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THE UGANDA TRADE REVIEW

The Minister of Tourism, Trade and Industry (left) and the Minister of State for Industry, Hon. Rev. Fr. Simon Lokodo (Centre) at the Uganda Industrial Research Institute. The Executive Director (right) shows them some of products of the Institute.

Inside this issue:

A joint publication of the Ministry of Tourism, Trade and Industry (MTTI) and the Technical Support for Economic Partnership Agreement Finalization (TSEPAF) Project

Produced jointly by; MTTI and TSEPAF with support from the European Union

introduction of a course on trade policy and law with the selected universities
- Sensitization of stakeholders on EPA negotiations and general trade policy matters
- Private sector (domestic trade) development and preparation of the sector to benefit from the EPAs
- Implementation of the National Trade Policy

5.0 Target Groups, Beneficiaries and Stakeholders

The beneficiaries of the interventions under the Project are Ministry of Tourism, Trade and Industry's departments of External Trade and Internal Trade through stronger institutional framework for trade better able to implement the National Trade Policy and the EPA. Others include the private sector especially producers and exporters, universities which tailor their and introduce curriculum to serve emerging human resource needs in the trade policy area and Local Governments among others.

6.0 Achievements

Over the last fifteen-plus months of operations, the project has implemented a number of activities in the activity areas. Some of the achievements are:

- **Implementation of the National Trade Policy, which covered**
  - o Holding the National Trade Sector Review Conference in the spirit of a public-private partnership as enshrined in the National Trade Policy
  - o Operationalisation of the National Trade Negotiations Team (NTNT) through development of Terms of Reference and Code of Conduct, curriculum development and organising a training course on Trade Negotiations Skills for the Team;
  - o Training of 105 districts officials (District Commercial Officers (DCOs), District Planners, District Agricultural Officers, Secretaries for Production and Marketing, and District Production Officers) from 21 districts on integrating trade into district

Left-Right: Amb. Vincent De Visscher (Head of Delegation, European Commission Delegation to Uganda), Hon. Eng. Nelson Gagawala Wambuzi (Minister of State for Trade), Prof. Edward Rugumayo (former Minister of Tourism,Trade and Industry), and Hon. Kiiza Rwebembera (Chairperson, Parliamentary Sessional Committee on Tourism, Trade and Industry) at the opening of the 3rd National Trade Sector Review Conference development planning

- o Following a consultative approach to prepare an EPA Country Response Strategy as a plan for implementing the EPA in line with Uganda's National Trade Policy;
- o Support to the review of commercial laws (the Counterfeit Goods Bill and the Sale of Goods and Supply of Services Bill)
- o Printing and popularisation of the National Trade Policy

- **EPA negotiations management including**
  - o Supporting the EPA negotiations through studies to inform relevant areas under negotiations such as (i) Economic and Development Cooperation (ii) Trade in Services, and (iii) Trade Related Issues;
  - o Holding consultations and dialogues with private sector associations and other Non-State Actors to highlight trade opportunities, ensure their understanding and ability to take advantage of the various markets.
  - o Organizing two sensitization/ consultation meetings with the Parliamentary Sessional Committee on Tourism, Trade and Industry to update the Members of Parliament (MPs) on progress in the ongoing EPA and EAC Common Market negotiations, consult them on upcoming trade sector related legislation among them the World Trade Organisation Implementation Bill and Counterfeit Goods Bill and on how best to handle development in the country's trade sector. Chairpersons/members of other selected Committees such as Agriculture, Legal and Parliamentary Affairs, Budget, and National Economy have also attended some of these meetings
  - o Facilitating the National Trade Negotiations Team to prepare for and engage in the EPA negotiations
  - o Conducting a legal audit of the services sector to inform the negotiations on Trade in Services

- **Preparation of Private Sector to benefit from the EPAs including**
  - o Conducting a legal review of Sanitary and Phytosanitary (SPS) regime which was useful in the drafting of the National SPS Policy
  - o Drafting of the National Sanitary and Phytosanitary Policy
  - o Training of private sector organisations in the horticulture, fish and flowers sectors on how to meet and/or comply with SPS requirements in the EU market and other export markets as a way of enhancing market access; and
  - o Information sharing with a view to informing the private sector about market opportunities, especially those offered by the Economic Partnership Agreement
  - o Holding a dialogue with the media to ensure that they understand trade issues but especially the EPAs for sharing with the audiences they are able to reach
  - o but especially the EPAs for sharing with the audiences they are able to reach

The Minister of Tourism, Trade & Industry, Hon. Maj. Gen. Kahinda Otafiire poses for a group photograph with District Officials and MTTI Technical Officials after opening their training on integrating trade into District development planning. Such integration would help boost Uganda's ability to exploit the EPA and domestic markets, as well as regional markets

- **National Capacity building in trade policy**
  - Supporting development of University curriculum on Trade Policy and Law with two universities; Uganda Martyrs University, Nkozi will introduce the programme in the 2009/10 academic year, and an advert for applicants has already been placed in the media. Scholastic materials, particularly text books have been procured for the University.

7 Conclusion

The project has performed and achieved commendable progress so far. The Ministry appreciates the continued support received from the European Union and wishes to underline its commitment to fully implement all the planned activities under this Project. A new Program, EPA Related Trade and Private Sector support under the 10th European Development Fund (EDF) has been prepared and will take forward the activities started under TSEPAF, besides tackling other key aspects.

