

**DETERMINANTS OF UGANDA'S EXPORT COMPETITIVENESS IN THE EAST
AFRICAN COMMUNITY, 2000-2015**

BY

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Abstract

The main primary concern of policy makers and macroeconomic analysts is what factors promote or inhibit the flow of Uganda's exports. Therefore, this study was prompted by the need to understand these factors and to what extent they influence the competitiveness of bilateral export trade flows in EAC. Despite policy efforts by government to stimulate trade and embrace integration, Uganda's 15 years average market share exports in the EAC trading bloc stood at 17.11% which is still lagging in relation to other countries like Kenya and Tanzania, yet Uganda is a land locked country and at the center of EAC (with borders of EAC partner states).

The study was conducted using time series data by applying cointegration technique and error correction modeling to quarterly data from 2000 to 2015. An augmented gravity model approach was adopted and results indicated the existence of both short and long run relationship in the model. Econometric analysis depicted that GDP of Uganda, population growth rate of EAC and Difference in GDP per capita are positively related to Uganda's export market-share in the region while openness of EAC economies is negatively related. The terms of trade of Uganda were found to have no statistical significant influence on the competitiveness of Uganda's products in the region. Also openness, population growth rate and GDP have a more substantive influence on competitiveness than difference in GDP per capita.

The study recommends that in order to improve Uganda's export competitiveness in the EAC, policies steered towards decreasing openness of trading partners, increasing production, increase in demand of importing countries captured by population growth rate and difference in GDP per should be established and enabling factors (drivers) that easy the flow of trade should be advocated for, for example strong integration ties, infrastructure development like roads; railways; communication networks; power; ports, and others.