

Uganda's Export Development Strategy

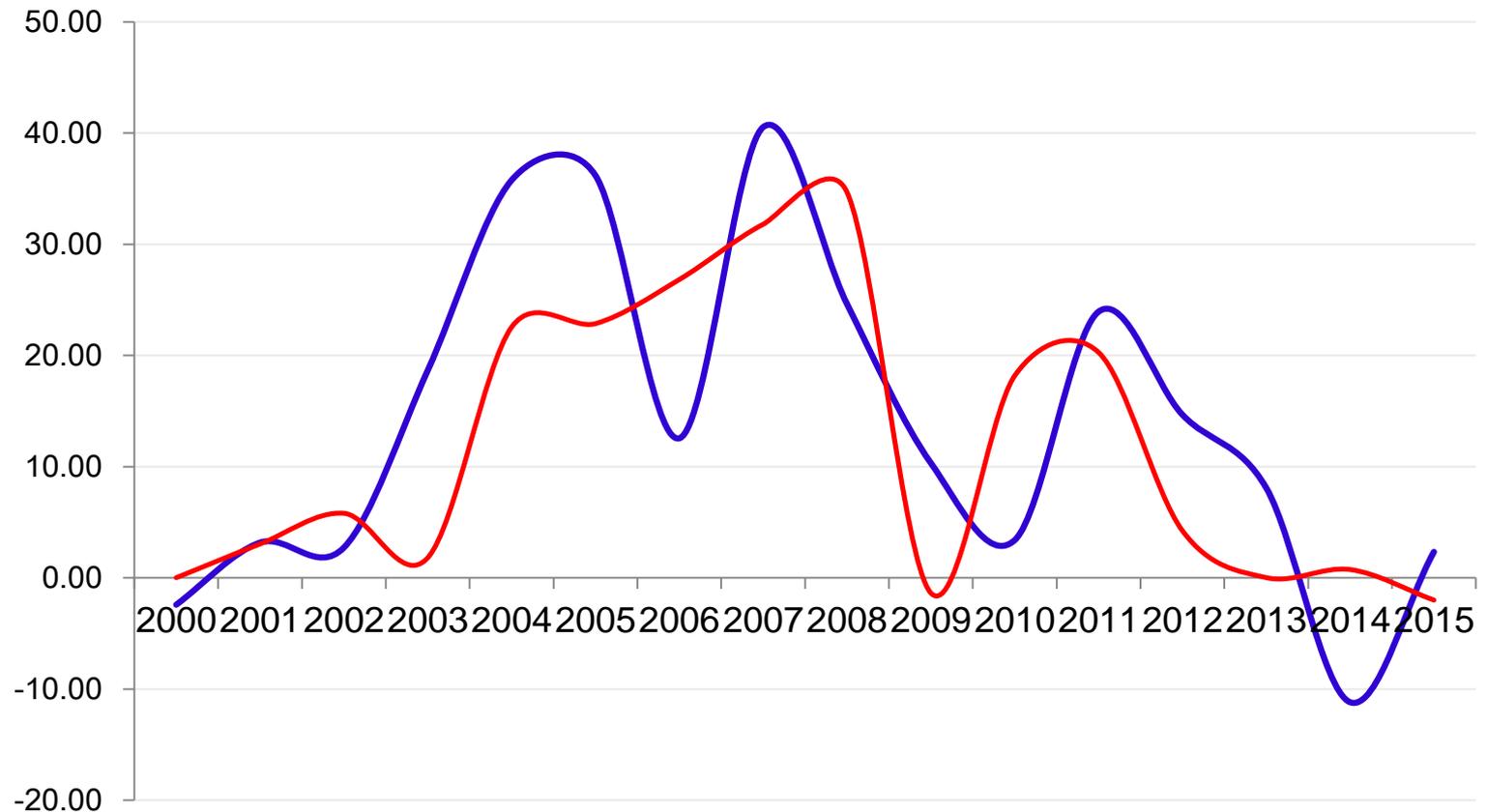
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International Growth Center
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Uganda National Export Strategy is an important initiative...that has become urgent

