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The Impact of Trade Liberalisation on Economic Growth in Uganda (1990-2009)

The study explores the impact of trade liberalisation on economic growth in Uganda for the period between 1990 and 2009. The objective of the study is to empirically investigate the impact of trade liberalisation on economic growth in Uganda for the period 1990-2009. A secondary data collection method was used to generate data for the study. The Statistical Package for the Social Sciences (SPSS) and linear regression analysis were used for data analysis. The impact of trade liberalisation on economic growth in Uganda was empirically investigated using the proxies for the independent variable and control variables in a single growth equation, which was estimated using Vector Error-Correction modelling (VECM). For this study, the neo-classical growth model was applied, using linear regression macroeconomic data spanning the period 1990-2009, to determine the impact of trade liberalisation on economic growth in Uganda. The empirical findings of the study were that trade sector reform and general economic reforms have led to the high rate of growth, which the economy has been experiencing for the past decade. The findings further indicated that a number of macroeconomic policy reforms such as reduction of tariff barriers and non-tariff barriers, increase of openness, privatisation, liberalisation of foreign market exchange and real exchange rates have been equally responsible for the impressive growth rates registered over time and have positively and significantly impacted on economic growth of Uganda from 1990-2009. It was recommended that there should be implementation of sound complementary policies comprehensively so as to fully realise the potential gains from trade liberalisation and macroeconomic policies to harmonise reduction of tariffs and non-tariff barriers, increase openness, liberalisation of foreign exchange market, privatisation and real exchange rate, provision of a conducive environment for foreign investors and research or capacity building measures to lead to an increase in overall welfare and economic growth of the country.

Key words: Liberation, privatisation, economic growth, policies