



*Strengthening Africa in World Trade*



# Analysis of Uganda's National Trade Policy and how it links Trade, Climate Change and Food Security

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## Executive Summary

The paper presents an analysis of the extent to which the linkages between trade, climate change and food security are acknowledged and thus captured in Uganda's National Trade Policy. The National Trade Policy is formulated within the framework of other National Development Plans and strategies including but not limited to the Plan for Modernization of Agriculture. Consequently, the analysis found that the policy recognizes agriculture as a significant component of the economy and specifically the performance of trade. It was however also found that apart from the trade dimension, the policy does not take into account linkages between trade and climate change, yet this linkage is also critical in mapping out a holistic solution to alleviating poverty among Ugandans, the professed overarching objective of the Uganda National Trade Policy. The policy further stresses that the government should enact appropriate policies and laws that ensure that the growth in trade leads to and ensures inter alia food security.

Specific to trade negotiations, the lack of appreciation of the above linkages in the Policy exacerbates under capacitating and under funding of the country's negotiating teams, which perpetuates the country's inability to get the best out of trade negotiations. It further increases the likelihood of positions taken during trade negotiations to contradict other national policies that are also aimed at alleviating poverty by limiting representation of disciplines and interest groups in the country's negotiation team.

In general, it is recommended that deliberate efforts should be made to more elaborately include linkages between trade, climate change and food security in Uganda's National Trade Policy articulation. Where some linkages have been drawn out in the policy, there is need for strategies to address the linkages beyond the statements in the policy. Furthermore, in acknowledgement of these linkages, concession should be sought in access to clean technology needed to stimulate domestic production as part of trade negotiations. Trading in food for income generating and food security dynamics pertaining thereto should also be elevated and revisited in trade negotiations.

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# 1. Introduction

Uganda's National Trade Policy (NTP) was promulgated and came into force in 2008. The policy resides within the Ministry Trade Industry and Cooperatives (MTIC). Central to the NTP was Uganda's desire to enhance its capacity to engage into beneficial trade at domestic, regional and international level.

Trade can be an important tool in addressing a country's development challenges and in promoting its economic growth and development. Through trade, a country can create jobs, trigger new business opportunities in the local economy, improve incomes of its citizens and generally improve the livelihood of all residing in that country. For these reasons, many developing countries prioritize trade in their development strategies.

Specific to Uganda, the country has a National Trade Policy (NTP) in place that aims at developing and nurturing private sector competitiveness, and supporting productive sectors of the economy to trade at both domestic and international levels. The ultimate objective of the NTP is to create wealth, employment, enhance social welfare and transform Uganda from a poor peasant society into a modern and prosperous society (MTTI, 2011).

As part of the process through which its ultimate object will be achieved, the NTP also aims at securing and maintaining improved market access to regional and international markets for Uganda's goods and services. This would be achieved, among others, by providing trade related information to traders and all business community that enables them reach prudent and optimal investment decisions, to develop capacity to exploit existing market access opportunities, and to boost their capacities to trade (MTTI, 2011).

The NTP was formulated in the ambit of the National Development Plan (NDP) which is the overarching policy that provides the framework through which all sector policies should be aligned. The expectation, therefore, is that the NTP was structured in a way that is cognizant of how trade links with other national development imperatives including climate change concerns and food security.

For a predominantly agricultural country, there is an undeniable link between trade, climate change and food security according to literature and casual observation. Therefore, how trade complements or does not complement climate change and food security objectives has to be explicitly acknowledged and accounted for in the policy discourse on the extent and possibility of the NTP achieving its intended objectives.

The adverse effects of climate change continue to occur in many parts of the world. In countries like Uganda, the situation has been worsened by the increasing population. The high rate of population growth has resulted into increased demand for food production. In order to increase food production to meet its increased demand, forests have been cut down to create more cultivatable land for food. This deforestation has in turn led to slow but sure desertification that is being witnessed in many parts of the country.

The desire to increase incomes through trade has increased production and transport activities which, too, have led to increased carbon dioxide gas emissions contributing to global warming. The changing temperatures ultimately affect the amount of rainfall received and the level of agricultural output which in turn affect agricultural production and food security and trade.

Some stakeholders have come to acknowledge the existence of the links between trade, climate change and food security. However detailed analysis on the extent to which these linkages are captured in the NTP and implications of these linkages in achieving envisaged trade policy objectives as part of the NDP, as well as their impact on trade negotiation with external parties is still lacking.

Against this background, this paper presents an analysis of Uganda's NTP in terms of how it embraces the linkages between trade, climate change and food security imperatives of the country. In the second section after the introduction, analysis of how climate change and food security issues pertaining to the country are captured in the NTP is done. This is followed by a discussion on gaps in the NTP in articulating the linkages between these three aspects. Analysis of how lack of acknowledgment of the linkages in the NTP affects the country's trade negotiations dynamics is presented next, before the paper concludes with policy recommendations of how the linkages should be incorporated in the NTP and how their identification should influence trade negotiations.

