

IMPORTATION ON ECONOMIC GROWTH RATE IN UGANDA (1996-2012)

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**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS
AND MANAGENENT IN PARTIAL FULFILMENT OF THE AWARD
OF A BACHELOR'S DEGREE IN ECONOMICS OF
KAMPALA INTERNATIONAL
UNIVERSITY**

JUNE, 2014

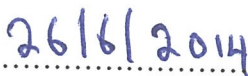
DECLARATION

I FAROUK NURA AHMAD registration number BEC/34888/113/DF I do declare that this research report is my work and it has never been submitted to any institution.


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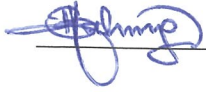
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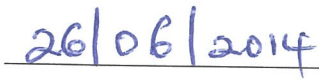
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APPROVAL

This research report has been submitted to the under graduate degrees committee for the award of a degree in Economics of Kampala International University with my approval as a supervisor.



Signature



Date

Mr. BULUNGU JOHN

DEDICATION

I dedicate this report to my beloved Abba Shehu Ahmad (advisor to the governor) Abdullahi Ahmad Yola(permanent secretary federal ministry of justice), Nura Shehu Ahmad(danmadamin Kano) Senator Sa'adu Shehu Ahmad. Sarki Aliyu Yola(Wakilin madaki) , Abubakar Aliyu Yola (Manager NNPC), Hafizu Shehu Ahmad(manager Gongoni Company), Aliyu Gwadabe Yola(alhajin daurawa) , Dikko Ismail Aliyu. Aminu Ismail Yola, Ahmad Nura (Kilishi), Bashir Nura Ahmad(Abbatiye)

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LIST OF ABBREVIATION /ACRONYMS

BoU	Bank of Uganda
COMESA	Community of Eastern and Southern Africa
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GNP	Gross National Product
GWP	Gross World Product
IFS	International Financial Statistic
IMF	International Monetary finance
MoFPED	Ministry of Finance Planning and Economic Development
OECD	Organization for Economic and Development cooperation
R &D	Research Development
UBOS	Uganda Bureau of Statistics
WB	World Bank
WTO	World Trade Organization
USD	United States Dollar
SADC	South Africa Development Cooperation

ABSTRACT

This research report set out to investigate the relationship between imports and economic growth (measured by GDP) in Uganda (1995-2011), the study employed time series survey data since examined data for a short time ,its objectives were; to establish the trend of import in Uganda(1995-2011,to establish the trend of GDP growth of Uganda(1995-2011) ,to investigate the relationship between import and GDP growth in Uganda (1995-2011), the hypothesis of the study was there is no significant relationship between imports and GDP growth in Uganda time series analysis such Correlation analysis, regression analysis mechanisms were used. The trend of imports and GDP growth showed a general increase with percentages change of 80.65and 66.1 percent respectively. Using the correlation, regression approach, there was a strong positive correlation between imports and GDP growth($r=0.994$),there was also significant relationship between imports and GDP growth at 0.05 level of significance,) stationarity was tested and found that both imports and GDP has trend by using ACF and PACF. In conclusion therefore both import and GDP growth has a general increase, there is a positive relationship between import and growth in Uganda which agreed with Khan(1997),Grima(1982),Connolly(1998) study on imports and GDP growth this has implied that the importation of goods and services play a very important role in economic growth of Uganda. The trend in import implies that as people income increases the demand for foreign goods and services increases. The study has also supported the theory of comparative advantages since developing country like Uganda cannot foster without importation of goods and services. Finally Uganda should embark much on the exportation of good to increase on the country level of growth.

CHAPTER ONE

PROBLEM AND ITS SCOPE

1.1 Background of the study

The gross world product (GWP) is a combined Gross National Product (GNP) of all the countries because import and export balances exactly when considering the world. This is also the total World Domestic Product. In 2011, the GWP totaled approximately US\$79.39 trillion in term of purchasing power parity while the GWP was approximately US\$11.9 trillion in nominal term, the total 2011 GWP around US\$69.11 trillion. The economics growth rate due to purchasing power in 2006 was 5.1 percent, 2007 was 5.2 percent, 2008 was 3.0 percent, 2009 was 0.5 percent, 2010 5.3 percent, 2011 was 3.9 percent and 2012 was 3.5 percent. The imports bill from the Middle East countries increased from US\$ 747.8 million in 2010 to US\$ 840.7 million in 2011, although its share reduced by one percent to 14.8 percent in 2011 (IFS 2012). The main trading partners were United Arab Emirates, Saudi Arabia and the Bahrain whose market shares were 6.6 percent, 3.8 percent, and 2.0 percent in 2011 respectively. The imports expenditure for the EU regional block declined from US \$ 752.8 million in 2009 to US \$727.5 million in 2010 and then to US \$713.4 million in 2011 (World economic outlook IMF 2012).

The African continent ranked second, with an import expenditure of US \$ 1,148.3 million in 2011 and accounting for 20.2 percent of the total imports bill. This compares with the previous import bills of US\$ 957.8 million and 992.9 million registered in 2009 and 2010 respectively. The COMESA regional block accounted for 14.0 percent of the total imports expenditure, with Kenya taking the highest share (11.8 percent) in 2011. The Republic of South Africa in the SADC block contributed significantly to the imports bill by accounting for 4.7 percent in 2011 (UBOS 2012).

Uganda remains one of the poorest countries in Africa. Its GDP per capita averaged US\$235 in 2000-2004, compared to the Sub-Saharan Africa average of US\$585.1 This is despite a remarkable growth rate in GDP per capita of 5.9 percent per annum in the period 1980-2004. The Asian continent remained the leading source of Uganda's imports throughout the period under review. For instance, its market share rose to 45.4 percent in 2011, compared to the previous

market shares of 37.2 percent and 41.8 percent recorded in 2009 and 2010 respectively. The overall imports expenditure for Uganda rose by 20.2 percent in 2011 compared to an increase of 9.0 percent in 2010. Although the formal imports bill increased over two consecutive years (2010 and 2011) informal imports maintained a stable decline of 18.9 percent in the same period (UBOS 2012). Exports of goods and services amounted to 7 percent of GDP in 1985-89, increasing to 13 percent in 2000-2004. The share of imports in GDP increased from just 14 percent to 32 percent over the same period. The gap is met through aid inflows, which rose from 5.9 percent of GDP to 13.8 percent of GDP (IMF 2005), the importation of goods play a key role in the growth rate of Uganda economy since it is still a growing economy the importation of technology will enable Uganda to produce goods for export earnings.

