through the implementation of three ten-year national development plans, sub-divided into six five-year national development plans, sector master plans, and annual plans and budgets.

45. Eight objectives were identified as being strategic: (i) increasing household incomes and promoting equity; (ii) enhancing the availability and quality of gainful employment; (iii) improving stock and quality of economic infrastructure; (iv) increasing access to quality social services; (v) promoting science, technology, innovation and ICT to enhance competitiveness; (vi) enhancing human capital development; (vii) strengthening good governance, defence, and security; and (viii) promoting a sustainable population and use of the environment and natural resources.

46. The National Trade Policy is premised on the vision "To transform Uganda into a dynamic and competitive economy in which the trade sector stimulates the productive sectors; and to trade the country out of poverty, into wealth and prosperity". The overall goal of the policy is "to develop and nurture private-sector competitiveness, and to support the productive sectors of the economy to trade at both domestic and international levels, with the ultimate objective of creating wealth, employment, enhancing social welfare and transforming Uganda from a poor peasant society into a modern and prosperous society".[20]

47. Under the National Trade Policy, the following priorities were identified: (i) enhancing competitiveness in the domestic, regional, and international markets by developing capacity to exploit existing and future market opportunities; (ii) ensuring that trade conforms to national and international laws and regulations; (iii) developing domestic trade as a foundation for Uganda's capacity to produce and engage in international trade competitively; (iv) strengthening institutions dealing with trade policy, standards, trade facilitation, and provision of trade information; (v) securing and maintaining better market access at regional and international levels; (vi) providing market information to enable participants to reach prudent and optimal investment decisions; and (vii) ensuring that the gains from growth in trade are equitably shared, mainly through involvement of as many persons as possible.

48. In addition, the National Trade Policy envisages implementation through five-year rolling national trade sector development plans (NTSDPs)[21]. The first NTSDP (2008/9–2012/13) gives more detail on the actions contained in the National Trade Policy and a schedule of implementation, plus the requisite financial resource envelope. The NTSDP identified thirteen thematic areas for intervention: (i) institutional and legislative reform; (ii) competitiveness enhancement; (iii) value-chain management and value addition; (iv) private-sector development; (v) enhancement of trade negotiations capacity; (vi) pursuance of regionalism and bilateralism with a view to enhancing trade and investment flows; (vii) pursuance of multilateralism with a view to influencing international trade rules so that they are supportive of Uganda's trade and development agenda; (viii) trade facilitation; (ix) development of entrepreneurial skills; (x) promotion of electronic commerce; (xi) promotion and institutionalization of public-private partnership approach in trade policy; (xii) protection of intellectual property rights and promotion of innovation; and (xiii) promotion of technology transfer.

[20] Ministry of Tourism (2008).
[21] Ministry of Tourism (2007).

(3) TRADE AGREEMENTS

(i) World Trade Organization (WTO)

49. Uganda has been active in the negotiations under the Doha Development Agenda (DDA) where it shares the position of the African Group, the ACP Group, and the LDC Group. Uganda's main interests in the deliverables of the DDA include: granting of duty-free and quota-free market access by developed and emerging countries to products of interest to Uganda and other LDCs; simplified and transparent preferential rules of origin; elimination of non-tariff barriers; an agreement on cotton to achieve an ambitious, expeditious, and specific outcome for cotton trade-related aspects, in particular the elimination of domestic support measures and export subsidies and a lasting solution to tariff escalation and other market-access issues, and special treatment in case of preferential tariff erosion. Uganda has also called for additional financial and technical assistance to meet implementation obligations and build capacity to meet sanitary, phytosanitary, and technical requirements and related infrastructure.

50. Uganda has not made any notifications to the WTO since 2006, except under Article 2.9 of the Agreement on Technical Barriers to Trade (TBT), where it submitted over 200 notifications relating to food standards, animal feed, environmental protection and safety.

(ii) Regional and bilateral trade agreements

51. Uganda signed the EAC Treaty on 30 November 1999 (Common Report, Chapter II). It is also a member of the Common Market for Eastern and Southern Africa (COMESA), and initialled an interim Economic Partnership Agreement with the EU under the East African Community in November 2007. Uganda is eligible for non-reciprocal preferential treatment under the Generalized System of Preferences (GSP), and the United States African Growth and Opportunity Act (AGOA). As a least-developed country, Uganda is eligible for the Everything-but-Arms (EBA) initiative of the European Union (Common Report, Chapter II). Uganda is not a signatory to the Agreement on the Global System of Trade Preferences among Developing Countries (GSTP).

(4) INVESTMENT REGIME

52. The investment regime in Uganda is governed by the Investment Code of 1991, which was revised in 2000. Foreign investors require a minimum of US$100,000 in planned investment in order to secure an investment licence from the Uganda Investment Authority, whereas for local investors, the minimum planned investment requirement is US$50,000. Foreign investors who meet the requirements stipulated in the Investment Code, may benefit from tax and other investment incentives (Table II.2) which include VAT refunds on materials for industrial and commercial buildings; duty- and tax-free imports of plant and machinery; and duty exemptions on personal effects and motor vehicles (previously owned for at least 12 months) for all investors and expatriates entering Uganda.

53. Activities not open to foreign investors include: wholesale and retail commerce; personal services; public relations businesses; car hire services and operation of taxis; bakeries, confectioneries, and food processing for the Ugandan market only; and professional services. Moreover, activities under state monopoly or exclusive rights are not open to private investment (Ugandan or foreign). These include reserved courrier services, electricity, and water (see Chapter IV).

54. The Investment Code established the Uganda Investment Authority (UIA) with a mandate to attract, promote, and facilitate investment. The UIA is a semi-autonomous government agency

operating in partnership with the private sector and Government of Uganda. Its objectives are to attract value-adding investment that brings technology, skills and jobs; contribute to the image of Uganda as a leading African Investment destination; provide serviced sites, buildings, and competitive infrastructure to meet the needs of growing Ugandan-based businesses; stimulate and lead key stakeholders in creating a competitive business environment; set-up and develop industrial and business parks; and offer support to SMEs.

Table II.2
Investment incentives, June 2012

Type of allowance	Rate	Condition
Initial allowance granted in 1st year of production	50%	Granted on cost base of plant & machinery for industries located in Kampala, Entebbe, Namanve, Jinja & Njeru
Initial allowance granted in 1st year of production	75%	Granted on the cost base of plant and machinery for industries located elsewhere in Uganda
Start-up costs	25%	Granted on actual cost over the first four years in four equal instalments
Scientific research capital expenditure	100%	Granted on actual cost of scientific research in the year the expenditure is incurred. Also deductible once from the company's income
Training expenditure	100%	Granted on actual cost of training incurred during a year of income for the training or tertiary education of a citizen or permanent resident of Uganda employed in the business by the employer (not exceeding 5 years in total)
Mineral exploration expenditure	100%	Granted on actual cost incurred in mineral exploration. Expenditure of a capital nature incurred in searching for, discovering and testing, winning access to deposit of minerals in Uganda
Initial allowance granted in 1st year of use of an industrial building	20%	Granted on the cost base of an industrial building, used for approved hotel business, hospital, commercial building, mining and manufacturing operations; and capital expenditure incurred on the extension of an existing industrial building but excluding commercial building
Repairs and minor capital equipment	100%	Granted on actual cost incurred in a year Expenditure on repair of property occupied or used for the business

Source: Uganda Investment Authority online information. Viewed at: www.ungandainvest.go.ug.

55. The UIA offers investors: information on investment opportunities in Uganda; investment licences; assistance in securing other licences and secondary approvals; help in locating relevant project support services; assistance in the acquisition of industrial land; help to obtain work permits and special passes; arrangement of contracts for potential investors and organization of itineraries for visiting foreign missions in the country; and assistance in seeking joint-venture partners and funding.

56. It provides a one-stop facilitation services centre where investors can register their business with the Uganda Registration Services Bureau; deal with tax and other registration issues with the Uganda Revenue Authority (URA); and organize work permits and residency issues with the Directorate of Citizenship and Immigration Control.

57. The one-stop facilitation services centre has made it easier to start a business in Uganda by streamlining procedures and making them simpler and faster, and introducing modern technological and communication tools. As part of the reforms undertaken in the area of business registration, the Uganda Registration Services Bureau was granted autonomy from the Ministry of Justice and

Constitutional Affairs in July 2010. The Uganda Revenue Authority has also simplified registration for the tax identification number and for value-added tax by introducing an online system, which has led to more registered businesses in the country.

58. Despite the number of business reforms undertaken, Uganda ranked 123rd out of 183 countries in terms of ease of doing business. Over the last two years, Uganda's ranking fell in almost all of the ten business regulation areas (Table II.3).

Table II.3
Doing business ranking

Topic rankings	2012	2011	Change in Rank
Starting a business	143	136	-7
Dealing with construction permits	109	108	-1
Getting electricity	129	128	-1
Registering property	127	155	28
Getting credit	48	45	-3
Protecting investors	133	131	-2
Paying taxes	93	68	-25
Trading across borders	158	157	-1
Enforcing contracts	116	113	-3
Resolving insolvency	63	58	-5

Source: World Bank (2012), *Doing Business 2012: Doing business in a more transparent world*. Economy Profile: Uganda. Viewed at: http://www.doingbusiness.org/~/media/fpdkm/doing%20business/documents/profiles/country/UGA.pdf.

59. The Uganda Investment Authority is benefiting from various capacity-building and training programmes sponsored by development partners such as the World Bank, UNIDO, and UNCTAD, to strengthen investment promotion.

60. Uganda is a signatory to major international investment-related arrangements or institutions, such as the Multilateral Investment Guarantee Agency (MIGA), the Overseas Private Investment Corporations (OPIC), the Convention on the Recognition and Enforcement of Foreign Arbitral Award (CREFAA), the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), and the International Centre for the Settlement of Investment Disputes (ICSID). Since its last TPR, Uganda has signed a double-taxation treaty with Belgium (on 26 July 2007).

III. TRADE POLICIES AND PRACTICES BY MEASURE

(1) INTRODUCTION

61. Since January 2005, the EAC common external tariff (CET) has been Uganda's main trade policy instrument (Common Report, Section III(1)(iv)). Uganda maintains export duties on raw hides and skins and a cess on coffee and cotton. The major incentive programmes are a duty drawback scheme and a manufacturing under bond scheme.

62. Uganda has adjusted certain trade policy instruments through a reform of its SPS regime; new legislation since 2005 includes the Seeds and Plant Act 2006 and the Agricultural Chemicals (Control) Act 2006. New legislation updating Uganda's intellectual property regime includes the Trademarks Act 2010, the Copyright and Neighbouring Rights Act No. 19 of 2006 and the Trade Secrets Protection Act 2009. Laws on competition, consumer protection, geographical indications and industrial property are under preparation.

(2) MEASURES DIRECTLY AFFECTING IMPORTS

(i) Registration, customs procedures and valuation

63. All legal entities and persons operating under trading names engaged in international trade must be registered with the Uganda Registration Services Bureau (URSB) and licensed by the relevant local authorities. A tax identification number (TIN) is issued by the Uganda Revenue Authority to all taxpayers after registration. There is no requirement for pre-shipment inspection of goods imported into Uganda.

64. For customs clearance, Uganda uses the ASYCUDA++ system. A single administrative document (SAD) signed by the importer is required together with other documents, which include a customs bill of entry, commercial invoice, freight invoice, certificate of origin where necessary, permits and bill of lading, airway bill or railway consignment note.[22] Additional documents are required for imports such as bee products; animals, plants, and their products; drugs; and second-hand clothing. It is compulsory to use a customs agent for declarations.[23] Agency fees are set by customs agents. Self-clearance for importers is granted after the compliance level, the capacity, and the nature of business of the applicant has been assessed. Self-clearance is limited to bulk importers or sensitive imports or exports.

65. Criteria for risk assessment are largely based on WCO Risk Management Standards. Under the ASYCUDA++ computerized risk-management system, imports are channelled into one of four lines: a green line (goods released without examination of documents and inspection of goods); a blue line (goods released without inspection and examination of documents, but subject to post clearance audit); a yellow line (goods released after examination of documents); and a red line (goods released after inspection of goods and examination of documents). According to the URA, from January to March 2012, 34% of imports into Uganda were channelled through the red line, 43% through the yellow line, 7% through the blue line, and 16% through the green line.

---

[22] For details of documents required for entry, see Uganda Revenue Authority online information. Viewed at: http://www.ura.go.ug; for step-by-step procedures that apply to imports to Uganda through Mombasa see EAC online information, OSBP Source Book, Appendix 4. Viewed at: http://www.eac.int.

[23] Requirements for clearing agents are stipulated in Part XI (Sections 145-148) of the East African Community Customs Management Act (EACCMA), 2005 and Part XII (Regulations 149-152) of the East African Community Customs Management Regulations, 2010.

66. A valuation database is used for purposes of reference and application of alternative valuation methods where a declaration is found unsatisfactory during the vetting process. No minimum prices are used. According to the URA, the average clearance time for imports is between two and three days. The authorities indicate a number of problems relating to customs valuation, including: difficulties in obtaining information (for valuation purposes) from foreign sources; falsification of documents (particularly in the case of used cars), and issuance of dual or blank invoices by suppliers. The authorities indicate that Uganda has fully implemented the EAC Customs Valuation Procedures.

67. Uganda has implemented an internet-based Temporary Motor Vehicles Import and Export System (TEVIES) in order to facilitate the importation (and subsequent re-export) of foreign registered vehicles for temporary use.

68. The procedure for settlement of disputes on customs-related issues has not changed since the last TPR of Uganda. The authorities have indicated that a response should be received at every stage within eight hours.

69. In FY 2010/11, international trade taxes accounted for 47.7% of gross tax collections, representing a growth rate of 27% from the previous year. Most of the increase was due to an increase in the value of dutiable items, owing to a recovery in import demand, exchange rate depreciation, improved valuation controls over the period, and staff recruitment.[24]

(ii) Tariffs

(a) MFN applied tariff structure

70. Uganda applies the EAC CET (Common Report, Chapter III(1)(iv)). As of July 2011, Uganda was permitted to stay application of the CET for a number of goods for one year, extended for an additional year until 2013 (Common Report, Table III.5).

(b) MFN tariff bindings

71. Uganda's tariff bindings cover 15.9% of all its tariff lines, i.e. all tariff lines for agricultural products (WTO definition), and 2.9% of total lines for non-agricultural products. The bindings are at ceiling rates of 80% on most agricultural products, except for 75 tariff lines with bound rates between 40% and 70%; and between 40% and 80% on non-agricultural products.

(c) Tariff preferences

72. Uganda is a member of COMESA and applies a preferential tariff on imports from COMESA member states of 0% for raw materials, and plant and machinery, 4% for intermediate goods, and 6% for finished goods.

(d) Duty and tax exemptions and concessions

73. Under the Duty Remission Scheme of the East African Community Customs Management Act (EACCMA), Uganda was granted permission to import specified raw materials and industrial inputs free of duty for five years with effect from 1 January 2005, which was extended for one year as of 1 July 2011. A total of 94 companies benefit under the Scheme. Specified imports include

[24] Ministry of Finance, Planning and Economic Development (2011b).

packaging, paper and newsprint, malt, yarn, and iron.[25] Duty remission from 100% to 10% applies to industrial sugar used by manufacturers, subject to the following conditions: the application for duty remission is to be submitted annually; the applicant must be a producer using industrial sugar as a raw material; only specific quantities benefit from remission, depending on the request; post-clearance audit is conducted; and registration with Uganda Manufacturer's Association is an added advantage (as it provides further evidence that the applicant is recognized as a manufacturer).

74. Two schemes, the fixed Duty Drawback Scheme and the Manufacturing under Bond Scheme, are in place to allow exporters access to VAT refunds and duty drawback.[26]

75. Goods in transit are exempt from customs duties. A bond must be held until the goods leave the country. Goods shipped through Uganda may remain in Uganda for a maximum of seven days. In 2009, Uganda put in place a secure system of seals for transit goods. Seals placed at the point of entry are removed only at the exit point, reducing the need for inspection at different stages of transit and saving time and money.[27]

(iii) Other duties and charges

76. A value-added tax of 18% is payable on the sale price of locally produced goods and services, and on the customs-duty inclusive c.i.f. value of imports. All goods that are exempt under the Fifth Schedule of the EACCMA are exempt from VAT. Supplies exempt from VAT are listed in the Second Schedule of the VAT Act, and include financial services; insurance services; education services; veterinary, medical, dental, and nursing services; new computers, printers, and parts; and liquefied petroleum gas. Zero-rated supplies listed in the Third Schedule of the VAT Act Cap 349 include drugs and medicines; educational materials; seeds; fertilizers; and machinery used only in agriculture. Companies with a turnover of USh 50 million or less are exempt from registration requirements for VAT purposes. Fiscal revenue from VAT amounted to USh 1.7 trillion in 2010/11, of which USh 987 billion was from imported goods.

77. Second-hand cars of eight years or older are subject to 25% import duty, 18% VAT, 6% withholding tax, and an environmental levy at 20%.

78. The VAT (Amendment) Act, 2011, subjects businesses in Uganda that import services from consultants and service providers based outside Uganda to VAT of 18% (such services were previously exempt). Thus, licence fees, royalties, management fees, consultancy services, technical and advisory fees, advertising services, engineers, lawyers, accountants, data processing and information technology services, and any other such services provided by non-residents to businesses in Uganda are now subject to VAT.

79. The Income Tax (Amendment) Act, 2010, seeks to enlarge the scope of taxation of revenue from petroleum operations by providing for the assessment, collection and valuation of petroleum revenues. The law also provides for the transfer of interest as well as penalties for non-compliance.

80. The Excise Tariff (Amendment) Act 2011 lays down the items subject to excise taxes and the respective rates. Excise taxes are payable on tobacco products, alcoholic beverages, fuel, mobile phone calls, sugar, and sacks (Table III.1). The excise tax applies to the customs-duty-inclusive c.i.f. value of imports and to the sale price of locally produced goods. Excise duties on local beer, spirits,

[25] For a full list see Legal Notice No. EAC/10/2007, *East African Community Gazette*.
[26] East African Community Customs Management Act, 2005, Sections 138-144.
[27] World Bank (2011).

and soft cup, manufactured using locally produced raw materials are considerably lower than on similar imported products. According to the authorities, efforts have been made by the Government to rectify this. As of 1 July 2012, spirits made from locally produced raw materials attract an excise duty of 60%, up from 45%. Other instances are still under study. In 2010/11, revenue from excise duties was USh 456.6 billion of which USh 141 billion was from imports.

Table III.1
Main excise duties, FY 2010/11

Duty	Rate
Extracts, essences and concentrates	10%
Cigars, cheroots, and cigarillos containing tobacco	160%
Soft cup (whose local content is more than 70% of its constituents)	USh 22,000
Other soft cup	USh 25,000/1,000 sticks
Hinge lid	USh 55,000/1,000 sticks
Other	160%
Smoking tobacco, whether or not containing tobacco substitutes in any proportion	160%
Homogenized or reconstituted tobacco	160%
Other	160%
Beer	
Made from malt	60%
Beer produced from barley grown and malted in Uganda	40%
Whose local raw-material content, excluding water, is at least 75% by weight of its constituents	20%
Spirits	
Made from locally produced raw materials	45%
Other	70%
Other	
Made from locally produced raw materials	20%
Other	70%
Water, including mineral waters and aerated waters, containing sweetening matter or flavoured	13%
Mineral water, bottled water and other water purposely for drinking	10%
Airtime	12%
Landlines and public payphones	5%
Fuel	
Motor spirit (gasoline)	USh 850/litre
Gas oil (automotive, light, and amber for high speed engine)	USh 530/litre
Other gas oils	USh 530/litre
Cane or beet sugar and chemically pure sucrose in solid form	USh 25/kg
Sacks and bags of polymers of ethylene and other plastics falling under tariff heading 3923.21.00 and 3923.29.00	120%

Source: Information provided by the Ugandan authorities.

81. A withholding tax of 6% on the c.i.f. value of imports is collected from all companies unless they are exempted. Withholding tax also applies to local purchases. This is a deposit on income tax and is taken into account at the end of the fiscal year.

(iv) Import prohibitions, restrictions and licensing

82. Importers of agri-chemicals must be registered with and obtain approval from the Agricultural Chemicals Board (ACB), set up by the Agricultural Chemicals (Control) Act (2006). Approval must be sought from the National Drug Authority (NDA) for imports of pharmaceuticals; importers must apply to the NDA for registration and certification under the National Drug Policy and Authority Statute of 1993.

83. The URA may require supplementary documents at the entry point for certain imports. A licence and Quality Clearance Certificate issued by the NDA are required for human and animal

medicine. Fees for the import of drugs include USh 300,000 for an annual import permit (or USh 100,000 for a provisional import/export permit valid for a month) plus 2% of the f.o.b. price for verification of commercial consignments. A phytosanitary certificate is required for flowers, fruits, vegetables, and plants, and a health certificate is required for animal imports, certifying that the animal is free from infectious or contagious diseases. Bees and bee products require an import permit. A fumigation certificate is required for second-hand clothing.

84. A number of goods are prohibited from importation into Uganda, as listed in the Second Schedule to the EACCMA and other domestic laws. In 2006, the Finance Act was amended to ban the importation, manufacture, sale, and use of plastic bags.

(v) Contingency measures

85. Uganda does not have anti-dumping, countervailing or safeguard legislation; the legal basis for contingency measures is the COMESA Treaty and the Protocol on the Establishment of the East African Customs Union (Common Report, Chapter III(vi)). Uganda has not taken any contingency measures since its last TPR in 2006.

