ANNEX 5 UGANDA

CONTENTS

CHARTS

TABLES

APPENDIX TABLES

1 ECONOMIC ENVIRONMENT

1.1 Main Features of the Economy

1.1. Uganda is a landlocked East African least developed country (LDC), sharing borders with Kenya, South Sudan, the Democratic Republic of the Congo, Rwanda, and Tanzania. Its population is growing at an annual rate of 3.2%; in 2017, the total population reached 37.4 million. According to the latest census in 2014, the population is young, with 31% aged between 20 and 44.[1]

1.2. In November 2014, the Uganda Bureau of Statistics (UBOS) rebased the GDP series from calendar year 2002 to FY2009/10 to better reflect the dynamism of economic activity and improve the quality of statistics. After the rebasing exercise (base year: 2010), services constitute the most important sector in terms of contribution to GDP, accounting for 51.5% in 2017 (Table 1.1). Within services, "trade and repairs" is the largest subsector, accounting for 13.2% of GDP, followed by education (9.1%). Agriculture (together with forestry and fishing) accounts for more than a quarter of GDP, and contributes to 60.9% of the country's merchandise exports (Chart 1.2). The share of manufacturing declined slightly during the period under review, contributing to 9.4% of GDP in 2017. Despite being the largest recipient of foreign direct investment (FDI), mining and quarrying accounts for less than 1% of GDP. Apparently, the informal sector accounts for almost half of the economy.

Table 1.1 Selected macroeconomic indicators, 2011-17

	2011	2012	2013	2014	2015	2016	2017
Nominal GDP (UGX billion)	54,195	61,226	66,517	72,351	81,333	86,951	98,780
Nominal GDP (USD billion)	21.5	24.4	25.7	27.8	25.1	25.4	27.4
Real GDP (%change at 2009/10 prices)	5.9	3.2	4.7	4.5	5.7	2.6	5.1
Headline inflation (%)	15.9	12.7	4.9	3.1	5.4	5.5	5.6
Core inflation (%)	13.8	11.3	5.8	2.6	5.4	5.9	4.4
Population (million)	30.7	31.6	32.6	33.5	35.4	36.4	37.4
Per capita GDP (nominal USD)	699.5	773.0	789.8	830.5	709.4	698.6	731.0
Per capita GDP (USD at constant 2009/10 prices)	731.6	733.4	746.0	757.8	758.5	756.5	773.3
GDP by type of expenditure (% of GDP)							
Final Consumption Expenditure	86.6	83.0	82.1	85.1	86.4	83.3	84.8
General government	10.5	8.1	8.1	9.0	8.4	8.0	7.3
Non-profit institutions serving households NPISH	1.5	1.6	1.7	1.8	1.5	1.8	1.7
Household	74.5	73.3	72.3	74.3	76.5	73.5	75.9
Gross fixed capital formation	27.6	28.1	27.1	25.4	24.4	23.7	22.4
Changes in inventories	0.3	0.4	0.5	0.5	0.5	0.5	0.5
Net exports of goods and services	-14.6	-11.5	-9.6	-11.0	-11.3	-7.5	-7.7
Exports	20.1	20.1	20.1	17.1	19.3	17.7	18.2
Imports	34.6	31.6	29.7	28.0	30.5	25.2	25.9
Economic activity (% of GDP at current basic prices)							
Agriculture, forestry and fishing	28.1	28.2	27.0	27.1	25.8	25.4	26.9
Mining & quarrying	0.9	1.0	0.9	0.8	0.7	0.8	0.6
Manufacturing	11.5	10.3	9.8	9.0	9.8	9.8	9.4
Electricity	0.7	1.0	0.9	0.9	0.9	1.0	1.1
Water	2.0	2.3	2.6	2.8	2.7	3.0	3.0
Construction	7.8	7.5	8.1	8.3	8.0	8.1	7.5
Services, of which:	49.0	49.8	50.7	51.2	52.0	51.9	51.5
Trade and repairs	16.0	15.1	14.6	13.7	14.7	13.9	13.2
Transportation and storage	2.8	3.1	3.5	3.4	3.3	3.4	3.0
Accommodation and food service activities	2.6	2.8	3.0	3.0	2.7	2.9	3.0
Information and communication	2.6	3.0	3.3	3.6	3.6	2.4	2.5
Financial and insurance activities	2.7	2.8	2.6	3.1	3.3	3.6	3.6
Real estate activities	4.0	4.2	4.6	4.8	4.8	5.0	4.7
Education	4.8	5.1	6.0	6.6	6.9	8.2	9.1
Human health and social work activities	2.8	3.2	3.5	3.5	3.4	3.5	3.3

[1] UBOS (2016), *The National Population and Housing Census 2014 – Main Report*, Kampala, Uganda. Viewed at: https://www.ubos.org/wp-content/uploads/publications/03_20182014_National_Census_Main_Report.pdf.

	2011	2012	2013	2014	2015	2016	2017
Public finance (% of GDP)[a, b]							
Total revenue and grants	..	12.7	12.6	14.4	15.2	..	..
Revenue	..	11.3	11.6	13.2	13.8	..	..
Tax	..	10.8	11.1	12.4	13.0	..	..
International trade taxes	..	0.9	1.1	1.1	1.3	..	..
Income taxes	..	4.0	3.9	4.4	4.7	..	..
Excises	..	2.3	2.5	2.8	2.8	..	..
VAT	..	3.6	3.6	4.1	4.2	..	..
Infrastructure levy	..	0.0	0.0	0.1	0.1	..	..
Nontax	..	0.5	0.5	0.6	0.7	..	..
Oil revenue	..	0.0	0.0	0.2	0.1	..	..
Grants[c]	..	1.4	1.0	1.2	1.4	..	..
Expenditures and net lending	..	16.2	16.6	18.7	20.1	..	..
Current expenditures	..	9.0	9.5	10.0	11.0	..	..
Development expenditures	..	6.5	7.0	6.8	7.1	..	..
Net lending and investment	..	0.6	0.0	1.6	1.8	..	..
of which: Hydro-power projects	..	0.0	0.0	1.3	1.6	..	..
Other spending	..	0.1	0.0	0.3	0.1	..	..
Float	..	-0.3	-0.5	0.1	0.4	..	..
Overall balance	..	-3.2	-3.5	-4.4	-5.3	..	..
Public gross debt (% of GDP)	..	26.1	28.3	32.2	35.7	..	..
Domestic debt (% of GDP)	..	10.9	12.5	13.4	14.0	..	..
External debt (% of GDP)	..	15.3	15.8	18.7	21.7	..	..
Memorandum							
UGX per U.S. Dollar, period average	2,522.7	2,504.6	2,586.9	2,599.8	3,240.6	3,420.1	3,611.2
Real effective exchange rate (% change - = depreciation)	-6.1	12.4	1.2	1.9	-3.1	-4.1	-3.6
Nominal effective exchange rate (% change - = depreciation)	-14.6	3.8	-0.4	1.8	-9.9	-3.0	-5.6
Gross official reserves (USD million)	2,399.1	2,950.5	3,122.3	3,246.0	2,843.1	3,034.4	3,654.4
in months of imports	3.8	4.8	4.8	5.5	5.5	5.2	5.3
FDI in Uganda (USD)							
Flow (US$ million)	894.3	1,205.4	1,096.0	1,058.6	737.7	625.7	699.7
% of GDP	4.2	4.9	4.3	3.8	2.9	2.5	2.6
Stock (USD million)	6,469.5	7,674.9	8,770.9	9,829.5	10,567.1	11,192.8	11,892.6
% of GDP	30.1	31.4	34.1	35.3	42.1	44.0	43.5

.. Not available.

a Data are from IMF Country Report No. 17/206 (July 2017). Fiscal year runs from 1 July to 30 June. 2012 is FY2012/2013 ending June 2013.

b Estimate for 2015/2016.

c Including mainly HIPC related grants from FY 2013/14 onwards.

Source: Uganda Bureau of Statistics online information, viewed at: https://www.ubos.org/; Bank of Uganda online information, viewed at: https://www.bou.or.ug/bou/rates_statistics/statistics.html; IMF Country Report No. 17/206, July 2017: IMF online information, viewed at: http://elibrary-data.imf.org/DataExplorer.aspx; and UNCTAD Stat. Viewed at: http://unctadstat.unctad.org/EN/.

1.3. Uganda's tourism industry is one of its largest foreign exchange earners. Improvements in infrastructure and investment in this sector could unlock its potential and increase earnings. The recent discovery of commercially-viable petroleum deposits brings both development opportunities and challenges. Exploitation of petroleum could offer Uganda an economic development opportunity if an institutional framework were in place to properly manage the related revenue and address economic, social, and environmental issues.

1.4. Since its last Review in 2012, Uganda has taken steps to address the structural challenges its economy is facing. These include infrastructure bottlenecks, particularly energy and transport; youth unemployment and underemployment; low productivity in agriculture; narrow exports base; and low tax base due to a large informal sector.

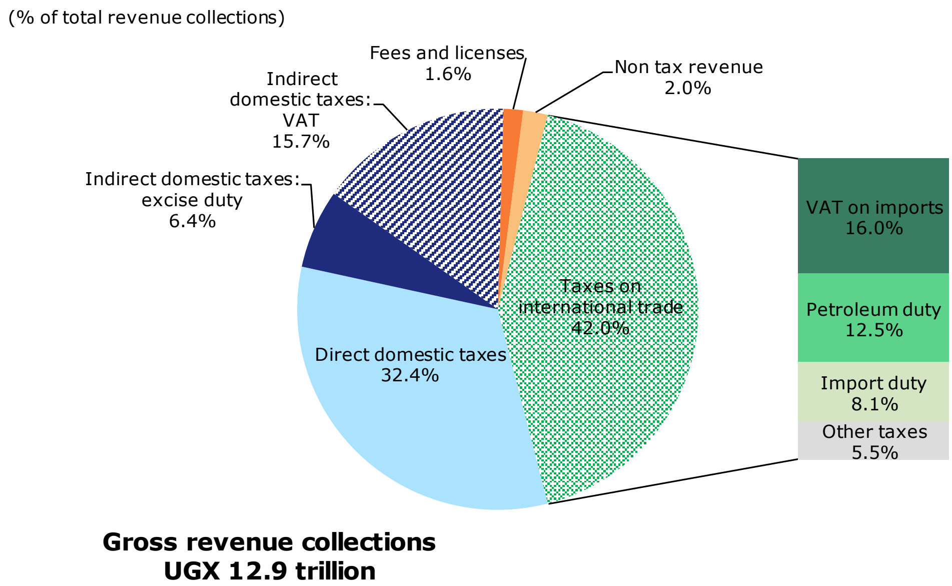
1.2 Recent Economic Developments

1.5. The Ugandan economy continued expanding during the 2011-17 period, with real GDP growth averaging 4.5% per year. Over the same period, per capita GDP increased from USD 732 to USD 773 in real term. According to the authorities, Uganda envisions graduating from LDC to a lower middle-income country by 2020, and to an upper middle-income country by 2040. Economic growth slowed to an annual rate of 2.6% in 2016, due to drought that adversely affected agricultural production and agro-processing[2]; the spillover from regional conflict also had a negative impact on growth. With weather conditions improving, the GDP annual growth rate bounced back to 5.1% in 2017.

1.6. Over the review period, the key driver of economic growth was public investment, particularly in infrastructure to tackle the bottleneck of transport and electricity. In line with the second National Development Plan (NDPII), the Government began to implement the investment programme in July 2013 for a period of ten years. The whole programme is estimated to invest a total of USD 11.1 billion in key projects, including electricity projects, oil and oil-related infrastructure, and transport infrastructure. The IMF estimated that the construction of these projects would increase the GDP growth rate by 1.5% over 2014 to 2019; and, once the projects are completed, they would raise the economy's potential growth path.

1.7. Uganda's public expenditure policy was primarily focused on maintaining infrastructure investment; however, due to under-execution of budget, the fiscal deficits in the last five years were below 6% of GDP. Trade-related taxes are the major source of Government's revenue. In FY2016/17, taxes collected at the border accounted for 42% of total revenue (Chart 1.1). The risk of debt distress remains low.[3] According to the IMF, government debt is projected to peak at 42% of GDP in FY2019/20, when the scaling-up of infrastructure investment is completed.

Chart 1.1 Revenue collection, FY2016/17



Source: WTO Secretariat's calculations, based on Uganda Revenue Authority online information. Viewed at: https://www.ura.go.ug/index.js.

1.8. Infrastructure projects are also financed through non-concessional borrowing (NCB), and public-private partnerships (PPPs) in the international market; the crowd-out effect on private credit is therefore limited. Yields on treasury bills and treasury bonds were close to the central bank's policy rate.

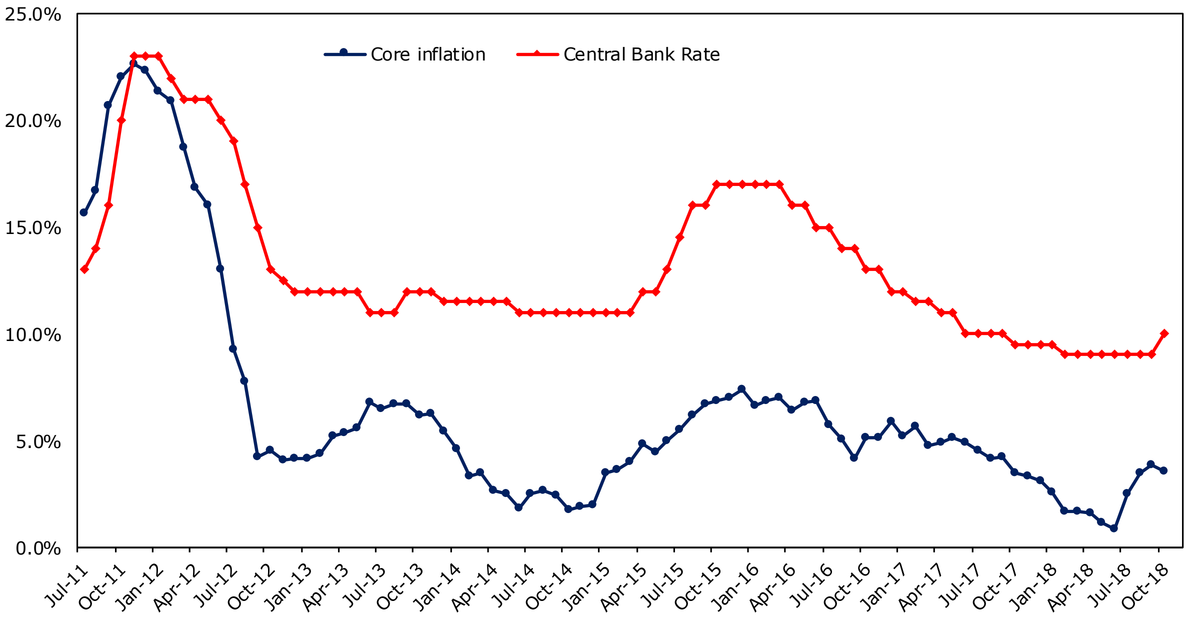
1.9. The Bank of Uganda (BOU) continues implementing its inflation targeting lite (ITL) monetary policy. Under the ITL framework, the BOU targets core inflation[4] of 5%, with a band of ± 2%. The

[2] The UBOS estimated that the drought reduced growth by about 0.5 percentage point. It also contributed to a hike in bank loan defaults in 2016.
[3] IMF (2017), Country Report No. 17/206. Viewed at: https://www.imf.org/en/Publications/CR/Issues/2017/07/12/Uganda-2017-Article-IV-Consultation-and-Eighth-Review-Under-the-Policy-Support-Instrument-45069.
[4] Core inflation excludes a number of food products and fuel from the consumer price basket.

BOU sets the monthly policy rate (the Central Bank Rate (CBR)) through open market operations (i.e. repos or reverse repos).[5]

1.10. The BOU maintained an accommodative monetary policy stance during the period under review, except for a short period between April 2015 and April 2016. Core inflation during the review period remained modest, falling into the ITL band most of the time, except in 2015. In response to rising core inflation, the BOU increased the CBR to 12% in April 2015 and 17% in October 2015. According to the authorities, the hike in price levels was attributed to the pass-through effect of a sharp depreciation of the currency, and supply shocks, mainly unfavourable weather that disrupted agricultural output. Taking the view that these shocks were transitory, the BOU relaxed the CBR to support the recovery of economic activity in 2016; the CBR was at 10% in October 2018.

Chart 1.2 Core inflation and CBR, July 2011-October 2018



Source: Bank of Uganda online information. Viewed at: https://www.bou.or.ug/bou/rates_statistics/statistics.html.

1.11. During the review period, the nominal exchange rate against the US dollar depreciated by 43%, accumulatively. The peak of depreciation pressure occurred in September 2015. According to the BOU, the exchange rates of the Ugandan shilling are market-determined.[6] Its major determinants include demand for imports, the evolution of the US dollar, the crisis in South Sudan, and electioneering.[7]

1.12. During the review period, the external current account remained in deficit, attributable mainly to merchandise trade (Table 1.2). Apparently 80% of equipment and materials needed for infrastructure projects must be sourced outside Uganda. In fact, the merchandise trade deficit was generally stable during 2011-15 but narrowed considerably in 2016, reflecting increased export receipts (from agriculture and gold exports) and a lower import bill (due to lower investment-related imports) (Section 1.3.1.1). The current account deficit reached 4.1% of GDP in 2017. Overall, the balance of payments deficit stood at 1.8% of GDP in 2017, and official reserves amounted to

[5] The BOU noted that policy tools as reserve ratios are barely used.
[6] BOU (2017), *Bank of Uganda Annual Report 2016/17*, Kampala, Uganda. Viewed at: https://www.bou.or.ug/bou/bou-downloads/publications/Annual_Reports/Rprts/All/Annual-Report-2016-2017.pdf.
[7] IMF, *Country Report No. 15/175*. Viewed at: http://www.imf.org/~/media/Websites/IMF/imported-full-text-pdf/external/pubs/ft/scr/2015/_cr15175.ashx; Ministry of Finance, Planning and Economic Development (2017), *Annual Performance of the Economy Report Financial Year 2016-2017*, Kampala, Uganda. Viewed at: http://www.finance.go.ug/sites/default/files/Publications/Annual%20Economic%20Performance%20Report%20FY2016.17_0.pdf.

USD 3,654 million, enough to cover 5.3 months of imports; this level of reserves meets the East African Monetary Union (EAMU) convergence criterion of 4.5 months.

Table 1.2 Balance of Payments, 2011-17

(USD million)

	2011	2012	2013	2014	2015	2016	2017
Current account	-2,087.3	-1,655.6	-1,843.1	-2,166.0	-1,674.9	-668.0	-1,117.4
Credit	6,086.0	6,770.3	6,383.7	6,393.7	6,276.9	6,517.4	6,783.2
Debit	8,173.3	8,425.9	8,226.8	8,559.7	7,951.8	7,185.4	7,900.6
Goods and services	-3,161.1	-2,812.3	-2,470.0	-2,869.2	-2,608.7	-1,574.9	-2,087.8
Credit	4,298.5	4,935.8	4,931.8	4,905.3	4,725.7	4,828.0	4,988.5
Debit	7,459.6	7,748.1	7,401.8	7,774.5	7,334.3	6,402.9	7,076.3
Goods	-2,477.6	-2,451.1	-2,145.4	-2,374.8	-2,288.2	-1,503.2	-1,684.8
Credit (exports)	2,519.1	2,810.5	2,828.7	2,724.8	2,667.2	2,921.2	3,349.9
Debit (imports)	4,996.7	5,261.5	4,974.1	5,099.6	4,955.4	4,424.4	5,034.7
Services	-683.5	-361.2	-324.6	-494.4	-320.5	-71.8	-402.9
Credit	1,779.4	2,125.4	2,103.1	2,180.5	2,058.5	1,906.7	1,638.6
Debit	2,462.9	2,486.6	2,427.6	2,674.9	2,379.0	1,978.5	2,041.6
Primary income	-401.4	-454.9	-629.8	-563.7	-434.1	-577.5	-583.4
Credit	17.1	75.1	-12.3	28.1	32.2	23.9	41.1
Debit	418.6	530.0	617.5	591.7	466.3	601.4	624.5
Secondary income	1,475.3	1,611.6	1,256.7	1,266.9	1,367.9	1,484.5	1,553.7
Credit	1,770.4	1,759.3	1,464.2	1,460.3	1,519.0	1,665.6	1,753.6
Debit	295.1	147.8	207.5	193.4	151.2	181.1	199.9
Capital account	12.0	21.8	80.0	94.7	108.1	139.0	122.3
Financial account	-1,506.9	-1,618.8	-1,362.1	-1,824.8	-875.9	-1,000.3	-1,295.8
Direct investment	-906.1	-1,159.1	-1,143.2	-1,031.5	-737.4	-625.6	-699.2
Portfolio investment	-259.3	-3.1	14.5	-33.1	212.1	66.7	459.4
Financial derivatives (other than reserves) and employee stock options	-5.5	-3.8	-1.7	-2.6	-5.0	-1.4	-1.1
Other investment	-335.9	-452.9	-231.7	-757.5	-345.6	-440.1	-1,054.9
Net errors and omissions	486.9	549.1	630.7	462.4	304.1	-152.5	187.1
Overall balance	81.5	-534.1	-229.7	-215.9	386.8	-318.9	-487.8
Indicators (%)							
Current account balance/GDP	-9.7	-6.8	-7.2	-7.8	-6.7	-2.6	-4.1
Overall balance/GDP	0.4	-2.2	-0.9	-0.8	1.5	-1.3	-1.8

Source: BOU online information. Viewed at: https://www.bou.or.ug/bou/rates_statistics/statistics.html.

1.3 Developments in Trade and Investment

1.3.1 Trends and patterns in merchandise and services trade

1.13. Over the review period, Uganda remained a net importer, both in terms of trade in goods and trade in services.

1.3.1.1 Merchandise trade

1.14. In 2017, based on UN Comtrade data, the value of Uganda's merchandise exports wrose by 35% from 2011. Agricultural goods remained the main export categories, accounting for about 61% of total exports in 2017. Among these, coffee and tea maintained their importance, contributing one third of the agricultural export earnings in 2017. The share of gold in total exports fluctuated significantly, from less than 1% in 2011 to 14% in 2017 (Chart 1.3 and Table A1.1). The authorities attributed the hike in gold exports to the increase in international demand and domestic supply capacity. Re-exports declined, accounting for 10% of total exports in 2017, down from 30% in 2013. Possible reasons for the decline of re-exports were not provided to the Secretariat.

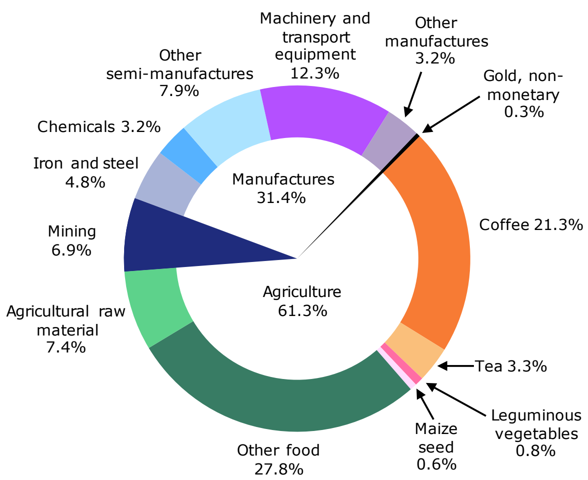
1.15. The total value of merchandise imports in 2017 was slightly lower than that for 2011; this was attributed to a decline in the import of capital goods, such as machinery and transport equipment, which accounted for 24.5% in 2017, down from 28.2% in 2011. Slower implementation of the infrastructure projects (due to budget under-execution) plus slower inflow of FDI into the mining sector (due to lower global prices of commodities) induced the decline in machinery imports. However, the composition of imports did not change considerably in 2011-17 (Chart 1.3 and Table A1.2). Machinery and transport equipment, and fuels, continued to represent the largest share of the import bill. Imports of chemicals registered a 4% increase from 2011 to 2017, due to an expansion of fertilizer and pharmaceutical imports.