## 2. Trade, climate change and food security dimensions in the National Trade Policy

Trade, agriculture, and food security are all mentioned in the NTP but the details and emphasis put on each of these aspects differs. The policy identifies the agriculture sector as one of Uganda's major productive sectors and recommends that appropriate laws should be enacted and guidelines developed to ensure that growth in trade leads to and ensures, inter alia, food security in the country. It should also be noted that there is no mention of climate change or the environment in the policy. In some instances however, the mentioning is not directed to their linkages with each other but rather a generic mentioning. Nonetheless it is still useful to divulge deeper into the NTP to ascertain whether the linkages are acknowledged even if not explicitly.

### 2.1 The trade aspect in National Trade Policy

The trade aspect dominates Uganda's NTP. From the motivation of the policy, situation analysis of the country's economic performance, definition of the objectives of the policy, drafting of guiding principles, setting of priorities and in specifying implementation strategies the focus of the NTP is on trade.

The formulation of the policy was based on the recognition that trade was an important contributor to the country's economic development and social transformation. As such, it was imperative that government came up with a policy that would support trade through elimination of trade barriers, providing an enabling environment in which the private sector could thrive and build capacity to produce quality goods and services in a reliable, competitive and sustainable manner.

Formulated within the framework of National Development Policies and Strategies, in particularly the Poverty Reduction Strategy (2004/5-2007/8), the Medium Term Competitiveness Strategy (MTCS), the Plan for Modernization of Agriculture (PMA), The Rural Development Strategy and Vision 2025, the policy recognised trade as an important contributing factor to poverty alleviation in the country (MITTI,2011).

Setting the scene for the introduction of the policy was predominantly based on the country's performance in trade terms vis-à-vis the structure of the country's economy. It was noted that imports had been increasing faster than exports, resulting into a wider trade imbalance. Between 2001 and 2005 exports increased by 12.5%, 3.5%, 14.2%, 22.4% and 24.1% while imports increased by 5.0%, 6.7% and 28.1% before reducing to 25.5% and 19.0% for the respective years (MITTI, 2011:6). Increasing trade deficit is not good for any trading country because it indicates that the country is losing, in terms of resource outflows' by engaging in international trade.

The country had adopted and maintained an open and liberal policy stance, so there was a need to come up with supportive policies to take advantage of this open engagement with external world in terms of trade. Furthermore, the country was engaged in a number of trade negotiations at regional and at international levels, the benefit of which could only be realised through increase trade. Hence, there was a strong case to come up with a national policy guide on how this envisaged increased trade would be achieved.

The overall objective for the NTP was subsequently set as: “to develop and nurture private sector competitiveness, and to support the productive sectors of the economy to trade at both domestic and international levels, with the ultimate objective of creating wealth, employment, enhancing social welfare and transforming Uganda from a poor peasant society into a modern and prosperous society”. Although the expected outcomes of the policy were more than one, trade was to be the key driver of these achievements.

The guiding principles for implementing of the NTP again put more emphasis on trade aspect. The six top most principles to guide implementation of the NTP were indicated as:

- The development of domestic and international trade
- Creating opportunities for equal participation in trade through entrepreneurial development, giving priority to the socially and economically disadvantaged groups in society
- Provision of an enabling environment with a view to developing and nurturing a private sector that is capable of competing at global level
- Targeted Government interventions in specific sectors, if and as deemed necessary
- Pursuit of bilateral, regional and multilateral trade initiatives
- Mitigating any adverse effects of practices by the country's trading partners by invoking and implementing trade defence measures as and when appropriate, taking into account multilateral disciplines in the area (MTTI, 2011:11)

In terms of implementing the policy, priority was put on enhancing the competitiveness of Uganda's products and services in the domestic, regional and international markets as well as facilitating the smooth flow of trade, while ensuring that trade conformed to national and international laws and regulations. Targeted effort to strengthen trade institutions, such as those dealing with trade policy, standards, trade facilitation/customs, and provision of trade information, and securing and maintaining improved market access to the regional and international markets for Uganda's goods and services were prioritised. In addition, government had to proactively provide trade information to traders and all the business community to enable them reach prudent and optimal investment decisions as one of the many ways to support them exploit existing market access opportunities (MTTI, 2011:12).

Understanding international trade dynamics and trade negotiations were also identified as critical implementation aspects. In this regard, the NTP stipulated the formation of an international trade subsector whose mandate would be to:

1. Ensure that what is produced domestically can be competitively traded at international level
2. Use trade negotiations to influence policies and practices of the country's trading partners' so that they are conducive to the development of Uganda

### 3. Adapt Uganda's economy to the trade and trade-related policies and practices of the country's trading partners

The role of trade negotiation in achieving international trade objectives was recognised in the NTP by explicit commitment that government was to take steps to enhance the capacity of the country to engage in trade negotiations. In addition a National Trade Negotiations Team (NTNT) that would be led by the Minister responsible for Trade had to be established. The Permanent Secretary in the Ministry responsible for Trade was mandated with determining the technical composition of the Team in collaboration with other relevant Ministries and agencies, appoint members, who would represent their parent institutions on the Team. The NTNT was to follow a public-private partnership approach, and would take due consideration of the views of the Inter-Institutional Trade Committee (IITC) that would be constituted of representatives from the private sector, public sector, civil society and the academia.

