THE REPUBLIC OF UGANDA

HON. AMELIA KYAMBADDE
MINISTER OF TRADE, INDUSTRY AND COOPERATIVES

THE 9TH ANNUAL SECTOR REVIEW CONFERENCE

31ST OCTOBER, 2018

HOTEL AFRICANA

Honorable Ministers,
Honorable Members of Parliament,
Your Excellences, Members of the Diplomatic Corp,
Development Partners,
Members of the Private Sector,
Members of the Media Fraternity,
Distinguished Guests,
Ladies and Gentlemen

I welcome you to this 9th Annual Sector Review Conference of the Trade, Industry and Cooperatives Sector under the theme;

"Enhancing Competitiveness of Micro Small and Medium Enterprises for National Export Development".

The theme emphasizes the contribution of Micro, Small and Medium Enterprises (MSMEs) towards reducing the balance of payment deficit in Uganda.

At this Conference; we will highlight the achievements of the Sector for the previous Financial Year 2017/18, the challenges in implementation of policies and programs in the Sector and the planned key interventions for FY 2019/20. Actionable resolutions to inform policy formulation and implementation are expected to be made at the end of this conference.

Achievements of the Sector

In the Financial Year under review, the sector received **UGX 77.302 billion** as shown in the table below;

Uganda Shillings Billions							
Entity	**Wage**	**NWR**	**GoU Devt**	**Donor Devt**	**NTR**	**Arrears**	**Total**
MoTIC	1.941	7.883	3.204	1.420	0.000	2.625	**17.073**
AGOA Sec.	0.000	1.042	0.000	0.000	0.000	0.000	**1.042**
UEPB	1.160	2.161	0.396	0.000	0.180	0.000	**3.897**
MTAC	0.000	0.058	0.000	0.000	4.130	0.000	**4.188**
UDC	0.000	1.179	20.483	0.000	0.000	0.000	**21.662**
UWRSA	0.000	0.905	0.000	0.000	0.000	0.000	**0.905**
UNBS	6.356	4.013	3.660	0.000	14.300	0.000	**28.327**
LG Grant	0.000	0.208	0.000	0.000	0.000	0.000	**0.208**
Total	**9.457**	**17.449**	**27.743**	**1.42**	**18.61**	**2.625**	**77.302**

The above received funds enabled the undertaking of the following activities;

POLICY AND LEGAL ENVIRONMENT

As we strive to achieve the sector priorities, we need a conducive regulatory framework for effective implementation of programs and the following policies and regulations were developed during the Financial Year under review;

Bills Passed by Parliament

- The Sale of Goods and Supply of Services Act and assented to by the President

Bills before Parliament

- Cooperative Society Amendment Bill
- Sugar Bill
- National Accreditation Bill

Policies and Strategies before Cabinet

- The Principles for the National Alcoholic Drinks Control Bill, 2018
- The proposed Amendments to the Principles for the Competition and Consumer Protection Bills
- The Appointment of Members to the 8th National Standards Council

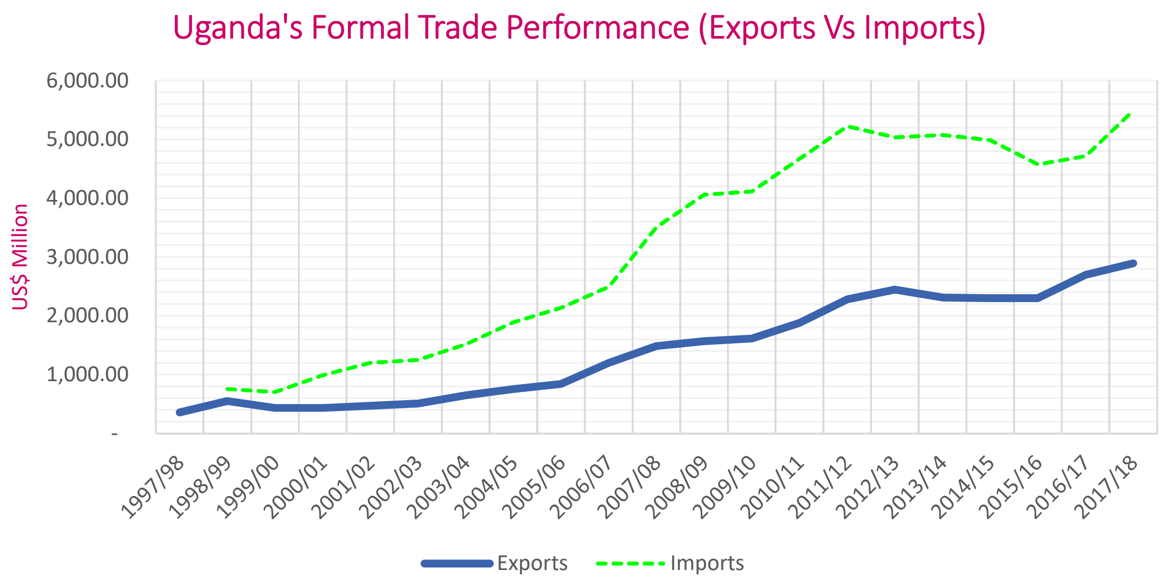
- Transfer of Cooperative Training Institutions
- Ratification of the African Continental Free Trade Area (AfCFTA) Agreement
- Principles of the Agricultural Produce Marketing Bill
- Status on the Implementation of the Buy Uganda Build Uganda (BUBU) Policy
- Principles of the Reforms for Enacting a Scientific and Industrial metrology Bill and legal Metrology bills

Policies, Bills and Strategies under Development

- National Industrial Development Policy/Strategy
- Industrial Development Bill
- Iron and Steel Policy
- Condiments and Spices Industry Policy
- National Cooperative Policy
- Cosmetics Industry Policy
- Cabinet Information Paper on the WTO Trade Policy Review
- WTO Domestication bill
- National Trade Fairs, Exhibitions and Expositions Policy
- The National Gift Policy
- National Poultry Trade Policy
- Condiments and Spices Industry Policy
- The Anti-Counterfeit Bill Revision
- National Fruits and Vegetables Trade Policy
- AGOA Implementation Framework
- MSMEs Green Manufacturing Strategy
- National Packaging Policy
- National Wood and Furniture Policy

TRADE DEVELOPMENT

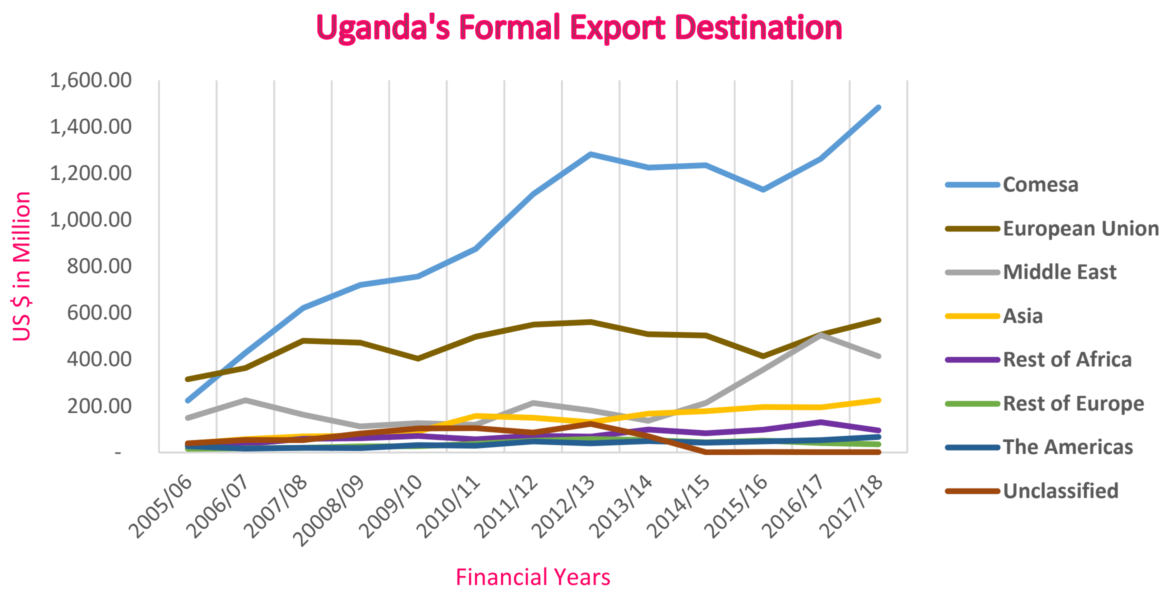
Exports in the Financial Year of 2017/18 increased by 7.23%, to US$ 2,890.86 million from the previous Financial Year of US$ 2,696.00 million; as compared to imports that increased by 16.42%, to US$ 5,489.97 million from the previous Financial Year of US$ 4,715.51 million; in the same period. The individual countries with which Uganda had high trade deficits in 2017/18 were: China amounting to US$ 854.82 million (representing 32.89% of the deficit); India for US$ 596.96 million (22.97%); Saudi Arabia for US$ 384.07 million (14.78%); United Arab Emirates for US$ 277.74 million (10.69%) and Japan for US$ 247.83 million (9.54%), out of a total deficit of US$ 2,599.10 million in that year. Therefore, the above five countries were responsible for approximately 80% of Uganda's trade deficit.



Source: BOU

The COMESA trading bloc remained the main destination for Uganda's formal exports with the share in total export earnings of 51.32% (US$ 1,483.72 million) in 2017/18, showing an increase of 17.48% from US$ 1,262.94 million in 2016/17; of which Kenya and South Sudan constituted

63.34% (US$ 939.81 million) of the Uganda-COMESA export earnings. The EU market ranked the second main destination for Uganda's goods and services with 19.68% (US$ 568.96 million) of total formal exports in 2017/18, posting a 12.26% increase from 2016/17 value of US$ 506.83 million. The Middle East bloc followed accounting for 14.32% (US$ 414.06 million) of the total market share in 2017/18, as compared to 18.72% (US$ 504.71 million) the previous year; and of which United Arab Emirates contributed 92.37% (US$ 382.46 million) of the Uganda-Middle East exports in 2017/1018. Asia; Rest of Africa; Rest of Europe; The Americas, group categories followed in that respective order.



Source: BOU

For the first time in history, Uganda had a surplus/favorable balance of trade with Kenya in the Financial Year 2017/18 of US$ 122.78 million (Exports of US$ 628.47 million against Imports of US$ 505.70 million) and also registered a record highest trade balance in the EAC region of US$

413.86 million (Exports of US$ 1,220.63 million against Imports of US$ 806.77 million), in the same period. That is credited to the good integration and multilateral efforts spearheaded by the Ministry of Trade, Industry and Cooperatives in the region. However also deficit with Tanzania has increased in the recent years which is a policy concern.

