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A brief overview of intra-African trade in east and southern Africa: Kenya, Zambia and Uganda

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1. Introduction

The historically low levels of intra-African trade have made Africa vulnerable to external economic shocks and have fostered a dependency on the rest of the world. As a result of these low levels of trade many African countries have not been able to use trade to enhance specialisation between countries and accelerate development and integration. The high cost of doing business in the region due to infrastructural gaps, duplicate border procedures and high transportation costs are a major deterrent for opportunities to enhance both intra- and extra-regional trade. To reduce trade barriers among African countries various trade liberalisation schemes have been launched in African regional economic communities to reduce tariffs and non-tariff barriers, harmonise customs duties, facilitate trade and abolish restrictions on cross-border investments. However, high tariffs are still in place on imports of sensitive goods, while persistent non-tariff barriers, including roadblocks and checkpoints, inadequate customs procedures and inconsistent regulations continue to present serious obstacles to intra-regional trade. Inadequate infrastructure also remains one of the key barriers to intra-Africa trade, investment and private-sector development.

It is envisaged that as intra-African trade grows, Africa will be able to gradually become less dependent on its traditional partners in Europe and other developed countries. Although intra-Africa trade is not a panacea for development it can assist African industries to become more competitive by creating economies of scale, it can establish product value chains, facilitate the transfer of technology, spur infrastructure development and attract foreign direct investment. Efforts to increase intra-Africa trade can be an important tool for sustained economic growth and industrial development. The real value in boosting intra-regional trade lies in the fact that by addressing various constraints to intra-Africa trade, African countries can improve their ability to participate in intra- and extra-regional trade and harness the benefits of economic globalisation, improving the prospects for growth and development of African countries.

This note examines intra-African trade in goods and services of three east and southern African countries – Kenya, Zambia and Uganda – through the analysis of ten years of trade data, from 2002 to 2011. The trends seen in these countries provide a brief overview of the current position of intra-African trade, infrastructure and investment, specifically in east and southern Africa. Each of these countries are examined in turn below, first through a brief economic overview, next by looking at trade in goods and services and finally by looking at infrastructure. A brief comment is also made on some of the large investments currently taking place within these countries.

2. General trade characteristics and trends

Intra-African trade has grown substantially throughout the last ten years. The three countries examined have shown average yearly nominal intra-Africa export growths of between 19% and 26% and import growths of between 12% and 23% during this period of time. The financial crisis of 2008 affected the intra-Africa trade of all three these countries negatively, but trade has recovered since then and between 2010 and 2011 trade grew by close to 20% for both exports and imports in all three of the countries examined. Based on the trend seen in Kenya, Zambia and Uganda, economic integration through intra-African trade growth is increasing in Africa, although all of these countries still currently export and import more goods from the rest of the world than from Africa.

The major export and import products of these countries vary; however, the importance of and dependence on agricultural and mining exports, even on an intra-African level, is clear. Very little manufactured products are exported by any of these countries, as is the case throughout most of Africa. This means that Africa will remain dependent on non-African countries, at least for imports, until African countries start to increase and broaden their production of manufactured goods and start expanding production to include important non-agricultural and non-mining goods not currently being produced in Africa.

The countries examined have a high level of concentration of both export and import markets within Africa. Half of each of these countries' intra-African exports goes to only two countries while half of their intra-African imports originate from a single country. All of these countries have South Africa as a key market from which they import goods. In most cases both intra-African exports and imports are concentrated in a maximum of four countries with the rest of the trading partners maintaining a share of under 20% of either exports or imports.

Although limited information on trade in services is available, it can be concluded that travel¹ and transport² are the most important service imports and exports for these countries and that business services also play an important, albeit smaller, role. Further details on trade in services are provided below.

In order to facilitate the development of trade, African countries will need to strengthen their infrastructure. Electricity plays a key role in this as producers need to have sufficient electricity

¹ Travel is not a specific service but an assortment of services consumed by travellers.

² Transportation covers all transportation services that are performed by residents of one economy for those of another and that involve the carriage of passengers, the movement of goods (freight), rentals (charters) of carriers with crew, and related supporting and auxiliary services.

available to sustain and expand their activities. Although Zambia produces a lot of electricity for a country in its region, Uganda and Kenya will have to increase their capacity to produce electricity in order to create the conditions needed by their growing economies. While the infrastructure as a whole in most of East and Southern Africa is still far behind the first world, the amount of mobile cellular subscriptions per 100 people in the countries examined is very high. The amount of internet users, however, remains rather low.

3. Kenya

3.1 Economic overview

With a GDP of US\$33,621 million, Kenya has the largest economy of any East African state. However, due to its relatively large population of 42 million, Kenya's GDP per capita is below average at US\$808. Kenya ranks 121st out of 185 countries on its ease of doing business, which is an above average ranking compared to most sub-Saharan African states.

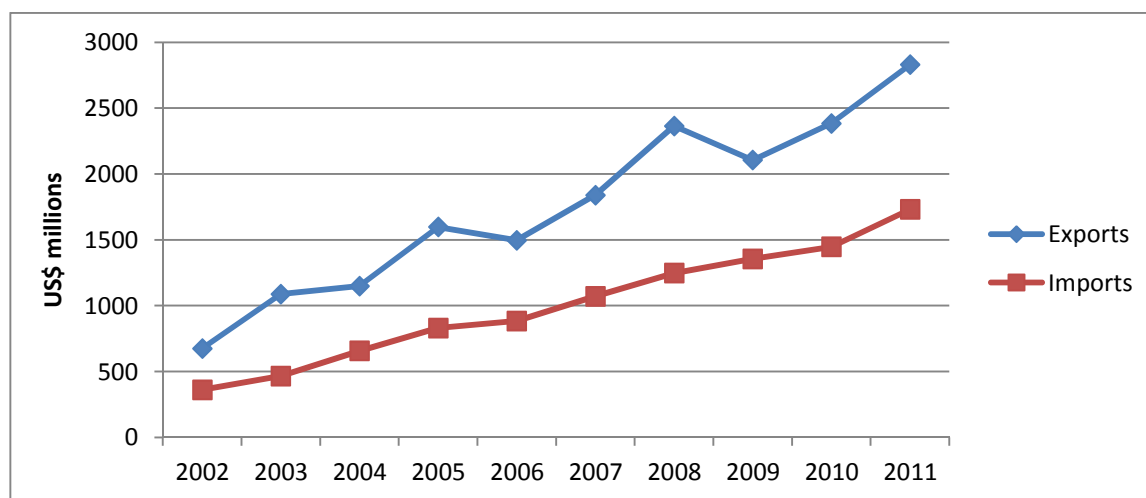
3.2 Trade in goods

Kenya exported US\$5,583 million worth of goods in 2011 and imported US\$15,028 million. Of its exports, US\$2,829 million worth of goods was exported to African countries, making up 48% of its total exports. Kenya imported only 12% of its imported goods from other African states, totalling a mere US\$1,731 million. Kenya has a trade surplus with the rest of Africa of US\$1,098 million, in contrast to its trade deficit of US\$9,445 million worldwide.