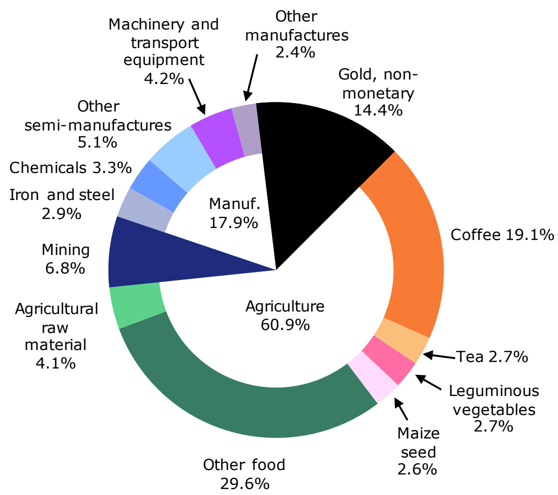
1.16. The European Union remained the top destination for Ugandan merchandise exports, accounting for about 20% of total exports in 2017 (down from 22% in 2011). The United Arab Emirates became the second-largest market outside the region, accounting for 15.3% of total merchandise exports in 2017. The relative weight of the United Arab Emirates in Uganda's export proceeds also increased considerably, mainly on account of gold purchases at rising international prices. About 42% of Ugandan merchandise was sold to neighbouring countries, in particular Kenya (Chart 1.4 and Table A1.3).

Chart 1.3 Composition of merchandise trade, 2011 and 2017

2011 **2017**

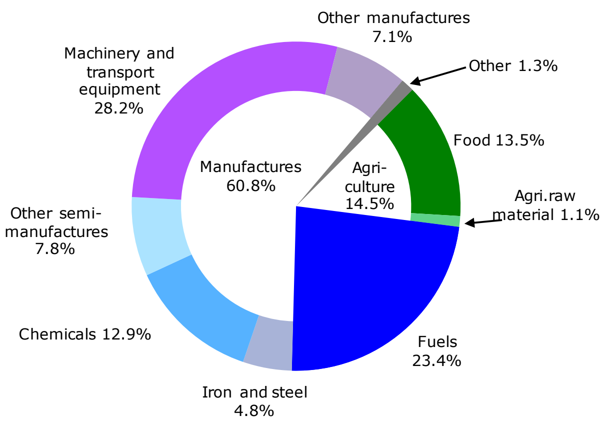
Exports (f.o.b.), including re-exports

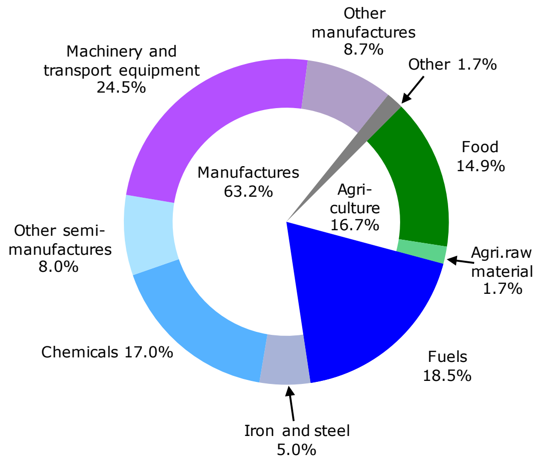




Total: USD 2,159.1 million **Total: USD 2,901.5 million**

Imports (c.i.f.)





Total: USD 5,630.9 million **Total: USD 5,595.9 million**

Note: SITC Rev. 3. for product groups.

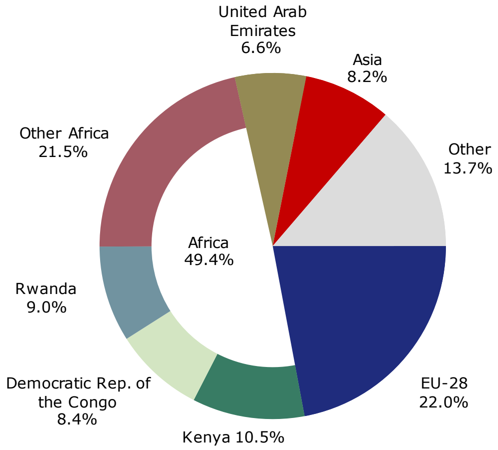
Source: WTO Secretariat's calculations, based on UNSD, Comtrade database.

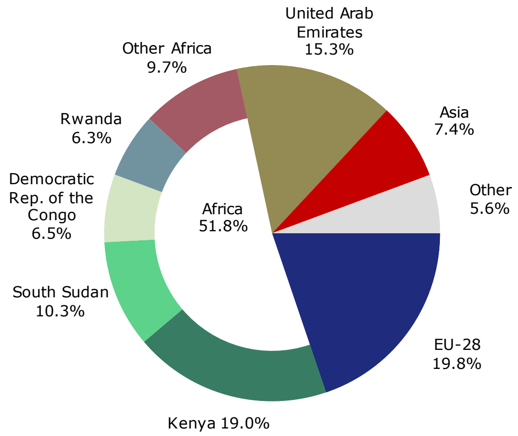
1.17. About half of Ugandan imports came from Asia. China replaced India to become the principal supplier. Imports from the Middle East doubled over the review period. While imports from China and the Middle East expanded, supplies from the European Union and Kenya contracted slightly, standing at around 9% and 8% of total imports, respectively (Chart 1.4 and Table A1.4).

Chart 1.4 Direction of merchandise trade, 2011 and 2017

2011 **2017**

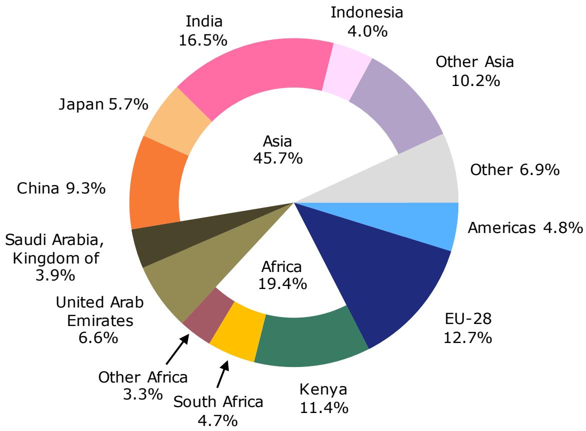
Exports (f.o.b.), including re-exports (f.o.b.)

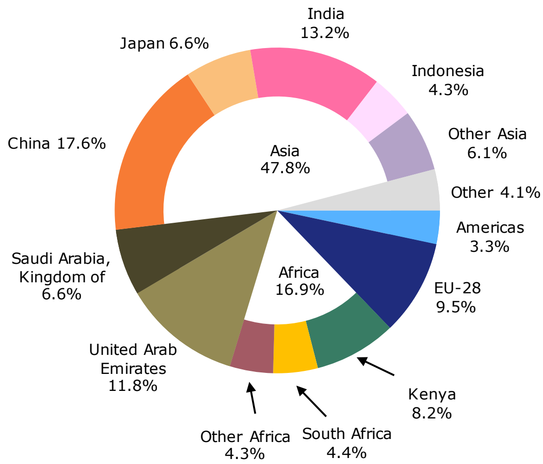




Total: USD 2,159.1 million **Total: USD 2,901.5 million**

Imports (c.i.f.)





Total: USD 5,630.9 million **Total: USD 5,595.9 million**

Source: WTO Secretariat's calculations, based on UNSD, Comtrade database.

1.3.1.2 Services trade

1.18. Uganda was a net importer of services throughout the period under review (Table 1.3). Except for a spike in 2014, the deficit of trade in services generally was on a declining trend, except in 2017. In 2017, the services trade deficit was USD 402.9 million, compared to a deficit of USD 683.5

million in 2011. The deficit was mainly attributable to transport services and other business services such as consultancy and business operations.

Table 1.3 Trade in services, 2011-17

(USD million)

	2011	2012	2013	2014	2015	2016	2017
Exports	**1,779.4**	**2,125.4**	**2,103.1**	**2,180.5**	**2,058.5**	**1,906.7**	**1,638.6**
Transport	149.9	191.8	225.1	168.2	134.6	142.6	155.0
Travel	959.8	1,135.5	938.7	964.8	1,036.9	1,093.2	937.3
Construction	245.9	244.6	240.4	221.3	151.8	103.9	19.3
Insurance and pension services	18.1	33.7	18.4	26.9	39.3	38.8	4.4
Financial services	24.8	30.3	28.8	34.3	29.0	29.0	34.9
Telecommunications, computer, and information services	74.6	74.3	102.1	56.9	65.4	39.9	39.1
Other business services	129.9	197.5	297.3	508.9	333.8	198.7	180.0
Personal, cultural, and recreational services	4.5	8.6	12.0	6.9	7.9	15.4	7.1
Government goods and services n.i.e.	164.1	175.8	226.0	179.3	255.9	243.6	259.9
Other	7.8	33.3	14.3	13.0	4.1	1.5	1.6
Imports	**2,462.9**	**2,486.6**	**2,427.6**	**2,674.9**	**2,379.0**	**1,978.5**	**2,041.6**
Transport	1,181.1	1,260.2	1,200.3	1,148.7	1,134.2	968.3	1,133.2
Travel	404.7	484.2	207.7	188.7	185.6	208.5	217.8
Construction	197.4	196.4	178.0	160.6	110.4	76.1	26.9
Insurance and pension services	89.4	80.0	73.4	76.9	71.1	67.7	55.1
Financial services	9.4	22.2	7.9	9.4	9.4	9.7	11.0
Telecommunications, computer, and information services	76.6	64.5	131.1	76.0	81.0	53.9	36.8
Other business services	409.3	312.5	555.9	957.1	727.2	527.5	514.5
Personal, cultural, and recreational services	15.9	14.7	17.4	19.6	17.8	22.1	15.2
Government goods and services n.i.e.	21.4	26.5	34.9	21.5	9.5	23.3	12.0
Other	57.7	25.4	21.0	16.3	32.6	21.3	19.0
Trade balance	**-683.5**	**-361.2**	**-324.6**	**-494.4**	**-320.5**	**-71.8**	**-402.9**
Transport	-1,031.3	-1,068.4	-975.2	-980.5	-999.6	-825.7	-978.2
Travel	555.1	651.3	731.0	776.1	851.3	884.7	719.4
Construction	48.4	48.2	62.4	60.6	41.4	27.7	-7.6
Insurance and pension services	-71.2	-46.3	-55.0	-50.0	-31.8	-28.9	-50.7
Financial services	15.4	8.1	20.9	24.9	19.5	19.3	23.9
Telecommunications, computer, and information services	-2.0	9.8	-28.9	-19.1	-15.7	-14.0	2.4
Other business services	-279.4	-115.1	-258.6	-448.2	-393.5	-328.9	-334.5
Personal, cultural, and recreational services	-11.4	-6.1	-5.5	-12.6	-9.9	-6.7	-8.1
Government goods and services n.i.e.	142.7	149.3	191.1	157.8	246.3	220.3	247.9
Other	-49.9	8.0	-6.7	-3.3	-28.6	-19.7	-17.5

Source: BOU online information. Viewed at: https://www.bou.or.ug/bou/rates_statistics/statistics.html.

1.19. Travel (and tourism) is the major income source of services trade (Table 1.3). Tourism receipts remained stable; however, infrastructure bottlenecks hinder the country from reaping further benefits from its abundant tourism resources. On average, travel services accounted for more than half of the value of services exports during the review period. Uganda continues to be a net exporter of financial services.

1.20. Regarding services imports, a considerably large share was spent on transport. Throughout the period under review, transport outgoings exceeded income from tourism, except in 2016 (Table 1.3). The authorities stated that the re-operation of national airlines would bring down transport costs (Section 4.4.3). Other business services account for about 25% of services imports.

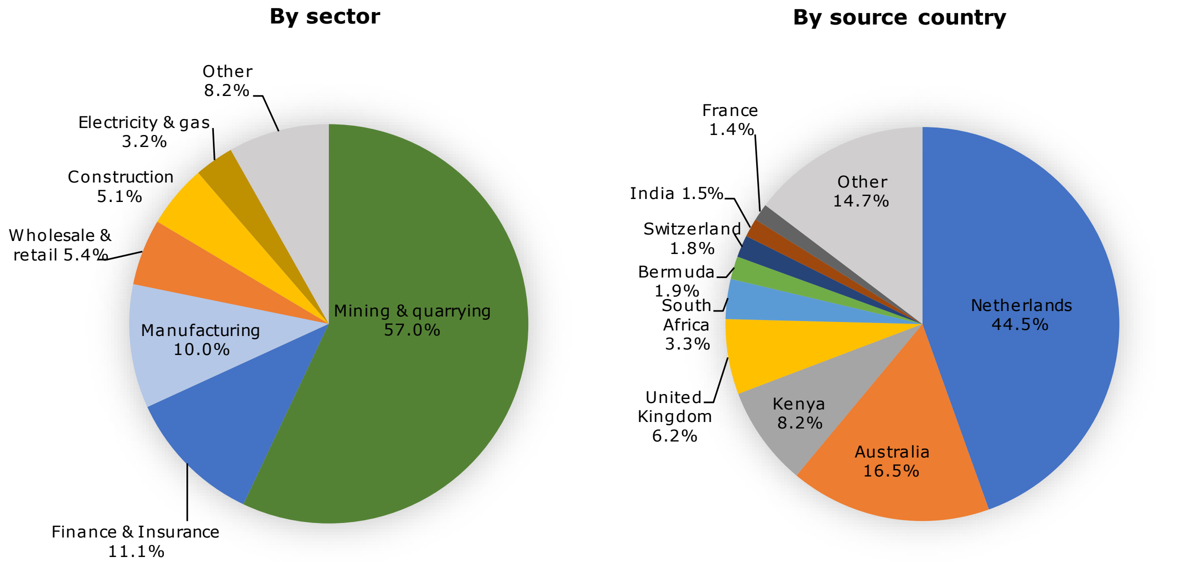
1.3.2 Trends and patterns in FDI

1.21. FDI is one of the key sources of private investment in the country, representing about 25% of total private investment. During the period 2011-14, FDI flows into Uganda were generally on an increasing trend; they then began to fall in 2015 (Table 1.2). From 2011 to 2017, FDI stock almost doubled

1.22. Based on the BOU Private Sector Investment Survey, during the period under review, more than half of inward FDI stock was directed to the mining and quarrying sector, followed by finance and insurance (11%), and manufacturing (10%) (Chart 1.5).

1.23. As of end-2016, the Netherlands was the leading source of FDI, accounting for 45% of the FDI stock. Other major sources were Australia, Kenya, the United Kingdom, and South Africa (Chart 1.5).

Chart 1.5 FDI stock in Uganda, 2016



Total FDI: UGX 32,099 billions

Source: Bank of Uganda's Private Sector Investment Survey 2017 Report.

2 TRADE AND INVESTMENT REGIMES

2.1 General Framework

2.1. There have been no major changes to the legal and institutional framework for trade and investment policies in Uganda since its previous Review in 2012. Under the Constitution, Uganda is a Republic with executive, legislative, and judicial branches.

2.2. The legislative responsibilities fall under the unicameral National Parliament. The Executive power is vested in the President. The Constitution provides for election by universal adult suffrage every five years. The last general election for the President and the Parliament was conducted in February 2016; the next election is to be held in 2021. On 20 December 2017, the Parliament approved a change to the Constitution that removes the age limit of 75 years for presidential candidates. The President serves as head of State, head of Government, and Commander-in-Chief of the armed forces. The Cabinet consists of the President, the Vice-President, the Prime Minister and other Cabinet Ministers. The Prime Minister chairs the Cabinet, and is the Leader of Government Business in Parliament. The Cabinet aids and advises the President on the formulation of national policies.

2.3. Uganda has a four-level judiciary: the Supreme Court, the Court of Appeal, the High Court, and subordinate courts. The President, upon advice from the Judicial Service Commission and with the approval of Parliament, appoints the Chief Justice (head of the Supreme Court), the Deputy Chief Justice (head of the Court of Appeal), and the Principal Judge (head of the High Court), as well as the Justices of the Supreme Court, the Justices of Appeal, and the Judges of the High Court. The Commercial Court, a department of the High Court, handles commercial issues, including trade matters. There is also a tax appeal tribunal under the Ministry of Finance, Planning and Economic Development (MFPED).

2.4. Regarding international agreements, Uganda operates a "dualist" system, under which international agreements take legal effect through their transposition into domestic legislation. International agreements that have not been incorporated into domestic laws cannot be invoked before the courts, and have no direct effect under Ugandan law. The Constitution supersedes all legal instruments, including treaties and international agreements, including WTO agreements.[1]

2.5. All principle legislation (i.e. Acts) is available on the website of the Uganda Law Reform Commission (ULRC).[2] Uganda does not provide a centralized online location for published regulations. However, all laws and regulations are available in hardcopies of the Government Gazette from the Uganda Printing and Publishing Corporation. Sector-specific regulations are generally published on the website of the relevant ministry.

2.2 Trade Policy Formulation and Objectives

2.6. Under Uganda Vision 2040, the Government aims to achieve "a transformed Ugandan society from a peasant economy to a modern and prosperous country within 30 years". As part of this national vision, the authorities are implementing the Second National Development Plan (NDPII 2015/16–2019/20), through which trade policy was outlined to "strengthening Uganda's competitiveness for sustainable wealth creation, employment and inclusive growth".[3]

2.7. Over the NDPII period, Uganda's key trade policy focus areas include: increasing market access for Uganda's products and services in regional and international markets; improving the stock and quality of trade infrastructure; promoting the formation and growth of cooperatives; enhancing the capacity of cooperatives to compete in domestic, regional and international markets; increasing the

[1] Article 123 of the Constitution states that "the Constitution is the Supreme Law in Uganda and any law or custom that is in conflict with it is null and void to the extent of the inconsistency".

[2] The ULRC, established by Article 248 of the Constitution, keeps under constant review the laws of Uganda, with a view to making recommendations for their systematic improvement and simplification. The Commission may also receive and review proposals for the reform of laws, provide advice to ministries, and promote public participation in the process of law-making.

[3] National Planning Authority (NPA) (2015), *Second National Development Plan* (2015/16–2019/20). Viewed at http://npa.ug/wp-content/uploads/NDPII-Final.pdf.

share of manufactured goods and services in total exports as well as increasing exports as a share of GDP; and improving private-sector competitiveness.

2.8. The Ministry of Trade, Industry and Cooperatives (MTIC) has the main responsibility for formulating and implementing trade policy. Other ministries involved include the ministries of: Finance, Planning and Economic Development; Foreign Affairs; Justice and Constitutional Affairs; Information and Communication Technology; Works and Communications; Agriculture, Animal Industry and Fisheries; and Water and Environment. Government agencies involved in trade policy formulation also include the Uganda Revenue Authority, the Uganda Export Promotion Board, the Uganda Investment Authority, the Uganda Free Zones Authority (UFZA), and the Uganda National Bureau of Standards (UNBS).

2.9. The MTIC chairs the Inter-Institutional Trade Committee (IITC)[4], a forum to coordinate the formulation and implementation of trade policy. The IITC also serves as a platform for analysing trade issues, and coordinating and formulating positions relating to multilateral and regional trade negotiations.

2.10. When preparing a bill, the relevant ministry or government agency must undergo a consultative process by convening meetings among private and public stakeholders with interests affected by the bill. Following consultations, a bill is then drafted by the Ministry of Justice, in collaboration with the ministry concerned, returned to Cabinet and, after approval, published in the Government Gazette for public comment and consultation; it is then introduced in Parliament. If the vote is successful, the Parliament enacts laws to authorize the relevant minister to draft regulations, which are then published in the Government Gazette.

2.3 Trade Agreements and Arrangements

2.3.1 WTO

2.11. Uganda is an original Member of the WTO. It has been reviewed four times under the WTO Trade Policy Review Mechanism: the previous Review was conducted in 2012, when all EAC WTO Members were reviewed jointly. Together with other EAC members, Uganda places importance on the effective functioning of the multilateral trading system. Uganda ratified the WTO Agreement on Trade Facilitation (TFA) and submitted its instrument of acceptance on 27 June 2018.

2.12. All of Uganda's trading partners receive at least most-favoured-nation (MFN) treatment. Uganda is not a signatory to any plurilateral agreement negotiated in the WTO; it has not participated in the WTO negotiations on basic telecommunications, nor in those on financial services. It has been neither a complainant or respondent, nor a third party under the WTO Dispute Settlement Mechanism.

2.13. During the period under review, Uganda made a number of notifications to the WTO (Table A2.1), mainly under Article 2.9 of the Agreement on Technical Barriers to Trade (TBT). However, as at 30 June 2018, notifications were outstanding in the areas of, *inter alia*: agriculture (export subsidies); import licensing procedures; quantitative restrictions; customs valuation; the Integrated Database for 2016 imports and 2018 tariffs; subsidies and countervailing measures; state trading enterprises; anti-dumping actions for 2017; and GATS.

2.3.2 Regional agreements

2.14. Uganda is a member of the East African Community (EAC), and applies the rules and regulations of the Community, including the Common External Tariff (CET), to imports originating from non-EAC members. Uganda negotiates, jointly with other EAC member States, regional trade agreements with other trading partners; these include the Economic Partnership Agreement (EPA) with the European Union, the COMESA-EAC-SADC Tripartite Forum, and the African Continental Free Trade Area (AfCFTA) (main report, Section 2).

[4] According to the authorities, the composition of the IITC is broad-based, drawing from public and government institutions, private-sector institutions, academics and researchers, and civil society representatives.

2.3.3 Other agreements and arrangements

2.15. Uganda is a beneficiary of a number of unilateral preferential arrangements (main report, Section 2), including:

- The Everything But Arms (EBA) Scheme of the European Union;
- The African Growth and Opportunity Act (AGOA) of the United States; and
- The Generalized System of Preferences (GSP) schemes of other developed countries.

2.4 Investment Regime

2.16. The investment regime in Uganda remained largely unchanged since the last Review. The main legislation is the Investment Code 1991 (as amended). An investment bill is currently with the Parliament. Foreign investment and 100% foreign ownership are allowed in all economic activities, except for those relating to defence and land ownership. The Government is placing the utmost emphasis on attracting investment to the following five priority sectors: agriculture and agribusiness, information and communication technology (ICT), tourism, packaging, and mineral beneficiation.

2.17. The Land Act, 1998 prohibits foreign investors from owning land, but allows them to lease for up to 99 years. Foreign investors may participate in joint ventures involving the outright purchase of agricultural land, in which Ugandans must hold a majority share. In addition, investors may purchase and own specific land titles for commercial, industrial, agricultural, and residential purposes. This may be: (a) land purchased by the Uganda Investment Authority (UIA) and allocated as leasehold or freehold tenure; (b) land belonging to ministries and town councils under freehold (for Ugandans only) and leasehold; or (c) government-held land.

2.18. All investment projects are subject to investment licensing requirements by the UIA. In practice, a threshold of USD 100,000 is applied to foreign investors and USD 50,000 to local investors.[5] A local investor is defined as a company in which the local partner holds more than 50% of the shares. The licence is issued within three days at no cost. Pursuant to Section 13 of the Investment Code, foreign investors may be subject to a number of performance obligations (not imposed on national counterparts) as a condition for granting an investment licence. These include foreign exchange earnings, staff training and local employment, technological transfer, contribution to socio-economic development, and other obligations that the UIA may consider relevant for meeting the objectives of the Investment Code (e.g. investment size and environmental protection).[6]

2.19. Similarly, under the Petroleum Exploration, Development and Production Act, 2013 and the Petroleum Refining, Conversion, Transmission and Midstream Storage Act, 2013, investors are required to contribute to the creation of a local skilled workforce. The Uganda Investment Act does not specify mandatory numbers for local employment in management positions. According to the authorities, no performance appraisal regarding this matter has been carried out since the mid-1990s.

2.20. An entity must be registered as a company before it can apply for an investment licence. The registration procedures for foreign companies seem to differ from those applicable to domestic companies, but details were not available.

2.21. The UIA is a semi-autonomous government agency, operating in partnership with the private sector and the Government. Its objectives are to attract value-adding investment that brings technology, skills and jobs; contribute to the image of Uganda as a leading African investment destination; provide serviced sites, buildings, and competitive infrastructure to meet the needs of growing Ugandan-based businesses; stimulate and lead key stakeholders in creating a competitive business environment; set up and develop industrial and business parks; and offer support to SMEs.

[5] WTO document WT/TPR/S/271/UGA/Rev.1, 31 May 2013.

[6] The Investment Code authorizes the Government to review and revoke the investment licence or other relevant permit of both domestic and foreign investors on a case-by-case basis if the investor fails to perform.

2.22. The UIA offers information on investment opportunities in Uganda. It also helps investors obtain investment licences; provides assistance in securing other licences and secondary approvals; helps locate relevant project support services; assists in the acquisition of industrial land; helps obtain work permits and special passes; arranges contracts for potential investors and organizes itineraries for visiting foreign missions; and assists in seeking joint-venture partners and funding.