(vi) Standards and other technical requirements

86. Under the UNBS Act 1983 Cap 327, the Uganda National Bureau of Standards (UNBS) is the sole statutory organization responsible for the formulation, promotion, and enforcement of standards and technical regulations. UNBS has been operational since 1989. UNBS performs market surveillance to detect substandard or counterfeit products, carries out shipment inspection and conformity assessment for exports, imports, and tender supplies, and liaises with national, regional, and international standardization and related bodies. UNBS is Uganda's national enquiry point under the WTO Agreement on Technical Barriers to Trade.[28] UNBS represents Uganda in the African Regional Organization for Standardization (ARSO), in the International Organization for Standardization (ISO), as a correspondent member, and at the EAC and COMESA for the harmonization of regional standards.

87. The imposition of technical regulations and standards may be initiated by the public or private sector. Between 2006 and June 2012, Uganda submitted 256 notifications under the TBT Agreement. The bulk of these concern food standards, animal feed, environmental protection, and safety.[29]

88. An amendment of the UNBS Act 1983 was presented to Parliament in 2010 and is under discussion. Amendments include harmonization of laws to take account of Uganda's ratification of a number of international and regional instruments that have a bearing on standards of products and processes in Uganda; changes to the membership and tenure of the National Standards Council to facilitate decision-making; introduction of a framework for the evaluation of performance of commodities, processes or systems (fitness-for-purpose criteria); and deterrent penalties in the enforcement of standards.

89. UNBS publishes an annual catalogue of standards. A list of compulsory standards (technical regulations) is maintained on the UNBS website.[30] As of July 2012, a total of 1,429 standards had been published, covering food products; chemical, engineering, and other products; metrology;

[28] WTO document G/TBT/ENQ/38/Rev.1, 8 July 2011.
[29] WTO document series G/TBT/N/UGA/…
[30] UNBS online information. Viewed at: http://www.unbs.go.ug/resources/Compulsory%20Uganda%20Standards.pdf.

electrotechnology; and information and communications technology products. Of these, 1,228 are based on international standards. Standards and technical regulations are also developed at the EAC level (Common Report, Chapter III(viii)).

90. Standards are prepared by Technical Committees (TCs) composed of consumers, traders, academicians, manufacturers, Government, and other stakeholders. As of January 2012, there were 15 TCs dealing with food and agricultural products; building and civil engineering; mechanical engineering and metallurgy; chemicals and environment; electrotechnology; textiles, apparel, and leather products; transport and communications; metrology; management systems and services; furniture; energy management; medical devices; halal integrity; petroleum; and applied statistics. Draft standards adopted by the TCs are circulated to stakeholders and the general public for comments; these are reviewed before recommendations are sent to the National Standards Council for declaration as national standards. The preparation of technical regulations follows the same process. After approval by the National Standards Council and recommendation to the Minister of Trade for declaration as technical regulations, the Minister notifies and requests the public to submit any objections and comments within 60 days. Standards become technical regulations when the Minister of Trade declares them as such.

91. Domestic and imported products are tested for conformity to Ugandan technical regulations and other specifications; the tests are carried out by the appropriate UNBS laboratories in the fields of chemistry, microbiology, mechanical, building materials, and electrical equipment. The UNBS has put in place an Import Inspection and Clearance Scheme that requires all imported products subject to technical regulations to be inspected for conformity to the relevant Ugandan Standard before release onto the Ugandan market. Quality inspection is done by the UNBS at the entry point during the customs verification exercise. Imports subject to a technical regulation must be accompanied by a test certificate indicating compliance with the Ugandan standard or EAC partner state mark. For locally produced products, industrial inspection visits are scheduled to ensure safety and conformity to mandatory standards. Surprise inspection visits are also conducted and products are sampled from the market for laboratory analysis.

92. Only imports covered by mandatory standards are inspected at entry points. Inspection of imports is primarily conducted to ensure consumer safety and protect consumer health. According to the authorities, no study has been conducted specifically to measure the average waiting time for inspection. However, a time-release study by URA Customs in 2008 showed that the average time to clear goods is just under three days.

93. Where necessary, the UNBS draws samples of the product for laboratory testing. If the product does not meet the critical minimum requirements for health, safety, and performance as set out in the relevant Ugandan Standard, the product is prohibited entry on those grounds and seized for destruction or re-exportation at the importer's expense. No inspection fees are charged for destination inspection under the Imports Inspection and Clearance Scheme. However, testing charges are imposed when samples have been drawn for laboratory analysis.

94. The UNBS has adopted the following ISO standards as Ugandan Standards: ISO 9000 for Quality Management and Quality Assurance, ISO 14000 for environmental management systems, ISO 22000 for food safety, ISO 17025 for laboratory accreditation, ISO 31000 for risk management, ISO 26000 for social responsibility, and ISO 28000 for security management systems for the supply chain.

95. Uganda has not concluded any mutual recognition agreements. According to the authorities, an accreditation system and policy are in preparation but are not yet in place. As provided for under the SQMT Act 2006, Uganda provides mutual recognition to products from EAC partner states bearing their respective quality marks.

96. About half of UNBS operating expenses are met by Government, with the rest coming from fees for verification and laboratory analysis, and fuel marking income.

(a) Sanitary and phytosanitary regulations

97. The Ministry of Agriculture, Animal Industry, and Fisheries (MAAIF) is the national enquiry point for all SPS-related issues. Uganda's main SPS-related legislation includes the Food and Drugs Act (1964), the Public Health Act (1964), the Plant Protection Act (1964), the Drugs Act (1993), the Seeds and Plant Act No. 3 of 2007, and the Agricultural Chemicals (Control) Act No. 1 of 2007. Other food-related legislation pending and in various stages of development includes: regulations for the Agricultural Chemicals (Control) Act, which would separate the regulation of pesticides from fertilizers to address food-safety concerns about pesticide residues along the food chain; the draft Biosafety Act and Regulations, pertaining to GMOs; the Plant Protection and Health Act, which seeks to adjust Ugandan legislation to the International Plant Protection Convention (IPPC); and the draft Fisheries Act, which would modify present regulations concerning fish and fisheries. A Food and Nutrition Bill, whose main goal is to ensure food security and adequate nutrition, has been forwarded to Cabinet for approval.

98. Various institutions share responsibility for the implementation of food safety controls. The Ministry of Health is responsible for issues related to drugs and food safety. Imports of drugs require a valid import permit issued by the National Drug Authority (NDA).[31] The drugs are inspected by an NDA inspector at the port of entry, to ensure that they comply with the approved specifications and regulations. Each batch must be accompanied by a relevant certificate of analysis. The inspector may carry out sampling or pick samples for further investigation. Chemical analysis normally takes two weeks from the time a consignment is sampled to when the results are released. The charge for chemical analysis depends on the parameters to be tested. As of June 2012, the highest charge does not exceed USh 150,000.

99. The MAAIF is responsible for initiating the formulation and review of laws, regulations, standards, strategies, and plans related to SPS measures and for the regulation of livestock and livestock products, and fish and fish products. The Crop Protection Department of MAAIF is responsible for all matters related to plant health, including the control of SPS permits on imports, the issuance of export phytosanitary certificates for live plant material and horticultural crops, and the deployment of staff at all border posts to enforce agricultural import and export regulation and certification against crop pests and diseases. The department is also responsible for enforcing regulations on registration and use of pesticides and other agri-chemicals. Imports of flowers, fruits, vegetables, plants, and seeds require a phytosanitary certificate. Seed importers are subject to licensing requirements. Soil imports are prohibited.

100. The Department of Fisheries Resources is responsible for the certification of fish and fish products intended for export. It enforces fisheries regulation, including the inspection of factory premises, processing lines, landing sites, fish transport, and export points for adherence to safety and quality requirements, as well as maintaining a national fish inspection and quality control system. Standards for organic produce are controlled by the private-sector agency, UGACERT, while

[31] For import procedures see NDA online information. Viewed at: http://www.nda.or.ug.

technical regulations relating to food products and SPS are enforced by the UNBS and MAAIF, respectively.

101. Uganda has developed a National Food Safety Strategic Plan (2007-2016). The plan aims at guiding the implementation of food safety laws, programmes, activities, and other food safety control systems; translates the food laws into a tool for an effective food-safety control system; and identifies roles and responsibilities of key stakeholders, through addressing institutional linkages, collaboration, and harmonization of activities aimed at promoting and improving the status of food hygiene and safety in Uganda.

102. A draft National Sanitary and Phytosanitary Policy (2011) addresses the weaknesses in the current management of SPS issues, which include lack of institutional coordination mechanisms, resulting in overlap and duplication of efforts; weak enforcement; inadequate production, processing, and marketing infrastructure; low capacity of SPS laboratories; limited skilled personnel; inadequate and inappropriate allocation of financial resources; and weak SPS extension services. The objective is to create a conducive environment for the production, trade and consumption of safe, quality animal and plant products. Actions to be undertaken include strengthening the legal and regulatory framework for SPS measures; supporting the private sector to meet SPS requirements; harmonizing national SPS measures to regional and international requirements; promoting awareness on SPS measures; and developing and improving SPS management mechanisms along the value chain.

103. Uganda's SPS standards are developed in accordance with international standards. Uganda has not submitted any notifications to the WTO's SPS Committee.

104. There have been several cases where Uganda's agricultural exports have been rejected in foreign markets due to failure to meet SPS requirements. For instance, consignments of fruits and vegetables have been refused entry to the EU market due to presence of medfly and high levels of pesticides, and flowers due to presence of caterpillars. Likewise, bananas were refused entry to the United States and South Africa due to the bactrocera invadens fly, and coffee to India due to the need to use methylbromide for fumigation purposes.

105. Products prohibited from importation into Uganda on SPS grounds include beef (due to mad cow disease), dressed chicken and poultry (due to bird flu), soil, banana leaves, rice straw, wheat straw, leaf, leaf mold, and chaff. Imports of parent stock poultry are permitted from countries listed by the OIE.

(b) Labelling, marking, and packaging requirements

106. The following information must be clearly marked on imports and exports: importer/exporter name, consignee, flight/vehicles details, place of discharge, number of packages, container identity, description of goods, airway bill number/bill of lading, and country of origin/destination. Additional labelling requirements have been adopted for used clothing.

107. The UNBS operates a Product Quality Certification Scheme under which it certifies the quality of a product and grants the manufacturer a permit to affix the UNBS Quality Mark, on the product itself or on the packaging. This mark gives an assurance to the customer that the product conforms to Ugandan Standards and is of good quality. As of June 2012, 595 products have been certified and 236 companies have benefited from this scheme.[32]

[32] UNBS Product Certification Register online information. Viewed at: http://www.unbs.go.ug.

108. Uganda's standards on labelling and packaging apply to, *inter alia*, food, textile products, and cosmetics (Table III.2).

Table III.2
Labelling and packaging standards, 2012

Standard number	Contents
US 7 (2002)	General standard for labelling of pre-packaged foods
US 277 (2002)	General standard for labelling of food additives sold as such
US 426 (2002)	Code of practice for fibre-content labelling of textiles and textile products
US 484 (2007)	Labelling of cosmetic products – general requirements
US 500 (2003)	Guidelines for nutritional labelling of foods
US 569 (2005)	Labelling of fresh fruits and vegetables
US 819 (2008)	General labelling of electrical appliances – instructions for use
US 1028 (2006)	Labelling requirements for pre-packaged products
US 372 (2002)	Specification for care labelling of textiles
US 841 (2009)	Requirements for packaging and labelling of tobacco products
US 134/ISO 14021	Environmental labels and declaration – self-declared environmental claims (type II environmental labelling)
US 568	Packaging for international transport of fresh fruits or refrigerated fruits and vegetables – recommendations
US 569	General guidelines for labelling of fresh fruits and vegetables
US 1030 (2006)	Quantity of products in pre-packages

Source: Uganda National Bureau of Standards.

(vii) Other measures

109. Countertrade is not practised in Uganda; there are no offsetting requirements in force. Uganda does not maintain strategic reserve stocks.

(3) MEASURES DIRECTLY AFFECTING EXPORTS

(i) Procedures

110. The requirement for the registration of export enterprises was removed during the review period but is currently subject to review on the basis of traceability. Export permits or licences are required for flowers, fruits, vegetables, plants, bees and bee products, coffee, cotton, and game and trophies. Export certificates are required for precious metals, fish, and hides and skins. For other products, export permits are only necessary if required by the importing country. The authorities indicate that, on average, clearance of exports through customs takes less than one day, unless there is a need to verify the information provided. The export of coffee is subject to the Coffee Regulations of 1994.[33]

(ii) Export taxes, charges and levies

111. Uganda maintains a cess of 1% on exports of coffee (collected by the Uganda Coffee Development Authority), which is used for coffee development activities, 2% on cotton (collected by the Cotton Development Organization); and US$0.8/kg on raw hides and skins (changed from 20% *ad valorem* in the Finance Amendment Act, 2011, Amendment No. 2/2011). The authorities indicate that the rationale for these charges is to encourage value addition and promote local industry.

[33] See WTO document WT/TPR/S/171/UGA/Rev.1.

(iii) Export prohibitions, restrictions and licensing

112. Export prohibitions are governed by Part A of the Third Schedule of the EAC Customs Management Act.[34] Uganda applies no voluntary export restraints.

(iv) Export subsidies and incentives

113. The authorities indicate that Uganda does not provide export subsidies. The fixed Duty Drawback Scheme and the Manufacturing under Bond Scheme have been in existence since 2000.[35]

114. Under the Income Tax (Tax Incentives for Exporters of Finished Consumer and Capital Goods) Regulations 2009, in force since July 2007, income tax exemptions are provided for companies exporting at least 80% of finished consumer and capital goods[36], whether or not the raw materials are Ugandan in origin**.** According to the authorities, such measures are used to promote local industries. Exemptions are valid for ten years, subject to annual fulfilment of conditions.

115. Uganda has gazetted over 1,000 hectares of prime industrial land to be developed into fully serviced industrial estates and export processing zones. The Uganda Investment Authority holds the government interest in the proposed project. A Free Zones Bill (2010) is still before Parliament.

(v) Export finance, insurance, and guarantees

116. An export finance scheme and an export guarantee scheme were discontinued in 2006, following the decision of the Ministry of Finance to transfer all development funds to Uganda Development Bank Ltd.

(vi) Export promotion and marketing assistance

117. The Uganda Export Promotion Board (UEPB) is the main promotion agency.[37] According to the authorities, the Export Promotion Fund (EPF) launched within the Bank of Uganda in 1995 is no longer operational. Funds for export promotion are now available through commercial banks.

118. From 2005 to 2010, the Private Sector Foundation Uganda under the Business Uganda Development Scheme (BUDS) provided support to over 700 companies, with a cumulative grant of over US$5 million. Activities included company diagnostic and planning; training; management systems; production-related domestic and international marketing; sales and production; feasibility; and market research and trade promotion. Another scheme, funded by DFID, will help 1,000 small businesses in northern Uganda to expand operations and create new employment opportunities. The project, amounting to GBP 13 million over four years, was launched in 2011 and covers over 60 districts. The objective is to stimulate pro-poor economic growth in northern Uganda and to better retain the economic benefits of agriculture in post-conflict regions.

[34] For more details, see the Common Report, Chapter III(2)(ii).

[35] Conditions for the operation of these schemes are laid down under Sections 138-144 and 160-166 of the EACCMA, respectively, and are described in detail in WTO document WT/TPR/S/171/UGA/Rev.1.

[36] According to the Regulations, "finished consumer goods" means finished consumer products ready for consumption without the need for further processing; potted plants and chrysanthemum cuttings are considered finished consumer goods.

[37] The mandate and policy objectives of the UEPB are described in detail in WTO document WT/TPR/S/171/UGA/Rev.1.

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(i) Incentives

119. Uganda provides myriad incentives to businesses, including tax exemptions and holidays; tax rebates, deductions and capital allowances (Chapter II(4)).

120. The Income Tax Act of 1997, Cap 340, as amended, and the Finance Act of 1998, as amended, provide for various allowances on investment capital, which are administered and assessed by the Uganda Revenue Authority. The authorities indicated that no changes were made to investment capital allowances and expenses, deductible annual allowances, and other annual depreciation allowances during the review period.

121. According to the authorities, the deferred VAT payment facility on plant and machinery, seedlings, greenhouse equipment, plastic sleeves, and tea clones is no longer operational (Chapter III(2)(iii)). Refunds of VAT on all purchases for newly licensed, first-time investors in Uganda are no longer available.

122. In 2009, Uganda adopted a National Science, Technology and Innovation Policy which provides for a Science, Technology and Innovation Fund (STIF) capitalized with USh 50 billion over the short-term. The goal is to finance cutting-edge scientific research and innovation of strategic national importance; acquisition of intellectual property rights by local innovators; and recognition of scientific excellence among local scientists.

(ii) Government procurement

123. Uganda's legal framework for government procurement is provided by the Public Procurement and Disposal of Public Assets Act of 2003; the Public Financial and Accountability Act, 2003; and the Local Government Act of 2006, Cap 342. The Public Procurement and Disposal of Public Assets Authority (PPDA), an autonomous regulatory body established in 2003, is responsible for setting standards, monitoring compliance, reviewing procurement decisions, auditing and investigating complaints, and building capacity in procuring entities. Public procurement operations are decentralized with responsibility assigned to procuring and disposing entities (PDEs) at central and local government levels.[38]

124. A number of changes have been made under the PPDA (Amendment) Act No. 11 of 2011. The role of the PPDA has been strengthened with new powers, which include: review of administrative review decisions of accounting officers; power of entry into PDE premises when conducting audits; power to grant accreditation to a PDE on its own initiative and to require a PDE to take corrective measures; and the right to suspend a provider on its own initiative. The PPDA Amendment Act does not allow for negotiations, except where only one bid is received under a competitive method or under direct procurement or for consultancy services, and only where the bid exceeds the budget. Bidders aggrieved by PPDA decisions may appeal to a tribunal, which has ten working days to issue a decision. The revised law requires that all bidders should be informed of the results.[39]

---

[38] For more details on the procurement process see WTO document WT/TPR/S/171/UGA/Rev.1.

[39] According to the authorities, tribunal regulations are yet to be drafted and procedural matters cannot, therefore, be ascertained. Currently, under administrative reviews carried out by the PPDE, only the complainant and the PDE are informed of the PPDA's decision.

125. The PPDA Amendment Act gives the accounting officer the mandate, prior to the commencement of a procurement process, to assess the market price of the supplies or services or of the unit costs of the works. An accounting officer must not sign a contract where the price quoted by the best evaluated bidder is higher than the established market price, subject to the provision on negotiations. The amended Act provides for confidentiality by strengthening disclosure rules in relation to solicitation documents and bids, and provides that a PDE shall not enter into contract with members of the Contracts Committee, employees of the PDE or those who politically or administratively control the PDE. The amended Act also makes provision for enactment of regulations for an alternative system for the procurement of medicines and other medical supplies, as well as the implementation of a force account mechanism.

126. The amended Act provides for preference schemes to be applied in respect of goods, works and services, where open domestic or open international bidding methods are used. Margins of preference are: for goods manufactured, mined, extracted or grown in Uganda (15%); works by Ugandan contractors or services provided by Ugandan consultants (7%). Goods qualify for preference as domestically manufactured where the labour or value addition is more than 30% and the production facility in which the goods are manufactured, assembled or processed is in Uganda. A contractor or consultant qualifies for preference if incorporated or registered in Uganda; if a Ugandan citizen; if more than 50% of the capital of a company registered in Uganda is owned by Ugandan citizens; or if more than 50% of the capital of the legal entity is owned by the Government or by a PDE.

127. Thresholds for procurement methods have changed under the amended Act, and provided for in guidelines under the amended PPDA Regulations (Table III.3).

Table III.3
Proposed thresholds for procurement methods under the PPDA Amendment Act

	Works	Supplies and non-consultancy services
Open bidding	For works exceeding USh 500,000,000	For supplies exceeding USh 200,000,000
Restricted bidding	USh 200,000,000 to USh 500,000000	USh 100,000,000 to USh 200,000,000
Quotations procurement	USh 5,000,000 to USh 200,000,000	USh 5,000,000 to USh 100,000,000
Micro procurement	USh 5,000,000 and below	USh 5,000,000 and below

Source: Information provided by the Public Procurement and Disposal of Public Assets Authority.

128. In 2010/11, the percentage of procurement by value per method was: open domestic (23.4%), restricted domestic (4.6%), open international (60.5%), direct procurement (8.3%), and request for quotation (2.1%).

129. Uganda is neither a signatory nor an observer to the Plurilateral Agreement on Government Procurement, nor to any bilateral agreements.

(iii) Intellectual property rights

130. Uganda is a member of the Paris Convention for the Protection of Industrial Property, the Convention establishing the World Intellectual Property Organization (WIPO), the Patent Co-operation Treaty, and the Nairobi Treaty. It is also a member of the African Regional Intellectual Property Organization (ARIPO). Regional cooperation initiatives on IPR under the EAC Common Market Protocol are described in the Common Report, Chapter III(3).

131. Trade marks are covered under the Trademarks Act No. 12 of 2010, which replaced the Trade Marks Act of 1964. Copyrights are protected under the Copyright and Neighbouring Rights Act No. 19 of 2006, and patents are covered by the Patents Act, Cap 216 of 1993. All three are administered by the Ugandan Registration Services Bureau (URSB).

132. The United Kingdom Design (Protection) Act of 1937, as amended in 1962, provides that UK design registration extends automatically to Uganda. There is no registration requirement and no provision in Uganda for independent design registration. Ugandan law does not provide for any design registration mechanism, nor any protection for unregistered designs. The Industrial Property Bill, No. 5 of 2009, currently before Parliament, would provide, *inter alia,* for the granting and regulation of patents, industrial designs, utility models, and "technovations", and for the designation of a registrar.

133. A Geographical Indications Bill, No. 3 of 2008, presented to Parliament in April 2012, provides for the protection and registration of geographical indications; duration of protection; the appointment of a registrar; remedies for geographical indications; and related matters.