PROGRESS OF THE INTERNAL TRADE DEPARTMENT ON THE IMPLEMENTATION OF THE NATIONAL TRADE POLICY

By Zackey Kalega

Senior Commercial Officer, Department of Internal Trade

The National Trade Policy envisages implementation through five year rolling National Trade Sector development plans. The first National Trade Sector Development Plan covering 2008/9 – 2012/13 has been developed. This plan gives a schedule of implementations in line with stipulated policy interventions and actions for both domestic and external trade.

The Department of Internal Trade has implemented a series of activities aimed at achieving its mission 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.

The activities include but are not limited to the following ; Strengthening the commercial legal regime, Non Tariff Measures, capacity and effectiveness of District Commercial offices, Trade and Gender Mainstreaming, formation of Uganda Shippers council.

STRENGTHENING THE COMMERCIAL LEGAL REGIME

In order to strengthen the domestic legal regime, the Department of Internal Trade has prepared two bills that are soon to be present to the Cabinet. The two bills are, Counterfeit Goods Bill and the Sale of Goods and Supply of Services Bill. Participatory consultations are being made with all stakeholders from both public and the private sector including the academia.

The Sale of Goods and Supply of Services Bill contains various reforms of the sale of goods and supply of services law of Uganda arising out of recommendations from a study undertaken by the Uganda Law Reform Commission. The bill seeks to reform and replace the existing Sale of Goods Act, Cap.82 and seeks to cover also contracts for the supply of services which are now not covered by the sale of goods Act.

In developing the counterfeit law the government aims at achieving the following;

- Promoting industrial development in the country by responding to investors demand for protection against unfair competition from the counterfeit products,
- Creation of more employment,
- Protection of consumers from being confused and cheated in the market place
- Provision of an enabling environment for domestic producers and investors to market and sell their products without threat from counterfeiters,

NON TARIFF MEASURES

The department made progress on the implementation of the Non Tariff Barriers (NTBs) Monitoring Mechanism. Monthly National Monitoring Committee (NMC) meetings are held to record and discuss existing NTBs and also decide on corrective measures. The NMC has put in place structures at boarder districts to monitor NTBs. These structures replicate the functions of the NMC. NTB monitoring forms to be filled by concerned traders have been put at boarder posts of Mutukula, Katuna, Malaba and Busia. Three sensitization workshops on NTBs for local governments and Ministriy's Departments and Agencies (MDAs) have also been conducted.

The Ag. Commissioner External Trade, Silver Ojakol emphasizing the importance of addressing NTBs being proposed in a National Monitoring Committee Meeting

EFFECTIVENESS OF DISTRICT COMMERCIAL OFFICES (DCOS)

As a follow-up on the recommendations of a study carried out in 2008 on the efficiency and effectiveness of DCOs, the department of Internal Trade held a meeting with representatives from the Ministry of Public Service (MOPS), Ministry of Agriculture Animal Industry and Fisheries (MAAIF) and Ministry of Local government (MOLG). Key issues were raised which will form a basis of determining a way forward on enhancement of the capacity of DCOs to handle the mandate of the Ministry. District visits have been carried out in all regions of Uganda to sell the mandate of the Ministry to the Chief Administrative Officers of districts.

The following recommendations have been made:

- To define the key functions of DCOs in the districts based on functions and roles of MTTI,
- To review and develop schemes of service (job analysis, descriptions and specifications) for the DCOs,
- To lobby for funding to create a conditional grant, give technical guidance and support to the DCOs,
- Sensitization of key stakeholders on the role of DCOs,
- Raionalization and customization of the structure
- To carry out a gap analysis for skills and competencies

MTTI is committed to working on implementing these recommendations with the relevant institutions such as Uganda Industrial Research Institute (UIRI), Uganda National Bureau of Standards (UNBS) and Uganda Export Promotion Board (UEPB)

TRADE AND GENDER MAINSTREAMING

In order to mainstream gender in trade and development, the department is currently implementing a project on Trade and Gender. The project is funded by the Commonwealth Secretariat. During the last financial year, the department organized a workshop, for policy makers in the Ministry of Tourism Trade and Industry and the Ministry of Gender Labor and Social Development, to bring a clear understanding of gender in trade and development while implementing the NTP.

(From Left to Right)The Ag. Commissioner Internal Trade Agaba Raymond; the Chairman Parliamentary Sessional Committee on Tourism, Trade and Industry, Hon. Kizza Rwebembera James; and the Commonwealth Consultant attended the Gender Mainstreaming Workshop in Ridah Hotel, Seeta

FORMATION OF UGANDA SHIPPERS' COUNCIL

By Atwine Emmanuel, Commercial Officer

Dept. of Internal Trade

The United Nations Convention on a Code of Conduct for Linear Conferences defines a shipper as "a person or entity who has entered into, or who demonstrates an intention to enter into a contractual or other arrangement with a conference or shipping line for the shipment of goods in which he/ she has a beneficial interest. The key word in the definition is 'beneficial interest' the reference to a conference or shipping line appears only because the code is focused on linear conferences.

In traditional commercial terms, a shipper is "a person who is legally obliged to pay the transport carrier for the transportation of goods".

Liner conference or conference refers to a group of two or more vessel-operating carriers which provides international liner services for the carriage of cargo on a particular route or routes within specified geographical limits and which has an agreement or arrangement, whatever its nature, within the framework of which they operate under uniform or common freight rates and any other agreed conditions with respect to the provision of liner services.