2.23. The UIA also provides a one-stop services centre (OSC), where investors can register their business with the Uganda Registration Services Bureau (URSB); deal with tax and other registration issues with the Uganda Revenue Authority (URA); and organize work permits and residency issues with the Directorate of Citizenship and Immigration Control. The one-stop facilitation services centre has made it easier to start a business in Uganda, by streamlining procedures and making them simpler and faster, and introducing modern technological and communication tools. In December 2016, the electronic portal of the OSC, e-Biz, became operational. e-Biz works as a complement to the OSC, helping investors to register through a number of modules connected to it. Currently, investors may register a business, search for a land title, and apply for an investment licence or environmental impact assessment on the e-Biz portal; the authorities indicated that more modules will be connected to the portal in the future. The UIA also develops and manages 22 industrial and business parks (IBPs) throughout the country. Businesses established in these IBPs enjoy the incentives provided in the relevant legislation.

2.24. Generally, businesses in Uganda are subject to corporate income tax at a standard rate of 30%. They may benefit from a number of tax and other investment incentives (Section 3.3.1).[7] Plants and machinery used for agriculture, manufacturing, oil and gas production are exempted from import duties and VAT.

2.25. Uganda is a signatory to major international investment-related arrangements and institutions, such as the Multilateral Investment Guarantee Agency (MIGA), the Overseas Private Investment Corporation (OPIC), the Convention on the Recognition and Enforcement of Foreign Arbitral Award (CREFAA), the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), and the International Centre for the Settlement of Investment Disputes (ICSID).

2.26. It seems that Uganda has signed avoidance of double-taxation treaties (DTAs) with a number of countries, but the list is not available. The list of countries with which Uganda has signed bilateral investment treaties (BITs) is neither available.

[7] The UIA publishes online a guide on tax incentives/exemptions for investors in Uganda. Viewed at: http://www.ugandainvest.go.ug/wp-content/uploads/2016/03/A-Guide-on-Incentives-Exemptions-available-Ugandan-Investors.pdf.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures and requirements

3.1. The legal and institutional framework for customs matters remained largely unchanged since the last Review. Uganda implements the EAC Customs Management Act, 2004 (as amended in 2009), the EAC Customs Management Regulation, 2010, the EAC One-Stop Border Posts Act, 2016, and the EAC Elimination of Non-tariff Barriers Act, 2017. The URA, through its Customs Department, is the main enforcement agency for customs matters on national borders.[1] It has also established offices in Mombasa Port, Nairobi, Kisumu, Nakuru and Eldoret to facilitate customs clearances.[2]

3.2. Uganda ratified the TFA, and deposited its instrument of acceptance on 25 June 2018. It submitted its notification of Category A measures[3], covering 8% of the TFA provisions. According to the authorities, Uganda's notifications of Category B and C measures are under preparation.[4] A National Committee on Trade Facilitation was established[5], which is in the process of preparing a national action plan for TFA implementation.

3.3. Any registered business (Section 2.4) may import goods for commercial purposes[6], upon registration with the URA and the obtention of a tax identification number (TIN). An Export/Import Code Number is then issued to the trader.

3.4. Importers are required to fill in an import declaration form (form C17). A simplified form is available for informal traders and small cross-border traders. The C17 form is generally filled in and submitted electronically, together with the other required documents, which may include: a certificate of conformity, for goods subject to technical regulations; an import permit and/or licence, for the importation of some goods (see Section 3.1.5); and evidence of payment for the goods. These documents may also be submitted electronically. The submission of a customs declaration before cargo arrival (pre-arrival declaration) may be allowed.

3.5. All customs-related documents are submitted through ASYCUDA World. Since January 2014, the URA has been operating ASYCUDA World, an upgrade from ASYCUDA++, in all its customs offices. Based on ASYCUDA World*,* Uganda launched an Electronic Single Window (UESW), an electronic portal connecting various agencies involved in the regulation or control of imports; the authorities noted that the UESW was still an ongoing project. Importers may utilize the system to track the status of every stage of document clearance.

3.6. Based on risk profiling[7], imports are assigned to one of the following four lanes for customs release: the red lane for cargos to be subjected to physical inspection and document verification, the yellow lane for cargos destined for document verification, the blue lane for goods released without inspection or examination of documents, but subject to a post-clearance audit, and the green lane for cargos to be cleared without any physical inspection.

[1] Other agencies enforcing domestic legislation at the borders include the UNBS, the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), and the Uganda Police Force.
[2] The URA office in Mombasa Port is mainly responsible for maritime goods; other URA offices outside Uganda are mainly responsible for the intra-EAC transfer of goods.
[3] WTO document WT/PCTF/N/UGA/1, 7 August 2015.
[4] The authorities indicated, during the WTO Secretariat visit to Kampala in May 2018, that another technical assistance for needs assessment would be required, in order to prepare the notifications on Category B and C measures.
[5] The National Committee on Trade Facilitation is chaired by the MTIC.
[6] Personal effects are governed by the EAC CMA 5th schedule.
[7] The authorities noted that criteria for risk assessment are largely based on World Customs Organization (WCO) Risk Management Standards.

3.7. Upon payment of customs duties and other internal taxes collected at the border, importers apply for the release of goods from Customs. According to URA standards, it takes up to: 1 hour for the green channel, 6 for yellow, and 24 for red, to release the imports after the lodgement.[8]

3.8. Uganda fully rolled out its Authorized Economic Operator (AEO) programme in April 2013. There are two AEO schemes: national AEOs whose benefits are limited to the jurisdiction of Uganda, and East African regional AEOs (main report, Section 3.1.1). National AEO benefits may include: less document control, expedited customs clearance, flexible arrangements for physical inspection, self-management of bonded warehouses, and the possibility of obtaining withholding tax exemption status.[9] In practice, AEOs use the blue and green lanes for clearance. As of end-September 2018, there were 56 AEOs in Uganda, of which 26 were EAC regional AEOs.

3.9. According to the authorities, the use of customs clearing and/or forwarding agents is not mandatory but, in practice, the majority of customs declarations are handled by such agents. These agents must be licensed by the URA, and must be Ugandan citizens and legal persons. Licences are valid for one year, renewable.[10] These agents can operate at the national level only, or can operate in any other EAC country (main report, Section 3.1.1). The URA maintains and regularly updates the list of agents licensed to operate at the national and regional levels.[11]

3.10. The authorities indicated that Uganda was implementing the EAC Transit Scheme. Since January 2014, the URA has deployed the Electronic Cargo Tracking System (ECTS) for transit goods; a physical escort is no longer required. The URA estimated that the deployment of the ECTS saves importers UGX 3 million per year.[12]

3.11. Complaints and appeals against customs decisions follow the procedures set down in the EAC Customs Management Act. Uganda established a Tax Appeal Tribunal; however, data on appeals were not available.

3.1.2 Customs valuation

3.12. According to the authorities, customs valuation rules are based on the provisions of the EAC Customs Management Act, which are aligned to the WTO Agreement on Customs Valuations (CVA) (main report, Section 3.1.2). In principle, the primary method of valuation is the transaction value of the imported goods. The customs authorities may, when necessary, have recourse to alternative methods following the hierarchy set out in the CVA.

3.13. Customs duties are assessed on the c.i.f. value of goods; insurance is mandatory except for inter-EAC transfer of goods. The URA uses its own exchange rates that are published on its website at the time it approves the customs declaration. A valuation database is used for purposes of reference and application of alternative valuation methods where a declaration is found unsatisfactory during the vetting process. The database of reference values is constituted from previously accepted transaction values.

[8] URA online information, *Customs Business Centre Standards*. Viewed at: https://www.ura.go.ug/openFile.do?path=//webupload//upload//download//staticContent//RGTMENU//307//886_FAQs.pdf.

[9] URA online information, *AEO*. Viewed at: https://www.ura.go.ug/openFile.do?path=//webupload//upload//download//staticContent//RGTMENU//307//1005_AEO.pdf.

[10] As of end-September 2018, the renewal fee is charged at USD 450.

[11] URA online information, *Licensed Agents*. Viewed at: https://www.ura.go.ug/openFile.do?path=//webupload//upload//download//staticContent//RGTMENU//307//817_UPDATED_LICENSED_CUSTOMS_AGENTS_2013.pdf.

[12] URA online information, *Electronic Cargo Tracking System*. Viewed at: https://www.ura.go.ug/openFile.do?path=//webupload//upload//download//staticContent//RGTMENU//307//9348_ECTS_.pdf.

3.14. For valuation of used motor vehicles, the URA publishes a Used Motor Vehicle Indicative Value Guide on its website.[13] The majority of customs valuations of used motor vehicles was referenced to the Guide.

3.15. According to the authorities, the main challenges in the area of customs valuation include: difficulties in obtaining information (for valuation purposes) from foreign sources, falsification of documents (particularly in the case of used cars), and the issuance of dual or blank invoices by suppliers.

3.1.3 Rules of origin

3.16. Uganda does not maintain non-preferential rules of origin.

3.17. Pursuant to the EAC Customs Management Act (CMA), Uganda maintains preferential rules of origin for goods originating from EAC member States (main report, Section 3.1.3). Also, as a member of the COMESA FTA, Uganda implements COMESA rules of origin. According to the authorities, Uganda does not maintain any other preferential rules of origin.

3.18. The URA is responsible for issuing preferential certificates of origin (i.e. EU, COMESA, EAC, AGOA, GSP certificates of origin), free of charge. Certificates of origin for non-preferential trade are issued by the Chamber of Commerce, against payment of UGX 10,000.

3.1.4 Tariffs

3.1.4.1 WTO bound tariffs

3.19. About 17% of tariff lines are bound. The tariff bindings cover all lines for agricultural products (WTO definition), and 157 lines for non-agricultural products (approximately 2.8% of total lines). The simple average rate of Uganda's bound tariff is 72.8%, with an average bound rate of 77.1% for agricultural products, and 51.1% for non-agricultural products (main report, Table 3.4). The bound rate for most agricultural products is 80%, except for 75 lines bound at rates between 40% and 70%. For non-agricultural products, the bound rates vary from 40% to 80%.

3.1.4.2 Applied MFN tariffs

3.20. Uganda applies the EAC CET, with certain deviations, to imports originating from countries other than EAC member States (main report, Section 3.1.4.1). The deviations from the EAC CET are those lines under the EAC "Stay Application" Scheme (main report, Section 3.1.4.3 and Table 3.5).

3.21. The EAC CET rates are, in most cases, considerably lower than the bound rates.[14] However, for 13 lines carrying mixed duties in the CET (rice and sugar), the applied rates may exceed their corresponding *ad valorem* bound rates (main report, Section 3.1.4.1 and table 3.1).

3.1.4.3 Preferential tariffs

3.22. Uganda grants duty-free treatment to all products originating from EAC member States, and an 80% reduction in the EAC CET rates to goods originating in other COMESA countries (main report, Section 3.1.4.4).

3.1.4.4 Tariff exemptions and reductions

3.23. The regimes for tariff exemptions and reductions in Uganda are subject to the harmonized EAC schemes under the Fifth Schedule of the EAC CMA, as amended (main report, Section 3.1.4.3).

3.24. As of end-2017, 55 companies from Uganda benefited from the EAC Duty Remission Scheme. Beneficiary products include: completely knocked down kits; pre-cured rubber for re-treading tyres;

[13] URA online information, *Used Motor Vehicle Indicative Value Guide*. Viewed at: https://www.ura.go.ug/openFile.do?path=//webupload//upload//download//staticContent//RGTMENU//307//818_MV_Guide_as_at_10th_June_2015_(2).pdf.

[14] The tariff analysis of the EAC CET is included in the main report.

inputs for the manufacture of transformers; inputs for the manufacture of matches and match boxes; inputs for the manufacture of sanitary towels; duplex board and paper for the manufacture of exercise books; and sugar for industrial use.

3.1.5 Other charges affecting imports

3.1.5.1 Internal taxes collected at the border

3.25. Internal taxes, such as VAT and excise duties (Section 3.3.1), on imports are collected at the border. In general, internal taxes are equally applied to domestically-produced goods and their imported equivalents; however, some imported products are subject to higher rates, compared to their domestically-produced equivalents (see below).

3.26. VAT is applied at a standard rate of 18% to the sale price of locally-produced goods and services, and to the customs-duty inclusive c.i.f. value of imports, with exemptions to products listed in the Second Schedule of the VAT Act (Section 3.3.1). Exports are zero-rated. Specific goods subject to zero-rated VAT are listed in the Third Schedule of the Act, and include drugs and medicines, educational materials, and seeds, fertilizers, pesticides and hoes and sanitary towels and tampons and inputs for their manufacture.

3.27. Uganda applies excise duties on, *inter alia*, tobacco products, alcoholic and non-alcoholic beverages, fuel, mobile phone calls, sugar, and sacks. Excise duties are calculated based on the ex-factory price for domestically produced goods, and on the customs-duty-inclusive c.i.f. value for imports. During the period under review, the Excise Tariff Act was amended several times. Compared to the excise duties valid in 2011, the rates of excise duties for some products were increased, and new items were added into the schedule of excisable goods and services (Table A3.1). Since 1 July 2014, the following goods and services have become excisable: wine, kerosene, motor lubricant, cement, sugar confectioneries, cosmetics and perfumes, value-added telecoms services, and mobile money services. Since 1 July 2016, excise duty has been applied to imported furniture. Effective on 1 July 2018, "over the top" telecoms services are subject to excise.

3.28. A rate of 200% excise duty is applied on cigars and other tobaccos in 2018, up from 160% in 2011; for soft cups with more than a 70% local content, the rate increased from UGX22,000 to UGX55,000 per 1,000 pieces; for hinge lids, the rate increased from UGX55,000 to UGX80,000 per 1,000 pieces. Excise duty on fuels (i.e. gasoline and diesel) also increased. Plastic packaging materials are subject to an excise duty at a rate of 120%. Effective on 1 July 2017, different rates of excise duty are applied to a number of products, depending on whether they are produced locally or not (Table 3.1).

3.29. Imported goods are also subject to a withholding tax of 6% on the c.i.f. value, which may be offset against the final tax liability of the importer. This tax is applicable to specified payments made to resident and non-resident companies, dividends, interest, royalties, management or professional fees, and repatriated income, among others. In respect of payments to resident companies, this tax is generally an advance tax.[15]

Table 3.1 Different excise duty rates for locally produced and imported goods, 2018

Duty	Locally produced	Imported
Soft cups	UGX 55,000/1,000 pieces	UGX 75,000/1,000 pieces
Hinge lids	UGX 80,000/1,000 pieces	UGX 100,000/1,000 pieces
Beer	30% or UGX 950/l, whichever is higher	60% or UGX 1,860/l, whichever is higher
Spirits	60%	80%
Wine	20%	70%
Furniture	Nil	20%

Source: Information provided by the authorities.

[15] The withholding tax rates applicable to payments to non-residents may be reduced or eliminated if a double tax agreement has been entered into between Uganda and the recipient's country of residence.

3.1.5.2 Other charges

3.30. A number of fees, that have been harmonized at the EAC level (main report, Section 3.1.4.5), are levied on imports.

3.31. An environmental levy is imposed on imports of used motor vehicles. For used cars that were manufactured five to ten years before importation, the levy is charged at a rate of 35% of the c.i.f. value of the car; for cars older than ten years, the levy is charged at 50%. Following the enactment of the Traffic Safety Act, 2018, an imported truck aged five years or more attracts the environmental levy at 20% of the c.i.f. value. In addition, used clothing, used shoes and other used articles are subject to the environmental levy at 15% of the c.i.f. value.

3.1.6 Import prohibitions, restrictions, and licensing

3.1.6.1 Import prohibitions

3.32. According to the authorities, import restrictions, including prohibitions and controls, are largely harmonized at the EAC level (main report, Section 3.1.6). However, Uganda maintains a national list of goods subject to import prohibitions; the list may be amended by the Trade Minister. It seems that used tyres and pornographic materials are banned from importation, for environmental protection, human safety, and social moral considerations.

3.33. During the review period, Uganda reversed its import prohibition on plastic bags.[16]

3.1.6.2 Import licensing

3.34. Uganda maintains several import controls, such as requirements for import permits/authorization, and import licences. Licences are valid for six months from issuance, and are renewable.

3.35. Importers of agri-chemicals are required to register with, and obtain approval from, the Agricultural Chemicals Board (ACB). The National Drug Authority (NDA) regulates imports of pharmaceuticals; importers must apply to the NDA for registration and certification under the National Drug Policy and Authority Act, 1993. The URA may require supplementary documents at the entry point for certain imports. A licence and a Quality Clearance Certificate, issued by the NDA, are required for human and animal medicine.

3.36. Imports of products protected under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) require permits. Application for permits must be accompanied by CITES certificates, issued by the exporting countries. Sanitary and phytosanitary (SPS) certificates are required for trade in agricultural products (Section 3.3.3). A fumigation certificate is required for second-hand clothing.

3.1.7 Anti-dumping, countervailing, and safeguard measures

3.37. Trade remedies (anti-dumping, countervailing and safeguard) measures are governed by various EAC Customs Union regulations (main report 3.1.7). Uganda does not have its own legislation on trade remedies, nor has it initiated or adopted any such measures against WTO Members.

3.1.8 Other measures affecting imports

3.38. Countertrade is not practised in Uganda. There are no offsetting requirements in force. Uganda does not maintain strategic reserve stocks.

3.39. Uganda is under the waiver of non-TRIMs consistency, which is to expire by 2020. The authorities noted that the new Investment Code is under parliamentary debate at its second reading.

[16] In 2006, the Finance Act was amended to ban the importation, manufacture, sale, and use of plastic bags.

3.2 Measures Directly Affecting Exports

3.2.1 Customs procedures, valuation, and requirements

3.40. Registration formalities for exports are similar to those applying to imports (Section 3.1.1). Required documents may include a commercial invoice, a packing list and a bill of lading (or airway bill). Depending on the product and/or destination market, the following may also be required: a certificate of origin, a phytosanitary certificate, a sanitary certificate, a fumigation certificate, or a quality assurance certificate. Export-related documents, including declarations, are submitted through ASYCUDA World. For customs purposes, export values are assessed on an f.o.b. basis, and converted at URA exchange rates (Section 3.1.2).

3.41. The authorities indicate that, on average, clearance of exports through customs takes less than one day, unless there is a need to verify the information provided.

3.2.2 Taxes, charges, and levies

3.42. Hides and skins are subject to a 15% levy on the f.o.b value of the exports; exports of raw tobacco are charged a levy of USD 0.2 per kg. The authorities indicate that the rationale for these levies is to encourage value addition and to promote local industry.

3.43. An export levy is also imposed on fish and fish products, at a rate of USD 0.05 per kg for large fish, and USD 0.02 per kg for small fish and fishery industrial by-products. According to the authorities, these levies were imposed to avoid indiscriminate fishing.

3.44. Uganda maintains a cess of 1% on exports of coffee (collected by the Uganda Coffee Development Authority), which is used for coffee development activities. A cess of 2% is collected by the Cotton Development Organization on the exports of cotton.

3.2.3 Export prohibitions, restrictions, and licensing

3.2.3.1 Export prohibitions

3.45. Export prohibitions are largely harmonized at the EAC level, under the Third Schedule of the EAC CMA, as amended (main report, Section 3.2.3).

3.2.3.2 Export licensing

3.46. Export permits or licences are required for flowers, fruits, vegetables, plants, bees and bee products, coffee, cotton, and game and trophies. Export certificates are required for precious metals, fish, and hides and skins. For other products, export permits are only necessary if required by the importing country.

3.2.4 Export support and promotion

3.2.4.1 Export incentives and support

3.47. The authorities indicate that Uganda does not provide export subsidies.

3.48. Under the Income Tax (Tax Incentives for Exporters of Finished Consumer and Capital Goods) Regulations, 2009, income tax exemptions are provided for ten years for companies exporting at least 80% of finished consumer and capital goods, whether or not the raw materials originate in Uganda. In accordance with the Excise Tariff (Amendment) Act, excise duties paid on goods that are finally exported out of Uganda may be remitted, upon satisfactory proof of exporting.

3.49. The Uganda Export Promotion Board (UEPB) is the main export promotion agency. It provides exporters with trade and market information, as well as advisory services. According to the authorities, the Export Promotion Fund (EPF), launched within the BOU in 1995, is no longer operational. Funds for export promotion are now available through commercial banks.

3.2.4.2 Free zones

3.50. Uganda passed the Free Zones Act in February 2014. Pursuant to the Act, the Uganda Free Zones Authority (UFZA) was established on 1 September 2014. The UFZA is responsible for the establishment, development, management, marketing, maintenance, supervision and control of free zones (FZs).[17] The authorities stated that the overriding purpose of FZs is to promote investment in export-oriented manufacturing and processing in all sectors of the economy, in such a way as to "diversify the country's economic base, attract FDI, generate employment, increase foreign exchange earnings, enhance technology transfer, skill acquisition/upgrading as well as create backward linkages".

3.51. In Uganda, FZs may be either Export Processing Zones (EPZs) or Free Port Zones. Information on the FZs that are operational in the country is not available. The first FZ (Arua Special Economic Zone) mainly focuses on fish processing, timber processing, and the construction of pre-built factory unit and warehousing facilities.

3.52. A licence from the UFZA is required for businesses to be involved in FZ activities. There are three types of licences: developer, operator, and manager. Developer and operator licences are the two major categories to attract investors; a manager licence is issued to a business enterprise which will only undertake the management of an FZ. A developer's licence is issued to investors intending to invest in infrastructure development, including industrial buildings and warehouses, roads, as well as the provision of utilities, such as power, water, sewerage systems and telecommunication lines. An operator's licence is issued to investors intending to carry out, *inter alia*, manufacturing or processing, commercial activities such as breaking bulk, re-packaging, re-labelling and providing export-oriented services. All licences are subject to an annual licence fee.

3.53. As regards the eligibility requirement, both local and foreign companies may be licensed However, they must meet the following criteria: be registered or incorporated for the sole purpose of developing and operating in an FZ in Uganda; must have an adequate equity base and access to capital to enable it to develop an FZ or operate in an FZ; and the activities of the projects for which the developer or operator seeks to engage in must be commercially viable and must be based on a suitable and credible business plan. An FZ company must export at least 80% of its output.

3.54. There are 22 industrial and business parks (IBPs) operational in the country. IBPs are managed by the UIA. The priority sectors for IBPs are similar to those for FZs; they include agro-processing for strategic commodities, such as coffee, fish, cotton, tea, fruits and vegetables; oil, gas and mineral sectors; manufacturing (light and heavy industries); commercial handicrafts; and services.

3.55. Incentives available to companies operating in FZs or IBPs include: duty exemption on imported raw materials and intermediate goods, machinery and equipment, and spare parts for exclusive use in the FZ/IBP; an income tax holiday for the first ten years on export earnings of finished consumer and capital goods; a 100% income tax exemption on earnings from agro-processing; an exemption from the payment of stamp duty for land owned by the UFZA; and free land rent for five years.

3.2.5 Export finance, insurance, and guarantees

3.56. According to the authorities, the Government does not maintain any schemes for export finance, insurance, and/or guarantees.[18]

3.3 Measures Affecting Production and Trade

3.3.1 Incentives

3.57. Companies engaged in agro-processing may enjoy a tax holiday on corporate income for ten years. An exemption of income tax for ten years is accorded to companies operating in an industrial

---

[17] UFZA online information, *About Us*. Viewed at: http://freezones.go.ug/about-us/.

[18] An export finance scheme and an export guarantee scheme were discontinued in 2006, following the decision of the Ministry of Finance to transfer all development funds to Uganda Development Bank Ltd.

park or an FZ; similar treatment is granted to companies outside the parks/zones if their investment value is more than USD 30 million for a foreign company or USD 10 million for a Ugandan company.[19]

3.58. A 50% initial allowance is available in respect of plant and machinery, which is increased to 75% if such assets are outside the areas of Kampala, Entebbe, Namanve, Jinja and Njeru. During the year a new industrial building or expansion to an existing one is put to use for the first time, 20% of the related cost is available as allowance.

3.59. Mining operations are granted a 100% deduction for any expenditure of a capital nature incurred in the exploration of, discovery, testing or gaining access to mineral deposits in Uganda.

3.60. All goods that are exempt under the Fifth Schedule of the EAC CMA are exempt from VAT in Uganda. These are listed in the Second Schedule of the VAT Act, and include unprocessed foodstuffs; unprocessed agricultural products and livestock; computer software; bio-degradable packaging materials; financial services; insurance services; education services; veterinary, medical, dental, and nursing services; new computers, printers, and parts; and liquefied petroleum gas.

3.3.2 Standards and other technical requirements

3.61. During the period under review, Uganda's framework for standards and technical requirements remained largely unchanged. The basic legislation is the Uganda National Bureau of Standards Act, Cap 327 (as amended). The UNBS is the sole statutory organization responsible for the formulation, promotion, and enforcement of standards and technical regulations. It is the national enquiry point for TBT issues in the context of the WTO[20]; the MTIC is responsible for notifications to the WTO.