3.2.1 Intra-African trading environment

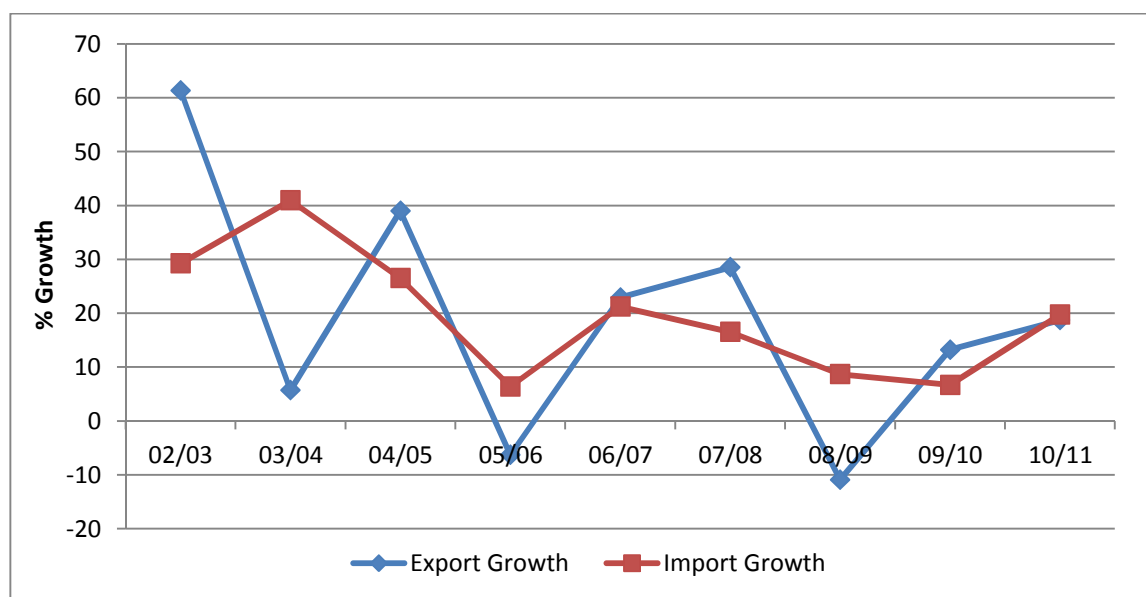
Kenya's intra-Africa exports and imports have both grown almost continuously between 2002 and 2011 from US\$674 million and US\$360 million to US\$2,829 million and US\$1,731 million respectively at a compound annual growth rate (CAGR) of 15% for exports and 17% for imports. As shown in figure 2, the growth rates of both imports and exports have been decreasing on average since 2003, although in 2010 signs of increased growth rates have started to appear. Growth in imports notably persisted throughout the 2008 financial crisis. Export growth has been rather sporadic, with drastic changes in growth rates from year to year.

Figure 1: Trade patterns between Kenya and Africa from 2002 to 2011



Source: ITC Trade Map (2012)

Figure 2: Trade growth between Kenya and Africa from 2002 to 2011



Source: ITC Trade Map (2012)

3.2.2 Major export products

Kenya’s exports are relatively well diversified. Its top ten intra-African exports make up only 58% of its total intra-African exports. Furthermore, Kenya’s top export product grouping – coffee, tea, mate and spices (HS9) – makes up only 10% of its total intra-African exports.

3.2.3 Major import products

Iron and steel (HS72) is Kenya's most important intra-African import grouping and makes up 17% its intra-African imports. No other individual HS2 level product grouping makes up more than 9% of Kenya's total imports from other African countries.