Value in US$ million		**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Kenya	Exports	214.50	226.52	268.86	348.41	374.75	414.73	475.06	628.47
	Imports	535.07	680.82	591.25	602.60	608.69	582.66	516.45	505.70
	Trade Balance	-320.56	-454.30	-322.39	-254.19	-233.94	-167.93	-41.39	122.78
Tanzania	Exports	38.98	45.39	54.02	50.08	56.47	61.97	71.14	46.72
	Imports	32.47	54.82	47.48	55.12	55.11	76.34	169.22	210.08
	Trade Balance	6.51	-9.43	6.54	-5.04	1.37	-14.37	-98.09	-163.36
Rwanda	Exports	175.25	208.41	217.43	224.92	253.54	206.90	188.37	197.44
	Imports	6.12	8.94	7.48	12.09	9.52	11.79	10.60	20.25
	Trade Balance	169.13	199.47	209.95	212.83	244.02	195.12	177.77	177.20
Burundi	Exports	39.69	42.39	50.29	47.88	39.96	50.41	48.11	36.66
	Imports	1.32	1.76	0.56	1.41	2.28	1.64	43.15	56.22
	Trade Balance	38.37	40.63	49.73	46.48	37.68	48.77	4.96	-19.57
South Sudan	Exports	0.00	1.92	80.83	236.28	309.66	225.28	281.38	311.34
	Imports	0.00	0.00	0.00	0.00	0.76	4.67	7.54	14.54
	Trade Balance	0.00	1.92	80.83	236.28	308.90	220.60	273.84	296.81
TOTAL EXPORTS		468.43	524.62	671.43	907.56	1,034.37	959.29	1,064.06	1,220.63
TOTAL IMPORTS		574.98	746.34	646.77	671.21	676.35	677.11	746.96	806.77
TRADE BALANCE		**-106.55**	**-221.72**	**24.67**	**236.36**	**358.02**	**282.18**	**317.09**	**413.86**

Source: BOU

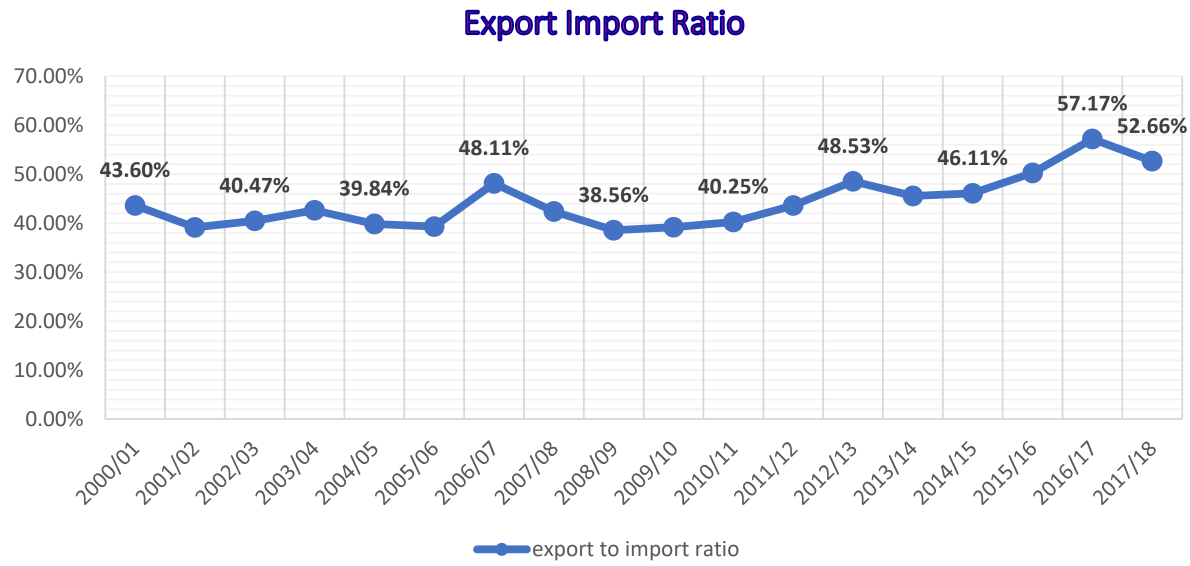
Overall, coffee remained the main merchandise foreign exchange earner of the country. In the recent period, its share to total formal exports slightly reduced from 18.19% in 2016/17 to 17.04% in 2017/18. It was followed by gold and gold compounds whose earnings highly increased in the recent periods, then fish & its products, among others.

However, the country's merchandise exports are still dominated by unprocessed and or primary products.

Formal Exports (US$ million)	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Coffee	371.04	444.21	422.69	404.00	400.49	352.03	490.51	492.47
Tea	63.60	71.59	86.20	83.22	73.37	74.50	67.86	91.71
Tobacco	58.12	57.23	72.72	94.04	63.22	73.23	46.95	54.14
Cotton	82.95	77.59	36.46	21.75	18.18	24.29	48.31	41.12
Sub-Total (TE)	**575.72**	**650.62**	**618.06**	**603.02**	**555.27**	**524.06**	**653.63**	**679.44**
Gold	6.85	11.47	4.94	0.25	0.23	204.26	339.15	337.29
Fish & its products	143.19	137.81	108.61	110.18	136.82	115.15	131.60	145.53
Oil re-exports	104.62	117.59	137.34	142.04	143.33	123.08	124.12	129.46
Base Metals & Products	110.02	123.76	136.95	135.30	128.00	99.56	106.09	111.13
Beans	11.14	15.22	16.12	20.32	37.62	49.05	55.45	105.27
Maize	25.59	47.03	54.43	35.74	74.19	81.97	78.49	101.97
Sugar	68.88	105.27	101.40	70.35	75.82	61.46	126.68	84.85
Flowers	47.84	55.55	52.99	59.05	55.28	49.10	53.58	61.88
Cocoa Beans	38.19	37.04	48.71	60.23	54.92	70.59	58.90	58.94
Crude oil	31.63	55.83	59.38	46.68	40.72	41.15	50.04	57.27
Others	698.82	904.48	1084.94	1000.32	973.17	861.61	873.01	975.65
Sub-Total (NTE)	**1272.31**	**1579.23**	**1767.50**	**1665.02**	**1683.52**	**1724.05**	**1974.07**	**2172.54**

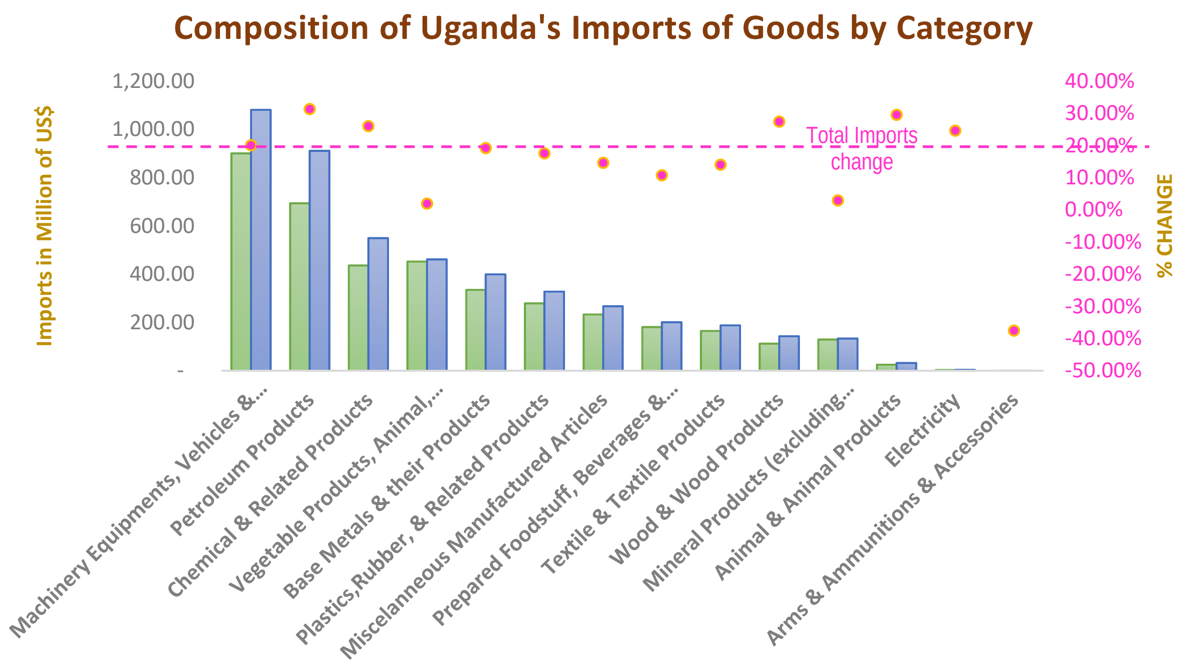
Source: BOU

The export to import ratio in the Financial Year 2017/18 was 52.66%! In other words, today Uganda is spending 100 USD on imports when it has earned an income of only 52.66 USD from exports. In that effect, the country is living on borrowings. It is vitally important to halt this escalation by making reduction of the trade deficit a top national priority and galvanizing all efforts by key MDAs to expand exports on a sustainable basis.



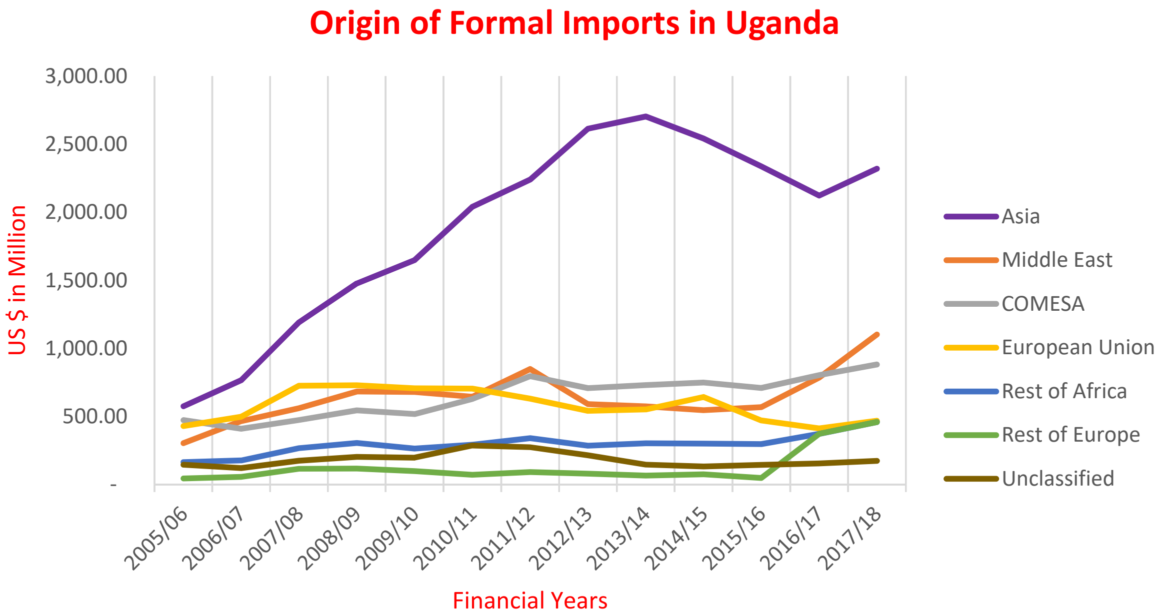
Source: BOU

The increase in imports would be desirable and sustainable if most of the imports were used as inputs/capital into the production process. However, most of our imports are consumables rather than industrial/production inputs. Uganda's imports have been mainly fuelled by; the construction boom (imported inputs such as cement, plumbing materials, interior décor and furnishings, etc.); exploration for and development of minerals notably oil and gas; and growing incomes that demand consumer and other investment goods that the local economy is unable to fully supply.