3.62. In the period between 1 January 2012 and 31 July 2018, Uganda submitted about 700 regular notifications to the WTO under the TBT Agreement. The notifications cover, *inter alia*, food and beverages, cosmetic products, construction materials, fertilizers, fuel products, medical instruments, clothing and textiles, mechanical devices, and measuring devices. Most of these notifications specified a comment period of at least 60 days and a proposed date of adoption. During the same period, Uganda also submitted a large number of addenda, providing additional information on the adoption, entry into force, and content of the final text of previously notified TBT measures. Some WTO Members in the TBT Committee expressed their concerns about EAC-harmonized technical regulations on alcoholic beverages.

3.63. Any interested party (i.e. public sector, private sector, academia, or members of the public) may submit proposals for national standards/technical regulations to the UNBS. The technical committees prepare the draft standards, and publish them for comments.[21] A 60-day period is usually given for public comments from a wider range of stakeholders. The authorities noted that the UNBS responds to all comments in writing. Final texts of standards must be approved by the National Standards Council, prior to being declared as national standards by the Minister for Trade.

3.64. Upon the recommendation from the National Standards Council, the Minister may declare a standard a technical regulation (i.e. mandatory standards). The Council recommends a standard to be declared compulsory depending on the objectives it intends to achieve. These objectives include quality requirements, the protection of human health or safety, the protection of the environment, the protection of animal or plant life or health, the prevention of deceptive trade practices and consumer protection, and consumer information or labelling. A 60-day period is accorded to the

[19] The Ugandan tax system is residence-based. Capital gains are aggregated with business income, and taxed at the standard corporate income tax rate. The basic rate of corporate income tax in Uganda is 30%. The rates for mining companies and petroleum operations are calculated differently, according to the corresponding provisions set forth in the Income Tax Act (Section 4.2). Small-business taxpayers, with a turnover of between UGX 5 million and UGX 50 million, are taxed on a turnover basis.

[20] The UNBS represents Uganda in the African Regional Organization for Standardization (ARSO), in the International Organization for Standardization (ISO) as a correspondent member, and at the EAC and the COMESA for the harmonization of regional standards.

[21] As of end-July 2018, there were 20 technical committees. See UNBS online information, *Technical Committees*. Viewed at: https://unbs.go.ug/content.php?src=technical-committees&pg=content.

public for the submission of any objection. If no objection is registered, the standards become technical regulations when the Minister of Trade declares them as such.[22]

3.65. The UNBS publishes a bi-annual catalogue of standards. A list of technical regulations is also maintained on the UNBS website. As of end-2017, a total of 3,125 standards were in force, of which 1,317 were compulsory (i.e. technical regulations). According to the authorities, Uganda considers relevant international standards as the basis for preparing national standards and technical regulations, unless the international standards are ineffective (due to climate or geographic conditions, for instance) or inappropriate to achieve the intended, legitimate objectives. The authorities noted that 747 technical regulations were directly adopted or derived from international standards, while 270 were EAC regional standards.

3.66. Products (domestically-produced or imported) subject to technical regulations must be tested for conformity before they are placed on the market.[23] In principle, the tests are carried out by the appropriate UNBS laboratories in the fields of chemistry, microbiology, mechanics, building materials, and electrical equipment. The UNBS operates a product certification scheme, under which manufacturers apply for and are granted permits to use the Uganda Standards Distinctive Mark on their products. The Mark is mandatory for products subject to technical regulations. As of end-July 2018, 1,200 products had been certified and 400 companies had benefited from this scheme.

3.67. For locally-produced goods, the UNBS carries out scheduled and surprise site visits to industrial plants to ensure safety and conformity with technical regulations. The UNBS has established an Import Inspection and Clearance Scheme that requires all imported products subject to technical regulations to be inspected for conformity. The inspection may follow one of two methods: pre-export verification of conformity (PVoC), or destination inspection.[24]

3.68. PVoC is usually applied to imports valued above USD 2,000 (f.o.b.). Under it, importers must present a Certificate of Conformity (COC)[25] at the point of entry; in the absence of a COC, the arrival cargoes are subject to destination inspection, instead. In most cases, COCs are required before the goods are loaded in the exporting countries (i.e. pre-export). COCs may be issued by inspection agents, who are pre-qualified and commissioned by the UNBS; the UNBS also accepts test reports issued by accredited foreign laboratories.[26] In general, the inspection fees are charged at *ad valorem* rates on the f.o.b. value of the shipment[27]: 0.5% for unregistered products, 0.45% for registered products, and 0.25% for licensed products. The authorities stated that the inspection fees have remained unchanged since 2013.

3.69. The UNBS provides facilitation procedures for products subject to PVoC requirements. Products that have been registered with the UNBS, or frequent importers of homogeneous products, may enjoy self-declaration of compliance supported by substantiated evidence of conformity and consistency (test reports, certificates, Quality Management Certificates, etc); product registration is valid for one year, renewable. Exporters to Uganda may also apply for a UNBS Product Compliance Licence, under which COCs will be issued if the licence review is satisfactory; this Licence is renewable annually. Imports bearing the Uganda Standards Distinctive Mark are exempted from the PVoC requirement. Under the principle of intra-EAC transfer, imports originating in other EAC members are not subject to PVoC, if they bear notified certification marks of other EAC partner States.

3.70. For goods valued at less than USD 2,000, destination inspection is applied on their arrival at the point of entry. No inspection fees are charged for this inspection. However, if goods subject to

[22] Objections are submitted to the National Standards Council. The Council's decision is final.

[23] In general, products subject to technical regulations may be categorized into 11 groups, as referenced in Schedule 2 of the UNBS (Import Inspection and Clearance) Regulations 2015.

[24] Under unusual circumstances, such as the authorities uncovering non-compliance behaviours, imported goods may be subject to both PVoC and destination inspections.

[25] For imports of used motor vehicles, a Certificate of Road Worthiness (CRW) is required instead.

[26] Accredited bodies include laboratories accredited for goods in the related group of products by a full member of the International Laboratory Accreditation Cooperation (ILAC), and product certification bodies accredited for goods in the related group of products by a full member of the ILAC. For details, see the Pre-Export Verification of Conformity to Standards Operational Manual.

[27] Inspection fees for used motor vehicles are charged at specific rates.

PVoC fail to produce COCs at the point of entry, a surcharge for the inspection is imposed, at a rate of 15% of the c.i.f. value of the shipment.

3.71. In order to accelerate customs clearance, in February 2017, the UNBS introduced a new procedure to release imported goods under seal to a bond house or to the importers' own premises while the actual release is pending laboratory testing results. Importers now apply for release under seal, upon all relevant payments being made and cash worth 15% of the c.i.f. value of the goods being deposited as a bond. The bond is returned to the importer when the Import Clearance Certificate is issued; the bond is used for the destruction or re-export of the goods if the test result is not in favour of the importer.

3.72. The UNBS conducts market surveillance. Where necessary, it draws samples of the product for laboratory testing. Testing charges are imposed if samples are drawn for laboratory analysis. If the product does not meet the critical minimum requirements for health, safety, and performance, as set out in the relevant Ugandan Standard, the product is prohibited from entry on those grounds and seized for destruction or re-exportation at the importer's expense.

3.73. Uganda concluded a mutual recognition agreement (MRA) with other EAC partner States within the framework of EAC SQMT Act. It has not concluded any MRAs with other countries, nor is it a member of any accreditation forums. According to the authorities, a bill on accreditation has been submitted to the legislature.

3.74. The following information must be clearly marked on imports and exports: importer/exporter name, consignee, flight/vehicle details, place of discharge, number of packages, container identity, description of goods, airway bill number/bill of lading, and country of origin/destination. Additional labelling requirements have been adopted for used clothing. Uganda's standards on labelling and packaging apply to, *inter alia*, food, textile products, and cosmetics.

3.3.3 Sanitary and phytosanitary requirements

3.75. During the period under review, Uganda's framework for sanitary and phytosanitary (SPS) requirements appears largely unchanged. The main SPS-related legislation includes the Food and Drugs Act, 1964, the Public Health Act, 1964, the Plant Protection Act, 1964, the Drugs Act, 1993, the Seeds and Plant Act No. 3, 2007, and the Agricultural Chemicals (Control) Act No. 1, 2007. The authorities are revising or preparing laws and regulations in the SPS area, e.g. regulations for the Agricultural Chemicals (Control) Act, the draft Biosafety Act and Regulations, the Plant Protection and Health Act, and the Food and Nutrition Bill.

3.76. The MAAIF is the national enquiry point for all SPS-related issues (including for the issuance of permits and certificates), while the MITC is responsible for notifications to the WTO. During the period between 1 January 2012 and 31 July 2018, Uganda submitted 35 regular notifications to the WTO under the Agreement on the Application of Sanitary and Phytosanitary Measures, covering food safety, and animal health issues.

3.77. Various institutions share responsibility for the implementation of food safety controls. At the time of the previous Review, Uganda developed a National Food Safety Strategic Plan (2007-16), aiming at, *inter alia*, guiding the implementation of food safety laws, programmes, activities, and other food safety control systems.[28] The Ministry of Health is responsible for issues related to drugs and food safety. Imports of drugs require a valid import permit issued by the NDA.[29] The drugs are inspected by an NDA inspector at the port of entry, to ensure that they comply with the approved specifications and regulations. Each batch must be accompanied by a relevant certificate of analysis. The inspector may carry out sampling or pick samples for further investigation.

3.78. The MAAIF is responsible for initiating the formulation and review of laws, regulations, standards, strategies, and plans related to SPS measures and for the regulation of animal and animal products (including fish and fish products). A phytosanitary certificate is required from the exporting country for flowers, fruits, vegetables, and plants, and related products; and a health certificate is required for animals and animal products, certifying that they are free from infectious or contagious

[28] WTO document, WT/TPR/S/271/UGA/Rev.1, 31/05/2013.
[29] For import procedures, see NDA online information. Viewed at: http://www.nda.or.ug.

diseases. A permit from the relevant department under the MAAIF is required prior to the importation of these products.

3.79. The Department of Fisheries Resources is responsible for the certification of fish and fish products intended for export. It enforces fisheries regulations, including the inspection of factory premises, processing lines, landing sites, fish transport, and export points for adherence to safety and quality requirements, as well as maintaining a national fish inspection and quality control system.

3.80. The Crop Protection Department of the MAAIF is responsible for all matters related to plant health, including the control of SPS permits on imports, the issuance of export phytosanitary certificates for live plant material and horticultural crops, and the deployment of staff at all border posts to enforce agricultural import and export regulations and certification against crop pests and diseases. The Department is also responsible for enforcing regulations on the registration and use of pesticides and other agri-chemicals. Imports of flowers, fruits, vegetables, plants, and seeds require a phytosanitary certificate. Seed importers are subject to licensing requirements. Soil imports are prohibited.

3.3.4 Competition policy and price controls

3.81. Uganda has no national legislation to regulate competition or anti-trust cases. However, provisions on competitive practices are embodied in various sectoral laws and regulations, such as the Uganda Communications Act (1997), the Uganda Electricity Regulatory Act, and the Uganda Insurance Regulatory Act.

3.82. A National Competition and Consumer Protection Policy was approved by the Cabinet in 2014. Bills for a competition law and a consumer protection law have been drafted but have not yet been debated in the legislature.

3.83. According to the authorities, Uganda does not operate any price control schemes, except for the utility sector (i.e. water and electricity), where sectoral regulators approve prices.

3.3.5 State trading, state-owned enterprises, and privatization

3.84. Uganda notified the WTO that it does not have any state-trading enterprises within the meaning of Article XVII:4(a) of GATT 1994.[30]

3.85. Uganda began a privatization programme in 1993 under the Public Enterprises Reform and Divestiture Act (the PERD Act). Divestiture proceeds are used to support the privatization process. The use of divestiture proceeds is provided for under Section 26 of the PERD Act, which indicates the priority for using proceeds to meet the costs and expenses associated with the termination of contracts of employment between the public enterprise whose employees are affected as a result of the divestiture, the liabilities of the public enterprise under the divestiture, the costs and expenses incurred in the process of preparing a public enterprise for divestiture, and the costs and expenses of the divestiture.

3.86. There are apparently 30 state-owned enterprises (SOEs) in operation. SOEs mainly exist in the sectors of finance, agriculture, water utilities, mining, housing, electricity, and transport (Table 3.2). In some of these sectors, the Government is not directly involved in the running of the business, but remains a shareholder.

Table 3.2 State-owned companies and statutory corporations

Name	Activity	State holding (%)
Amber House Ltd.	Assets ownership and management (Amber House)	100
Dairy Corporation Ltd.	Dairy products (assets leased to Sameer Agriculture)	100

[30] WTO document G/STR/N/10/UGA, 28 September 2005.

Name	Activity	State holding (%)
Housing Finance Bank Ltd.	Commercial banking	49.2
Kilembe Mines Ltd.	Copper mining	99.6
Kinyara Sugar Ltd.	Sugar production (due for sale)	30
Mandela National Stadium Ltd.	Stadium management	100
Munyonyo Commonwealth Resort Ltd.	Hotel	49
National Housing and Construction Company Ltd.	Housing estates and constructions services	51
New Vision Group	Newspaper printing and publishing/TV/radio services	53
Nile Hotel International Ltd.	Hotel services concessioned to TPS Ltd. t/a Serena Hotel	100
Phenix Logistics Ltd.	Textiles	96
Post Bank Uganda Ltd.	Commercial banking	100
Uganda Development Bank Ltd.	Development banking	100
Uganda Development Corporation Ltd.	Government investment	100
Uganda Livestock Industries Ltd.	Government ranches (all ranches leased out)	100
Uganda Seeds Ltd.	Agriculture and seed promotion	100
Uganda Telecom Ltd. (UTL)	Telecommunication	31
Uganda Prison Industries Ltd.	Government prison welfare services	100
Uganda Post Ltd. (Posta Uganda)	National postal services	100
Uganda Property Holdings Ltd.	Government assets management	100
Uganda Electricity Generation Company Ltd. (UEGCL)	Electricity generation (concessioned to Eskom Ltd.)	100
Uganda Electricity Transmission Company Ltd. (UETCL)	Electricity transmission	100
Uganda Electricity Distribution Company Ltd. (UEDCL)	Electricity distribution (concessioned to Umeme Ltd.)	100
Corporations established by law		
National Enterprise Corporation		
National Medical Stores Ltd.		
National Water and Sewerage Corporation		

Source: Information provided by the authorities.

3.87. Uganda does not impose restrictions on foreign participation in privatization, except on industries considered sensitive. Information on the sensitive industries was not available. In practice, the Government usually limits foreign investment in the sensitive industries to ordnance. It seems that foreign investors are primarily attracted to the agribusiness, hotel, and banking industries.

3.3.6 Government procurement

3.88. The legislation includes the Public Procurement and Disposal of Public Assets Act, 2003 (as amended) (PPDA Act), the Public Financial and Accountability Act, 2003, and the Local Government Act, 2006. During the period under review, the Amendment to PPDA Act entered into force in March 2014; consequently, a number of regulations for implementing the Act came into force, including the PPDA Regulations, the PPDA Administrative Review Regulations, the PPDA Evaluation Regulations, and the PPDA Procuring and Disposing Entities (PDE) Regulations.[31] The authorities noted that the PPDA amendment strengthened the procurement regime, through enhancing transparency in the system, increasing the accountability of procuring officers, and establishing an independent PPDA Tribunal.

3.89. The Public Procurement and Disposal of Public Assets Authority (PPDA) is responsible for setting standards, monitoring compliance, reviewing procurement decisions, auditing and investigating complaints, and building capacity in procuring entities. It noted that all procurements that are financed by public funds are subject to the PPDA Act and its related Regulations. Public

[31] All regulations related to public procurement may be consulted on the website of the PPDA. Viewed at: https://www.ppda.go.ug/download-reports/legal/regulations/.

procurement operations are decentralized, with responsibility assigned to PDEs at central and local government levels.

3.90. The PPDA issues guidelines on thresholds for procurement methods. The current thresholds were published in 2013, and have remained unchanged since then (Table 3.3).[32]

Table 3.3 Thresholds for procurement methods, 2018

	Works	Supplies and non-consultancy services
Open bidding	Exceeding UGX 500 million	Exceeding UGX 200 million
Restricted bidding	UGX 200 million to UGX 500 million	UGX 100 million to UGX 200 million
Request for quotation	UGX 10 million to UGX 200 million	UGX 5 million to UGX 100 million
Micro procurement	UGX 10 million and below	UGX 5 million and below

Source: Information provided by the authorities.

3.91. The recommended procurement method is open bidding[33], especially for large amounts of public purchases. The tender is advertised in the national, and in some cases international, print media, and displayed on noticeboards. The Government also maintains an online procurement portal to publish tenders and other related information.[34] Bids are opened and registered by the procurement contract committee; an evaluation committee evaluates the bids and makes recommendations regarding contract awards to the contract committee. Local and regional authorities, as well as public enterprises, follow the same procedure. Procurement audits are carried out by PPDA staff or are contracted to approved external companies.

3.92. For FY 2016/17, direct procurement accounted for some 45.9% of the total, followed by open bidding (39.3%: 22.2% for international and 17.1% for domestic). The other procurement methods, such as restricted bidding, request for quotations/proposals, and micro procurement, cover the rest of the procurement values.

3.93. The Amended PPDA Act provides for local preferences under the Preference Scheme and the Reservation Scheme. The Preference Scheme is applied only to open biddings. Under it, margins of preference are: 15% for goods manufactured, mined, extracted or grown in Uganda, and/or 7% for works by Ugandan contractors or services provided by Ugandan consultants. Goods qualify for preference as domestically-manufactured where the labour or value addition is more than 30% and the production facility in which the goods are manufactured, assembled or processed is in Uganda. In order to be eligible for the Preference Scheme, bidders must be Ugandan citizens or companies (incorporated or registered in Uganda) controlled by Ugandan citizens (i.e. owning more than 50% of the capital).

3.94. The Reservation Scheme is applied to micro- small and medium-sized suppliers, regardless of the procurement method used. Under it, procurement projects for a particular sector, or in a given geographical area in Uganda, are reserved exclusively for the "reserved" suppliers. These suppliers must be 100% owned by Ugandan citizens.[35] The PPDA must consult other relevant authorities as well as stakeholders to specify which procurement contracts are subject to the Reservation Scheme, and to designate the particular sector within a specified geographical area eligible for the Scheme.

3.95. For FY 2016/17, contracts awarded to local providers accounted for 52.8% of the total procurement value.

3.96. A bidder may file a complaint for administrative review first to the Accounting Officer of the PDE within ten working days of the bidder's awareness of the circumstances giving rise to the complaint. The Accounting Officer must issue a decision within 15 working days. If a bidder is not

[32] There are also special thresholds for the procurement of medicines and other health supplies.
[33] Negotiations are prohibited except where only one bid is received under a competitive method or under direct procurement or for consultancy services, and only where the bid exceeds the budget.
[34] Government procurement portal. Viewed at: http://gpp.ppda.go.ug/page/home.
[35] The authorities noted that the Reservation Scheme also applies to "resident suppliers" that are incorporated in Uganda for at least two years at the time of submission of the bid, regardless of ownership or control.

satisfied with the Accounting Officer's decision, or the Accounting Officer fails to issue a decision, the bidder may appeal to the PPDA within 10 working days from date of receipt of the Accounting Officer's decision or the date when the Accounting Officer fails to have issued the decision. Similarly, the PPDA must reach a decision with 15 working days from receipt of the appeal. Since 2010, the PPDA has handled 217 applications for administrative review. For most cases, it rejected the claims; on a simple average over the last six years, approximately 35% of cases got the PPDA's support.

3.97. Bidders aggrieved by PPDA decisions may appeal to the PPDA Appeals Tribunal, which has ten working days to issue a decision. A bidder may apply for administrative review at any stage of the procurement process, but may not apply for review after a procurement contract has been signed.

3.98. In addition, the PPDA reacts to whistle-blowers' complaints, and investigates malpractices in the procurement process. It has initiated 442 investigations since 2010. As a result of these, over 140 suppliers have been suspended, mostly on the grounds of breaches of ethical codes (e.g. submission of forged documents).

3.99. Uganda is neither a signatory nor an observer to the Plurilateral Agreement on Government Procurement, nor to any bilateral agreements.

3.3.7 Intellectual property rights

3.100. During the period under review, Uganda modernized its legal framework for intellectual property rights (IPRs): the Geographic Indication Act, 2013 and the Industrial Property Act, 2014 entered into force. Along with the Copyright and Neighbouring Act, 2006 and the Trademarks Act, 2010, these two new Acts enhance legal protection of intellectual property in Uganda. The URSB is the main competent authority in the area of IPR protection.

3.101. Uganda accepted the protocol amending the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) in July 2010.[36] It is a member of the Paris Convention for the Protection of Industrial Property, the Convention establishing the World Intellectual Property Organization (WIPO), the Patent Cooperation Treaty, and the Nairobi Treaty. It is also a member of the African Regional Intellectual Property Organization (ARIPO).

3.3.7.1 Industrial property

3.3.7.1.1 Patents, utility models, and industrial designs

3.102. The Industrial Property Act, 2014 entered into force on 1 April 2015; the legislation covers patents, utility models, industrial designs, and technovations. It replaced the Patents Act, 1993.

3.103. Under it, inventions, whether products or processes, that are applicable to industrial activities may be protected. The Act listed eight items which are not protected under patents, including pharmaceutical products and test data until 1 January 2016 or such other period as may be granted to Uganda or LDCs by the WTO TRIPS Council. Ugandan residents are normally not allowed to apply for patents outside the country unless written permission is given by the URSB.

3.104. Applications for patents in Uganda must be made by a Ugandan resident; foreign applications must be represented by an advocate of the High Court. Any interested party may file with the URSB a notice of opposition within 90 days of the publication of the application. The URSB is responsible for producing search and examination reports for patent applications.

3.105. Patents are granted for 20 years (up from 15 years under the previous legislation), subject to the payment of annual fees. A public-interest provision allows for the exclusion of certain kinds of products or process inventions from patentability for up to two years.[37]

3.106. Two types of compulsory licences are provided for in the legislation. First, on the grounds of "vital public interest", government agencies or designated persons may, at any time, obtain

[36] WTO document WT/LET/678, 15 July 2010.
[37] The exclusion is to be applied on a case-by-case basis but, according to the authorities, it has not been used, to date.

authorization to exploit a patented invention, provided that the patent owner or licensee has been given an opportunity to comment, and that adequate remuneration is paid.[38] Second, Ugandan authorities may grant a compulsory licence after specified periods[39] if the patented invention has not been supplied in Uganda or not being supplied on reasonable terms; and if the patented invention is necessary for advancing the working of a later patented invention.[40] To date, according to the authorities, no compulsory licences have been granted.

3.107. Utility models are protected in a similar manner to patents. Utility is protected for a period of ten years, and is not renewable.

3.108. Under the Industrial Property Act, an industrial design means that aspect of a useful article which is ornamental or aesthetic that may consist of three-dimensional features, such as a shape or the surface of an article, or a three-dimensional feature, such as patterns, lines or colours.[41] Applications for the protection of industrial designs are also submitted to the URSB.[42] Upon approval, an industrial design is protected for five years, with the possibility of renewal for two consecutive periods of five years.

3.109. In the event of infringement, the right holder of a patent, utility model, or industrial design may initiate proceedings in the High Court for damages, an injunction (including border measures), and other remedies. The Industrial Property Act also contains provisions on the enforcement of patent rights.

3.110. Furthermore, the Industrial Property Act defines technovation as "a solution to a specific problem in the field of technology, proposed by an employee of an enterprise in Uganda for use by that enterprise, and which relates to the activities of the enterprise but which, on the date of the proposal, has not been used or actively considered for use by that enterprise". An employee may file a request for a technovation certificate with the enterprise. The enterprise must decide whether or not to issue a technovation certificate within three months after receipt of the request; on the technovation certificate, the enterprise must clearly indicate whether or not it intends to use the technovation. The enterprise must pay a remuneration to the employee (i.e. the certificate holder) for using the technovation, of an amount mutually agreed by both parties.

3.3.7.1.2 Trademarks and geographic indications

3.111. Trademarks are covered under the Trademarks Act, 2010. The Act provides for the registration of trademarks that meet the requirements of distinctiveness for goods or services. Trademarks are valid for seven years, renewable thereafter every ten years upon payment of a fee. A registered trademark may be transferred. Registrations of certification marks are also permitted. Trademarks of goods and services registered in another country are protected, provided that the country accords the same treatment to Uganda. A trademark may be removed from the register upon proof of prior registration in another country, and upon application in writing within seven years of registration in Uganda.