Table 1: Product composition of Kenya's intra-Africa trade, 2011

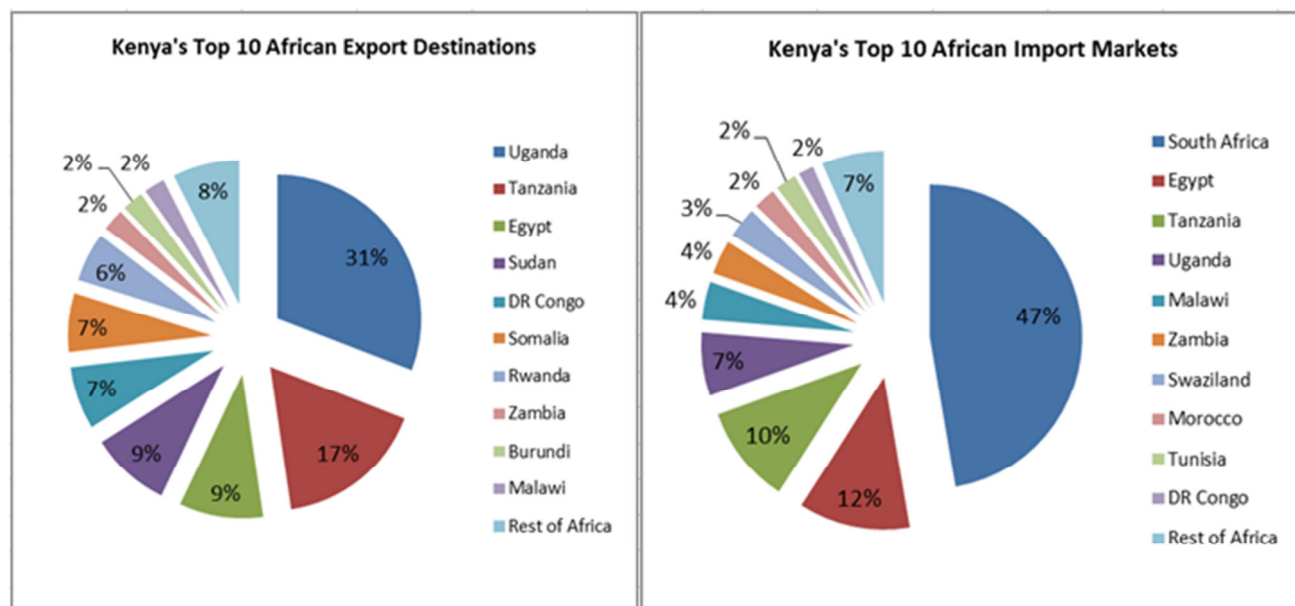
Kenya's Top 10 exports to Africa				Kenya's Top 10 imports from Africa			
HS2	Product label	Value in US\$ millions	% share	HS2	Product label	Value in US\$ millions	% share
	All Products	2,829	100		All Products	1,731	100
09	Coffee, tea, mate and spices	271.61	10	72	Iron and steel	299.36	17
15	Animal, vegetable fats and oils, etc.	193.68	7	10	Cereals	147.52	9
27	Mineral fuels, oils, etc.	188.24	7	27	Mineral fuels, oils, etc.	147.98	9
72	Iron and steel	179.42	6	48	Paper and paperboard	121.93	7
24	Tobacco	169.28	6	87	Vehicles other than railway	71.75	4
39	Plastics and articles thereof	160.65	6	17	Sugars and sugar confectionery	65.28	4
25	Salt, sulphur, earth, stone	156.37	6	24	Tobacco	63.86	4
34	Soaps, lubricants, waxes, candles, etc.	142.54	5	33	Perfumes, cosmetics, toiletries	63.37	4
87	Vehicles other than railway	91.00	3	85	Electrical, electronic equipment	51.05	3
84	Machinery, nuclear reactors, boilers, etc.	83.76	3	63	Textile articles, sets, worn clothing, etc.	49.03	3

Source: ITC Trade Map (2012)

3.3 Trading partners

Kenya exports mainly to Uganda (31%) and the top four countries to which it exports make up 66% of its total exports. Kenya is heavily dependent on South Africa for its imports, with 47% of its imports originating in South Africa. Egypt, Tanzania and Uganda are Kenya's other most important markets from which its imports originates; 29% of its imports originate from these three countries combined.

Figure 3: Kenya’s top 10 African export and import markets, 2011



Source: ITC Trade Map (2012)

3.4 Trade in services

In 2011 Kenya exported services to the value of US\$4,039 million and imported services worth US\$2,110 million. Kenya runs a strong trade surplus with regards to trade in services, largely due to its export of transportation services worth US\$1,715 million and its vibrant tourism sector which created US\$912 million of travel services in 2011. In addition, government services form an important part of Kenya’s service exports worth US\$777 million in 2011. Kenya imports over seven times as much goods as services but only exports slightly more goods than services. In contrast to its large worldwide trade deficit in its trade in goods, Kenya has a service trade surplus of US\$1,929 million. The data below refer to Kenya’s trade in services with the world as a whole, not solely Africa.

3.4.1 Major export and import services

Transportation makes up the bulk of Kenya’s service exports and imports, 42% and 49% respectively. Transportation, travel, government services and communication services make up 94% of Kenya’s service exports. Kenya’s two top imports, transportation and other business services make up 68% of its total service imports.

Table 2: Composition of Kenya's worldwide trade in services, 2011

Kenya's major service exports worldwide				Kenya's major service imports worldwide			
Service Code	Service label	Value in US\$ millions	% share	Service Code	Service label	Value in US\$ millions	% share
	All Services	4,039	100		All Services	2,110	100
205	Transportation	1,714.74	42	205	Transportation	1,043.80	49
236	Travel	912.26	23	268	Other business services	407.34	19
291	Government services, n.i.e.	777.42	19	236	Travel	194.22	9
245	Communications services	383.77	10	291	Government services, n.i.e.	180.66	9
260	Financial services	156.41	4	253	Insurance services	117.95	6
266	Royalties and licensee fees	54.19	1	260	Financial services	85.89	4
253	Insurance services	32.60	1	245	Communications services	55.27	3
287	Personal, cultural and recreational	7.84	<1	266	Royalties and license fees	14.87	1
262	Computer and information	0.10	<1	287	Personal, cultural, and recreational	7.19	<1
				262	Computer and information	2.77	<1

Source: COMESA COMSTAT Database (2012)

3.5 Infrastructure

3.5.1 Transport

As of 2009, Kenya had 9,000 km of paved roads which gives it a paved road density of only 0.02 km/sq. km. Kenya's rail network, however, is extensive for an East African country at 2,597 km and transporting 1.5 million tonnes of freight in 2009. The volume of commercial air passenger traffic from Kenya is also much higher than other East African countries at 7.5 million during 2010.

Table 3: Transportation infrastructure, Kenya

Total road network (1000 km)	64
Paved road network (1000 km)	9
Total road density (km/sq. km)	0.11
Total paved road density (km/sq. km)	0.02
Total rail network (km)	2,597
Volume of freight (1000 tonnes)	1,532
Commercial air passenger traffic (thousands)	7,500

Source: COMESA COMSTAT Database (2012); World Bank (2012)

3.5.2 Telecommunications

Kenya has 65 mobile cellular subscriptions and 28 internet users per 100 people. Both of these figures are very high for an East African country and places Kenya ahead of most of Africa with regards to telecommunications infrastructure.

3.5.3 Energy

Kenya produced 6,573,000 kWh of electricity in 2009 which, although high relative to many East African countries, is much less than the 10,200,000 kWh which Zambia produced.

3.6 Recent and expected investments

Around 20 British companies are currently interested in investing in Kenya's renewable energy sector (Chadha, 2012). Africa's largest wind farm is under construction in the Lake Turkana region in Kenya and should be completed by 2014 (Chadha, 2012). Kenya's electricity production is thus about to increase significantly in the near future – a much needed development since currently only 30% of Kenya's population is supplied with electricity.