THE NEED FOR A SHIPPERS' COUNCIL

The development of Shippers' Council organizations has generally been associated with the existence of linear Conferences'. Traditionally, conference lines have been able to charge discriminatory freight rates which are generally considered by shippers to be unduly high. They have also tended to determine general conditions of service such as frequency of sailings, types of vessels used, etc without paying any due regard to shippers requirements

Shippers' have therefore formed shipper organizations to provide themselves with powers to counter the conferences' powers in making various decisions on freight rates and other service conditions.

Shippers' organization refers to: association or equivalent body which promotes represents and protects the interests of shippers and, if those authorities so desire, is recognized in that capacity by the appropriate authority or authorities of the country whose shippers it represents.

The formation of the Shippers' Council is in line with the National Trade Policy (NTP) activities such as:

- Reduce the cost of doing business so as to enhance the competitiveness of Uganda's products and services in the Domestic, Regional and International Markets and
- Develop strategies and measures to exploit the countries land locked position,

Government in Collaboration with the Private Sector i.e. all key institutions involved in shipping and the Inter-Governmental Standing Committee on Shipping (ISCOS) has made deliberate steps to form the Uganda Shippers Council (USC). The process started in August 2008. The main functions of the council will include but not limited to:

- Providing education, information and training to shippers on the use of International Commercial Terms (INCOTERMS 2000), used in Shipping. Business operators require from time to time knowledge on INCOTERMS which can be used to spell out the relationship between buyers and sellers where there is movement of physical goods.

- Negotiating on issues that affect transit trade
- Negotiating / consulting with shippers' conference lines on the INCOTERMS to apply during the shipment of cargo on behalf of members
- Organizing alternative routes for members/shippers
- Guidance and advice to members in consultation with the ISCOS, government (MTTI and MOW).

STEERING COMMITTEE FOR THE FORMATION OF UGANDA SHIPPERS' COUNCIL

To fast track the formation of the Uganda Shippers' Council, members were drawn from the Ministry of Tourism Trade and Industry (MTTI) as a coordination, working closely with the Ministry of Works and Transport (MoWT). Members were identified from private sector member institutions directly dealing in shipping to form part of the interim committee for the formation of Uganda Shipper's Council.

The committee is comprised of;

- Ministry of Tourism Trade and Industry
- Ministry of Works and Transport
- Uganda National Chamber of Commerce and Industry (UNCCI).
- Uganda Clearing and Forwarding Association (UCIFA)-
- Uganda Freight Forwarders Association represented (UFFA)
- Uganda Manufactures Association (UMA)
- Kampala City Traders Association (KACITA)
- Private Sector Foundation Uganda (PSFU)
- Uganda Co-operative Transport Owners Association (UCTOA)
- Uganda Export Promotions Board

PROGRESS SO FAR

The Constitution of the Council is in its final stages of completion. A workshop is being planned to create awareness among the private sector and government agencies on the importance of the Shippers Council. This will later see the launching of the Council's constitution and operationalizing the Uganda Shippers Council Secretariat which will be housed at the Ministry of Tourism Trade and Industry.

THE FUTURE OF GLOBAL TRADE, CHALLENGES AND OPPORTUNITIES

By Ssalongo Laurean Bategana
Ag. Principal Commercial Officer, Department of External Trade

1.0 Introduction

In 1947, global trade entered a new era at the time when the world had emerged out of a debilitating war with a prior severe economic recession. International trade was characterized with trade protectionism. Higher tariffs of over 50% among the trading partners was the norm of day rather than the exception.

The major trading nations then thought that it was prudent to enter into an agreement that would regulate global trade through a non-discrimination arrangement for international trade. This ushered in the General Agreement on Tariffs and Trade (GATT) system that was focused on the reduction of tariffs.

Subsequent to the entry into force of the GATT, successive rounds of trade negotiations took place that sought to bring down tariffs among the trading partners aiming at strengthening and increasing trade among themselves. The foundations of the system were rooted strongly in the principle of non-discrimination and emphasized a solid rule-based contractual relationship among the trading partners. The GATT gradually eroded tariffs bringing them down to an average of less than 4% by 1996 one tenth of what they were in the post-war period. International trade continued to expand as indicated in table 1 below.

World merchandise exports rose by 13% in 2005 compared to annual percentage change of 5% in 2002 and commercial services expanded by 10% in 2005 compared to annual percentage change of 7% in 2002.

World Exports of Merchandise and Commercial Services 2000 – 2005

(Billion dollars and Percentage change)

	Value 2005	Annual Percentage Change				
		2000-05	2002	2003	2004	2005
Merchandise	10159	10	5	17	22	13
Commercial Services	2415	10	7	14	20	10

Source: WTO Secretariat International Trade Statistics 2006

According to International Trade Statistics[1], global export trade stood at $13.8 Trillion in 2007 and grew by 16% in 2003 – 2007. Germany is the world lead exporter commanding a market share of 9.64%, followed by China (8.84%), United States of America (8.43%), France (6.92%), Italy 6.43% and Japan (5.1%). This indicates that global export trade is dominated by developed and bigger developing economies leaving the rest of the developing countries and the Africa region in particular trading less.

2.0 Current trends

As tariff barriers were reduced, other trade distorting measures became obvious. Trade negotiations shifted towards non-tariff barriers generating an increasingly comprehensive and complex set of rights and obligations. Trade negotiations ventured into other new areas of policy, outside those relating to trade in goods seeking to ensure that the system is equal to the task of managing international economic relations in today's global trade.