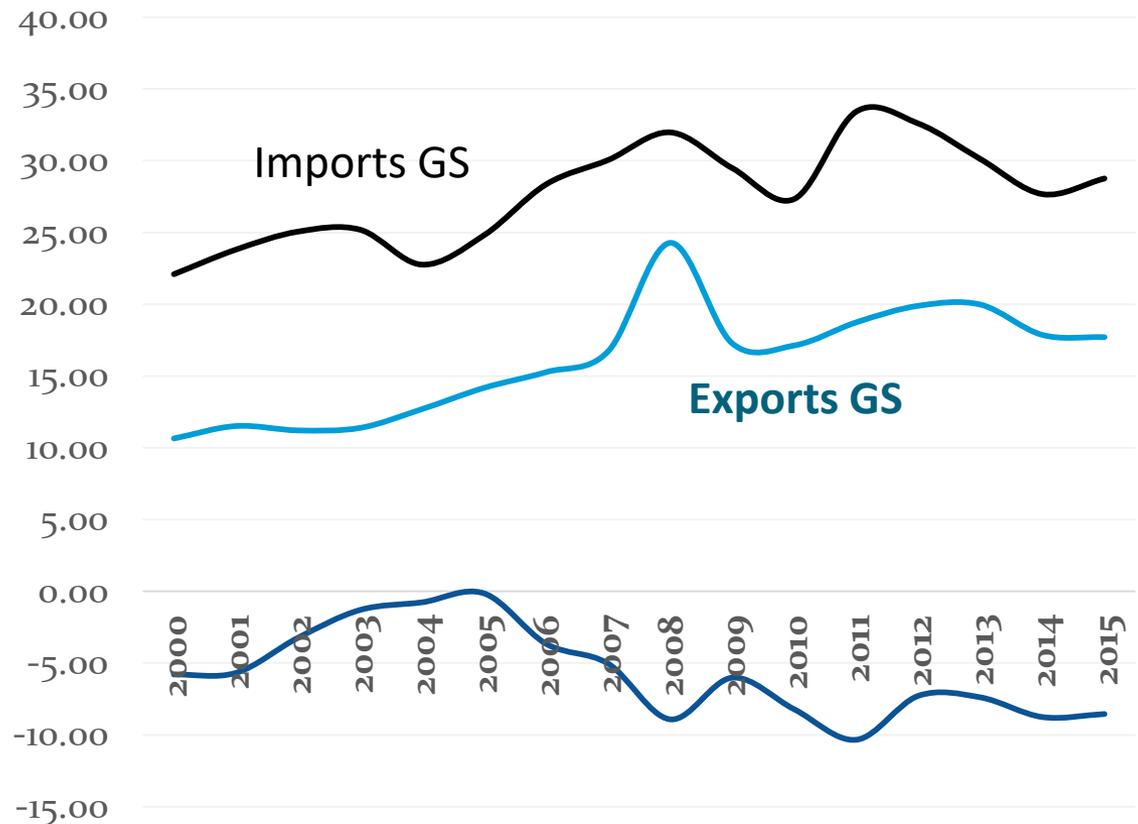
Growth in Exports and Imports (% Annual Change)



Trend trade performance has created a solid foundation for an export acceleration...

- Exports as share of GDP have doubled
- Product portfolio has become much more diversified
- Based as much on volume increase as price increases
- Exports have taken advantage of regional markets

Trade in Goods and Services (% of GDP)