In all, the trade aspect, both domestic and international trade was fairly well captured in the NTP. Trade supporting strategies and structure were also fairly identified and their role in achieving the policy's objectives articulated in detail.

## 2.2 The climate change aspect in National Trade Policy

Climate change concerns are real in Uganda. In 2007, Uganda experienced widespread occurrence of extreme weather and climate events with floods being the most common. The eastern and northern parts of the country were particularly affected. The floods have since continued to affect livelihoods by destroying transport infrastructure, leading to loss of lives and destruction of crops. For example, the district of Amuria was hardest-hit by the rain, the heaviest in 35 years, which destroyed 18 bridges in 2013. Recent floods reported in Kasese in 2014 and landslides in the Eastern part of Uganda in the same year also adversely impacted on economic activities within the regions.

The link between trade, climate change, and food security is more profound in agriculture-dependent developing countries like Uganda. For such countries increased economic activities normally involves more intensive use of fossil fuel that leads to increase in Greenhouse Gases (GHGs) emissions. The increased emissions in GHGs in turn contribute to adverse climate change which affects agriculture. Attempt to increase land under cultivation to increase agricultural production tends to destroy forest cover, which is an important carbon sink. On the other hand trade in clean technology has an inherent positive effect on climate change. It enables countries to have means to engage in production with minimal effect on the climate (Nalunga et al, 2012).

The NTP does not, at any point, mention climate or climate change in recognitions of climate change realities in the country and how they relate to trading objective.

The policy alludes to the intention to achieve sustainable development through its interventions. The policy document states that "the National Trade Policy explicitly addresses development aspects in a holistic manner; including sustainable development, by providing opportunities for creating wealth through income generation and distribution, increased employment, competitiveness and economic and social well-being" (MTTI, 2011:p.4). One would have expected that the aspect of

climate and climate change would have been introduced from this recognition and the desire to achieve sustainable development. But this is not the case.

The current narrative is that sustainable development goes hand-in-hand with mitigating the effects of climate change. The buzz phrase for achieving development while taking care of the environment and climate change concerns is 'migration to the green economy'. Sustainable development being generally defined as development that meets the need of the present without compromising the ability of the future generation to meet their own needs (Brundtland, 1987) is highly correlated with migration to green economy and inherent efforts to minimise climate change. Despite mentioning the intention to use trade to support sustainable development for the country, the climate change aspect is ignored in the NTP document.

The observations relating to the green economy and sustainable development cannot be ignored in the assessment of the relevancy and effectiveness of any policy in a developing country like Uganda. For example, increase in agricultural production has been accompanied by deforestation. In addition, timber logging has become an important economic and trading sector for the country. This accompanied by use of wood as the major source of fuel has led to reduction of forest cover in Uganda. A holistic assessment of NTP should not just ignore these realities.

To the extent that sustainable development is an important objective of Uganda's NTP, yet sustainable development and climate change are closely linked, for completeness, the NTP should have included a section that articulates forward and backward linkages between the policy and climate change, but it does not. Nevertheless, the policy cites the Ministry of Water and Environment as one of the relevant ministries that the Ministry of Trade ought to collaborate with in implementing the trade policy (NTP 9.0).

## **2.3 The food security aspect in National Trade Policy**

The NTP makes little attempt to address the food security issues, too, though the interface between the policy and agriculture is mentioned. In this regard, the policy identifies the salient relationship and linkages between the trade sector and other productive sectors of the economy including agriculture.

It should however be noted that agriculture is not synonymous with food security. Therefore, any generic reference to linkages between agriculture and trade policy cannot adequately cover the important links between food security and a country's trade dynamics.

In a generic form, the policy recognises the importance of other complementary policies in its own success but it does not provide an exhaustive list of such policies and does not provide details of these linkages. It simply mentions that formulation and use of complementary policies will be of paramount importance. "Complementary policies are those, which are useful to have in place or to implement simultaneously with trade policy reform" (MTTI, 2011:p.5).

Under the policy action section, and with specific reference to domestic trade, the policy states that government was to: "enact appropriate laws and develop guidelines to ensure that growth in trade leads to and ensures, inter alia, food security in the country" (NTP, 8.1.1). The line of reasoning of

this action statement does not still explicitly articulate the link between trade and food security. The direction of causality is not mentioned and it leaves one guessing whether food security will be enhanced by or threatened by increased trade.

It is clear from the NTP that the link between trade objectives and food security issues was not considered critical. Food security is mentioned in passing rather than situating it at the centre of improved livelihoods of all Ugandans to which the NTP is supposed to contribute as part of the National Development Plan.

With this peripheral consideration of the food security by NTP, it is less likely that food security will be high on the agenda of trade policy and trade negotiations discourse in the country.

## 3. Trade, Climate Change and Food security the missing link(s)

Trade, whether domestic or international has linkages to a country's climate and food production as already alluded in the previous section. Failure to identify and acknowledge these linkages increases the likelihood of a policy resistance. Policy resistance occurs when policy intervention leads to delay, dilution, or defeat of the intended purpose (Meadows, 1982). It is a tendency for intervention to be defeated by the response of the system to the intervention itself (Sterman, 2000). Policy resistance often leads to the opposite of the intended results (Forrester, 1969). In fact policy resistance is the main reason behind ineffective policy intervention. Forrester (1991) argues that as high as 98% of policies end up having little effect on the intended outcomes because of policy resistance.