(a) Trade-marks

134. The Trademarks Act provides for the registration of trade-marks that meet the requirements of distinctiveness for goods or services. Trade marks are valid for seven years, renewable thereafter every ten years upon payment of a fee. A registered trade-mark may be transferred. The Act also permits the registration of certification marks. Trade marks of goods and services registered in another country are protected provided that the country accords the same treatment to Uganda. A trade mark may be removed from the register upon proof of prior registration in another country, and upon application in writing within seven years of registration in Uganda.

135. The Act makes provision for penalties for offences such as forging or counterfeiting trade marks, falsification of entries in the register, and falsifying or unlawful removal of a registered trade mark. These range from fines of 48 to 120 currency points[40] or imprisonment for two to five years, or both. A person whose rights are infringed may also seek civil remedies. The new Act also provides for appointment of inspectors who will assist in enforcement, in collaboration with the police.

(b) Copyrights

136. The Copyright and Neighbouring Rights Act 2006 protects literary, scientific, and artistic intellectual works, which include audio-visual works, computer programs, electronic data banks, and derivative works such as translations. The Act applies to any work created by a citizen of Uganda or a person resident in Uganda; first published in Uganda, irrespective of the nationality or residence of the author; or created by a person who is a national of, or resident in, a country that is a member of WIPO, ARIPO, UNESCO or the WTO. The moral rights of an author are protected. Literary, musical, and artistic works are protected for the duration of the author's life plus 50 years. Neighbouring rights, which apply to performers, producers of sound recordings, and audio-visual and broadcasting companies, are protected for 50 years from the date of the performance or broadcast.

137. Infringements of copyright or neighbouring rights are subject to a fine not exceeding 100 currency points or imprisonment not exceeding four years or both. The Act provides for the creation of collective management organizations, registered by the Registrar of Companies. The

[40] One currency point is equivalent to USh 20,000.

Registrar may register as a collecting society any society or body that has as its main objective promotion of the economic and social interest of its members through defending their copyright and neighbouring interest. The Registrar has powers to cancel the registration certificate of any society that does not conform to the provisions of the Act.

(c) Patents

138. Since its previous Review in 2005, Uganda has made no changes to its legislation on patents, which are protected under the Patents Act Cap 216 of 1993. Inventions, whether products or processes that are applicable to industrial activities may be protected. A public-interest provision allows for the exclusion of certain kinds of product or process inventions from patentability for up to two years. Patents are granted for 15 years (with possible extension for 5 years), subject to payment of annual fees. In the event of infringement, the patent holder may initiate proceedings in the High Court for damages, an injunction (including border measures), and other remedies. The Act also provides for two types of compulsory licence.[41]

(d) Trade secrets

139. The Trade Secrets Protection Act No. 2 of 2009 provides for the protection of undisclosed information in commercial transactions and other related matters. Trade secrets include information relating to a formula, pattern, compilation, programme, method, technique, or process, or information contained or embodied in a product, device or mechanism that has economic value from not being generally known. Such rights are not exclusive and shall not prejudice rights in other forms of intellectual property. In the event of improper disclosure, acquisition or use of a trade secret, the Ugandan High Court may order an injunction, an award of damages, an account of profits or an adjustment order.

(iv) State-trading enterprises, state ownership, and privatization

140. Uganda has notified the WTO that it does not have any state-trading enterprises within the meaning of Article XVII:4(a) of GATT 1994.[42]

141. In terms of state-ownership, Uganda continues to hold shares in a number of enterprises (Table III.4).

[41] These are described in detail in WTO document WT/TPR/S/171/UGA/Rev.1. The authorities indicate that, as of June 2012, no compulsory licences have been granted.

[42] WTO document G/STR/N/10/UGA, 28 September 2005.

Table III.4
State-owned companies and statutory corporations

Name	Activity	State holding (%)
Amber House Ltd	Assets ownership and management (Amber House)	100
Diary Corporation Ltd	Diary products (assets leased to Sameer Agriculture)	100
Housing Finance Bank Ltd	Commercial Banking	49.2
Kilembe Mines Ltd	Copper mining	99.6
Kinyara Sugar Ltd	Sugar production (due for sale)	30
Mandela National Stadium Ltd	Stadium management	100
Munyonyo Commonwealth Resort Ltd	Hotel	49
National Housing & Construction Company Ltd	Housing estates and constructions services	51
New Vision Group	Newspaper printing & publishing/TV/radio services	53
Nile Hotel International Ltd	Hotel services concessioned to TPS Ltd t/a Serena Hotel	100
Phenix Logistics Ltd	Textiles	96
Post Bank Uganda Ltd	Commercial banking	100
Uganda Development Bank Ltd	Development banking	100
Uganda Development Corporation Ltd	Government investment	100
Uganda Livestock Industries Ltd	Government ranches (all ranches leased out)	100
Uganda Seeds Ltd	Agriculture & seed promotion	100
Uganda Telecom Ltd (UTL)	Telecommunication	31
Uganda Prison Industries Ltd	Government prison welfare services	100
Uganda Post Ltd (Posta Uganda)	National postal services	100
Uganda Property Holdings Ltd	Government assets management	100
Uganda Electricity Generation Company Ltd (UEGCL)	Electricity generation (concessioned to Eskom Ltd)	100
Uganda Electricity Transmission Company Ltd (UETCL)	Electricity transmission	100
Uganda Electricity Distribution Company Ltd (UEDCL)	Electricity distribution (concessioned to Umeme Ltd)	100
Corporations established by Law		
National Enterprise Corporation		
National Medical Stores Ltd		
National Water & Sewerage Corporation		

Source: Information provided by the Privatization Unit, Ministry of Finance, Planning & Economic Development - Uganda.

142. The Public Enterprises Reform and Divestiture Act, Chapter 98 (the PERD Act) sets out the legal framework for privatization and the operation of state-owned enterprises in Uganda. The Privatization and Utility Sector Reform Programme in the Ministry of Finance, Planning and Economic Development is responsible for monitoring state-owned enterprises and conducting privatization; its Privatization Unit has formulated guidelines for divestiture in accordance with the statute.[43]

143. Divestiture proceeds are used to support the privatization process. There are no provisions for a golden share. The use of divestiture proceeds is provided for under Section 26 of the PERD Act which indicates the priority for using proceeds as meeting the costs and expenses associated with termination of contracts of employment between the public enterprise whose employees are affected as a result of divestiture; liabilities of the public enterprise under divestiture; costs and expenses incurred in the process of preparing a public enterprise for divestiture; and costs and expenses of divestiture.

(v) Competition policy and regulatory issues

144. Uganda has no national legislation to regulate competition or anti-trust cases. However, provisions on competitive practices are embodied in various sectoral laws and regulations such as the

[43] For a description of the guidelines, see WTO document WT/TPR/S/171/UGA/Rev.1. According to the authorities, no changes have been made to these guidelines since the last Review of Uganda.

Uganda Communications Act (1997), the Uganda Electricity Regulatory Act, and the Uganda Insurance Regulatory Act.

145. Bills for a competition law and a consumer protection law were drafted in 2004, but have still not been enacted. Uganda is currently formulating a National Competition and Consumer Protection Policy.

146. In 2011, the Bank of Uganda issued its Financial Consumer Protection Guidelines.[44] These apply to all regulated financial entities and their agents and cover disclosure, suitability, consumer recourse, and other key consumer protection measures. Although provider-level complaint and consumer recourse mechanisms are part of the 2011 Guidelines, there are no third-party or government dispute resolution mechanisms for aggrieved consumers, despite the proposal in the draft Consumer Protection Act for a small-claims court and mediation and arbitration systems.

[44] Financial Consumer Protection Guidelines, 2011. Viewed At: http://www.bou.or.ug/export/sites/default/bou/bou-downloads/Financial_Literacy/Guidelines/2011/Jun/Consumer_Protection_Guideines_June_2011.pdf.

IV. TRADE POLICIES BY SECTOR

(1) INTRODUCTION

147. Agriculture's contribution to GDP and to total export earnings has declined since Uganda's last TPR. Traditional crops, such as coffee, tea, and tobacco are leading export products, while non-traditional exports such as fish, maize, cut flowers, and cocoa beans are becoming increasingly important. Agriculture (ISIC Rev. 2 definition) is the most tariff protected sector (Common Report, Chapter III).

148. The contribution of mining to GDP is still limited. Uganda's recent discovery of commercially viable oil deposits, with reserves estimated at 2.5 billion barrels, offers Uganda a unique opportunity to transform its economy. Most of the deposits are located in the Albertine Graben region in western Uganda on its border with DR Congo. Mining and quarrying, including petroleum products, constitute the least tariff protected sector (Common Report, Chapter III).

149. Uganda's manufacturing sector is small. Processing is focused on agricultural raw materials and the production of consumer goods. Capital goods industries are few and the capacity utilization of manufacturing industries is low. The mixed structure of the CET is not favourable for semi-processing activities and export-oriented industries.

150. The services sector is growing rapidly. Tourism, telecommunications, financial services, and transport have all grown significantly in recent years. A number of reforms were made in telecommunications services over the review period with the establishment of the Ministry of Information and Communication Technology (ICT) in 2008.

(2) AGRICULTURE

(i) Overview

151. Agriculture provides the livelihood for the majority of Ugandans, particularly women, and has long been of fundamental importance to Uganda's economy in terms of its contribution to GDP, export revenue and employment. Over the period 2006-10, the agriculture sector averaged 1.2% annual growth, compared with 7.8% for industry, and 8.3% for services (Table IV.1).[45] This is well below the annual growth target of 5.6% laid down under the National Development Plan and the 5.9% growth rate that is required for effective poverty reduction.[46] Given the importance of employment in this sector, particularly of the rural population, and Uganda's high population growth, declining performance in the agriculture sector has implications for poverty reduction and economic growth.

152. In 2010/11, food crops accounted for 58% of total agricultural output, followed by forestry (17%), fishing (14%), livestock (8%), and cash crops (4%).[47] Since Uganda's last TPR, exports of non-traditional products (animal/vegetable fats and oils, sugar, cocoa, and rice) have grown, while traditional exports (coffee, tea, and cotton) have declined. On the domestic front, cash crops were affected by drought and landslides in the coffee growing areas, while internationally, the global financial crisis and volcanic eruption in Iceland had an impact on exports.

[45] MAAIF (2011).
[46] Government of Uganda (2010).
[47] MAAIF (2011).

Table IV.1
Sectoral GDP, 2006-10

Growth rates (GDP, 2002 prices)	2006	2007	2008	2009	2010
Total GDP	7.0	8.1	10.4	3.9	5.6
Agriculture	-1.8	1.7	2.3	2.4	1.3
Cash crops	-2.4	8.2	11.6	5.2	-14.7
Livestock	3.0	3.0	3.0	3.0	3.0
Forestry	4.2	2.2	4.2	5.9	1.9
Fisheries	-3.0	-5.9	-9.6	-7.3	5.9
Industry	6.4	8.0	15.4	0.5	8.9
Services	10.3	7.7	10.5	5.8	7.4
Sector share in total GDP at current prices					
Agriculture	22.6	20.7	21.6	23.6	21.1
Industry	22.3	23.9	24.0	23.8	24.9
Services	49.1	49.0	48.0	46.2	47.7

Source: Uganda Bureau of Statistics (2011). Viewed at: http://www.countrystat.org/country/uga/documents/docs/2011 %20Statistical%20Abastract.pdf.

153. Uganda has a total area of 241,551 km^2 (of which 83% is land area and 17% open water and swamps), and contains nearly half the arable land in East Africa. Cultivated land accounts for 41% of total land at 99,018 km^2 in 2005 (Table IV.2).

Table IV.2
National land-cover statistics, 1990, 2000 and 2005
(km^2)

	1990	2000	2005
Built-up areas	365.7	365.7	365.7
Bush-lands	14,223.9	12,624.5	11,893.6
Commercial farmlands	684.5	684.5	684.5
Cultivated lands	84,010.0	94,526.7	99,018.4
Grasslands	51,152.7	51,152.7	51,152.7
Impediments	37.1	37.1	37.1
Plantations - hardwoods	186.8	153.3	138.8
Plantations - softwoods	163.8	80.0	192.0
Tropical high forest-depleted	2,740.6	2,248.2 3	2,036.3
Tropical high forest-normal	6,501.5	5,333.5	4,830.7
Water bodies	36,902.8	36,902.8	36,902.8
Wetlands	4,840.4	4,840.4	4,840.4
Woodlands	39,740.9	32,601.4	29,528.1
Total	**241,550.7**	**241,550.7**	**241,550.7**

Source: Uganda Bureau of Statistics (2011). Viewed at: http://www.countrystat.org/country/uga/documents/docs/2011 %20Statistical%20Abastract.pdf.

154. Although 75% of Uganda's land is arable, only slightly more than half is cultivated (Table IV.3): more cultivable land is under crops in the first season than in the second. Farm productivity is one of the lowest in Africa, due to limited extension services, low use of agricultural inputs and technologies, insufficient infrastructure, weak market linkages, limited access to finance, and inadequate soil management practices.[48]

155. Smallholders with average farm sizes of 2.5 ha account for 75% of total agricultural output in Uganda. According to a recent study, targeted reforms in the smallholder subsector, such as improving access to input and output markets, increasing farmers' access to credit, and infrastructure improvements, could produce sustained agricultural growth provided that governments create an

[48] USAID (undated).

enabling environment conducive to agriculture in general, and smallholders specifically, and increase budgetary allocations to agriculture in line with the Maputo declaration.[49]

Table IV.3
Cultivated land by region, 2008

Region	Total cultivable land (Ha)	First season total cultivable land (Ha)	Percentage	Second season total cultivable land (Ha)	Percentage
Central	1,116,000	650,000	58.2	556,000	49.9
Eastern	1,222,000	47,000	61.1	605,000	49.5
Northern	894,000	401,000	44.9	444,000	49.7
Western	1,186,000	764,000	64.4	573,000	48.3
Total	4,420,000	2,563,000	58.0	2,180,000	49.3

Source: National Development Plan (2010/11-2014/15). Viewed at: http://www.unpei.org/PDF/uganda-NDP_April_2010.pdf.

156. Research has shown that at full production, Uganda could feed seven times its population or nearly twice the population of East Africa.[50] The recent peace in northern Uganda following two decades of conflict presents challenges and opportunities, particularly for the agriculture sector.

157. In accordance with the 1995 Constitution and the 1998 Land Act, land in Uganda is managed under four land tenure systems: customary, *mailo*, freehold, and leasehold. These regimes confer different land rights on their owners, with different implications for security of tenure. A fifth tenure system applies to public land. Customary tenure, under which landholders do not have a formal title to the land they use, but may acquire certificates of ownership, is the most common: over 80% of land in Uganda is held under unregistered customary tenure. Leaseholders are not required to be Ugandan citizens; other forms of tenure are available only to Ugandan citizens.[51] The Land (Amendment) Act, 2010, redresses the landlord/tenant relationship and strengthens tenants' rights through the provision of a jail sentence and/or a heavy fine in case of eviction without a court order.

158. The Government may convert public land to private use to encourage investment and economic growth. This process, known as degazetting, has at times become a source of conflict between the Government and local communities over ownership and land-use rights.[52]

(ii) Agricultural policy

159. The Ministry of Agriculture, Animal Industry and fisheries (MAAIF) is responsible for the formulation and implementation of agriculture policy. The Ministry has two commodity-based, technical directorates dealing with crop resources, and animal resources and fisheries. As of 2012/13, once a funding shortfall on the non-wage recurrent medium-term expenditure framework (MTEF) has been resolved, two new directorates for agricultural support services and fisheries resources and six new departments will be created.

160. In addition, eight semi-autonomous agencies operate under MAAIF: the National Agricultural Research Organization (NARO) for the generation and dissemination of research technologies; the National Agricultural Advisory Services (NAADS) for delivery of advisory services; the National Animal Genetic Resource Centre and Data Bank (NAGRC&DB) for animal genetic development; the Coordinating Office for the Control of Trypanasomiasis in Uganda

[49] African Development Bank (2010a).
[50] USAID (undated).
[51] IFPRI (2011b).
[52] IFPRI (2011b).

(COCTU); the Dairy Development Authority (DDA) for promotion of dairy development; the Uganda Coffee Development Authority (UCDA) for promotion of coffee development; the Cotton Development Organization (CDO) for promotion of cotton development; and the Plan for Modernization of Agriculture Secretariat (renamed the National Agriculture Sector Secretariat (NASSEC)) for implementing the Government's Prosperity for All (PFA) Strategy.

161. Since 2000, Uganda's policy environment for the agriculture sector has been shaped by the Plan for the Modernization of Agriculture (PMA), a multi-sectoral approach for agricultural and rural development, which aims to accelerate poverty reduction through agricultural growth. The PMA is situated within the country's PFA vision (which derived from the ruling party's election manifesto in 2005) and is supported by the broader Rural Development Strategy. Implementation of the PMA has been more difficult than anticipated due to the need to coordinate activities with a number of ministries, and lack of progress on the provision of rural financial services and value addition.[53] A new national agriculture policy is being formulated and is expected to be completed in 2012/13.

162. In 2006, MAAIF developed a Development Strategy and Investment Plan (DSIP) that was intended to translate national goals and priorities contained in the PMA into a plan for public sector interventions in the agriculture sector. Although no comprehensive review of its performance was conducted, internal assessment, coupled with a comprehensive public sector review in 2007 showed that the first DSIP was not properly implemented due to weaknesses in internal coordination and failure to align spending with DSIP priorities.[54] A second DSIP (2010/11-2014/15), completed in March 2010, accords renewed recognition of the fundamental importance of agriculture to Uganda's economy and of its role in development, economic growth, and poverty reduction, despite the sector's unimpressive performance in recent years.

163. The DSIP's vision is to create "a competitive, profitable and sustainable agricultural sector" which will "transform subsistence farming to commercial agriculture". Its development objectives are to increase rural incomes and livelihoods, and improve household food and nutrition security. Investment in agriculture under the DSIP has been packaged under four programmes representing the key areas of opportunity: enhancing production and productivity; improving access to markets and value addition; creating an enabling environment; and institutional strengthening to improve the productivity of sector personnel.[55]

164. In March 2010, Uganda signed the Comprehensive Africa Agriculture Development Programme (CAADP), which commits the Government to the principle of agriculture-led growth as a key strategy with a target of 6% annual growth and a budget allocation of 10%, in sharp contrast to the last 20 years when agriculture rarely received more than 4%. In 2010/11, USh 342.2 billion was allocated for agriculture (4.6% of the national budget), with allocations projected to rise 10% annually until 2014/15.[56] In addition, donor funds (both on- and off-budget) have historically made a considerable contribution to funding Uganda's agriculture sector expenditure. NGOs have become significant players through the provision of finance and agricultural inputs.

165. A recent study conducted by the International Food Policy Research Institute (IFPRI), using a dynamic CGE model of Uganda's economy, indicated that a 6% annual growth rate in agriculture is

[53] MAAIF (2010a).
[54] Final Draft of the National Agriculture Policy. Viewed at: http://api.ning.com/files/0VOAVvSLVtS7O4Urlhj*VJtRxZz*lvvTkTTrgQWKDENJSEo4aI6ZTwogTj8fsWeiVrE5jJEYCgh6EwxcMAus*7Dzi1ZRnA/NationalAgriculturePolicy_Finaldraftupdatedto2011Sept1.docx.
[55] MAAIF (2010a).
[56] Budget allocations are USh 432 billion for 2011/12 and USh 406.9 billion for 2012/13.

achievable, but would be a challenge. Farm households growing higher value export-oriented crops would gain most, and poverty, both rural and urban, would fall. However, in order to achieve this goal, government spending on agriculture would need to increase by over 25% a year, such that agriculture accounts for at least 14% of Uganda's total budget by 2015.[57]

166. The National Agricultural Advisory Services was put in place in 2001 to develop a demand-driven, farmer-led agricultural service delivery system, targeting poor subsistence farmers with emphasis on women, youth, and people with disabilities. Its development goal is to enhance rural livelihoods by increasing agricultural productivity and profitability in a sustainable manner. A performance evaluation of Phase I of NAADS in 2008 concluded that the programme had been successful, adding 11 new districts each year and achieving national coverage of 112 districts (and about 80% of all sub-counties) by 2012. The evaluators concluded that Phase II of the programme should be supported and funded, subject to certain modifications to its design and improvements to its operational efficiency.[58] As of 2011, NAADS is implementing the Agricultural Technology and Agribusiness Advisory Services (ATAAS), a five-year project that places greater emphasis on marketing, post-production activities, and value addition.

167. The National Agricultural Research System, established by the National Agricultural Research Act 2005, has developed a ten-year strategic plan (2008-18) with the goal of improving agricultural research service delivery through decentralizing research services, mainstreaming integrated research and development, enhancing of the quality of service provision, and developing and maintaining a strategic programme of advanced science.[59] Since 2005, increased government and private-sector funding has resulted in higher staffing levels at NARO, which in 2008, accounted for 73% of Uganda's public and private research spending.

168. Uganda faces a number of challenges in its agriculture sector: a rapidly expanding population; unsustainable farming practices, leading to environmental degradation and soil erosion; declining crop yields, in part attributable to low use of fertilizer; inadequate pest and disease control; lack of service providers and limited technical capacity in promoting marketing and value chain addition; poorly functioning regulatory services; lack of value addition (the proportion of processed agricultural commodities and products is less than 5%); and inadequate infrastructure such as roads, communication facilities, and a reliable, competitively-priced electricity supply. In addition, a climate change scenario, in which average temperatures in Uganda are likely to increase by 1.5°C in the next 20 years, will have significant implications for the production of agricultural goods, with negative effects on Uganda's growth rate and the potential to divert its development goals.[60]

169. Uganda has notified the WTO that it does not grant export subsidies.

170. At the regional level, improving food security has been identified as one of the key priorities of the EAC Agriculture and Rural Development Policy. Trade policy instruments in support of this goal are described in the Common Report, Chapter III. The absence of a harmonized system for SPS measures among EAC members will have an impact on Uganda's exports and on domestic food safety.