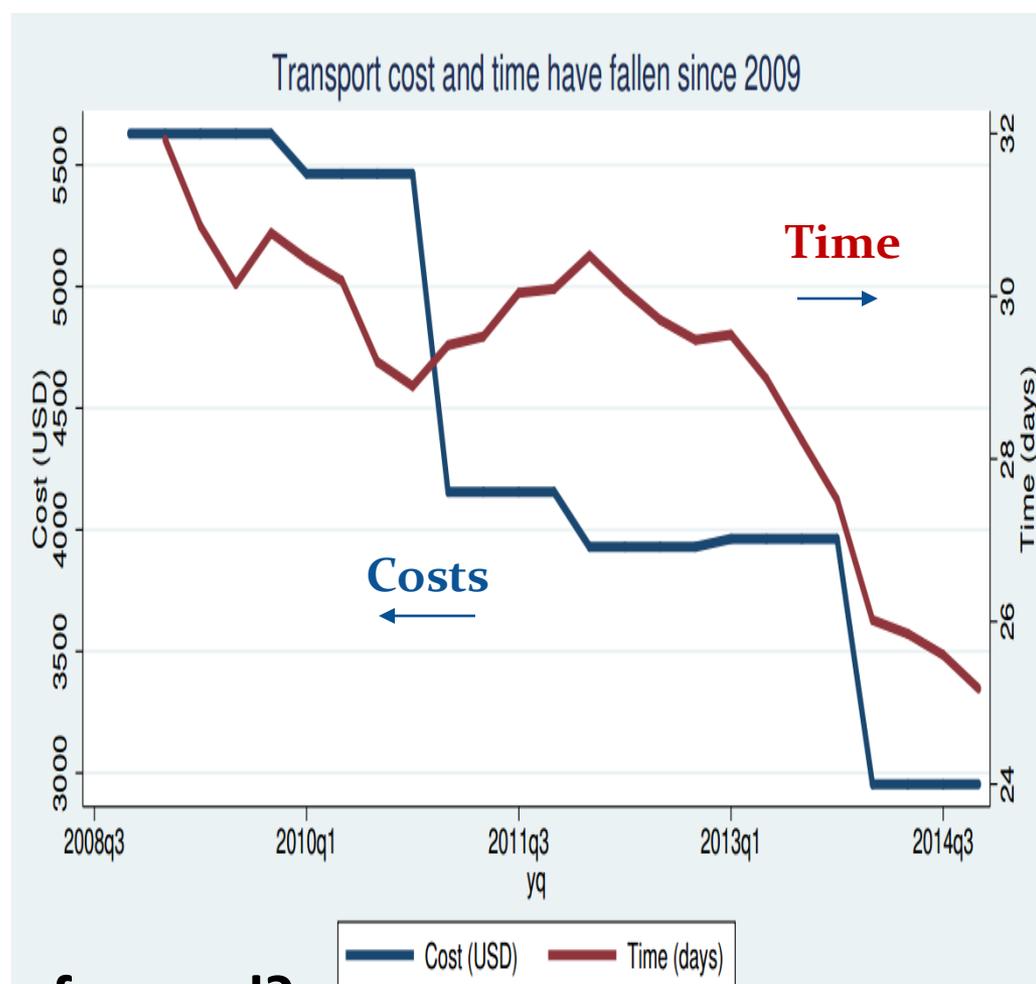
Toward a *Comprehensive* Export Strategy

- In the next phases of elaborating the NES, several issues and topics merit further elaboration...
 - Reducing **trade costs**
 - **Services** development, both as direct exports and inputs into Ugandan industry
 - Efforts to attract **FDI**, particularly in industries that promote exports and links to regional and global value chains
 - Role of **price incentives** to would-be exporters... the common external tariff
 - ...and other areas include for example: the role of tax incentives, the real exchange rate, standards, and infrastructure.
 - **Implementation** is key

Towards a Comprehensive NES... Reducing trade costs

Progress within the EAC and Uganda has been substantial:

- Port, transit, and border processing times are 40 – 60% less than in 2006/7 values
- Dwell times in Mobassa port have fallen from 13 to 5.8 days – while the number of containers has roughly doubled.
- Transit times through Kenya have fallen from 4 days to 2 days.
- Border crossing at Malaba – average delays have fallen from an average of 24 hours to 4 hours.
- Uganda scores well on LPI



What's the strategy moving forward?

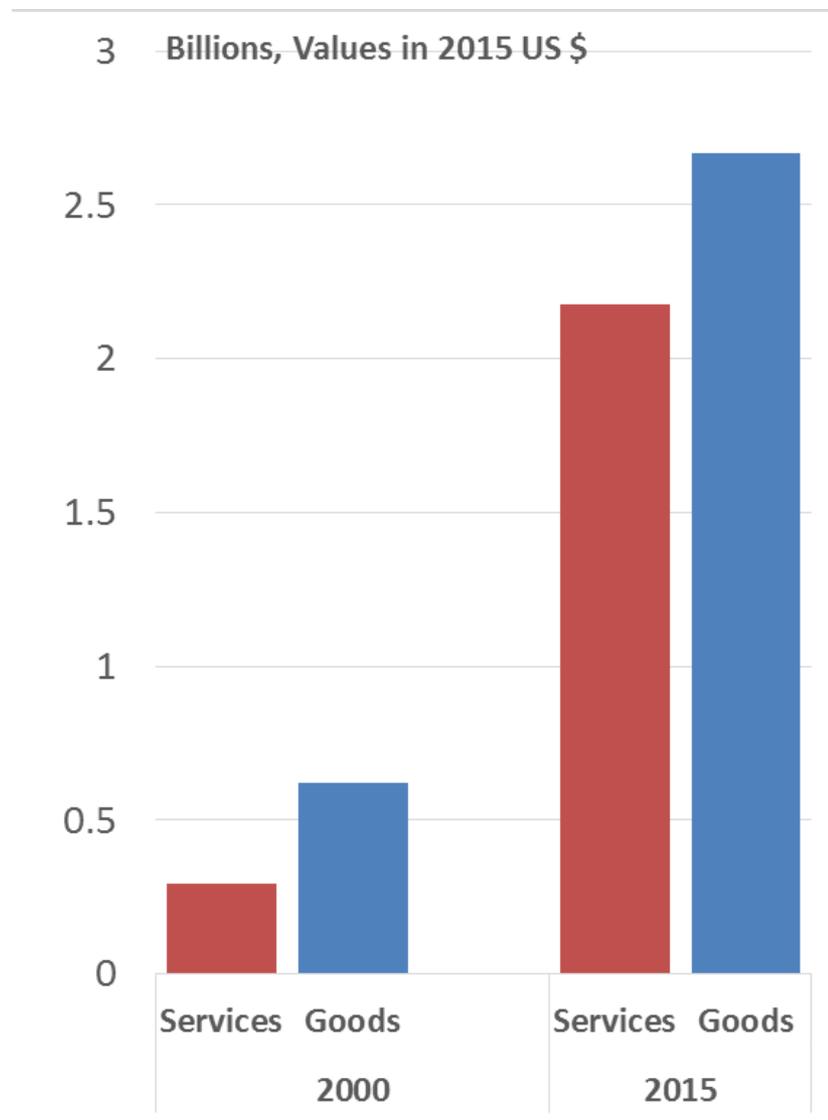
Toward a Comprehensive Export Strategy...Services