The preceding section is devoted to articulation of missing linkages between trade, climate change and food security in Uganda's NTP.

### 3.1 Key linkages between trade and climate change

The link between trade and the climate change have to be understood in the wider context of Uganda's national development imperatives and the move towards the green economy.

A number of issues pertaining to migration to a green economy and climate change are relevant to Uganda and should be considered alongside the need to increase trade by the country.

In terms of creating green jobs and clean transport systems, it is important to note that in the last decade, the transport sector has been a significant job creator in Uganda. The sector created many job opportunities especially for the youth, through transporting people on small motor-cycles locally known as "Boda Boda". But the "Boda boda" jobs are not 'green jobs'. The small motor-cycles used to transport people are major polluters to the extent that some claim that their contribution to urban pollution is comparable to that of conventional vehicles. The motor-cycles are imported, so they constitute part of elements contributing to the persistent trade deficit of the country. On the other hand, by enabling migrating from subsistence agriculture to "Boda Boda" business, less pressure is put on land creating opportunity for green large scale farming which can support more sustainable agricultural trade. These complex relationships between trade and climate change are not captured either directly or indirectly in the NTP.

The country's National Development Plan recognises the need to increase agriculture output while at the same time conserving nature in particular forests. In the plan it is mentioned that the country needs forest cover of about 30% to mitigate adverse effects of climate change. It points out, however, that by 2008 the country forest cover stood at 18% compared to 24% in 1990. Between 1990 and 2005, more than 1.3 million hectares of forest cover were lost. This translates to 27% of the original forest cover. The loss of forest was attributed to mainly increased demand for agricultural land and wood for the increasing population of the country. Hence the agricultural and natural resource

conservation efforts as part of the green economy are very relevant to Uganda but so is the trade in agricultural produce as part of the wider effort to increase external trade. These relationships too, between agricultural and natural resource conservation and trade are conspicuously missing in the NTP.

Renewable energy is an important element of the green economy. As regards renewable energy use and efficient energy management, energy production data for Uganda indicates that the country generated only 682 MW in 2014<sup>1</sup>. That was only 10% of the potential of modern electricity that the country can produce. Some 352.5 MW (65%) was from hydro, 170 MW (32%) was from thermal and 17 MW (3%) was from bio gas energy sources. Despite the fact that the significant source of energy was from hydro that is a renewable energy source, the output was still very low relative to national energy demand. In all energy generation and management within the country is still alarmingly inefficient. Does trade and trade negotiations have a role to play in finding solutions to the country's energy deficit? The simple answer is yes. Trade can enable import of power at concession terms from neighbouring countries, which energy can be used to increase domestic production levels and subsequently stimulate trade.



Aggreko thermal plant in Mutundwe Publish Date: Nov 16, 2014

Trade, in general, has both forward and backward as well as negative and positive effects on climate and subsequently climate change dynamics. These relationships are presented at a high level in Figure 1 below. The first a causal relationship between trade and climate change works via

1 Electricity Regulatory Authority (ERA), East African Business Week, 3<sup>rd</sup> February 2014



climatic change. Further still, they argue that all trade supporting policies necessarily run counter to climate change policies<sup>2</sup>.

An alternative school of thought suggests that the relationship between trade and climate is situation-based and therefore cannot be predetermined. The impact of increase in trade of primary agricultural products on the climate change will for example differ from that of increase in trade in manufactured industrial products they suggest.

An emerging popular school of thought postulates that although in most cases increased trade has some form of trade off with climate, but a win-win situation is possible. According to Meltezer and Sierra (2011) who are proponents of this school of thought, the potential conflict between trade and climate change is real but trade can also support mitigation of climate change impacts. For example dispensation could be included in WTO rules to support trade in products that have low carbon foot print and encourage trade in environmental goods and services. Trade can also enable countries to access climate friendly technology.

To the extent that the ultimate objective of the trade policy is to alleviate poverty in the country, it is also imperative to reflect on the effect of climate change and the green economy on poverty alleviation. Policy stance in support of the move to green economies for developing countries is based on a positive relationship between the green economy and national poverty alleviation although not direct.

It is reasoned that for poverty to be eliminated in the long term, economies should be able engage in productive activities to produce goods and service using a country's resource stock in a sustainable way, that is, taking due care not cause adverse effect on the local environment. Otherwise, poverty will only be avoided in the short-term when there are still ample resources to support job creating activities. If this production were not to be sustained, job created will be lost as a result of the contraction of economic activities due to the deteriorating environment and declining resource base. Green Economy interventions ensure that there are processes that regenerate used resources and mitigate against adverse environment changes such that poverty alleviating economic activities are sustained. On operational level, sustaining economic activities has to go hand in hand with increased trade. Otherwise domestic demand becomes a constraint of the poverty alleviating economic activities.

The NTP omits the above important linkages between trade and the green economy and implication between trade and climate change. In doing so, the policy's claim that it will take a holistic approach to poverty reduction and transformation of the society from peasantry to higher standards of living is invalidated.