4. Zambia

4.1 Economic overview

Zambia has the sixth highest GDP among East and Southern African countries, at US\$19,206 million. Its per capita GDP of US\$1,425 ranks among the median per capita value of Africa and is somewhat above average for East and Southern Africa. Its population of 13 million also ranks close to the

median for African states. Zambia ranks 94th for its ease of doing business which makes it the 8th easiest sub-Saharan state to do business in.

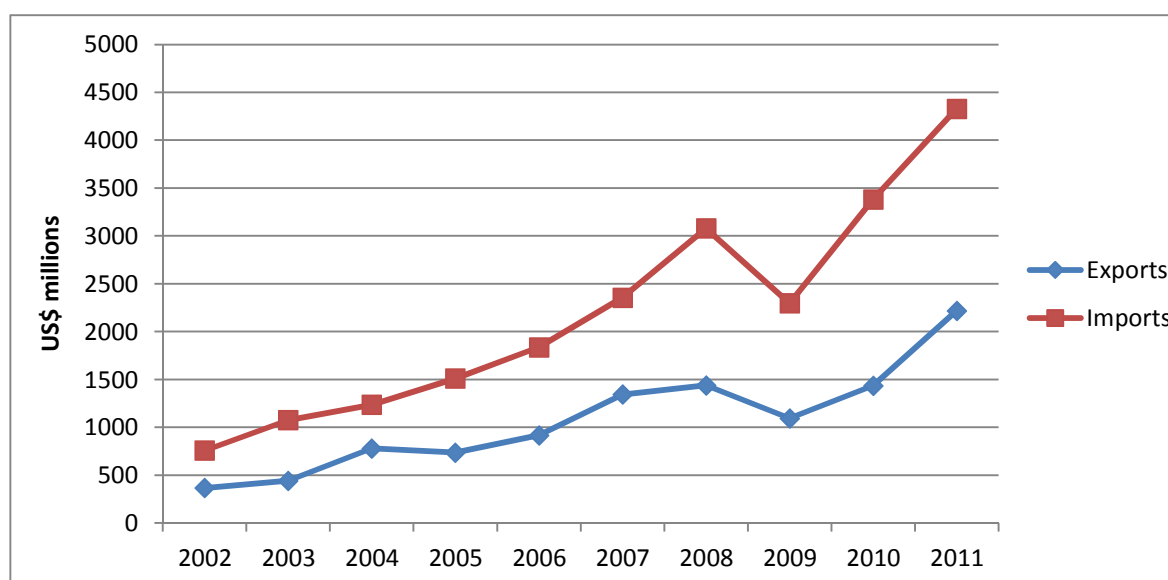
4.2 Trade in goods

Zambia exported US\$9,001 million worth of goods in 2011 and imported US\$7,178 million. Of its exports, US\$2,217 million worth of goods was exported to African countries, making up 25% of its total exports. Zambia imported 60% of its imported goods from other African states, totalling US\$4,329 million. Zambia runs a trade surplus of US\$1,823 million with the world in its entirety, but runs a trade deficit of US\$2,112 million with Africa.

4.2.1 Intra-African trading environment

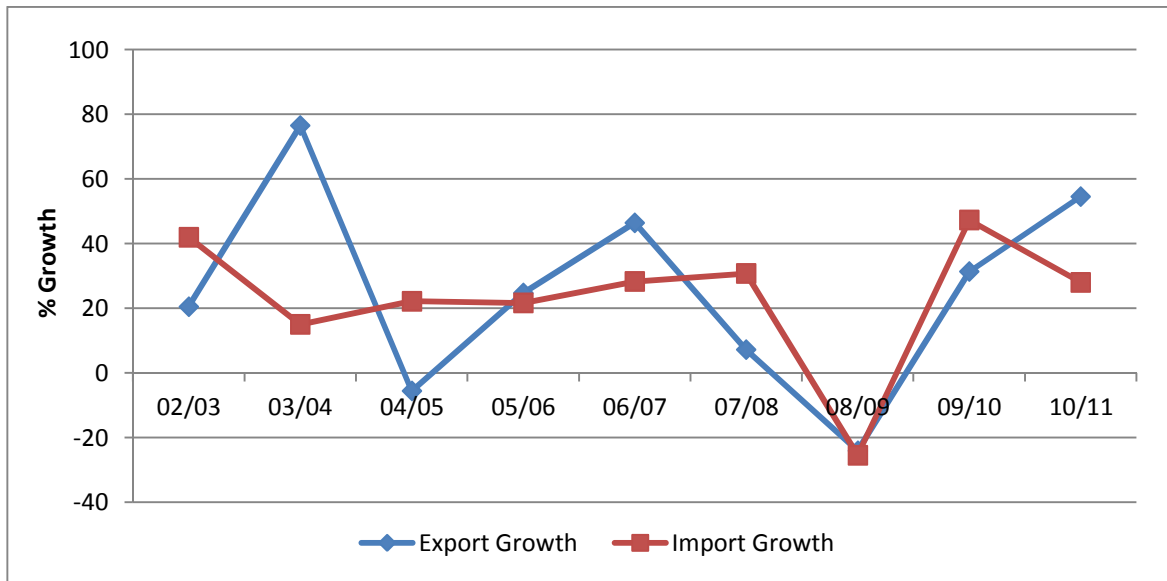
Zambia's intra-Africa trade has increased steadily from 2002 to 2011. Exports grew from US\$336 million to US\$2,217 million and imports grew from US\$757 million to US\$4,329 million at a CAGR of 21% and 19% respectively. The 2008 financial crisis affected Zambia significantly; it resulted in decreases in both exports and imports of about 25% each. Imports, however, quickly recovered, with a growth rate of 47% between 2009 and 2010. Zambia's import growth has consistently remained close to 23%, while export growth has been much more sporadic.

Figure 4: Trade patterns between Zambia and Africa from 2002 to 2011



Source: ITC Trade Map (2012)

Figure 5: Trade growth between Zambia and Africa from 2002 to 2011



Source: ITC Trade Map (2012)

4.2.2 Major export products

Zambia’s major intra-Africa export grouping is copper and copper products (HS74), it makes up 27% of its exports to Africa worth US\$597 million. Zambia’s exports are very concentrated; its top ten exports to Africa make up 77% of its intra-Africa exports. Other important intra-Africa exports are electrical equipment (HS85), cereals (HS10) and sugar (HS17). In addition Zambia exports various other metals and mined materials. The mining and agricultural industries form the backbone of Zambia’s intra-Africa exports.