In 1986 in Ponte Del Este, Uruguay, the trading partners launched another Round of trade negotiations (the Uruguay Round) that for the first time brought in several excluded matters in the earlier rounds. The Uruguay Round transformed the GATT into the World Trade Organization (WTO) on 1st January 1995, putting the trading system on coherent and solid institutional footing. A new, integrated dispute settlement procedure was created to guarantee quick, objective and neutral adjudication when trade disputes arise between governments. The Round also made significant progress in sectors where protectionist policies have been most resilient, notably in agriculture and textiles. Stronger disciplines were established on subsidies, state trading, technical standards, sanitary and phyto-sanitary measures, intellectual property rights, trade in services and licensing procedures. It was the first round of trade negotiations to address trade in services and intellectual property rights protection. This continued commitment to trade liberalization and enhanced competition is a key contribution of far-sighted governments to globalized economic activity.

The primary purpose of the WTO is to open trade for the benefit of all. members. The founding political values in WTO therefore remain openness, the guaranteeing of the most-favoured-nation principle and non-discrimination treatment by and among members and commitment to transparency in the conduct of its activities. The current Doha Round focuses on the benefits and development concerns of developing countries. Its conclusion therefore will be of great benefit to all as it is envisaged to deliver certainty, predictability and stability to the global economy.

The global trade has also witnessed the growth of Regional Integration Arrangements (RIAs) or Regional Economic Communities (RECs). One of the key objectives of these RECs is the promotion of trade amongst the integrating countries. It must be mentioned that the proliferation of RECs is seen as a building block towards multilateralism but may also be a response to increased protectionism. There are now a significant number of RECs in global

1 WTO Secretariat International Trade Statistics 2008

trade that control a big share of world trade for example in 2005 EU share stood at US$ 4 trillion[2].

Since 1994 at the conclusion of the Uruguay Round, WTO member countries have significantly reduced their tariffs to today's average tariffs in developed country markets at 3% for industrial products. The result of this is improved market access to manufactures from some of the developing countries. Consequently some of the developing countries have emerged as major trading partners notably China, Brazil, Malaysia, India and Singapore among others with their share of global trade ranging between 1% for India and 8% for China (WTO Trade Report 2008). The key features of these countries is that they are all industrializing and hence raising their levels of production and are adopting outward looking policies; and are connected to the world markets in terms of physical infrastructure and Information Communication Technology (ICT)

The discussion on current trends in global trade cannot take place in isolation of the linkages between trade and the financial markets; investment flows (FDIs) and trade related infrastructure. The concentration of trade among the big participants in international trade is linked to the agglomeration of production but with growing specialization and intra-industry trade; financial and capital movements and connectivity to each other and to the major markets.

It should also be noted that at this time there is an increasing number of agreements establishing Free Trade Areas (FTAs). All developed regions are concluding agreements on FTAs with each other and with developing countries. This could be responding to the slow pace of the negotiations under the Doha Development Agenda. Through the FTAs countries are trying to get what they cannot get through the multilateral system.

3.0 Opportunities in the Global Trade

There are significant opportunities that are offered by global trade to all trading partners including the developing and least developed countries. Least developing countries have shown an improved trade performance over the past five years although slowly (WTO Report 2008). In 2006, the ratio of trade to GDP in these countries continued to grow in all major sectors of commercial services.

The disadvantaged participants in international trade can strategically diversify their exports by investing in modern technology to export high value products and in addition to this, these countries can make a shift from the goods trade to knowledge based or trade in services. Services are the fastest growing sector in terms of trade in the world today.

Uganda's service sector is one of the fastest growing sectors of the economy. The sector accounted for about 49.0% of GDP in 2007/08 [3]. The major sub sectors are retail and wholesale trade, tourism, education,

[2] WTO International Trade Statistics 2006

[3] UBOS 2008

health, ICT and related services, financial services, construction and engineering services and professional services. The services sector remains the sector with highest demonstrated potential than any other sector in the economy including the agricultural sector. Its contributions to the GDP are as shown in the table below:

Period	2003/04	2004/05	2005/06	2006/07	2007/08
Growth Rate	7.9%	6.2%	12.2%	8.8%	13.0%
GDP	42.8%	43.8%	45.5%	47.1%	49.0%

UBOS 2008

The trade in services potential can be harnessed through strategies aimed at creating a favourable environment for increasing private investment in general and that of small and medium enterprises in particular that predominate the services sector in many developing countries.

Globally in 2007[4] the value of trade in commercial services increased at a faster rate of 18% than goods trade that was 15% for the first time in five years and therefore with great potentials to employment generation and income growth for the world's poor regions.

Global markets offer opportunities in trade in goods (industrial) with value addition and employment that would benefit the poor regions of the world. In China the textile industry employs some 9 million people along the value chain *(WTO Report 2006)*. This is equivalent to the total labour force of Uganda *(Uganda Bureau of Statistics labour survey 2005)*.

Global markets and trade in agricultural products may not command a leading position but are significant in terms of support to many of the world communities. In the case of a majority of the African countries agriculture is the source of livelihood for 60 - 85% of the populations. The growth in global trade in agriculture therefore would be significant in raising the living standards of the world communities that largely depend on it for livelihood.