Imports

According to UBOS (2012) Imports are inward flows of goods and services from the rest of the world into the Economic territory of a country, Campbell et al (2002) defined imports as the spending by individuals, firms and government for goods and services produced in foreign countries. This study adopted Campbell definition and was in term import (current US dollar).

Economic growth

There are so many methods of measuring economic growth that is ;Gross National Product, Gross Domestic Product, Net National Product among others but for this case the study adopted measuring economic growth in term of Gross Domestic Product since it is more reliable. **Gross Domestic Product** :According to UBOS (2012) Gross Domestic Product (GDP) as the total value of goods and services produced within the economic territory of the country, Jeff Holt (2007) defined Gross domestic product as the total market value of all final goods and services produced annually within the boundaries of the country whether by national or foreigner supplied resources. This was measured in billion US dollar.

1.2 Statement of the Problem

The Uganda economy exhibits huge import dependency like any other developing country. The local manufacturing firms depend heavily on imported capital and intermediate goods, which directly affect investment, which is the motor of economic expansion. However, the country has low level of capital stock and intermediate goods. Hawkins (1997) argues it that lack of sufficient amount of capital and intermediate goods directly reduce investment, in turn leading to lower economic growth. It is known that developing countries import goods at world price since they are not sufficiently available domestically, increase in the world price of these goods leads to an increase in the domestics prices further aggravating inflationary and chronic balance of payment problem Hawkins (1997).

Imports is seen to be increasing from years,(2008=US\$ 4,617,775,000 and 2010=US\$ 5,833,125,000) World Bank(2012) yet by now Uganda would have adopted import substitution policy, high tariffs and non-tariff barriers to be imposed on imported goods to expand domestics production and replace imports. This would enable much capital investment in industries reducing demand for imports while controlling its discriminating effect on farm sector. Therefore study seeks to investigate effect imports on economic growth in Uganda.

1.3 Purpose of the Study

The purpose of the study was to investigate the relationship between economic growth measured in term of Gross Domestic Product (GDP) and imports within a period of seventeen years (1995 to 2011), to show the trend of imports and GDP growth and the theory stated was tested.

1.4 Research objectives

- ❖ To establish the trend of import in Uganda (1995 to 2011)
- ❖ To establish the trend of GDP growth in Uganda (1995 to 2011)
- ❖ To investigate the relationship between Import and GDP growth in Uganda (1995 to 2011)

1.5 Research Questions

- What is the level of trend of imports in Uganda?
- What is the level of trend of GDP growth in Uganda?
- What is the relationship between imports and GDP growth in Uganda?

1.6 Hypothesis of the study

Ho: There is no significance relationship between imports and GDP growth in Uganda (1995 to 2011)

1.7 Scope of the study

1.7.1 Content scope

The study was focused on the establishment of the trend of imports in Uganda (1995 to 2011), the trend of GDP growth rate in Uganda (1995 to 2011) and in determination of the relationship between Imports and GDP growth in Uganda (1995 to 2011).

1.7.2 Geographical Scope

The study was conducted in Uganda (from 6th Jan 2013 to 31st may 2013)

1.7.3 The theoretical scope

The study was guided by the law of comparative advantage stated by David Ricardo's (1817) that a country should export the commodity in which its relative cost advantage is greater and import the commodity in which its relative cost advantage is smaller. As the word comparative do states to compare two things, in this case we will be comparing import and export. The country like Uganda for example has been producing salt from lake Katwe but because the lake was contaminate by pollution from the industries and purification of the salt could take a lot of money resulting to shutdown of profits hence Uganda resorted into the importation of salt from Kenya which is very cheap hence making to have comparative advantages in the importation of cheap salt.

1.7. 4 Time scope

The study was conducted for five month and it was used to review the seven-year time series data that is, from 1995 to 2011 in Uganda.

1.8 Significance of the Study

Investment is important for economic growth as such for countries like Uganda, which has no capacity to produce its own investment goods, it is essential to import relevant items used in this respect. On the other hand, dependence on imports for every type of consumption is considered unproductive. By investigating the association between import and GDP growth, this study helps us to see these impacts.

The study will definitely contribute to the existing related literature on the effects of GDP growth on imports, and the contribution of imported intermediate and capital goods to economic growth (measured by real GDP).

1.9 Operational definitions

Gross Domestic Product (GDP)

Jeff Holt (2007) defined Gross domestic product as the total market value of all final goods and services produced annually within the boundaries of the country whether by national or foreigner-supplied resources. This study adopted Jeff Holt definition and the GDP growth rate and was measured as billion of US dollar.

Imports

Campbell et al (2002) defined imports as the spending by individuals, firms and government for goods and services produced in foreign countries. This study adopted Campbell definition and it was measured in billion of US dollar.

CHAPTER TWO

LITERATURE REVIEW

Concept, Ideas, Opinion from Authors/Expert

2.1 Imports

Imports defined by UBOS (2012) as inward flows of goods and services from the rest of the world into the Economic territory of a country. According to Campbell et al (2002) imports is the spending by individuals, firms and government for goods and services produced in foreign countries. These are goods and services that are bought from other countries and it will be measured in billions of United States dollars (US\$). Import is divided into three component and this include the capital good, intermediate good and the consumers good as can be seen below and their contribution to economic growth.

Capital Goods

Capital goods are defined as produced commodities, which serve as inputs in the production of other commodities (Baark, 1988). A meaning of capital goods as produced means of production is associated with the classical economists. They broadly consist of three main goods namely transport, agriculture and industrial equipment. Thus, the development of these three factors leads to the growth of GDP. Imports of capital goods are also influenced by the investment policy of the government. An increase in industrial growth in turn requires substantial additional imports of capital goods. High-technology imports like capital goods are helpful for high production and industrial development. The role of capital goods in the manufacturing sector can be seen from two “main stream” perspectives. These are growth oriented and innovation-oriented approach (Baark, 1988).

The first approach focuses on the role of capital goods in economic growth. Here, it is said that capital goods help to achieve new manufactured goods and affect the three main sectors of the economy, namely, agriculture, industry and transport. Import of machines that are related to agricultural and industry increases a country's output as inputs into production. Similarly, efficient transport system is essential to facilitate the movement of goods at low cost.

A reduction in transportation costs exerts technological improvement in manufacturing through increased demand for manufacturing products. Because the gain from creating new goods are

related to their market size, lower transportation costs will lead to innovation in the form of more manufacturing goods in equilibrium”(Asillis et al 1994).