4.2.3 Major import products

Interestingly enough, although Zambia is a major copper exporter, Zambia imports manufactured copper products from DR Congo worth US\$195 million, and manufactured copper imports make up 5% of Zambia’s intra-African imports. Ores (HS26) and machinery (HS84) are Zambia’s most important imports and together make up 36% of its imports from Africa. Zambia’s top 10 imports make up 72% of its intra-African imports.

Table 4: Product composition of Zambia's intra-Africa trade, 2011

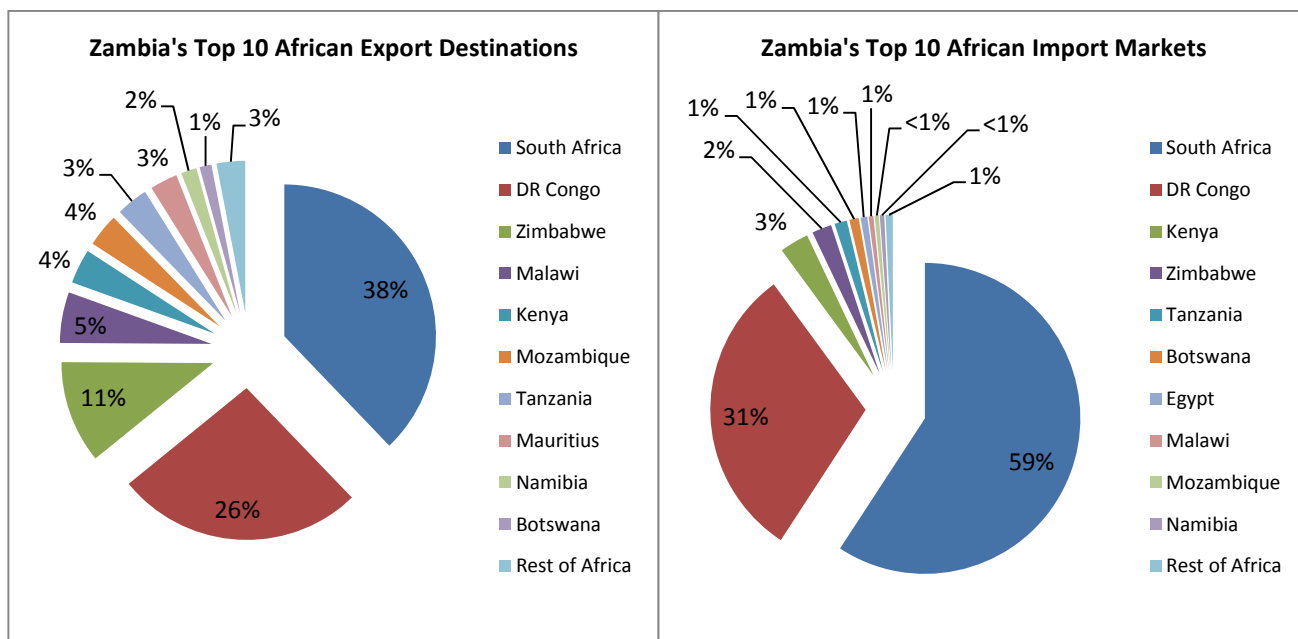
Zambia's Top 10 exports to Africa				Zambia's Top 10 imports from Africa			
HS2	Product label	Value in US\$ millions	% share	HS2	Product label	Value in US\$ millions	% share
	All Products	2,217.27	100		All Products	4,328.73	100
74	Copper and articles thereof	596.76	27	26	Ores, slag and ash	942.53	22
85	Electrical, electronic equipment	250.76	11	84	Machinery, nuclear reactors, boilers, etc.	600.87	14
10	Cereals	194.42	9	28	Inorganic chemicals; rare earth	275.60	6
17	Sugars and sugar confectionery	164.57	7	87	Vehicles other than railway	258.56	6
81	Other base metals, cements	115.19	5	74	Copper and articles thereof	201.56	5
28	Inorganic chemicals; rare earth	101.95	5	27	Mineral fuels, oils, etc.	186.33	4
25	Salt, sulphur, earth, stone	83.33	4	72	Iron and steel	175.89	4
71	Pearls, precious stones, metals	81.29	4	85	Electrical electronic equipment	169.96	4
24	Tobacco	67.95	3	73	Articles of iron or steel	160.13	4
84	Machinery, nuclear reactors, boilers, etc.	61.75	3	31	Fertilizers	159.35	4

Source: ITC Trade Map (2012)

4.3 Trading partners

Zambia has three main export destinations within Africa. These are South Africa (38%), DR Congo (26%) and Zimbabwe (11%), totalling 75% of Zambia's intra-African exports. More than half of Zambia's imports originate from South Africa (59%). In addition, Zambia imports 31% of its intra-African imports from DR Congo. Zambia's imports are thus extremely concentrated, with 90% of its imports coming from only two countries.

Figure 6: Zambia's top 10 African export and import markets, 2011



Source: ITC Trade Map (2012)

4.4 Trade in services

Zambia's trade in services makes up only a small part of its total trade. Zambia exports services worth only US\$375 million, compared to its goods exports worth US\$9,001 million. Goods exports are worth 24 times as much as Zambia's service exports. Zambia's service imports are also much less than its goods imports, but the gap is not as wide as with its exports. While Zambia runs a strong goods trade surplus it runs a large service trade deficit largely due to its dependency on transportation service imports.

4.4.1 Major export and import services

As is usually the case, transportation and travel make up most of Zambia's service exports, 85% in total. Communication services are also an important service export of Zambia, and make up 7% of its service exports. Zambia's service imports mainly consist of transportation; transportation makes up 58% of its service imports. As listed in table 5 below, insurance services, construction services, other business services and travel also take up considerable shares of Zambia's service imports.