3.112. The Act makes provision for penalties for offences such as the forging or counterfeiting of trademarks, the falsification of entries in the register, and the falsification or unlawful removal of a registered trade mark. These range from fines of 48 to 120 currency points or imprisonment for two to five years, or both. A person whose rights are infringed may also seek civil remedies. The Trademark Act also provides for the appointment of inspectors who will assist in the enforcement, in collaboration with the police.

[38] Section 66 of the Industrial Property Act, 2014.

[39] The period is four years from the expiration of the filing date of an application, or three years from the grant of a patent, whichever expires last.

[40] Sections 58 and 59 of the Industrial Property Act, 2014.

[41] The protection of industrial designs shall not extend to anything in an industrial design which serves solely to obtain a technical result, and to the extent that it leaves no freedom as regards arbitrary features of appearance.

[42] The authorities noted that the United Kingdom Design (Protection) Act of 1937 (as amended) has been repealed since the Industrial Property Act entered into force.

3.113. Geographic indications (GIs) are protected under the Geographic Indications Act, 2013.[43] A GI refers to any indication which identifies goods as originating in a particular country, region or locality where a given quality, reputation or other characteristic of the goods is essentially attributable to its geographic origin.[44] A name that has become generic is excluded from GI protection.[45] A GI is valid for ten years, renewable. Provisions regarding remedies against violations are similar to those set forth for trademarks.

3.3.7.1.3 Trade secrets, and other IPRs

3.114. Trade secrets or undisclosed information in commercial transactions and other related matters are protected under the Trade Secrets Protection Act, 2009. Trade secrets include information relating to a formula, pattern, compilation, programme, method, technique, or process, or information contained or embodied in a product, device or mechanism, that has economic value from not being generally known. Such rights are not exclusive and shall not prejudice rights in other forms of IP. In the event of improper disclosure, acquisition or use of a trade secret, the High Court may order an injunction, an award of damages, an account of profits or an adjustment order.

3.115. There is no legislation providing protection on the layout design of integrated circuits, nor are there any provisions on parallel imports.

3.116. Plant varieties are protected by the Plant Varieties Act, 2014.[46]

3.3.7.2 Copyrights

3.117. The Copyright and Neighbouring Rights Act, 2006 protects literary, scientific, and artistic intellectual works, which include audio-visual works, computer programs, electronic data banks, and derivative works such as translations. The Act applies to any work created by a citizen of Uganda or a person resident in Uganda; first published in Uganda, irrespective of the nationality or residence of the author; or created by a person who is a national of, or resident in, a country that is a member of WIPO, ARIPO, UNESCO or the WTO. The moral rights of an author are protected. Literary, musical, and artistic works are protected for the duration of the author's life plus 50 years. Neighbouring rights, which apply to performers, producers of sound recordings, and audio-visual and broadcasting companies, are protected for 50 years from the date of the performance or broadcast.

3.118. Infringements of copyright or neighbouring rights are subject to a fine not exceeding 100 currency points or imprisonment not exceeding four years, or both. The Act provides for the creation of collective management organizations, registered by the Registrar of Companies. The Registrar may register as a collecting society any society or body whose main objective is to promote the economic and social interest of its members through defending their copyright and neighbouring interests. The Registrar may cancel the registration certificate of any society that does not conform to the provisions of the Act.

3.3.7.3 IPR enforcement

3.119. The Commercial Court is responsible for hearing IP cases, including by artists and musicians in Uganda's Performing Arts Rights Society. The UNBS, the URA, and the Uganda Police Force (UPF) are responsible for enforcing the law on IP. In 2016, the URSB, in cooperation with the UPF, established the Intellectual Property Enforcement Unit. The Unit's role is the enforcement of the law against trademark counterfeiting and copyright piracy. It is reported that the enforcement efforts are constrained by inadequate resources and funding.

[43] According to the authorities, GIs are protected as certification marks under the Trademarks Act, 2010. Certification marks may freely be converted to GIs, or vice versa, upon the request by the applicant. See Article 19, Geographic Indications Act, 2013.

[44] Article 2, Geographic Indications Act, 2013.

[45] As per Article 5(2) of the Geographic Indications Act, 2013, a name that has become generic means the name of a product which, although it relates to the place or the region where the product was originally produced or marketed, has become the common name of the product in Uganda.

[46] The MAAIF is the competent authority for plant variety protections.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture, Forestry, and Fisheries

4.1.1 Agriculture

4.1.1.1 Overview

4.1. Agriculture provides the livelihood for the majority of Ugandans, particularly women, and has long been of fundamental importance to the economy in terms of its contribution to GDP, export revenue, and employment. Over the period under review, the sector accounted for more than a quarter of the GDP (Table 1.1). The authorities stated that agriculture is the backbone of Uganda's economy, and will be critical to achieving the goal set in NDPII, of propelling the country towards middle-income status with a per capita income of USD 1,039 by 2020.

4.2. Over the period 2010-2015, the sector's average annual growth rate was 2.2%. It was lower than the average annual GDP growth rate of 5.2% and the average annual population growth rate of 3% over the same period. The average contribution for the different subsectors was 1.7% of GDP for cash crops, 12.7% for food crops, 4.2% for livestock, 0.03% for agriculture support services, 4.0% for forestry and 1.2% for fisheries.[1]

4.3. Uganda has a total area of 241,551 km^2 (of which 83% is land area and 17% open water and swamps), and contains nearly half of the arable land in East Africa. Cultivated land accounts for 41% of the total land area. Although 75% of the land is arable, only slightly more than half is cultivated. Smallholders with average farm sizes of 2.5 ha account for 75% of total agricultural output.

4.4. In accordance with the Constitution and the Land Act, 1998 (as amended), land in Uganda is managed under four land tenure systems: customary, *mailo*, freehold, and leasehold. These regimes confer different land rights on their owners, with different implications for the security of tenure. A fifth tenure system applies to public land. Customary tenure, under which landholders do not have a formal title to the land they use, but may acquire certificates of ownership, is the most common: over 80% of land in Uganda is held under unregistered customary tenure. Leaseholders are not required to be Ugandan citizens. The other forms of tenure are available only to Ugandan citizens. The Government may convert public land to private use to encourage investment and economic growth.

4.1.1.2 Agricultural policy

4.5. The MAAIF is responsible for the formulation and implementation of agricultural policy. It has three technical directorates, dealing with crop resources, animal resources, and fisheries. In addition, seven semi-autonomous agencies operate under it: the National Agricultural Research Organization (NARO) for the generation and dissemination of research technologies; the National Agricultural Advisory Services (NAADS) for the delivery of advisory services; the National Animal Genetic Resource Centre and Data Bank (NAGRC&DB) for animal genetic development; the Coordinating Office for the Control of Trypanasomiasis in Uganda (COCTU); the Dairy Development Authority (DDA) for the promotion of dairy development; the Uganda Coffee Development Authority (UCDA) for the promotion of coffee development; and the Cotton Development Organization (CDO) for the promotion of cotton development. The Secretariat for the Plan for Modernisation of Agriculture (PMA) is an administrative unit for policy harmonization and inter-sectoral coordination.

4.6. In the National Agricultural Policy, the Government considered that agriculture faces several challenges at different stages of the commodity value chain, including low production and productivity, low value addition to agricultural produce, lack of access to markets, failure to maintain a consistent policy regime and functional institutions, insufficient skilled agricultural labour force, high human disease burdens, and inadequate attention to natural resource sustainability.[2]

4.7. The MAAIF implemented the Development Strategy and Investment Plan (DSIP) over the period 2010-15. The DSIP's vision is to create "a competitive, profitable and sustainable agricultural

[1] MAAIF online information. Viewed at: http://agriculture.go.ug/agriculture-sector-strategic-plan-assp/.
[2] MAAIF (2013), National Agriculture Policy, September 2013, Entebbe, Uganda.

sector" which will "transform subsistence farming to commercial agriculture". Its development objectives are to increase rural incomes and livelihoods, and to improve household food and nutrition security. Investment in agriculture under the DSIP has been packaged under four programmes: enhancing production and productivity, improving access to markets and value addition, creating an enabling environment, and strengthening institutions.

4.8. In June 2015, the Government issued NDPII, 2015/16–2019/20). According to NDPII, the production of 12 agricultural goods (i.e. cotton, coffee, tea, maize, rice, cassava, beans, fish, beef, milk, citrus, and bananas) has been identified as an investment priority. The authorities noted that the choice of these 12 goods was based on the consideration of their high potential for food security and high contribution to export earnings. The authorities expected agricultural exports to reach USD 4 billion by 2020 (from USD 1.76 million in 2017) (Table A1.1) after the successful implementation of NDPII.

4.9. With the NDPII targets in mind, the MAAIF began implementing the Agriculture Sector Strategic Plan (ASSP) in 2015, for a five-year period up to 2020. The ASSP, the plan following on from the DSIP, defines the priorities and interventions that guide its implementation over the five-year period, with the aims of reducing poverty, and supporting the country's economic growth and transformation to middle-income status.

4.10. During the period 2012-16, the budget allocated to the agricultural sector increased from UGX 378.9 billion in 2012 to UGX 484.7 billion in 2016. Despite this, the percentage allocation in the national budget to the sector actually declined from 3.4% 2012 to 2.7% in 2016.

4.11. The National Agricultural Research System, established by the National Agricultural Research Act 2005, has developed a ten-year strategic plan (2008-18), with the goal of improving agricultural research service delivery, through decentralizing research services, mainstreaming integrated research and development (R&D, enhancing services quality, and developing and maintaining a strategic programme of advanced science.

4.12. Uganda's latest notification to the WTO regarding agricultural export subsidies was in 2005, and indicated that the country had not provided export subsidies to its agricultural products over the period 2000-04.[3]

4.13. At the regional level, improving food security has been identified as one of the key priorities of the EAC Agriculture and Rural Development Policy (main report, Section 4.1.2). However, the absence of a harmonized system for SPS measures among EAC members may have an impact on Uganda's exports and on domestic food safety.

4.1.1.3 Subsectors

4.1.1.3.1 Cash crops

4.14. Uganda's traditional cash crops are coffee, cotton, tea, cocoa, and tobacco.

4.1.1.3.1.1 Coffee

4.15. Uganda is the second-largest coffee producer in Africa, after Ethiopia. Annual production is made up, on average, of 20% Arabica, grown at high altitudes, and 80% Robusta, grown at lower altitudes around the Lake Victoria basin. Unlike Robusta, which is a native plant, Arabica is an introduced crop originating in Ethiopia. Uganda's Robusta is considered as one of the best in the world and commands a considerable premium.

4.16. Coffee is Uganda's leading foreign exchange earner in merchandise trade, contributing an annual average of 20% to total export revenue. During the period under review, exports, in particular Robusta, increased. In 2017, total export earnings from coffee reached USD 440 million, approximately 65% of which came from Robusta (Table 4.1). Key markets for Uganda's coffee

[3] WTO document, G/AG/N/UGA/3, 30 September 2005.

exports include the European Union, Sudan, the United States, India, and Switzerland. Domestic consumption remains low: less than 1% is consumed locally.

Table 4.1 Coffee exports, 2011-17

Year	Total quantity	Total value	Arabica		Robusta	
			Quantity	Value	Quantity	Value
2011	2,726,249	392.70	822,073	168.72	1,904,176	223.98
2012	3,582,629	432.69	801,151	114.96	2,781,478	317.73
2013	3,499,829	393.92	764,809	108.31	2,735,020	285.61
2014	3,455,852	410.55	733,216	122.16	2,722,636	288.39
2015	3,315,567	326.68	880,407	103.02	2,435,160	223.66
2016	4,605,158	544.59	986,527	139.73	3,618,631	404.86
2017	3,418,441	440.31	836,015	120.54	2,582,426	289.77

Note: Quantity is denoted in 60-kg bags; value is denoted in USD million.

Source: UCDA.

4.17. Although large-scale coffee producers are gradually emerging, the subsector is almost entirely dependent on about 500,000 low input-intensity smallholder farmers, with an average farm size of 0.33 ha. Input use is low, therefore yields are low, with an estimate of 369 kg per ha. The coffee industry employs over 3.5 million families in coffee-related activities.

4.18. The MAAIF published a National Coffee Policy in 2013, aimed at increasing production, value addition and domestic consumption. The Government set a target for annual coffee production of 595,890 tonnes by 2020. According to the ASSP, activities to boost the coffee subsector include: promoting improved varieties (seven elite varieties resistant to wilt) through increased financing of coffee research, supporting the production and distribution of 100 million coffee seedlings per annum to expand production areas (by 5% in traditional areas and 25% in new areas), controlling pests and diseases in coffee, promoting fertilizer use through support to demonstrations, training farmers on soil and water conservation, promoting and supporting value addition, and marketing of coffee. The ASSP estimated that UGX 402.87 billion is needed to fund the above activities.

4.19. The UCDA's mandate is to promote and oversee the coffee subsector through support for research, the propagation of clean planting materials, quality assurance, value addition, and the timely provision of market information to stakeholders. The UCDA publishes indicative prices on its website and in daily market reports but does not set reference prices. Marketing and transportation of coffee are private-sector led, with the UCDA playing only a regulatory role. The UCDA promotes domestic coffee consumption, including through institutional development, training in roasting and brewing practices, and brand development and market research.

4.20. All processors and exporters of coffee must be registered with, and certified by, the UCDA. The UCDA funds coffee development activities from the cess, levied at 1% of the export value, which is paid to the UCDA directly by exporters.

4.1.1.3.1.2 Cotton

4.21. Uganda's climate is well suited to the cultivation of cotton, most of which is grown by small-scale farmers on plots averaging 0.5-10 acres. The cotton produced is of premium grade and is rain-fed. Over 90% is exported as raw lint. Uganda considers cotton as a strategic crop due, to its backward and forward linkages as well as its value-chain potential in industrialization.

4.22. Challenges include climate change, the high cost of production inputs, low domestic lint consumption, fluctuations in world market prices, the low use of pesticides and fertilizers, and low levels of funding in the sector. Against this background, output has fluctuated considerably over the past few years.

4.23. The CDO, a statutory and regulatory body, provides cotton planting seeds and other inputs, and cotton extension services, and establishes demonstration gardens for farmer training programmes.

4.24. Exporters must have a quality certificate and proof of the payment of the export cess before exportation. At the start of each marketing season (end-November or beginning-December), the CDO announces indicative farm-gate, ginnery-buying, and export prices (based on prices from international bodies such as the Cotlook A Index). Uganda maintains a 2% export cess on cotton, which is collected by the CDO.

4.25. The Government set a target for the sector to produce 64,750 million tonnes by 2020. According to the ASSP, the CDO will pilot the formation of cotton farmers' associations in two to three districts per production zone for three years, with the intention of increasing the bargaining and lobbying power of farmers regarding production input and output prices, credit facilities and specialized extension services. It is estimated that UGX 95.82 billion is required for these assistances to the farmers.

4.1.1.3.1.3 Cocoa

4.26. In Uganda, cocoa is regarded as a high-value, environmentally-friendly export crop. It grows well in areas planted with Robusta coffee. The Government is promoting the production of cocoa for poverty alleviation, diversification in areas affected by coffee wilt disease (CWD), and to increase export earnings. Production of cocoa has steadily increased from 16,478 tonnes in 2010 to 25,720 tonnes in 2014.

Table 4.2 Cocoa exports and earnings, 2012-17

Year	Export volume (tonnes)	Export value (USD million)
2012	19,664	38.4
2013	26,352	54.8
2014	25,720	59.4
2015	25,915	56.7
2016	29,761	75.0
2017	25,700	54.9

Source: Information provided by the authorities.

4.27. Production, marketing, and transportation of cocoa are private-sector led. The funding of cocoa research activities has been *ad hoc*, making it difficult to undertake effective research for improving the industry. In response to this, the Government intends to commit adequate human and financial resources to cocoa research, with a focus on developing high-yield cocoa varieties, and developing appropriate technologies to address existing and emerging pests and diseases which reduce the yields of cocoa crops and the quality of cocoa beans. The ASSP planned to spend UGX 40.5 billion to achieve these objectives.

4.1.1.3.1.4 Tea

4.28. Uganda is Africa's third-largest producer and exporter of tea, after Kenya and Malawi. Tea is produced on 26,000 ha of land, 40% under estate and 60% under smallholders. Production in 2016 amounted to 69,000 tonnes, 99% of which was exported. This generated USD 71.5 million in earnings. The Government expects the sector to produce 112,000 tonnes by 2020.

4.29. According to the authorities, the Government is in the process of developing a national tea policy favourable to investors and other actors in the industry. It also intends to provide loan guarantees, so as to mobilize smallholder tea growers into independent legal farmer groups/associations, with a critical mass of shareholders owning processing facilities. The ASSP estimated that UGX 532.4 billion would be required to achieve the policy objective.

4.1.1.3.2 Food crops

4.30. The food crop subsector accounts for more than half of agriculture's total contribution to GDP, accounting for about 12% of GDP over the period under review. Plantains, maize, cassava, and sweet potatoes are the major food crops.

4.31. Rice production is growing steadily. About 70% of the country is suitable for the double-cropping of rain-fed rice. The National Rice Development Strategy (NRDS) seeks to raise production in order to increase food security and reduce poverty. The goal is to produce 680,000 tonnes per year by 2020. During the review period, while the production of rice generally increased, rice exports declined. In 2016, about 20% was exported. Rice trading is performed by the private sector.

4.32. Maize is an important primary staple food that has also become a cash crop. Output has remained steady, averaging 2.7 million tonnes per annum. Roughly 10% is exported, accounting for 2.8% of the value of formal agricultural exports in 2016.

4.1.1.3.3 Livestock

4.33. Over the period under review, livestock accounted for 18% of agricultural output and about 4% of GDP. Compared to data from the 2008 livestock census, numbers of livestock grew steadily in the period 2012-17 (Table 4.4).

Table 4.3 Livestock numbers, 2012-17

('000)

Species	Livestock census 2008	2012	2013	2014	2015	2016	2017
Cattle	11,409	11,979	13,020	13,623	14,031	14,368	14,189
Sheep	3,413	3,842	3,937	3,842	4,198	4,307	4,445
Goats	12,450	14,012	14,433	14,011	15,312	15,725	16,043
Pigs	3,184	3,584	3,691	3,584	3,916	4,037	4,109
Poultry	37,448	36,956	43,396	44,698	46,039	46,291	47,578

Source: MAAIF, and UBOS.

4.34. Current production of livestock meets only half of the domestic and regional demand, although the production of meat grew steadily over the period under review (Table 4.4). Exports of livestock products are limited to raw and semi-processed hides and skins, with rapidly growing exports of live animals (cattle and goats) to South Sudan.

Table 4.4 Meat production, 2012-17

(tonnes)

	2012	2013	2014	2015	2016	2017
Beef	191,280	197,019	202,929	209,017	214,033	211,358
Goat/mutton	35,666	36,736	37,838	38,973	39,987	39,990
Pork	20,867	21,493	22,138	22,802	24,190	24,197
Poultry	63,000	64,500	60,012	59,768	65,135	..

.. Not available.

Source: MAAIF, UBOS, and FAO statistics (for poultry).

4.35. The sector has set production targets for 2020 for beef; pork; mutton and goat meat; and poultry meat. There are also plans to increase the production of honey and silk, as well as to increase the export of hides and skins.

4.36. Imports of live animals are subject to an average tariff of 18.3%. In 2018, Uganda imposed a higher-than-CET rate, of 35%, on imports of meat and edible offal for 12 months under the EAC "stay application scheme".

4.37. Total milk production also grew steadily over the period under review; it reached 1.6 billion litres in 2016 (Table 4.5). Only about one third of the milk marketed in Uganda is processed. Exports of milk and its products reached USD 79 million in 2017. One of Uganda's leading exports under the AGOA is casein protein, a processed dairy product.

Table 4.5 Milk production, 2012-17

(Million litres)

	2012	2013	2014	2015	2016	2017
Indigenous	703	724	745	768	848	838
Exotic	758	780	804	828	786	776
Total milk produced	1,461	1,504	1,550	1,569	1,634	1,614

Source: MAAIF, and UBOS.

4.38. The dairy sector aims to produce 3.35 billion litres, and to export milk and related products worth approximately USD 92 million, annually, by 2020. To achieve these targets, the Government plans to spend UGX 199.7 billion to support the development of the sector, by implementing the Presidential directive to provide one heifer per household; supporting dairy extension services; establishing a dairy herd information system; and setting up mobile and regional laboratories.

4.1.2 Forestry

4.39. Forests cover less than 10% of Uganda's land area. Over 15% of the forest is in central forest reserves (CFRs); 15% in national parks and wildlife reserves managed by the Uganda Wildlife Authority; and 64% in private forests, including community, cultural, and private forest owners. During the period 2010-15, the decline in forest cover was estimated at 92,642 ha per annum. For the period 1990-2015, 2.6 million ha of unprotected forest were lost, while over 418,000 ha were also lost from protected areas. Deforestation is mainly due to the conversion of forest land to other land use, such as agriculture.

4.40. Forestry management is the responsibility of, *inter alia*, the Forestry Sector Support Department under the Ministry of Water and Environment, the National Forestry Authority (NFA), the Uganda Wildlife Authority, and the district forestry services of local governments. In addition, the private sector plays an important role in terms of commercial tree plantation development and the promotion of wood-based industries and trade. However, natural forests and woodlands are declining as a result of change in land use to agriculture and grazing, as well as high demand for timber (furniture and construction) and fuel wood (firewood and charcoal) .

4.41. The NFA, a semi-autonomous agency, is responsible for managing 506 CFRs on a sustainable basis, and supplying high quality forestry-related products and services to the Government, local communities, and the private sector. The district forestry services are responsible for implementing international and national policies on forests, and for permits, licence fees, and tax collection, while the Forestry Sector Support Department is charged with the formulation and oversight of policies, standards, and legislation for the forestry sector, including the monitoring of the NFA using a performance contract.

4.42. The 2002 National Forest Plan (NFP) and the National Forestry and Tree Planting Act, 2003 are the main legal instruments for the sector. Regulations provided for in the Act are still in draft form with the Solicitor General.

4.43. Uganda has prioritized forest restoration; targets are provided in the Government's Vision 2040, NDPII, and the National Forestry Plan (2011/12-2021/22). The main target is to restore forest cover to 24% of the land. Uganda made a pledge in the Bonn Challenge to restore 2.5 million ha of land to forests using the Forest Landscape Restoration (FLR) approach. Restoration options include agroforestry, afforestation, reforestation, natural regeneration, and riparian vegetation restoration in riverine buffer zones.

4.44. Domestic consumption of forestry products (e.g. timber) is mainly for construction, furniture manufacturing, firewood and charcoal. Key markets of forestry products exports include Kenya, China, the European Union, Rwanda, Thailand, and the United Arab Emirates.

4.45. Imports of wood charcoal, wood, and articles of wood are subject to an average tariff of 16.2%, with rates ranging from zero to 25%. Effective 1 July 2016, an excise duty of 15% is charged on imported wooden furniture, while furniture manufactured from local timber is exempted from the duty.

4.1.3 Fisheries

4.46. Fish catch activities, which are carried out in open water sources, provide an important source of livelihood for many people in Uganda. Open waters cover 15.3% of Uganda's total surface area, comprising five major lakes (Victoria, Albert, Kyoga, Edward, and George). Lake Victoria continues to be the most important water body for fisheries.[4] Its share of fish catch was 54.2%, followed by Lake Albert (31.7%) and Lake Kyoga (8.7%).

4.47. During the period under review, the catch from Lakes Victoria, Edward, and George, Kazinga Channel, the Albert Nile river, and other waters gradually increased, while Lakes Albert, Kyoga, and Wamala recorded a decline in fish catch (Table 4.6).

Table 4.6 Fish catch by water body, 2012-16

('000 tonnes)

Water body	2012	2013	2014	2015	2016
Lake Victoria	185,000	193,000	245,000	238,630	252,804
Lake Albert	152,560	160,000	152,000	149,040	148159
Lake Kyoga	44,049	40,000	38,000	41,768	40,710
Lakes Edward and George, and the Kazinga Channel	5,208	6,248	6,246	6,354	6,638
Albert Nile river	5,043	5,500	5,390	5,122	5,375
Lake Wamala	5,712	4,500	4,590	4,186	3959
Other waters	9,547	10,000	10,500	9,760	9,883
Total	**407,119**	**419,248**	**461,726**	**454,860**	**467,528**

Source: Fisheries Department, MAAIF.