The second approach is an innovation-oriented approach, which considers the importance of capital goods as supply of new technology to the manufacturing sector. The import of capital goods supplies efficient machines that occupy new technology, which is obtained from there search and development in developed countries. Thus, diffusion of embodied technology to domestic industry from developed country is important to increase productivity growth throughout the economy and this raises domestic output, in turn, leading to growth of GDP. A good example in this category of imports is import of computer hardware and soft ware. This increases the efficiency of labor by reducing time spent on production and hence raises production, in turn leading to growth of GDP (river-Batiz et al 1994).

Intermediate Goods

Intermediate goods are input for the production of other commodities. Imports of these goods from developed countries bring new technology to developing countries, which in turn enhance the productivity of factors and leads to the growth of output (Coe, *et al*, 1997). This implies that these new technologies increase efficiency and thereby raise the scale of production and which in turn reduces the cost of production. The benefit is more if developing countries like Uganda import from an industrial country that has a large ‘stock intermediate goods are composed of raw materials, semi-finished goods and fuel.

For instance, Keller (2000) argued that developing country stands to gain more in terms of both the product that it can import and the direct knowledge it can acquire than it would import from another developing country .This implies that importing a new (or better) type of intermediate goods will increase the degree of specialization in the production of other products. One example, which is sighted in this respect, is import of crude fertilizer, which constitutes high-technology imports from developed countries to developing countries. This is a transfer of foreign technology that helps us to increase productivity in the agricultural sector.

Imported Consumer Goods

The effect of imports of consumer goods on economic growth (measured by real \GDP growth) may be ambiguous. Imports of consumer goods like medical and pharmaceutical goods are important to make worker healthy and healthy workers are more productive than unhealthy workers, in turn leading to growth of GDP. Imports of non-durable consumer goods like food have adverse effect on real GDP growth if there is sufficient amount of domestic production since the shift of demand toward imports would reduce the demand for domestic goods; hence production of domestic goods, in turn leading to slower growth in food production (Jaeger, 1992).

On the other hand, if there is no enough domestic production, import of these Consumer goods is defined as economic goods that directly satisfy human wants or desires. Consumer goods imports are composed of durable consumer goods such as radio and television, treys, cars, other vehicle, and non-durable consumer goods (cereals, other food, medical and pharmaceutical, Textile Fabrics and others) are important for economic development since workers need food to be strong and productive (Jaeger, 1992:20).

Consumer goods like radio, TV contribute information for society. Most durable goods are luxury items that are required to keep the welfare of society. Food imports are one of the main non-durable consumer goods in Sub-Saharan Africa. "Based on recent literature, the growth in Africa's food import is widely assumed to be caused by slow growth in production resulting from a deterioration of productive capacity; poor performance domestically has led to an increase in imports to meet the growing gap between demand and domestic production, and leading to a growing food dependence on industrial countries (Eicher, Johnston, Serageldin) Jaeger, 1992:21).

According to Jaeger (1992), the causal direction between imports of food and domestic production is ambiguous. If domestic foods are not perfect substitute for imported foods, then rising demand for imported food could be the result of higher income. The reduction in domestic production can be the result of policies, which have constrained productivity growth (Jaeger, 1992) Furthermore, during drought food import increases as the result of aid in Africa. The demand theory of import is that when income increases, people will have more money and the

purchasing power rises so that they tend to buy more domestic and foreign goods and services. Hence, imports also increase.

Theoretically, the income elasticity of demand for imports is positive. In some cases, it may be negative theoretically if imports are lower in consumption. "If imports are the excess of domestic consumption over domestic supply, then income elasticity for imports could be negative if domestic supply is more income elastic than domestic consumption" (Egwalkahide, 1999).

2.2 Gross Domestic Product (GDP)

Gross Domestic Product (GDP) represents the total market value of the nation's annual final product, or output, produced per year by factors of production within national borders. Hence, it is the market value of final goods and services produced in an economy during a year. (Roger et al 2000). Gross domestic product is the market value of final goods and services produced by the resources located in one country regardless of who owns the resources, in that country (Jeff Holt 2007) GDP growth was measured in billion of US dollars.

The overall economic performance of Uganda as measured by Gross Domestic Product (GDP) for the fiscal year 2011/12 reflects a lower growth rate compared to 2010/11. In the fiscal year 2011/12, the preliminary real GDP at market price grew by 3.2 percent compared to the 6.7 percent growth registered in 2010/11. This, therefore, indicates a slow down growth of 3.5 percentage points of the economy between the two fiscal years. Nominal Per Capita GDP increased by 21.3 percent from 1,206,866 Uganda Shillings in 2010/11 to 1,463,961 Uganda Shillings in 2011/12 (UBOS 2012).

Uganda has experienced strong economic growth over the past decade. Real GDP at market prices has averaged 6.7 percent per annum since 1990/1991. Recently concern have been raised that growth has slowed slightly over five years, as the average growth rate between 1998/99 and 2002/03 was 6.1 percent per annum, as compared to 6.8 percent between 1997/98 was boosted by three years exceptionally strong growth in the early 1990s, which was driven by reforms implemented in the first half of 1990s and coffee boom (MoFPED 2004). The determinants of growth in Uganda during the 1990s have been identified as improved security, the restoration of macroeconomic stability, the removal of economic distortions and the improvement in the terms of trade, as a result of the mid-nineties coffee price boom. Growth productivity, meaning the

efficiency with capital and labor are used, made a significance contribution to GDP growth during the 1990s, reflecting the scale of rehabilitation of production processes after the restoration of peace to most of the country (MoFPED 2004).

On a sectoral basis, industrial production saw the highest rate of growth, averaging 10.4 percent per annum between 1990/91 and 2002/03 as a whole, although it slowed slightly to an average of 7.7 percent per annum in the last five years .services grew by average of 7.5 percent per annum between 1990/91 and 2002/03,and by 6.9 percent per annum over the past five years. Agriculture had the slowest growth rate amongst the major sectors, averaging 3.8 percent per annum between 1990/91 and 2002/03,although growth was slightly higher in the last five years, at 4.4 percent per annum (MoFPED 2004).

