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# AN ECONOMETRIC STUDY OF THE IMPACTS OF FOREIGN TRADE DETERMINANTS OF MAJOR AGRICULTURAL CROPS IN UGANDA.

By

# KIYINJI ABUDUL

B.Sc. Agric. Sc. (Economics and Agribusiness) Alex. Univ., 2016.

A Thesis Submitted in Partial Fulfilment
Of
the Requirements for the Degree

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Department of Agricultural Economics
Faculty of Agriculture
Ain Shams University

# **Approval Sheet**

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### **ABSTRACT**

An econometric study of the impacts of foreign trade determinants of main agricultural crops in Uganda. Unpublished M.Sc. Thesis, Department of Agricultural Economics, Faculty of Agriculture, Ain Shams University, 2020.

The study aims to analyse the impacts of agricultural foreign trade determinants of the main agricultural crops in Uganda. Secondary data was used for this study. The relative importance tool was used to sort out the main crops (coffee, tea, and wheat) with high value in Uganda's agricultural foreign trade. Secular trend analysis was utilized to compliment findings and familiarize with general pattern or trend of main crops of both export and imports. The simultaneous equation model was employed to analyze real variables that are determinants of agricultural foreign trade of main crops of the study. The mechanism was suggested in order to develop an efficient agriculture agricultural foreign trade in Uganda.

The results of general trend function analysis indicate that the value of coffee exported is increasing by \$25.16million per year. The value of tea exports is increasing at about 4.48 million dollars yearly. The value of imported wheat to Uganda increased until the maximum point was achieved to about \$170 million in year 2011 as the result of increased production of maize which is the substitute to wheat. Suddenly it started taking a decreasing trend.

The results of the simultaneous equation model showed that, the exported quantity of Uganda's coffee has inelastic demand and the quantity of exported coffee at previous year, export price, export price of tea, the exchange rate, export price of Ethiopia's coffee, and the quantity of coffee produced in Uganda are the independent variables of the quantity of Uganda's coffee exported. The quantity of Uganda's tea exported has elastic demand and the export price, the population of the

main importers of Uganda's tea, national income of main importers, export price of coffee, the exchange rate, quantity of tea produced in Uganda, the quantity of tea consumed domestically in Uganda, and the local consumption of tea in Uganda at previous year are independent variables of the quantity exported of Uganda's tea. The quantity of wheat imported to Uganda has an inelastic supply. Moreover, the quantity of wheat imported to Uganda at previous year, the import price, and the local consumption of wheat in Uganda are the independent variables of the quantity imported of wheat to Uganda.

Based on the findings, it is recommended that the government should take serious measures to make agriculture organizations take their roles of modernizing agriculture. Re-establishment of marketing boards, and the government should take full control providing all agriculture inputs to farmers and also putting them on the market.

**Key Words:** Econometric Models, Simultaneous Equations, Agricultural Modernization.

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