



EUROPEAN UNION

DELEGATION TO THE REPUBLIC OF UGANDA

**Speech by Ambassador Attilio PACIFICI  
Head of Delegation of the EU Delegation to the  
Republic of Uganda**

**Signing of the Financing Agreement between the European  
Commission and the Republic of Uganda of the EU-EAC Market  
Access Upgrade Programme**

**Ministry of Finance, Planning and Economic Development  
14 December 2018**

Hon. Matia Kasaija, Minister of Finance, Planning and  
Economic Development,

Ladies and Gentlemen,

Distinguished guests,

It is a great honour for me to sign today this Financing  
Agreement between the European Union and the Republic  
of Uganda to support the ***EU-EAC Market Access Upgrade  
Programme (MARKUP) in Uganda.***

MARKUP is funded through the EU's Regional Indicative Programme for East Africa with a total amount of UGX 150 billion (or EUR 35 million), of which UGX 15.6 billion (or EUR 3.7 million EUR) is allocated directly to Uganda. The Regional Indicative Programme supports East Africa in several priority areas, including Peace and Security, Regional Economic Integration and Infrastructure, Natural Resource Management and Institutional Capacity.

MARKUP has been designed under the Regional Economic Integration priority area, which envisages fostering the implementation of the EAC's Customs Union and Common Market protocols. This ambitious intervention aims at addressing both supply side and market access constraints in EAC Countries of some strategic export-oriented commodities. Those are agro-industrial crops such as coffee, tea and cacao, and horticulture, such as avocado, spices and peas.

The focus of the programme is to improve access to the European Union's market and enhance EAC Countries'

capacity to fully exploit its trade-driven growth potential. Interventions target selected value chains and cover quality assurance and certification, value addition, trade facilitation and business promotion.

MARKUP is structured around two intervention levels: the EAC WINDOW and the PARTNER STATES WINDOWS.

More specifically, the EAC-WINDOW supports EAC efforts to improve the regional trade and business enabling environment for the selected commodities, by advocating for the removal of trade barriers and by harmonising standards and sanitary and phyto-sanitary measures. It also supports the private sector in enhancing its export competitiveness, by increasing compliance with destination market requirements as well as improving access to finance and business development opportunities.

The PARTNER STATES WINDOWS envisage national interventions tailored to the countries' specific needs and

complementing the EAC WINDOW. Interventions prioritise the promotion of SMEs as drivers of the targeted value chains and capacity building at business support organisations and institutions level.

In Uganda, on the basis of close consultations with national authorities, the coffee and cocoa value chains have been selected for support. This choice is in line with the National Development Plan II, which highlights export oriented growth as one of the strategic approaches for ensuring macroeconomic stability and economic transformation. It is also aligned to the current National Export Development Strategy, which envisages to focus on specific products for specific markets, on the basis of Uganda comparative advantages, export history, trade relations and preferences.

According to EU data, in 2017 coffee exports from Uganda to the EU market have increased to over UGX 1.3 trillion (or EUR 312 million). In ten years they have more than doubled, representing today 60% of Uganda's total exports

to the EU. Cocoa exports from Uganda to the EU have peaked UGX 153 billion (or EUR 36 million) in 2015 and the cocoa sector presents strong potential for further development.

Coffee is a major contributor to the economies of Uganda and EAC Countries. Market trends in gourmet and specialty coffees from the region have shown a steady uptrend over the last 5 years. Long term global coffee demand is expected to outstrip global supply. Uganda is the lead exporter in the region, followed by Kenya and Tanzania, while the EU accounts for over 40% of the world's coffee bean imports.

Uganda is also the most suitable country in the EAC for cocoa growing, providing income for thousands of households in Uganda. The demand of cocoa is in constant increase. As the EU accounts for over 60% of the world's cocoa bean imports, and more than 40% of the cocoa powder and butter import, Uganda has a big potential to

increase on production and productivity through increased sector investments.

Currently Ugandan can access duty-free quota-free the EU market with any products excluding arms and ammunition under the EU's Everything but Arms trade preference regime offered to all Least Developed Countries. In the long term I hope that Uganda will secure free access to the EU market by approving the EU-EAC Economic Partnership Agreement concluded in 2016 and awaiting to be ratified by all EAC countries.

We therefore sincerely hope MARKUP will help Uganda to further develop its coffee and cocoa value chain and sustain the thousands of small holder farmers engaged in coffee and cocoa production.

Thank you very much for your attention.