### **3.2 Key linkages between trade and food security**

Over the last few decades, there have been dramatic changes in the way and why food is produced in households. Before the onset of producing non-traditional cash crops, most farmers who were predominantly rural, used to produce food they needed for their own food security purposes, not on commercial basis. To generate income, alongside food crops, they would then produce cash crops

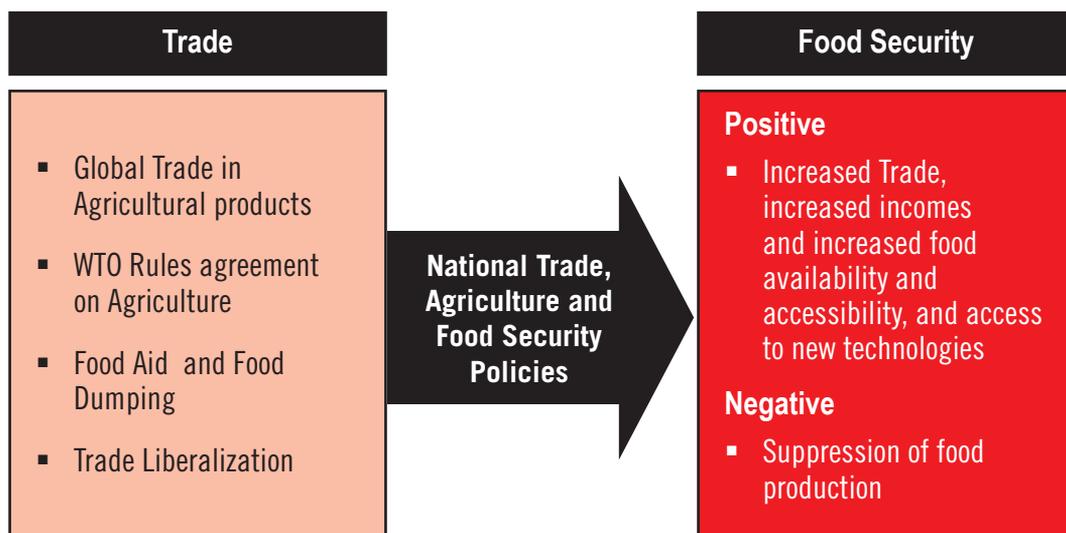
<sup>2</sup> Climate, food and trade, where is the policy nexus by CUTS International

like cotton, coffee, tea and tobacco which are commonly known as traditional cash crops. Previously these cash crops contributed a high percentage of Uganda's exports and thus a major source of foreign exchange. However, there has been a decline in the contribution to the country's foreign exchange earnings from 53% in 2000 to 31.4% in 2011<sup>3</sup>. The main reason for the decline has been the fluctuating world market prices and the increase in the export of the non-traditional agricultural products. In addition, food is increasingly being bought and sold in local and international markets due to the increasing demands in urban areas and the desire to diversify exportable crops that did emerge as a result of liberalisation of the domestic economy in 1980s.

Since the onset of major policy reforms in 1980s under the Structural Adjustment Programmes (SAPs), the government liberalised the agricultural sector as part of the general measures of supporting a free market economy. Government reduced public investment in the agricultural areas like production, marketing and distribution including privatisation of agricultural inputs like seeds. The agricultural budget for 2013/14 was 3.13% despite the Maputo declaration where African leaders committed to allocate at least 10% of the national budget to the agriculture sector. This has in effect, adversely impacted on the level of food production limiting the amount of food that available to meet food security needs and the market.

At international level, the world economy has also been adjusting to the new wave of integration and thus international trade has defined the nature and rules through which countries can trade with each other. There has been pressure to developing countries like Uganda to reduce trade barriers through reduction or abolition of export and import taxes; as well as conforming to the new order of multilateral trading rules. The theoretical framework below illustrates the linkages between food security and trade.

**Figure 2: Theoretical framework illustrating trade - food security linkages**



Adoption from Nalunga et al 2012

Figure 2 above, highlights the relationship between trade and food security in the Ugandan context and provides a basis against which NTP can incorporate improvement of food security something that is missing in its current articulation.

### 3.3 Linkages between climate change and food security

The link between climate change and food security is more profound in agriculture-dependent developing countries like Uganda as previously alluded to. In a 2012 field study on Uganda undertaken by Impact International the following linkages between climate change parameters and food security parameters were identified:

- Change in seasons and stability of food production: Increasing variability especially in the seasonal rainfall amounts since the early 1990s had distorted the activity calendar for food production. Months in which rain was expected had become dry months, while those months that were known to be dry had heavy rains. Since Uganda's agriculture is heavily dependent on rainfall, the erratic swings in seasons had caused an increase in frequency of food and water shortages in the country, with the worst hit area being the dry cattle corridor that stretches from the Uganda-Tanzania border to Karamoja region. Death of livestock from lack of water in the corridor had become common and had forced traditional pastoralists to migrate with their herds to neighbouring districts or game reserves. In Karamoja and Teso regions, several deaths from starvation had been recorded. The onset and cessation of planting seasons had become erratic, making it difficult for the farmers to plan their farm activities. The distribution of the rains across the seasons had also become very unreliable.
- Frequency of extreme weather and food production stability: The intensity and frequency of climate change extremes was on the increase. As a result, there were more flooding and drought episodes, which destroyed crops and livestock, reducing overall food production. The damage caused by floods to infrastructure also disrupted operations and exposed communities to socio-economic breakdowns. Markets were cut off, which in turn led to exploitation of farmers by unscrupulous middle men.
- Land degradation and reduction of food output per acreage: Frequent droughts and floods had led to nutrient loss through desiccation, increased erosion and leaching. This affected the regeneration potential of ecosystems. The ecosystems services had deteriorated, and soils productivity lost and food crop yields lowered.
- Change in ecology systems and reduction in the variety of food types: The changing climate had led to changing ecological conditions, which redefined new belts for sustained survival of the various species and in some instances led to the extinction of some species. There were a number of wild fruits that used to contribute to the nutrition of communities, especially among children, but due to ecological changes, many were extinct or shifted to other locations, which were not accessible. This is a food security concern, was reflected by prevalence of malnutrition symptoms especially amongst children.

Given the above narrative, by focusing on trade in isolation of climate change and food insecurity, the NTP misses out on identifying other important parties and data sources that are useful in its achievement of the stated objective.

Both trade and food security depends on domestic production activities. Trade is dependent on manufacturing and agricultural activities while food production is dependent on local food production and trade. Food available to citizens can be produced locally, bought on the local market or imported. Alternatively the net stock of food available to citizens and the basis of food security equal food produced locally minus food exported. It follows therefore that food security and trade are intertwined irrespective of the perspective taken.

The production of products for trade and food involves the use of a country's natural resources, which in turn, affects climate change through over-exploitation, misuse and pollution. This creates a complex web of relationship between trade, food security and climate change with both forward and backward linkages between them. As such, a policy either on trade, food security or climate change will, inevitable have effects that will run across these three aspects.

Policy makers in the country need to acknowledge that a policy on any one of these three aspects -trade, food security or climate change, will have an impact on all three through the relationships explained above. To avoid unintended consequences and to get the best of any policy intervention on any one of the three aspects, any policy intervention on one of them has to take a holistic view that articulates outcomes across all three aspects.

Compared to the other EAC countries, in terms of articulating the links between trade, food security and climate change, Uganda's NTP is less encompassing. The EAC Climate Change Policy (EACCCP) recognises that climate change had worsened food security in the region and was threatening all the other drivers of economic development.

"The adverse impacts of climate change being aggravated by increasing average global temperatures are a threat to the livelihoods of people in almost all sectors of the economy in the EAC region. Severe droughts, floods and indeed extreme weather events associated with climatic variability phenomenon of El Niño Southern Oscillation (ENSO) are occurring with greater frequency and intensity in the region. This is worsening the state of food security and threatening all the other drivers of economic development. Hence there is a need for an integrated, harmonized and multi-sectoral framework for responding to climate change in the EAC region through the East African Community Climate Change Policy (EACCCP)" (EAC CCP 2011, pg ii).

Trade being a recognised driver of development in the EAC region one could assume that through this statement, the link between climate change, food security and trade is recognised. At least this is what the spirit of EAC climate change policy seems to reflect. The trade aspect, though, narrowly focuses on trade in technologies that support clean production. Yet consideration of the link between trade, food security and climate change goes far beyond that trade in green and clean technologies.

Nonetheless by harmonising Uganda's NTP with the EAC CCP, the tri-two way causal relationship between trade, food security and climate change will be reflected better and more explicitly. Moreover, it will create better synergies in coming up with policies and interventions that addresses the trade, food security and climate change nexus.

Impact International is a non for profit making organization which seeks to deliver consistently effective solutions that work across boundaries and cultures to create world-class organisations and achieve sustainable business results.

## 4. Implications of negotiating trade policy stance in isolation of climate change and food security needs.

After identifying the missing linkages between trade, climate change and food security in the NTP, it becomes prudent to assess implications of these omissions to the country's trade negotiation efforts and the extent to which this may affect achieving or not achieving trade negotiation objectives.

Implications of not taking into account linkages between trade, climate change and food security should be understood in the context of the purpose for Uganda's participation in trade negotiations and the scope of trade negotiations that the country is involved in. The overarching objective of Uganda's participation in trade negotiations is to develop the country through trading by maximising benefits that can emanate from increased trade.

The move towards elevating trade as major means through which the country can develop follows failure by alternative means including but not limited to FDI attraction and donor funding to drastically improve on the country's economic performance.

The country is involved in a number of negotiations in its individual capacity and as part of its membership to regional bodies. It has thus far signed a number of trade and trade related agreements. These include; the East African Community (EAC), the Common Market for East and Southern Africa (COMESA), the Tripartite Free Trade Agreement involving the EAC, COMESA and SADC, the EAC-EU Economic Partnership Agreement (EPA), and various agreements under the World Trade Organization (WTO) framework (SEATINI, 2014:20). The country is also a beneficiary of other non-reciprocal unilateral trade preferences signed with other regions. Some of these are the European Union's 'Everything But Arms' (EBA) under the European Union, and the African Growth Opportunity Act (AGOA) with the United States of America.