An analysis of sectoral GDP shows that between 1987 and 1996, the contribution of the agricultural sector to GDP declined from 55percent to about 45percent while the contribution of the remaining sectors increased from 45percent to 55percent (MTED, various years). This is in line with the predictions of structural change models of Lewis and Chenery (Todaro, 1989) which state that development process is a structural transformation from an economy that is dominated by agricultural output and employment to the one in which the share of agricultural output and employment to gross national product (GNP) decreases. However, the transformation itself is dependent on agricultural progress (Meier, 1984 p.427). Lack of agricultural progress can inhibit industrial development unless the economy can export manufactured goods for imports of foodstuff and raw materials. This will be healthy for the country's economic growth.

2.3 The relationship between imports and GDP growth rate

The importation of technology plays a key role in the explaining differences in income and productivity levels across countries with growing globalization; the investment diffusion of technology has become increasingly important in shaping the world's distribution of income productivity. Recent work has shown that the major sources of technical change to productivity growth in most OECD countries are not domestics instead, they lie abroad (Easton and Kortum 1999, Keller 2000) .The international diffusion and technology is therefore a major determinant of national per capita income. The spread of technology may takes place through various channels, the most important of which are trade, foreign Direct Investment (FDI) and licensing.

When you look at the country like Uganda, which is amongst the developing countries the importation of technology, capital goods, intermediate goods and consumers is very healthy for economic growth (Keller 2000).

As share of GDP, the value of imports has increased over time – fluctuated between 18% and 25% during the period 2002/03 and 2007/08. More importantly, the value of imports has been increasing, arising from the depreciation of the shilling, which has made imports more expensive. Monthly data suggest that imports for the year 2008 have been generally higher than for 2007 . The exception was in the September-October period, when the Kenyan government reduced the maximum axle rate weight for oil haulers, which led to a reduction in oil imports. However, from November 2008, there was a sharp increase in imports relative to a year earlier, as a result of the sharp depreciation of the Ugandan shilling arising from the crisis. The trade balance worsened. Indeed, imports only surpassed exports in the later months of 2008, after a sharp increase. Imports increased by 43.7% in the same period. But the marked drop observed in November 2008 (of 6.8%) is a result of the decrease in volumes arising from decreased demand in the country and other structural problems in the import route through Kenya (World Bank report 2009).

During this period, the economies of many developing countries were affected by oil price increase (Fried and Schutze, 1975). In this period, the growth rate of real GDP continued to decline until 1975/76, and real growth rate of import declined as well (except for the year 1973/74). In 1973/74, the real growth rate of import increased because of high price of imported intermediate goods. The oil shock was short-term phenomenon, and this was rapidly overtaken by the rise of coffee price in 1976/77. This resulted into an increase in real GDP growth from 0.7 percent in 1975/76 to 1 percent in 1976/77, leaving real import rising from negative 21.1 to 24.7 percent in the same period. The coffee boom was a short-term period, followed by the second oil shock of 1979/80, which lasted until late 1983/1984. In 1980/81, both real import and GDP declined from the previous period previous years. The growth of real GDP and import declined in 1984/85 from the previous year due to the decline in agricultural sector (World Bank 1986)

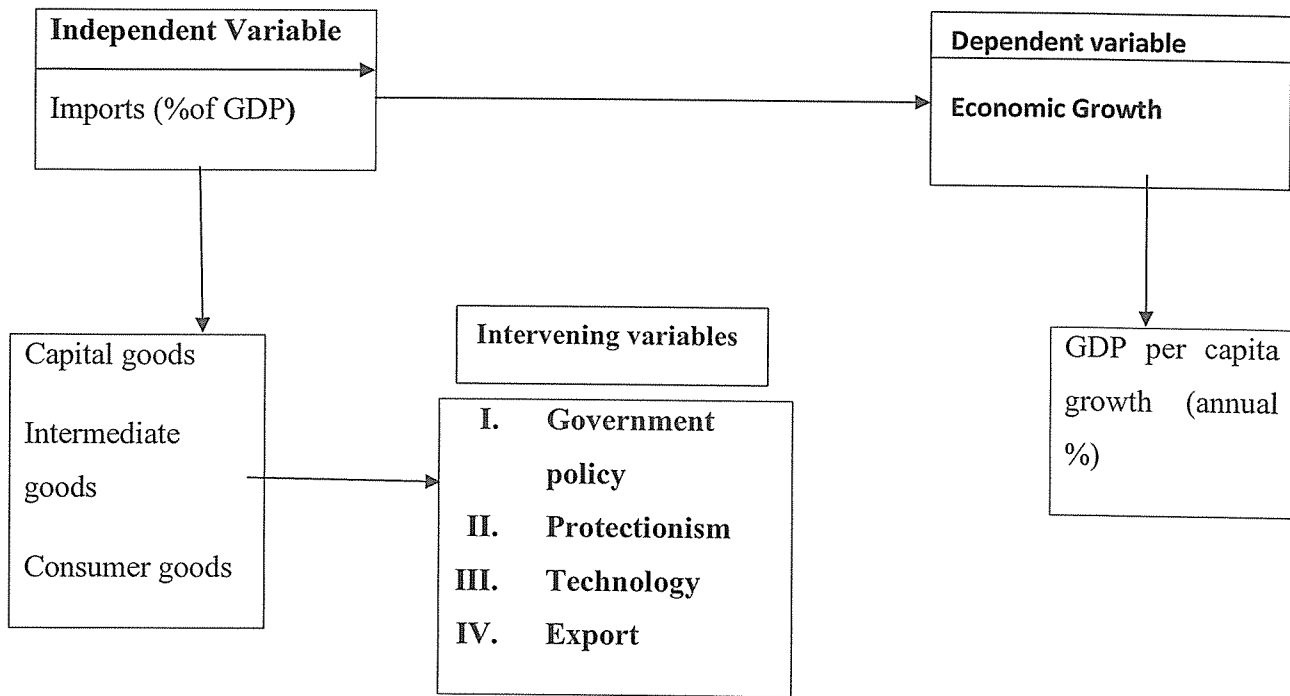
During the period 1991/92 –1999/2000, a transitional free market economy was under way Presumed to transform the country from command to liberalized economy. In this round, the average growth rate of real GDP and import were 4.6 and 20.1 percent respectively. The average

contribution of agriculture, industry, service and other service sector was 49.6, 10.8, 13.9 and 25.7 percent of the country's GDP respectively. Compared to the previous periods, both real GDP and imports growth were higher in the third regimes. But, the contributions of all except other service were lower than the Derg regime. However, the average growth rate of these sectors was higher than the Derg regime. The growth of import in this period was due to the expansion of coffee earning and the relaxation of import control. In this period, the volume and price of coffee increased from the Derg regime (IMF Staff reports on Ethiopia 1987). Since Ethiopia is also among the developing countries like Uganda, importation of technology for Uganda will encourage the agricultural modernization which leads to improvement in the export earning hence promoting economic growth.