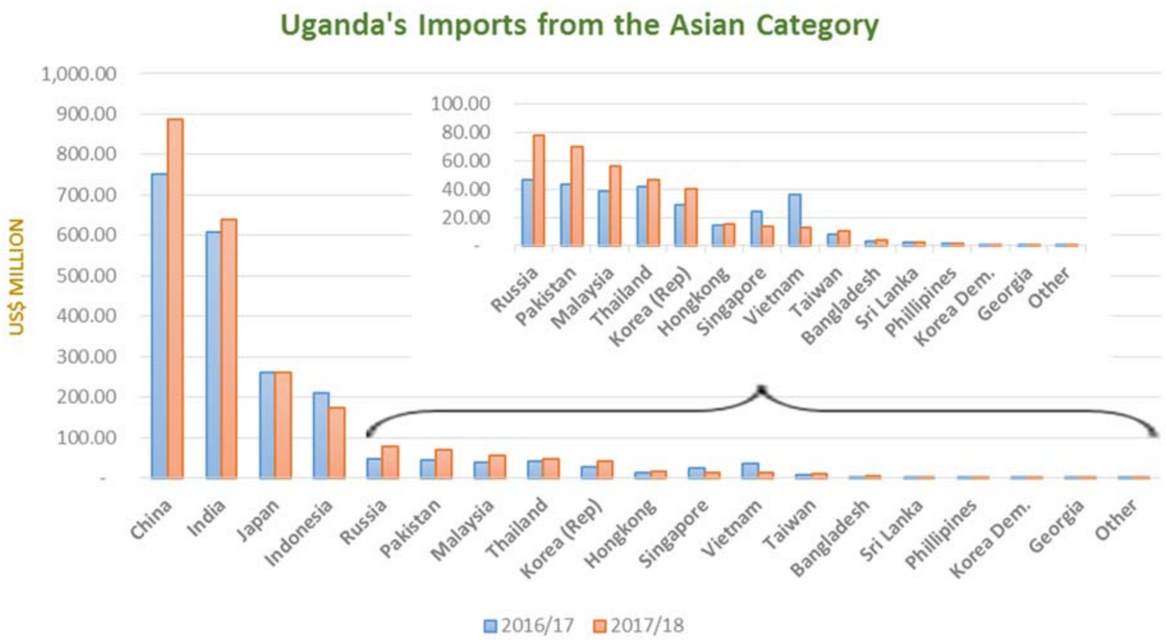
Source: BOU

The major formal imports were Machinery equipment, Vehicles & Accessories with an import bill of US$ 1,081.48 million in 2017/18 representing 23.02% of imported goods composition, which was an increase of 20.08% compared to 2016/17 import bill of US$ 900.61 million representing 22.83% of imported goods in that year; Petroleum products closely followed at US$ 911.04 million (19.39%) in 2017/18, for which it was an increase of 31.31% from US$ 693.80 million (17.59%) in 2016/17; followed by Chemical & Related Products; Vegetable Products, Animal, Beverages, Fats & Oil; Base Metals & their Products; among others in the respective order.



Source: BOU

The Asian Continent was the main origin of Uganda's imports throughout the period depicted below (2005/06 – 2017/18), but its market share in Uganda's import bill slightly declined by 6.14% from 45.01% in 2016/17 to 42.25% in 2017/18.



Source: BOU

China is the leading source of Ugandan imports from Asia in the Financial Year 2017/18, accounting for 38.31% of imports from the region. The import value from China was US$ 888.44 million (equivalent to 16.18% of Uganda's total imports) in the same year, which is an increase of 18.22% from US$ 751.53 million (35.41% of Asian import bill) in 2016/17. It was followed by India, which also contributed largely (equivalent to 11.66% of total imports) to the country's import expenditures. India's bill totaled to US$ 640.18 million (27.60% of Asian imports) in 2017/18 up from US$ 607.87 million (28.64% of Asian imports) paid in 2017/18, which was a 5.31% increase. Japan (US$ 262.75 million), Indonesia (US$ 175.15 million), followed in that order among others in 2017.18.

INTERVENTIONS TO ADDRESS THE DEFICIT

The Sector is employing several strategies to ensure increased value of exports while reducing import values. These include:

1. **Implementation of the National Export Development Strategy (NEDS):**

The Strategy was approved by Cabinet on 25/08/2017. The main objective of NEDS is to increase the value of Uganda's exports of the specified products and services to the targeted markets over the next five years. It intends to narrow the trade deficit as a percentage of total exports from the current annual average of negative 96% to at most negative 35% over the next five years. The NEDS also intends

a) To increase the value of priority products exported to the negotiated preferential markets by an average of 25%, for the regional markets (EAC & COMESA) and 40% for the EU annually over the next five years
b) Increase the value of priority products exported to the selected unilateral preferential markets (US, India and China) by an average of 40% annually over the next five years
c) Increase the value of priority products exported to the selected non preferential markets (Singapore, UAE and Hong Kong) by an average of 35% annually over the next five years
d) Provide a two-way communication mechanism between the productive sectors and export markets with a view to fostering export oriented investment and production

2. Restructuring of the Inter Institutional Trade Committee (IITC)

Section 11 of the External Trade Act requires the Ministry to restructure the IITC in order to create a new and stronger framework for cooperation to strengthen consultation between the Ministry and the relevant stakeholders in the Trade Sector. The restructured committee will be given a new name - **the National Trade Sector Advisory Council (NTSAC)**.This council shall consist of five, carefully selected eminent persons from both public and private sector.

Functions of the NTSAC

a) Review and advice on key National Trade Policy implementation priorities,
b) Operate as a national consultative body for developing the country's negotiating positions for regional and multilateral trade arrangements,
c) Provide guidance on the commissioning of studies and consultations relating to implementation of the National, Regional and international Trade Policy.
d) The NTSAC shall advice on the other trade supporting aspects, which are critical in the growth and development of the trade sector.

3. Promotion of Trade in Services

A National Policy on Services Trade was approved by Cabinet on 19/07/2017 which is aimed at boosting trade in services and cause a reduction in the trade deficit.
Successful implementation of the policy is expected to contribute significantly towards incremental growth of

export values by US$ 500 million, annually over the next five years.

The growth is expected to be realized through the implementation of the policy in the following priority sectors: tourism, transport/distribution, education, business services, construction and related engineering services, insurance, among others.

4. Implementation of Buy Uganda Build Uganda Policy

Impact of Implementing BUBU:-

- ✓ On July 12, 2017, Hima Cement signed an MoU with China Communication Construction Company (CCCC) to supply 120,000 tonnes of cement for three major projects: expansion of Entebbe Airport, Mubende-Kakumiro-Kagadi road project and Soroti-Moroto highway
- ✓ Standard Gauge Railway (SGR) Project has apportioned USD 750 Million to local producers and manufacturers. Hima Cement will supply 830,000 tonnes of cement towards SGR and 3 steel companies (Steel & Tube, Madhvani and Roofings) which will supply 850,000 tonnes of steel. MTIC is to work with the project to ensure that other local companies form consortiums to take advantage of the offer
- ✓ Sinohydro Corporation Ltd which is undertaking the construction of Karuma Hydro Power Project is now procuring all cement and iron bars from local producers
- ✓ MDAs have commenced procuring office furniture from Uganda Prisons
- ✓ Picfare signed a contract with National Medical Stores to supply uniforms to all Government hospitals

- ✓ The Shoprite Supermarket launched a week-long sales promotion of local products. The campaign will run monthly

5. Strengthening Commercial Extension Services in the Local Governments

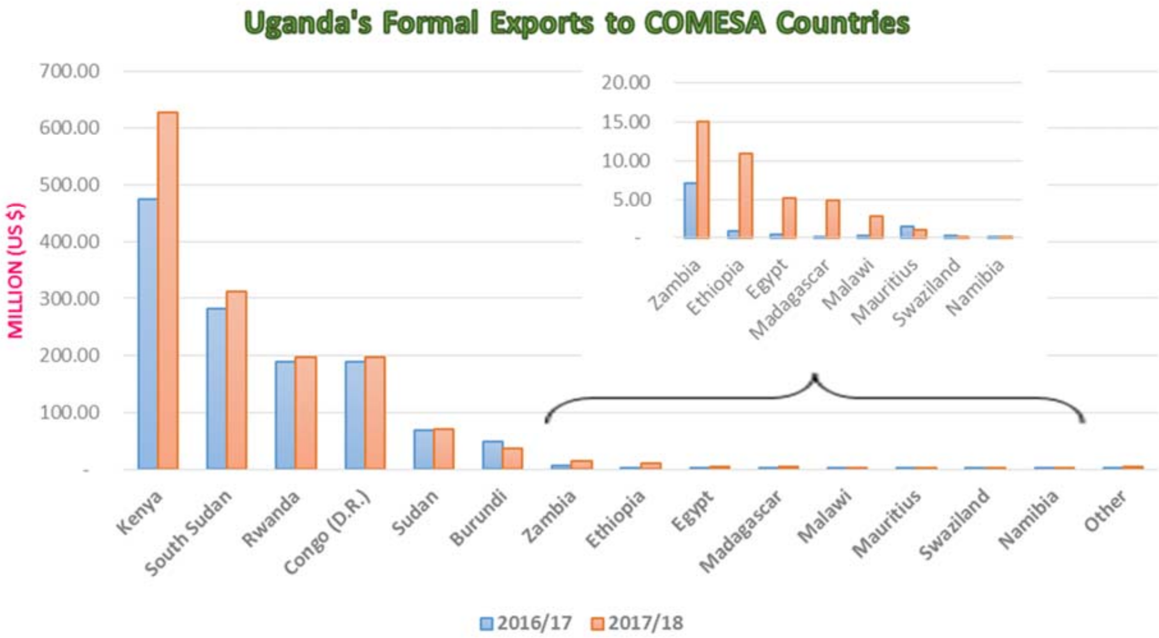
The Ministry has continued to support District Commercial Officers (DCOs) through the Commercial Services Conditional Grantto facilitate commercial extension services at the Local Governments.

In FY 2017/18, a total of UGX 2.3 billion was released as conditional non-wage grant to all districts and municipalities countrywide.

The Ministry has continued to undertake trainings for DCOs to enhance their capacity to deliver commercial services.

6. Market Expansion through Regional and International Trade Agreements

The COMESA trading bloc has been the main destination for Uganda's formal exports for the last decade, with the share in total export earnings increasing on average throughout the years from 26.58% in 2005/06 to 51.32% in 2017/18.
Among the COMESA member states that contributed significantly to export earnings in 2017/18 were Kenya, South Sudan, Rwanda and D.R. Congo accounting for US$ 628.47 million, US$ 311.34 million, US$ 197.44 million and US$ 196.87 million respectively (90% composition of Uganda–COMESA trade).



Source: BOU

Other Regional Trade Arrangements

Uganda is a signatory to a number of trade and trade-related agreements through which market opportunities have been achieved;

The Africa Continental Free Trade Area (AfCFTA)

On 21st March 2018, during the 10th Extraordinary Session of the Assembly of AfCFTA in Kigali, Rwanda, Uganda signed the agreement establishing the African Continental Free Trade Area.

The AfCFTA involves the 55 Member States of Africa, and the world's largest free-trade area, by number of countries. It establishes a single market of 1.2 billion people, with a combined Gross Domestic Product $3.4 trillion.

How Uganda stands to benefit from the AfCFTA

- It provides expanded markets for our growing economic operations;
- atracts cross-border investment;
- creates employment opportunities for our young populations domestically through expansion in production of goods and services that will be demanded by the expanded markets;
- improves the interstate infrastructure interconnectivity to enable us harness our productive capacities; and
- Enhances peace and security in the continent through engaging people in gainful economic activities.

Within the CFTA, the regional markets of EAC and COMESA will remain Uganda's flagship market.

Chairmanship of the Continental FTA negotiations

During the 6th meeting of the African Union Ministers of Trade that took place in Dakar, Senegal from 3rd to 4th June 2018, Uganda was unanimously elected to chair the African Continental Free Trade Area (AfCFTA) Forum for African Ministers of Trade.

Uganda is expected to champion the AfCFTA for a period of one year commencing in June 2018.

The election is in recognition of Uganda's active participation in the Continental Free Trade Area negotiations that started in 2016 with the aim of creating an African single market.

