

training sessions/workshops because of the medium of communication (English), which they can barely understand, and venues (Five star hotels) , which are far removed from their work places and/or everyday experiences.

**(k) What are your technical assistance requirements with regard to your compliance with the WTO Agreements?**

Uganda like most LDCs did not participate effectively in Uruguay Round negotiations. This was mainly because it lacked both institutional and human skills necessary to contribute adequately. As a result, its people (Public and Private) are not conversant with URAG provisions and can not therefore take advantage of benefits that accrue from these agreements or avoid losses. Secondly, the seminars organised by WTO/UNCTAD/ITC on the subject, though useful, have tended to target and benefit a small section of Ugandans without percolating far enough to stakeholders. In addition, much as trade related policy legislation is being reviewed by a World Bank/Austrian sponsored project, it is not likely to update trade related laws, for these to fully conform to WTO requirements.

It is against this background that Uganda urgently requires both human and institutional support for it to effectively participate in the implementation of URAG and get fully integrated in the Multilateral Trading System (MTS).

The package of assistance required for this to happen should include:

- (i) Establishing and equipping a focal point (WTO Unit) in the Ministry of Trade and Industry that will oversee and co-ordinate activities of all Ministries, departments and institutions/agencies involved in WTO matters. ie. a Unit to act as a one stop-shop-centre on WTO matters.
- (ii) Supporting the Law Reform Commission to broaden the scope of work for the World Bank supported project so as to include the drafting of the URAG implementation Bill and undertake a comprehensive review of all trade related legislation.
- (iii) Staffing of focal point with lean but motivated staff to manage the unit.
- (iv) Equipping the focal point and other reference centres with computers, CD-ROM for information gathering/dissemination and access to internet.
- (v) Stocking a core-library at the focal point with WTO related materials.
- (vi) Expediting action on the "Training of trainers", programme to develop local capacity.
- (vii) Enhancing the capacities of Customs and Excise department in order to improve customs valuation and administration; commercial section of the Judiciary and Uganda National Bureau of Standards (UNBS), PSF, and UEPB.

**Main Activities of the Focal Point (WTO Unit)**

- Act as a one-stop-centre on WTO matters,
- Co-ordinate all WTO matters in the country,

- Manage a core library on WTO matters,
- Provide support to local business groups such as providing continuous training and updating of resources to enable them develop and sustain trade/export development programmes.
- In co-operation with academic institutions (Makerere University, Uganda Management Institute, Business Colleges of Commerce), design and develop appropriate curricula for short and long term local residential courses which are more relevant and effective for stakeholders than past non-residential ones.
- Develop an appropriate mechanism for delivering these courses regularly, including decentralising training sessions and seminars, in accordance with specific interests of the private and public sectors.
- Assist in defining target groups with selection criteria clearly discriminating in favour of those engaged in URAG/WTO issues.
- In collaboration with the Law Reform Commission, draft URAG Implementation Bill and undertake a comprehensive review of all trade related legislation.
- Co-ordinate the "Training of Trainers" Programme to develop local training capacity.

**(l) In which specific areas of the WTO Agreements do you have technical assistance needs (e.g. market access, agriculture, rules (anti-dumping, subsidies, import licensing, rules of origin, safeguards, etc.), TBT and SPS, Services, TRIPS)?**

- (i) Notification obligations, especially on agriculture and textiles and tariffication process.
- (ii) Market access: how to access relevant and timely information.
- (iii) Public sensitization or education programmes on URAG/WTO issues;
- (iv) Services; (GATS)
- (v) Anti-dumping, subsidies, rules of origin, safeguards, etc.
- (vi) TBT and SPS; eg. strengthen enquiry point and/or connection of institutions to ISONET to enhance access to technical regulations or standards in conformity with URA, and access to the standards of major importers, eg. EU, US and Japan; staff training in the use of international standardisation programmes (or packages) such as ISO 9000 and 14000 series; finance to support staff training and formulation of national technical regulations or standards.
- (vii) Customs valuation, PSI, etc; training is needed for custom officials to familiarize themselves with the new procedures and requirements, in particular in adjusting ASYCUDA software to incorporate WTO Customs Valuation Code and Harmonised System, and to build up a data base on prices, freight and insurance charges. This could take the form of Expert Missions, study tours to LDCs or developing countries who have made significant progress in the implementation of Agreements on PSI and Customs Valuation.

- (viii) TRIPs - train staff and equip Registrar's office to facilitate on-going review of statute on Intellectual property, Trade Marks and copyrights Acts.
- (ix) TRIMS.
- (x) Develop local trade negotiating capacity to enable Uganda to actively participate in future trade negotiations on the in-built agenda and "new issues".

There is need for reforming old legislation, and/or enacting new ones, on issues (v)-(ix).

- (m) **What is your assessment of your existing trade analysis and negotiating capacities, both multilateral and bilateral, in areas already covered by the WTO Agreements and other trade-related areas, e.g. competition policy and trade and environment?**

This is extremely weak for us; capacity is almost non-existent. About 10 officials have so far attended the WTO Trade Policy course but so far only two of these are still at post, the rest have been lost through high staff turnover. There is no comprehensive programme for the training of officials in negotiating skills. The Geneva mission is staffed with only two professionals. A related problem is how to retain skilled staff in the ministries.