Table 5: Composition of Zambia's worldwide trade in services, 2011

Zambia's major service exports worldwide				Zambia's major service imports worldwide			
Service Code	Service label	Value in US\$ millions	% share	Service Code	Service label	Value in US\$ millions	% share
		All Services	375.21		100		All Services
205	Transportation	170.80	46	205	Transportation	695.72	58
236	Travel	146.30	39	253	Insurance services	130.39	11
245	Communications services	26.10	7	249	Construction services	117.00	10
287	Personal, cultural, and recreational	19.90	5	268	Other business services	100.20	8
253	Insurance services	7.81	2	236	Travel	76.30	6
268	Other business services	4.30	1	291	Government services, n.i.e.	41.02	3
				245	Communications services	12.08	1
				260	Financial services	5.51	<1
				262	Computer and information	5.50	<1
				266	Royalties and license fees	5.30	<1
				287	Personal, cultural, and recreational	4.00	<1

Source: COMESA COMSTAT Database (2012)

4.5 Infrastructure

4.5.1 Transport

In 2009 Zambia had 14,000 km of paved roads; however, its paved road density was only 0.02 km/sq. km. Zambia has a good rail network, 2,164 km in length and transported 1.6 million tonnes of freight in 2009. Its volume of commercial air passenger traffic is quite low at only 1.09 million in 2010.

Table 6: Transportation infrastructure, Zambia

Total road network (1000 km)	68
Paved road network (1000 km)	15
Total road density (km/sq. km)	0.09
Total paved road density (km/sq. km)	0.02
Total rail network (km)	2,164
Volume of freight (1000 tonnes)	1,551
Commercial air passenger traffic (thousands)	1,090

Source: COMESA COMSTAT Database (2012); World Bank (2012)

4.5.2 Telecommunications

Zambia has 61 mobile cellular subscriptions and 11.5 internet users per 100 people. The amount of cellular subscriptions per 100 is high relative to other African countries; however, having 11.5 internet users per 100 people is below average.

4.5.3 Energy

In 2009 Zambia produced 10,200,000 kWh of electricity, a very high value compared to East African countries and respectable among Southern African countries.

4.6 Recent and expected investments

Zambia had US\$5.4 billion worth of pledged investments for the year ending 2011 in agriculture, energy, education, construction, finance, health, ICT, tourism, manufacturing, and mining (Zambia Development Agency, 2012a). Most notably just over US\$1 billion of investment was planned in the energy sector and just under US\$1 billion of investment was planned in the mining sector.

CPD Properties Limited intends to build a multi-facility industrial park in Lusaka, Zambia, worth US\$100 million. This will take 10 years to be completed and will once completed consist of “15,000 square metre of light industry and warehouse space, 15,000 square metre of retail space, 500 houses and residential developments, restaurant and conference facility” (Zambia Development Agency, 2012b).

5. Uganda

5.1 Economic overview

Uganda's GDP is US\$16,810 million and has a large population for an African state at 34.5 million. Its per capita GDP is US\$487 which is one of the lowest levels of GDP per capita in the world. Uganda ranks 120th out of 185 countries for ease of doing business.

5.2 Trade in goods

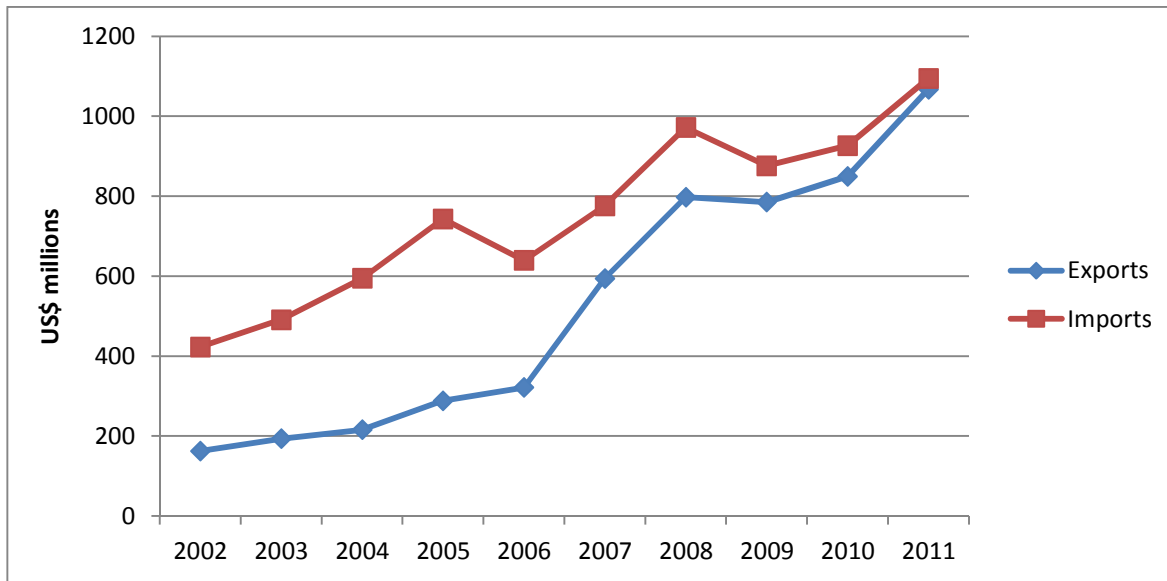
Uganda exported US\$2,159 million and imported US\$5,631 million worth of goods in 2011. It has a large trade deficit of US\$3,472 million. 49% of its exports are to other African countries, worth US\$1,067 million. Only 19% of its imports are from African countries, worth a value of US\$1,094 million. Although Uganda has a large trade deficit with the world as a whole, it has a balanced intra-African trade balance.

5.2.1 Intra-African trading environment

Uganda's growth in intra-Africa trade has been very inconsistent, but growth, especially export growth, has been strong. Uganda's exports and imports grew from US\$163 million and US\$423 million to US\$1,067 million and US\$1,094 million respectively from 2002 to 2011, at a CAGR of 21% for exports and 10% for imports.