Obligation

During this tenure, Uganda will lead the conclusion of the AfCFTA negotiations. The outstanding work relates to the following;

- Liberalization of trade in goods and services

- ➢ Opening negotiations on competition
- ➢ Investment and intellectual property rights

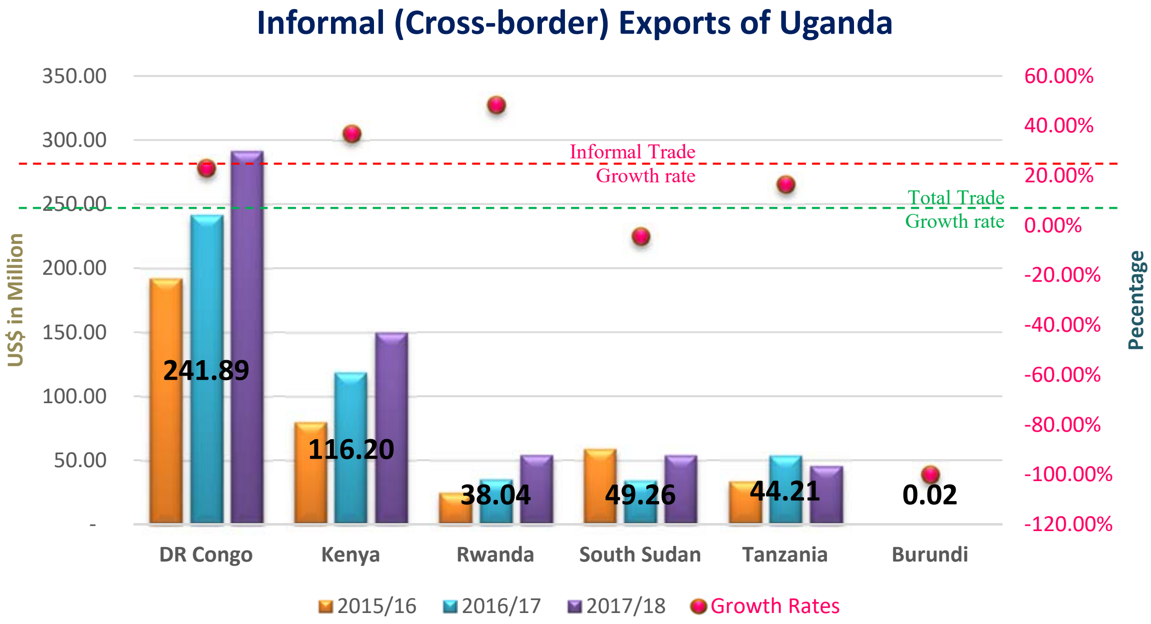
Other Agreements

- East African Community Customs Union;
- The African, Caribbean and Pacific- European Union (ACP/EU) Partnership Agreement (Cotonou Agreement);
- World Trade Organization (WTO);
- African Union (AU);
- Uganda is also a beneficiary of non-reciprocal unilateral trade preferences such as Everything-But-Arms (EBA) by the European Union;
- EAC – SADC - COMESA Tripartite Agreement;
- The African Growth and Opportunity Act (AGOA) of the United States and offers by Canada, Japan and China under the Generalized System of Preferences (GSP); and
- The ongoing EAC-EU Economic Partnership Agreement (EPA) negotiations among others.

7. Promotion of Cross Border Export Zones

The informal cross-border export earnings in the Financial Year 2017/18 were estimated at US$ 595.51 million, representing 17.08% of Uganda's exports. The main informal commodities included beans, maize, sugar, other grains, bananas, fish, among others. DR Congo was the main informal partner of the country with total informal export trade amounting to US$ 291.48 million in 2017/18. It was followed by Kenya at US$ 149.94 million; Rwanda at US$

54.41 million; South Sudan at US$ 54.17 million and Tanzania at US$ 45.52 million, in the same period.



Source: BOU

Implementation in progress:-

- The RIIP II Project has been allocated land in seven districts of
  - i) 247acres at Elegu – Amuru District
  - ii) 173 acres at Masafu – Busia District
  - iii) 238.8 acres at Katuna – Kabale District
  - iv) 3 acres at Mpondwe – Kasese District
  - v) 89.3 acres at Lwakhakha – Manafwa District and
  - vi) 78 hectares at Oraba - Koboko
- Feasibility Studies: Development of Master Plans and documentation of Bills of Quantity have been undertaken for the following Border Export Zones: Elegu, Lwakhakha, Busia, Katuna, Kikagati and Oraba

- Development of the Environmental Impact Assessment has been done for Katuna, Elegu, Busia, Lwakhakha and Oraba
- Funding of 1m Euro was secured from COMESA under the RIIP II Project for construction of one border market in FY2017/2018
- Simplified Trade Regime (STR) for small cross border traders has been developed, cross border trade associations established, equipment procured and trade information desks put in major export centres.
- USD $2m was secured from the World Bank under the GLTF to develop a border market at Mpondwe. Border export zone was launched on 25th September,2017

Government is in the process of mobilizing funds to ensure that construction of all the export zones are completed within 10 years.

8. Electronic Single Window System (ESWS)

This is a trade facilitation initiative aimed at reducing the time it takes to clear goods. With support from the Danish International Development Assistance (DANIDA) through TradeMark East Africa, we are working to rollout the system to the following MDAs;

- MoFA - For clearance of diplomatic cargo and registration and certification of diplomats
- Ministry of Finance, Planning and Economic Development – For issuance of tax exemptions
- NITA (U) - For single sign-on and fully integrated e-governments systems
- Atomic Energy Council of Uganda - For licensing and certification services
- Posta (U) - For postal services and clearances

- Chamber of Commerce - For issuance of non-preferential Rules of Origin certificates
- Uganda Registration Services Bureau - For e-SW system integration with One Stop Shop
- UIA - For e-SW system integration with the One Stop Centre system
- Ministry of water and Sanitation - For licensing of timber and timber products (regulated product in the EAC)
- CAA- For issuance of cargo manifest
- Department of Immigration - For immigration clearances

9. The Trade Information Portal

Government with support from TMEA is set to launch a one stop portal for export, import and transit information in Uganda, expected to be launched in 2018/19.

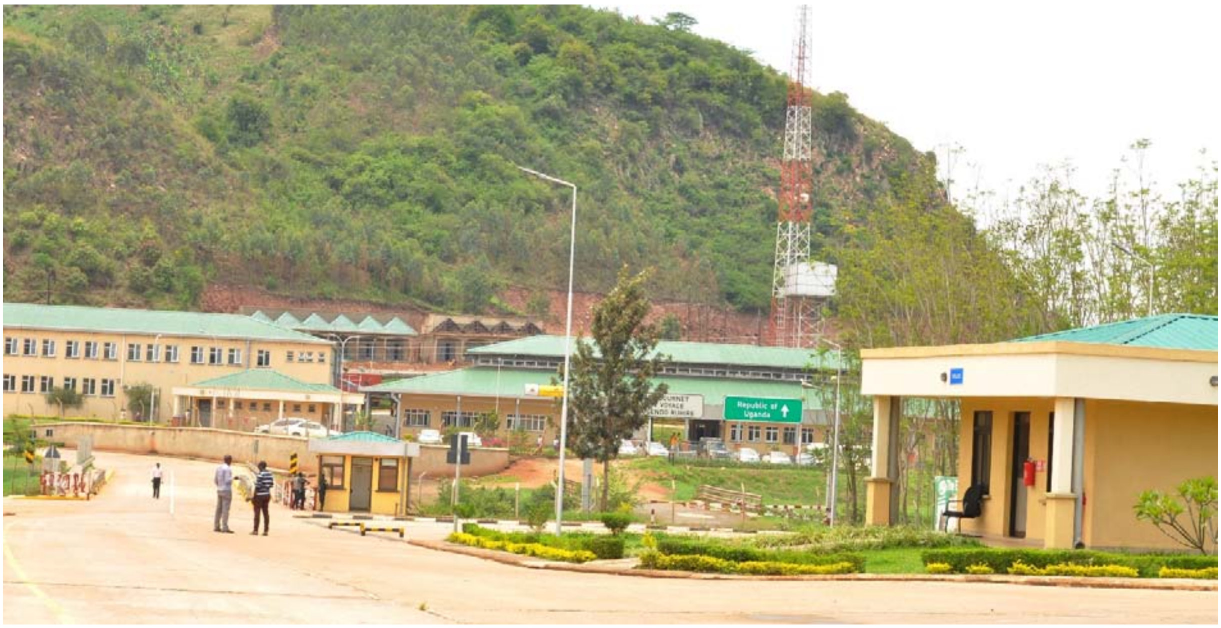
- It is an online platform where all the information regarding export, import and transit of goods, in Uganda will be availed to traders, government agencies and all interested parties
- While the Electronic Single Window allows traders to clear their goods online, the Trade Information Portal will provide the traders with all the necessary information to enable them undertake the transaction on E-Single Window. The two platforms are therefore complementary
- Establishing the trade information portal is provided for within the WTO Agreement on Trade Facilitation, which Uganda ratified and came into force on 22 February 2017

10. Development of One Stop Border Posts(OSBPs)

- With Support from TradeMark East Africa, construction of three OSBPs was completed; these include; Mutukula OSBP with Tanzania, Busia OSBP with Kenya, and Mirama Hills OSBP with Rwanda. All the border posts are operating under one stop control which means that a transporter or travelling clears only once, on one side of the border

Mutukula One Stop Border Post - Uganda with Tanzania

Busia One Stop Border Post - Uganda with Kenya



Mirama Hills One Stop Border Post - Uganda with Rwanda

- Construction of OSBPs coupled with other trade facilitation programs like customs modernisation has

reduced the clearance time from 8 days in 2010 to 2 hours in 2018
- Construction of Elegu border post with South Sudan is underway

11. NTB Reporting System

- My Ministry has continued to implement a web based Non-Tariff Barrier Reporting System that has helped in easing and enabling the reporting and resolution of NTBs among trade facilitating institutions. This, in turn has reduced on the delays and costs of moving goods in and outside of Uganda across trading member states.
- 86% resolution of all NTBs reported through the system reducing movement of goods from Mombasa to Kampala from 21 days in 2011 to 4 days in 2018
- To report by mobile phone, the user dials USSD Code *201# and follows instructions to select the appropriate NTB to report, and then submits a complaint. The system can be accessed using any type of telephone handset on any network registered in Uganda from anywhere in the world on roaming facility.

INDUSTRIAL DEVELOPMENT

The growth rate of the industrial sector stood at 6.2% in the Financial Year 2017/18 compared to 3.4% registered in 2016/17; and the sector contributed 19.8% of GDP in 2017/18, which was a slight increase from 19.6% registered in 2016/17.

Major industries: sugar, tea, Beverage, cement, steel, cotton textiles production

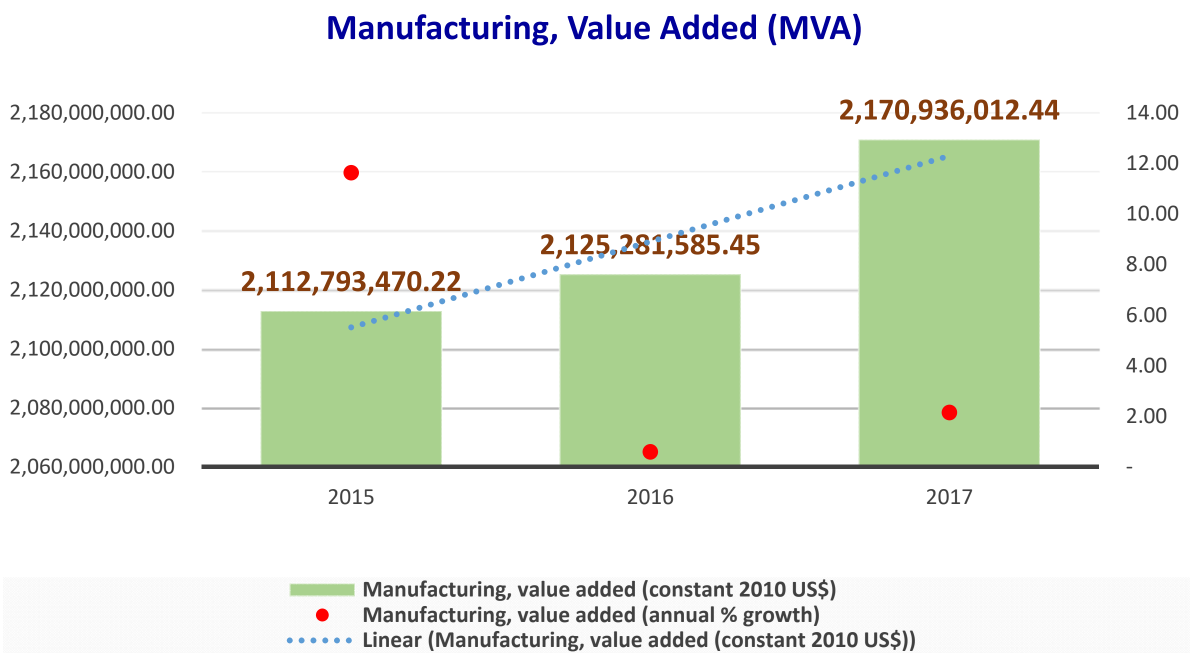
***Potential industries*:** Oil and gas, Iron & Steel, gold refining, fertilizer and leather

Sector	No. of industries
Sugar	11 operational, total of 27 licensed
Tea processing	25
Cement	5
Vertically integrated textile mills	2
Leather tanning	7
Iron and Steel	23

Manufacturing Composition

In particular, Manufacturing alone contributed 8.2% to GDP with a growth rate of 4.4% in the Financial Year 2017/18, as opposed to 2.2% growth registered in 2016/17. The improved performance is on account of good performance in chemical & pharmaceutical products, drinks, sugar, cement, tobacco and iron & steel. However, there was also decline recorded in the manufacture of leather & foot wear, textile and garments in 2017/18.