#### **B. Obstacles to Trade Expansion**

*Obstacles to trade encompassing problems in export markets, infrastructure, human capacities, institutional bottlenecks, trade financing problems and gaps in trade information can inhibit a least developed country from taking full advantage of trading opportunities.*

##### Supply constraints, including institutional bottlenecks

- (a) **What are the main bottlenecks inhibiting the development of sustained *export* capacity of goods and services (e.g. customs facilitation, freight charges, quality management, elimination of cumbersome legal and administrative procedures, paucity of human skills, access at international prices to imported inputs, or inadequate telecommunication, port and transport facilities etc.)?**

- **Land-locked countries may face additional problems, such as having to ship using costly or unreliable transport and ports systems. In case this applies to your country, please indicate such problems. What kind of technical assistance would help you work out these problems?**

- (a) The bottlenecks inhibiting development of sustained export capacity are varied. The major one is the landlockedness of Uganda which has resulted in very high freight and handling charges. This situation has been compounded by the lack of bulk handling facilities and an inefficient road and rail transportation system between the ports and Kampala and other industrial cities.

Other bottlenecks include the following:

- (i) Poor infrastructure: while the general road network appears to be reasonably good, feeder roads to major production centres need rehabilitation. Trunk and feeder road programmes have been slow due to a range of problems, including finance.

- (ii) Expensive and unreliable public utilities, eg. water, electricity and telecommunications.
- (iii) Inefficient financial sector as reflected in expensive credit (high interest rates), lack of long term financing, export financing schemes including lack of pre-and post-shipment finance, export credit guarantee, and insurance schemes.
- (iv) Lack of cold storage at the farm level, insufficient cold trucks to transport vegetables and flowers to airport, and inadequate refrigeration facilities at the airport: exports do not therefore reach markets fresh.
- (v) Recently the EU banned fish imports from Uganda because of non-conformity to its quality specifications. However, the ban is currently temporarily suspended.

Note: The temporary suspension of the ban by EU is meant to enable Uganda take corrective measures to fully comply with quality (standard) specifications.

- (vi) Inadequate export incentives: eg. lack of serviced land and expensive and unreliable utilities for manufacturing concerns and inefficient operation of duty-draw back system. Although it has been agreed to in principle to create Export Processing Zones (EPZs), this is yet to be operative.
- (vii) Weak technological and research capacity especially of industrial research and lack of capacity to disseminate research results.
- (viii) Weak institutional capacity as reflected in the operations of the following: Uganda Export Promotion Board, Uganda National Chamber of Commerce and Industry, Exporters' Associations, Directorate of Foreign Trade, Uganda National Bureau of Standards, the Customs and Excise Department and Uganda Revenue Authority.
- (ix) Lack of hands-on experience for exporters (eg. through above institutions or other programmes).

Note: USAID is currently providing some support in this area - see section C, Technical Assistance, below).

- (x) Cumbersome and time consuming Customs documentation and procedures.
- (xi) The need for cash "Transit Bonds" guaranteed by Banks in transit countries, the requirement of which change without notice. These bonds are usually a certain percentage (currently 3 per cent in Kenya) of the value of goods. This increases the cost of doing business.
- (xii) 100 per cent verification of goods instituted by Kenya carried out randomly at Custom check points instead of entry/exit points.
- (xiii) Low and inefficient production resulting in high cost of production.
- (xiv) Problem of water hyacinth, especially with reference to exploitation of fishery resources, lake transportation and generation of hydro electricity.

- (xv) High rate of bribery and corruption, especially by customs officials: Customs and Excises Department frustrates rather than facilitates trade; (Note that, the issue of "integrity" has to be addressed swiftly before it gets out of hand).
- (xvi) Difficult access to land, in particular for foreigners wishing to invest in agricultural activities.
- (xvii) Price instability which exacerbates risks in commodity trade.
- (xviii) Low level of education of most business persons or exporters.

Technical Assistance requirements

- Provide institutional support for Uganda Export Promotion Board, Uganda National Chamber of Commerce and Industry, Exporters' Associations, Directorate of Foreign Trade, Uganda National Bureau of Standards, the Customs and Excise Department Uganda and Uganda Revenue Authority.
- Enterprise level support, including the development of corporate management skills, quality control, product design, packaging etc.

Note: Under quality control (standards) - considering the significance of fish exports to the country, Uganda requests for Technical Assistance to overcome the constraints experienced with fish exports to EU market within the framework of Article 9 of WTO Agreement on Sanitary and Phytosanitary measures' which envisages the provision of assistance to enable countries to adopt and comply with Sanitary and Phytosanitary' measures necessary to achieve the appropriate level of protection in their export markets. Article 9 (2) states:

"Where substantial investments are required in order for an exporting developing country Member to fulfil the sanitary or phytosanitary requirements of an exporting Member, the latter shall consider providing such technical assistance as will permit the developing country Member to maintain and expand its market access opportunities for the product involved".

- Update technology, enhance capacity for research and develop local technological capability.
- Develop/improve lake transportation, and improve road and railway transportation system (eg. advance cargo information systems), including the provision of bulk handling facilities.
- Provide appropriate export financing facilities.
- Improve efficiency of customs administration.
- Institute a programme to eradicate water hyacinth which would have to involve other countries (Kenya and Tanzania) in the Great lakes region.