At multilateral level developed countries are extending market access preferential treatment to the disadvantaged economies in world trade. These include AGOA (African Growth Opportunity Act) by the US to selected least developing countries, EBA (Everything but Arms) by EU to least developing countries, Generalized System of Preferences and EU-ACP Economic Partnership Agreement with the Africa Caribbean Pacific Countries. These provide opportunities to benefiting countries if they can develop pro-productive policies to address supply related constraints. These could include diversification from traditional exports and infrastructure development for trade facilitation.

[4] WTO Statistical Report 2008

Challenges

rently the world is experiencing a financial s with negative effects to the development trade. The demand for primary products ely produced by the least developed ntries like Uganda is on the decline that ht lead to unemployment. The decline is esponse to the reduced demand of the nufactured products as a result of reduced ome by consumers.

e unprecedented global financial crisis being perienced by the world has the potential of using long-lasting devastating effects on e global economy. Ripples of the financial isis originating in the industrial world ave escalated, culminating into economic, olitical and social crisis in developing ountries. The negative effect of the crisis on developing countries is compounded by he measures that developed countries are taking in reaction to the crisis. These include the adoption of measures and policies in the form of stimulus packages, bailouts, and currency devaluations and "Buy National" that are growing in numbers and intensity. The major concern is that the trend is drawing the trading world back to old age protectionism which will not only stifle the international flow of goods and services but lead to trade wars as countries take retaliatory measures.

Many of the world's poor regions are trading less because of supply related constraints that include limited production, lack of interconnectivity amongst themselves and with the major markets, as well as the limited financial and capital markets. The poor infrastructure in the East African region for example is costing our region dearly. It costs \$3,400 to transport a 40 ft container from the port of Mombasa at the Indian Ocean to Kampala in Uganda, a distance of 1600 kilometers. The time span for this journey is over 10 days.

The poor ICT infrastructure means that business information cannot be delivered in real time. ICT coverage in regions such as East Africa is very limited or lower compared to regions such as the EU.

In addition these regions lack the requisite standards infrastructure, skills and knowledge and therefore are unable to meet the market requirements of the major markets.

Instability of export markets arising out of the current global economic situation persists, with the developing countries affected most. Their exports are hit hardest with some Asian countries seeing declines of 30-40% and the commodity-dependent countries suffering from lower commodity prices. More developing countries are feeling the strain on their foreign reserves and may have to request emergency loans to meet foreign payments[5]. This is coupled with the fact that the countries that trade less are also the ones that produce primary products whose price elasticity of demand is low, hence the worsening terms of trade.

In 2007[6] trade slowed down due to weakening

[5] *South Center Bulletin: Issue 36 24 April 2009*
[6] *WTO: World International Trade Statistic 2008*

demand from developed countries as demonstrated by growth in world merchandise exports slipping to 6% in real terms in 2007. The slowdown of trade growth from 8.5% in 2006 was attributed to a deceleration of import demand mainly in the US but also in Europe and Japan.

Trade in manufactured goods is growing faster than trade in agriculture which is to the disadvantage of countries that are agro-based economies like Uganda. Exports of manufactured products expanded by 7.5% in volume terms in 2007, maintaining the lead over agriculture in the same year (WTO Report 2008).

Many of the economies of the world's poor regions are dominated by small and medium enterprises that have limited capacity to cope with international competition in the globalized markets and this affects their share of participation in international trade.

5.0 Possible areas of Cooperation to nurture global trade

Concerted efforts have to be made to conclude the Doha Round as its outcome is expected to deliver the development results. The Doha Round is envisaged to be a development round with the potential to grow global trade by $500 billion annually and in this way lift many of the world's poor out of poverty. Ideally the marginalized regions that are currently trading less would have been integrated into the global economy with much more improved market access for their export products. All WTO member countries should have a genuine commitment to secure a successful conclusion to this development round, not only for the survival of the least developed countries but also because of what is collectively believed the Doha Round can do to help the world recover from the current economic crisis and set the stage for future growth.

The benefits of the multilateral trading system should be felt by all; large and small, rich and poor or strong and weak by opening markets and designing appropriate trade rules and policies.

Efforts must be made to address the extent to which the regions will develop connectivity amongst themselves; the improvement of production in those regions that are currently considered insignificant in world markets; and the spread and deepening of the financial and capital markets.

All trading partners should strive in the interim to harnessing regional integration to trade as building blocks to multilateralism because it easier to reach agreement on many trade concerns than at multilateral level.

There is a need to establish a strong multilateral mechanism to rapidly react to global challenges and emerging crises and devise solutions to such challenges.

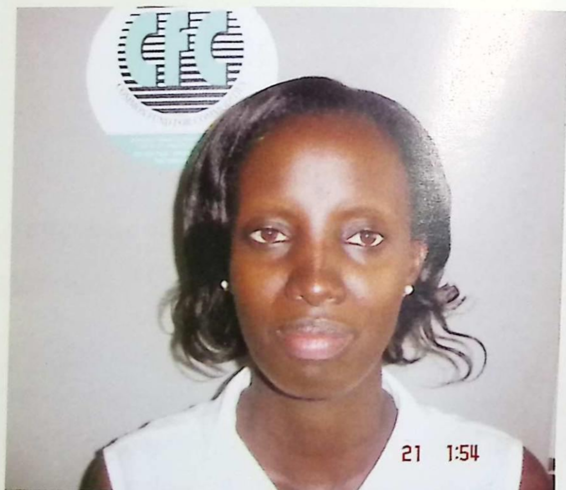
he global economies should ensure a more herent approach to different issues in the iternational trade and economic agenda. ternational financial institutions and UN Development Agencies have to work together n a more coherent and coordinated manner o avoid contradictions in their operational ctivities.

id for Trade and the Enhanced Integrated ramework should work towards the development of weak economies to address he supply constraints and build trade related nfrastructure to beneficially integrate in the global economy. The countries that currently trade less provide an opportunity for growing future markets. However it is imperative to eliminate the bottlenecks to their growth. These as mentioned above relate to infrastructure constraints, limited connectivity, limited production occasioned by insufficient investment in the productive sectors. These areas call for cooperation and a concerted effort to address. Commitment to fund the Aid for Trade initiative would go a long way in alleviating some of these bottlenecks.