[57] IFPRI (2008).
[58] ITAD (2008).
[59] MAAIF (2010a).
[60] MAAIF (2010a).

(iii) Policy by subsector

(a) Cash crops

171. Uganda's traditional cash crops are coffee, cotton, tea, cocoa, and tobacco.

Coffee

172. Uganda is the second largest coffee producer in Africa, after Ethiopia. Annual production is made up, on average, of 20% Arabica, grown at high altitudes, and 80% Robusta, grown at lower altitudes around the Lake Victoria basin. Unlike Robusta, which is a native plant, Arabica coffee is an introduced crop originating in Ethiopia. Uganda's Robusta coffee is considered one of the best in the world and commands a considerable premium. Coffee is Uganda's leading foreign exchange earner in merchandise trade, accounting for US$285 million or 17.5% of total receipts in 2010. Despite a 12% decline in the quantity exported in 2010 compared to the previous year, coffee export earnings increased slightly due to higher prices on the international market (Table IV.4).[61]

173. The total area under coffee was estimated to be 182,875 hectares in 2010, an increase of 3% on the previous year; it was projected to increase a further 2.4% in 2011.[62] Key markets for Uganda's coffee exports include the European Union, Sudan, Switzerland, and the United States. Uganda has ratified the International Coffee Agreement (ICA) 2007.

Table IV.4
Coffee exports, 2006-10
(US$ million and million tonnes, unless otherwise indicated)

	Total quantity	Total value	Arabica		Robusta	
			Quantity	Value	Quantity	Value
2006	130.4	190.3	36.2	67.9	94.0	122.3
2007	161.6	266.2	30.0	59.9	131.6	206.3
2008	198.7	399.0	30.6	73.7	168.1	325.3
2009	180.9	279.3	41.5	86.3	139.4	193.0
2010	159.4	284.9	44.0	115.8	115.4	169.2

Source: Uganda Coffee Development Authority

174. Although large-scale coffee producers are gradually emerging, the subsector is almost entirely dependent on about 500,000 low input-intensity smallholder farmers, with an average farm size of 0.2 hectares. The coffee industry employs over 3.5 million families through coffee-related activities.

175. The Uganda Coffee Development Authority (UCDA) has the mandate to promote and oversee the coffee subsector through support to research, propagation of clean planting materials, quality assurance, value addition, and timely provision of market information to stakeholders. The UCDA publishes indicative prices on its website and in daily market reports but does not set reference prices. Marketing and transportation of coffee are private-sector led with the UCDA playing only a regulatory role.

176. All processors and exporters of coffee must be registered with, and certified by the UCDA. In 2009/10, 42 companies were registered exporters.[63] The UCDA funds coffee development

[61] MAAIF (2011).
[62] MAAIF (2011).
[63] UCDA online information. Viewed at: http//www.ugandacoffee.org.

activities from the cess, levied at 1% of the export value, which is paid to UCDA directly by exporters. This is supplemented by funding from the consolidated fund, which forms about 1% of the total budget. NAADS is responsible for agricultural advisory and extension services in the coffee subsector. Funding for coffee seedlings for FY 2010/11 amounted to over USh 1.5 billion. Many of the coffee seedlings are distributed outside the NAADS structure using local leaders, extension officers, and private nursery operators.

177. The coffee industry in Uganda faces a number of challenges: low production and productivity due to ageing tree stock, soil erosion and low yields (farm yields are slightly more than 10% those produced on research stations[64]); coffee wilt disease (CWD); inadequate management capacity; and volatile world market coffee prices have discouraged investment and good agricultural practices.[65] The drop in export volumes in 2010 is attributed to adverse weather, pests and diseases, and low yields due to ageing trees and inadequate husbandry.[66] CWD, which affects only Robusta varieties, has destroyed around 200 million plants in Uganda, costing US$27 million annually. Seven elite CWD-resistant Robusta varieties have been developed by the Coffee Research Institute (CORI) but Parliament had not, as of end 2011, approved budget proposals for a mass multiplication and dissemination of the new varieties.[67]

178. The UCDA is promoting domestic coffee consumption, including through institutional development, training in roasting and brewing practices, and brand development and market research. Production of organic coffee is increasing, with production of 3.2 million bags expected in 2011. A National Coffee Policy is currently being developed in order to improve quality and increase production. Its main focus is to increase coffee production and productivity, strengthen the coffee research system, and encourage value addition and promote entry and penetration in new and emerging markets.

179. The import tariff is the same for raw and processed coffee at 25%. Uganda maintains a 1% export cess on coffee, collected by the UCDA.

Cotton

180. Uganda's climate is well suited to the cultivation of cotton, most of which is grown by small-scale farmers on plots averaging 0.5-10 acres. Cotton produced is of premium grade and rain fed. Over 90% of Uganda's cotton is exported as raw lint. Uganda considers cotton a strategic crop due to its backward and forward linkages as well as its value-chain potential in industrialization.

181. Cotton output has fluctuated considerably over the past few years, with dramatic declines in production in 2007/08 and in 2009/10 and rebounds in 2008/09 and 2010/11 (Table IV.5). Increased production is attributed to the provision of planting seed; price support for pesticides and spray pumps (provided by the Government and Ginners' Support Production Programme, which was revived in 2010); extension services; relatively good weather conditions; and buoyant farm-gate prices. The decline in production in 2009/10 is attributed to lower prices; a shift of production to

[64] MAAIF (2010a).
[65] UCDA online information. Viewed at: http//www.ugandacoffee.org..
[66] MAAIF (2011).
[67] Science and Development Network online information. Viewed at: http://www.scidev.net/en/news/disease-resistant-coffee-stuck-in-ugandan-labs.html.

food crops due to high prices; and severe drought and dry spells, which affected crop establishment followed by heavy rains, which caused boll rots.[68]

182. Exports totalled 147,000 bales in 2010, amounting to US$106 million. The main export destinations are the United Kingdom, Switzerland, Singapore, and Kenya.

Table IV.5
Cotton production and exports, 2005/06-2010/11

Year	Production (bales at 185 kg)	Export earnings (US$ million)	Earnings by farmers	
			Average farm gate price (Ush/kg)	Value (USh billion)
2005/06	102,600	20.9	450	24.7
2006/07	134,000	27.3	470	32.5
2007/08	66,500	19.7	750	25.7
2008/09	125,310	24.6	650	48.5
2009/10	70,000	20.1	900	27.9
2010/11	147,000	106.0	2,300	179.2

Source: Cotton Development Organization. Viewed at: http://cdouga.org.

183. The Cotton Development Organization (CDO), a statutory and regulatory body, provides cotton planting seed and other inputs, and cotton extension services, and establishes demonstration gardens for farmer training. The Ginners' Cotton Production Support Programme, a private-sector initiative implemented in 2003-06 under a zoning system, collapsed in 2007, following disagreements between ginners. Cotton extension services are now provided by the CDO: 66 field extension workers operated in 2010/11 and 300 in 2011/12. Demonstration gardens increased from 1,102 in 2009/10 to 1,606 in 2010/11. The target for 2011/12 is 2,500 gardens.[69] Production increased by 101% from 147,000 bales in 2010/11 to 255,312 bales in 2011/12, due to an increase in the world price, which translated into increased farm-gate prices, and improved agronomic practices, due to an increase in extension services provided.

184. In the 2008/09 season, 27 ginneries were operating in Uganda. All but one used roller ginning technology; the other used high speed saw ginning technology.

185. Exporters require a quality certificate and proof of the payment of the export cess. At the start of each marketing season (end-November or beginning-December), the CDO announces indicative farm-gate, ginnery-buying, and export prices (based on prices from international bodies such as Cotlook A index).

186. Medium-term priorities, up to 2014/15 are to increase the quantity and quality of cotton produced and to increase productivity (Table IV.6). Other priorities are making available production inputs like pesticides, spray pumps, and fertilizers; developing segregated areas for planting-seed multiplication and establishing improved infrastructure for seed processing; and institutional capacity building.[70] Government support for increasing production is through provision of inputs and extension services. Marketing and transport are private-sector driven. There is no government intervention in cotton by-products.

[68] MAAIF (2010b).
[69] Cotton Development Organization online information. Viewed at: cdouga.org.
[70] Cotton Development Organization online information. Viewed at: cdouga.org.

Table IV.6
Cotton production targets and average yield, 2011/12-2014/15

Year	Production target (bales at 185 kg)	Average yield (kg/acre)
2011/12	280,000	600
2012/13	350,000	700
2013/14	450,000	800
2014/15	500,000	850

Source: MAAIF (2010), *Agriculture for Food and Income Security: Agriculture Sector Development Strategy and Investment Plan: 2010/11 - 2014-15*. Viewed at: ftp://ftp.fao.org/TC/TCA/ CAADP%20TT/CAADP%20 Implementation/CAADP%20Pre-compact/National%20documents/ Uganda/Agriculture%20and%20Food%20Security%20Strategy%20and%20Investment%20Plan.pdf..

187. Challenges remain for the cotton industry. The key constraints include low domestic lint consumption with resulting dependence on fluctuations in world market prices, low use of pesticide and fertilizers, low levels of funding in the sector, and the high cost of credit. Weather variations due to global warming also have an impact.

188. The import tariff on raw cotton is 0%, while the average tariff for cotton products (HS52.04-12) is 20.9%, with rates ranging from 10% to 50%. Uganda maintains a 2% export cess on cotton, collected by the CDO.

Cocoa

189. In Uganda, cocoa is regarded as a high-value, environmentally friendly export crop. It grows well in areas planted with Robusta coffee. The Government is promoting production for poverty alleviation, diversification in areas affected by CWD, and to increase export earnings. A total area of 92,000 hectares is suitable for cocoa growing, of which about a quarter is planted. Average farm size is between 0.2 and 3 hectares. Production has more than doubled since 2005/06, though export earnings have fluctuated in response to world prices (Table IV.7). Exports of cocoa beans represented 2.2% of the value of agricultural exports in 2010.

Table IV.7
Cocoa exports and earnings, 2005/06-2010/11

Year	Exports in tonnes	Price per tonne US$	Amount in US$ million
2005/06	7,205	1,578	11.4
2006/07	10,006	2,000	20.0
2008/09	13,000	2,000	26.0
2009/10	15,000	3,000	45.0
2010/11	16,478	2,100	35.1

Source: MAAIF (2010), *MAAIF Statistical Abstract 2010*. Viewed at: http://www.agriculture.go.ug/ userfiles/Statistical%20Abstract%202010.pdf.; and MAAIF (2011), *MAAIF Statistical Abstract 2011*. Viewed at: http://www.agriculture.go.ug/userfiles/ Statistical%20Abstract%202011.pdf.

190. Production, marketing, and transportation of cocoa are private-sector led. Government intervention is limited to provision of planting materials, technical backstopping, and training and demonstrations.

191. Cocoa is subject to an import tariff of 10%.

Other cash crops

192. Uganda is Africa's third-largest producer and exporter of tea, after Kenya and Malawi. Tea is produced on 26,000 hectares of land, 40% under estate and 60% under smallholders. Tea exports continued to increase during 2006-10, almost doubling in volume to 54,555 tonnes, accounting for US$68.3 million in export revenue, or 4.2% of total export earnings. Increased production is due to tea's steady market price, favourable weather conditions, and better farm management.[71] A Tea Industry Expansion Strategy, approved by MAAIF, is to be presented to Cabinet.

193. Tobacco exports more than doubled in volume in 2006-10, to 32,373 tonnes, accounting for US$68.7 million in export receipts, or 4.2% of total export revenue.

194. Maize is an important primary staple food that has also become a cash crop. Output has remained steady since 2006, averaging 1.2 million tonnes per annum. Roughly 10% is exported, accounting for 2.4% of the value of formal agricultural exports in 2010.

195. Production of roses and cut flowers averaged 4,628 tonnes during 2006-10 after peaking at over 6,000 tonnes in 2005. The total value of flower exports was US$28.2 million in 2010, of which 90% was from direct sales and 10% from auctions. Currently 220 hectares are under production with a target of 400 hectares. There is no government intervention in the subsector.

(b) Food crops

196. The food crop subsector is responsible for more than half of agriculture's total contribution to GDP, accounting for 12.1% in 2010, down from 14.3% in 2009. Plaintains, maize, cassava, and sweet potatoes are the major food crops.

197. Rice production is growing steadily. About 70% of the country is suitable for the double cropping of rain-fed rice. The Uganda National Rice Development Strategy (NRDS) seeks to increase rice production in order to increase household food security and reduce household poverty. The goal is to triple rice production from about 165,000 tonnes to 334,250 tonnes in 2013 and 499,200 tonnes in 2018, to cover growing domestic consumption and increase exports. Uganda exported more than 30,000 tonnes of rice in 2010 (about 15% of total production), earning US$16.4 million in foreign exchange. Rice trading is performed by the private sector.

(iv) Forestry

198. Forests cover some 18% of Uganda's land area. Over 15% is in central forest reserves (CFRs), and over 15% in national parks and wildlife reserves manned by Uganda Wildlife Authority; while around 64% is in private forests including community, cultural, and private forest owners. The decline in forest cover is estimated at 88,000 ha per annum, with a higher rate in private forests (34%) than in protected areas (12%). Deforestation is mainly due to the conversion of forest land to other land use, such as agriculture.

199. Forestry management is the responsibility of a number of institutions, including the Forestry Sector Support Department (part of the Directorate of Environment Affairs), the National Forestry Authority (NFA), Uganda Wildlife Authority, and the district forestry services of local governments. In addition, the private sector plays an important role in terms of commercial tree plantation development and promotion of wood-based industries and trade. However, natural forests and

[71] MAAIF (2011).

woodlands are declining as a result of change in land-use to agriculture and grazing, high demand for timber (furniture and construction) and fuel wood (firewood and charcoal), and other uses.[72]

200. The NFA, a semi-autonomous agency set up in 2003, is responsible for managing 506 central forest reserves on a sustainable basis, and supplying high quality forestry-related products and services to government, local communities, and the private sector. The district forestry services are responsible for implementing international and national policies on forests, and for permits, licence fees, and tax collection, while the Forestry Sector Support Department is charged with the formulation and oversight of policies, standards, and legislation for the forestry sector, including the monitoring of the NFA using a performance contract.

201. The National Development Plan lists four objectives for forest management: restore forest cover from 3.6 million hectares (18%) to 4.9 million hectares by 2015 with the ultimate goal of 30% overall forest cover; restore degraded natural forests; reduce pressure on forest cover as a source of wood fuel and construction materials; and promote forestry-based industries and trade.

202. The 2002 National Forest Plan (NFP) and the Forestry Sector Investment Plan were reviewed and updated in 2010/11 and are awaiting approval. The major shortfall identified with the 2002 Plan was uneven implementation of policies in different forestry institutions. The NFP 2011 emphasizes sustainable development through the preservation of natural resources such as forests and wetlands.

203. Regulations provided for in the National Forestry and Tree Planting Act (2003) are still in draft form with the Solicitor General. Other provisions of the Act such as the establishment of forestry committees and establishment of a Tree Fund have not yet been operationalized.[73] The authorities indicate that forestry committees will begin on a pilot basis from 2012/13.

204. Imports of wood charcoal, wood, and articles of wood are subject to an average tariff of 16.2%, with rates ranging from 0% to 25%.

(v) Livestock

205. A national livestock census was carried out by MAAIF and UBOS in February 2008 (Table IV.8). Livestock accounted for 6.6% of agricultural output and about 1.5% of GDP in 2010. Previous estimates of total cattle were based on the Agricultural Module of the Uganda National Household Survey (UNHS) 2005/06, which estimated the national herd at 7.5 million cattle. The growth of more than a third between 2005/06 and 2008 is attributed to increased export opportunities within the region, more precise estimates of the total cattle herd due to the larger sample size, use of a more appropriate sampling frame, and restocking and other initiatives aimed at increasing the cattle population.[74] Increases in livestock in 2008-10 are attributed to efforts to control animal diseases and improvement in livestock production systems as a result of routine livestock extension interventions.[75]

[72] Ministry of Water and Environment (2011).
[73] Ministry of Water and Environment (2011).
[74] MAAIF (2010b).
[75] MAAIF (2011).

Table IV.8
Livestock, 2008-10
('000)

Livestock	2008	2009	2010
Cattle	11,409	11,751	12,104
Sheep	3,413	3,516	3,621
Goats	12,450	12,823	13,208
Pigs	3,184	3,280	3,378
Chickens	37,444	38,557	39,714

Source: MAAIF.

206. Current production of livestock meets only half of domestic and regional demand. Exports of livestock products are limited to raw and semi-processed hides and skins, with rapidly growing exports of live animals (cattle and goats) to South Sudan. Inadequate disease control and the absence of appropriate quality and processing infrastructure are among the constraints impeding exports of beef and dairy products.[76] A recent study, based on the 2008 livestock data, demonstrates that, significant increases in livestock population are possible in many regions, particularly in northern Uganda, and this would strengthen the subsector for the economy as a whole.[77]

207. Imports of live animals are subject to an average tariff of 18.3%, while a rate of 25% applies to meat and edible offal.

(vi) Fisheries

208. The fisheries subsector is the second-highest foreign exchange earner in merchandise trade for Uganda, contributing US$127.7 million or 7.9% to total export earnings in 2010, up from 6.6% in 2009. It employs over 700,000 people, and investment in the sector is estimated at US$200 million. The leading destinations for Uganda's fish exports are France, Belgium, and the Netherlands. The regional market for fish is growing; Kenya, Sudan, DR Congo, and Rwanda are the leading importers of Uganda's products. Nile perch products represent over 90% of total exports.

209. The subsector comprises both capture and culture fisheries, with the former contributing most of the total national catch. Capture fisheries are mostly artisanal while aquaculture is slowly transforming from traditional, small-scale subsistence to medium-scale commercial farming. Lake Victoria, the largest water body, which is shared between Uganda (45%), Kenya (6%), and Tanzania (49%), accounts for 60% of Uganda's total catch. Fish for regional and domestic trade is mainly composed of whole fresh fish and artisanally processed fish (mainly sun-dried, smoked, and salted), while international trade is dominated by fresh and frozen fillets.[78]

210. Although export revenues have increased, the total quantity of fish exported annually continues to decline, due to dwindling catch. Open access policies have encouraged the number of fishermen and boats operating to increase, while the use of illegal fishing gear and methods, which catch immature fish, has exacerbated the problem. According to the Department of Fisheries Resources, over 17,000 kg of immature fish were detected during 2009-10.

211. In 2009, the EAC launched a US$1.8 million campaign (to be funded equally by Kenya, Tanzania, and Uganda) to recover the perch population in Lake Victoria, depleted from 1.2 million tonnes in 2000 to about 331,000 in 2009. The campaign was to target illegal fishing gear blamed for

[76] Government of Uganda (2010).
[77] IFPRI (2010).
[78] ICEIDA (2009).

the harvesting of immature Nile perch and the destruction of breeding sites. However, lack of donor support, particularly by Tanzania and Uganda, has hampered this effort.

212. In order to deter illegal fishing and trade in immature fish, in 2010 Uganda supplemented the Fish Act (1951) with the Fish Rules, which took effect in January 2011. The Fish Rules contain provisions on prohibited nets and fishing methods, the landing and disposal of fish, and licences, permits, and fees. A draft national policy on fisheries management and development of small fishes is currently being developed.

213. Imports of fish and fish products are subject to an average tariff of 24.5%.

(3) MINING AND ENERGY

214. The Ministry of Energy and Mineral Development (MEMD) is mandated to "establish, promote the development, strategically manage and safeguard the rational and sustainable exploitation and utilization of energy and mineral resources for social and economic development". The MEMD is currently being restructured to take account of recent developments, not least the discovery of large reserves of petroleum in western Uganda. A proposal has been made to create two new directorates for petroleum and minerals.[79] Under the Constitution, ownership and control of all minerals, oil, and natural gas is vested in the Government.

215. The MEMD's priorities over the medium-term are to: increase electricity generation capacity and transmission network; increase access to modern energy services through rural electrification and renewable energy development; promote and monitor petroleum exploration and development to achieve local production; streamline petroleum supply and distribution; and promote mineral investment through acquisition of geo-scientific data and capacity building. In line with these priorities, MEMD is focusing on the implementation of four projects: development of the Karuma hydropower project; development of an oil refinery; promotion of investment in phosphates from the Sukuru region; and development of an iron and steel industry.

(i) Mining

216. In the mining sector, Uganda's efforts to improve performance through a Comprehensive Mineral Sector Reform Programme in place since its last TPR have increased production volumes, though exports have declined steadily since 2006 (Table IV.9). The number of licensed investors in the sector has increased.

Table IV.9
Mineral production and exports, 2006-10

	2006	2007	2008	2009	2010
Production (US$)	**52,253,987**	**55,318,047**	**51,327,431**	**49,000,000**	**63,000,000**
Gold (%)	0.9	1.0	0.1	0.3	0.0
Cobalt (%)	36.4	34.7	50.3	17.3	26.9
Vermiculite (%)	1.3	1.2	0.0	0.0	0.5
Wolfram (%)	0.1	0.1	2.1	0.2	1.5
Others (%)	61.3	63.0	47.5	82.2	71.1
Export (US$)	**125,496,131**	**88,160,995**	**52,707,737**	**13,269,224**	**18,894,088**
Gold (%)	95.0	85.8	66.9	97.3	89.4
Cobalt (%)	4.2	13.8	29.2	0.0	0.0

Table IV.9 (cont'd)

[79] According to the authorities these have not been created due to a freeze on recruitment.

	2006	2007	2008	2009	2010
Vermiculite (%)	0.7	0.2	0.0	0.0	0.0
Wolfram (%)	0.0	0.0	2.8	0.7	9.5
Others (%)	0.1	0.2	1.1	2.0	1.1

Source: Information provided by the MEMD.