Manufacturing value added in the country increased by 2.15% in 2017 as compared to 0.59% registered in 2016; and was valued at US$ 2,170.94 million in 2017 as compared to US$ 2,125.28 million in 2016.Manufacturing value added is a key indicator in assessing the manufacturing intensity as it captures net output from the manufacturing sector after adding up all outputs and subtracting intermediate inputs.



Source: World Development Indicators

Manufactured Exports in Total Exports

Uganda's share of manufactures exports in merchandise exports has been gradually increasing. In the periods of the NDP II (2015 - 2017), the ratio averaged 25%. According to the requirement of the National Development Plan, manufactured exports in total exports should be increased by 25% from 2015 to 2020. However, projections based on current growth show a figure of 26.26% by the end of 2020, which will be below the target of 31.45%, in the same period.

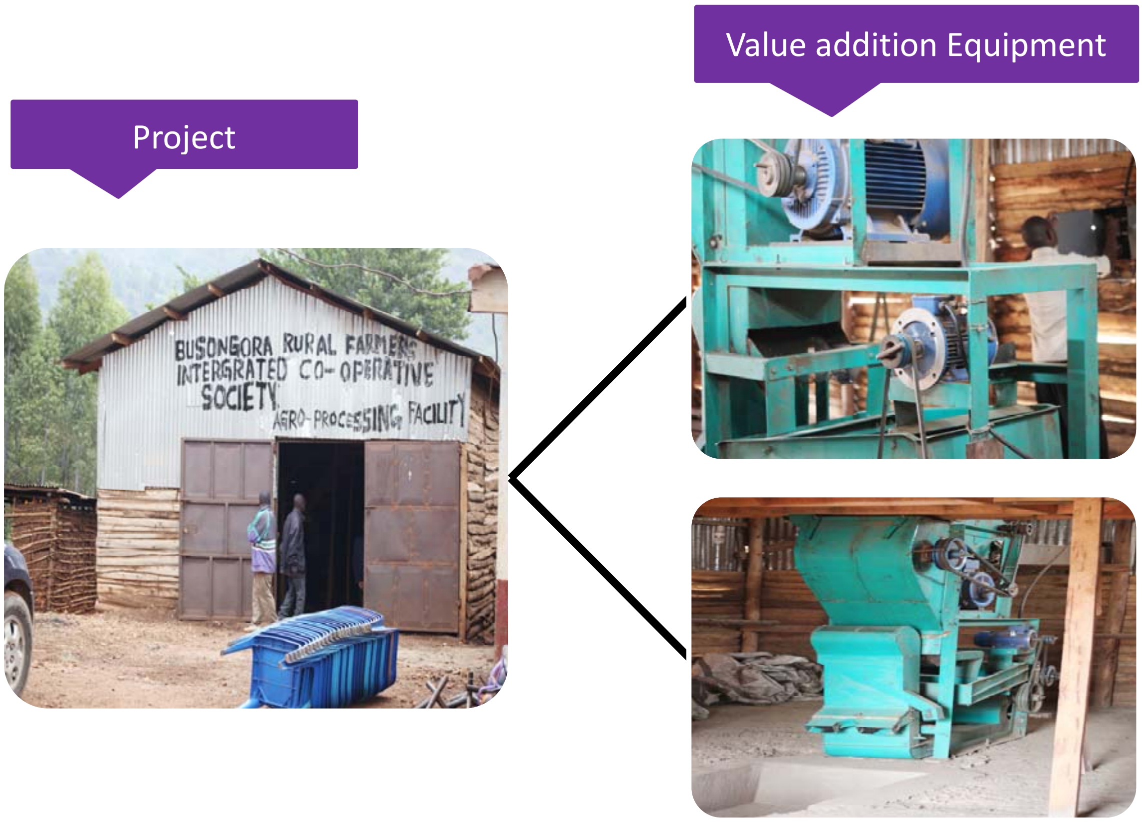
Source: World Development Indicators

Government initiatives to develop the sector

The Ministry is undertaking the following initiatives to ensure growth of industrialization so as to increase the exportation of value added products for increased export earnings.

1) Rural Industrial Development Project (RIDP)

The Ministry has been promoting value addition initiatives through the RIDP. The project has so far supported 53 projects across the country to facilitate value addition to agricultural products and other products with comparative advantage. 45 enterprises (85%) were supported to establish value addition facilities through provision of value addition equipment and 8 enterprises were supported with training in business management, value addition skills, product quality requirement and principles of cooperative movement.



2) National Standards Council

The Ministry is undertaking appointment of members to the 8th National Standards Council to contribute to the realization of Government priorities in the trade and industry sector through;

a) Approval of National Standards of goods and services in the country;
b) Provision of policy direction to the Uganda National Bureau of Standards;
c) Maintenance of the financial sustainability of the Uganda National Bureau of Standards
d) Establishment and maintenance of corporate governance of the Uganda National Bureau of Standards.

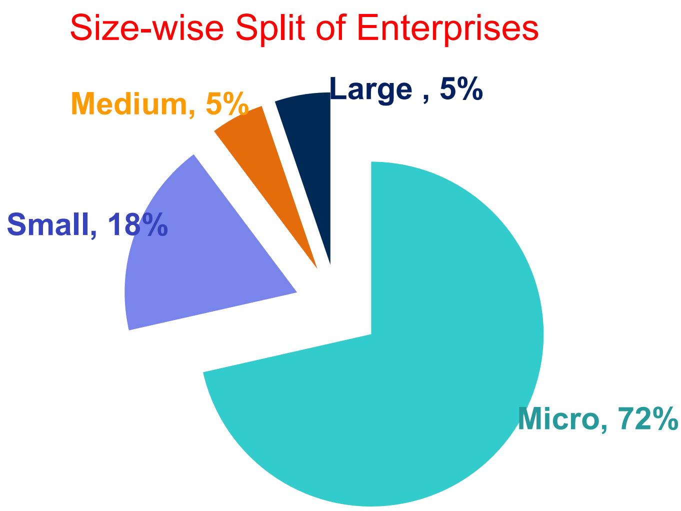
The National Industrial Development Policy also considers the following priority industries for development:

	Criterion		
Category	Highest impact for employment	Highest impact on import replacement	Highest impact for export
Agro-Industries	Beverages (Coffee and Tea), edible oils, Cotton (Textiles and Apparels) Grains (maize), Livestock (milk and leather products)	Cotton (Textiles and Apparels) Grains (maize for animal feeds); Livestock (milk and leather products)	Beverages (Coffee and Tea), Cotton (Textiles and Apparels), edible oils, Grains (maize), Livestock (milk and leather products)
Extractive Industries	Iron and steel, Oil and gas (LPG, synthetics, plastics and petrochemicals)	Iron and steel, Oil and gas (LPG, synthetics, plastics and petrochemicals)	Iron and Steel, Oil and gas (LPG, synthetics, plastics and petrochemicals);
Knowledge based industries	Automobile Assembly, electronics and electronic products and pharmaceuticals	Automobile Assembly, electronics and electronic products, and pharmaceuticals	Automobile Assembly, electronics and electronic products, and pharmaceuticals

MICRO, SMALL MEDIUM ENTERPRISES (MSME)

The MSMEs Policy provides a regulatory and institutional framework for Micro Small and Medium Enterprises development activities with a theme "Sustainable MSMEs for wealth creation and socio-economic transformation" as aligned with the objectives of the National Development Plan II (2015/16 – 2019/20).

MSMEs account for 95% of the business establishments in Uganda, with a majority (57%) of these operating in the Trading sector. They also account to 42% of the country's total employment i.e. over 3.5 million people.



Source: UBOS

In line with the theme today, MSMEs have been aided in value addition to enhance their export capacities in the following ways;

- The department conducted ten awareness and sensitization meetings in Kampala, Lira, Jinja, Nebbi, Pakwach, Hoima, Masindi, Serere, Kakumiro, Mityana, Kyegegwa, Mubende, Nakasongora and Kiryandongo Districts on MSME policy for the business community and DCOs with 750 participants attending. MSMEs were trained in product and service certification and business skills development
- National Grain Trade Policy Implementation Strategy 2018-2022, is to increase the incomes of farmers and ensuring effective supply of quality grains and cereals to the even increasing global demand for grain
- Conducted 3 Network and sensitisation meetings in Kampala, Lira and Jinja on MSME policy for the business community and DCOs with 430 participants attending in 20 districts

- Conducted 2 stakeholder consultative meetings and developed a draft MSMEs strategic implementation plan for the MSME Policy
- Awareness creation for 110 MSMEs on product certification, procedure of acquiring quality mark. (support to competitiveness through quality standards)
- Mobilised and supported 329 Artisans (MSMEs) to attend 18th Annual EAC JUA KALI/KAZI NGUVU exhibition on 17th December 2017, held in Bujumbura, Burundi
- Profiled and evaluated 1,500 MSMEs in the selected districts of Gulu, Hoima, Masindi and Kiryandogo. Results showed 40% of the business ownership at age bracket of below 30 years, 73% received business and technical skills training and acknowledged impact on increased productivity and income while less than 10% have formalized their businesses
- Sensitized and trained 120 District Commercial Officers (DCOs) on their roles in the enforcement of the competition law
- Over 50 on-site trainings have been carried out to train MSMEs on GHP/GMP in preparation for UNBS audit visits for product certification. Companies visited include View Investments (U) Ltd, Kirima Investments (U) Ltd, Pincer Training and Research Institute, Mirembe foods and spices limited, Lusango real (U) Ltd, Rongzhang (U) Ltd, Wast (U) Ltd, Mingda International Import and Export Co. Ltd and Yongqiang Sea Food
- 2 Small Scale hammer millers association leaders guided on a benchmark exercise to Tanzania on how to improve on quality and adopt improved technologies for nutritional value addition

- Trained and sensitized over 150 MSMEs and technically assisted 20 MSMEs in Manufacturing with respect to Energy management, efficiency and cleaner production technologies with the support from the European Union under the Switch Africa Green (SAG)

COOPERATIVES DEVELOPMENT

Registration

In the Financial Year 2017/2018, 1,110 Cooperatives were registered. There are currently 18,611 registered cooperatives. These cooperative unions include; 8,043 SACCOs; 8,843 Agricultural Marketing Cooperatives; 368 Transport, 332 Diary Cooperatives, 69 Housing, 30 Energy, 75 Fishing, 98 Area Cooperative Enterprises, 515 Multipurpose, and 125 grouped as Others.

