

**REGIONAL MEETING ON PROMOTING SERVICES SECTOR DEVELOPMENT
AND TRADE-LED GROWTH IN AFRICA**

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MINISTRY OF TRADE, INDUSTRY & COOPERATIVES (MTIC)

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1.0 INTRODUCTION

The services sector in Uganda is one of the fast growing segments of Uganda's economy accounting for 52.6% of GDP. [2011, Uganda Bureau of Statistics Abstract]

According to an excerpt from the Background to the Budget FY 2013/14, the services sector registered modest recovery to a growth rate of 4.8% during FY2012/13 compared to 3.6% in the previous year. The services sector growth is attributed to a recovery in key drivers i.e. Transport and Communications, particularly Post and Telecommunications, Air Transport and related support services. [Background to the Budget]

The major sub sectors are retail and wholesale trade, tourism, education, transport, health, ICT and related services, financial services, construction and engineering services and professional services.

1.1 Services Export Performance

According to the ITC Statistics, the Uganda Services exports have grown in value. A detailed analysis can be seen in table 1.

MINISTRY OF TRADE, INDUSTRY & COOPERATIVES (MTIC)

In 2012, Uganda's services exports amounted to 1.9 billion USD, expressing high potential to grow and become a source of external revenue. Uganda's main services' exports sectors include - commercial services, travel, transport, and ICT among others. Uganda still needs to diversify its services exports in order to achieve high and sustainable export growth.

Table 1: Service Export by Uganda, US Dollars 000

Code	Service label	Exported Value in 2008	Exported Value in 2009	Exported Value in 2010	Exported Value in 2011	Exported Value in 2012
'200	Total services	798,782	989,985	1,241,476	1,720,933	1,993,860
2CS	Commercial services	701,812	877,243	1,047,919	1,613,659	1,892,690
'236	Travel	498,279	667,058	783,909	950,090	1,128,301
'249	Construction services	0	0	0	247,378	245,491
'268	Other business services	64,806	54,462	112,777	129,851	197,484
'205	Transportation	53,225	53,601	54,538	160,663	157,362
'291	Government services, n.i.e.	96,970	112,742	193,556	107,274	101,170
'262	Computer and information services	24,050	36,435	37,407	45,828	56,790
'253	Insurance services	7,620	17,770	12,373	18,135	27,881
'260	Financial services	19,020	22,654	20,428	21,094	27,106
'245	Communications services	32,042	22,217	22,328	29,228	23,379
'266	Royalties and license fees	2,771	3,047	4,159	6,846	20,280
'287	Personal, cultural and recreational services	0	0	0	4,547	8,615

MINISTRY OF TRADE, INDUSTRY & COOPERATIVES (MTIC)

2.0 POLICY FRAMEWORK

There has been need to develop a comprehensive national strategy to address the development needs of the services sector and to pull the diverse strands of policy making together into a coherent approach that stimulates growth and export potential.

National Trade Policy [NTP]

The NTP mandates MTIC to develop policy actions, measures and strategies that enhance the participation of Uganda's services industry in international services trade.

In light of this role the Ministry has undertaken several studies to inform and guide policy heads on the roadmap required to harness the development and capacity of the services sector.

With support from UNCTAD, Uganda undertook two Services Policy Reviews [SPR] that covered seven sectors in totality; [Legal, Insurance, Construction & Engineering, Accounting, Distribution, ICT, and Services auxiliary to all modes of Transport].

The recommendations identified in the studies focused on the policy, regulatory, and institutional reforms. In this regard the MTIC has embarked on a number of policy actions to operationalize them.

2.2 Policy Actions

2.2. 1 Services Task Force

In keeping therefore with the broad objectives of the respective policies, the Ministry has developed a Services Task Force to spear-head the growth, competitiveness and coordination of the services sector in Uganda. The outcomes of the decisions undertaken by this

MINISTRY OF TRADE, INDUSTRY & COOPERATIVES (MTIC)

task-force shall feed into a number of Government plans, and strategies. The work of the Services Task Force shall also feed into the Inter Institutional Trade Committee [IITC] which is the coordinating body on all matters of trade policy in the Ministry.

2.2.2 Draft Trade in Services Policy

The importance of the services sector in Uganda is further emphasized by its diverse linkages to the wider economy, playing a pivotal role in the development of other sectors. At the moment there are a number of sectoral services policies, regulatory bodies and sector associations. However, many of these policies do not link trade and its potential to harness economic growth. In other-words they are focused solely on development as opposed to the potential as tradable sectors.

In this vein the Services Task Force is currently developing a national trade in Services policy that will provide a road-map for the services' sector.

2.2.3 Services Master Plan

The Services Task Force has been tasked to develop a Services Master Plan. In order to facilitate the growth of the sector, there is need to develop a long-term strategy to guarantee sustainable benefits and development gains. More so, trade liberalisation brings on board opportunities and complex challenges that need to be addressed by the plan. The task ahead is to fully transform our domestic services economy into a dynamic modern competitive hub. Therefore, the Ministry has committed itself to effectively dialogue with all relevant stakeholders from the Public and the Private Sector in developing a Services Master Plan.

2.2.4 Rejuvenating the National Coalition of Services Industry

As part of the drive to enhance development in the services sector, the Ministry will support the re-establishment of the National Services Coalition. Like many other established coalitions, it is hoped that the coalition will shape domestic and international policies of the services sector, create greater public awareness, enhance bilateral service trade relationships, and ensure competitiveness of the services trade in the global market.

MTIC shall bring on board interested private and public sector players from all services sectors that have a clear vision and ambition to form this collaboration. As the coalition grows, we can develop technical working committees to look at key complex issues within the services sectors. However, the survival of this coalition depends on having a clear cause to pursue that will attract a core of services firms dedicated to its success. This will also require that private firms are willing to incubate the coalition for its first few years until it is independently viable. Since the majority of services firms in Uganda are SMEs, this presents a major hurdle to kick start the process.

3.0 POLICY CHALLENGES

Uganda is one of the countries that has autonomously liberalised the services sector without safeguards in place. More so the Country is still undertaking commitments in the different trade negotiation agendas such as EAC, COMESA, Tripartite, among others. Despite the efforts in addressing the policy gaps, the following are some of key challenges from the diverse nature of the services sectors.

3.1 Slow Implementation

The effectiveness of regulatory systems differs from sector to sector. Few sectors are well regulated like ICT while others are not or are still grappling. In some sectors the implementation capacity is poor and cripples progress. A good example is in the legal services where no efforts have been taken to address the legal, institutional and regulatory environment ever since the SPR 1 study.

3.2 Lengthy Policy Processes

As we all know reforms have to be implemented by sectoral ministries, and in many cases the process taken to review and amend policy and legislative regimes is quite lengthy involving several stages.

3.3 Lack of Adequate Resources

The MTIC has limited resources to coordinate consultative meetings and this has also slowed down the progress of work.

CONCLUSION

- The Task Force has developed an implementation matrix with a time-bound program.
- PPP Dialogue : Buy-in of private sector players in formulating the coalition
- Financial and technical support is needed for the coalition, and stakeholder consultations on the Services sector.

MINISTRY OF TRADE, INDUSTRY & COOPERATIVES (MTIC)

- Continue enhancing dialogue with all services sector players.
- Follow-up on the Implementation of the master-plan