Services as exports:

- Services have grown from 30% of exports to 45%+ in last decade
- *Tourism* is important ...but tourism receipts have been relatively flat for 10 years (% of GDP)
- Other potential exports: Can *education* be another source of services earning? Can more be done for *transport*?

Services as inputs:

- Reducing barriers to services trade (as measured by the STRI) is associated with increased services efficiency.
- A 10% reduction in a country's investment STRI is associated with a 4.4% increase in manufactured exports.



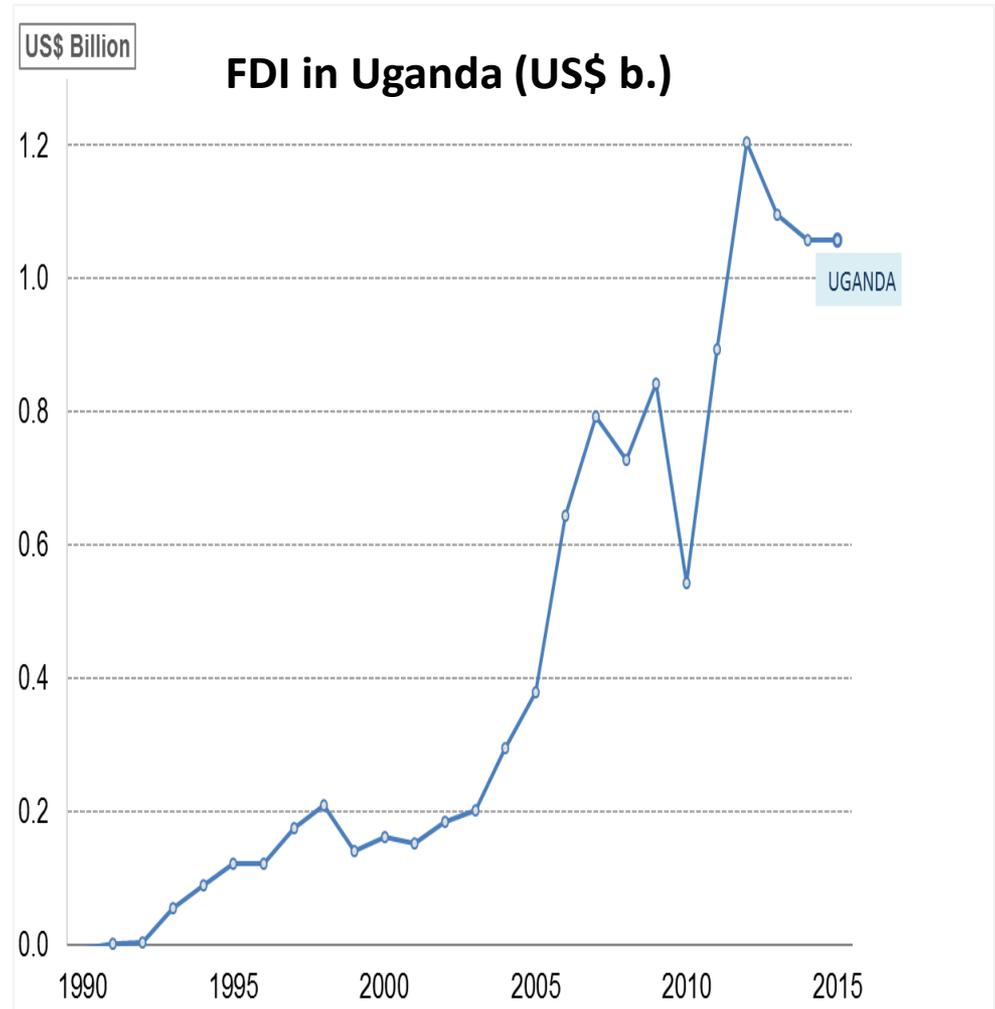
Toward a Comprehensive Export Strategy... **FDI**