4.48. The fisheries subsector is among the main foreign exchange earners for Uganda, contributing USD 137.5 million, or 4.7%, to total export earnings in 2017, although fish exports, both in terms of value and volume, continued to decline over the review period. The leading destinations for Uganda's fish exports are France, Belgium, and the Netherlands. Kenya, Sudan, the Democratic Republic of Congo, and Rwanda are the leading importers of Uganda's products in the region. Nile perch products represent over 90% of total exports. Fish for regional and domestic trade is mainly composed of whole fresh fish and artisanally processed fish (mainly sun-dried, smoked, and salted), while international trade is dominated by fresh and frozen fillets.

4.49. Apparently, open access policies have increased the number of fishermen and boats, while the use of illegal fishing gear and methods, which catch immature fish, while the use of illegal fishing gear and methods, which catch immature fish, has increased. In order to deter illegal fishing and trade in immature fish, the enforcement agencies conduct crack down campaigns. For instance, in an operation in August 2018, more than 36,000 illegal fishnets, lines and plastic hook products were seized and destroyed; and six illegal fishers were arrested. Moreover, the Fisheries Court, a specialized court handling cases related to illegal fishing activities, was established in December 2017.

4.50. Imports of fish and fish products are subject to an average tariff of 24.5%.

4.2 Mining and Energy

4.51. Uganda has over 50 different types of minerals, although the potential for viable exploitation has not yet been established for most of them. They include copper, cobalt, tin, phosphates, vermiculite, diamond, gold, petroleum, chromite, magnetite, and iron ore.

4.52. Under the Constitution, ownership and control of all minerals, oil, and natural gas are vested in the Government.[5] The Ministry of Energy and Mineral Development (MEMD) is mandated to "establish, promote the development, strategically manage and safeguard the rational and sustainable exploitation and utilization of energy and mineral resources for social and economic development".

[4] Lake Victoria is shared between Uganda (45%), Kenya (6%), and Tanzania (49%).
[5] Article 244 of the Constitution.

4.53. The MEMD's priorities over the medium-term are to: increase electricity generation capacity and the transmission network; increase access to modern energy services through rural electrification and renewable energy development; promote and monitor petroleum exploration and development to achieve local production; streamline petroleum supply and distribution; and promote mineral investment through the acquisition of geo-scientific data and capacity building. In line with these priorities, the MEMD is focusing on the implementation of four projects: the development of the Karuma hydropower project; the development of an oil refinery; the promotion of investment in phosphates from the Sukuru region; and the development of an iron and steel industry.

4.2.1 Mining

4.54. On average, mining contributes about 0.7% to the economy. Over the period under review, production volumes of non-metallic minerals such as limestone, pozollana, and kaolin gradually increased, while production of metallic minerals fluctuated (Table 4.7). It seems that mineral exports continued to decline, except for gold.

Table 4.7 Annual mineral production, 2012-17

(Tonnes)

Mineral	2012	2013	2014	2015	2016	2017
					Non-metallic	
Limestone	936,264	922,372	1,090,240	979,660	1,203,074	1,231,925
Pozollana	650,324	623,471	742,423	686,564	846,604	792,564
Vermiculite	51,962	2,297	2,661	801	3,295	4,119
Kaolin	42,886	43,875	46,286	34,697	45,909	55,317
					Metallic	
Gold	0.004	0.004	0.024	0.013	0.011	0.004
Cobalt	556	181	..	..	..	..
Crude cobalt carbonate	..	567	..	..	..	..
Wolfram	43	72	80	45	52	78
Iron ore	4,431	2,282	41,959	9,000	2,163	2,320
Coltan (30% purity)	..	..	..	0.367	13	11
Tin (75% purity)	..	26	45	180	83	88
Beryl (1% Beryllium)	..	..	..	..	14	..

.. Not available.

Source: MEMD.

4.55. Mineral exploration activities continue to be dominated by artisanal and small-scale mining practices. Between 2012 and 2018, the MEMD Directorate of Geological Surveys and Mines issued 907 licences to 414 applicants, including for prospecting, exploration, and retention activities. The remainder were for mining location, mining leases, and mineral dealers.

4.56. The Income Tax Act provides a specific method to calculate the income tax rate for mining companies; under this method, mining companies are subject to income tax at a rate of between 25% and 45%.[6] Mining companies are given a number of incentives, including various deductions and allowances for income tax, as well as import duty exemption on plant and machinery (and their spare parts).

4.57. An average tariff of 4.8% is applied to imports of mining and quarrying products.

4.2.2 Energy

4.2.2.1 Oil and gas

4.58. Since the first discovery of oil in Uganda in 2006, 58 fields have been discovered which may produce an estimated 2.5 billion barrels of oil equivalent, of which about 1.4 billion barrels are recoverable. Reserves of natural gas are estimated at 500 billion m^3. With only 40% of the total prospective area explored, the authorities expect a further increase in established reserves. It seems that the discoveries to date could support the production of over 100,000 barrels of oil per day (bbl/d) for 25 years, and are sufficient to implement large-scale refining in the country.

[6] Part 11, Income Tax Act.

4.59. The source of Uganda's oil is the Albertine Rift in western Uganda, on the border with South Sudan and the Democratic Republic of Congo. This area is rich in biodiversity, including the rare mountain gorilla. The Albertine Rift has a large number of protected areas, including national parks, forest reserves, and wildlife sanctuaries. A number of parks are partly or wholly inside the oil blocks, and many others that lie outside the blocks are likely to be affected by oil development. Therefore, cautious measures need to be taken to protect the biodiversity in this area.

4.60. In February 2008, the Government issued a National Oil and Gas Policy, aiming "to use the country's oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society". The Policy also laid out a plan to create a Petroleum Fund (PF), which is to be financed by the revenues from oil and gas. The PF was established in March 2015 under the Public Finance Management Act, 2015. As of end-June 2017, the PF received USD 109 million and UGX 31 billion from the oil operators. At the time of drafting this report (October 2018), legislation to regulate the payment, sharing, use and management of revenues is not yet complete.

4.61. The legal framework governing the oil and gas sector is mainly the Petroleum Exploration, Development and Production Act, 2013 and the Petroleum Refining, Conversion, Transmission and Midstream Storage Act, 2013. Pursuant to these two Acts, the Petroleum Authority of Uganda (PAU) was established and became operational in 2015, as the sector's regulator for upstream and midstream industries. The Uganda National Oil Company (UNOC) was also established, and was commissioned to, *inter alia*, handle the State's interests, and participate in joint ventures representing the State's interests.

4.62. In February 2015, Uganda held its first Competitive Licensing Round and the Government signed three production sharing agreements (PSAs) and issued a licence for exploration, development, and production to Armour Energy Limited (from Australia), and two licences to Oranto Petroleum Limited (from Nigeria). The authorities noted that these PSAs were the first agreements in line with Section 58 of the Petroleum Exploration, Development and Production Act, 2013. Prior to that, Uganda had a farm-out arrangement with Tullow (from the United Kingdom), and two farm-in arrangements with China National Offshore Oil Corporation (from China) and Total (from France); they have production licences to develop oil reserves for export.

4.63. Regarding the midstream sector, Uganda does not yet have any refinery facilities. The Government is in the process of developing a refinery at the Hoima District; the design capacity of the refinery is 60,000 bbl/d. It is expected to be operational in 2020 when the first commercial cruel oil is to be produced.

4.64. In May 2017, Uganda and Tanzania signed an agreement to build an East African Crude Oil Pipeline (EACOP); the 1,145 km-long pipeline will transport crude oil from Hoima in Uganda to Tanga Port in Tanzania. Construction began in August 2017.

4.65. The Act provides for local content requirement. For any oil- and gas-related procurement (by licensees, contractors, and subcontractors), preference must be given to goods and services produced or available in Uganda. If such supplies are not available in Uganda, they must be provided by a joint venture in which Ugandans have at least 48% of the capital.

4.66. The licensee must submit a national content programme to the PAU within 12 months of granting the licence; the programme must contain a detailed plan for giving preference to goods and services available in Uganda. Some goods and services, such as transportation, security, food and beverages, must be reserved exclusively for Ugandan suppliers.[7]

4.67. Downstream activities, such as the distribution of petroleum products, are governed under the Petroleum Supply Act, 2003. The MEMD's Petroleum Supply Department is mandated by the Act to regulate the supply of petroleum products in Uganda.

4.68. Under the Petroleum Supply Act, 2003, any company involved in petroleum supply must obtain an operating licence or construction permit from the Commissioner of the Petroleum Supply Department. The operating licence covers importation and exportation, surface transportation on

[7] All detailed provisions for national content are set forth in the Petroleum (National Content) Regulations, 2016.

land or water, storage, distribution and sales, and processing or other operations involving the construction of physical plants. According to the authorities, pricing of petroleum products is entirely market-driven.

4.69. Petroleum products constitute over 18% of the total import bill. Uganda currently imports about 90% of its petroleum through Kenya[8] and 10% through Tanzania. During the review period, excise duties on fuel were increased twice; for gasoline, the current rate is UGX 1,100 per litre (up from UGX 950 in 2014, and UGX 850 in 2011); for diesel, the rate increased from UGX 530 per litre in 2011 to UGX 780 in 2016.

4.2.2.2 Electricity

4.70. Uganda's per capita electricity consumption rates are one of the world's lowest; estimated at 215 kWh, it is significantly lower than Africa's average of 552 kWh. Low levels of access to modern forms of energy, particularly electricity, is one of the major infrastructure bottlenecks to socio-economic growth in Uganda. Access to the grid remains low, at about 22% in urban areas, and about 12% in rural areas. However, increased power generation capacity is foreseen through investment in hydro and thermal power plants, new transmission lines, increased rural electrification, and energy-efficiency measures.

4.71. Uganda has an installed capacity of 938 MW (up from 595 MW in 2012), which includes hydropower, co-generation, and fossil-based thermal generation; hydropower accounts for 75% of installed capacity. The Bujagali Hydropower Project (with a capacity of 250 MW), which is fully operational since 2012, alleviated Uganda's power deficit as reported in the last Review. However, demand is growing at 10% annually, and is expected to gradually outstrip supply again. In response, the Government is building additional large hydropower facilities, such as the Karuma Hydro (600 MW) and the Isimba Falls Hydro (183 MW) projects; the country also has a reserve capacity of 100 MW from two heavy oil-based plants.

4.72. The legal and institutional framework for the electricity sector remained unchanged during the period under review. The basic legislation is the Electricity Act, 1999. The Electricity Regulatory Authority (ERA) is the sector regulator, and is responsible for licensing and regulating the operations of all electricity operators.

4.73. According to the authorities, power generation is fully liberalized. Uganda Electricity Generation Company Ltd. (UEGCL) is a state-owned enterprise, which has two power stations currently operated by Eskom (U) Ltd. under a 20-year concession agreement, valid until 2023. Independent power producers (IPPs) have entered the generation market since 2006. As at end-2017, Uganda had 21 power generation plants connected to the national grid, generating 3,589 GWh; more than half of the power in 2017 was generated by IPPs.

4.74. Electricity transmission is carried out by the state-owned Uganda Electricity Transmission Company Ltd. (UETCL), the sole licensee. The transmission grid does not cover the entire country. Uganda had 1,400 - 1,500 km of transmission lines (over 33 kV), which the Government expected to double by 2017. Uganda suffers from high power losses at both the technical and commercial levels. There are proposals to modify the current "single buyer model" for the UETCL; the ERA has adopted a Multi-Year Tariff regime for the UETCL, in order to create incentives to improve efficiency.[9]

4.75. The state-owned Uganda Electricity Distribution Company Ltd. (UEDCL) builds and owns the distribution network. Umeme, a private company running a 20-year concession from UEDCL since March 2005, distributes 97% of all electricity in the country. There are also eight other distributors in the markets.

4.76. Electricity tariffs are set by the operators (i.e. generators, transmitters, and distributors), and are subject to approval by the ERA. The ERA conducts quarterly and annual tariff reviews.

[8] Most products destined for Uganda through Kenya are delivered from Mombasa to western Kenya terminals by pipeline and then by road and rail to Uganda.

[9] ERA online information, *Strategic Plan 2014/15–2023/24*. Viewed at: http://www.era.or.ug/index.php/resource-centre/publications/plans/37-strategic-plan-2014-15-2023-24/download.

4.77. The Rural Electrification Board, established in 2001, manages the Rural Electrification Fund (REF)[10], with the goal of achieving universal coverage by 2035. There are also projects by IPPs to provide off-grid access. This access is usually achieved by small-scale renewable generation plants. IPPs aim to provide an additional 1,000 MW of clean energy and 1 million new connections by 2020.

4.78. The national grid is connected with those of neighbouring countries. During the period under review, Uganda remained a net exporter of electricity. Imports of electricity are subject to a tariff rate of 10%.

4.3 Manufacturing

4.79. During the period under review, the manufacturing sector recorded an average annual growth rate of 4.6%. Most manufacturing is centred around the processing of agricultural commodities, such as food processing, textiles, paper products, and beverages and tobacco (Table 4.8). Manufacturing employs about 5% of the working population. Uganda operates 22 IBPs (managed by the UIA), as well as FZs (managed by the FZA), to promote manufacturing (Section 3.2.4.2).

4.80. Manufactured exports include metal products, tobacco, paper products, soap, vegetable oil, confectionery, beer, cement, garments, nets and twines, and plastics. Key manufactured imports include road vehicles, iron and steel, and pharmaceuticals. Most imports of manufactured goods are from Asian countries and Kenya, while the main export destinations are Rwanda, the Democratic Republic of Congo, Kenya, the Republic of Congo, Tanzania, and South Sudan.

Table 4.8 Annual changes in industrial production, 2012-16

(%)

	2012	2013	2014	2015	2016
Total manufacturing	**3.6**	**2.9**	**10.4**	**0.9**	**5.4**
Food processing	8.9	10.6	20.4	-11.6	10.6
Beverages and tobacco	5.9	-1.9	10.3	0.6	-0.9
Textiles, clothing and footwear	1.9	-27.7	-16.2	8.3	21.8
Paper products and printing	10.3	6.2	-10.5	10.7	2.1
Chemicals, paint, soap and foam products	-4.4	-2.4	4.5	24.6	9.9
Bricks and cement	-1.8	4.7	-3.0	18.7	0.1
Metal products	-7.1	6.2	4.8	7.1	-2.4
Miscellaneous	-2.9	5.7	18.1	5.0	7.1

Source: Information provided by the authorities.

4.81. The Department of Industry and Technology in the MTIC is responsible for formulating industrial policy. The National Industrial Policy 2008 expired in December 2018.

4.82. The Government identifies agro-processing as a priority sector. The growth performance of food processing was rather volatile and reached an annual average rate of 12% from 2013 to 2016 (Table 4.9).

[10] The REF is funded by government budget allocations, surplus funds from the ERA, a levy of 5% on transmission bulk purchases, and donations, gifts, grants, and loans.

Table 4.9 Annual changes in food processing production, 2013-16

(%)

	2013	2014	2015	2016
Food processing	**16.8**	**35.7**	**-24.4**	**19.7**
Meat preparation and processing	34.0	-10.6	-40.6	-22.2
Fish processing and preservation	-4.1	-7.6	8.9	4.8
Edible oils and fats production	23.5	67.8	-7.1	-18.8
Dairy production	-15.7	-3.7	-83.3	-0.9
Grain milling	-13.2	-20.7	-6.1	55.1
Bakery production	74.7	23.9	169.7	143.0
Sugar processing	21.7	95.8	-62.8	24.6
Coffee processing	19.5	-3.5	5.2	5.8
Tea processing	8.3	-17.9	-29.1	43.1
Animal feed production	21.5	-18.0	-0.7	16.9
Other food processing	-17.0	-3.7	-15.1	-12.9

Source: Information provided by the authorities.

4.83. Uganda continues to face challenges that impede value addition in agri-business. Inadequate transport and storage infrastructure, poorly maintained roads, and a lack of railway, air transport, and shipping facilities translate into high transport costs which, coupled with its landlocked position, mean that exports lose competitiveness. In addition, it seems that packaging material is not commonly available.

4.84. According to the authorities, other constraints in this sector include difficulty in meeting international quality standards and certification regulations, and lack of borrowing capacity by SMEs, which dominate the sector. The Government and the BOU have designed programmes to support SMEs and encourage the growth of micro financing.

4.4 Services

4.4.1 Financial services

4.4.1.1 Banking

4.85. During the period under review, the legal and institutional framework for the banking sector in Uganda remained largely unchanged, comprising the Bank of Uganda Act, 2000, the Financial Institutions Act, 2004, the Micro Deposit Taking Institutions Act, 2003, the Foreign Exchange Act, 2004, the Tier 4 Microfinance Institutions Money Lenders Act, 2016[11], and the Financial Institutions Anti Money Laundering Act, 2013. The Financial Institutions Act was amended in 2016. The amendments of the Financial Institutions Act aim: to provide for Islamic banking, bancassurance, and agent banking; to provide access to the Credit Reference Bureau by accredited credit providers and service providers other than financial institutions; to reform the Deposit Protection Fund; and to address the evolution of the banking sector with regards to globalization and technological developments. Following the amendment, the Deposit Protection Fund was established in April 2017, and became operational in June 2017. The BOU remains the sector regulator, responsible for, *inter alia*, licensing operators and prudential supervision.

4.86. All financial institutions are required to obtain a licence from the BOU prior to the commencement of operations. An annual fee is charged to operators for maintaining the licence. Foreign banks must be locally incorporated in Uganda, i.e. there are subsidiaries but not branches of international banks in Uganda. The authorities stated that the local incorporation requirements are based on the grounds of prudential management. The minimum capital requirement for banks established in Uganda is UGX 25 billion; it is UGX 1 billion for credit institutions (CIs), and UGX 500 million for microfinance deposit-taking institutions (MDIs).

[11] The draft amendment to the Microfinance Deposit-taking Institutions Act 2003 is yet to be finalized by the Ministry of Finance, Planning and Economic Development.

4.87. There is a high degree of foreign ownership in Uganda's financial sector. As of end-June 2018, 24 commercial banks were operating in Uganda, 22 of which were foreign-owned; four CIs, of which three are foreign-owned; and five MDIs. As of end-June 2017, the total number of bank branches was 546, down from 566 one year earlier. The authorities attributed the decrease to mainly the integration of two commercial banks, where some branches were closed.[12] According to the Finscope Survey of 2018, only 58% of Ugandan adults have access to formal financial services, with 78% of them accessing both formal and informal services.[13]

4.88. In Uganda, the banking sector is dominated by commercial banks. At end-2017, total assets of commercial banks reached UGX 26.5 trillion, up from UGX 15.5 trillion in 2012; the total assets of commercial banks accounted for 96% of the total assets of the sector (Table 4.10)

Table 4.10 Balance sheet of the banking sector, 2012-17

(UGX billion)

	2012	2013	2014	2015	2016	2017
Total assets	**15,963.5**	**17,850.7**	**20,220.2**	**22,486.0**	**24,621.8**	**27,540.7**
Commercial banks	15,465.9	17,320.9	19,586.1	21,722.2	23,689.2	26,528.1
CIs	221.1	265.7	311	389.6	463.1	542.8
MDIs	276.5	264.1	323.1	374.2	469.5	469.8
Total liabilities	**13,255.4**	**14,852.9**	**16,858.1**	**18,682.2**	**20,430.3**	**22,339.5**
Commercial banks	12,888.8	14,463.8	16,395.4	18,129.1	19,746.3	21,595.7
CIs	169.6	208.1	244.7	304.3	364.5	435.8
MDIs	197.0	181.0	218.0	248.8	319.5	308.0

Source: Information provided by the authorities.

4.89. According to the authorities, all financial institutions (i.e. banks, CIs, and MDIs) are adequately capitalized, and all meet the statutory minimum requirements. The consolidated leverage ratio of commercial banks (the non-risk based capital requirement) improved from 9.6% in 2016 to 11.3% in 2017.

4.90. Commercial banks have been largely exposed to government securities. As of end-June 2017, commercial banks possessed 42% of all treasury bills and bonds. Banks' lending activities have significantly slowed down since 2016: the annual growth of loans was 1.5% in 2017, compared to 14% in 2014. The authorities noted that the banks remained risk-averse, perhaps due to the high default rate in 2016; however, they also noted that the loan performance in 2017 improved, with the sector-wide ratio of non-performing loans (NPLs) to total loans standing at 5.6%, down from 10.6% in 2016 (Table 4.11). NPLs are concentrated in sectors such as agriculture, construction, and trade and commerce.

4.91. Whereas the CIs' NPLs increased by 2.9% from UGX 10.5 billion at end-2016 to UGX 10.8 billion at end-2017, a more than proportionate increase in loans and advances resulted in a decline in the NPL-to-total-loans ratio, from 4% to 3.5%, over the same period (Table 4.11). MDIs' asset quality improved marginally, as reflected in a decrease of NPLs - by 8.8% from end-2016 to end-2017. The NPL ratio went down from 5.3% to 5% during the same period. The authorities stated that, generally, credit risk increased from 2014 to 2016, following the upward trend in lending rates.

Table 4.11 Ratios of NPLs to total loans, 2012-17

(%)

	2012	2013	2014	2015	2016	2017
Commercial banks	4.2	5.6	4.1	5.3	10.7	5.6
CIs	4.2	3.4	4.0	3.6	4.0	3.5
MDIs	2.7	1.9	2.0	2.7	5.3	5.0

Source: Information provided by the authorities.

[12] BOU (2017), *Annual Report 2016-2017*. Viewed at: https://www.bou.or.ug/bou/bou-downloads/publications/Annual_Reports/Rprts/All/Annual-Report-2016-2017.pdf.
[13] Finscope Survey, 2018.

4.92. The Central Bank Rate (CBR), the monetary policy rate set by the BOU, serves as the signalling rate in the economy. The market interest rates are not regulated, and are determined by the demand and supply of loanable funds in the inter-bank market. The seven-day rate in the inter-bank market is close to, and often mirrors, the CBR. Significant deviations of the seven-day rate from the CBR are the basis for the application of monetary policy tools.

4.93. As the amendment(s) to the Financial Institutions Act came into force, Islamic banking is going to be under the BOU's supervision. The Financial Institutions (Islamic Banking) Regulations, 2018 were drafted by the BOU and gazetted. They provide for the regulation of financial institutions in the conduct of Islamic financial business.

4.94. Foreign exchange bureaux (BDCs) and money remitters must obtain a licence from the BOU prior to the commencement of business. As of end-June 2018, 262 BDC outlets and 126 money remitter outlets[14] across the country had been licensed. The BDCs are free to set their spot rates of exchange.[15] The daily foreign exchange open position may not exceed 25% of a financial institution's core capital as of the preceding quarter. The profitability of BDCs increased during the review period.

4.95. The BOU grants letters of no objection/clearance to financial institutions to engage with mobile money service providers. As of end-2017, there were seven mobile money service providers, with 23.4 million registered customers across the networks. Mobile money activity continued its growth. Transaction values increased by 44%, to UGX 63.1 trillion in 2017, up from UGX 43.8 trillion in 2016. The number of transactions rose by 23.8% over the same period (Table 4.12).

Table 4.12 Performance of mobile money services, 2012-17

	2012	2013	2014	2015	2016	2017
Number of transactions (million)	241.7	399.5	496.3	693.6	974.7	1,206.8
Value of transactions (UGX trillion)	11.6	18.6	24.1	32.7	43.8	63.1
Registered customers (million)	8.9	14.2	18.8	21.1	21.6	23.4

Source: Information provided by the authorities.

4.4.1.2 Insurance

4.96. The Insurance Act was amended in June 2017. It repealed the Insurance Act 2011, and entered into force on 30 March 2018. All the regulations provided under the Insurance Act 2011 continue to be applicable until their replacements enter into force. The Insurance Regulatory Authority of Uganda (IRA) remains the sector regulator. Anyone wishing to engage in any insurance-related activities must obtain a licence from the IRA prior to commencing business.

4.97. Insurance penetration in Uganda remained low, at 0.81% in 2017. However, growth has been strong in recent years; this is attributed to Uganda's solid economic performance. Financial and insurance services, together, contributed to 3.6% of GDP in 2017 (Table 1.1). A National Insurance Policy is being formulated.

4.98. As of end-July 2018, 28 insurance companies were operating in the country, of which 19 were non-life insurance companies and 9 were life insurance companies (Table 4.13). In 2017, gross premium reached UGX 684.7 billion, a 14% increase from 2016. Premiums from non-life insurance accounted for around 75% of the total.

Table 4.13 Insurance services indicators, 2012-17

	2012	2013	2014	2015	2016	2017
Number of companies						
Local	5	5	5	5	5	5
Foreign	23	23	23	24	24	23

[14] Money remitters comprised BDCs, MDIs, and CIs.
[15] The BOU publishes the daily rates of foreign exchange on its website, for information purposes. Viewed at: https://www.bou.or.ug/bou/collateral/forex_forms/forex_forms.html.