Uganda has also negotiated and concluded bilateral agreements with various countries with regard to Investment Promotion and Protection, popularly called Investment Promotion and Protection Agreements (IPPAs). Examples of concluded agreements are with t South Africa, Iran, Norway, Mauritius, Denmark, Germany and Bosnia<sup>4</sup>.

Uganda, as a country has had a number of challenges in engaging in trade negotiations and get the best out of them even before accounting for lack of acknowledgement of linkages between trade, climate change and food security. The four main challenges for the country in getting the best deals out trade negotiation identified by a study undertaken by SEATINI (2004) were:

- *Limited capacity to undertake the negotiations:* Trade negotiations usually took place between government officials with limited inclusion of the non-government sector and other interested parties. Sometimes though, views of other stakeholders were gathered during

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the consultations and formed part of an integral part of Uganda's negotiation position. However, there was a need for sufficient numbers of technically trained members to constitute the negotiation team. Uganda's missions to the WTO in Geneva and to the EU and ACP in Brussels are insufficiently staffed and this affected their effectiveness in trade negotiations. Technical capacity of government officials in formulating requests and offers was inadequate in the relevant ministries. For example, there was lack of a resource centre to serve as a depository and reference for research material to support the development of comprehensive country positions. The existing WTO resource centre at MTIC established under the donor-funded Uganda Program for Trade Opportunities and Policy (UPTOP) and the Joint Integrated Technical Assistance Program (JITAP) for African countries, lacked funds to collect up-to-date research on trade matters. In addition, trade negotiations involved a number of disciplines including law, taxation and economics. Uganda did not have sufficient numbers of experts in the various fields. Most trade negotiators were trade economists which implied that economic and legal dimensions of trade were not receiving adequate attention in the negotiations.

Further, the mechanism for feedback was inadequate since representatives did not have sufficient time and financial resources to consult their member which implied that many important views were not mainstreamed into the national position. For example, there was little consultation with Members of Parliament due to lack of resources and time. A regional meeting for MPs organised by SEATINI Uganda in noted that the level of participation of MPs was inadequate leading to challenges to accountability and transparency. For example, the Uganda's ratification of treaties Act Cap 2004 granted parliament authority to negotiate and ratify only treaties involving armistice. The rest of the treaties including trade and investment were assigned to the executive. This affected transparency, among others, because many international and regional agreements needed to be sanctioned by parliament to ensure that interests and views of the country were safeguarded.

- Policy positions that contradict each other: Prior to 2004, the Inter Institutional Trade Council (IITC) was responsible for trade negotiations and constituted of various committee. For example, there were committee, inter alia, for agriculture, services, and intellectual property rights with a single plenary session to develop a national position on the different sectors. These sub-committees developed common positions for these key areas for all forms of multilateral negotiations. The IITC was reconstituted to focus on the different types of negotiations with different plenary sessions to develop negotiation positions for the different areas. The new configuration of the IITC provided for different sub-committee for COMESA, EAC and EPAs. This led to development of sometimes contradictory positions on the same issue. The Ministry for East Africa Affairs, for example, was responsible for EAC negotiations and developed independent negotiation positions while the Ministry of Trade, Industry and Cooperatives was responsible for WTO and EPA negotiations. The positions the Ministry for East Africa Affairs and the later were not always harmonised.

The constitution, in addition, did not provide for Parliament to engage in ratification of trade agreements apart from agreements that involve armistice. This affected the oversight capacity and role of parliament to ensure that trade agreements did not adversely affect stakeholders. *Underfunding of trade negotiations:* Although trade negotiations were organized for through

the IITC, inadequate funding has limited the effectiveness of the framework. The funding for the framework was mainly derived from donor funding; thus affecting the capacity of the framework to effectively develop a country negotiation position. The donor funds were insufficient for the IITC to organize consultations workshops and undertake studies and analysis to inform the negotiation position without government budget allocation. Due to lack of adequate funds to support effective representation at trade negotiations, Uganda had teamed up with other regional or developing countries to increase its voice on key decisions making processes. This did not allow Uganda the discretion to block any measures that it considered to be against its interests thus limiting the country's capacity to pursue national interests related to trade negotiations.

- Inadequate gathering of information for and dissemination of information from trade negotiations: Although the IITC existed as a framework for consultation and participation of all stakeholders, negotiations took place between governments. By implication, non-government IITC members were not involved in actual negotiation. The Ugandan government did not adequately coordinate the process of development of a national position through information gathering from all relevant stakeholders. In addition, the government did not provide sufficient feedback on post negotiation implementation phase. In general, there was lack of coordinated, complementary policies to support trade policy negotiations

Most of these challenges are still prevailing thus exacerbating the extent to which the trade negotiations can take into account the trade, climate change and food security linkages.

As regards the country's limited human capacity to effectively engage in trade negotiations, failure to acknowledge the linkages justifies persistent understaffing of negotiation teams. Expertise critical for negotiating trade issues in a holistic way is ignored because its importance is not generally appreciated. With the recognition of the linkages, the need to include a multidisciplinary team would be acknowledged and the likelihood of negotiating for holistic development outcomes from trade deals will increase.

