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SECOND FIVE-YEAR DEVELOPMENT PLAN AND THE LUSAKA CONFERENCE ON THE HARMONIZATION OF DEVELOPMENT PROGRAMMES IN THE EAST AFRICAN SUB-REGION

Note submitted by the Uganda Delegation

The Second Five-Year Development Plan is framed in the context of Government's aim of doubling per capita income by 1980 in the course of three five-year plans. The Second Plan itself is based to a very large extent on a growth model of the East African economy as applied to Uganda's conditions. In the Plan the main parameters of the economy are projected from 1961 to 1981, that is, over the period of the second, third and fourth development plans. From this perspective model a series of sector targets for 1971 are derived together with an estimate of the necessary gross fixed capital formation. To achieve the objective of the next three five-year plans it is intended to increase real gross domestic product by 50 per cent in the course of the next five-year plan and for this a gross fixed capital formation of £230 million is planned.

Within the structure of the Second Development Plan it is expected that the output of the agriculture and livestock sector will increase by about 30 per cent over the Plan period while that of manufacturing industry will increase over 100 per cent. Although this will mean that the already appreciable industrial sector will become much more important, the economy will still be overwhelmingly dependent on agriculture and livestock. In particular, while it is hoped that some start can be made with the export of manufactured goods to outside of East Africa, the great bulk of Uganda's exports will still be heavily concentrated on agricultural produce. With respect to agricultural products a large increase in the exports of cotton, tea, sugar, groundnuts, and a considerable variety of other goods is expected. The marketing of groundnuts and other agricultural produce, of which Uganda produces many saleable items in relatively small quantities, is to be organized on a systematic basis.

Broadly speaking, the balance-of-payments position of Uganda is that of a surplus on merchandise trade and a deficit on invisible items. It is expected that during the Second Plan period the surplus on merchandise account will diminish, although the absolute value of both imports and exports will increase substantially. However, the deficit on invisible account may grow. The increased importation of investment goods will form the major part of the increase in visible imports; and it is expected that this increase will be covered by an increased inflow of capital. It is recognized that total expenditure on imported consumer goods will have to be watched; but there is no reason to expect that there will be any serious balance-of-payments problem provided that the necessary overseas assistance for capital finance and for export marketing is forthcoming.

The above, then, is the general outline of the Second Five-Year Development Plan. It is felt that the Expert Group now has all the information necessary for it to formulate conclusions and recommendations; and it is hoped that such recommendations will also relate specifically to what the GATT can do to aid, or to direct aid to help Uganda and other developing countries with their external trade, and particularly, export problems. It is thought that to make such recommendations the Expert Group will not require detailed knowledge of the export plans in the Second Development Plan. This is so because the secretariat's study of Uganda's Development Plan gives an excellent view of Uganda's prospects and problems and because it is also true, as the secretariat study points out, that the problems Uganda has had in the course of the First Plan will be the same type of problems she will face during the Second Plan. Thus, it is thought that the basis for the formulation of the Expert Group's conclusions and recommendations is now ready.

Lusaka Conference - ECA Proposal for Industrial Allocation
for Uganda

The ECA Conference on the Harmonization of Industrial Development Programmes in the East African sub-region dealt mainly with the setting up of the machinery for economic co-operation in the sub-region. Although the industrial allocations proposed by the ECA were discussed at the Conference, decisions as to actual allocations were reserved for further consideration by the bodies constituting the machinery to be set up as a result of the Conference. This is a wise approach for it allows for a continuing forum for the future allocation of industries and perhaps can open the way to sub-regional planning.

The ECA proposal for Uganda would involve the outlay of US\$366.1 million and would yield a gross output of \$438.2 million by 1975, or a value added of \$171.1 million. A whole range of industrial development is proposed including industries to serve the whole sub-region, industries to serve Uganda and neighbouring countries, industries for Uganda and Kenya and Tanzania, and industries for Uganda's local market. Below are listed some of these proposed industries which would export to other countries in the sub-region. It should be noted that this proposed allocation of industries has only very recently put before Government and that consequently Government has not yet been able to consider the ECA proposals in detail. The information and papers provided by ECA on these industries is "pre-feasibility study"; and the next step would be to make feasibility studies for the industries in question.

(a) Mechanical engineering:

(i) Steam boilers - to serve the market of the whole sub-region, an investment of \$2 million to provide a capacity of 6-8,000 tons;

(ii) ~~stone crushers~~ - for whole sub-region, an investment of \$3.6 million for a capacity of 6-10,000 tons;

(iii) pumps - for whole sub-region in co-operation with other factories, an investment of \$3 million for a capacity of 3-4,000 tons.

(b) Electrical engineering:

General telecommunications equipment (except domestic radio receivers) to serve the whole sub-region in co-operation with Zambian factories, an investment of \$2.6 million for a capacity of \$2.6 million;

(c) Rubber industry:

Tyres and tubes for motor vehicles to serve whole sub-region in co-operation with other factories, a capacity of 600,000 sets;

(d) Iron and steel:

Integrated iron and steel plant to serve Uganda, Kenya, Tanzania, Rwanda, Burundi, an investment of \$114.2 million for a capacity of 460,000 tons;

(e) Basic chemicals and fertilizers:

- (i) Nitrogenous fertilizer factory - for markets of Uganda, Kenya, Tanzania, Rwanda, Burundi, Ethiopia, Somalia, an investment of \$18.2 million to a capacity of 300,000 tons;
- (ii) phosphorus fertilizers - for Uganda, Kenya, Rwanda, Somalia, Mauritius, Ethiopia, an investment of \$1.4 million for capacity of 125,000 tons;

(f) Metal products:

- (i) Wires for ropes - for Uganda, Kenya, Tanzania, an investment of \$6.0 million for capacity of 40-50,000 tons;
- (ii) wire for fencing - for market of whole sub-region, an investment of \$2.7 million for capacity of 30,000 tons;

(g) Pulp and paper:

- (i) Bagasse and pulp mill - to serve Uganda, Kenya and Tanzania, capacity of 20,000 tons;
- (ii) paper mill - to serve Uganda, Kenya, Tanzania, Rwanda, Burundi, capacity of 20,000 tons;

(h) Textiles industry:

- (i) Cotton systems - to serve Uganda, Kenya, Tanzania, Malawi, Rwanda, Burundi, investment of \$32.2 million for capacity of 90 million sq. yds.;
- (ii) rayon weaving - Uganda, Kenya, Tanzania, Rwanda, Burundi, investment of \$1 million for capacity of 25 million sq. yds.;
- (iii) wool and synthetics to serve Uganda, Kenya, Tanzania, Ethiopia, Somalia, Mauritius, Rwanda, Burundi, investment of \$2.0 million for capacity of 10 million sq. yds.;

(i) Other projects proposed by the ECA include:

- mining and quarrying - expansion of tin ore mining.
- food
- beverages

- tobacco
- cordage and hessian
- veneer plant
- paper conversion: multiwall bags plants
- folding boxes
- grocery bags
- leather
- bicycle tyres and tubes
- vegetable and animal oils and fats
- pharmaceuticals and medical preparations
- container glass factory
- cement factory
- expansion of asbestos cement factory
- four concrete pre-fabrication plants
- one clay, bricks and tiles factory
- steel structurals
- tins and containers
- cutlery
- agricultural machinery
- tool grinders
- hoisting equipment
- domestic equipment
- refrigerators and air conditioning equipment
- batteries and accumulators
- commercial vehicles (assembly)
- motor vehicle parts
- bicycles
- articles of plastic