CATEGORIZED COOPERATIVE REGISTRATION TO 1st OCTOBER 2018	
TYPE	**FIGURE**
SACCOs	8,043
Agricultural Marketing	8,844
Transport	368
Dairy	332
Housing	69
Energy	30
Fishing	75
Area Cooperative Enterprises	98
Unions	112
Multipurpose	515
Others	125
Total	**18,611**

Cooperative establishment and development

- Government has provided processing/value addition facilities to cooperatives under the Rural Industrialization strategy
- The President has also extended financial support, equipment and machinery to some Artisan Cooperatives such as Katabi Artisan SACCO Limited, Kireka Lorry Drivers and Co-Drivers Cooperative Society Limited and Namasuba Furniture Makers' SACCO Limited
- The Ministry in conjunction with the National Planning Authority (NPA) prepared a Paper on Strengthening Cooperatives for Socio Economic Transformation. The Paper was presented to the Presidential Economic Commission (PEC) for consideration and a public dialog held. Currently the Ministry is in the process of preparing a Cabinet Memo for presentation to the Cabinet

Reestablishment of the cooperative bank

Uganda Cooperative Alliance convened a Stakeholder consultative meeting involving Development partners, Bank of Uganda, Members of Parliament and other politicians, Civil Society Organizations, academia and farmer federations on reestablishment of the cooperative bank.

Inspections and Special General Meetings have been conducted to address governance and management challenges in the following Cooperative societies and Unions: Pader Abim Community Energy Multipurpose Cooperative Society Ltd, Rubabo SACCO, Bundibugyo Energy Cooperative Society, Kimeme Livestock Cooperative Society Ltd, Agaru SACCO and Wambizzi Cooperative Society Ltd to mention but a few.

The Ministry conducted mobilization meetings and training sessions for Tea farmers in Zombo. They in the process of forming cooperatives to ease tea production, marketing and processing.

Cooperative union war loss claims compensations and support

Government is committed to settle claims made by Cooperatives for compensation of assets and property lost during the liberation wars and insurgencies. The total claims presented to government so far amounted to Sh. 161,899,132,419.The Inter Ministerial committee established to verify the claims commenced activities and so far the following have been verified:

- Masaba Cooperative Union Limited
- Busoga Growers Cooperative Union Limited
- Bunyoro Growers Cooperative Society Limited
- Lango Cooperative Union Limited
- Masaka Cooperative Union Limited
- North Bukedi Cooperative Union Limited
- Teso Cooperative Union Limited

Since last sector review meeting the government has made compensations to cooperatives as follows:

a) Masaba Cooperative Union Ltd – Sh. 2 Billion
b) Busoga Growers Cooperative Union Ltd – 2 Billions

The outstanding unverified claims currently stand at UGX 146,781,252,430

ACHIEVEMENTS UNDER THE AFFILIATE INSTITUTIONS

a. UGANDA DEVELOPMENT CORPORATION (UDC)

The Uganda Development Corporation was set up with the primary objective of promoting and facilitating industrial and economic development of Uganda.

UDC Strategic Plan 2017/18 – 2032/33: "Driving Industrial and economic development for transformation"

The 15 year Strategic Plan is a guide to facilitate Government investment in strategic sectors of the economy for purposes of industrial and economic development of Uganda.

UDC is currently executing the following interventions/investments:

- ✓ Cement factory to be built in Tapac sub county in Moroto
- ✓ Fruit processing under the Soroti Fruit Factory
- ✓ Value addition to tea through lease financing
- ✓ Provision of transport, water and electricity to Kalangala under Kalangala Infrastructure Services (KIS)
- ✓ Investment in the Uganda National Commodity Exchange (UNCE)

For the period under review, UDC made the following achievements;

i. **Soroti fruit factory:** All equipment for the factory were procured. The factory was commissioned in 2018 and the machinery installed. Product development was completed, farmers trained in fruit husbandry as well as cooperative management; and staff recruitment and training have been undertaken. Trial test runs have been completed successfully and the factory is now set for the start of commercial production. The factory has an initial processing capacity of 12,000 tonnes of fruits per year, rising to 25,000 per year at full capacity in the second year.

Exterior view of Soroti Fruit Factory

Machinery Equipment inside Soroti Fruit Factory

Juice Production

ii. **Tea factories in Kabale and Kisoro:** Lease financing agreement was signed between UDC and Kigezi Highland Tea Ltd (Beneficiary) with 95% of civil works for the factories was complete and will produce a combined total of 2,400 tons of ready tea per annum, earning the country an additional US$ 4.8 million worth of exports annually, creating a 1,800 jobs and working with about 1,560 tea out-growers.

Kabale Tea Processing

Tea Manufacturing

Manufactured Tea Samples

iii. **Atiak sugar Factory:** Government through the UDC completed the acquisition of 32% shareholding at a cost of 64.8 billion in Horyal Investments Holding Ltd for the establishment of the Atiak Sugar Factory. The factory, scheduled for completion in 2018/19 will have a crushing capacity of 1,650 tons of cane per day, generate 6 megawatts of electricity and work with 1,500 out-growers spread across five districts.

Construction works in progress

iv. **Tea factories in Kyenjojo and Kanungu:** Besides completion of the two factories, the Corporation contracted suppliers for installation and commissioning of a third line, with a capacity of 600kg per hour, at Kayonza tea factory in Kanungu. The installation of the third line will increase the processing capacity of Kayonza Tea Factory, significantly reducing the currently experienced post-harvest losses.

v. **Kalangala infrastructure project**

- Road works – rehabilitation, expansion and upgrading of the 66km main island road to class B gravel road. The 66km main island road was handed over to the Government of Uganda
- Power Supply Systems - 2,600 customers have been connected
- Water Supply Systems – constructed a new water intake at Mweena and a Treatment Plant on Mweena Road; KIS currently supplies clean water to 545 customers of which 100 are Public Stand Pipes serving mainly fishing communities and semi-permanent settlements

vi. **Pipeline projects implemented by UDC**

- Set up a food city complex - To carry out primary processing of the grain cereals (wheat, maize, rice) into flour, animal feeds. A review of the feasibility study for the project was undertaken and the project was scaled down to process wheat, maize, rice and produce animal feeds
- Cement plant in Moroto - To add value to the abundant limestone that is not fully utilized. A consultant was secured by UDC to undertake the feasibility study
- Sheet glass project in Masaka - Toutilise the white silica sand to produce variety of glass. A consultant secured by UDC has carried out the feasibility study
- Lake Katwe Salt project - To revamp the Lake Katwe Salt project into a commercial venture that will produce salt for domestic consumption as well as for industrial use

vii. **New developments: Tea factory in Zombo and Nebbi:** In the same period, the process for establishing a

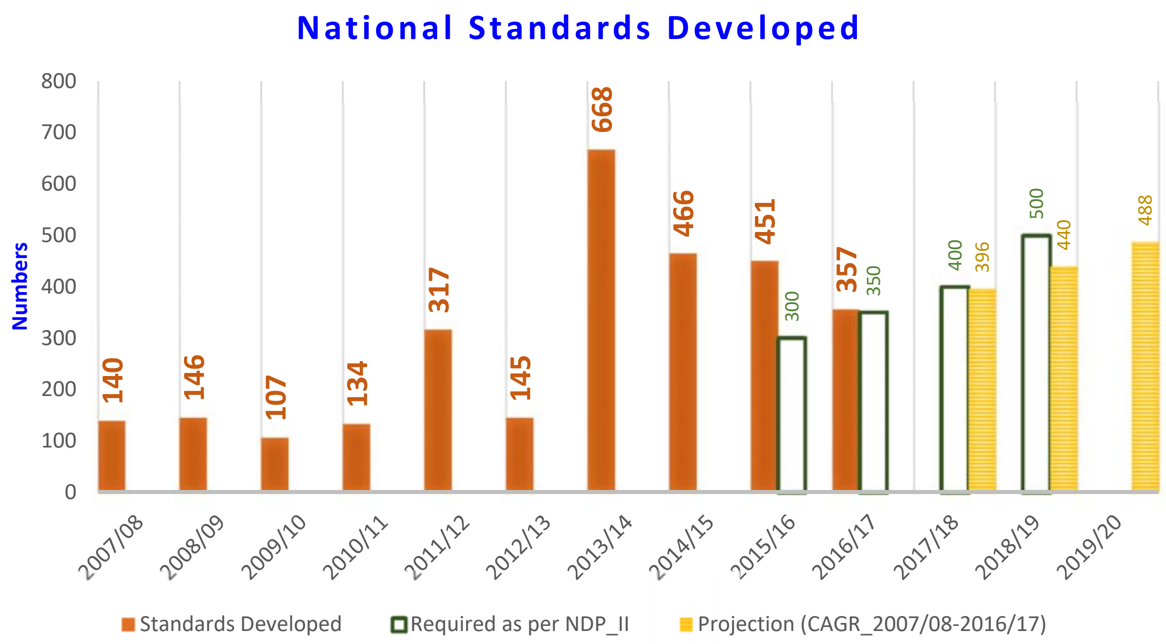
450kg/hour tea processing plant in Zombo and Nebbi was started; with the training of farmers in tea husbandry and formation of tea cooperative societies as well as conduct of necessary investment studies. The process of acquisition of land and industrial designs as well as commencement of civil works is planned for the FY2018/19.

b. UGANDA NATIONAL BUREAU OF STANDARDS (UNBS)

The Uganda National Bureau of Standards total approved budget for FY2017/18 was shs. 28,328,194,000 of which shs. 14,028,194,000 was from GOU Grants and shs. 14,300,000,000 from Non Tax Revenue (NTR). However, there was a shortfall of shs. 3,305,184,752 from GOU Budget support while NTR exceeded the target by shs. 2.44 billion. Performance highlights include;

Standards Development

UNBS facilitates the writing of national standards, coordinates Uganda participation in regional and international standardisation and publishes the standards. The standards developed are in different categories which include: Engineering; Food and Agriculture; Management Systems and Services; and Chemicals and Consumer products.

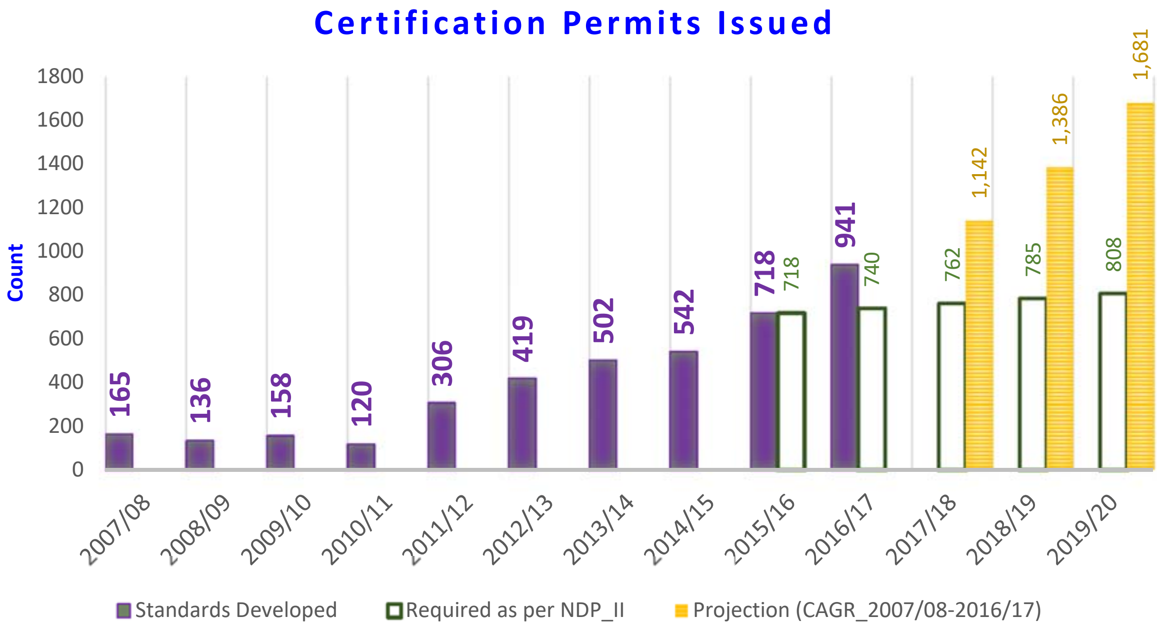


Source: UNBS

The recent performance i.e. 2015/16 and 2016/17, show that the standards developed are in line with NDP II target requirements.