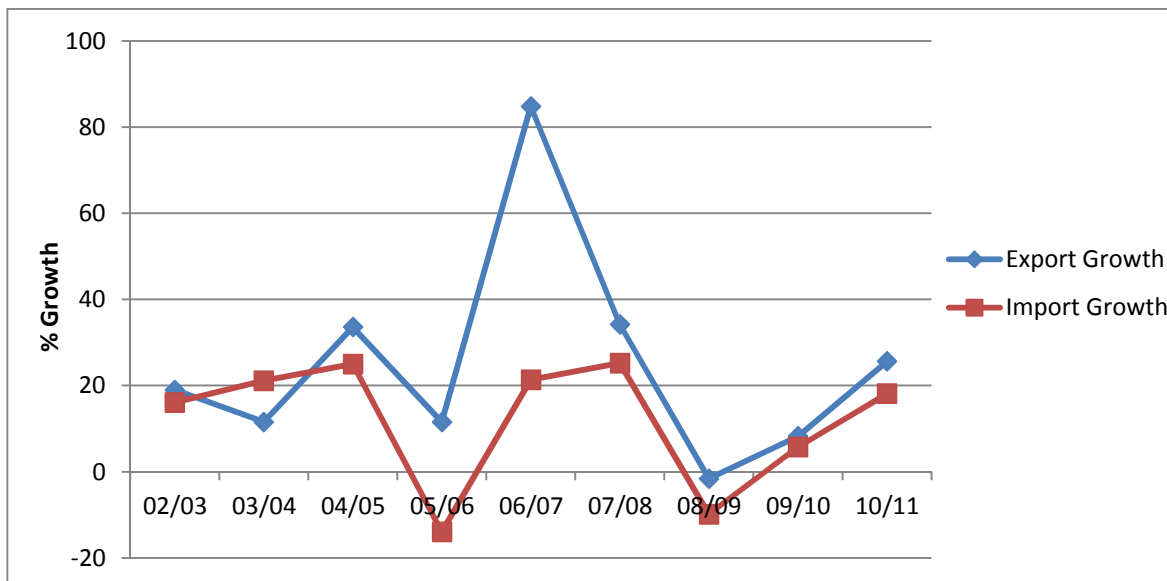
Between 2005 and 2006 imports decreased and exports grew at a decreased rate. However, between 2006 and 2007 exports more than doubled and imports started increasing at a growth rate of about 23%. During the 2008 financial crisis, however, both exports and imports had negative growth levels, -2% and -10% respectively. Throughout the time period examined intra-African exports and imports converged so as to result in an almost balanced intra-African trade balance.

Figure 7: Trade patterns between Uganda and Africa from 2002 to 2011



Source: ITC Trade Map (2012)

Figure 8: Trade growth between Uganda and Africa from 2002 to 2011



Source: ITC Trade Map (2012)

5.2.2 Major export products

Coffee, tea, mate and spices (HS09) make up 15% of Uganda’s exports to Africa and are Uganda’s most important export products. Its top ten exports make up 68% of its total intra-Africa exports.

5.2.3 Major import products

Three product groups dominate Uganda's intra-Africa imports; mineral fuels and oils (HS27), iron and steel (HS72), and salt, sulphur, earth and stone (HS25). These three product groups make up 35% of Uganda's total imports. Its top ten imports make up 66% of its intra-Africa imports.

Table 7: Product composition of Uganda's intra-Africa trade, 2011

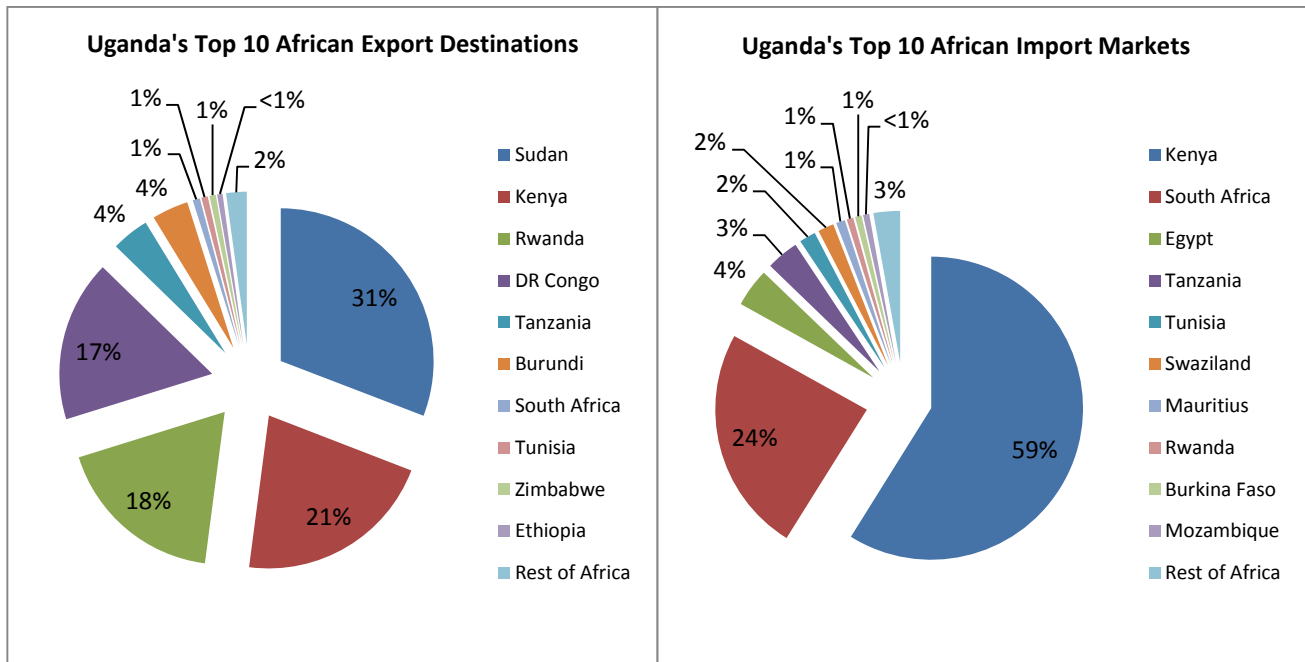
Uganda's Top 10 exports to Africa				Uganda's Top 10 imports from Africa			
HS2	Product label	Value in US\$ millions	% share	HS2	Product label	Value in US\$ millions	% share
	All Products	1,067.35	100		All Products	1,094.38	100
09	Coffee, tea, mate and spices	157.10	15	27	Mineral fuels, oils, etc.	137.78	13
15	Animal, vegetable fats and oils, etc.	100.92	9	72	Iron and steel	127.14	12
25	Salt, sulphur, earth, stone	95.29	9	25	Salt, sulphur, earth, stone	106.10	10
72	Iron and steel	78.21	7	48	Paper and paperboard	55.43	5
17	Sugars and sugar confectionery	75.74	7	87	Vehicles other than railway	54.30	5
87	Vehicles other than railway	61.70	6	39	Plastics and articles thereof	53.83	5
84	Machinery, nuclear reactors, boilers	45.86	4	22	Beverages, spirits and vinegar	52.13	5
73	Articles of iron or steel	40.38	4	84	Machinery, nuclear reactors, boilers	52.01	5
10	Cereals	39.24	4	17	Sugars and sugar confectionery	43.62	4
22	Beverages, spirits and vinegar	33.03	3	85	Electrical, electronic equipment	39.55	4

