

Briefing Paper

Uganda's National Trade Policy: Drawing Linkages with Climate Change and Food Security

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Summary

This briefing paper first discovers the lack of linkages between trade, climate change and food security in Uganda's National Trade Policy (NTP). Then it discusses the importance of the linkages between these three dimensions, and explains the causes of such missing linkages in Uganda's NTP. Finally it gives recommendations that deliberate efforts should be made to include the linkages between trade, climate change and food security in Uganda's NTP.

Introduction

Trade can be an important tool in addressing a country's development challenges and in promoting its economic growth and development. Specific to Uganda, the country has a National Trade Policy (NTP) which was promulgated and came into force in 2008. This policy resides within the Ministry Trade Industry and Cooperatives (MTIC), and 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. (NTP, 4.0)

As a part of the process to achieve its ultimate object, the NTP also aims at securing and maintaining improved market access to regional and international markets for Uganda's goods and services. This aim is expected to be achieved through 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. (NTP, 6.0)

For a predominant agricultural country, there is an inevitable link between trade, climate change and food security according to literature and casual observation. Therefore, how trade complements 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.

In fact, 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 NTP, as well as their impact on trade negotiation with external parties are still lacking.

From this background, the briefing 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. It draws from a

paper written by M. Kaggwa titled “Analysis of Uganda’s National Trade Policy and How It Is Linked to Trade, Climate Change and Food Security”.

Trade, Climate Change and Food Security Dimensions in Uganda’s NTP

Trade, agriculture, and food security are all mentioned in the NTP but the details and emphases put on each of these aspects differ in different dimensions. 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 mentioning of climate change or the environment aspect 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.

The Trade Aspect in the National Trade Policy

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 the government came up with a policy that would support trade through the 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.

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”.(NTP, 4.0) Although the expected outcomes of the policy were more

than one, trade was supposed to be the key driver of these achievements.

The Climate Change Aspect in the National Trade Policy

Climate change is a real concern in Uganda. In 2007, Uganda experienced widespread occurrence of extreme weather and climate events with floods being the most common. In agriculture-dependent developing countries like Uganda, the linkage between trade, climate change, and food security is more profound. On one hand, the 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 the country to have means to engage in production with minimal effect on the climate.

However, the NTP does not, at any point, mention climate or climate change in recognitions of climate change realities in the country and how it is related to trading objective. Notably, 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, the increase in agricultural production has been accompanied by deforestation. In addition, timber logging has become an important economic and trading sector for the country. 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.

The Food Security Aspect in the National Trade Policy

The NTP makes little attempt to address the food security issues, either, 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. 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”. (NTP, 1.0)

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.

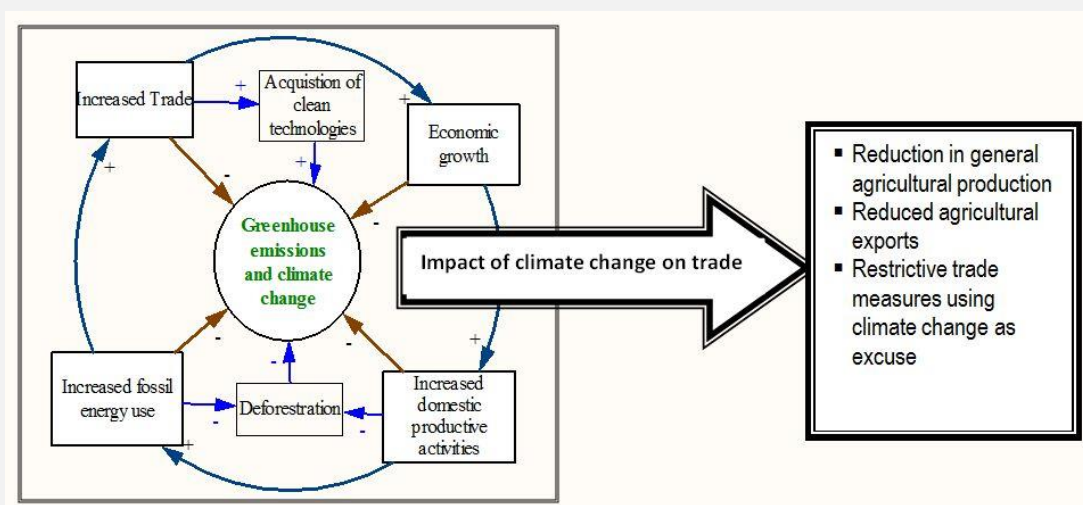
The Importance of Linkages between Trade, Climate Change and Food Security

Key Linkages between Trade and Climate Change

The linkage between trade and the climate change has to be understood in a 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.