FDI is key for access to global value chains...

Uganda has done well in attracting FDI...

Strategic questions:

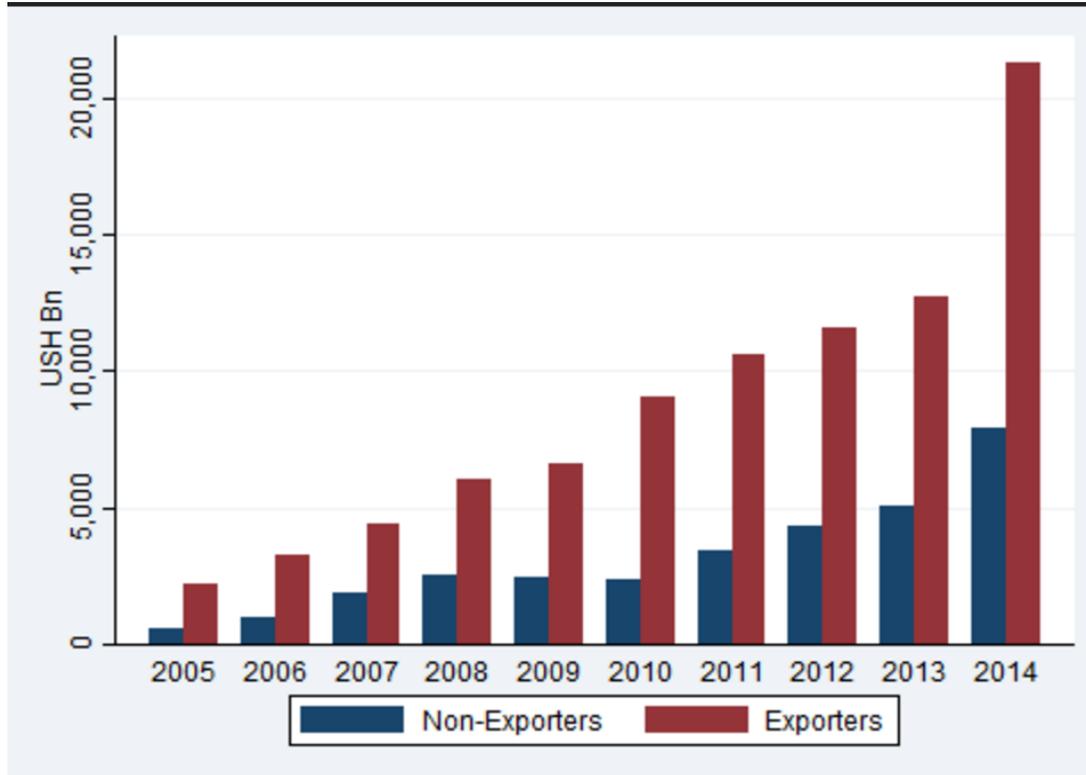
- **Why has growth slowed?**
- **How can Uganda attract more FDI in manufactures?**
- **How can Uganda use FDI to gain access to exports in global value chains?**



Towards a Comprehensive National Export Strategy ...

Price incentives ...the Common External Tariff

Exporters import more than non-exporters...