The issue of market access to developing country markets is also another area of cooperation. In WTO, there was commitment by both developed and bigger developing economies to extend quota free and duty free market access to products originating from least developing countries like Uganda but to date very few have complied with this commitment.

As tariffs continue to decrease, non-tariff barriers are on the increase. The issues of voluntary standards and governments stringent technical regulations are increasingly demanding. They now go beyond traditional quality standards, to attention to the use of agro-chemicals, energy, water and waste, as well as social and environmental impact assessments. In addition, these requirements are subject to frequent changes and are often difficult and costly to meet. This is another area that needs cooperation so that trading partners should have requirements that are easy to comply with and help those that cannot be able to meet them.

WAREHOUSE RECEIPT SYSTEM IN AGRICULTURAL COMMODITY MARKETING



By Deborah Kyarasiime, Programme Officer

Warehouse Receipt System, MTTI

INTRODUCTION

Agricultural commodities are central to Uganda's economy and production is predominantly by small holders often producing on less than 2 hectares of land.

Since the early 1990's agricultural commodity marketing has been liberalized. The market reforms primarily focused on rolling back the state with the orthodox beliefs that state interventions usually directly or indirectly create distribution in the market and undermine market efficiency and therefore had to be done away with or dismantled (World Bank 1997). Though the liberalization was wholly embraced, little emphasis was put in developing the institutions that would assist the private sector in successfully developing and expanding the marketing activities.

Most of the agricultural markets are constrained by high transaction costs, lack of adequate market information and incomplete markets. Prior to liberalization the state was responsible for price management, storage and crop finance. This meant that the state managed most of the risks in the commodity trade.

After more than a decade of liberalization of agricultural commodity marketing, markets still remained undeveloped, storage is inadequate or unsuitable, and farmers/traders have difficulty in accessing credit, this is mainly because among other reasons, the traditional financial institutions have stiff requirements which these potential borrowers do not have access to.

The credit risk for rural borrowers is high because the traditional methods of screening borrowers by banks are ineffective because most transactions are informal and also, rural borrowers are unable to provide assets acceptable to formal lenders as suitable collateral like Real estate.

The above have resulted in lack of liquidity in the rural areas forcing the farmers to sell their produce during the immediate post-harvest period.

The major rural traders/cooperatives are under capitalized and therefore have limited capacity to absorb output on the market during this period and this depresses farm-gate prices, which erodes purchasing power of poor households.

The smallholder farmer faces substantial price variability with no access to risk management instruments.

The above scenario prompted the Government of Uganda in 1997, with assistance from Common Fund for Commodities (CFC) to formulate a project of Warehouse Receipt System as an innovative way to improve agricultural trade in Uganda. For the pilot phase two commodities were targeted, i e. coffee and cotton.

Warehouse Receipt System as an Institutional Mechanism to Enhance Commodity Marketing

The concept of Warehouse Receipt System or inventory Financing Scheme based on Warehouse receipt.

The commodity will be deposited in a Warehouse by the farmer/trader who will receive a receipt certifying the deposit of goods.

This receipt can be used as collateral to access funding from a lender. The loan will be based on the receipt issued by the warehouse operator.

What is a Warehouse Receipt?

A Warehouse receipt is a document of value and also a document of title issued by a Warehouse Operator as evidence that a specified commodity of stated quantity and quality has been deposited at particular location by a named depositor. A depositor may be a producer/farmer, a Co-operative or farmer group, trader, processor, exporter, individual or a corporate body.

The warehouse operator holds the stored commodity by way of safe custody on behalf of the depositor or lender, but has no legal or beneficial interest on the commodity. This means in case of liquidation of a warehouse operator, the creditors of the warehouse operator cannot seek recourse to the commodity stored, since the legal title remains with the depositor or bona-fide holder of the receipt. The only exception is the operator's lien or claim for outstanding storage and management costs.

There are two types of warehouse receipts:-

a) ***Negotiable***: This allows transfer of goods by delivery of the receipt with endorsement by each subsequent holder.

b) Non-negotiable: The receipt entitles goods only to the holder of the receipt stated on the receipt.

Key pre-requisites

- Legal framework to guarantee ownership, negotiability and transferability (Warehouse Receipt Systems Act).
- Viable quality and grading specifications
- Good storage
- Monitoring and supervisory mechanism
- Banking system accepting the system

Main Benefits of Warehouse Receipt System

- ***Easing access to trade finance***

It facilitates the development of efficient and accessible trade financial system.

Lenders mitigate credit risk using collateral (commodities) that is more readily available to producers and easier to liquidate than the traditional collateral that would be previously demanded by banks.

- ***Mitigation of price risks***

Most producers/farmers and even traders lack means to mitigate price risk and this at times has affected their ability to repayment of loans.