The country’s National Development Plan recognizes the need to increase agriculture output while at the same time conserving nature in particular forests. In the plan it points out the loss of forests was attributed mainly by the increased demands for agricultural land and wood due to 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.

Figure 1: Basic Relationship between Trade and Climate Change



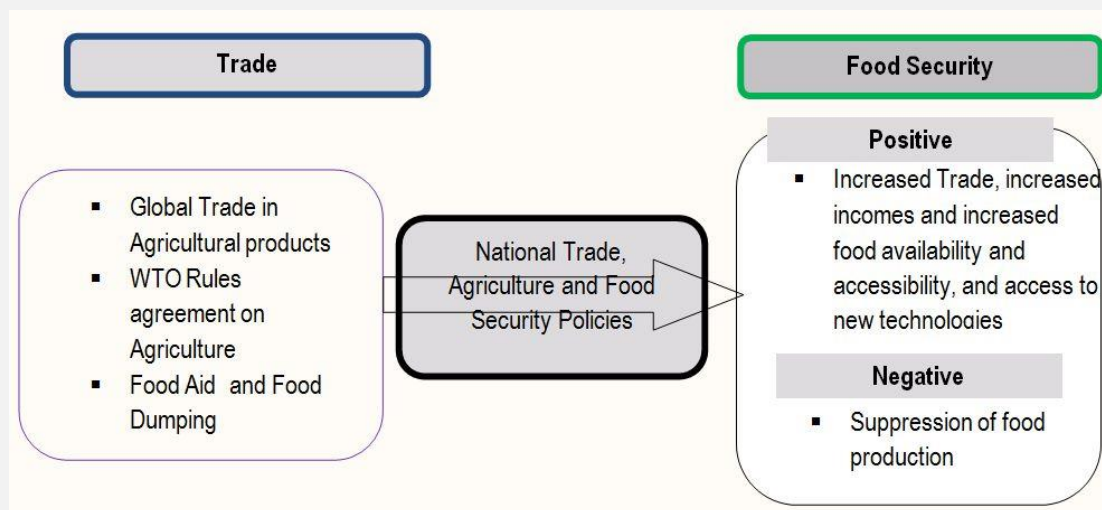
Source: Adoption from Davis Ddamulira, Jane Nalunga and Paul Isabirye, *Climate, Food, Trade – Where is the Policy Nexus? Uganda* (Geneva: CUTS International), 2013, p33.

Key Linkages between Trade and Food Security

Globally speaking, the world economy has adjusted 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 in 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 trade and food security.

Figure 2: Theoretical Framework Illustrating Trade - Food Security Linkages



Source: Adoption from Davis Ddamulira, Jane Nahunga and Paul Isabirye, Climate, Food, Trade – Where is the Policy Nexus? Uganda (Geneva: CUTS International), 2013, p46.

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.

Key linkages between Climate Change and Food Security

In a 2012 field study on Uganda undertaken by Impact International the following linkages between climate change parameters and food security parameters were identified as 1) changes in seasons and stability of food production; 2) frequency of extreme weather and food production stability; 3) land degradation and reduction of food output per acreage; 4) changes in ecology systems and reduction in the variety of food types. Given the

above narratives, 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.

In this sense, 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.

Five Policy Recommendations

A few critical recommendations can be drawn from the discussion on linkages between trade, climate change and food security in Uganda's National Trade Policy.

● *Technology Implementation*

It's better for Uganda to identify specific clean technologies that are critical in increasing its production potential and mitigating climate change. The process of identifying the technologies should be done by an interdisciplinary team drawn from the field of economics, law, science and technology, and definitely trade and climate change negotiations.

● *Food Security Protection*

In recognition of the linkage between trade and food security, it is recommended that in those cases where trading in food may lead to domestic food insecurity, there should be a caveat on trading in food production.

● *Information Exchange between Ministries*

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. A forum that brings together representatives from these ministries to provide input on implementation and improvement of the NTP is recommended. The MTIC being the primary custodian of the NTP should spearhead and host this forum.

● *Sufficient Information Collection Mechanism*

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, needs to be identified and put into practice. 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 minimize the likelihood of contradiction in trade and climate change negotiations.

● *Civil Society Organization's Participation*

Civil society organisations working in areas of trade, food security and climate change in Uganda should also coordinate and harmonise their activities so as to provide more comprehensive and holistic solutions to the trade, food security and climate challenges the country is facing.

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