2.4 Conceptual Frame Work

The conceptual framework depicts the model of imports and Gross Domestic Product (GDP) growth rate.

Figure 1: The conceptual framework of imports and real GDP growth rate.



Source: Researcher (2013)

The conceptual frame works indicate the contribution of import s to GDP gross rate in that import is divided into three that is Capital goods, Intermediate and Consumers goods. It also portrays others factors apart from import, which promote economics growths and these, are government policy, taxation protectionism and the level of technology. The GDP growth for this case it was measured in the yearly basis that is why it called annual percentages growth rate.

2.5 Theoretical perspectives

The theory of **comparative advantage** stated by David Ricardo's (1817) that a country should export the commodity in which its relative cost advantage is greater and import the commodity in which its relative cost advantage is smaller. This encourage a country to import goods where by the cost of production is expensive domestically.

Haberler (1936) modified the law of comparative advantage with opportunity cost theory (cited in Salvatore, 1990). In his view, a nation has a comparative advantage if the cost of producing a commodity is lower than other commodity in that nation than it is in other countries. Countries are different in resources. In his view, developing countries like Uganda have a lot of low-skilled labor relative to capital and skilled labor.

The implication of this is that these countries will benefit if they produce goods, which need relatively large amount of low skilled labor, and exchange with a capital, and a skilled labor-intensive goods produced by their developed counter parts and as such it is argued that they have a comparative advantage in producing labor-intensive goods and services. Even if a country is less productive than its trading partner in almost everything is, there is a possibility of trade by specializing in a commodity in which its productivity disadvantage is smaller and exchange with its trading partner. This process brings development by enabling countries to gain more through importation than could be achieved from domestic production (Humpage, 2000).

During the 1950s and 1960s, the policy of industrialization through import substitution was dominant strategy for economic development. The infant industry argument was the oldest argument in this area. The aim of the argument is to protect home industry from foreign producers in the initial stages of production until it could compete with low cost foreign producers (Singh, 1985). It is also stressed that, at the initial stage of production, cost per unit of output is high and therefore protection is essential in order to be able to withstand the competitive conditions.

Protection is not, however, considered to continue forever. It is argued that it should be avoided after the domestic industries are able to compete with foreign producers and achieve economies of scale. Contrary to this argument, it is argued that restriction of import leads to the decline of imported inputs essential to the export sector, further discouraging export promotion and

therefore leading to the decline of the growth of GDP (Jebuni, *et al*, 1994). Thus, the policy of import substitution affects the export sector in less developing countries like Uganda and this policy has anti-export bias where the industry is import dependent (Lyakurwa, 1991).

The other view is that the protected industry expands at the cost of other industries, and its production growth is less than the fall in production elsewhere (Salvatore, 1990). Therefore, the net effect may be negative. Even empirically, there is weak evidence that support import substitution strategy (Dornbush, 1992). Though, formerly, there was a support for import substitution strategy, currently the situation is changing. There appears to be an agreement that trade promotes growth by enabling countries to acquire goods that they have no capacity to produce.

Thus, liberalization of trade and payments removes anti-export bias, and this promotes the export sector and therefore leads to the improvement of foreign earnings and growth of GDP. Therefore, import liberalization is important to help export sector, given the fact that a country like Uganda, among the developing countries, is highly dependent on imports from developed countries.

In broad classification, most of the goods imported by these countries include capital, intermediate and consumer goods. It is widely argued that the importation of capital and intermediate goods has substantial impact for the development of these economies. However, the effect of imported consumer goods on GDP growth is not clear. Import substitutions mean replacement of imports by some suitable home product.

2.6 Related studies

Coe and Helpman (1993) studied the contribution of imported intermediate goods to economic growth. They conducted a study on productivity of foreign research and development on a pooled data set of 22 countries during the period 1970-1990. In his model, the measure of foreign research and development capital stock was import share-weighted average of trade partners' domestic research and development. This means technology is gained by buying intermediate goods. The result suggests that foreign R &D (measured by import flow) for developing country has influential effect on domestic productivity and; it is much stronger if the economy is more open to foreign trade. However, unlike developing countries for a developed country, the domestic research and development is stronger than foreign research and development.

Connolly (1998) showed that high technology imports from developed country have a positive influential effect on real per capita growth than domestic technology. His study was based on forty countries during the period 1970 - 1985. The effect of income (measured by real GDP) growth on imports has been analyzed in estimating import demand model. Nevertheless, when you look at most of the developing countries like Uganda it is low in the level of technology.

The earliest empirical work on the relationship between import and GDP growth was that of Khan (1974). He tried to analyze the determinants of imports in fifteen developing countries using a two-stage estimation procedure for the period 1951-69. The model he used was based on traditional import demand function that relates a country's import demand to real GDP and relative prices (the ratio of unit value of imports of the country to domestic price levels). In his result, all except for six countries, income elasticity of import is significantly different from zero and has positive sign at the five per cent level of significance in the long run. However, in the short run, income elasticity of import is significant and positive for four countries, but not for the other countries.

The time in which this research was carried was too behind and he did not specifies the name of those countries otherwise we would be in the position the identify which countries has importation of goods and services contributed positively or negatively to economic growth.

Goldstein and Khan (1976) estimated traditional import demand model for 12 industrial countries during the period 1955-1975 based on quarterly data using OLS and two-step

estimation procedure. In this result, the income elasticity of import is significant and has a positive sign both in the long and short run. The weakness in the above models is that they are based on the assumption that there is no import restriction and hence supply equals demand. But, most LDCs use import restriction. Therefore, excluding this restriction variable from the model may lead to biased result.

According to Moran (1989), LDC's import depends on both the demand side and capacity factors. He estimated the general import model, which incorporated both traditional and Hemphill import model, using pooled cross-section time-series data for twenty-one developing countries during the period 1970-83. Real income is considered, as determinant of imports but its significance, measured by the corresponding t-values, is smaller than the significance of foreign exchange receipts and international reserves. The short run income elasticity of import is also generally statistically significant.

The estimates of the traditional model showed that the income elasticity of import is statistically significant and it is higher than the corresponding elasticity in the general model. In his result, the general import model dominates the traditional and Hemphill model. He concluded that an import model that neglects either the traditional or Hemphill variables will give biased result for developing country imports.

