

(b) Are there any *institutional* bottlenecks, which may impede the efficient conduct of your country's trade policies? Provide details. For example, what are the problems perceived by the different actors, e.g. exporters, producers, service providers (banks, insurance companies, quality control, transporters, etc.), professional associations and Ministries? Are problems mainly perceived in the area of:

- (i) Human resources;**
- (ii) management of the institution;**
- (iii) financial and material resources;**
- (iv) communication.**

- (i) Lack of a comprehensive export promotion strategy; and weak export development/promotion institutions.
- (ii) Paucity of skilled personnel, which is exacerbated by high rate of labour turnover.
- (iii) Weak institutional management including excessive redtape and corruption;
- (iv) Inadequate financial and material resources.
- (v) Inefficient communication system: lack of internet connectivity; telephone system is Small (ratio of about telephone line to 700) people although medium size towns are connected and fax facilities are available in all cities.
- (vi) Weak and inefficient services sector eg. banking, insurance, forwarding, transit.
- (vii) Weak and corrupt customs administration.

(c) What are the main bottlenecks to *export diversification*?

- Lack of modern technology.
- Lack of or expensive, long term finance.
- Difficult access to land in particular for agricultural activities.
- Inadequate investment in export-oriented activities.
- Weak and poor infrastructure.
- Expensive and unreliable utilities.
- Expensive air freight and handling charges for horticultural and floricultural exports.
- Lack of technical and managerial skills, although the general population is reasonably well educated.
- Weak institutional capacities for promoting product and market diversification.

- Access to markets: inadequate market information, especially about new market opportunities provided by the URAG in non-traditional markets such as US, Canada and Japan. This is compounded by the lack of understanding of URAG; lack of comprehensive and reliable information on export potential in regional markets, and in others such as the Middle East.

(d) If *investment* in the production of goods and services is inadequate, what are the main reasons? Please elaborate them (e.g. structural constraints, difficulties in attracting foreign investment, limited enterprise development, financing, lack of appropriate technology, etc.)

- High cost of production because of the high cost of inputs, eg. utilities, raw materials, packaging materials.
- Inadequate incentives relative to other countries in the region.
- Poor infrastructure compounded by landlockedness.
- Lack of skills and corporate talent.
- Weak financial intermediation which has resulted in high cost of credit and paucity of long term financing.
- Obsolete technology.

(e) Is there a national policy to encourage export-related investment opportunities? Please elaborate. What arrangements are in place for reviewing, drafting and negotiating contractual arrangements with foreign investors?

- Investment Code is being revised to get rid of remaining constraints, in particular to FDI, but also to domestic investment.
- Agricultural reforms including the deregulation of cash crop marketing.
- Trade liberalization and divestiture of state-owned enterprises.
- Establishment of Export Processing Zones (EPZ) to promote foreign direct investment (FDI) in export-oriented activities has been proposed and Government has agreed to this in principle. The draft EPZ legislation is yet to be debated by parliament. In the meantime, government has committed itself to servicing investment sites.

(f) What are the main obstacles to the transfer, development and acquisition of technology? Is there any national policy/strategy in this area? Please elaborate.

The main obstacle is the non-existence of a science and technology policy which is currently being discussed.

In addition, legislation on TRIPS, has to be reviewed as existing legislation is out-dated (Patents - 1991; Trade Marks Act - 1964; and Copyright Act - 1964).

(g) What are your technical assistance or other assistance needs with respect to supply constraints?

- Enhance efficiency of the services sector; eg. banking, tourism, insurance, clearing and forwarding consultancy.
- Micro-finance for SMEs, sector.
- Human capacity development eg. building up corporate/managerial capacity, strengthening capacity to formulate and implement trade policy.
- Upgrade trade support institutions to provide timely and other relevant information.
- Programmes to promote exports and diversify production base.
- Infrastructural development.
- Enhance efficiency of customs administration.
- Strengthen the legal system, in particular the system of legal enforcement.
- Develop local technological capability.