217. In the context of its first Review[80], the MEMD conducted surveys in: airborne geophysical, geological mapping, laboratory infrastructure, mineral resources, geothermal energy, geochemical, and ground geophysical. Mineral exploration activities continue to be dominated by artisanal and small-scale mining practices. As of end 2011, 692 licences were in use, of which 138 were for prospecting, 429 for exploration, and two for retention licences. The remainder were for mining location (47), mining leases (24), and mineral dealers (52).

218. In 2010/11, the Government realized revenue of USh 3.631 billion from royalties and mineral license fees. It has increased efforts to collect a larger portion of revenues from the minerals sector in the form of non-tax revenue (NTR) by levying application, issuing, registration, and mineral rental fees, and collecting unit- and value-based royalties on mineral projects within Uganda. As a result of new rates put in place in October 2011, the Government expects to increase NTRs, which have averaged USh 3 billion annually since 2008, to USh 6 billion.[81] As of October 2011, the formula for royalty sharing changed: local district governments receive 10% (down from 17%), and town councils receive 7%; the shares of government (80%) and owners or lawful occupiers of land subject to mineral rights (3%) remain unchanged.

219. In an effort to evaluate Uganda's enormous but unexploited rock resources, 20 representative samples from numerous regions have been sent to Kenya for cutting and polishing. Results have shown that the quality is good and several are suitable for processing into dimension stones. Investment in the sector and infrastructure improvements are required in order to exploit this resource and expand the revenues earned from traditional mineral resources.

220. An average tariff of 4.8% is applied to imports of mining and quarrying products.

(ii) Petroleum

221. Since the first discovery of oil in Uganda in 2006, 58 fields have been discovered which may produce an estimated 2.5 billion barrels of oil equivalent, of which about 1 billion barrels are recoverable. This is in line with the oil reserves of countries such as Chad, the Republic of Congo, and Equatorial Guinea, but well behind Angola and Nigeria. With only 40% of the total prospective area explored, a further increase in established reserves is expected. It is estimated that the discoveries to date can support production of over 100,000 barrels of oil per day (bbl/d) for 25 years, and are sufficient to implement large-scale refining in the country. An appraisal of discovered oil and gas fields is still in progress with a view to establishing the optimal methods for development.[82]

222. The source of Uganda's oil is the Albertine Rift in western Uganda on its border with South Sudan and DR Congo. This area is rich in biodiversity, the home of more endemic species than any other area in Africa, including the rare mountain gorilla. The Albertine Rift has a large number of

[80] Energy and Mineral Development Joint Sector. Viewed at: www.energyprogramme.or.ug/wp-content/files/JSRREPORT.pdf.
[81] MEMD (2011).
[82] MEMD (2011).

protected areas, including national parks, forest reserves, and wildlife sanctuaries. A number of parks are partly or wholly inside the oil blocks and many others that lie outside the blocks are likely to be affected by oil development.

223. Petroleum exploration has thus far attracted investment of US$1.5 billion, and this is expected to increase once the development and production phases commence. No oil revenues are expected until 2013. According to the MEMD, discovered gas resources together with the test crude produced during appraisal will be used to generate electricity in the short term. In the medium to long term, Uganda intends to develop a medium- to large-scale refinery to produce oil products for domestic and regional use. Subsequently, as more discoveries are made, consideration for export will be given. Petroleum products, mainly imported from Mombasa, a distance of 1,300 kms, constitute over 15% of Uganda's total import bill.

224. Uganda currently imports about 90% of its petroleum needs through Kenya and 10% through Tanzania. Most products destined for Uganda through Kenya are delivered from Mombasa to western Kenya terminals by pipeline and then by road and rail to Uganda. At present there are 85 private oil-marketing companies established in Uganda involved in supply, transportation, distribution, and marketing of petroleum products.

225. The Petroleum Supply Department under the MEMD is mandated to regulate the supply of petroleum products in Uganda. The department derives its authority from the Petroleum Supply Act (PSA), 2003, enacted to operationalize the Energy Policy of 2002. Under the Act, any company involved in petroleum supply must obtain an operating licence or construction permit from the Commissioner of the Petroleum Supply Department. The operating licence covers importation and exportation, pipeline transportation, surface transportation on land or water, storage, including industrial consumers, wholesale and retail distribution and sales, and processing or other operations involving the construction of physical plants.[83] According to the authorities, pricing of petroleum products is entirely market driven.

226. The Petroleum Supply Regulations (General), 2009 operationalize the Petroleum Supply Act (2003). The main objectives of the Regulations include streamlining the licensing of petroleum operators and related facilities/installations, and quality control of petroleum products and related supply monitoring operations. With a view to streamlining the downstream petroleum subsector, the Ministry has embarked on re-licensing all industry players. As of March 2012, 108 companies had been issued with new petroleum operating licences and 15 with construction permits.

227. In an effort to improve the supply of petroleum products, in September 2011 Cabinet approved a tax rebate of USh 150 per litre on products entering Uganda through Tanzania. The directive is currently being implemented by the Ministry of Finance and Economic Development. Uganda is analysing the possibility of petroleum supplies through South Sudan.

228. Oil storage is managed on a public/private partnership basis. During 2010, the procurement process commenced for a private partner to operate the Jinja national strategic storage facilities under private/public partnership; it is expected to be completed by FY 2011/12. The private operator is expected to refurbish, stock, and operate the depot, which will remain the property of the

[83] The fee for the initial licence (in currency points) is: importation (150); exportation (50); pipeline transportation (500); other surface transportation on land or water (75 for each unit not exceeding 100 per licence); storage (150); wholesale distribution (75); retail sales each unit (50); industrial consumers who buy directly from licensed importers or wholesalers (25); processing and transformation of petroleum products or other operations involving physical plants (not available). One currency point is equivalent to USh 20,000.

Government; the latter is supposed to contribute 12 million litres (i.e. 40% of the storage capacity) of the total stock of the tanks. The MEMD is conducting a feasibility study (funded by the Norwegian Government) on the development of distribution and storage facilities in view of the proposed inland refinery, to determine optimal storage and distribution infrastructure in Uganda.

229. The legal and regulatory framework governing petroleum exploration and production includes the Petroleum (Exploration and Production) Act, Chapter 150 of the Laws of Uganda 2000; the Petroleum (Exploration and Production) (Conduct of Exploration Operations) Regulations, 1993; production sharing agreements (PSAs); and various environment, wildlife, water statutes and guidelines. Downstream aspects of the industry, i.e. distribution, marketing, and sale of petroleum products are governed by the Petroleum Supplies Act of 2003.

230. In 2008, the Government published the National Oil and Gas Policy (NOGP), whose goal is "to use the country's oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society". The NOGP aims to address the entire spectrum of exploration, development, and production of Uganda's oil and gas resources more comprehensively than the Energy Policy of 2002, which provided for regulation of the downstream subsector. In particular, the NOGP supersedes the Energy Policy with regard to matters pertaining to upstream petroleum activities, and provides a basis for regulation and investment in midstream activities.

231. The objectives of the NOGP include ensuring efficiency in licensing areas; establishing and managing the country's oil and gas resource potential; promoting the development of suitable transport and storage solutions; ensuring the collection of revenues to create lasting value; ensuring optimum national participation in oil and gas activities; conserving the environment and biodiversity; and ensuring beneficial relationships between all stakeholders. The NOGP takes into account the challenges associated with natural resource wealth, including the need to offset the potential for negative economic and fiscal effects (the "resource curse") that arise from sudden inflows of foreign currency. It outlines mechanisms for managing these effects in a manner that facilitates development, by prioritizing spending that supports productivity and competitiveness with the aim of turning oil revenue into a sustainable development outcome. It also highlights the need for a long-term national strategy to maximize benefits from oil and gas exploitation along the industry value chain.[84]

232. The Petroleum (Exploration, Development, Production and Value Addition) Bills were drafted in 2010 and tabled before Parliament in February 2012. The Petroleum Bills, once enacted, will provide the legal framework for exploration and development of oil resources; define the oversight roles of MEMD (which is currently responsible for issuing, renewing and revoking petroleum exploration and production licences); set up the Petroleum Authority of Uganda (PAU) which will handle regulatory functions; and establish the National Oil Company responsible for business and commercial aspects. Funding of this institutional arrangement is expected to cost USh 35 billion, which is yet to be secured**.** Licensing procedures will also be outlined. The Government is drafting two new laws to deal with resource management, and revenue management which will provide for the sharing of royalties, provision of goods and services by Ugandans, training and employment of Ugandans, and technology transfer. A Petroleum Bill for refining, gas processing/conversion, and transportation and storage has been drafted and is before parliament.

233. Government policy in managing the country's oil resources is to add value locally. A feasibility study on refining in Uganda concluded in 2010 has been approved. Plans are afoot to develop the refinery on a public/private partnership basis at an estimated cost of US$1.5 billion, for

[84] MEMD (2008b).

which funding has not yet been secured. The refinery is expected to take 5 to 10 years to complete and will commence with 20,000 bbl/d in the short term. This will be expanded to 60,000 bbl/d in the medium term and then to a range between 120,000 and 180,000 bbl/day in the long term.

234. Currently four oil companies hold exploration licences for 4 of 13 exploration areas demarcated in the Rift Valley. These are: Tullow Oil; Total E&P Uganda; and CNOOC, which hold a 33.3% joint venture in exploration areas (EA) 1, 2 and 3A following the partial sale of Tullow Oil's interest; and Dominion Petroleum, which holds an exploration licence in EA 4B.

235. Section 89F of the Income Tax Act of 1997, as amended in 2009, provides for allowable expenditures for exploration and development activities.

236. Concerns have been expressed about Uganda's commitment to transparency in the oil sector. Critics have charged that the PSAs, which form the basis of contractual arrangements between Uganda and oil companies, have not been published and do not strike a good deal for Uganda.[85] In addition, the Petroleum Bill includes several provisions that allow the Government to classify important oil sector information as confidential and withhold it from the public domain.[86] Accusations of corruption, a frail regulatory structure, volatile domestic politics, and tense relations with DR Congo have cast doubts on Uganda's ability to successfully manage the challenges in the sector.[87]

237. Uganda has applied to join the Extractives Industries Transparency Initiatives, a global standards-setter to institute transparency in the sector.

238. The construction of an oil pipeline between Uganda and Kenya, which commenced in 2004, was revised in 2010 in order to take account of the reverse flow concept so that refined products can be pumped back to western Kenya. The project is being implemented as a public/private partnership arrangement with the private partner owning 75% and Uganda and Kenya each having 12.5%. The land for the pipeline corridor was surveyed, evaluated, and gazetted in December 2009, but funds of USh 35 billion have not yet been secured to enable acquisition of way leaves on Uganda's side.[88] Authorities expect the way leaves to be acquired in the next fiscal year. This will bring down the current transport costs from western Kenya by US$20 per m^3. An oil pipeline extension between Uganda and Rwanda is also being developed.

(iii) Electricity

239. Uganda's per capita electricity consumption rates is one of the world's lowest; estimated at 69.5 kWh, it is significantly lower than Africa's average of 578 kWh per capita. Low levels of access to modern forms of energy, particularly electricity, is one of the major infrastructure bottlenecks to socio-economic growth in Uganda. Biomass (wood, charcoal, and agricultural residue) accounts for over 90% of Uganda's energy supply, while hydropower and imported petroleum products constitute 1% and 6%, respectively. Access to the grid remains low, but increased power generation capacity is foreseen through investment in hydro and thermal power plants, new transmission lines, increased rural electrification, and energy efficiency-measures.

---

[85] International Alert (2011) and Platform (2010).
[86] World Resources Institute (2011).
[87] Platform (2010), and Bategeka *et al.* (undated).
[88] MEMD (2011).

240. Uganda has an installed capacity of 595 MW, which includes hydropower, co-generation, and fossil-based thermal generation. Peak demand is in the order of 528 MW. Because of the low water level in Lake Victoria, Uganda experiences daily electricity shortages in the order of 130-190 MW. The total grid electricity supply increased by 8.45% from 2,264 GWh in 2009 to 2,456 GWh in 2010.[89] Domestic generation accounts for more than 98% of Uganda's electricity. In 2010, imports of electricity were 1.3%, of which 1.2% from Kenya and 0.1% from Rwanda, while exports to these countries were 1.8% and 0.08%, respectively.

241. About half of Uganda's electricity is generated by the state-owned Uganda Electricity Generation Company Ltd (UEGCL), which has two power stations currently operated by Eskom (U) Ltd under a 20-year concession agreement, valid until 2023. The rest is generated by independent power producers (IPPs) that entered the market following the drought in 2006. As of 2010, 10 generation licences were in use, with 4 licensed projects under construction, 2 licensed but not yet in the construction phase, and 23 permits issued for feasibility studies. Electricity transmission is provided by the state-owned Uganda Electricity Transmission Company Limited (UETCL), the sole licensee, while the state-owned distribution company builds and owns the distribution network operated by UMEME under a concession agreement. Five licensed distribution projects are currently in operation.

242. The Government's Power sub-Sector Reform Programme, which began in 2001 unbundled Uganda Electricity Board (UEB) into a number of successor companies and implemented significant structural changes within the sector. The Reform Programme is aimed at providing adequate, reliable, and least-cost power supply to meet demand, promoting the efficient operation of the power sector and scaling-up access to maximize the impact on poverty reduction. Despite these reforms, Uganda continues to experience significant power-supply shortages, low rates of access to electricity, and high levels of power losses, all of which negatively affect economic growth.[90]

243. In 2007, Uganda formulated a Renewable Energy Policy aimed at increasing the use of modern renewable energy to 61% of total energy consumption by 2017. Key policy objectives include maintaining and improving the responsiveness of the legal and institutional framework to promote renewable energy investments; establishing an appropriate financing and fiscal policy framework for investments in renewable energy; promoting research and development, international cooperation, technology transfer, and adoption of standards in renewable energy technology; utilizing biomass energy efficiently so as to contribute to the sustainable management of the resource; promoting the sustainable production and utilization of biofuels; and promoting the conversion of municipal and industrial waste to energy.

244. The Electricity Regulatory Authority (ERA), established as an independent regulator in 1999, is responsible for issuing generation, transmission, and distribution licences, regulating electricity tariffs (which are set by producers and subject to ERA approval), developing and enforcing performance standards within the sector, and enforcing adherence to the National Grid Code. The ERA conducts quarterly and annual tariff reviews.[91]

245. Since 2005, the Government has provided subsidies totalling USh 1,135 trillion to the power sector, without which consumers would pay about USh 800 per unit. The current domestic electricity tariff (July 2012) is USh 524.5 per kWh. Financial sustainability in the power sector can only be achieved if transmission losses are reduced (in 2010/11, losses totalled 28.5%, the highest in the

[89] MEMD (2011).
[90] MEMD (2011).
[91] ERA online information. Viewed at: http://era.or.ug.

region) and if electricity tariffs are increased.[92] ERA recommendations to address the sector's financial problems include waiving or converting into government equity public debts that were transferred to UEB successor companies; adjusting tariffs to cost-reflective levels after new commissioning comes online; putting in place a comprehensive and transparent sensitization programme; and introducing a tariff-determination framework that allows for monthly adjustments in line with fluctuations in the exchange rate and fuel prices.

246. The Rural Electrification Board, established in 2001, manages the Rural Electrification Fund (REF) with the goal of achieving universal coverage by 2035. At the end of 2010/11, coverage was estimated at 12% and a number of target areas were still not electrified. To achieve universal coverage by 2035, an estimated annual investment of US$50 million is required in distribution infrastructure alone. The REF is funded by government budget allocations; surplus funds from ERA; a levy of 5% on transmission bulk purchases; and donations, gifts, grants, and loans.

247. A pilot project for prepaid metering for 10,000 customers is under way in Kitintale district. Once the project, valued at US$3.4 million, is completed, prepaid metering will be rolled out for all of UMEME's customers to improve service quality.

248. The Atomic Energy Act 2008, which repealed the Atomic Energy Decree 1972, provides for the regulation of atomic energy through the establishment of the Atomic Energy Council. The Act also established the Nuclear Energy Unit, mandated to provide for the production and use of radiation sources and the management of radioactive waste, and to provide for a framework for the promotion and development of nuclear energy for use in power generation and other peaceful purposes. Atomic energy regulations are currently in preparation.

249. A number of challenges in this sector need to be addressed. Uganda's current power generation mix is dominated by thermal power, which is expensive and accounts for high power tariffs. A programme to develop cheaper, more reliable power is being undertaken using the newly created Energy Fund. Uganda suffers high power system losses at both technical and commercial levels: technical losses are being addressed through rehabilitation and refurbishment of the power distribution network; commercial losses, primarily caused by power thefts, will be addressed through more accurate measuring equipment. Investments in energy require large amounts of capital and have long gestation periods, which increases perceived investment risk. Long transaction times and the need for sovereign guarantees increase the cost of private capital, thus resulting in high tariffs. Most investment costs are in U.S. dollars and thus subject to the impact of the depreciating shilling. The establishment of the Uganda Energy Credit Capitalization Company (UECCC) is expected to facilitate capital investment goals for private-sector driven electrification projects.

250. Imports of electricity are subject to a tariff rate of 10%.

(4) MANUFACTURING

251. Most manufacturing in Uganda is centred round the processing of agricultural commodities, such as food processing, textiles, beverages, and tobacco (Table IV.10). Food processing, drinks and tobacco, and paper products and printing all registered strong growth during 2006-10.

252. Manufactured exports include metal products, tobacco, paper products, soap, vegetable oil, confectionery, beer, cement, garments, nets and twines, and plastics. Key manufactured imports include petroleum products, road vehicles, iron and steel, and pharmaceuticals. Most imports of

[92] MEMD (2011).

manufactured goods are from Asian countries and Kenya, while the main export destinations are Rwanda, DR Congo, Kenya, Republic of Congo, Tanzania, and South Sudan.

Table IV.10
Annual changes in industrial production, 2006-10
(%)

	2006	2007	2008	2009	2010
Food processing	14.2	8.5	22.5	11.0	10.4
Drinks and tobacco	0.0	1.0	16.2	33.6	14.8
Textiles, clothing and footwear	42	7.3	4.9	5.9	7.0
Paper products and printing	15.4	12.5	3.5	8.6	11.5
Chemicals, paint, soap and foam products	4.0	11.7	34.5	4.5	-2.4
Bricks and cement	4.7	14.3	19.4	10.0	-3.6
Metal products	19.0	8.4	33.7	6.9	5.6
Miscellaneous	17.0	15.3	4.1	3.4	4.6

Source: Uganda Bureau of Statistics (2011), *Statistical Abstract 2011*, Kampala. Viewed at: http.//www.countrystat.org/country/uga/documents/docs/2011%20statistical%20Abstract.pdf.

253. A recent study by UNIDO on economic development in Africa ranks Uganda's growth rate of in manufacturing value addition among the highest in the period 1990-10, despite its manufacturing value addition rate per capita being one of the lowest in Africa.[93] Manufacturing is one of the 12 key sectors identified in Uganda's National Export Strategy as being strategic for growth.

254. The Department of Industry and Technology in the Ministry of Trade and Cooperatives is responsible for formulating industrial policy. In 2008, a National Industrial Policy with its vision to "build the industrial sector into a modern, competitive and dynamic sector fully integrated into the domestic, regional and global economies", was formulated and approved by Cabinet. The policy objectives are: exploiting and developing natural domestic resource-based industries, such as petroleum, cement, and fertilizer industries, and promoting competitive industries that use local raw materials; agri-processing, i.e. food processing, leather and leather products, textiles and garments, sugar, dairy products, and value addition in niche exports; knowledge-based industries, such as ICT, call centres, and pharmaceuticals; and engineering for capital goods, agricultural implements, construction materials, and fabrication.[94] Target indicators set by the policy for 2018 include 25% contribution of manufactured products to total GDP; 30% contribution of manufactured exports to total exports; 30% value added in industry (as a percentage of GDP); and a 4.2 score in the Global Competitiveness Index.

255. Other programmes in place to increase productivity in manufacturing include One Village One Product, a community-based approach aimed at reducing poverty in rural populations by identifying a distinctive product and adding value (processing), quality control, and marketing. Three pilot districts have been identified with more to follow. The Millennium Science Initiative, a World Bank funded programme administered by the Uganda National Council for Science and Technology is aimed at boosting the country's capacity to use science and technology in agriculture and industry to meet its development needs. The Integrated Programme (IP) aims to enhance competitiveness and sustainability of industrial development in Uganda with particular emphasis on agri-industries and micro and SMEs.

256. Uganda is also implementing a cross-border market project along the main border points with neighbouring countries; 18 border posts have been identified for this purpose. The project, which is

[93] UNIDO (2011).
[94] MTI (2008a).

based on border market construction, enterprise development, and value addition to locally produced products, aims at creating jobs, adding value, and enhancing regional trade.

257. Uganda suffers a number of supply-side constraints that impede value addition in agri-business. Inadequate transport and storage infrastructure, poorly maintained roads, lack of railway, air transport, and shipping facilities translate into high transport costs which, coupled with its landlocked position, cause Ugandan exports to lose competitiveness. The land tenure system of community ownership in some rural areas and land fragmentation discourages larger scale cultivation and soil improvement, thus constraining the modernization of agriculture. Limited use of land as collateral and high lending interest rates lead to poor access to finance. An additional constraint is the non-availability of inputs, including raw materials, machinery, and equipment. Prices for imports are high and local inputs, if available, are of low quality. Packaging material is not commonly available. Another problem is the lack of access to education and information, ranging from academic and scientific schooling to extension services and research and development, as well as market and product information.[95]

258. According to the authorities, constraints in this sector include difficulty in meeting international quality standards and certification regulations, and lack of borrowing capacity by SMEs, which dominate the sector. The Government and the BOU have designed programmes to support SMEs and encourage the growth of micro financing.