A multidisciplinary team in negotiating trade issues will minimise the occurrence of incidents where trade negotiation ends up with policies or stances that contradict other national policies. The team will also ensure that implications of trade positions to the other sectors of the economy are taken into account before an agreement is finalised. For example, it is well known that competitiveness is a cornerstone of sustainable trade. Technology, on the other hand, is a key determinant of competitiveness. So, as countries negotiate for increased trade through improved market access, they have to do so in tandem with aspects that enhance competitiveness. The comprehensive articulation of the competitiveness aspect requires expertise from technology field. The technology experts will ensure that whatever positions taken on the trade front, does not contradict national competitiveness effort. Hence the usefulness of such personnel to form part of the trade negotiation team. Otherwise there is a risk that the dimension of competitiveness will not be adequately addressed in trade negotiation if the negotiations are done without the involvement of the experts on technology. By implication, the benefits from trade as enabled by increased market access through trade negotiations will not be sustainable, which will defeat the purpose of the negotiations in the long term.

Lack of acknowledgement of linkages of trade and other sectors of the economy which are also important contributors to the country's development objectives leads to the country's negotiation team to be limited in terms of discipline or field of expertise. Such a team may not justify a significant budget allocation. The status quo, therefore perpetuates underfunding of trade negotiations in the country that in turns reduce the likelihood of the country to get the best trade deals unless otherwise supported by regional or donor efforts.

When it comes to trade negotiations, preparatory information gathering and information dissemination after the negotiations are concluded, lack of acknowledgment of trade linkages with climate change and food security limits the set of entities and individuals consulted in the preparatory stages of a trade negotiation. Inputs from constituencies that are most affected by climate change and are vulnerable to food insecurity tend to be ignored yet these are supposed to be target beneficiaries of envisaged increase in trade. In terms of dissemination, parties not considered central to trade will not be prioritised. To the extent that climate change and food security are peripheral in the NTP, there is a high probability that information emanating from trade negotiations will not be passed on to these sectors even if these sectors can benefit from this information even for planning purposes.

## 5. Policy recommendations and conclusion

A few critical recommendations can be drawn from the discussion on linkages between trade, climate change and food security as articulated or not articulated in Uganda's National Trade Policy. In general, deliberate efforts should be made to include the linkages between trade, climate change and food security in the National Trade Policy.

Specific to trade negotiations the following should be considered:

1. Since access to specific technologies is fundamental in ensuring that Uganda becomes a competitive economy, an important prerequisite for sustainable trade and in its effort to migrate towards a green economy, concession should be sought to access the needed technology as part of trade negotiations. Developed countries should not be allowed to push developing countries to migrate to green economies while controlling, through Intellectual Property (IP) Rights, the needed technologies to effect this. By imposing strict IP conditions, the developed countries will be indirectly creating a market for a resource they already have with very limited scope for the developed countries to benefit from such trade. As part of the recognition of the linkages between trade and climate change, a country like Uganda should identify specific clean technologies that are critical in increasing its production potential and in mitigating climate change and include these for concession in its trade negotiations. This requires that a thorough exercise of identifying the clean technologies and technologies that support local competitiveness is done prior to the negotiations. The process of identifying the technologies should be done by an inter-disciplinary team drawn from the field of economics, law, science and technology, and definitely trade negotiations.
2. Trading in food for income generating should be revisited in trade debates and in trade negotiations. Through trade, food-deficit countries can be enabled to access food from food-surplus countries. From this perspective, trading in food can be considered good. The assumption that food will always flow of food surplus to food deficit countries does not hold at all times though. Many communities in poor African countries trade in food in harvest seasons only to end up starving in the following seasons. The trade in food, in these cases, exacerbate rather reduce food insecurity. The other dimension of trading in food is the issue of dumping subsidised food and often genetically modified from the developed countries to poor countries. The dumping increases food supply in the short term but stifles domestic food production potential of the recipient country in the long term, ultimately leading to food insecurity. In recognition of the linkage between trade and food security, it is recommended in those cases where trading in food may lead to domestic food insecurity, there should be a caveat on trading in food produce. A provision to limit trade in food, in this regard could be considered in trade negotiations.
3. Expertise and critical information on trade, food security and climate change lies within the Ministry of Trade, Industry and Cooperatives (MTIC), Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) and Ministry of Water and Environment (MWE) respectively. A NTP that

incorporates the linkages between trade, climate change and food security needs inputs from all these ministries. It is therefore recommended that a forum that brings together representatives from these ministries to provide input on implementation and improvement of the NTP be put in place. The MTIC being the primary custodian of the NTP should spearhead and host this forum.

4. Over and above the joint inter-ministry forum on NTP, mechanism to collect and share information relevant to the NTP, across the three key sectors, need to be identified and put in place. There should be a one stop portal between the ministries where country information on trade, food security and climate change can be accessed. This will provide trade negotiators with factual information across the three sectors and minimise the likelihood of contradiction in trade negotiations.
5. Lastly, it is recommended that civil society organisations working in areas of trade, agriculture and climate change in Uganda also coordinate and harmonise their activities so as to provide more comprehensive and holistic solutions to the trade, food security and climate challenges facing the country.

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