Use of Warehouse Receipts System facilitates simple mechanisms to mitigate price risks for example through;

- floor price by locking in a fixed future price through for example, a forward contract.
- price insurance schemes.

- ***Improvement on bulking storage and quality***

Use of Warehouse Receipts System improves on quality because the warehouse operator only accepts goods that pass quality standards.

The warehouse operator pledges to produce the stored goods of the same quantity and quality (as earlier deposited) on demand. The Operator therefore has to ensure that only good quality goods are delivered for storage.

This means also there has to be good storage infrastructure. Users of the Warehouse Receipts System must note however that small quantities are more expensive to store, so farmers will need to bulk so that they share the costs of the Warehouse Operator and storage costs (i.e. cost per unit is minimized with increase in stocks).

- ***Reduce seasonal price variability***

With improved storage and good market information producers will sell when they feel the price is favourable.

CONCLUSION

As already discussed above, liberalization of agricultural commodity marketing has succeeded in eliminating stocks of commodities that used to be held by farmers. Farmers are also paid cash on delivery for their commodities. However, the market still remains undeveloped and largely inefficient, lacking adequate storage and no strong supporting institutions that enable producers/traders to manage marketing and price risks.

The Warehouse Receipt System aims to curtail cheating on weights and measures, reduce losses while in storage, and ease access to trade finance at all levels in the marketing chain, since the required collateral will be the commodity stocks.

WAIT A MINUTE............

ARE YOU E-SECURE?

Mary Amumpaire, Finance & Administration Dept

These days almost everything can be done on line! We call it e life (electronic life)

You have heard of e-governance, e-health, e-education and the most relevant in our case e-commerce which comes with e-banking, ATMs to mention but a few.

With a click of a mouse you can have your goods and services delivered to your desk, no hassles, no jam, no getting your shoes dusty.

You can know what is taking place in the rest of the world; you can keep in touch with your friends and business partners.

Life is much easier than it was years ago. However every good thing comes with a cost o take a moment and think about your security s you go about using the internet.

you have been a regular internet user, you ust have received one or two emails from a friend of yours who is stranded in some strange land and needs your urgent help.

Or you have got an email from an innocent lady claiming to have lost a rich father, inherited a fortune and needs help in securing it.

Worse still, you could have tried accessing your mail box and been told that you have forgotten your password when you are very sure you haven't.

Incidences of internet scam and fraud are very common and with Uganda having a bigger part of the population accessing internet these days, I can bet they are yet to increase.

E security starts with you; you have to make a conscious decision to keep your mail box, your internet activities, your computer and your internet connections secure.

Maybe you are asking so what am I to do...? These IT things are getting complicated everyday or the IT technicians should ensure that am safe!

But if I may also ask, when was the last time you changed the password to your email account?

What actually is your password is it your spouses first name, your nickname, your daughters name or abcdef?

Do you have your password written next to your keyboard?

Such weak passwords as we call them make you very vulnerable.

So to begin with ensure that you change your password regularly.

Make sure its something that you can easily remember but not easy to guess by people around you or guessed by the numerous tools around.

Let it be composed of different case letters, alpha numeric characters and at least more than six letters.

Then remember to logout after accessing your email, this ensures that only you accesses your mail box.

Think twice before saying yes to the different Pop ups that pop up on your screen as you use the internet, replying to mails whose source you are not sure of, opening attachments from suspicious sources, subscribing to mailing lists you don't know or even giving out your password when its requested by people posing to be agents of Yahoo, Google etc.

Pose and think, if yahoo keeps all my account information, why would it need my password?

When you receive promotional adverts, job adverts and charity mails or are trying to do online purchases Know **who you're dealing with.** If the seller or charity is unfamiliar, check with your friends, use Google to find out more about the company, if you remain unsatisfied delete the emails and don't purchase anything from that company.

Be aware that no complaints is no guarantee. Fraudulent operators open and close quickly, so the fact that no one has made a complaint yet doesn't meant that the seller or charity is legitimate. You still need to look for other danger signs of fraud.

Don't believe promises of easy money. If someone claims that you can earn money with little or no work, get a loan or credit card even if you have bad credit, or make money on an investment with little or no risk, it's probably a scam.

Resist pressure. Legitimate companies and charities will be happy to give you time to make a decision. It's probably a scam if they demand that you act immediately or won't take "No" for an answer.

Think twice before entering contests operated by unfamiliar companies. Fraudulent marketers sometimes use contest entry forms to identify potential victims.

Be cautious about unsolicited emails. They are often fraudulent. If you are familiar with the company or charity that sent you the email and you don't want to receive further messages, send a reply asking to be removed from the email list. However, responding to unknown senders may simply verify that yours is a working email address and result in even more unwanted messages from strangers. The best approach may simply be to delete the email.

Beware of imposters. Someone might send you an email pretending to be connected with a business or charity, or create a Web site that looks just like that of a well-known company or charitable organization. If you're not sure that you're dealing with the real thing, find another way to contact the legitimate business or charity and ask.

Guard your personal information. Don't provide your credit card or bank account number unless you are actually paying for something. Your social security number should not be necessary unless you are applying for credit. Be especially suspicious if someone claiming to be from a company with whom you have an account asks for information that the business already has.

Beware of "dangerous downloads." In downloading programs to see pictures, hear music, play games, etc., you could download a virus that wipes out your computer files or connects your modem to a foreign telephone number, resulting in expensive phone charges. Only download programs from Web sites you know and trust. Read all user agreements carefully.