259. The average MFN tariff on manufacturing imports (ISIC Rev.3) is 12.5%.

(5) SERVICES

260. Services constitute a major and growing sector of Uganda's economy in terms of contribution to GDP, employment, and exports. The services sector grew by 7.4% in 2010 up from 5.8% in 2009. The leading subsectors were wholesale and retail trade, which accounted for 13.2% of GDP, followed by transport (9.2%) and ICT (6.2%). Services exports grew from US$1,207 million in 2009/10 to US$1,358 million in 2010/11, while imports increased from US$1,719 million to US$2,024 million.[96] The service sector employs about a quarter of the working population and is responsible for considerable job creation.

261. The Service Sector Export Strategy, adopted in 2005, identified five priority subsectors: higher education, migrant labour, health services, niche tourism, and ICT. The National Export Strategy, adopted in 2008, focuses on tourism and higher education services. In tourism services, the objective is to maximize the sector's contribution to employment and poverty reduction, increase facilities, upgrade human resource capacity, and improve infrastructure. In higher education services, the objective is to build upon the historical foundation of Uganda's education system through developing curricula, including online courses, improving infrastructure, and easing processing of university entrance documents in order to brand and position Uganda as the leading provider of education services in the Great Lakes Region.[97]

(i) Financial services

262. A Financial Sector Development and Regionalization Project under the EAC and financed by the World Bank was launched in the first half of 2010. Its objective is to support the development and

[95] HTW (2011).
[96] Uganda Bureau of Statistics (2011).
[97] MTI (2007a).

integration of the financial sector within the EAC states. The project is structured around five pillars: financial inclusion and strengthening market participants; harmonization of financial laws and regulations against common standards; mutual recognition of supervisors; integration of financial market infrastructures; and development of the regional bond market.

(a) Banking

263. There is a high degree of foreign ownership in Uganda's financial sector. Of the 25 commercial banks licensed in 2012, 18 are foreign-owned. Other financial institutions include: three credit institutions, 23 insurance companies, a social security fund, the stock exchange, and numerous foreign exchange bureaux and micro-finance deposit-taking institutions (MDIs).

Table IV.11
Structure of the financial system, 2006-11

Types of institutions	2006	2007	2008	2009	2010	2011
Depository institutions	**26**	**24**	**27**	**28**	**29**	**29**
Commercial banks	16	16	21	21	23	23
Credit institutions	6	5	3	4	3	3
Micro-finance institutions	4	3	3	3	3	3
Non-depository intermediaries	**27**	**28**	**30**	**30**	**32**	**32**
Securities firms	7	7	8	8	8	8
Finance companies	0	0	0	0	0	0
Insurance companies	19	20	21	21	23	23
Pension funds	1	1	1	1	1	1
Forms of ownership						
State-owned banks[a]	0	0	0	0	0	0
Foreign-owned banks	11	12	16	17	18	18

a The Government holds a minimum share in one bank.

Source: Bank of Uganda.

264. The assets of commercial banks totalled USh 12,982.4 billion in December 2011, an increase of 14.8 %, compared with 2010. The share of non-performing loans to total gross loans deteriorated marginally from 2.1% to 2.2% in the same period.

265. The capital adequacy ratio, measured by the proportion of total capital to risk-weighted assets averaged 20.3% in 2011, far above the regulatory minimum of 8%. Interest rates are market-determined, with an average spread of 15%. Since 2006, lending rates have fluctuated between 18% and 22%. Total assets of MDIs grew by 37.1% in 2010/11 up from 25.1% growth in 2009/10.

266. The Bank of Uganda has the authority to license banks in accordance with the Financial Institutions (Licensing) Regulations, 2005, which set out in detail the licensing requirements and application procedure. Within six months of receipt of an application, the Bank of Uganda prepares a detailed report indicating its decision to grant or refuse the licence. The Bank of Uganda regulates and supervises all commercial banks, credit institutions, foreign exchange bureaux, and MDIs, conducting onsite and offsite surveillance. In order to test the capital adequacy of supervised financial institutions, the Bank of Uganda performs regular stress testing to determine the effects of specific shocks on banks' soundness. All supervised institutions, whether foreign or locally owned, are subject to the same regulatory and supervisory procedures, though the authorities indicate that consolidated supervision has been adopted for banks that are in a group or subsidiaries.

267. In order to align Uganda's minimum capital requirements with those in the EAC, and to strengthen financial soundness, Uganda raised the required minimum paid-up capital of commercial

banks to USh 25 billion in October 2010 from USh 4 billion. The new requirement applies to new commercial banks; existing banks are to raise their paid-up capital to USh 10 billion by March 2011 and to USh 25 billion by March 2013. The minimum capital requirement for credit institutions and micro-finance institutions remains at USh 1 billion and USh 500 million, respectively. Revisions are being made to the Financial Institutions Act (FIA 2004) to allow commercial banks to broaden their scope of commercial banking activities to include "Bancassurance" and Islamic banking.

268. Anti-money-laundering regulations, in force since November 2010, apply to all financial institutions in Uganda and require them to establish and maintain specific policies and procedures to guard against the use of the financial system for the purpose of money laundering.

269. Under the Foreign Exchange (Forex Bureaus and Money Remittance) Regulations 2006, the Bank of Uganda is responsible for the licensing and supervision of foreign exchange bureaux. The Financial Institutions (Foreign Exchange Business) Rules 2010 prevent financial institutions from taking excessive foreign currency positions by limiting the daily foreign exchange open position to within 25% of a financial institution's core capital as of the preceding quarter. The Bank of Uganda grants letters of no objection/clearance to financial institutions to engage with mobile money service providers. Letters of no objection have been amended to give the BOU some oversight powers over the provision of these services. During 2011, the number of registered users of mobile money services increased from 1,683,713 to 2,879,968. The amount transferred rose from USh 963 billion in 2010 to USh 3,753 billion in 2011.

270. A review of the MDI Act 2003, aimed at strengthening regulation of institutions and encouraging new micro-finance institutions to come under the regulatory umbrella, has been initiated and is ongoing.

(b) Insurance

271. Insurance penetration in Uganda is about 0.65%, the lowest in the region (2.9 % in Kenya, 1% in Tanzania and Rwanda). Nevertheless, growth has been strong in recent years and is attributed to Uganda's solid economic performance and growth in the group life, micro-insurance, and loan-protection businesses. According to the authorities, comprehensive public awareness campaigns have been rolled out, targeting the development of an insurance-conscious culture, and a complaint-handling bureau has been set up. Penetration levels are expected to more than double by 2017.

272. In 2010, gross premiums amounted to USh 240 billion, up 19% from 2009; life insurance accounted for around 10% (Table IV.12). Employment in the industry is low, accounting for 1,645 employees in 2010.

273. The Insurance (Amendment) Act (2011) provides for the renaming of the insurance regulator; the Insurance Regulatory Authority (IRA) (formerly the Uganda Insurance Commission), is responsible for regulating and overseeing Uganda's insurance industry. The amended Act also provides for the regulation of micro-insurance; the regulation of Health Membership Organizations (HMOs) and Health Insurance Organizations (HIOs)[98]; the establishment of a national reinsurance organization; and allows for the involvement of banks in the selling of insurance products. Supervision of the IRA, previously under the Bank of Uganda, is now under the Ministry of Finance.

[98] Development of a health insurance scheme is ongoing.

274. In view of Uganda's changing risk profile, the IRA has made a proposal to increase the minimum paid-up capital for insurance companies to USh 4 billion for non-life insurance, USh 3 billion for life insurance, USh 75 million for brokerage firms, and USh 10 billion for reinsurers, to be implemented by October 2014.[99] No new firm will be licensed if it does not meet the new minimum paid-up capital requirements, except National Re, the national re-insurance company (to be licensed), which is required to attain a capital of USh 5 billion, to be increased to USh 10 billion capital within three years. National Re is expected to commence operations in FY 2012/13.

Table IV.12
Insurance services indicators, 2006-10

	2006	2007	2008	2009	2010
Number of companies					
Local	9	9	9	8	7
Foreign	10	11	12	13	15
Type of operators					
Insurers	19	20	21	21	22
Reinsurance brokers	..	..	1	1	1
Brokers	23	21	19	22	28
Loss assessors/adjusters	11	11	9	12	11
Agents	436	515	555	637	610
			(USh billion)		
Total gross premium income	**102**	**129**	**167**	**202**	**240**
Non-life (share of business)	96	118	151	182	216
Life (share of business)	6	11	16	20	24

.. Not available.

Source: Information provided by the Insurance Regulatory Authority.

275. In 2007, the IRA issued a circular to insurers regarding a Certificate of Proficiency in Insurance as a mandatory requirement for all insurance agents, with the aim of increasing the professional level of insurance services.[100]

276. Motorists' third-party liability and workers' compensation are mandatory, but their enforcement is weak due to lack of awareness, lack of regulations to operationalize the respective Acts, lack of incentives on the part of enforcement agencies, low compensation limits in the case of motor third-party insurance, and high limits for workers' compensation.[101] Ugandan residents may not be insured by foreign insurance companies not registered in Uganda, but Ugandan companies may insure non-residents. The minimum premiums are set by the Uganda Insurers Association (an umbrella association for insurance companies) and subject to IRA approval.

277. The Government's 40% interest in the National Insurance Corporation Ltd was divested through a public offering in 2010.

(c) Capital markets

278. The Uganda Securities Exchange (USE) was licensed to operate as an approved Stock Exchange in 1997 by the Capital Markets Authority of Uganda. In 2010, turnover in the equities

[99] At present, a company may offer both life and non-life insurance. Under the new proposal a company may offer life or non-life insurance, but not both. A subsidiary is treated as a new company with separate capital requirements.

[100] Information on the number of agents passing the exam is not readily available.

[101] UNCTAD (2011b).

market was modest, registering USh 42 billion, up 100% from the previous year. The products listed on the USE are government and corporate bonds and 14 equities, 7 of which are cross-listings (East African Breweries Ltd, Kenya Airways, Jubilee Holdings Ltd, Kenya Commercial Bank, Equity Bank Ltd, Nation Media Group, and Centum Investment Ltd). According to the authorities, the USE fee structure is being amended and the new fees will enter into effect upon approval by the Capital Markets Authority. Different fee structures are proposed with respect to cross-listings from within the EAC and outside.

279. In April 2010, the USE implemented a paperless clearing and settlement regime, the Securities Central Depository (SCD), under the SCD Act 2009.

280. Regional initiatives include the East African Stock Exchanges Association whose objectives are to develop guidelines for handling regional initial public offers (IPOs), develop regional infrastructure bonds, and integrate regional trading and clearing systems.

(ii) Communications services

281. Growth in communication services averaged 26% during 2006-10, with the subsector contributing 6.2% to GDP in 2010, double the previous year. This growth was driven by increasing employment, attracting foreign direct investment, as well as higher tax contributions arising from increased consumption and access to information and communications technology (ICT).

282. The Uganda Communications Act (UCA) 1997 established an independent regulatory body, the Uganda Communication Commission (UCC) in 1998, whose vision is to provide access to reliable, cost effective, and affordable communications services, largely delivered through an enabled private sector. The National Information Technology Authority, Uganda (NITA-U), established in 2009 under the NITA-U Act, has the mandate to coordinate, promote, and monitor IT development within the context of national social and economic development. The Uganda Communications Tribunal, provided for under the Uganda Communications Act 1997, has not yet been established. Additional legislation includes the Telecommunications (Interconnection) Regulations, 2005, the Communications (Universal Service) Regulations, 2005, and the Telecommunications (Tariffs and Accounting) Regulations, 2005.

283. In 2006, following the liberalization of the telecommunications market, Uganda established the Ministry of Information and Communications Technology (MoICT) with the mandate to provide strategic and technical leadership; overall coordination; and support and advocacy on all matters of policy, laws, regulations, and strategy for the ICT sector. The Ministry has two Directorates: Communications and Broadcasting Infrastructure; and Information Technology and Information Management Services.

284. In 2011, UCC and the Broadcasting Council (BC) were merged into a single regulatory body that will oversee both communication and broadcasting matters with an interim governing board appointed by the MoICT.[102] It has the sole mandate to licence and regulate all telecommunications, post and courier service providers with advice from the MoICT. The principles for drafting the Harmonization Act (Uganda Communications Regulatory Authority Bill) have been approved by Cabinet with the Bill targeted to be presented to Parliament for enactment by September 2012.

[102] The term of the interim board expired at end 2011. The proposed name of the merged institution is the Uganda Communications Commission.

285. The operational level is composed of telecommunications, postal, information technology and broadcasting operators, with Uganda Posts Limited (UPL) and Uganda Institute of Communications Technology (UICT) as affiliated bodies to the MOICT.

(a) Telecommunications services

286. The telecommunications subsector has expanded rapidly in the last few years, particularly with respect to the number of mobile subscriptions and public pay phones (Table IV.13). Increased competition has brought down tariffs, increasing affordability and usage, while the emergence of non-voice services such as mobile money has contributed to growth. Teledensity of mobile lines increased from 9.9% in 2006 to 50.7% in 2011. The recent growth in subscriptions after slow growth in 2009 is due to intense price competition, proliferation of multiple sim handsets, and new subscription demand created by new services like mobile money transfers and utility payment options. The number of operators in the mobile sector has doubled since 2006; and telephone traffic has increased more than five fold. In 2010, domestic call rates dropped to an average of USh 180 per minute (from USh 392 in 2009), while international rates dropped to USh 250 (from USh 400). Internet usage has grown rapidly, and now accounts for more than 10% of the population.

287. Nonetheless, industry revenues fell 1.4% (in U.S. dollar terms) from 2009/10 to 2010/11 due to rapid local currency devaluation, which presents a challenge to domestic operators as certain operational and capital expenses such as bandwidth, international termination settlements, and some financing costs are met in foreign currency. Direct employment in the sector grew from around 1,000 employees in 2006 to nearly 20,000 in 2010, while indirect employment is close to 1.2 million. Cumulative planned investment in the sector was approaching US$200 million in 2010.

Table IV.13
Telecommunications services, 2006-11

	2006	2007	2008	2009	2010	2011
Operators						
National telephone operators	2	2	2	2	2	2
Mobile cellular operators	3	3	4	6	6	6
Internet service providers	17	n.a	n.a	n.a	n.a	n.a
Public infrastructure provider	..	..	..	23	26	24
Public service provider (voice & data)	..	..	..	32	36	34
Public service provider (capacity resale)	..	..	..	3	8	8
Services provided						
Fixed telephone subscribers	129,863	165,788	168,481	233,533	327,114	464,849
Mobile cellular subscriptions	2,697,616	5,163,414	8,554,864	9,383,734	12,828,264	16,696,992
Pay phones	12,889	27,999	52,515	94,896	104,385	n.a.
Telephone traffic ('000 minutes)	2,307,391	3,004,738	4,268,705	7,146,567	10,037,722	13,192,302
Teledensity						
Fixed lines	0.47	0.59	0.57	0.76	1.03	1.41
Mobile lines	9.86	18.28	28.74	30.60	40.36	50.69
Investment (US$ million)	73,499,693	367,809,156	326,563,198	270,751,740	140,400,616	..

.. Not available.
n.a. Not applicable.

Source: Uganda Communications Commission, 2011.

288. Three operators, MTN, Uganda Telecom (UTL), and Smile Communications provide fixed-line services, with the latter using voice WIMAX. UTL, the dominant provider of fixed lines, is still operating despite the freezing of LAP Green (part of the Libyan African Investment Portfolio)

assets following the issuance of UN Resolution 1970 (2011) by the Security Council.[103] MTN, Warid, Airtel (formerly Celtel), Orange, Smile Telecom, and I-tel are the main operators in the mobile market.[104]

289. Until 2009, Uganda depended entirely on satellites for international internet connectivity. In October 2011, it inaugurated the long-awaited phase two of its national fibre-optic internet backbone infrastructure. A third phase, to be rolled out in early 2012, will result in 307 km of fibre-optic laid from Kampala to the Rwandan border to complete a link from Mombasa. Total bandwidth in Uganda increased from 2,050 mbps in December 2009 to 15,739 mbps in June 2011.

290. In 2007, Uganda implemented a technology-neutral horizontal licensing framework that allows the licensee to select the technology of its choice to deliver ICT services. Under the regime, there are three categories of licences: Public Service Provider (PSP) licence; Public Infrastructure Provider (PIP) licence (US$100,000 one-time entry fee plus US$10,000 per annum); and General Licence (no fee). There are two sub-categories of PSP licence. Public Voice and Data Provider licences (US$10,000 per annum) allow the licensee to offer telephony and data services of any kind using any technology, based on the capacity or infrastructure of a PIP licensee; services that may be provided include fixed voice services, mobile services and internet access, including VoIP. The second PSP Licence sub-category, the Capacity Resale Licence (US$3,000 per annum), permits the resale of leased telecommunications services or capacity; services include calling cards and capacity resale to Public Voice and Data Provider Licensees.[105]

291. PIP licences authorize licensees to establish, operate, and maintain infrastructure for the provision of communications services to the public and/or to offer infrastructure commercially for use by PSP licensees. A PIP licensee must also hold a PSP licence to provide communications services to the public. PIP licensees providing both retail and wholesale services must price wholesale at 20% less than the retail price. PIP licensees require separate authorization to use spectrum resources or other essential resources and access facilities, including international gateways[106], numbering resources, and VSAT services. General licences apply to public pay communications networks such as payphone kiosks, fax bureau services, internet cafés, and cyber cafés. Licensees may provide payphone services using VoIP technology. However, licensees are not permitted to provide prepaid services, such as calling cards, unless they obtain the appropriate authorization. Uganda also issues authorizations for essential resources and facilities, which apply to the use of spectrum, numbering resources, international gateways, and VSAT.[107]

292. Under the Telecommunications (Interconnection) Regulations, all network operators are obliged to interconnect with other operators and provide for number portability. The UCC sets interconnection rates and monitors compliance among operators. Interconnection rates were revised in June 2012 to USh 112 (US$0.04) per minute (reduced from USh 131 (US$0.06), established in 2011).

293. Following the detection of predatory pricing practices, evidence of cross-subsidization, and other abuses, the UCC issued a directive in June 2010 under which operators are not allowed to

[103] LAP Green is the majority shareholder in UTL; the Ugandan Government holds a 31% stake.
[104] Sure Telecom is still in the process of operationalizing its licence.
[105] ITU online information. Viewed at: http://www.ictregulationtoolkit.org/en/Section.3326.html, January 2012.
[106] A gateway may also be used for private use.
[107] ITU online information. Viewed at: http://www.ictregulationtoolkit.org/en/Section.3326.html, January 2012.

charge on-net rates lower than 70% of interconnection rates. Failure to comply with the regulations could result in penalties of up to 10% of annual turnover. The guidelines will be effective as soon as they are gazetted.[108] According to the authorities, consultations are ongoing following the completion of the interconnection review exercise.

294. Other than wholesale interconnection rates, prices for other voice services are determined by service providers, who file notifications or seek UCC "no objection" before a tariff becomes effective in the market.

295. The UCC is responsible for approval of telecommunications equipment. Where equipment has already been certified by peer organizations in other jurisdictions with accepted conformity assessment frameworks, the equipment is type-accepted by UCC.

296. Competition in the telecoms sector is regulated by sector-specific rules, in particular, the Communications (Fair Competition) Regulations of 2005, which contain rules on anti-competitive agreements between operators, abuse of dominant position, and anti-competitive mergers, take-overs, consolidations or agreements. Despite these rules, the dominance of certain players and the existence of cross-subsidization by the vertically integrated incumbent (ITL) have prompted the question of whether existing provisions are sufficient to guarantee fair competition, or whether a dedicated authority based on competition law is necessary.[109]

297. The Communications (Universal Service) Regulations, 2005, set out the universal service obligation imposed on holders of a facility-based licence. Universal service is defined as connection to a fixed communication network able to support voice telephony, fax, and data transmission, but does not include mobile services.[110] The UCC designates operators who have an obligation to provide universal service, and defines the supply-time and quality-of-service indicators. The performance of operators required to meet the service targets are published; in case of failure to meet the service targets, compensation is payable. Currently, all licensed providers have an obligation to remit 1% of gross revenues to the Universal Access Fund. On a competitive basis, any licensed operator may receive subsidy financing to extend services to under-served areas. The Fund has had total annual receipts of up to US$3 million, utilisation of which is around 85%.

298. Uganda has approved a Digital Migration Policy ahead of the switch from analogue to digital broadcasting in December 2012. The purpose of this policy is to provide a framework to facilitate a smooth transition from analogue to digital terrestrial broadcasting in order to provide efficient and effective utilization of the radio spectrum in line with internationally agreed guidelines. The Uganda Broadcasting Corporation is designated as the sole signal distributor for the first five years, after which the Government will determine whether additional signal distributors will be allowed in the market. According to the authorities, national and local providers are required to broadcast a "substantial" quota of local content.

299. In July 2011, Cabinet approved the national E-government Policy Framework with the overall objective of improving public service delivery through systematic transformation from manual to electronic-based systems and practices. Three cyber laws were passed in 2011, the Electronic Signature Act, Computer Misuse Act, and Electronic Transaction Act.

---

[108] Online information. Viewed at: http://www.telecompaper.com/news/uganda-puts-limits-on-promotional-tariffs, 23 January 2012.

[109] Alemu (2011).

[110] The target for universal access to voice telephony was initially one per 5,000 persons, revised to 2,500 persons, and further revised to include internet access.

300. A number of other policies and strategies are currently being formulated. These include a Telecommunications Policy, a Broadcasting Policy, an E-Waste Management Policy, an Information Management Services Policy, a national ICT Policy, an IPv6 Transition Policy, a National Information Security Strategy, a Country Code Top Level Domain Strategy, and a Uganda Communications Regulatory Authority Bill.

301. Uganda has undertaken specific GATS commitments on telecommunications and has signed the Telecommunications Reference Paper, but is not a signatory to the WTO Information Technology Agreement.