	2012	2013	2014	2015	2016	2017
Type of operators						
Insurers	28	28	28	29	29	28
Reinsurers	0	1	1	1	1	1
Brokers	26	26	26	30	35	34
Reinsurance brokers	1	1	1	1	1	1
Loss assessors/adjusters	15	17	17	21	21	22
Agents	828	990	1,110	1,335	1,296	2,006
Health membership organizations	7	16	13	10	6	6
Total gross premium income (UGX billion)						
Non-life (share of business)	313	351.4	384	464.4	450.2	516.1
Life (share of business)	39	55.4	74	99.8	132.5	168.5

Source: Information provided by the authorities.

4.99. All insurers must be locally incorporated, unless exempted by other bilateral agreements between Uganda and the foreign country. The minimum paid-up capital requirements took effect in October 2014 (Table 4.14). Applicants applying for licences after October 2014 must meet these requirements.

Table 4.14 Minimum paid-up capital requirements for insurance operators, 2018

(UGX million)

Operator	Required amount
Non-life insurer	4,000
Life insurer	3,000
Reinsurer (life and non-life)	10,000
Health membership organization	500
Microinsurer	100
Insurance/reinsurance broker	75

Source: Information provided by the authorities.

4.100. Since 1 October 2014, composite insurers may not continue providing both life and non-life insurance products. Previously-licensed composite insurers must be demerged. New applicants for insurance licences may only choose one type of licence.

4.101. Rates for insurance premiums and commissions are set by the IRA for all products.[16] There are currently two mandatory insurances in Uganda: motorists' third-party liability, and workers' compensation. Any eligible insurer may offer products to cover mandatory insurance. The enforcement of mandatory insurance is weak, due to: lack of awareness, lack of regulations to operationalize the respective acts, lack of incentives on the part of enforcement agencies, low compensation limits in the case of motor third-party insurance, and high limits for workers' compensation.

4.102. VAT at a rate of 18% is applied to the premium of each policy, except for life and medical insurance; in addition, the IRA levies 1.5% of the premium as an annual contribution. A training levy of 0.5% is imposed on all policies.

4.103. The regulatory framework for reinsurers is similar to that for insurers, except for the minimum paid-up capital requirement. Reinsurers may cover risk outside Uganda. Currently, there is only one reinsurer in the country – the Uganda Reinsurance Company Ltd.[17]

4.104. Ugandan residents may not be insured by foreign insurance companies not registered in Uganda, but Ugandan companies may insure non-residents.

[16] Article 64, the Insurance Act, 2017.
[17] Two regional reinsurers are opening liaison offices in Uganda: Africa Re, and PTA Re.

4.105. Insurance agents must be IRA-licensed, and must also pass the Certificate of Insurance Proficiency (CoP) examination. Failure to pass this examination may lead to the IRA revoking the agent's licence.

4.106. The Act now allows financial institutions, such as commercial banks, to act as agents (dubbed as "bancassurance") for insurers or health membership organizations (HMOs). Under the Act, financial institutions may sell insurance products of an insurer/HMO to their customers through their distribution channels.

4.4.1.3 Capital markets

4.107. The Uganda Securities Exchange (USE) was licensed to operate as an approved stock exchange in 1997 by the Capital Markets Authority of Uganda. In May 2017, USE was transformed to a public company limited, under the provisions of the amendment to the Capital Markets Act, 2016.

4.108. The products listed on USE are government and corporate bonds, and 16 equities. In 2015, turnover in the equities market was UGX 201 billion, of which UGX 187 billion was from equities and UGX 17 billion was from corporate bonds.

4.109. On 22 July 2015, USE launched an automated trading system (ATS), replacing the manual trading (open outcry) system. With the introduction of the ATS, the settlement time at USE has been shortened to T+3 (previously T+5). USE implemented a paperless clearing and settlement system in 2009.

4.110. USE operates in close association with the Dar es Salaam Stock Exchange (Tanzania), the Rwanda Stock Exchange, and the Nairobi Stock Exchange (Kenya).

4.4.2 Communications

4.4.2.1 Telecommunications

4.111. During the period under review, Uganda overhauled its legal and institutional framework for the telecommunications sector. The Uganda Communications Act, 2013 entered into force on 18 January 2013. It consolidated and harmonized previous acts governing the sector (the Communications Act and the Electronic Media Act), with a view to modernizing the sector through enhancing competition by encouraging private-sector participation, therefore improving infrastructure and services.

4.112. The new Act establishes the Uganda Communications Commission (UCC)[18] as the independent sectoral regulator. The Commission is responsible for, *inter alia,* licensing operators, allocating spectrum, regulating product tariffs, regulating interconnection, and promoting competition in the sector. The National Information Technology Authority, Uganda (NITA-U) arbitrates disputes arising between operators and their consumers, regulates the electronic signature infrastructure (including the mobile ID infrastructure), and ensures telecom equipment and services comply with standards.

4.113. The telecommunications market experienced fast growth during the period under review, in particular mobile telecommunications. The mobile penetration rate was about 58.2% in 2017, up from 45.1% in 2012; mobile subscribers increased by 53% during the same period, reaching 24.9 million in 2017. However, subscription to fixed-line services remained low: the fixed-line penetration rate declined to 0.6% in 2016, down from 0.9% in 2011 (Table 4.15).

[18] The Uganda Communications Commission and the Broadcasting Council were dissolved when the Uganda Communications Act, 2013 entered into force, and were reconstituted into one body as the Uganda Communications Commission.

Table 4.15 Selected telecommunications indicators, 2012-17

	2012	2013	2014	2015	2016	2017
Fixed telephone subscriptions ('000)	315.0	272.8	324.4	328.8	368.2	262.3
Fixed telephone penetration	0.9	0.7	0.8	0.8	0.9	0.6
Mobile-cellular telephone subscriptions ('000)	16,356.4	18,068.6	20,365.9	20,220.3	22,838.5	24,948.9
Mobile-cellular telephone penetration	45.1	48.1	52.4	50.4	55.0	58.2
Internet users (%)	14.1	20.7	29.5	39.7	44.6	49.9
Fixed-broadband subscriptions ('000)	38.4	41.5	55.2	80.7	108.3	145.8
Fixed-broadband penetration	0.1	0.1	0.1	0.2	0.3	0.3

Note: Penetration is defined as subscriptions per 100 inhabitants.

Source: Information provided by the authorities.

4.114. Uganda's telecommunications services have been liberalized since 2006. Anyone wishing to provide telecoms (including radio communications) or broadcasting services, or to operate cinematography theatres (or video/film libraries) must apply for a licence from the UCC. The licence is renewable.

4.115. Uganda implements a technology-neutral horizontal licensing framework that allows the licensee to select the technology of their choice to deliver ICT services. There are three categories of licences: the Public Service Provider (PSP) Licence, the Public Infrastructure Provider (PIP) Licence, and the National Telecommunication Operator (NTO) Licence.[19]

4.116. The PSP licence may be issued as one of two subcategory licences:

a. A Public Voice and Data Provider Licence allows the licensee to offer telephony and data services of any kind using any technology, based on the capacity or infrastructure of a PIP licensee; services that may be provided include fixed voice services, mobile services and Internet access, including Voice over Internet Protocol (VoIP); or

b. A Capacity Resale Licence permits the resale of leased telecommunications services or capacity; services include calling cards and capacity resale to Public Voice and Data Provider licensees.

4.117. A PIP Licence authorizes the licensee to establish, operate, and maintain infrastructure for the provision of communications services to the public and/or to offer infrastructure commercially for use by PSP licensees. A PIP licensee must also hold a PSP Licence to provide communications services to the public. A PIP licensee providing both retail and wholesale services must price its wholesale products 20% lower than the equivalent retail price. A PIP licensee requires separate authorization to use spectrum resources or other essential resources and access facilities, including international gateways[20], numbering resources, and Very Small Aperture Terminal (VSAT) services.

4.118. NTO Licences apply to public pay communications networks, such as payphone kiosks, fax bureau services, Internet cafés, and cyber cafés. Licensees may provide payphone services using VoIP technology. However, they are not permitted to provide prepaid services, such as calling cards, unless they obtain the appropriate authorization.

4.119. Under the Communications (Universal Service) Regulations, universal service covers connection to a fixed communication network able to support voice telephony, fax, and data transmission, but does not include mobile services.[21] The UCC designates operators who have an obligation to provide universal service, and defines supply-time and quality-of-service indicators. All licensed providers have an obligation to remit 2% of gross revenues to the Universal Access Fund. Any licensed operator may receive financing from the Fund to extend services to under-served areas. The Fund has had total annual receipts of up to USD 3 million, utilization of which is around 85%.

[19] All licences, except NTO Licences, are subject to annual licensing fees, at various rates. The PIP Licence is also subject to a one-off entry fee of USD 100,000.
[20] A gateway may also be used for private use.
[21] The target for universal access to voice telephony was initially 1 per 5,000 persons; this was revised to 2,500 persons, and further revised to include Internet access.

4.120. As at June 2018, there were two national telecom operators: Uganda Telecom (UTL) and MTN. Both provide fixed, mobile, and data services. In addition, another 31 licensees were providing voice and data services in the market (Table 4.16). MTN, Warid, Airtel, Orange, Smile Telecom, and I-tel are the major mobile carriers in the market.

Table 4.16 Numbers of licensed telecommunications services providers, June 2018

Category	Licensed
NTO	2
PSP only – voice and data	31
Capacity Resale only	6
PIP only	22

Source: Information provided by the authorities.

4.121. The national operators have their own micro-wave radio relay networks for long-distance signal transmission. During the period under review, telecommunications infrastructure improved significantly – the national backbone network has completed construction of its north-south, and east-west chunk routes.[22]

4.122. Other carriers lease their capacity from PIP licensees or Capacity Resale licensees. Under the Telecommunications (Interconnection) Regulations, all network operators must interconnect with other operators; number portability is also possible. The UCC sets interconnection rates, and monitors compliance among operators. In 2012, the reference rate of interconnection was UGX 112, down from UGX 131 in 2010; the authorities noted that the interconnection rate would be further reduced to UGX 65 once all the necessary formality procedures are completed.

4.123. Prices of the retail products are determined by the services providers, who must submit notifications and seek a UCC "no objection" before a tariff becomes effective in the market. Over the period under review, the UCC registered a rapid increase in on-net voice traffic (from 11 trillion minutes in 2012 to 25 trillion in 2017) and a sharp decrease in off-net traffic (from 1.7 trillion minutes in 2012 to 915 million in 2017). This trend reflected that more and more customers were clustered within the network of the carriers. Over the same period, Uganda experienced fast growth in Internet use: Internet penetration reached 45.4% in 2017. Most broadband services are provided by mobile carriers. Fixed-broadband penetration has remained low (less than 1%), due to low fixed-line penetration, while apparently wireless broadband penetration has been growing rapidly.

4.124. Telecom consumers are subject to various excise duties on the services they use. For instance, mobile voice services attract 12% of the price of airtime while the talktime of fixed line services attracts 5%. In addition, since 1 July 2018, Uganda has introduced an excise duty on "over the top services" telecommunications, at a specific rate of UGX 200 per day.[23]

4.4.2.2 Postal services

4.125. Pursuant to the Uganda Communications Act, 2013, the UCC is also the regulator for postal services and courier services. As at end-June 2017, it had licensed 20 operators in the sector (Table 4.17).

Table 4.17 Numbers of licensed postal services providers, June 2017

Category	Licensed
National postal operator	1
Regional courier operator	4
Domestic courier operator	7
International courier operator	8

Source: Information provided by the authorities.

[22] The East-West backbone fibre optic chunk route became operational in 2013, while the North-South route became operational in 2015.

[23] "Over the top services" means "the transmission or receipt of voice or messages over the Internet protocol network and includes access to virtual private networks but does not include educational or research sites prescribed by the Minister by notice in the Gazette", which affect users of instance messengers, social media, and virtual private network (VPN) services.

4.126. The national postal operator is Uganda Post Limited (UPL), a state-owned enterprise providing postal services including universal services. Reserved postal services (e.g. stamps) are provided exclusively by UPL. Express courier services are fully open to private competition. Other licensed courier operators may be allowed use subcontractors to perform the services under the licence; it seems that subcontractors are not required to obtain a licence from the UCC. According to the authorities, prices for postal services, except for universal services, are not regulated.

4.4.3 Transport

4.4.3.1 Air transport

4.127. The legal and institutional framework for air transport remained largely unchanged during the period under review. The Ministry of Work and Transport (MOWT) is responsible for formulating policy in the area. The Civil Aviation Authority (CAA) is the regulator for the sector[24], with authority over operational and safety issues, including authorizing business operations, licensing aircrafts and personnel, and monitoring air carriers operating in the territory. It also provides air navigation services in the airspace of Uganda.

4.128. Uganda pursues an open-skies policy, and is a signatory to the Yamoussoukro Declaration on the creation of a single African air space. The authorities stated the position of Uganda on the exchange of traffic rights:

a. Grant of first and second freedom traffic rights (freedom of the air) is not automatic;

b. Multiple designation on routes to and from Uganda has been adopted;

c. Third and fourth freedom traffic rights are exchanged on reciprocal basis with no restriction on frequency or capacity;

d. Fifth freedom traffic rights are granted on a case-by-case basis; and

e. There is more flexibility regarding cargo operations.

4.129. As of end-July 2018, Uganda maintained 47 bilateral air services agreements (ASAs). As a result of these ASAs, 16 international airlines operate scheduled services to and from Entebbe International Airport. Four airlines were granted fifth freedom traffic rights.

4.130. Uganda Airlines, the national flag carrier, which was liquidated in May 2001, was revived by a Cabinet decision in 2014. It remains a state-owned enterprise, and will offer flights on regional and long-haul routes. It has placed orders for a number of aircrafts. It is reported that the Airlines has obtained a licence from the CAA, and is expected to resume its flight operations on regional routes in April 2019.

4.131. Domestic flights are operated by Ugandan carriers, on scheduled and non-scheduled services. Cabotage by foreign companies is not allowed in Uganda.

4.132. Air transport services providers are exempted from income tax, indefinitely.

4.133. There are 35 airports/airfields in Uganda, of which the CAA manages 14, including Entebbe International Airport (EIA). EIA is the major air gateway into the country[25], and is 100% owned by the Government. As of July 2018, 38 airlines were operating routes to Entebbe, 17 of which were for international scheduled air services, 8 for domestic scheduled air services, and 18 for non-scheduled air services. During the review period, passenger traffic increased steadily, from 1.2 million in 2012 to 1.5 million in 2017; cargo traffic also expanded from 55,692 tonnes in 2012 to 69,305 tonnes in 2017 (Table 4.18).

---

[24] CAA - Uganda online information, *About CAA*. Viewed at: https://caa.go.ug/index.php/about-caa/.
[25] Five other airports are designated as international: Arua, Gulu, Kasese, Kidepo, and Pakuba.

Table 4.18 Selected statistics regarding aviation transport, Entebbe, 2012-17

		2012	2013	2014	2015	2016	2017
Passengers	PAX in	633,699	690,811	678,117	691,786	705,280	763,416
	PAX iut	618,617	678,610	677,171	698,292	710,465	766,615
	Total	1,252,316	1,369,421	1,355,288	1,390,078	1,415,745	1,530,031
Cargo (tonnes)	Exports	33,821	34,130	32,197	32,660	39,376	47,711
	Imports	22,131	21,824	20,644	21,789	20,182	21,593
	Total	55,952	55,954	52,841	54,449	59,557	69,305
Aircraft movements	Total	30,259	30,364	26,886	27,650	28,347	29,323

Source: Information provided by the authorities.

4.134. In the EIA, ground and cargo handling is carried out by the CAA and by third parties under concession contracts. Two passenger processing service providers compete in the market, and three companies provide cargo handling services. The authorities indicated that there were no restrictions on foreign participation in ground handling.

4.4.3.2 Land transport

4.135. Road is the main mode of transport for the movement of persons and goods in Uganda. During the review period, the legal and institutional framework for road transport remained unchanged. The MOWT is the competent authority for policy making, and is the regulator of the sector. The Uganda National Roads Authority (UNRA) is responsible for the construction, maintenance and management of the road network. Uganda has a total road network of 144,785 km, of which 20,544 km are national roads, 35,566 km are district roads, 10,108 km are urban roads, and 78,567 km are community access roads. The paved national road network, 4,875 km, represents 23.4% of the total. In addition, there are 519 structures linking the roads, such as ferry routes. NDPII (2015-20) emphasized the development of the road infrastructure as one of the critical factors for Uganda to achieving middle-income country status, and set a target of having 6,000 km of national roads paved by 2020.

4.136. Road transport, including urban transport, for passengers and freight is liberalized in Uganda. The private sector is the sole services provider. There is no restriction on entry and exit into the public transportation services. Cabotage by foreign operators is not permitted.

4.137. EAC countries have taken steps to harmonize their vehicle load limits, through the adoption of the EAC Vehicle Load Control Act, 2013, which entered into force on 1 October 2016. Uganda started implementation of the Act in 2018. Under the Act, vehicles with a weight of 3.5 tonnes or more are to be weighed at every weighing station on the EAC road network.

4.138. Uganda has an operational meter-gauged railway network of 1,228 km. Regulation and coordination of railway development projects are currently the responsibility of the Uganda Railways Corporation (URC). According to the authorities, Uganda is considering unbundling the operations of the URC, once all necessary policy interventions are completed (e.g. the establishment of an independent regulator). The URC maintains international routes to Mombasa (Kenya) and Dar es Salaam[26] (Tanzania). Net tonnes transported on this route decreased sharply during the period under review, from 24,245 in 2012 to 3,255 in 2015; information on possible reasons for such a sharp drop was not available.

4.4.4 Tourism

4.139. Tourism earnings amounted to USD 917.6 million in 2017, making the industry Uganda's leading foreign exchange earner. Growth in the sector is attributed to an increase in the number of visitors and the growing urban population.

4.140. Uganda has many tourist attractions, from East African savannah to West African jungle, including Lake Victoria, the Murchison Falls, and the Mountains of the Moon, along with a number of national parks and wildlife reserves, hosting half of the world's mountain gorilla population. Uganda

[26] The route to Dar es Salaam goes over Lake Victoria via rail ferries from Port Bell.

is also host to over 1,000 bird species, some of which are endemic to the country; they are found mainly in the western region. Despite the large potential for growth in the sector, Uganda faces a number of challenges, including poor transport and accommodation infrastructure, insufficient training of personnel, and the high cost of domestic flights. Also, the recent development of oil projects in the Albertine Rift is causing a lot of concern over the environmental impact on the nearby natural reserves, including on the protection of wildlife and the erosion of wetland.

4.141. Tourist arrivals increased from 1.2 million in 2012 to 1.4 million in 2017 (Table 4.19). Almost 81% of all tourist arrivals were from Africa, particularly neighbouring countries. Tourists from Europe accounted for 8% of total arrivals, followed by visitors from America and Asia. During the past five years, most of the arrivals were from Kenya, followed by Rwanda, together accounting for 68% of arrivals from African countries. Visits to national parks experienced rapid growth, from 182,149 in 2012 to 245,725 in 2016.

Table 4.19 Tourist arrivals, by origin, 2012-17

('000)

	2012	2013	2014	2015	2016	2017
Africa	930	936	989	1,047	1,047	1,128
Europe	108	109	110	107	110	105
America	71	73	77	62	71	78
Asia	61	67	70	66	73	71
Middle East	8	10	11	13	14	13
Oceania	10	10	8	6	6	7
Others	9	1	1	2	1	1
Total	**1,197**	**1,206**	**1,266**	**1,303**	**1,322**	**1,402**

Source: Information provided by the authorities.

4.142. The Ministry of Tourism, Wildlife and Antiquities is the competent authority responsible for formulating policies related to tourism. Under the Ministry, a number of institutions are also responsible for policy implementation, including the Uganda Wildlife Education Centre Trust (UWECT), the Uganda Tourist Board (UTB), the Uganda Wildlife Training Institute (UWTI), the Hotel and Tourism Training Institute (HTTI), and the Uganda Wildlife Authority (UWA).

4.143. Tourist accommodation, travel agents, tour operators, and tour guides must be licensed by the UTB. The UTB is also responsible for classifying and grading hotels and stand-alone restaurants. The authorities noted that the UTB follows the EAC Standards Criteria for Classification of Hotels and Restaurants.[27] Tour guides must register with the UTB, pass an appropriate examination, possess tourist guide qualifications deemed to be relevant, and possess an identity document issued by the UTB. Foreigners may not be licensed as tour guides.

4.144. As of end-June 2018, 270 tour operators were registered with the Association of Uganda Tour Operators (AUTO)[28], and the 2014 National Population Census, which is the latest indicates that there were 6,291 accommodation establishments.

4.145. There is no restriction on foreign investment in the tourism sector, except of ownership of land (Section 2.4). Most foreign investment in hotels and restaurants is therefore in the form of joint ventures or joint contractual. Investment incentives for hotels are similar to those in other sectors.

[27] Under these standards, there are separate criteria for the classification of lodges, motels, tented camps, town hotels, vacation hotels and villas, cottages, and service apartments.

[28] Four licensed tour operators are not yet registered with the Association, according to the authorities.

5 APPENDIX TABLES

Table A1. 1 Merchandise exports by group of products, including re-exports 2011-17

	2011	2012	2013	2014	2015	2016	2017
Total exports (USD million)	2,159.1	2,357.5	2,407.7	2,262.0	2,267.0	2,482.3	2,901.5
	% of total						
Total primary products	68.2	60.2	66.8	68.7	67.0	54.0	67.7
Agriculture	61.3	52.4	59.8	60.1	60.0	52.4	60.9
Food	53.9	46.3	55.4	55.6	56.2	48.7	56.8
0711 - Coffee, not roasted	21.3	15.7	17.6	18.1	17.7	15.0	19.1
0741 - Tea, whether or not flavoured	3.3	3.1	3.6	3.7	3.1	2.9	2.7
0542 - Leguminous vegetables, dried, shelled	0.8	0.6	0.8	1.1	2.7	1.8	2.7
0441 - Maize (unmilled), seed	0.6	1.2	0.8	1.1	2.7	2.2	2.6
0612 - Other beet or cane sugar and chemically pure sucrose	1.2	3.2	3.0	2.5	2.3	2.2	2.3
0345 - Fish fillets, fresh or chilled	4.0	2.0	4.0	3.8	2.4	2.3	2.2
0721 - Cocoa beans, whole or broken, raw or roasted	2.1	1.6	2.3	2.6	2.5	3.0	1.9
0453 - Grain sorghum, unmilled	0.0	0.0	0.0	0.1	0.1	0.1	1.7
0221 - Milk and cream, not concentrated or sweetened	0.4	0.3	0.5	0.3	0.5	0.9	1.6
4222 - Palm oil and its fractions	2.0	2.2	1.7	1.5	1.4	1.5	1.4
0352 - Fish, salted but not dried or smoked, and fish in brine	0.0	0.2	0.7	1.6	1.6	1.5	1.3
1211 - Tobacco, not stemmed/stripped	0.0	0.0	1.3	1.5	2.2	1.8	1.3
0812 - Bran, sharps and other residues	0.2	0.5	0.5	0.3	0.4	0.6	1.3
0344 - Fish fillets, frozen	0.2	0.1	0.4	0.6	1.1	0.9	1.1
Agricultural raw material	7.4	6.1	4.3	4.5	3.8	3.7	4.1
2926 - Bulbs, tubers and rhizomes of flowering or of foliage plants	2.4	2.2	2.3	2.5	2.2	2.1	2.0
2634 - Cotton, carded or combed	3.8	2.9	1.1	0.8	0.8	0.9	1.4
Mining	6.9	7.7	7.1	8.7	7.0	1.6	6.8
Ores and other minerals	0.2	0.4	0.2	0.4	0.3	0.3	0.3
Non-ferrous metals	0.9	0.7	0.5	0.1	0.1	0.1	0.1
Fuels	5.7	6.6	6.4	8.1	6.6	1.2	6.4
Manufactures	31.4	34.1	31.6	29.5	29.2	24.5	17.9
Iron and steel	4.8	4.6	4.9	5.0	4.7	3.4	2.9
Chemicals	3.2	3.8	4.0	4.2	4.3	4.4	3.3
Other semi-manufactures	7.9	9.0	9.6	9.9	9.3	7.2	5.1
6612 - Portland cement, aluminous cement, slag cement, supersulphate cement, etc	4.4	4.5	4.3	3.9	3.5	2.5	1.4
Machinery and transport equipment	12.3	13.4	9.7	7.0	7.6	6.9	4.2
Power generating machines	0.4	0.7	0.4	0.2	0.3	0.5	0.1
Other non-electrical machinery	2.1	2.0	2.4	2.4	2.4	1.4	0.7
Agricultural machinery and tractors	0.1	0.1	0.1	0.1	0.2	0.0	0.0
Office machines and telecommunication equipment	6.4	6.6	2.3	0.7	1.5	1.0	0.4
Other electrical machines	0.4	0.4	0.2	0.2	0.2	0.4	0.3
Automotive products	2.5	2.8	2.6	1.6	1.6	1.5	1.0
Other transport equipment	0.7	0.9	1.8	1.9	1.6	2.0	1.8
Textiles	0.7	0.8	0.5	0.4	0.4	0.5	0.5

	2011	2012	2013	2014	2015	2016	2017
Clothing	0.2	0.1	0.2	0.1	0.2	0.2	0.2
Other consumer goods	2.3	2.3	2.7	3.0	2.8	2.0	1.7
Other	0.4	5.8	1.6	1.7	3.8	21.5	14.4
9710 - Gold, non-monetary	0.3	0.4	0.1	0.0	1.6	13.7	14.4

Source: WTO Secretariat's calculations, based on the UNSD Comtrade database (SITC Rev.3).

