

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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STATE TRADING

Notifications Pursuant to Article XVII:4(a)

Addendum

UGANDA

I. PRODUCTS FOR WHICH STATE ENTERPRISES ARE MAINTAINED

- (i) Coffee
- (ii) Foods and beverages
- (iii) General merchandise
- (iv) Hardware
- (v) Industrial machinery
- (vi) Lint (raw cotton)
- (vii) Motor vehicles
- (viii) Pharmaceuticals
- (ix) Produce
- (x) Tea
- (xi) Textiles

II. REASONS FOR INTRODUCING STATE-TRADING ENTERPRISES

(i) Coffee

The Coffee Marketing Board was established by an Act of Parliament (Laws of Uganda Chapter 20). It was established mainly to administer price stabilization and to facilitate export sales.

(ii) Foods and beverages

The Foods and Beverages Ltd., was established under the company Law of Uganda (Chapter 85 Laws of Uganda) but the shares are held by Government. The company mainly protects the consumers so that prices do not go beyond the controlled prices, to ensure constant supply and to protect domestic producers through import control.

(iii) General merchandise

The company responsible for handling the export and distribution of the general merchandise was also established under the company law. It is to ensure stable supply and to protect the consumers.

(iv) Hardware

All hardware imported into the country is handled by Hardware Uganda Limited. Though registered as a private company its shares are held by the Government. It is to ensure stable supply at reasonable price to the consumers.

(v) Industrial machinery

A Government company established under the company law mainly to ensure constant supplies at reasonable prices to the consumer.

(vi) Lint

The Lint Marketing Board was established by an Act of Parliament (Laws of Uganda Chapter 234). It is to facilitate export sales and to administer price stabilization for the benefit of cotton farmers.

(vii) Motor vehicles

The Uganda Motors Ltd. was established under the company law mainly to import all types of motor vehicles and sell at reasonable prices to the users.

(viii) Pharmaceuticals

The Uganda Pharmaceuticals Ltd. was also established as a private company with its shares held by Government. It is to ensure constant supplies of all types of pharmaceuticals at low prices to consumers.

(ix) Produce

The Produce Marketing Board was established by an Act of Parliament (Laws of Uganda Act 37 of 1970) to give guaranteed minimum price to farmers, to facilitate export sales and to protect domestic producers and consumers by regulating both exports and imports.

(x) Tea

The Uganda Tea Authority was established by Decree No. 8 of 1974 to facilitate export sales and to supervise the growth of the tea industry in Uganda.

(xi) Textiles

The National Textiles Board was established by Decree No. 22 of 1974 to regulate the imports and exports of textiles and to ensure that consumers get a fair deal.

III. FUNCTIONING OF STATE-TRADING ENTERPRISES

1. The Coffee Marketing Board

The Board mainly exports coffee and no private traders are allowed to export coffee competition with the Board. The quantities to be exported are determined by the International Coffee Agreement on quota basis. The prices are also determined on the world market. No long-term contracts are negotiated by the Board.

2. The Foods and Beverages Ltd.

The company deals with both exports and imports. Established private traders are allowed to import/export so that the State-trading enterprise should not become a monopoly. The quantities to be exported are the function of supply and the amount to be imported is determined by whether there is local production or not.

Export prices are determined on the world market. Export prices are, in some cases higher than domestic prices. The mark up on imported products is determined by the c.i.f. value plus the channels of distribution the products pass through. So far no long-term contracts have been entered into by the enterprise and State-trading methods have not been used to fulfil contractual obligations.

3. Uganda Merchandise Ltd.

The situation as stated in 2 above also applies in this enterprise.

4. Uganda Hardwares Ltd.

This enterprise is mainly engaged into importing as there is no local production.

5. Uganda Industrial Machinery Ltd.

This enterprise is also engaged in importing as there are no industries producing industrial machinery.

6. The Lint Marketing Board

The Board deals with exports of raw cotton and no private traders handle this product. The quantities to be exported are determined by local supply and the demand for raw cotton on the world market. In the same way the price is determined on the world market. Only short-term contracts are negotiated and State-trading methods are not used.

7. Uganda Motors Ltd.

This company deals mainly with the importation of motor vehicles and parts. Private traders or dealers are also allowed to import with the permission of the company. The quantities to be imported in the function of the availability of foreign exchange. The mark up and the resale price are all determined in the normal way. So far no long-term contracts have been negotiated. State-trading methods could be used to fulfil Government's contractual obligations.

8. Pharmaceutical (U) Ltd.

As there is hardly any production of drugs or pharmaceuticals in the country, the enterprise is mainly an importer. Private importers are allowed to import with the approval of this company where the company cannot satisfy the needs of the market.

The quantities to be imported are determined by the needs of the market and the resale price is arrived at in the normal commercial dealings. State-trading methods could be used to fulfil Government contractual obligations as the Government is the major user of drugs and pharmaceuticals in its hospitals.

9. The Produce Marketing Board

The Board is both importer and exporter of produce. The private traders are allowed to export/import with the approval of the Board. Private traders cannot especially export any essential produce unless the Board is sure that there will be no shortage or the produce in question is not in general use in the country.

STATISTICAL INFORMATION

| <u>Exports (U Sh'000)</u> | <u>1971</u> | <u>1972</u> | <u>1973</u> |
|---------------------------|-------------|-------------|-------------|
| Coffee | 982,300 | 1,128,290 | 1,424,040 |
| Foods and live animals | 1,120,450 | 1,291,530 | 1,584,670 |
| Beverages and tobacco | 13,850 | 6,990 | 1,300 |
| General merchandise | 850 | 350 | 24,880 |
| Cotton (lint) | 7,690 | 368,480 | 33,610 |
| Tea | 95,430 | 125,930 | 109,870 |
| Textile | - | - | 10 |

Imports (U Sh'000)

| | | | |
|-----------------------|---------|---------|--------|
| Food and live animals | 55,610 | 43,370 | 39,750 |
| Industrial machinery | 160,620 | 173,590 | 81,150 |
| Motor vehicles | 143,940 | 45,250 | 62,550 |
| Pharmaceuticals | 36,640 | 24,050 | 28,130 |
| Textile | 5,090 | 4,780 | 19,390 |