(b) Postal services

302. Uganda has over 300 post offices in more than 30 major towns. Postal services declined by 26% in 2010 compared with 2009, due to increased internet and telephone penetration, which continues to squeeze traditional mail volumes. Courier services increased three-fold over the same period. The proliferation of mobile money services has provided complementary demand in the courier market.

303. The Uganda Communications Act 1997 provides the mandate for the UCC to license, monitor, inspect, regulate, and ensure general improvement and equitable distribution of communications services. Licences to operate in the postal subsector are granted by the UCC. As of June 2011, one major postal operator, Uganda Post Limited (trading as Posta Uganda), which is a state-owned company, has exclusive rights to provide and issue postage stamps, pre-stamped envelopes, aerogrammes, and international reply coupons; rent and lease post office boxes; and deliver letters weighing up to 350 g (with a few exceptions). UPL has universal service obligations. Its five-year operating licence is valid until 2016.

304. The UCC has granted minor licences to 30 private courier companies, which offer domestic, regional and international courier services. In July 2010, a pilot for a national post code and addressing system was rolled out in Entebbe and is expected to achieve national coverage within seven years; this project is expected to revolutionize traditional post.

(iii) Transport

305. Transport and communications contributed 13.9% to GDP in 2010/11. Road, rail, and water transport averaged 6.4% annual growth in 2006-10, while air transport and support services averaged 6.9%. The Ministry of Works and Transport (MOWT), with a Directorate for Transport, and a Directorate for Engineering and Works, is responsible for formulating policies in this sector.

306. Uganda's National Transport Master Plan sets out a framework for the development of the transport sector over the period 2008-23, and covers all transport modes (including inland water transport, urban transport in Kampala, pipelines, and non-motorized transport). Uganda intends to set up a new Multi-Sectoral Transport Regulatory Authority (MTRA), which will absorb the Transport Licensing Board (responsible for licensing public service vehicles and commercial trucks) and extend its activities to all modes except air transport. The responsibilities of MTRA will include improving safety, enhancing the quality of services, preventing market failures, protecting the sector from abuse of market power, protecting the environment, and fostering sustainable growth of the sector.

(a) Air transport

307. Annual growth in air transport and related support services averaged 6.2% between 2006/07 and 2010/11; the number of passengers travelling by air almost doubled (Table IV.14). Annual commercial aircraft movements at Entebbe International Airport (EIA) average around 22,000 between 2009/10 and 2010/11; and air cargo around 55,000 tonnes.

Table IV.14
Commercial traffic at Entebbe International Airport, 2006-10

	2006	2007	2008	2009	2010
Passenger flights	19,200	22,000	23,847	21,619	23,320
Passengers	578,880	850,661	997,937	996,395	1,110,876
International					
Landed	252,432	396,079	470,397	468,899	518,791
Embarked	254,606	392,695	465,787	460,153	504,646
In transit	35,692	35,988	38,681	49,434	75,560
Domestic					
Landed	18,458	13,703	12,205	9,188	6,004
Embarked	17,692	12,196	10,867	8,721	5,875
Freight (tonnes)	48,887	64,339	59,679	53,278	49,683

Source: Uganda Bureau of Statistics (2011), *Statistical Abstract 2011*, Kampala. Viewed at: http.//www.countrystat.org/country/uga/documents/docs/2011%20statistical%20Abstract.pdf.

308. Access to the Ugandan aviation market is governed by the Civil Aviation Authority Statute of 1994. The Civil Aviation Authority (CAA), which reports to the MOWT, is responsible for regulating the aviation industry in accordance with the statute and with providing both air traffic and aerodrome services. Uganda has 46 airports, of which the CAA manages 14, including EIA, Uganda's major international airport. Improvements have been made to the EIA passenger terminal and a new privately funded cargo centre is under construction. There are about 30 up-country airports, of which 19 have regular services. Five other airports are designated as international: Arua, Gulu, Kasese, Kidepo, and Pakuba; only Gulu has a paved runway. In 2011, 21 international airlines were operating at EIA. Eight airlines offer domestic flights. Following the liquidation of the state-owned Uganda Airlines Corporation in 2001, the designated national airline is Air Uganda, which is 100% owned by the Aga Khan Fund for Economic Development.

309. The Government has decided to put under concession eight up-country airports which are not gazetted as entry-exit points. There are no plans to open-up EIA for concession, given that the passenger service charge is the largest source of CAA revenue. Air traffic performance statistics at EIA are shown in Table IV.15.

Table IV.15
Air transport performance at Entebbe International Airport, 2008-11

	Actual (2008-10)	Target (2010/11)	Actual (2010/11)
International passengers	968,348	1,045,816	1,048,507
Domestic passengers	14,544	14,980	10,927
Imports (tonnes)	21,185	21,821	20,221
Exports (tonnes)	29,937	32,931	26,444
Commercial aircraft movements	21,781	22,434	24,051
Overflights	8,825	9,090	10,625

Source: Information provided by CAA.

310. Traffic rights are allocated in accordance with relevant international conventions, e.g. the Chicago Convention and the Civil Aviation Authority Statute No. 3, 1994. Traffic rights belong to the State. Air transport operators are free to exercise the first and second freedoms provided they request clearance. Third and fourth freedom traffic rights are exchanged on a reciprocal basis provided a bilateral air services agreement (BASA) has been concluded. Uganda has signed a number of BASAs; most liberalize air transport up to the fifth freedom.[111] Three BASAs will be reviewed in 2012/13 (Burundi, Egypt, and DR Congo) and two negotiated (Spain and Eritrea). Fifth freedom traffic rights are granted on a reciprocal basis.

311. In order to encourage FDI and develop its air transport market, Uganda has developed an open-skies policy opening up its air service market through agreements that have no restrictions in terms of access, capacity, or frequency, and conform fully to the Yamoussoukro Decision.[112] Uganda has open-sky agreements with the United States and the United Arab Emirates.

312. In 2006, Uganda adopted regulations governing many operational aspects of air transportation including personnel licensing; approved training organizations; aircraft registration and marking; airworthiness; approved maintenance organizations, instruments and equipment; operation of aircraft; air operator certification and administration; commercial air transport operations by foreign air operators in and out of Uganda; aerial work, including operations of aircraft for specialized services such as agriculture, surveying, or search and rescue; rules of the air and air traffic control; and parachute operations.

313. Under the National Transport Master Plan, an investment of US$235 million is proposed for the air transport sector during 2008-23. This would provide funds for improvements at EIA and at other airports for runways, aprons, navigational aids, terminal buildings, and other infrastructure.

314. The CAA works closely with the EAC in its efforts to harmonize aviation policies. New navigation systems are planned on a regional basis, and the East African Civil Aviation Safety and Security Oversight Agency (CASSOA) seeks to enforce safety standards throughout the region.

(b) Road, rail, and water transport

315. Uganda's road network comprises national roads (20,000 km), district roads (22,500 km), urban roads (4,800 km), and community roads (35,000 km) based on 2011 figures. The strong growth in vehicle numbers (from 552,653 in 2009 to 635,656 in 2010) is due to poor railway and public transport systems, and easily accessible car loans. Roughly a third of the road network is paved. Road transport is dominant with about 95% of goods and 99% of passenger traffic using roads.

316. In the last five years there have been a number of reforms in the roads subsector; in particular, a separation of roles and responsibilities with respect to policy formulation, road development and maintenance, regulation, and financing. The Uganda National Roads Authority (UNRA), established in 2008, has the mandate to develop and maintain the national roads network, advise Government on general roads policy, and address transport concerns. Road maintenance is carried out by the UNRA on national roads, and by local councils on other roads, with assistance from the MOWT. Road safety is a serious and growing concern, with the fatality rate per vehicle

[111] Uganda has concluded BASAs with Bahrain, Belgium, DR Congo, Ethiopia, Ghana, India, Kenya, Libya, Netherlands, Nigeria, Oman, Qatar, Rwanda, South Africa, Sudan, Tanzania, Turkey, United Arab Emirates, United Kingdom, United States and Zimbabwe.

[112] Schlumberger (2010).

(61 deaths per 10,000 vehicles) some 50 times higher than in some developed countries. A major study of road safety is being planned.

317. Under the NTMP, the length of paved national roads is expected to increase to 7,100 km by 2023. The Uganda Road Fund (URF) was established in 2008. Its purpose is to facilitate the delivery of road maintenance services, create an environment conducive to efficient and effective maintenance of public roads, and continuously improve services offered by the Fund.

318. Cabotage is not permitted in the road transport sector, but may be once the EAC Common Market Protocol is fully implemented and the laws in Uganda have been amended.

319. Only 330km of Uganda's former rail network of 1,266 km was in operation in 2006, when a 25-year concession was granted to Rift Valley Railways (RVR) to operate Uganda's railway. Since then, the concession has been dogged by poor management and inadequate capitalization, leading to the exit of Sheltam, the South African consortium. Egypt's Citadel Capital is now the majority shareholder with a 51% stake. In August 2011, RVR secured a five-year US$164 million loan, largely funded by the International Finance Corporation, to provide much-needed investment for re-opening or new construction of lines.

320. Regulation and coordination of railway development projects are currently the responsibility of the Uganda Railways Corporation (URC), on behalf of the MOWT, but will pass to the Multi-Sector Transport Regulation Authority (MTRA) once established. The Uganda Railway Asset Holdings Co. Ltd (URAC) is to be formed to manage all railway assets not subject to RVR's concession, and presently retained by the URC. This will formally separate railway infrastructure and operations.

321. East African countries currently use a 1.000 metre gauge, while much of the world uses a standard gauge of 1.435 metres. EAC countries recently announced a decision to adopt standard gauge across the EAC region. Significant investment will be required in order to upgrade infrastructure to the standard gauge.

322. Freight volumes carried on the railways increased modestly in 2011, while passenger numbers were down. The volume of goods transported by RVR is expected to more than double to 3.3 million tonnes a year by 2015, while marginal costs are expected to drop by up to 30%. The recent discovery of oil deposits in western Uganda has underlined the need for viable bulk freight transportation.

323. With one sixth of Uganda's surface area covered by water, inland water transportation historically provided transport for passengers and freight. Uganda's inland water transport system has three main components: wagon ferry services on Lake Victoria; short-distance road-vehicle ferries acting as 'road bridges'; and informal-sector operations by individually owned canoes. The three Ugandan wagon ferries operating on Lake Victoria between ports in Uganda, Kenya and Tanzania ceased operations after one ferry sank in 2005 and others were grounded for rehabilitation to enable them to be properly insured. Provision of US$2.4 million has been made to rehabilitate the wagon ferries. Seven 'road bridge' crossings are operated on Lakes Victoria and Albert and on the Nile. One is operated by the Uganda Wildlife Authority, and the others have been transferred from MOWT to UNRA, which plans to install two new crossings. According to the authorities, a regulatory framework for licensing of vessels and operators is being planned.

324. According to the authorities, the law is silent on the issue of cabotage in the water transport subsector and there has been no foreign interest in carrying merchandise or people in Ugandan waters. Licensing in the inland waterways sector, under the Inland Water Transport Act of 1939 as amended

in 1964, is the responsibility of the Transport Licensing Board (TLB). Vessels and canoes are inspected at landing sites and the licence issued at TLB offices. The authorities indicate that some vessel owners do not pay the fee to obtain their licence after inspection.

325. The legal instruments for inland water transport, which date back to 1994, are the Ferries Act, the Vessels (Registration) Act, and the Inland Water Transport (Control) Act. The Lake Victoria Transport Act (2007) has provisions covering registration and licensing of all vessels used on Lake Victoria, ensuring the safety of passengers and cargo, standards for competency of crew, carriage of bulk cargoes and dangerous goods, and compulsory insurance.[113]

(iv) Tourism

326. Tourism earnings amounted to US$662 million in 2010, making the industry Uganda's leading foreign exchange earner. Growth in the sector is attributed to the increase in the number of visitors and the growing urban population. In 2010, there were 120 tour operators in Uganda and about 12,000 accommodation establishments. According to the authorities, grading and classification of hotels has not yet been undertaken. However, the Ministry of Tourism is currently carrying out an inventory survey.

327. Uganda, has many tourist attractions, from East African savannah to West African jungle, including Lake Victoria, Murchison Falls, and the Mountains of the Moon, along with a number of national parks and wildlife reserves, hosting half of the world's mountain gorilla population. Uganda is also host to over 1,000 bird species, some of which are endemic to the country and found mainly in the western region. Despite the large potential for growth in the sector, Uganda faces a number of challenges, including poor transport and accommodation infrastructure, insufficient training of personnel, and the high cost of domestic flights.

328. Tourist arrivals increased from 538,586 in 2006 to 945,899 in 2010 (Table IV.16). Some 70% of all tourist arrivals were from Africa, particularly neighbouring countries. Tourists from Europe accounted for 12% of total arrivals, followed by visitors from America and Asia. Visits to national parks were up 20% in 2010, compared with the previous year.

Table IV.16
Tourist arrivals, 2006-10

Origin	2006	2007	2008	2009	2010
Africa	398,052	480,553	624,354	631,258	677,774
America	35,749	42,388	53,950	47,065	65,175
Asia	21,873	25,106	33,532	29,656	41,200
Europe	71,131	77,391	106,020	79,710	112,870
Middle East	3,090	4,023	7,995	7,698	13,695
Oceania	4,469	4,163	6,264	4,638	5,861
Others	4,222	7,922	11,751	5,387	29,324
Total	**538,586**	**641,743**	**843,864**	**806,655**	**945,899**

Source: Uganda Bureau of Statistics (2011), *Statistical Abstract 2011*, Kampala. Viewed at: http.//www.countrystat.org/country/uga/documents/docs/2011%20statistical%20Abstract.pdf.

329. The newly established Ministry of Tourism, Wildlife and Heritage, has been split from the Ministry of Trade and Cooperatives. The Tourism Act (2008) brings together the hotel laws, the

[113] The authorities indicate that this Act is not in operation as it has not yet been domesticated; it does not specify an enforcement agency or which court will handle offenders.

tourist agents' licensing law, and the Uganda Tourism Board (UTB) in a major reform aimed at boosting and developing the tourism industry. The Act includes the introduction of a tourism development levy, to be imposed on both visitors and tour operators, and a tourism development fund to further develop the sector. Tourist accommodation, travel agents, tour operators, and tour guides must be licensed. Tour guides must register with the UTB, pass an appropriate exam, possess tourist guide qualifications deemed to be relevant, and possess an identity document issued by the UTB. Foreigners may not be licensed as tour guides. A proposal is under consideration to operationalize a tourism development levy of 2% to be placed on accommodation in order to boost the marketing and promotion of Uganda tourism.

330. Investment in the travel and tourism sector was estimated at US$240.5 million or 6.7% of total investment in 2010. This is expected to reach 7% of total investment by 2020. Foreign investors must invest a minimum of US$100,000 to secure an investment licence from the UIA. For domestic investors, the minimum requirement is US$50,000 (but no licence from UIA is required). Foreign investors who have invested more than US$500,000 may repatriate their investments and dividends, and receive foreign exchange to pay debts incurred in the business. Foreign investors in car hire services are not eligible for investment incentives.[114]

331. Under Uganda's Incentive Allowance Scheme, investment incentives for the tourism sector include: an initial depreciation allowance of 20% on the cost of an industrial building (including a hotel) during the first year of use, with an annual rate thereafter of 5%; materials for hotel construction or renovation not locally produced may be imported duty free, subject to prior approval by the Ministry of Tourism; hotel equipment imported by a licensed hotel for its own use is exempt from duty; and tax-free diesel is provided for thermal power generation for business operations by hotels.[115]

332. The EAC Standards Criteria for Classification of Accommodation and Restaurant Establishments, first published in 2006, include schedules for the star-rating classification of lodges, tented camps, town hotels, vacation hotels, villas, cottages and serviced apartments, and restaurants. Between November 2011 and February 2012, 20 hotel assessors were trained.

333. Under the GATS, Uganda made commitments in hotels and restaurants, and travel agencies and tour operators. Government approval is required for investment in these subsectors, while cross-border supply and consumption abroad are without restriction.[116]

[114] UNCTAD (2008).
[115] UNCTAD (2008).
[116] WTO document GATS/SC/80, 15 April 1994.

REFERENCES

African Development Bank (2008), *Uganda: Cover Memorandum on the Bank Group's 2005-2009 Joint Assistance Strategy*. Viewed at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Uganda%20JAS_Eng.pdf.

African Development Bank (2009), *Managing Oil Revenue in Uganda: A Policy Note*. Viewed at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Managing%20Oil%20Revenue_in%20Uganda%20ENG%20version_01.pdf.

African Development Bank (2010a), *Smallholder Agriculture in East Africa: Trends, Constraints and Opportunities*, Working Paper Series No. 105. Viewed at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/WORKING%20105%20%20PDF%20d.pdf.

African Development Bank (2010b), *Uganda: Result-Based Country Strategy Paper 2011-2015*, Tunis. Viewed at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/UGANDA%20-%202011-15%20RBCSP.pdf.

African Development Bank (2011), *Eastern Africa: Regional Integration Strategy Paper 2011-2015*. Viewed at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/East%20Africa%20-%20Rev%20RISP%20.pdf.

Alemu, Rachel (2011), *Effective Regulation of Competition in the Liberalised Telecommunications Sector in Sub- Saharan Africa: Uganda's Experience*. Competition Commission, South Africa, Fifth Annual Conference on Competition. Viewed at: http://www.compcom.co.za/fifth-annual-conference-on-competition-law-economics-and-policy-in-south-africa/.

Bank of Uganda (2009), *Annual Report 2009/2010*. Viewed at: http://www.bou.or.ug/export/sites/default/bou/bou-downloads/publications/Annual_Reports/Rpts/All/annualReport2009-10.pdf.

Bank of Uganda (2010), *Annual Supervision Report, December 2010, Issue No. 1*. Viewed at: http://www.bou.or.ug/export/sites/default/bou/bou-downloads/asr/2010/Dec/ASR_Dec_2010.pdf.

Bank of Uganda (2010), *2010 Statistical Abstract*. Viewed at: http://www.ubos.org/onlinefiles/uploads/ubos/pdf%20documents/PNSD/2010BOUStatAbst.pdf.

Bank of Uganda (2011a), *The Informal Cross Border Trade Survey Report 2009 and 2010*. Viewed at:http://www.bou.or.ug/export/sites/default/bou/boudownloads/publications/TradeStatistics/ICBT/Al/Informal_Cross_Border_Trade_Survey_Report_2009_and_2010.pdf.pdf.

Bank of Uganda (2011b), *Private Sector Investment Survey (PS15), 2010.* Viewed at: http://www.bou.or.ug/export/sites/default/bou/bou-downloads/publications/PrivateSectorCapital/PSIS/2010/AII/Private-Sector-Investment-Survey-Report-20.

Bategeka, Lawrence, Julius Kiiza, and Sarah Ssewanyana (undated), *Oil Discovery in Uganda: Managing Expectations*, Economic Policy Research Centre and Makerere University. Viewed at: http://mak.ac.ug/documents/EPRCUDICPaper.pdf.

Cotton Development Organisation (2009), *Annual Report 2008-2009*. Viewed at: http://cdouga.org/index.php?option=com_docman&task=doc_view&gid=18.

CUTS (2011), *Agriculture in Development in Select African Countries: Linkages with Trade, Productivity, Livelihood and Food Security*. Viewed at: http://www.cuts-grc.org/pdf/FEATS-II-Agriculture_in_Development_of_Select_African_Countries.pdf.
Dihel Nora, Ana M. Fernandes, and Aaditya Mattoo (2010), *Developing Professional Services in Africa through Regional Integration.* Viewed at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Knowledge/Session%20I.1.3_1.%20Developing%20Profesional%20Services%20in%20Africa%20through%20Regional%20Integration.pdf.

EAC (2010), *EAC Customs Valuation Manual: A Guide to the Customs Valuation of Imported Goods in the East African Community*. Viewed at: http://tradehelpdesk.eac.int/documents/Customs_Valuation_Manual.pdf.

EAC (2010), *Trade Report (2008)*. Viewed at: http://www.statistics.eac.int/index.php?option=com_docman&task=doc_details&gid=122&Itemid=153.

Government of Uganda (2010), *National Development Plan (2010-11-2014/15*). Viewed at: http://www.unpei.org/PDF/uganda-NDP_April_2010.pdf.

GTZ (2009), *Tax Systems and Tax Harmonization in the East African Community (EAC)*, Arusha.

ICEIDA (2009), *Support to Quality Assurance for Fish Marketing Project*. Icelandic International Development Agency. Viewed at: http://www.iceida.is/iceida-projects/current-projects/nr/1153/.

IFPRI (2008), *Agricultural Growth and Investment Options for Poverty Reduction in Uganda*. IFPRI Discussion Paper 00790. Viewed at: http://www.ifpri.org/sites/default/files/publications/ifpridp00790.pdf.

IFPRI (2010), *Livestock Development Planning in Uganda: Identification of Areas of Opportunity and Challenge*. IFPRI Discussion Paper 01008. Viewed at: http://www.ifpri.org/sites/default/files/publications/ifpridp01008.pdf.

IFPRI (2011a), *Managing Future Oil Revenue in Uganda for Agricultural Development and Poverty Reduction*. IFPRI Discussion Paper 01122. Viewed at: http://www.ifpri.org/sites/default/files/publications/ifpridp01122.pdf.

IFPRI (2011b), *Who Owns the Land? Perspectives from Rural Ugandans and Implications for Land Acquisitions*. IFPRI Discussion Paper 01136. Viewed at: http://www.ifpri.org/sites/default/files/publications/ifpridp01136.pdf.

IMF (2010a), *Uganda: Poverty Reduction Strategy Paper- Joint Staff Advisory Note*, Country Report No. 10/142. Viewed at: http://www.imf.org/external/pubs/ft/scr/2010/cr10142.pdf.