The discussion on Internet security is a big one, the beginning step in achieving the security that you so desire is by making an effort ,think before you click .The journey is on lets go.

Information Technology personnel who attended an Information Security workshop in Nairobi, Kenya

GENERAL OTAFIIRE VOWS TO DRIVE THE MINISTRY OF TOURISM, TRADE AND INDUSTRY (MTTI) FORWARD

By: John Barisigara, Finance & Administration Dept

On 23rd February 2009 the President of the Republic of Uganda H.E Yoweri Kaguta Museveni made a reshuffle in cabinet and named among others Hon. Major Gen. Kahinda Otafiire as the Minister of Tourism, Trade and Industry replacing Hon Janat Mukwaya who was moved to take charge as the Minister of General Duties in the Office of the Prime Minister. The General had been the Minister of Local Government, and was replaced by Hon. Adolf Mwesigye who was the Minister for General Duties in the Office of the Prime Minister.

In her handover speech, Hon. Mukwaya welcomed the new Minister and pledged to give necessary guidance in case she is consulted. She highlighted her achievements and also enumerated the pending ones. Amongst the achievements were:

I. Recruitment and approval of staff according to the functional analysis of the Ministry

II. Passing the Tourism bill

III. The development of Trade, Industry and Tourism policies for guidance in implementation

IV. Policy statements have been successfully presented to Parliament and have had Ministry budgets approved.

V. The Ministry has effectively represented Government at EAC, COMESA, AU, WTO, ACP, ACP-EU and other International Organizations.

VI. Uganda National Bureau of Standards (UNBS) has continually developed standards, defended them, conducted surveillance to ensure compliance and value for money as well as protecting the public from hazardous purchase.

VII. Uganda Industrial Research Institut (UIRI) has supported incubate in differen trades, introduced new technolog which at the same time develope technologies that sent our raw materia like bamboo, clay and banana stem from whom papers are generated.

VIII. Uganda Wildlife Authority ha successfully protected the parks thoug with a lot of difficulty especially at M Elgon boundary.

IX. Uganda Export Promotions Board is the process of acquiring a new Boa and has successfully organized export searched for markets, developed th export strategy and has recently got joint partnership with the Chinese t build the Uganda/ Chinese hub.

X. The Hotel and Tourism Training Institu in Jinja has recently been returned t the Ministry.

The Incoming Minister of Tourism, Trade and Industry Hon. Maj Gen. Kahinda Otafiire congratulated the outgoing Minister Hon. Janat Mukwaya for the good achievements

The Minister of State for Tourism Hon. Serapio Rukundo, the outgoing Minister of State for Industry Hon. Prof. Kamuntu and the Ag. PS MTTI Orone Atipo; and MTTI staff in attendance during the handover Ceremony.

She thanked the MTTI Ministers of State, the Ag. Permanent Secretary, Top Management, Chairpersons of the various Boards and all Ministry staff for the cooperation and guidance that was rendered to her in order to run the Ministry effectively. She urged the incoming Minister to maintain the momentum to move MTTI to greater heights. Indeed she left the Ministry a better organization than when she took over.

The Incoming Minister, Hon. Major General Otafiire pledged to continue from where the outgoing Minister had stopped and promised to try and accomplish the pending activities.

Meanwhile the Minister of State for Industry and Technology Hon. Ephraim Kamuntu was also transferred to Finance as a Minister of State in charge of Planning. He was replaced by Hon. Rev. Fr. Simon Lokodo who is also a Member of Parliament.

In his handover speech, the outgoing Minister of State for Industry Hon. Kamuntu congratulated and welcomed the incoming Minister upon his appointment. "Uganda has achieved an impressive record of sustained economic growth and stability over the last two decades. The economic gross domestic product (GDP) growth rates have been sustained at an average of over 6% per annum, with single digit annual inflation rate and the proportion of the population living below the poverty line has been progressively reduced from 56% in 1993 to 31% in 2006. The economy has significantly expanded from shs. 3.6 trillion in 1986/87 to shs. 24.1 trillion in 2007/08". He said.

The outgoing minister told the incoming minister that he is coming to a ministry that is supposed to spearhead the economic transformation of the country from predominantly subsistence and poor society into a modern, industrialized and prosperous country by

changing and reshaping the structures and characteristics of the economy for improved and better performance by shifting from dependency on exportation of raw material goods to exportation of finished goods. He finally wished him success in his new assignment as a Minister of State for Industry and Technology.

The incoming Minister of State Hon Simon Lokodo had this emphasis: "The possible we shall do, the impossible we shall try, the miracle we shall leave to God".

The outgoing Minister of State for Industry, Hon.Prof. Ephraim Kamuntu (ight) handed over office working tools to the incoming Minister of State Hon. Rev. Fr. Simon Lokodo (left).

The Minister of State for Tourism Hon. Serapio Rukundo Gave closing remarks during the handover ceremony of Hon Ephraim Kamuntu

TSEPAF

The technical Support for Economic Partnership Agreement Finalisation (TSEPAF) IS an EU funded project in MTTI. Its broad objectives are to assist the government of Uganda to effectively manage the EPA negotiations process and to begin on implementation of the trade National Policy. The broad activity areas of TSSEPAF are;

i. Effective management of EPA negotiations

ii. Finalization of curriculum on trade policy with selected universities

iii. Sensitization of stakeholders

iv. Private sector (Domestic Trade)Development and preparation of the sector to benefit from the EPAs, and

v. Implementation of the National Trade policy

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