The other interesting result is that the measure for import capacity is more dominant for developing countries group as compared to all others. Moran used the foreign exchange stock and flows as a measure for import capacity. However, Lopez and Thomas (1990) argued that this is equivalent to estimating something very close to identity.

Mwega (1993) estimated the generalized import demand of Moran (1989). He used an error correction model to estimate demand elasticity for aggregate imports and components in Kenya over the period 1964-1991. In this result, real income is not significant in the long run in the import of food, beverages and tobacco, which are consumer goods. In his view, the reason for this is that, as the economy expands, domestic production substitutes these goods. Similarly, real income does not have a significant influence in the long run on mineral fuels and lubricants imports, which are part of intermediate goods. In his view, the reason for this is that, real income

is highly correlated (0.84) with relative import prices. Machinery and transport equipment that are part of capital goods are significantly influenced by real income

Umo and Fakiyesi(1995) examined the determinants of components of import in Nigeria, based on OLS estimation procedure for the period between 1950 and 1988. They tested for structural break by partitioning the years. The regression result shows that the import of machinery is negatively related to real per capita income in the period 1955-1972. This means that an increase in per capita income is not spent on purchase of machinery or investment.

According to his view, the reasons for this relationship could be due to the problems of ineffective planning and civil war. The import of invisible goods is positively related to real income, but it is not statistically significant. The researcher's explanation is that it may be collinear with the population variable. Per capita income is not significant in the import of food and durable consumer's items. Similarly, raw materials, which are intermediate goods, are not related to per capita income. The weakness of this study is that it is based on Engle Granger two-step procedure in which the DF and ADF tests generally suffer from parameter instability. In addition, the power of these tests is low, and the standard errors of the co integrating vector are biased and cannot be used for hypothesis testing (Enders, 1995).

Girma (1982) estimated value of import as a function of GDP only in Ethiopia during the period 1970 to 1978, based on OLS estimation method. In his result, GDP is significant and positively affect import of goods this study in the long period of time and it may not relate to the current situation of Uganda and even the its was some 26 years back which can not relate now.

Muluneh (1982) estimated import demand in Ethiopia during the period 1965-1980, based on OLS estimation method. In his model, the explanatory variables were GDP and foreign exchange reserve. The results show that income elasticity of aggregate import is negative and significant; that means as income increases import of goods decreases. In his view, the reason for this negative relation can be attributed to "the nature of Ethiopian economy where there is no free market operating on its own and the quantity and quality of imports is determined by the government at the central level". In other words, there is a positive income elasticity of imports of semi-finished and capital goods, but income elasticity of imports of raw materials, fuel and consumer goods is negative and all are significant.

The weaknesses in the above three studies are that they used small sample, and they did not test stationarity of the data. Small sample size may give biased results while using non-stationary data may give highly significant result, which is spurious (Gujarati, 1995).

Alem (1995) has shown the impact of income (real GDP) on import using generalized import model during the period 1969-1991, based on Engle-Granger cointegration method. In his result, income elasticity of imports is negative and weakly significant (at 10 per cent) in the long run but it is not significant in the short run. In his view the reason for negative income elasticity of import is that as income increases, domestic goods substitute's imported goods. The weakness in this model is that he used small sample data, which as indicated above may give biased result. Also the Engle-Granger method used in the study does not test if there are more than one cointegration relationships. Long run similarly, real income positively and significantly affects the import of fuel.

Solomon (2000) estimated import demand based on Engle-Granger and Johansen estimation procedures for the period 1960-1995 in Ethiopia. In his result, real income is statistically significant and positively affects aggregate import both in the short and chemical, raw materials and manufacturing commodity in the long run. But, in the short run except raw materials and chemical import, all are not determined by real income. Food, beverage and tobacco imports are not determined by real income both in the short and long run. Machinery transport and equipment import is positively and significantly affected by real income in the short run but not in the long run

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design.

A time series analysis was adopted and the use of quantitative techniques to analyze secondary data scientifically to critically conclude the research objectives, secondary data was collected from different ministries, some quantification were necessary because of the need to tabulate data and use of statistical techniques to arrive at a dependable conclusion. Also inferences was drawn by fitting the regression model and testing for its significance using the t-statistic and z-statistic. The research also correlate the two variables and test for significance of the Pearson's correlation coefficient of determination and finally also stationary will be tested under wilcoxon signed rank test for the import and GDP growth rate in Uganda for seventeen years (1995-2011)

3.2 Research Population

The research was taken for seventeen years time series of study that is, from 1995 to 2011. therefore the population become 17.

3.3 Sampling Technique

The sampling technique was judgment sampling for data collection for seventeen year (1995-2011).

3.4 Research Instrument.

The Record sheet was used to enter the yearly data on imports and GDP growth rate in Uganda for seventeen years that is from 1995 to 2011.

3.5 Data Gathering Procedure and Source

After the proposal was approved, the researcher got an introductory letter from the Department of Economic and Applied Statistics of Kampala International University, which introduced him to the respective ministries and they were informed by the researcher on area of interest of data to be collected. Data collection was be done by skilled research assistants under close supervision of the researcher to ensure that all the information required were collected.

The domestic sources are the annual and quarterly bulletin of the Bank of Uganda, Uganda Bureau of Statistic, the Ministry of Finance Planning and Economic Development, IMF's, International Financial Statistics, World Bank and United Bank of Africa . The data was entered

into the record sheet and compiled; this was used to analyze the relationship between merchandise imports and GDP, and the contribution of imported intermediate and capital goods on real GDP growth in Uganda (1995-2011) with the help of computer -statistical package

3.6 Time Series Data Analysis

This was analyzed with the help of Ms. excel and word, STATA packages was used to derive descriptive statistics and accompanying table, diagrams and graphs were also relevant for the study prior to the estimation of the regression line ,descriptive analysis was also be conducted to describe the behaviors of the individual variable over the duration of the study by plotting each variable against time ,it included testing for significance correlation coefficient and stationarity between the dependence and independence variables

Data analysis involved time series analysis to test for trend or stationary using signed ranked and ACF and PACF test for a period of seventeen years.

The following formulae and computational equations were used.

H_0 : There is stationarity ,

The correlation is given by

$$r = \frac{n \sum xy - \sum x \sum y}{\sqrt{(n \sum x^2 - (\sum x)^2)(n \sum y^2 - (\sum y)^2)}}$$

The t_c compute will be

$$t_c = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$$

Reject H_0 if $t_c \geq t_{\alpha}$ at 0.05 level of significance

The Simple Linear Regression Model.