IMF (2010b), *Uganda: Seventh Review Under the Policy Support Instrument, Request for a New Policy Support Instrument and Cancellation of Current Policy Support Instrument - Staff Report; Staff Supplements: Press Release on the Executive Board Discussion; and Statement by the Executive Director for Uganda*, Country Report No. 10/132, Washington, D.C.

IMF (2011), *Uganda: Second Review Under the Policy Support Instrument and Request for Waiver*

of Assessment Criteria—Staff Report; Staff Supplement; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Uganda., Country Report No. 11/308. Viewed at: http://www.imf.org/external/pubs/ft/scr/2011/cr11308.pdf.

Insurance Regulatory Authority, *Annual Insurance Market Report 2010*, Kampala.
International Alert (2011), *Oil and Gas Laws in Uganda: A Legislators' Guide*. Viewed at: http://www.international-alert.org/sites/default/files/publications/18-Oil-web.pdf.

ITAD (2008), *Performance Evaluation of National Agricultural Advisory Services (NAADS)*, Hove.

MAAIF (2009), Support to Quality Assurance for Fish Marketing Project, Kampala.

MAAIF (2010a), *Agriculture for Food and Income Security: Agriculture Sector Development Strategy and Investment Plan: 2010/11 - 2014-15*. Viewed at: ftp://ftp.fao.org/TC/TCA/CAADP%20TT/CAADP%20Implementation/CAADP%20Pre-compact/National%20documents/Uganda/Agriculture%20and%20Food%20Security%20Strategy%20and%20Investment%20Plan.pdf.

MAAIF (2010b), *MAAIF Statistical Abstract 2010*. Viewed at: http://www.agriculture.go.ug/userfiles/Statistical%20Abstract%202010.pdf.

MAAIF (2010c), *Support to Uganda's Agricultural Sector Development Strategy and Investment Plan (DSIP): 2010/11 - 2014/15, Project Title: Improving Market Access and Value Addition for Agricultural Produce*, Kampala.

MAAIF (2011), *MAAIF Statistical Abstract 2011*. Viewed at: http://www.agriculture.go.ug/userfiles/Statistical%20Abstract%202011.pdf.

MEMD (2008), *Annual Report (2008),* Kampala.

MEMD (2008), *National Oil and Gas Policy for Uganda*, Kampala.

MEMD (2011), *Energy and Mineral Sector Performance Report 2008/09 - 2010/11,* Kampala.

Ministry of Finance, Planning and Economic Development (2010), *Uganda PFM Reform Strategy (2011/12 - 2016/17*, Kampala.

Ministry of Finance, Planning and Economic Development (2011a), *Annual Economic Performance Report 2009/10*. Viewed at: http://www.finance.go.ug/.

Ministry of Finance, Planning and Economic Development (2011b), *Annual Economic Performance Report 2010/11*. Viewed at: http://www.finance.go.ug/.

Ministry of Tourism (2007), *Trade and Industry, National Trade Sector Development Plan, 2008/9-2012/13*, October.

Ministry of Tourism (2008), Trade and Industry, *National Trade Policy*, August.

Ministry of Water and Environment (2011), *Water and Environment Sector Performance Report*, Kampala.

MTI (2007a), *The Uganda National Export Strategy 2008-2012*, Kampala.

MTI (2007b), *National Trade Sector Development Plan 2008/9 - 2012-13: Trading Out of Poverty, Into Wealth and Prosperity*, Kampala.

MTI (2008), *National Trade Policy: Trading Out of Poverty, Into Wealth and Prosperity*, Kampala.

MTI (2008a), *National Industrial Policy*: *A Framework for Uganda's Transformation, Competitiveness and Prosperity*, Kampala.

MTI (2010), *Report of the 4th National Trade Sector Review Conference Held at Speke Resort Munyonyo Kampala, Uganda on 14th October, 2010*, Kampala.

HTW (2011), *Is Broad Industrialisation Imperative for Development*? *Case Studies on Uganda and Tanzania*. Eva Näfe and Barbara von Toll. Working Paper No. 05/2011. Viewed at: http://daadpartnership.htw-berlin.de/fileadmin/working_paper_series/wp_2011_05_Naefe-Toll.pdf.

Platform (2010), *Contracts Curse: Uganda's oil agreements place profit before people*. Viewed at: http://www.acode-u.org/documents/oildocs/CSCO_oilcurse.pdf.

Research ICT Africa (2010), *Comparative ICT Sector Performance Review 2009/2010: Towards Evidence-based ICT Policy and Regulation*, Volume Two, Policy Paper 5. Viewed at: http://www.researchictafrica.net/publications/Policy_Paper_Series_Towards_Evidence-based_ICT_Policy_and_Regulation_-_Volume_2/Vol_2_Paper_5_Comparative_ICT_Sector_Performance_Review_2009_2010.pdf.

Schlumberger, Charles E. (2010), *Open Skies for Africa: Implementing the Yamoussoukro Decision*, World Bank, Washington D. C.

Uganda Bureau of Statistics (2011), *Statistical Abstract 2011*, Kampala. Viewed at: http.//www.countrystat.org/country/uga/documents/docs/2011%20statistical%20Abstract.pdf.

Uganda Communications Commission (undated), *2010/11 Post and Telecommunications Market Review*, Kampala.

Uganda Export Promotion Board (2009), *Annual Report 2009*, Kampala.

Uganda National Bureau of Standards (2009), *Annual Report 2008/09*, Kampala.

Uganda National Roads Authority (undated), *National Transport Master Plan 2008-23*, Kampala.

Uganda Securities Exchange (undated), *Annual Report 2010*, Kampala.

UNCTAD (2008), *FDI and Tourism: The development dimension East and Southern Africa*. Viewed at: http://unctad.org/en/docs/diaeia20086_en.pdf.

UNCTAD (2011a), *National Services Policy Review, Uganda*. Viewed at: http://unctad.org/en/docs/ditctncd20101_en.pdf.

UNCTAD (2011b), *World Investment Report 2011, Country fact sheet: Uganda*. Viewed at: http://unctad.org/sections/dite_dir/docs/wir12_fs_ug_en.pdf.

UNIDO (2011), *Economic Development in Africa Report 2011: Fostering Industrial Development in Africa in the New Global Environment*. Viewed at: http://www.unido.org/fileadmin/user_media/ Services/Research_and_Statistics/statistics/EDAR-2011.pdf.

USAID (2010), *Uganda FY2010 Implementation Plan*, Washington, D.C.

USAID (undated), *Feed the Future, Uganda FY2010 Implementation Plan*.

Veit, Peter G., Carole Excell, and Alisa Zomer (2011), *Avoiding the Resource Curse: Spotlight on Oil in Uganda*, World Resources Institute. Viewed at: http://www.wri.org/publication/avoiding-the-resource-curse.

World Bank (2009), *The Cotton Sector of Uganda*, Africa Region Working Paper Series No. 123, Washington D.C.

World Bank (2011), *Doing Business in the East African Community 2011*. Viewed at: http://www.doingbusiness.org/reports/~/media/FPDKM/Doing%20Business/Documents/Special-Reports/DB11-EAC.pdf.

World Bank (2012), *Doing Business 2012: Doing business in a more transparent world*. Viewed at: http://www.doingbusiness.org/~/media/FPDKM/Doing%20Business/Documents/Annual-Reports/ English/DB12-FullReport.pdf.

APPENDIX TABLES

Table AI.1
Structure of exports, including re-exports, 2005-10
(US$ million and %)

	2005	2006	2007	2008	2009	2010
Total (US$ million)	**812.8**	**962.2**	**1,336.7**	**1,724.3**	**1,567.6**	**1,618.6**
			(%)			
Total primary products	75.6	68.6	67.2	63.7	65.9	67.1
Agriculture	68.8	62.1	61.7	58.3	56.7	60.2
Food	58.2	54.4	55.3	53.5	51.1	54.8
0711 Coffee, not roasted	21.2	19.6	19.1	21.3	17.1	16.7
0345 Fish fillets and fish meat, fresh or chilled; fish meat frozen	12.3	9.9	6.0	6.0	5.1	5.8
0741 Tea	4.2	5.3	3.6	2.7	3.8	4.2
1212 Tobacco, wholly or partly stemmed/stripped	1.8	2.3	4.9	3.8	3.5	3.7
0611 Sugars, beet/cane, raw, solid, no added flavour/colour	0.5	0.7	1.6	1.3	2.0	2.9
4312 Fats/oils, partly or wholly hydrogenated, etc.	0.9	1.2	3.4	1.7	2.3	2.2
0721 Cocoa beans, whole or broken, raw or roasted	1.2	1.0	1.2	1.3	1.8	2.2
1123 Beer made from malt (including ale, stout and porter)	0.7	0.9	1.7	2.3	1.9	1.3
0441 Maize seed	1.1	1.2	0.8	0.3	1.0	1.2
Agricultural raw material	10.5	7.8	6.4	4.8	5.6	5.4
2926 Bulbs, tubers, cuttings, slips, live plants, etc.	4.0	3.3	2.7	2.5	3.1	2.9
2634 Cotton, carded or combed	3.4	2.1	1.5	0.7	1.4	1.2
Mining	6.8	6.5	5.5	5.4	9.2	6.9
Ores and other minerals	2.1	2.1	1.7	1.5	0.9	0.5
Non-ferrous metals	0.0	0.0	0.1	0.2	0.9	0.9
Fuels	4.7	4.4	3.7	3.6	7.4	5.5
Manufactures	15.5	18.6	27.9	33.6	33.0	31.0
Iron and steel	3.7	3.3	4.7	5.9	5.5	4.9
6762 Bars/rods (not 676.1) iron/steel, hot-rolled, etc.	0.0	0.0	0.0	1.5	1.6	1.4
6794 Other tubes, pipes, and hollow profiles, iron/steel	0.6	1.0	1.7	2.2	1.8	1.4
6741 Flat-rolled products, iron/steel, zinc plated	1.6	1.4	1.6	1.8	1.5	1.2
Chemicals	2.4	1.6	3.0	3.4	3.9	3.3
5541 Soap	0.9	0.7	1.3	1.2	1.1	1.2
Other semi-manufactures	1.9	2.2	4.4	7.0	7.2	7.3
6612 Portland cement and similar hydraulic cements	0.4	0.6	1.5	4.5	5.3	4.5
Machinery and transport equipment	5.2	9.3	12.7	10.9	13.1	12.2
Power generating machines	0.1	0.1	0.2	0.4	0.2	0.3
Other non-electrical machinery	1.0	0.9	2.2	2.5	3.7	2.5
Agricultural machinery and tractors	0.1	0.0	0.0	0.1	0.1	0.1
Office machines & telecommunication equipment	2.0	5.7	6.8	4.5	4.2	5.7
7643 Radio or television transmission apparatus	0.8	5.5	6.5	4.0	3.9	4.9
Other electrical machines	0.2	0.1	0.3	0.6	0.4	0.2
Automotive products	1.5	1.9	2.5	2.3	2.7	2.7
7812 Motor vehicles for the transport of persons, n.e.s.	0.9	0.8	1.1	1.1	1.5	1.5
Other transport equipment	0.4	0.5	0.7	0.5	1.9	0.8
Textiles	0.6	0.5	0.8	0.9	0.7	0.7
Clothing	0.6	0.2	0.2	0.1	0.1	0.2
Other consumer goods	1.1	1.5	2.1	5.5	2.6	2.4
Other	9.0	12.8	4.9	2.7	1.1	1.9
Gold	9.0	12.7	4.9	2.5	0.8	1.9
9710 Gold, non-monetary (excl. gold ores and concentrates)	9.0	12.7	4.9	2.5	0.8	1.9

Source: WTO Secretariat estimate, based on UNSD, Comtrade database SITC Rev.3 data.

Table AI.2
Structure of imports, 2005-10
(US$ million and %)

	2005	2006	2007	2008	2009	2010
Total (US$ million)	**2,054.1**	**2,557.3**	**3,493.4**	**4,525.9**	**4,247.4**	**4,664.3**
				(%)		
Total primary products	34.7	37.2	33.4	34.3	32.2	34.7
Agriculture	16.5	15.0	13.5	14.0	13.5	13.5
Food	15.0	13.6	12.5	13.0	12.4	12.4
4222 Palm oil, fractions	2.0	2.6	2.9	4.2	2.9	3.8
0412 Other wheat (including spelt) and meslin, unmilled	3.9	4.1	3.1	2.4	3.4	2.7
0611 Sugars, beet/cane, raw, solid, no added flavour/colour	0.2	0.4	0.7	0.5	0.6	0.9
0612 Other beet, cane and chemically pure sucrose, solid form	1.0	1.0	1.1	0.8	0.9	0.8
Agricultural raw material	1.5	1.4	1.0	1.0	1.0	1.1
2690 Worn clothing and other worn textile articles, rags	1.2	1.0	0.7	0.7	0.7	0.8
Mining	18.2	22.2	19.9	20.3	18.7	21.2
Ores and other minerals	0.6	0.5	0.5	0.6	0.7	0.8
Non-ferrous metals	0.6	0.6	0.7	0.6	0.5	0.5
Fuels	17.0	21.1	18.7	19.1	17.5	20.0
Manufactures	64.5	62.5	62.9	65.5	67.7	65.0
Iron and steel	5.8	5.5	5.0	6.8	5.2	4.9
6741 Flat-rolled products, iron/steel, zinc plated	0.9	1.4	0.8	1.1	0.8	0.8
6743 Flat-rolled iron/steel products, painted/varnished, etc.	0.8	0.7	0.8	0.9	0.6	0.7
Chemicals	13.1	13.2	12.7	14.1	13.1	12.3
5429 Medicaments, n.e.s.	2.5	2.9	3.6	3.9	3.4	3.1
5711 Polyethylene	1.4	1.3	1.3	1.3	0.9	0.9
Other semi-manufactures	9.2	8.6	8.6	8.9	10.7	8.9
6612 Portland cement and similar hydraulic cements	2.1	1.9	1.9	2.2	2.7	2.2
6911 Iron or steel structures, tubes and the like, for use in structures	0.3	0.3	0.6	0.9	1.9	1.0
Machinery and transport equipment	26.2	25.9	27.3	27.7	30.0	30.2
Power generating machines	0.8	2.0	1.3	2.4	2.0	1.8
7181 Hydraulic turbines and water wheels, and parts	0.0	0.0	0.0	0.1	0.9	0.9
Other non-electrical machinery	5.3	4.7	5.1	5.7	7.5	7.7
Agricultural machinery and tractors	0.3	0.3	0.4	0.3	0.5	0.4
Office machines & telecommunication equipment	7.6	7.5	9.3	9.0	7.6	7.5
7643 Radio or television transmission apparatus	2.6	4.2	5.4	2.6	2.2	2.6
Other electrical machines	2.5	2.7	2.9	2.5	3.7	2.8
Automotive products	8.0	7.1	7.2	6.1	7.2	7.5
7812 Motor vehicles for the transport of persons, n.e.s.	4.0	3.4	3.5	2.7	3.3	4.0
7821 Goods vehicles	2.3	2.1	2.2	1.9	2.1	2.2
Other transport equipment	2.0	1.8	1.6	1.9	2.1	2.9
7851 Motorcycles and side-cars, etc.	0.6	0.5	0.7	0.8	1.0	1.0
7929 Parts, n.e.s., (excl. tyres, engines, electrical parts) of 792	0.2	0.1	0.1	0.2	0.3	0.8
Textiles	2.1	2.1	2.1	1.6	1.6	2.2
6585 Curtains and other textile furnishing, n.e.s.	0.3	0.4	0.5	0.2	0.2	0.8
Clothing	1.3	1.3	1.4	1.3	1.1	1.0
Other consumer goods	7.0	5.9	5.8	5.1	6.0	5.4
8928 Printed matter, n.e.s.	1.3	1.0	0.5	0.7	1.4	0.9
Other	0.9	0.3	3.7	0.2	0.1	0.3

Source: WTO Secretariat estimate, based on UNSD, Comtrade database SITC Rev.3 data.

Table AI.3
Destination of exports, including re-exports, 2005-10
(US$ million and %)

	2005	2006	2007	2008	2009	2010
Total (US$ million)	**812.8**	**962.2**	**1,336.7**	**1,724.3**	**1,567.6**	**1,618.6**
			(%)			
America	2.4	1.8	2.0	1.2	2.5	1.6
United States	2.0	1.5	1.5	0.9	2.4	1.3
Other America	0.4	0.3	0.5	0.3	0.1	0.3
Europe	41.2	32.5	31.1	35.8	27.8	26.5
EU(27)	31.9	27.6	24.3	26.7	22.0	22.6
The Netherlands	10.5	6.4	5.0	4.7	5.0	5.6
Germany	4.2	4.4	4.9	4.4	4.0	4.5
Belgium	4.1	4.1	3.9	3.7	2.7	2.6
United Kingdom	3.3	3.1	4.0	6.9	3.3	2.3
Spain	2.2	2.0	2.0	1.6	1.7	2.2
Italy	0.7	1.5	1.0	1.9	2.0	1.9
Poland	0.6	0.5	0.2	0.3	0.5	0.8
France	4.9	4.0	2.4	2.0	1.4	0.8
EFTA	9.3	4.8	6.5	9.1	5.6	3.6
Switzerland	9.2	4.7	6.5	9.0	5.5	3.6
Other Europe	0.1	0.1	0.3	0.1	0.2	0.3
Commonwealth of Independent States (CIS)	0.2	0.2	0.2	0.2	0.8	0.5
Africa	35.5	33.4	44.5	46.3	50.1	52.5
Sudan	6.2	9.5	11.8	14.3	11.8	12.9
Kenya	8.9	9.1	8.8	9.5	11.1	11.8
D.R. Congo	7.4	4.7	7.5	7.2	10.0	11.4
Rwanda	4.4	3.2	6.2	7.9	8.6	9.2
Burundi	2.6	2.1	3.2	2.6	3.6	3.2
United Republic of Tanzania	1.9	1.4	2.3	1.8	2.2	2.3
Middle East	10.8	20.6	14.3	8.1	6.1	8.1
United Arab Emirates	10.4	19.4	13.3	7.4	5.5	7.5
Asia	7.5	7.7	5.2	5.7	6.3	6.3
China	0.7	0.7	1.1	0.7	1.1	1.4
Japan	0.6	0.4	0.4	0.5	0.4	0.1
Six East Asian Traders	5.3	5.0	2.6	2.7	2.8	2.9
Singapore	3.6	3.6	1.7	1.5	1.5	1.5
Hong Kong, China	1.7	1.3	0.8	0.9	1.0	1.2
Other Asia	0.9	1.5	1.2	1.7	2.0	1.8
India	0.1	0.2	0.3	1.1	1.3	0.9
Other	2.3	3.8	2.8	2.8	6.3	4.5
Areas n.e.s	2.3	3.8	2.8	2.8	6.3	4.5

Source: WTO Secretariat estimate, based on UNSD, Comtrade database SITC Rev.3 data.

Table AI.4
Origin of imports, 2005-10
(US$ million and %)

	2005	2006	2007	2008	2009	2010
Total (US$ million)	**2,054.1**	**2,557.3**	**3,493.4**	**4,525.9**	**4,247.4**	**4,664.3**
			(%)			
America	6.7	4.3	4.6	4.4	4.9	4.0
United States	3.8	3.5	2.9	2.6	2.0	2.3
Other America	2.9	0.8	1.7	1.8	2.8	1.7
Brazil	0.3	0.4	0.2	0.1	1.2	1.1
Europe	19.7	21.0	22.2	22.2	19.5	16.6
EU(27)	18.9	19.2	20.6	19.4	17.7	15.6
United Kingdom	4.8	4.8	3.4	3.0	3.3	2.9
The Netherlands	2.1	2.0	1.6	1.7	2.1	2.9
Germany	2.4	2.9	2.3	2.0	2.3	2.8
Italy	2.4	1.3	1.3	1.9	1.3	1.5
France	1.7	1.5	2.9	4.0	3.7	1.4
EFTA	0.5	1.2	1.0	1.6	0.6	0.5
Other Europe	0.3	0.6	0.6	1.2	1.2	0.5
Commonwealth of Independent States (CIS)	0.6	2.0	1.7	1.5	1.6	2.1
Russian Federation	0.3	1.2	1.3	0.8	0.9	1.1
Ukraine	0.3	0.8	0.4	0.7	0.7	1.0
Africa	36.2	25.0	22.2	21.5	20.6	19.9
Kenya	25.3	15.7	13.5	11.3	11.8	11.0
South Africa	7.0	6.1	5.9	6.7	5.8	5.4
United Republic of Tanzania	1.5	1.1	0.8	1.2	1.0	1.2
Middle East	10.1	19.1	16.6	16.4	16.2	16.0
United Arab Emirates	6.7	12.7	12.0	11.4	9.8	8.4
Saudi Arabia	1.1	2.0	1.4	2.6	4.0	5.1
Kuwait	0.2	0.3	0.7	0.6	0.8	1.3
Asia	26.8	28.6	32.6	34.1	37.2	41.4
China	5.3	5.4	7.9	8.1	8.9	8.9
Japan	7.1	6.8	6.7	5.9	6.4	6.6
Six East Asian Traders	5.3	6.1	6.8	8.2	7.5	7.8
Malaysia	2.3	1.9	1.8	3.2	1.8	2.2
Singapore	0.5	1.5	1.7	2.1	2.1	1.9
Korea, Rep. of	0.8	1.0	0.8	1.1	1.5	1.7
Thailand	0.7	0.7	0.8	0.6	0.9	1.1
Other Asia	9.1	10.3	11.4	11.8	14.5	18.2
India	6.4	8.2	9.9	10.4	12.3	14.7
Indonesia	0.5	0.5	0.4	0.6	1.0	2.4
Other	0.0	0.0	0.0	0.0	0.0	0.0

Source: WTO Secretariat estimate, based on UNSD, Comtrade database SITC Rev.3 data.

____