

**Speech by Ambassador Vincent DE VISSCHER**  
**At the 4<sup>th</sup> National Competitiveness Forum, Serena Hotel, Kampala**  
**16<sup>th</sup> October 2009**

Honourable Syda Bbumba, Minister of Finance Planning and Economic Development

Honourable Ministers present

Honourable Members of Parliament Present

Development Partners Present

Distinguished guests and speakers

Ladies and Gentlemen

All protocol observed

It gives me great pleasure to be at this 4<sup>th</sup> National Competitiveness Forum in Uganda, with the theme "Repositioning Uganda for Global Competitiveness". Let me start by underscoring the message in this year's theme. Uganda needs to reposition itself through systematic and deliberate efforts and reforms that address the main obstacles to competitiveness so as to exploit opportunities in the regional markets (EAC and COMESA) and international markets (EU, China, USA, etc). Why? Quite simply because the world economy is not standing still. It is constantly moving and evolving. Those who do not adapt and compete are left behind. Indeed the global economy continues to change - driven by many factors as diverse as ICT and Climate Change. Repositioning is therefore indispensable. But most importantly; efforts to address competitiveness should be driven internally and owned by the Ugandans themselves for these to be sustained. At the end of this year's forum, we shall be interested to see specific priority measures to enhance Uganda's Competitiveness agenda identified, concrete policy actions agreed to within the National Development Plan framework and priority intervention areas recommended for the 2010/2011 budgeting process. In short – not just "talking" but very importantly "doing".

Honourable Minister, allow me thank the Ministry of Finance and the Competitiveness and Investment Climate Strategy (CICS) Secretariat in particular with whom we have been partners in flagging competitiveness issues in Uganda since 2002. CICS has played a critical role of bringing competitiveness on the policy discussion tables, organising competitiveness centred discussion fora like this one, and mobilising government agencies to reflect upon how the decisions they make affect the competitiveness of the entire Ugandan economy. Over the

years, we have seen significant changes in the orientation of the budget (addressing key growth and competitiveness factors like road infrastructure and energy), as well as refocusing the entire development strategy for Uganda as outlined in the National Development Plan that is replacing the PEAP.

However, despite the progress and achievements so far, we are concerned by the poor ranking of Uganda in two internationally recognised survey reports, namely the "Doing Business Report" and the "Global Competitiveness Index".

Uganda currently ranks 112th out of the 183 economies in the *Doing Business 2010* report on the overall ease of doing business. Its rank was 106<sup>th</sup> in 2009 and 105<sup>th</sup> in 2008. The low performance in the rankings on several pillars indicates that there are numerous opportunities for further reforms in Uganda. For instance, it takes 18 procedures and 25 days to start a business in Uganda. In comparison, entrepreneurs can start a business with 2 procedures taking on average 3 days presently in Rwanda. Uganda can and must do better here.

The latest Global Competitiveness Index (2009-2010) by the World Economic Forum ranked Uganda as the 108<sup>th</sup> out of 133 countries. While this is an improvement from the previous year where Uganda was in the 6<sup>th</sup> worst place (128<sup>th</sup> out of 134 countries) – it is still not very impressive. Again – more needs to be done.

Further reforms in all key areas are therefore still necessary and urgent. Take the case of the commercial law reform process that started a couple of years ago. Many of these laws are still outstanding. For Example the counterfeit bill, which has been even highlighted by H.E President Museveni as urgent, has not yet been passed into law to date. Overall, Uganda needs to put in place all the necessary regulations that will ensure a transparent, predictable and secure business environment to trigger the much needed investment and boost the competitiveness of the economy. In this vein, I am very pleased to hear that the Contracts Act was passed by Parliament this week.

Honourable Minister, the growth in the volume of trade, especially exports of Uganda to other countries is one of the true indicators of the competitiveness of an economy. The importance of regional integration in this regard can not be over emphasised. I take this opportunity to congratulate Uganda for its growing exports, and more especially its continued leadership in the regional integration agenda.

I recall the historic tripartite summit of EAC, COMESA and SADC hosted by H.E. President Museveni in October 2008. I applaud the continued leadership of EAC as it moves from a Custom Union to a common market. I also recognise the hard work that is being devoted to building an ever bigger united block of the three communities. Uganda is already receiving the dividends of the on-going integration process and the EU, as the biggest and deepest regional block in the world, will continue to actively support this process for the development and stability of all countries involved. However, I must underline that the benefits from all these efforts will only be maximised if deliberate reforms that make Uganda competitive are implemented in a timely and transparent manner.

Within the context of the Economic Partnership Agreement (EPAs), the EU has truly addressed the market access question for all EAC countries. I was therefore somewhat surprised that H.E. President Museveni refers to the challenges of accessing markets in particular with Europe in his Independence Day speech last week. Under the EPA, the EU has opened its market 100% quota and tariff free. Such an agreement is historical and unique since no other country or block of countries in the world have ever negotiated on these terms. I strongly recommend that Uganda rather casts its focus on the markets that remain closed to Ugandan exports, as well as improving the business environment so that Uganda producers become more competitive.

We are in the process of further deepening the trade cooperation between the EU and EAC through the EPAs, for which negotiations are reaching final stages. EPAs do not only guarantee quota free and tariff free market access, but will also facilitate reform in other trade related areas like competition policy, intellectual property, investment and trade in services, which continue to lag behind in comparison to international best practice. The desire is for Uganda to have a transparent and practicable trade regime that attracts investment so that investment dwarfs development aid and drives the Ugandan economy forward. I trust few people can doubt the positive impact that has resulted from Uganda's decision to commit opening up the telecommunication service sector under the WTO. On the side of the EU, we believe committing other key service sectors and neglected trade aspects like IPR under an international framework like the EPAs will deliver enormous benefits and boost Uganda's competitiveness in the multilateral trading system.

I would also like to underline at this point, that corruption is a clear impediment to the competitiveness of a country. According to the World Economic Forum, Uganda is ranked 126th globally as one of the countries where "diversion of public funds" is most likely to occur - out of a total 133 countries! Corruption was listed as the second most problematic factor for doing business in Uganda in this latest Index of the Global competitiveness survey. I welcome therefore H.E. Museveni's recent declarations on tackling corruption. It is clearly essential for Uganda's development that there is a firm commitment and solid follow up actions to address this debilitating vice.

In conclusion, we remain deeply committed to supporting the Ugandan competitiveness agenda. We will continue working closely with the Ugandan Government and indeed continue our financial support to the Ministry of Trade so that we can ensure that Trade is truly put at the service of development in this beautiful country.

I thank you for your attention.

**Ambassador Vincent DE VISSCHER**

**Head of the Delegation of the European Commission to the Republic of Uganda**