

of the agricultural markets. It is also difficult to predict in advance which products may be more vulnerable to price depression and import surges in the future.

- The mechanism should be triggered when the volume of that particular product increases beyond a certain agreed point and when the price drastically reduces. Countries should not be required to prove injury to the domestic industry before using the mechanism.
- The remedial action should be proportionate with the depth of the import surge or the fall in prices; for example the higher the increase of imports above the trigger, the higher the additional duty that may be imposed; and the maximum level of imports to be allowed.
- The duration of the measures should depend on the existence of the problem. This means that the measures should be used until the production of that commodity is back to normal.

Uganda has drastically reduced or abolished most of the tools that normally protect the agricultural sector; such as tariffs. Past protectionist policies including marketing boards (state trading monopolies) and, quantitative restrictions, were eliminated under the SAPs. Therefore the agricultural sector and the SSF have become increasingly vulnerable. Therefore the need for a safeguard mechanism that is usable is very urgent.



**Participatory Ecological Land Use Management**

*Networking for a greener Africa*

## PROTECTING AGRICULTURE AND THE SMALL SCALE FARMERS IN UGANDA USING A SAFE- GUARD MECHANISM

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## Importance of agriculture in Uganda

Agriculture is the backbone of Uganda's economy; contributing up to 21% of national GDP, and employs 73% of the population. It contributes over 48% of the export earnings, and provides the bulk of the raw materials for the industries. The importance of agriculture goes beyond provision of employment and food security to national security and political sovereignty. A country without food can easily be manipulated and controlled.

## The nature of agriculture in Uganda

Agriculture in Uganda is on a subsistence level, with most of the small scale farmers using mainly rudimentary implements like hoes and pangas. The usage of fertilizers is limited, while irrigation is almost non-existent. Therefore farming in Uganda is mainly rain fed and is affected by the vagaries of the weather.

Although agricultural production has increased, the increase has not corresponded with the increase in population. Uganda's population has been increasing at a rate of 3.6% per year, the 3rd highest in the world. On the other hand, the percentage increase in the production (tonnes) of common crops (plantains, millet, maize, sorghum, rice, and wheat) between 2005 and 2006 was just 1.23%. (From 2,526,000 tonnes in 2005 to 2,557,000 tonnes in 2006)

Productivity has also declined. For example in the case of maize, although the area planted in terms of hectares increased by 33.4% between 2000 and 2007 (i.e. from 629,000 -839,000 hectares), in the same period the tonnage /volume increased by only 15.1% (from 1,096,000 – 1,262,000 tonnes).

## Why the decline

The reasons for the decline in agricultural productivity are many and varied; including the declining soil fertility, the changing weather patterns, and the effects of the agricultural reforms undertaken by the government since 1987 under the IMF/WB Structural Adjustment programmes. These reforms included the liberalisation of agricultural input trade, liquidation of cooperatives, domestic and export produce marketing and processing, and abolition of taxes on most agricultural products.

Government allowed the market to determine prices of inputs and outputs for example the issue of minimum prices was abolished.

Government budget to agriculture 2008/9 was 4.4% and the projections for 2013/14 are not any better than this a very small substantial increase yet this is a sector which employs over 70% of the people.

Another critical factor that has contributed to the decline of agriculture in Uganda is the opening up to the external markets. The agricultural sector has been subjected to an open external trade regime through the removal of protection measures such as quotas, administrative controls on agricultural product imports as well as gradual reduction of tariffs on a number of imported agricultural products. As a result of inefficiencies in border controls, some otherwise taxable agricultural products have also been entering the country tariff free. As a result of this liberalisation, Uganda has one of the most liberal trade regimes of any African country today. Uganda's applied tariffs on the majority of agricultural imports have ranged between 0% and 10% since 1995 (Werth, et, al, 2005).

As a result of this liberalisation, Uganda is increasingly importing goods outside; including from the EU. The imported products like maize, wheat, milk and others are also produced internally. Continued importation of such products clearly poses a challenge to domestic agricultural products through intense competition for urban markets, discouragement of investments in local agricultural value addition, restricting of farm-gate prices to minimal levels, and generally increasing the vulnerability of small scale farmers who are the weakest in the agricultural production and supply chain.

Without protection, the already weakened SSF in Uganda cannot compete with the heavily subsidised agricultural products from the European Union or any other developed country. The EU has a policy in place, known as the Common Agricultural Policy (CAP), under which it offers subsidies to its farmers in terms of direct payment for crops, and land which may be cultivated and price support mechanisms, including guaranteed minimum prices, import tariffs, and quotas on certain goods from outside the EU.

## A Safeguard mechanism to protect SSF

Safeguard measures are incidental protections taken temporarily to shield particular products against unhealthy competition from similar products imported

Today, the existing protective mechanism under the WTO is not available for use by Uganda; and in any case it is very difficult to use them as they requires a country to prove a linkage between the increase in imports and the fall in price of that product. Proving this linkage requires rigorous data collection. Uganda lacks the institutional capacity to collect such data. Moreover the nature of agriculture in Uganda which is characterized by many scattered small scale farmers makes data collection very difficult.

In the on going EPA negotiations the SSF have to advocate for a simple and usable safeguard mechanism to protect their livelihood. Such a safeguard mechanism should have the following qualities:

- The mechanism should be available to all agricultural products, given the volatility