

Integrated Assessment of Trade-Related Policies and Biological Diversity in the Agricultural Sector in Uganda:

Brief Summary

Assessment of export growth strategies for the horticulture sector in the context of the EU-ACP Economic Partnership Agreement.

The assessment in Uganda focused on the social, economic and environmental impacts of EU-ACP Economic Partnership Agreement (EPA), including impacts on Uganda's biodiversity. The horticulture sector, including fresh fruits and vegetables (FFV) and cut flowers, was selected as the subject for the assessment because of its potential contribution to the country's economic growth and recent trends in exports performance. FFV and cut flowers are non-traditional exports, but since the 1980s, following an export diversification plan by the Government of Uganda, production has intensified and exports have grown steadily.

The study explored the impacts of three alternative export strategies that Uganda could pursue under the EPA, including the following:

- Maintaining the current terms of trade with the EU (business as usual),
- Expanding the contribution of trade to Uganda's economy to equal the leading countries in the region, such as Kenya and Ethiopia (leading edge), and
- Matching the country's most recent best export performance to the EU (matching the best).

The study has shown that Uganda is competitive enough to make substantial gains in trade with the EU, potentially resulting in benefits with respect to employment, higher wages and improved welfare, particularly for small holders producing FFV. Environmental impacts are associated with the use of additional inputs, including water, energy, fertilizers and land, in both sub-sectors, but could be reduced through investments in resource efficiency. Decreasing water quantity and quality and the potential loss of pollinators might affect communities engaged in agricultural activities that are located near flower farms. Concerns over land-use arise particularly where an expansion would extend into forests, wetland and grassland ecosystems with high levels of biodiversity.

The study concludes that an optimal path for future trade policy in the sector should be to:

- adopt a cautious approach in the floriculture industry and place a stronger focus on higher-value products in order to minimize negative environmental impacts; and
- pursue policies that promote aggressive growth for FFV, with an emphasis on organic production, which offers opportunities for market access and reduces negative impacts on biodiversity.

Main recommendations:

- Address issues of low productivity and resource efficiency, through innovation, technology development and transfer and access to capital,
- Integrate biodiversity conservation concerns more widely into productive sectors,
- Support capacity building for valuation of biodiversity and monitoring of trade-related impacts,
- Support all producers (small holders and large operations) to export horticultural products, through training, institutionalizing operations, offering trade concessions and improving access to inputs,

- Encourage companies exporting horticultural goods to invest in social responsibility and restoration and maintenance of ecosystem services, and
- Conduct research to identify costs and benefits of certification and effects of pollution on ecosystem services, particularly with respect to the potential impact of floriculture on pollinators.

In response to the study findings, policy briefs for different stakeholders in the FFV and cut flower sectors have been developed and a study has been commissioned to establish the status and a monitoring plan for pollinators.

The project was led by the National Environment Management Authority (NEMA) and was implemented by the Economic Policy Research Centre (EPRC).