In 2014, exporters imported more than twice as much as non-exporters

CET shortcomings:

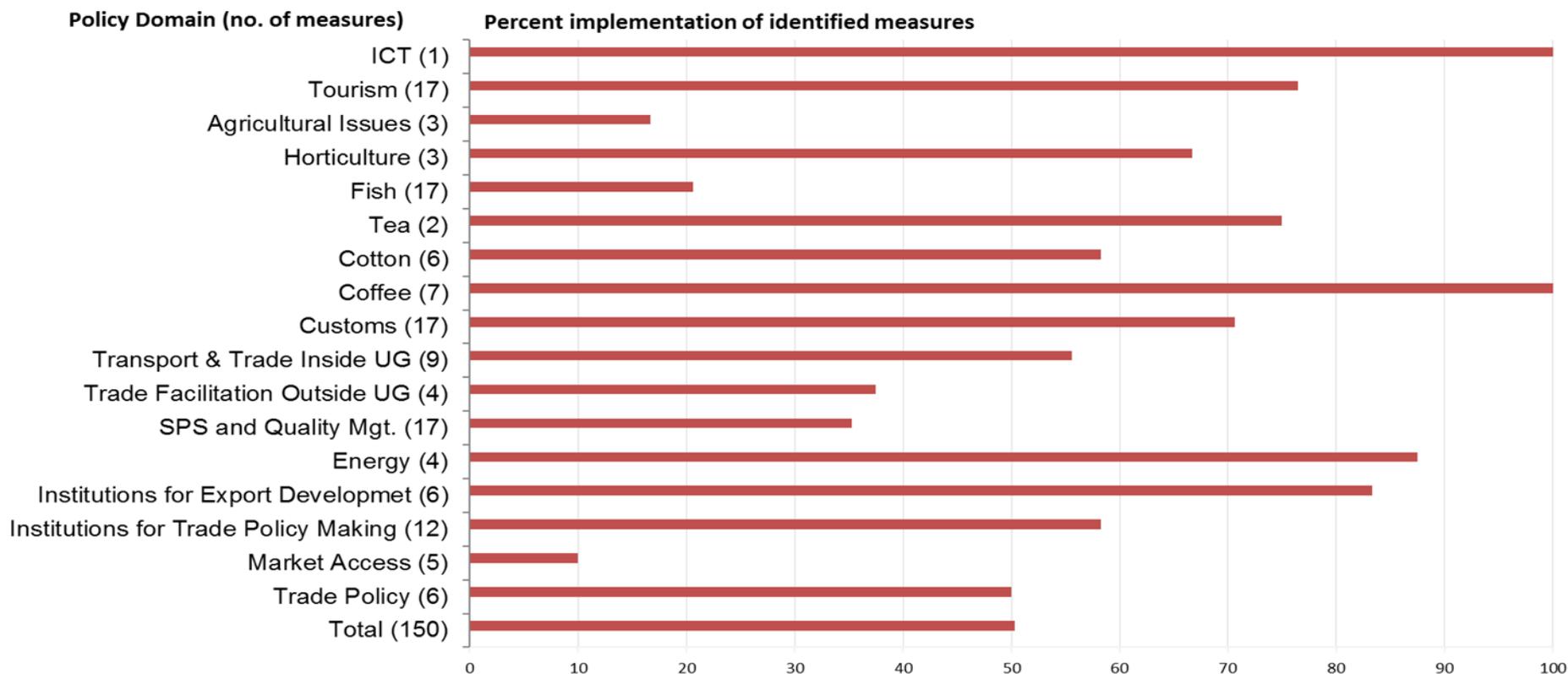
- Many intermediate inputs are classified as final goods
- Sensitive product tariffs protect some inefficient industries
- CET is regressive

How does the CET affect Ugandan competitiveness?

A Comprehensive NES might include a review of **implementation** of past strategies...

OPM reviews of previous cabinet level, trade-related actions plans: President's Investment Roundtable, NRM actions, the Joint Assessment Framework, Cabinet Retreat, National Trade Development Strategy

MTIC/EIF Review of DTIS 2007:



Source: World Bank Diagnostic Trade Integration Study 2013

Next steps.... Some questions to consider

Is there a **strong inter-ministerial mechanism** to build the current draft into a Comprehensive National Export Strategy?

How can an action plan be **monitored and implemented** by the Ministries of Trade, Finance and others effectively at the economic cabinet level?

- OPM has just draft report to strengthen for sector working groups...
- Competitiveness and Investment Climate Secretariat...

Can **on-going decentralized efforts** be coordinated to enlist their findings into a comprehensive strategy and monitorable action program?

- The planned Coffee Lab week-long discussion will likely generate a meaningful action plan in coffee. Could this be replicated for other sectors and sub-sectors?

Are there areas where the MTEC needs **more information**?

- E.g., the effects on Ugandan industry of: the CET; tax incentives; exchange rate volatility; services regulation.
- *An offer: The IGC is prepared to partner with various agencies to provide economic analysis in areas requiring specialized expertise.*