

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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UGANDA

Statement by the Hon. Richard H. Kaijuka
Ministry of Trade and Industry

Allow me, to associate myself with previous speakers in expressing my delegation's sincere gratitude and appreciation to the Government of His Majesty King Hassan II of Morocco and the entire people of this great country for the warm hospitality extended to us and for providing us with such wonderful facilities for this historic meeting.

Permit me to express my appreciation for the wise and able leadership that has characterized your chairmanship of our meeting.

I wish also to take this opportunity to express my delegation's appreciation to the Director-General of GATT for his tireless and concerted efforts in steering the Uruguay Round negotiations to a successful conclusion.

The journey from Punta del Este via Montreal and Brussels to Marrakesh has been a long and difficult one, especially for contracting parties from the least developed countries such as Uganda, whose limited resources could not allow them to participate fully in the negotiations. It is in this connection that I wish to pay special tribute to His Excellency Shamsul Islam, Minister of Commerce of the Republic of Bangladesh for taking care of the interest of the LLDCs so effectively during the negotiations. I also wish to thank all those LLDCs, particularly those with diplomatic representation in Geneva, for the active rôle they played in the negotiations, thereby making the Uruguay Round the only round of negotiations in which the LLDCs have participated.

What are the prospects for weak economies such as that of my country under the Multilateral Trade Agreements? While one can claim that prospects for gaining increased access to the markets of the developed countries have been enhanced by the Uruguay Round, that is only true in as far as it applies to an uncertain distant future.

We in Uganda stand to suffer erosion of GSP and preferential margins under Lomé IV on our exports in the single European market and other major markets. With this erosion, our competitive advantage will disappear leading to further loss of our share of the export market which will in turn translate into reduced export earnings, balance-of-payment problems and inability to service our heavy debt burden.

At the same time, the dismantling of barriers in areas of interest to us, including agriculture, tropical products, natural resource based products, textiles, and clothing is going to take far too long and is, therefore, a source of great disappointment to us. Furthermore, the provisions of the Agreement

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on Trade Related Aspects of Intellectual Property Rights (TRIPS) are likely to frustrate rather than facilitate technology transfer to developing countries.

In light of the foregoing, therefore, it was not at all surprising when a study recently published by the World Bank and the OECD Development Centre entitled "Trade Liberalization: Global Economic Implications" concluded that while the world as a whole will be at least US\$213 billion a year richer in 2002 after the Uruguay Round, sub-saharan Africa will be poorer by US\$2.6 billion. This reminds me of the "trickle-down" principle whereby our economies were supposed to have benefitted from strong economic growth in the developed countries. This never happened, instead our economies continued to decline.

It is, therefore, imperative that measures be formulated to redress the disadvantages faced by the east developed countries. It will be necessary to draw up programmes to provide support to these countries in the development of their export capabilities so as to enable them to be competitive in export markets. In Uganda, we have embarked on an export diversification programme so as to reduce our dependence on coffee and a few primary commodities for our export earnings. However, we have discovered that we need a lot of support in the development of new export products to the required international standards. Furthermore, diversification calls for substantial investment. It is in this regard that I wish to appeal for substantial financial flows and technical support to the LLDCs. The proposed cooperation between WTO, IMF and the World Bank should include, *inter alia*, putting together appropriate packages of support to the LLDCs aimed at achieving self-sustainability in the medium to long term. This is important, because simply lowering tariffs when this is not matched by increased production will not benefit the LLDCs.

It is in consideration of the foregoing that I wish to endorse the call by the LLDCs for the establishment of a special unit in the WTO to deal exclusively with issues of concern to the LLDCs. Such a unit should concern itself, *inter alia*, with the formulation of programmes and plans of action at supporting efforts by these countries in diversifying exports and penetrating new markets.

It is necessary to point out that many of us in the LLDCs have ourselves to blame for much of what has gone wrong. The political instability, civil conflicts, poor governance and inappropriate macro-economic policies have had a devastating impact on many of our economies. Uganda is a good example of a once vibrant economy with exports exceeding imports by 50 per cent in the early 1970s, completely destroyed due to factors just enumerated.

Since the NRM Government came to power in 1986, Uganda has implemented far reaching autonomous trade liberalization measures. Import and export procedures have been liberalized and simplified, import controls as a means of protection dismantled, the exchange rate left to market forces, export tax abolished, parastatal export marketing monopolies abolished, tariff structure for customs duties rationalized, minimum producer prices abolished and investment in production for export actively promoted.

We need the continued support of the international community to bring about a significant change in our economy as a result of these and other measures such as privatization of public enterprises, taken by our Government.

Finally, Uganda is determined to play her part in ensuring that the agreements concluded in this Round are implemented. It is our hope and expectation that all other contracting parties, particularly the major trading contracting parties will do the same. The credibility of what we have achieved will depend on the behaviour of the big players, particularly in the area of bilateral interventions outside the agreed modalities for settling trade disputes.