

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade and Development

Expert Group on Trade and Aid Studies

AGENDA FOR THE SECOND MEETING OF THE GROUP OF EXPERTS ON TRADE AND AID STUDIES: UGANDA

The preliminary consideration of the GATT study of Uganda's Development Plan, and the statement of the expert from Uganda, in the first meeting of the Group had established a basis on which specific aspects of Uganda's development effort can now be usefully discussed by the experts. It was agreed that even a substantial expansion of exports would not obviate the need for foreign assistance to Uganda in the foreseeable future. It was further agreed that a more concentrated effort would be necessary under the new Plan to develop Uganda's export trade. In the context of Uganda's economy, an expansion of exports implies, necessarily, their diversification which, in turn, can be achieved not only through agricultural product diversification but also by the development and manufacture of semi-finished goods for export. Given the great possibility for not only increasing productivity in agriculture but also for extending land utilization, the prospect for agricultural export diversification is, at present, at least as great as that in the industrial field. It is thus, in these areas in particular, that foreign aid in the form of capital and technical assistance will be needed to enable Uganda to not only realize the potential for agricultural product diversification but also to enable the promising, manufacturing industries to become internationally competitive.

1. Manufactured exports under the new Plan

In the first meeting the representative of the Ugandan Planning Unit outlined for the Group the main provisions and targets of the new Plan now in preparation. The Group noted that planning for an average aggregate growth at 8 per cent per annum implied confidence that exports could be made to grow at a comparable rate, and that a drastic change in the export structure would be required to obtain such growth, although a considerable proportion of Uganda's exports would still, necessarily, emanate from the agricultural sector. The problems facing Uganda's economic development, which were dealt with in considerable detail in the secretariat study of the country's first Development Plan, are those which will have to be confronted during the next Plan frame. The note submitted by the Ugandan delegation, which has been circulated to the members of the Expert Group, contains additional information on the Second Five-Year Development Plan together with data on the suggested allocation of industries to Uganda, as proposed by the Economic Commission for Africa at the recent Lusaka Conference. The documentation provided will enable the Expert Group to discuss the form and substance of the

foreign assistance which will be needed and which should be given to Uganda in view of the fact that Uganda's manufacturing industry is still at a very early stage of development.

2. Diversification of agricultural production

The Expert Group agreed that to ensure sufficient diversification of agriculture and growth of agricultural productivity in general, appropriate marketing arrangements were essential. Traditional marketing arrangements make it often unprofitable for peasants in the less-developed countries to adopt new techniques or products through which their physical productivity would be increased so that not only agricultural output but also the size of the market for manufactured goods is reduced. In this context the Group was also concerned with a problem that Uganda shared with many other less-developed countries, namely, the difficulty in attracting foreign assistance and participation in projects in the agricultural sector. Combining these two considerations, it would seem appropriate for the Group to discuss the ways and means by which agricultural diversification in Uganda could be fostered by foreign assistance directed at the modernization of marketing arrangements.

Another area where both these considerations converge is that of projects designed to promote small-scale industries in rural areas. Such projects, usually organized around the processing of some locally produced agricultural material, can be gradually extended to include production of the simpler types of consumer goods demanded in the community. Such projects also introduce significant innovations into agricultural marketing arrangements with consequential benefits for the agricultural sector of the economy in general. The Expert Group has expressed an interest in such projects in Uganda and would welcome an indication from the Uganda Government as to how foreign assistance might best contribute to specific projects of this kind.

3. Expansion of Trade with other less-developed countries

The Group has found that prospects for Uganda exports of manufactured goods would be particularly favourable in the markets of other less-developed countries. In this context the Group might wish to review problems and possibilities in Uganda's trade with other less-developed countries, both within the region and outside, and suggest how these prospects could be fully realized. (Some problems connected with exports of certain traditional items and the possibilities for adequate international consultation on them have already been noted in the first meeting.)

4. Export marketing and export promotion

In order to focus attention on those elements such as foreign aid and assistance and the increase in export earnings which will affect the relationship between the growth targets set forth in the Uganda Development Plan and its external balance, the Group will need to review the problems encountered by Uganda in the development of its external trade as a whole. Such a review, which would need to cover the problems connected with external export marketing, distribution and promotion could serve as a basis for the discussion of specific measures by which the expertise, which the industrial countries have developed in export marketing and promotion, can be made available to Uganda, possibly through the medium of the GATT International Trade Centre.