Certification Services

UNBS offers both product certification and system certification services. It is the custodian of the principal seal of quality in Uganda i.e. the Q-mark. The mark provides consumers with assurance that products meet standard requirements, and are safe and fit for purpose. Certification from UNBS provides organizations with the assurance that their products and services consistently comply with certain predefined standards and customer requirements.

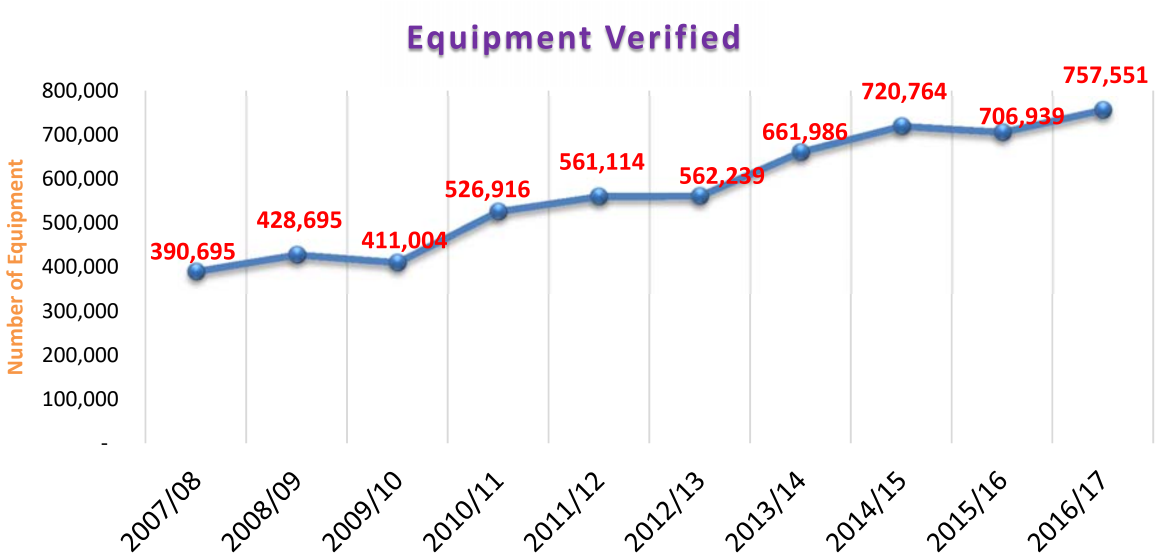


Source: UNBS

Certification units have been growing at a rate of 10.96% throughout the previous periods. The performance is above the required targets of NDP II and even projections for later years at the growth rate of 2007/08-2016/17, depict that certification services will continue with figures above targets.

Equipment Verification

UNBS implements the weights and measures law (Cap 103) of the laws of Uganda. The main objective is to ensure that the equipment used for trade is verified for correct measurements and accuracy at regular intervals as required by the law and therefore protects society from the consequences of wrong measurement.



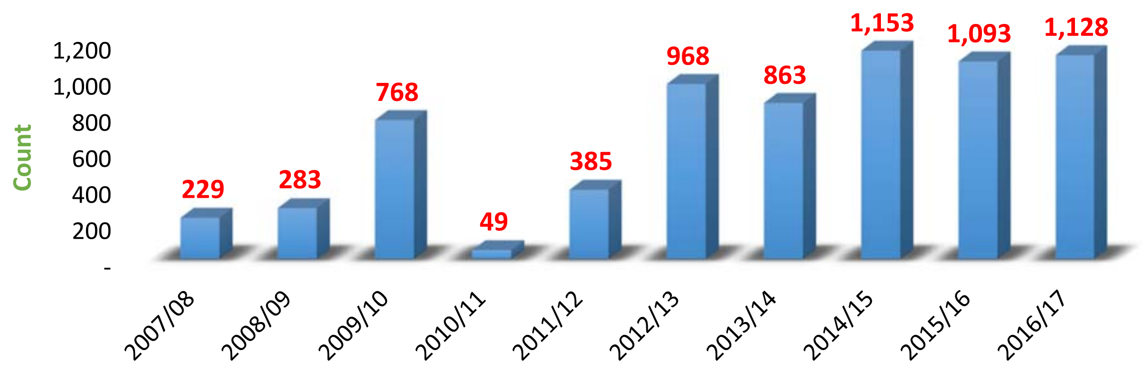
Source: UNBS

The number of equipment verified has been increasing year in year out.

Market Surveillance

UNBS undertakes market surveillance activities to remove substandard goods from the market both to ensure consumer safety and to create a level playing field for the local and imported goods. These activities are important in ensuring socio economic transformation of our people and the development of our local manufacturing industry in the long term.

Market Outlets Inspected

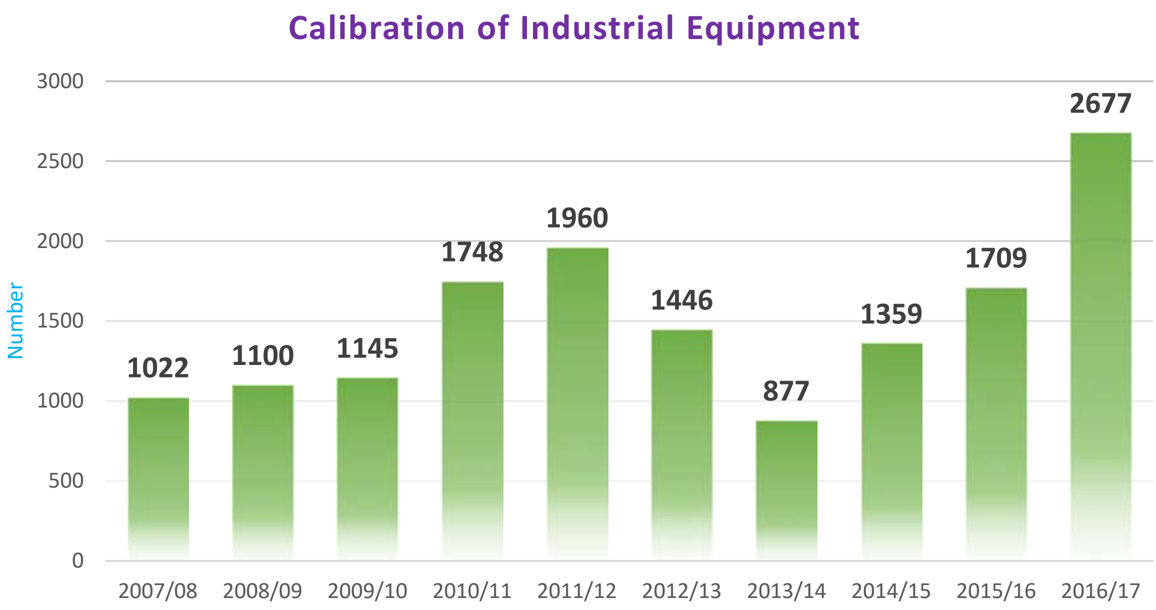


Source: UNBS

On average, the Bureau inspects 692 market outlets annually with a growth rate of 19.38%.

Calibration of Equipment

The UNBS National Metrology Laboratory undertakes calibration of equipment such that instruments provide sample result within an acceptable range hence providing assurance of limited inaccurate measurements from the fundamental aspect of instrumentation design.



Source: UNBS

c. UGANDA EXPORT PROMOTION BOARD (UEPB)

For the period under review, Uganda Export Promotion Board received total of UGX. 3,100,448,848 in the FY 2017/18. This covered Wage, Non-wage and Capital Development expenditure. Key Achievements Include;

- 181 companies were registered as exporters in the Exporters database
- Mobilisation and training of exporters to participate in the Uganda - UAE Convention 2018, to learn and link with buyers in UAE
- Identified a direct market for tea exporters in Iran. The buyer’s requirement is for 10,000MT of BP, BP1 and D1 grades in the initial year of purchase. The tea exporters workshop held on Iran market requirements attend by participants from 11 factories, MTIC and MAAIF

- 50 SME companies visited. Data was captured and analysed. Different interventions will be developed to improve performance of SMEs
- 132 producer groups of sesame in the 7 selected sesame growing districts (Nebbi , Arua, Lamwo, Kitgum, Pader, Amolatar and Kaberamaido), trained in export quality management
- Interfaced with 500 exhibition visitors mainly of producers in the agricultural sector interested in export market at the Harvest Money
- 18,226 visitors seeking for exporters and export statistics recorded on the UEPB website. These visitors were majorly from Uganda, USA, Russia, China, Great Britain, India, S. Africa and Mauritius
- Over 1000 visitors attended the Export Week activities including: Export Walk, Export exhibition Export Business clinics in grains, horticulture, dairy, beef, fish and manufacturing products and Presidents Exports Award
- Trained 14 participants from 7 small holder factories on Good Manufacturing Practices (GMP) a key certification requirement for the Iran market. The tea factories included Igara, Buwheju, Kamuhunga tea factory, Uganda Tea Corporation, Mabale Growers Tea factory, Namayiba Tea Estate, Mpanga growers Tea factory
- Over 80 Fruits and Vegetable potential exporters were trained on quality and export requirements to reduce the current inceptions and also supported through the EU Audit
- 768 companies and individuals counselled and provided with information relating to export procedures, export opportunities and international price

d. UGANDA WAREHOUSE RECEIPT SYSTEMS AUTHORITY (UWRSA)

UWRSA was established by an Act of Parliament to regulate and promote the use of commodities as collateral against which credit can be advanced to enable producers and traders defer a sale until prices appreciate (Warehouse Receipt System), or use the Receipt as a trading instrument on the Commodity exchange.