Trade promotion and trade support services

Trade promotion comprises an integrated set of technical and financial services to enhance the global competitiveness of enterprises and thus facilitate their entry and increasing participation in international trade.

(h) Do your enterprises, especially small and medium enterprises, experience difficulties in expanding their exports? What are these problems in the major export sectors?

The problems experienced by SMEs in expanding their exports include the following:

- lack of or expensive credit, especially term long term financing;
- inefficient and expensive handling, transportation facilities etc;
- lack of storage facilities/cold chain;
- inability to meet quality/technical standards, including poor packaging;
- difficulty in sustaining supplies for markets;
- high taxation burden;
- low level of awareness of URAG/WTO issues.

(i) What are the problems for your enterprises in obtaining reliable and up-to-date information on export/import business opportunities?

- lack of internet connectivity;

(j) Can your enterprises offer products of internationally acceptable design, quality and packaging to foreign buyers? If not, what are the problems?

- Technology is unavailable for producing good packaging materials, in particular recyclable packages, the only local package manufacturing firm produces poor quality packaging materials; imported packaging materials increase the costs of production.
- Lack of information on packaging standards for export markets.
- Poor quality products because of obsolete technology.
- Lack of designers to introduce new designs and/or improve on old ones.

(k) What problems, other than in terms of trade policy, do you anticipate in developing the export of services (e.g. computer software, tourism)?

- Computer illiteracy and lack of computer software and reputable computer training institutions.
- Insecurity for tourists in some tourist attractions.
- Weak legislative structure.
- Insufficient hotel accommodation, relatively good hotels are few and too expensive.
- Dilapidated facilities at game or national parks.

(l) What are the technical/professional problems encountered by trade support institutions (e.g. trade promotion council, chamber of commerce, exporters association, etc.) in your country in providing their services to export/import enterprises?

- Lack of skilled and motivated personnel.
- Poor or lack of workplans/programmes.
- Regular and inadequate funding from the treasury.
- Inadequate or lack of equipment (computers) to facilitate work.
- Occasional political interference in their activities.
- Poor or lack of promotional materials and sub-optimal campaigns especially for the Tourist Board needed for marketing their activities.
- Proliferation of exporters associations which have exacerbated problems of co-ordination.

- Inadequate networking, especially in the Tourist Industry due to lack of equipment and promotional materials.

(m) What problems and deficiencies are experienced by enterprises in their international purchasing and inventory management?

- Unfamiliarity with modern input/inventory management techniques.
- Lack of specialised institutions for import/export finance, export credit guarantee & insurance schemes.
- Lack of internet connectivity or on-line services.
- General lack of skills.

(n) What are the present availability and arrangements for trade finance facilities (e.g. export credit guarantees, etc.)? Are there any perceived deficiencies in this area?

- Trade finance is extremely inadequate and where it exists, it is inaccessible to a majority of SMEs because of stringent collateral requirements. For example;
- Bank of Uganda (BOU) Export Refinance facility worth US\$2 Million, is the only facility tailored for exporters. However, it is both small and not well administered. Other BOU facilities are general in coverage and often targeting sectors other than those dealing in exports.
- The PSF BUD Scheme is small and general in nature. It will expire in 4 years time (1995-1998).
- Trade finance facilities at DFCU, EADB, UDB and commercial banks are expensive and not easily accessible to SMEs because of stringent collateral requirements.
- Other trade micro-finances provided by various NGOs and "Entandikwa" scheme, though helpful, are too small to spur significant trade development.

(o) What are the main problems in the way of improving export/import management skills of your business enterprises? Do you have training programmes in the country? What are the deficiencies?

- Low educational levels of population and business persons.
- Weak institutional capacity.
- Lack of national training programmes or institutions in export/import trade management.
- Lack of national training programmes or institutions in standards and quality control management. The country relies on training programmes provided by international agencies such as the ITC, and those provided by bilateral donors, eg. Bureau of Indian Standards, Swedish Standards Institute, and the British Standard Institute. These programmes are ad hoc and uncoordinated, and do not address specific problems of Uganda as a least developed country.