Source: ITC Trade Map (2012)

5.3 Trading partners

Uganda has four main African export markets, namely Sudan (31%), Kenya (21%), Rwanda (18%) and DR Congo (17%). 87% of Uganda's exports go to these four countries. Uganda's imports come mainly from Zambia, making up 59% of its intra-African imports. Uganda also imports 24% of its African imports from South Africa, thus its top two import markets make up 83% of its intra-African imports – indicating a highly concentrated import market.

Figure 9: Uganda’s top 10 African export and import markets, 2011



Source: ITC Trade Map (2012)

5.4 Trade in services

Uganda exported services worth US\$1,451 million in 2011 and imported services worth US\$2,280 million, resulting in a trade deficit. Uganda thus runs a trade deficit both in services and in goods. Relative to other East African countries, Uganda’s trade in services form an important part of its total trade – trade in services are worth almost half of what Uganda’s trade in goods are worth.

5.4.1 Major export and import services

Travel makes up 66% of Uganda’s service exports and transportation makes up 55% of its service imports. Other business services and travel are also important service imports for Uganda and make up 18% and 17% of its service imports respectively.

Table 8: Composition of Uganda's worldwide trade in services, 2011

Uganda's major service exports worldwide				Uganda's major service imports worldwide			
Service Code	Service label	Value in US\$ millions	% share	Service Code	Service label	Value in US\$ millions	% share
	All Services	1,451.56	100		All Services	2,280.03	100
236	Travel	958.65	66	205	Transportation	1,250.12	55
268	Other business services	129.85	9	268	Other business services	399.96	18
205	Transportation	111.48	8	236	Travel	393.28	17
291	Government services, n.i.e.	104.34	7	253	Insurance services	112.42	5
262	Computer and information	45.66	3	262	Computer and information	44.29	2
245	Communications services	29.23	2	245	Communications services	28.05	1
266	Royalties and license fees	28.64	2	291	Government services, n.i.e.	21.35	1
260	Financial services	21.04	1	287	Personal, cultural, and recreational	15.94	1
253	Insurance services	18.14	1	266	Royalties and license fees	8.28	<1
287	Personal, cultural and recreational	4.55	<1	260	Financial services	6.35	<1

Source: COMESA COMSTAT Database (2012)

5.5 Infrastructure

5.5.1 Transport

Compared to other African states, Uganda has a high total and paved road density at 0.3 and 0.07 km/sq. km respectively. Uganda's rail network is, however, about than half the length of that of Kenya and Zambia at only 1,241 km. Uganda transports less than a third of the volume of freight that Kenya and Zambia do, at 460,000 tonnes. For its population, its commercial air passenger traffic is quite low, at 1.17 million in 2010.

Table 9: Transportation infrastructure, Uganda

Total road network (1000 km)	71
Paved road network (1000 km)	16
Total road density (km/sq. km)	0.3
Total paved road density (km/sq. km)	0.07
Total rail network (km)	1,241
Volume of freight (1000 tonnes)	460
Commercial air passenger traffic (thousands)	1,170

Source: COMESA COMSTAT Database (2012); World Bank (2012)

5.5.2 Telecommunications

Uganda has 48 mobile cellular subscriptions and 13 internet users per 100 people. Both of these figures are average for African states.

5.5.3 Energy

Uganda's electricity production totalled 2,445,000 kWh of electricity in 2009. This is a small amount of electricity for its population of 34.5 million.

5.6 Recent and expected investments

Tullow Oil recently invested US\$1 billion and expects to invest over US\$10 billion in total in developing Uganda's oil industry (Matsiko, 2012). Uganda is expected to be able to produce 2.5 billion barrels of oil through this investment. The Ugandan government is planning on building a large new power plant at the cost of US\$87 million which will better enable Uganda to meet its rising electricity needs (Askew & Macharia, 2012).

6. Conclusion

Historically intra-regional trade between countries in southern and eastern Africa has been very low. As a result many African countries have not been able to use trade as a tool for enhanced specialisation and accelerated economic growth, development and integration. Although intra-Africa trade is not a panacea for development, the real value of increasing intra-African trade lies in the fact that by addressing various constraints to intra-Africa trade, African countries can improve their ability

to participate in intra- and extra-regional trade, harness the benefits of globalisation and improve their prospects for economic growth and development.

The trends in trade in goods and services, infrastructure development and investment in Kenya, Zambia and Uganda suggest that economic integration through intra-Africa trade growth has been increasing over the last ten years. However, all three countries are currently still trading more with the rest of the world than with the rest of Africa. Kenya, Zambia and Uganda have a high level of concentration in terms of import and export markets, with South Africa as a key market from which goods are imported. In terms of services, travel and transport services are the most important services imports and exports for Kenya, Zambia and Uganda, followed by business services. In terms of infrastructure electricity plays a key role for production in all three countries. However, of all three countries Zambia is the only country producing a significant amount of electricity, while Uganda and Kenya are lagging behind in their capacity to produce electricity for their growing economies.

To sustain economic growth and development in southern and eastern Africa by harnessing the potential benefits associated with increased intra-Africa trade, countries need to reduce the high cost of doing business by strengthening national and regional infrastructure, address high tariffs on sensitive products, eliminate persistent non-tariff barriers and foster trade in services, investment and private-sector development in the region.

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