GDP growth rate = $a + (\text{import}) \beta_0$

$$Y = \alpha + \beta_0 X_0 + e_i$$

Where y : Real GDP growth rate

α : The GDP growth rate without import expenditure

β_0 : The rate of change GDP growth rate to import expenditure

x_0 : Imports expenditure

The test for statistical significance of α and β_0 , we see the following null hypothesis ,

$H_0: \alpha = 0, H_0: \beta_0 = 0$

3.7 Limitations of the Study

In Uganda, evaluating the quality of data, there is no adequate, consistent data in domestic sources. For example, there is a discrepancy of GDP data reported by IFS yearbook and the current Ministry of Finance and Economic Planning. One of problems in data collection is that different sources use different calendar year. Since it is difficult to compare different calendar year data effort was made to convert data from different calendar years into the same calendar year.

The limitations of model used here are that it assumes the volume of imports was determined by an explicit optimization problem. Furthermore, it assumes that the long run level of international reserves is positively related to the long run import level; it also assumes that the current level of foreign exchange receipts is a proxy for the long run level. Therefore, the data collected will be representative enough to enable the researcher to draw general conclusions.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

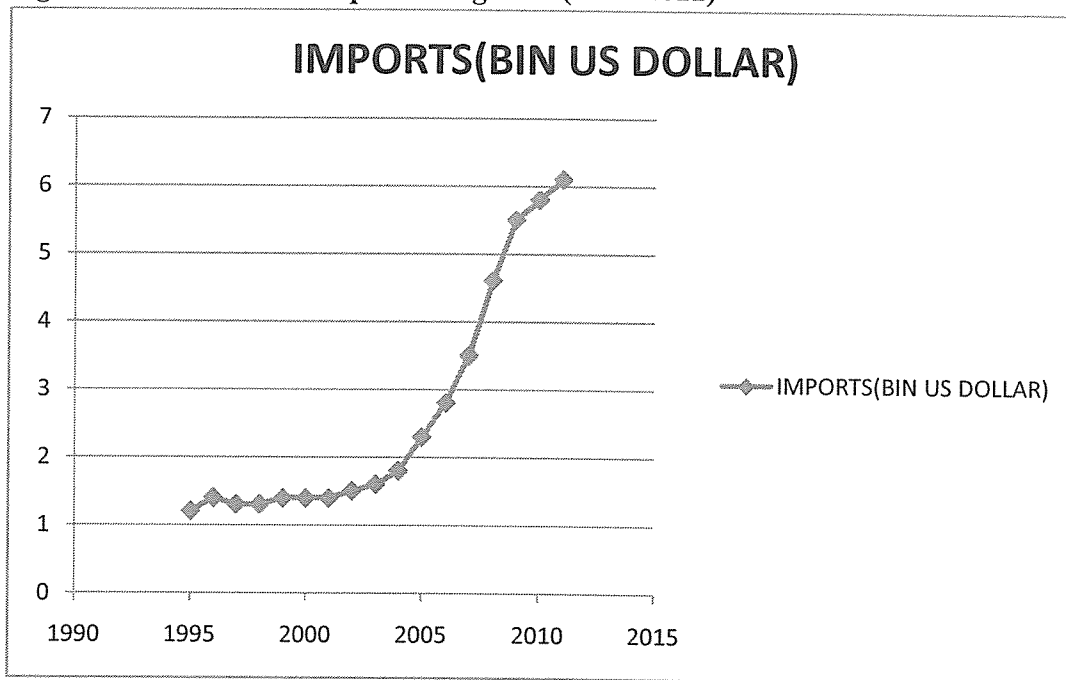
4.0 Introduction

Data was presented using figure, graphs based on the research objectives and the corresponding research questions, testing the hypothesis and for implication of the findings.(i) To establish the trend of import in Uganda (1999 to 2011),(ii) establish the trend of GDP growth rate in Uganda (1999 to 2011),(iii)To investigate the relationship between Import and GDP growth rate in Uganda (1999 to 2011).

4.1 The Trend of the Imports of Uganda (1995-2011)

Objective one was to show the trend of import in Uganda (1995-2011).Under this; the researcher used the line graph as can be seen below

Figure 2: Trend of the Import of Uganda (1995-2011)



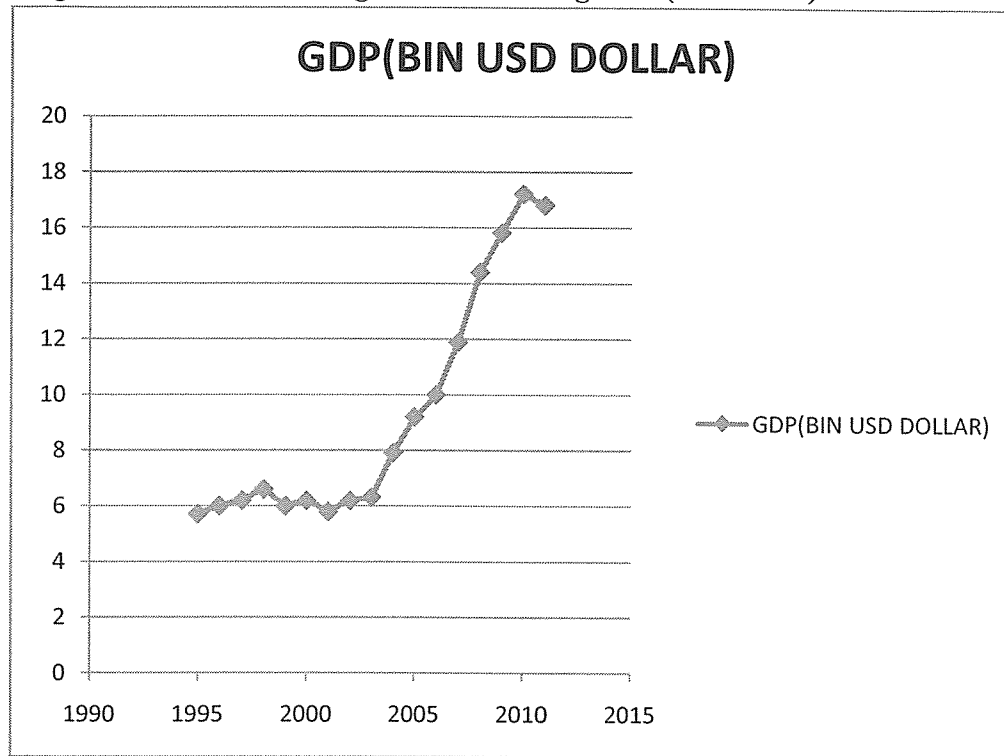
Source: Researcher (2013)

There is a general increase in the imports Rate, it remain constant between 1997 to 2001 then increases steadily up to 2011 around 2005. The percentage change of import for 1995 and 2011 is 80.65 indicating high rate of change.