Table A1. 2 Merchandise imports by group of products, 2011-17

	2011	2012	2013	2014	2015	2016	2017
Total imports (USD millions)	5,630.9	6,044.1	5,817.5	6,073.5	5,528.1	4,829.5	5,595.9
	% of total						
Total primary products	39.1	35.6	37.0	40.4	34.1	33.5	36.8
Agriculture	14.5	11.9	12.8	15.1	13.8	15.3	16.7
Food	13.5	10.8	11.5	13.6	12.1	13.3	14.9
4222 - Palm oil and its fractions	4.0	3.8	3.6	4.1	3.5	4.5	4.6
0412 - Other wheat (including spelt) and meslin, unmilled	2.8	0.3	1.1	2.7	2.2	2.6	2.6
0612 - Other beet or cane sugar and chemically pure sucrose	1.8	2.1	2.0	1.3	1.4	1.3	1.8
0422 - Rice, husked but not further prepared	0.0	0.0	0.0	0.0	0.1	0.2	0.8
Agricultural raw material	1.1	1.1	1.4	1.5	1.7	2.0	1.7
2690 - Worn clothing and other worn textile articles; rags	0.8	0.9	1.1	1.2	1.2	1.5	1.2
Mining	24.5	23.7	24.1	25.3	20.2	18.2	20.2
Ores and other minerals	0.7	0.6	0.6	0.9	1.0	1.2	1.1
Non-ferrous metals	0.5	0.5	0.5	0.6	0.6	0.5	0.6
Fuels	23.4	22.6	23.0	23.7	18.6	16.4	18.5
334 - Petroleum oils and oils obtained from bituminous minerals (other than crude)	22.3	21.7	22.0	22.9	17.7	15.6	17.8
Manufactures	60.8	60.4	61.3	59.6	65.9	66.4	63.2
Iron and steel	4.8	4.1	4.5	4.2	5.0	4.3	5.0
Chemicals	12.9	13.1	15.8	15.4	18.4	18.7	17.0
5429 - Medicaments, n.e.s.	3.0	3.2	4.8	4.6	5.3	4.7	3.8
5711 - Polyethylene	0.9	1.0	1.0	1.1	1.0	1.3	1.3
5514 - Mixtures of odoriferous substances and mixtures	0.6	0.6	0.7	0.8	0.9	0.9	1.0
5743 - Polycarbonates, alkyd resins and other polyesters	0.5	0.4	0.4	0.4	0.5	0.5	0.7
Other semi-manufactures	7.8	7.1	7.8	8.1	7.8	9.3	8.0
6612 - Portland cement, aluminous cement, slag cement, supersulphate cement	1.9	1.8	1.5	1.6	1.7	1.6	1.4
Machinery and transport equipment	28.2	29.4	24.2	24.1	27.0	24.3	24.5
Power generating machines	1.0	1.3	0.5	0.6	0.9	1.0	0.6
Other non-electrical machinery	7.0	9.7	6.3	6.5	7.7	6.5	8.6
7283 - Machinery for sorting, separating earth, stone, ores or other mineral substances	0.5	0.3	0.5	0.5	0.7	0.3	1.0
7232 - Mechanical shovels, excavators and shovel-loaders, self-propelled	0.6	0.7	0.4	0.6	0.8	0.5	1.0
7231 - Bulldozers, angledozers, graders and levellers, self-propelled	0.4	1.3	0.1	0.3	0.4	0.2	0.9
7284 - Machinery and mechanical appliances	0.3	0.8	0.4	0.6	0.6	0.4	0.8
Agricultural machinery and tractors	0.5	0.5	0.5	0.7	0.6	0.5	0.5
Office machines and telecommunication equipment	7.9	6.8	5.4	4.3	5.3	4.3	4.2
Other electrical machines	2.2	2.1	2.1	2.8	2.6	2.8	2.2

	2011	2012	2013	2014	2015	2016	2017
Automotive products	7.2	7.2	7.2	7.2	7.8	6.8	6.5
7821 - Motor vehicles for the transport of goods	2.3	2.4	1.9	2.2	2.9	2.4	2.6
7812 - Motor vehicles for the transport of persons, n.e.s.	3.6	3.5	3.6	3.6	3.3	2.8	2.6
Other transport equipment	2.9	2.2	2.6	2.6	2.6	3.0	2.4
7851 - Motor cycles and cycles fitted with an auxiliary motor	1.1	0.8	1.1	1.0	0.9	1.0	1.0
Textiles	1.3	1.3	1.9	1.8	1.7	2.6	2.1
Clothing	0.9	0.8	0.8	0.8	0.7	0.9	0.9
Other consumer goods	5.0	4.6	6.3	5.4	5.3	6.4	5.7
8722 - Instruments and appliances used in medical, surgical or veterinary sciences	0.6	0.7	1.1	0.8	0.6	0.7	0.8
8513 - Footwear, n.e.s., with outer soles and uppers of rubber or plastics	0.3	0.4	0.5	0.7	0.4	0.6	0.8
Other	0.2	3.9	1.8	0.0	0.0	0.1	0.0

Source: WTO Secretariat's calculations, based on the UNSD Comtrade database (SITC Rev.3).

Table A1. 3 Merchandise exports by destination, including re-exports 2011-17

	2011	2012	2013	2014	2015	2016	2017
Total exports (USD million)	2,159.1	2,357.5	2,407.7	2,262.0	2,267.0	2,482.3	2,901.5
	% of total exports						
Americas	1.9	1.2	2.0	2.3	1.9	2.1	2.9
United States	1.6	1.0	1.5	1.8	1.5	1.6	2.6
Other America	0.3	0.2	0.5	0.6	0.5	0.5	0.3
Europe	27.7	22.8	25.0	23.9	21.3	19.4	20.8
EU (28)	22.0	17.5	18.1	21.2	19.5	17.4	19.8
Italy	2.7	2.0	2.4	4.4	4.5	4.0	4.9
Belgium	3.0	2.0	2.5	4.0	3.0	2.7	3.8
Netherlands	4.5	4.1	4.3	4.0	3.4	3.2	3.8
Germany	4.1	3.0	3.4	3.3	3.4	3.1	3.0
Spain	2.2	1.4	1.3	1.6	1.6	1.4	1.3
Portugal	0.7	0.5	0.3	0.4	0.5	0.6	0.7
EFTA	5.5	5.3	6.6	2.6	1.7	1.4	0.6
Other Europe	0.1	0.1	0.3	0.2	0.0	0.6	0.4
Commonwealth of Independent States (CIS)	0.5	0.4	0.7	0.4	0.4	0.6	0.6
Africa	49.4	55.2	56.7	55.5	58.0	50.2	51.8
Kenya	10.5	10.8	13.1	13.1	18.8	16.3	19.0
South Sudan	0.0	0.8	7.3	12.4	11.7	9.7	10.3
Democratic Republic of the Congo	8.4	10.2	11.1	8.0	6.7	7.1	6.5
Rwanda	9.0	9.6	9.0	10.8	10.5	7.8	6.3
Sudan	15.2	17.2	9.9	4.6	3.9	2.5	2.7
Tanzania	2.0	2.3	2.0	2.5	2.7	2.8	1.7
Burundi	1.9	2.0	2.0	1.9	2.0	1.8	1.5
Morocco	0.1	0.0	0.3	0.3	0.2	0.2	0.8
Algeria	0.1	0.0	0.0	0.1	0.0	0.1	0.8
Middle East	7.4	8.1	4.2	2.5	4.8	15.7	16.5
United Arab Emirates	6.6	7.5	3.4	1.5	3.6	15.0	15.3
Asia	8.2	6.5	5.9	8.9	8.1	7.4	7.4
China	1.2	1.2	1.6	2.9	2.5	1.1	1.0
Japan	0.2	0.2	0.2	0.3	0.6	0.3	0.7
Other Asia	6.8	5.0	4.1	5.7	4.9	6.0	5.7
India	0.9	0.6	0.6	1.2	1.1	1.8	1.5
Hong Kong, China	1.5	1.2	1.1	1.6	1.6	1.6	1.4
Singapore	3.3	2.3	1.5	1.4	0.7	0.6	0.8
Indonesia	0.0	0.0	0.0	0.1	0.1	0.4	0.6
Other	4.8	5.8	5.5	6.4	5.5	4.6	0.0
Memo:							
EAC[a]	23.3	24.6	26.1	28.4	34.0	28.7	28.5

a Including all EAC WTO Members.

Source: WTO Secretariat's calculations, based on the UNSD Comtrade database (SITC Rev.3).

Table A1. 4 Merchandise imports by origin, 2011-17

	2011	2012	2013	2014	2015	2016	2017
Total imports (USD million)	5,630.9	6,044.1	5,817.5	6,073.5	5,528.1	4,829.5	5,595.9
	% of total						
Americas	4.8	4.0	3.5	2.2	2.4	2.6	3.3
United States	3.0	1.6	2.1	1.5	1.6	1.6	1.5
Other America	1.8	2.4	1.4	0.7	0.8	1.0	1.8
Argentina	0.2	1.0	0.0	0.0	0.1	0.1	0.6
Brazil	0.8	0.9	0.6	0.2	0.2	0.4	0.6
Europe	14.1	11.9	12.6	11.3	12.4	12.6	10.7
EU (28)	12.7	10.8	11.8	10.4	11.5	11.5	9.5
Germany	2.0	2.1	1.9	1.9	2.0	2.2	2.0
United Kingdom	2.3	2.1	1.8	1.6	1.5	1.5	1.3
Netherlands	1.8	1.0	1.9	1.0	1.6	1.2	1.2
Belgium	0.8	0.8	1.3	1.1	0.6	1.2	1.0
Italy	0.8	0.9	0.7	0.6	0.6	0.8	0.9
EFTA	0.5	0.4	0.4	0.5	0.5	0.6	0.7
Other Europe	1.0	0.7	0.5	0.4	0.4	0.5	0.5
Commonwealth of Independent States (CIS)	1.0	2.0	1.6	2.1	1.8	1.4	1.7
Russian Federation	0.8	1.4	0.9	1.2	1.5	1.2	1.2
Africa	19.4	18.3	16.6	17.7	18.3	17.6	16.9
Kenya	11.4	9.8	9.7	9.8	10.0	9.5	8.2
South Africa	4.7	4.9	4.3	4.3	4.6	4.4	4.4
Tanzania	0.7	0.8	0.8	1.2	1.1	1.2	1.6
Egypt	0.8	1.0	0.9	1.1	1.2	1.1	1.3
Middle East	14.9	15.3	10.3	11.9	12.6	15.3	19.5
United Arab Emirates	6.6	7.5	6.7	6.6	7.3	8.6	11.8
Saudi Arabia, Kingdom of	3.9	4.9	1.8	2.9	4.0	5.2	6.6
Asia	45.7	48.5	55.4	54.8	52.5	50.5	47.8
China	9.3	11.3	10.7	12.2	15.8	18.4	17.6
Japan	5.7	5.4	5.7	5.8	6.3	5.1	6.6
Other Asia	30.7	31.8	39.0	36.8	30.4	27.1	23.6
India	16.5	20.9	26.8	24.5	20.9	17.3	13.2
Indonesia	4.0	3.9	2.9	3.7	3.7	3.9	4.3
Pakistan	1.2	0.9	1.2	1.5	1.1	1.0	1.5
Malaysia	0.7	0.8	1.1	1.4	0.5	1.0	1.1
Thailand	1.1	1.1	1.4	1.1	0.8	0.8	1.0
Korea, Republic of	2.7	0.8	0.7	1.3	0.8	0.7	0.7
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memo:							
EAC[a]	12.3	10.7	10.6	11.3	11.4	11.0	10.0

a Including all EAC WTO Members.

Source: WTO Secretariat's calculations, based on the UNSD Comtrade database (SITC Rev.3).

Table A2. 1 Status of WTO notifications, July 2018

Agreement	Description	Frequency	WTO document
Agreement on Agriculture			
Art. 10 and 18.2 – ES:1	Export subsidies	On an annual basis	Last notification in 2005
Art. 18.2 – DS:1	Domestic support	On an annual basis	Last notification in 2005
Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (anti-dumping)			
Art. 16.4	Anti-dumping actions (taken within the preceding 6 months)	On a semi-annual basis	Last notification in 2005
Art. 16.5	Competent authorities	*Ad hoc*	G/ADP/N/14/Add.5; G/SCM/N/18/Add.5, 09/10/1997
Art. 18.5	Legal texts and changes thereto	*Ad hoc*	G/ADP/N/1/UGA/2; G/SCM/N/1/UGA/2, 20/09/1996 G/ADP/N/1/UGA/1; G/SCM/N/1/UGA/1, 04/10/1995
Art. 25.12	Authorities and procedures	Once	G/ADP/N/14/Add.5; G/SCM/N/18/Add.5, 09/10/1997
Art. 32.6	Laws/regulations (and changes thereto, including changes in the administration of such laws)	Once; *ad hoc*	G/ADP/N/1/UGA/2; G/SCM/N/1/UGA/2, 20/09/1996
Agreement on Subsidies and Countervailing Measures			
Article 25.11 and Article 25.12	Competent authorities	*Ad hoc*	G/SCM/N/202/UGA, 07/12/2015
Art. 16.5	Competent authorities	*Ad hoc*	G/ADP/N/14/Add.5; G/SCM/N/18/Add.5, 09/10/1997
Article 18.5	Legal texts and changes thereto	*Ad hoc*	G/ADP/N/1/UGA/2; G/SCM/N/1/UGA/2, 20/09/1996
Article 25.11	Countervailing duty actions (taken within the preceding 6 months)	Semi-annual	Last notification in 2005
Article 32.6	Legal texts and changes thereto	*Ad hoc*	G/ADP/N/1/UGA/2; G/SCM/N/1/UGA/2, 20/09/1996
Customs valuation			
GATT 1994 Article VII – Article 20.1 and 22.1	Implementation/non-implementation (deferred application of CV Agreement)	Once	G/Let/108, 23/09/1996
GATT 1994 Article VII – Article 22.2	Changes in laws/ relevant regulations (first notification by Members who were not Tokyo Round signatories: full text of laws and relevant regulations)	*Ad hoc*	G/VAL/N/1/UGA/1, 07/10/2005
Agreement on Import Licensing Procedures			
Article 1.4(a)	Publications	Once - *ad hoc* for changes thereafter	G/LIC/N/3/UGA/1, 25/06/1997
Article 7.3	Replies to Questionnaire on Import Licensing Procedures	Annual, by 30 September	Last notification in 2005
Article 8.2(b)	Changes in laws/ regulations and administrative procedures (first notification: full text of relevant legislation)	Once - *ad hoc* for changes thereafter	G/LIC/N/1/UGA/1, 03/10/1996
Intellectual property			
Article 63.2	Laws/regulations made effective by the notifying Member; amendment of a law/ regulation	Once	IP/N/1/UGA/2, 27/11/2000
Article 69	Specification of contact points; changes to the information on specified contact points	Once	IP/N/3, 14/02/1996

Agreement	Description	Frequency	WTO document
Investment measures			
Article 5.1	TRIMs introduced 180 days or more before the date of entry into force of the WTO Agreement which are inconsistent with the provisions of Article III or Article XI of GATT 1994 and not justified under exceptions to GATT 1994	Once	G/TRIMS/N/1/UGA/1, 07/07/1997
Article 6.2	Lists of publications in which investment measures related to goods may be found	Once	G/TRIMS/N/2/Rev.1, 28/07/1997
Pre-shipment inspection			
Article 5	Changes in laws/ regulations	*Ad hoc*	G/PSI/N/1/Add.4/Corr.1, 14/10/1996 G/PSI/N/1/Add.4, 09/10/1996
Quantitative restrictions			
(G/L/59)	Quantitative restrictions (changes thereto)	*Ad hoc*	G/MA/NTM/QR/1/Add.10, 28/03/2006 G/MA/NTM/QR/1, 01/03/1996
Rules of origin			
Article 5 and Annex II, paragraph 4	Changes in laws/ regulations (changes in preferential and non-preferential rules of origin; new preferential rules of origin)	*Ad hoc*	G/RO/N/13, 19/11/1996
Safeguards			
Article 12.6	Laws/regulations and administrative arrangements (and changes thereto), or absence thereof	Once; *ad hoc*	G/SG/N/1/UGA/1, 20/09/1996
Agreement on the Application of Sanitary and Phytosanitary Measures			
Article 7, Annex B	Sanitary/phytosanitary regulations	*Ad hoc*	G/SPS/N/UGA/29, 16/08/2018
State trading			
GATT 1994 Article XVII:4(a)	State trading activities	Annual (triennial full notification and annual changes)	Last notification in 2005
Subsidies			
GATT 1994 Article VI Article 18.5	Laws/regulations (and changes thereto, including changes in the administration of such laws)	Once; *ad hoc*	G/ADP/N/1/UGA/2; G/SCM/N/1/UGA/2, 20/09/1996
Article 25.1 – Article XVI:1	Subsidies (any subsidy as defined in ASCM 1:1 which is specific within the meaning of ASCM 2)	Annual (triennial full notification and annual changes)	Last notification in 2005
Article 32.6	Legal texts and changes thereto	*Ad hoc*	G/ADP/N/1/UGA/2; G/SCM/N/1/UGA/2, 20/09/1996
Agreement on Technical Barriers to Trade			
Annex 3C	Acceptance of/withdrawal from a code	Once	G/TBT/CS/N/81, 06/10/1997
Article 10.7	Bilateral and multilateral agreements; conformity assessment procedures; standards; technical regulations	*Ad hoc*	G/TBT/10.7/N/19, 27/01/1999
Article 15.2	Administrative arrangements; laws/ regulations	Once	G/TBT/2/Add.23/suppl.1, 12/04/2006
Article 2.9	Technical regulations	*Ad hoc*	G/TBT/N/UGA/909, 16/08/2018

Agreement	Description	Frequency	WTO document
Article 2.9 and 5.6	Technical regulations	*Ad hoc*	G/TBT/N/UGA/913, 20/08/2018
Article 3.2	Technical regulations (local government)	*Ad hoc*	G/TBT/N/UGA/564, 10/08/2016
			G/TBT/N/UGA/606, 16/02/2017
Article 5.6	Conformity assessment procedures	*Ad hoc*	G/TBT/N/UGA/910, 16/08/2018
Agreement on Trade Facilitation (WT/L/911 superseded by WT/L/931)			
Article 15	Commitments designated under Category A	Once	WT/PCTF/N/UGA/1, 07/08/2015
Trade in services			
GATS article III:4 and/or IV:2	Enquiry/contact points	Once	S/ENQ/21/Rev.1, 03/02/1998
Trade preferences			
Enabling clause – RTA	Enabling clause – EAC	*Ad hoc*	WT/COMTD/N/14, 11/10/2000

Source: WTO Secretariat.

Table A3. 1 Excise duty rates, 2011, 2014, 2016, and 2018

Duty	Rate			
	2011	2014	2016	2018
Tobacco				
Extracts, essences and concentrates	10%	10%	10%	10%
Cigars, cheroots, and cigarillos containing tobacco	160%	160%	200%	200%
Soft cup (whose local content is more than 70% of its constituents)	UGX 22,000	UGX 35,000/ 1,000 pieces	UGX 50,000/ 1,000 pieces	UGX 55,000/ 1,000 pieces (locally manufactured)
				UGX 75,000/ 1,000 pieces (imported)
Other soft cup	UGX 25,000/ 1,000 pieces	UGX 25,000/ 1,000 pieces	UGX 25,000/ 1,000 pieces	UGX 25,000/ 1,000 pieces
Hinge lid	UGX 55,000/ 1,000 pieces	UGX 69,000/ 1,000 pieces	UGX 80,000/ 1,000 pieces	UGX 80,000/ 1,000 pieces (locally manufactured)
				UGX 1,00,000/ 1,000 pieces (imported)
Other	160%	160%	200%	200%
Smoking tobacco, whether or not containing tobacco substitutes in any proportion	160%	160%	200%	200%
Homogenized or reconstituted tobacco	160%	160%	200%	200%
Other	160%	160%	160%	160%
Beverages				
Beer				
Made from malt	60%	60%	60%	60% or UGX 1,860/l, whichever is higher
Beer produced from barley grown and malted in Uganda	40%	40%	30%	30% or UGX 950/l, whichever is higher
Whose local raw-material content, excluding water, is at least 75% by weight of its constituents	20%	20%	20%	30% or UGX 650/l, whichever is higher UGX 700
Spirits				
Made from locally produced raw materials	45%	60%	60%	60%
Undenatured spirits	n.a.	140% Or UGX 4,000/l, whichever is higher	..	100% or UGX 2,500/l, whichever is higher
Other	70%	70%	80%	80%
Wine				
Made from locally produced raw materials	n.a.	20%	20%	20%
Other wines	n.a.	70%	70%	70%

Duty	Rate			
	2011	2014	2016	2018
Water, including mineral waters and aerated waters, containing sweetening matter or flavoured, or non-alcoholic beverages, excluding natural fruit juice drinks and/or vegetable juice drinks, containing not less than 10% by mass of standardized fruit and/or vegetable juice	13%	13%	13%	13% or UGX 300/l, whichever is higher
Fuel				
Motor spirit (gasoline)	UGX 850/l	UGX 950/l	UGX 1,100/l	..
Gas oil (automotive, light, and amber for high speed engines)	UGX 530/l	UGX 630/l	UGX 780/l	..
Illuminating kerosene	n.a.	UGX 200/l	UGX 200/l	UGX 200/l
Jet A1 and aviation fuel	n.a.	UGX 630/l	UGX 630/l	UGX 630/l
Motor vehicle lubricants	n.a.	10%	10%	10%
Other gas oils	UGX 530/l	UGX 630/l	UGX 630/l	UGX 630/l
Inputs				
Cane or beet sugar and chemically pure sucrose in solid form	UGX 25/kg	UGX 50/kg	UGX 100/kg	UGX 100/kg
Cane or beet sugar for industrial use	n.a.	0%	..	UGX 50/kg
Sugar confectioneries (chewing gum, sweets and chocolates)	n.a.	20%	20%	20%
Sacks and bags of polymers of ethylene and other plastics falling under tariff headings 3923.21.00 and 3923.29.00, except vacuum packaging bags for food, juices, tea and coffee	120%	120%	120%	120%
Cosmetics and perfumes	n.a.	10%	10%	10%
Cement	n.a.	UGX 500/50 kg	UGX 500/50 kg	UGX 500/50 kg
Plastic packaging materials	..	..	..	120%
Furniture manufactured in Uganda using local materials but excluding furniture which is assembled in Uganda	n.a.	Nil	Nil	Nil
Other furniture	n.a.	..	10%	20%
Telecommunication services				
Value-added services	n.a.	20%	20%	20%
Incoming international call services	n.a.	USD 0.09/minute	USD 0.09/minute	USD 0.09/minute
Airtime	12%	12%	12%	12%
Landlines and public payphones	5%	5%	5%	5%

Duty	Rate			
	2011	2014	2016	2018
Money transfer or withdrawal services, including transfers and withdrawal services by operators licensed or permitted to provide communications or money transfer or withdrawal but not including transfer and withdrawal services provided by banks	n.a.	10%	10%	10%
Ledger fees, ATM fees, withdrawal fees and periodic charges, and other transaction and non-transaction charges excluding loan-related charges periodically charged by financial institutions	n.a.	10%	10%	10%
Over the top services	n.a.	n.a.	n.a.	UGX 200/day

.. Not available.

n.a. Not applicable.

Source: Information provided by the authorities.