Achievements include:-

1. **Inspections & Licensing**
    - A total of 1,093 storage facilities with capacity of 901,150 MTs have been profiled so far
    - 916 Storage Facilities have been inspected for implementation of WRS as public facilities (accept commodity deposits from the public and generate Warehouse Receipts)
    - 19 Licensing applications were received for public licensing and 5 for Private Licensing
    - Inspection & licensing committee as a basis for Delivery Assurance Mechanism established and functional
2. **Issuing Negotiable and Non-Negotiable Warehouse Receipts**
    - Procurement and interface of the e-WRS and the e-Trading portal is on going
    - Sensitized Inspection/Superintendent firms about their role in the Delivery Assurance Mechanism
3. **Support to Infrastructure Development (Storage, ICT & Quality & Standards)**

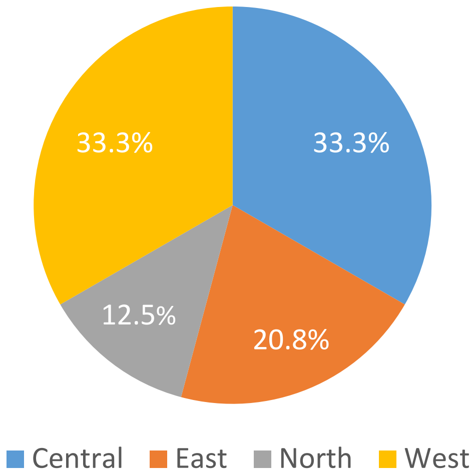
- Procured ICT Kits (assorted equipment) for 7 facilities to support generation of electronic warehouse receipts
- Developed and simplified the Warehousing and Warehouse Standard for Bagged Grains (US 1648:2016)

4. **Stakeholders Capacity Building (sensitization & Training)**
    - 817 producers and small scale traders especially cooperatives were sensitized on Warehouse Receipt System and structured trading during FY 2017/18
    - Trained 42 Warehouse Handlers (Samplers, Scalesmen and Graders) on the East African Standards for Storage facilities and commodities, the use of warehouse receipts as collateral
    - Carried out sensitization retreat for Legislators on the MTIC committee and Board members
    - Participated in one Harvest Money and 7 Farmers Market Expos and interfaced with 2,190 participants

Development of a better Market Information System

Supported development of the Commodity exchange to act as a reference market which provides the basic market information

Regional Distribution of the Warehouses



Source: UWRSA

Hon. Gume Ngobi Inspecting Nyakatonzi Growers Cooperative Union Warehouse

Training of Commodity Handlers (Samplers, Scalesmen & Graders)

Recommended Stacking of Grain Bags, Best practises in storage

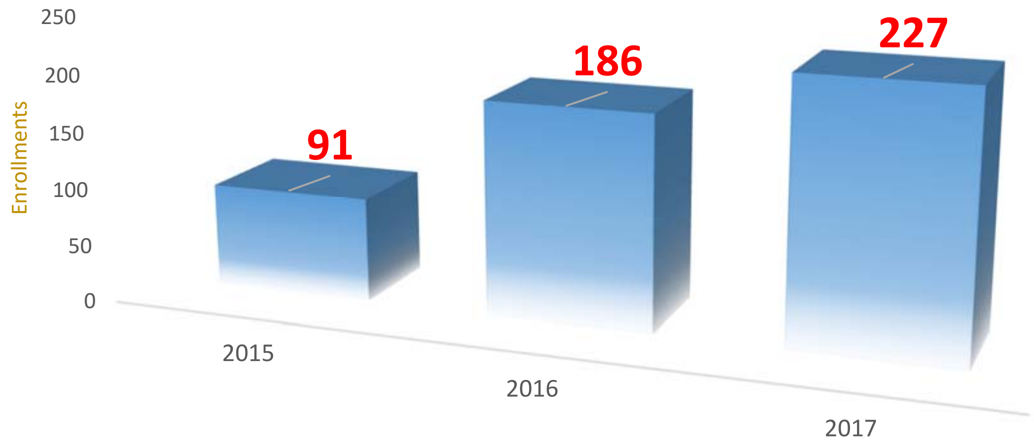
e. MANAGEMENT TRAINING AND ADVISORY CENTRE (MTAC)

MTAC is implementing the new Strategic Plan (2017-2021). The key goal of this Strategic Plan is to inter-alia; provide MTAC management with a concise road map of where MTAC wants to go and how it plans to get there.

Market Coverage and Outreach: MTAC has continued to operate 7 outreach centres across the country and these include: Pader, Bushenyi, Mbarara, Ntungamo, Luweero, Iganga and Mbale. The outreach development program has been systematically operationalized in close collaboration with Local Government officials and the business community.

Vocational Skills Development Course: A total of 227 students have been trained in vocational skills development courses in the past year. MTAC continued to offer these courses in: Bakery and Cookery; Hairdressing and Cosmetology; Shoemaking and Leather Works; and Tailoring, Fashion, Art and Design. Students who pursue any of these courses are also trained in Job Creation Awareness and Employability Skills. Also a total number of 116 women street vendors have been registered and are currently training in these vocational courses to enable them acquire relevant skills and start sustainable businesses.

Vocational Skills Development Courses



Source: MTAC

Entrepreneurship Development: In a bid to enhance the employability of MTAC graduates, MTAC incorporated the Job Creation Awareness training curriculum in all the Centre's program areas. This is aimed at enhancing the graduates' capability to create jobs.

MTAC conducts tailor-made job creation awareness workshops for participants with funding from GoU. In 2017, MTAC trained a total of 110 participants from different parts of the country.

Women street vendors attending a skills development program to enable them start and run sustainable businesses

Long term diploma and certificate programmes: MTAC enrollment continued to increase. In 2017, a total of 1,444 students were enrolled on these long term diploma and certificate programmes in Management, Business and ICT related areas. The number of people offering the courses increased by 69.28% from 2016 to 2017.The Programmes are mainly in Management, Business and ICT related fields.

	MTAC Centre	Number of People	
		2016	***2017***
1	MTAC Nakawa	449	754
2	MTAC Mbale	186	205
3	MTAC Iganga	124	185
4	MTAC Ntungamo	23	85
5	MTAC Pader	12	72
6	MTAC Mbarara	16	53
7	MTAC Luweero	23	45
8	MTAC Bushenyi	20	45

	853	1,444

Source: MTAC

f. UGANDA NATIONAL COMMODITIES EXCHANGE (UNCE)

My Ministry through Uganda Development Corporation (UDC) has in partnership with the private sector including Uganda Cooperative Alliance revitalized the commodities exchange, an integrated system that will focus on sustainable promotion of agricultural exports and at the same time ensure food security.

The Uganda National Commodities Exchange is now 20% Government owned and 80% Private Sector owned and the trading floor will be ready to commence trading in February 2019.

- Through the Commodities Exchange and the Warehouse Receipt System, small scale producers and traders will bulk (deposit) their commodities at Certified and Licensed Storage facilities (Silos & Warehouses) owned by the private sector including cooperatives. It is at this level that export Quality of our agro-commodities will be assured.
- The new Commodity Exchange will address many challenges/leakages including low prices at harvest especially during bumper harvests, lack of collaborated market information, lack of access to affordable credit and the poor and insufficient storage infrastructure.

g. AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA)

My Ministry is developing a National AGOA Strategy and its Implementation Framework to promote Uganda's exports to the USA market and addressing the challenges that Uganda has faced in taking advantage of the market opportunities in AGOA.

The Uganda AGOA National Strategy will go a long way in creating backward and forward linkages between government and private sector to ensure full utilization of the AGOA initiative. AGOA has been renewed to 2025.

The strategy will address the supply-side constraints in the entire value chain for the following selected niche-oriented products where Uganda has a competitive advantage for export to the U.S market. These include;

- casein (a milk nutrient),
- arabica coffee,
- fish fillets,
- cut flowers (sweetheart roses),
- home décor and fashion accessories,
- specialty foods (vanilla, dried fruits),
- shea butter, and
- textile & apparel (fashion & design)

h. UGANDA TEXTILE DEVELOPMENT CENTRE (UTDC)

The overall mandate of UTDC is to promote growth and development in the textile and garment sector through demand driven training, technology transfer and enterprise development for competitiveness, creation of employment and wealth creation.

In 2018, UTDC has undertaken the following capacity buildings;

a) 6 weeks' industrial training for university students in:-

   i. 8 in garment construction
   ii. 7 in hand loom weaving
   iii. 12 in surface design

b) 3 month's training

   i. 5 in garment construction
   ii. 5 in surface design
   iii. 5 in hand loom weaving

UTDC has trained Cooperative Societies, equipped and helped them to reach export markets for their developed cotton products

i. UGANDA LEATHER TRAINING AND COMMON FACILITIES CENTRE (ULTCFC)

The overall mandate of ULTCFC is to promote local production of quality leather products for Uganda and the region on a sustainable basis. For purposes of executing this mandate, "the region" shall be interpreted to mean the integrated region according to the tripartite Free Trade Agreement, including the Common Market for Eastern and Southern Africa (COMESA), the South African Development Cooperation (SADC) and the East African Community (EAC).

The center provides the following;

a) Common facilities for established leather producers
b) Training for students
c) Provision of a common user marketing platform for leather manufacturers

In partnership with the International Trade Centre (ITC) through the Supporting Indian Trade in Africa (SITA), 2 leather tanneries; Leather Industries Uganda and Leatherland are being supported to expand their production chains to finished leather.

j. UGANDA CLEANER PRODUCTION CENTRE (UCPC)

The overall mandate of UCPC is to act as the lead agency for the introduction, adoption and sustainable application of globally accepted and recognised cleaner production methods in Uganda in order to enhance and improve environmental protection and sustainable and balanced development.

For purposes of executing this mandate, "Resource Efficient and Cleaner Production (RECP)" shall be interpreted to mean the application of a continuous preventive strategy applied to products, processes and services to minimize pollution, enhance efficiency and reduce risks to humans and the environment as well as to achieve, productivity improvement and eco-efficiency.

k. MTIC Leather Incubation Centre

The Ministry in collaboration with Footwear and Leather Goods Manufacturers and Exporters Association (FLEMEA) is in the process of establishing a leather incubation center to promote the leather sector in Uganda. The incubation center will be responsible for the following;

- Capacity development for persons interested in leather
- Provision of common use machinery for product development
- Certification of leather products
- Support to incubates in Business planning and market access

l. PRE-SHIPMENT VERIFICATION OF CONFORMITY (PIVOC)

The Pre-shipment Verification of Conformity (PVoC) programme entered its second year of operation with up to 76,618 consignments inspected in country of origin. This has reduced substandard imported products by about 30%.

KEY PLANNED ACTIVITIES FOR FY 2019/20

The budget for the Financial Year 2019/20 stands at shillings UGX 103.66 billion and the Sector plans to undertake the following key activities for the Financial Year:

a. Enhance value addition and industrialization to support job creation;
b. To revitalize the Cooperative Movement by mobilizing collective resources through cooperatives;
c. Continue to improve the Regulatory Framework for creating an enabling environment for Trade that enhances wealth creation;
d. Ensure implementation of the National Development Export Strategy (NEDS) and;
e. Continue undertaking Technical Guidance, Inspections & Compliance monitoring Field Visits aimed at enhancing implementation of Industrial Development Initiatives.

SECTOR CHALLENGES

The Ministry still has challenges largely due to budget constraints. Other challenges facing the sector are;

1. Lack of enough human resource capacity and physical infrastructure affects development at the Border Export zones.
2. Under capitalization of UDC to be able to embark on a number of strategic projects that would lead to industrial and economic development of the country.
3. UNBS- Low staffing levels which has limited UNBS capacity to decentralize its services to other regions and strengthening standards and quality infrastructure, Low consumer education and public awareness on quality and standards. This affects consumers in making informed choices in order to reject substandard goods and services in the market place.
4. UNBS -Inadequate Laboratory space required to respond to increasing samples submitted for testing

and analysis, limited Budget ceiling to fund core quality monitoring operations.

5. Limited storage (warehouse, silos) capacity for effective post-harvest management and structured grain trade that would enable us to address the challenge of the volatility of the prices of agricultural products.
6. High import taxes on the primary packaging material for the locally produced goods which hinders the competitiveness of Ugandan business persons to fully exploit the vast opportunities.
7. MTAC - Lack of adequate funds to meet necessary rehabilitation of the Centre's infrastructure, settle long-outstanding statutory obligations and develop market outreach.

As I conclude, I thank our Development Partners for the support offered to Sector. I commend TradeMark East Africa, UK Aid, the European Union, the Swedish International Development Agency, Enhanced Integrated Framework (EIF), Korean International Cooperation Agency (KOICA), Japanese International Cooperation Agency (JICA), USAID, Africa Leather & Leather Products Institute (ALLPI) and United Nations Development Programme (UNDP) among others for the support we have received.

Ladies and gentlemen, our special thanks go to TradeMark East Africa for having supported us to hold this Annual Sector Review Conference.

As a way forward, I have the confidence and trust that when we work together towards a common objective, we will address the challenges stated above. I now request you to join me, to recognize the following Companies that have excelled in performance in the following Categories:

1. Companies that demonstrated increased export growth

- Mukwano Group of Companies
- Roofings Limited
- Movit Products Limited

2. MSMEs that have successfully complied with the required standards
3. Companies that have demonstrated green and efficient production

I now declare the 9th Annual Sector Review Conference of the Trade and Industry Sector officially opened.

Thank you
FOR GOD AND MY COUNTRY