4.2 The trend of the GDP growth rate in Uganda (1995-2011)

Objective two was to show the level of trend of GDP growth in Uganda. Under this, the researcher used line graph as can be seen below.

Figure 3: Trend of GDP growth rate in Uganda (1995-2011)



Source: Researcher (2013)

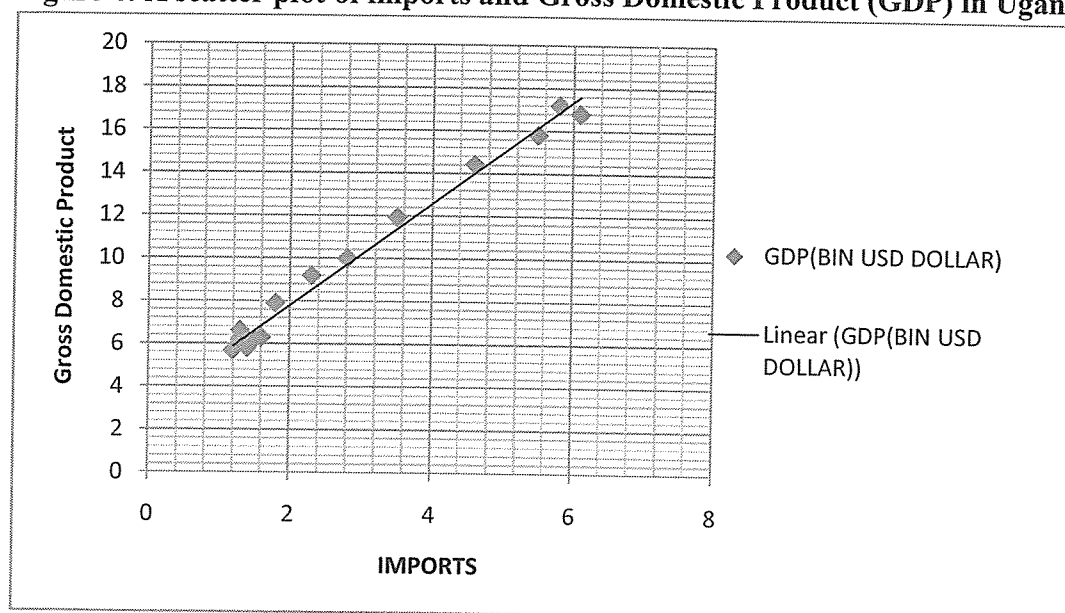
There is a general increase in the GDP growth in Uganda. In 1995 up to 2000, there was a slow growth. A steady growth started from 2001 up to 2010, then it fluctuated. This may be due to other variables which influence GDP growth in Uganda but have been omitted. The percentage change of GDP growth for 1995 and 2011 has been a reduction by 66.1 percentages.

4.3 The relationship between import and GDP growth rate in Uganda (1995-2011)

Objective three was to investigate the relationship between imports and GDP growth in Uganda. The researcher used scatter plot graph, correlation analysis, regression analysis, and non-parametric test to establish this relationship as can be observed.

A scatter plot of Import against GDP growth in Uganda (1995-2011)

Figure 4: A scatter plot of imports and Gross Domestic Product (GDP) in Uganda



Source: Researcher (2013)

Most of the points are closed together this implies there is a normal distribution between import and GDP growth in Uganda, some of the points, which are far apart from the each other, is due to the other variable, which has been omitted.

4.3.1 Correlations analysis of import and GDP growth of Uganda

The researcher used Pearson's correlation coefficient to establish the strength of relationship between import and GDP growth in Uganda.

Table 1: Correlation of import and GDP growth rate in Uganda (0.05)

Variable correlate	R-Value	Sign-value	Interpretation	Decision
Import verse GDP growth	0.994	0.000	There is significance relationship	Reject the null hypothesis

Source: Researcher (2013)

There is a weak negative correlation between imports and GDP growth rate as can be seen from the above table ($r=0.994$) the strength of relationship between imports and GDP growth rate is determined by the coefficient of determination ($r^2=0.988$). This implies that the variation in

GDP growth is explained by imports by 98.8 percent mean while 1.2 percent is explained by other variables, this reveal that the relationship between these two variables is too strong. Since ($\text{sig}=0.000<\text{sig}=0.05$), we reject the null hypothesis and conclude the there is relationship between imports and GDP growth in Uganda (1995-2011)

4.3.2 Regression analysis of Imports and GDP growth in Uganda.

To establish this relationship the researcher used bivariate linear regression analysis as can be seen in the table below.

Table 2: Regression of imports and GDP growth rate in Uganda (0.05)

Variable represented	Adj. R ²	F-Value	Sign-value	Interpretation	Decision
Import and GDP	0.988	1220.89	0.000	There is significance relationship	Reject accept H ₀
Coefficient	Beta	T	Sign-value	Interpretation	Decision
Constants	2.392	34.94	0.000	Significance relationship	Reject H ₀
Imports	2.988	13.87	0.000	significance relationship	Reject the null hypothesis

Source: Researcher (2013)

Legend

The researcher fitted the regression model using the information from table 2 above and this is represented by;

$$\text{GDP growth} = a + (\text{import})\beta$$

Fitting the model becomes

$$Y = 2.392 + 2.988X$$

This implies that GDP growth without import result into 2.392(billion US dollars) and a unit change in import lead to a increase of GDP growth by 2.988 (billion US dollars).

$$t_{\alpha} = t_{0.05/2, 17-2} = 2.13$$

The calculate constant from the table is $t_0 = 34.94$ and for the slope $t_1 = 13.8$ decision rule if $|t| \leq t_{\alpha}$, accept H_0 , $\alpha = 0.05$ level of significance, since $t_0 = 34.94$ is greater than $t_{\alpha} = 0.05$ and $t_1 = 13.8$ is greater than $t_{\alpha} = 2.13$ we reject H_0 and conclude that α constant have significance relationship, and also reject the null hypothesis and conclude that β slope have significance relationship
Adj $r^2 = 0.988$ affect import and GDP growth by increase 98.8 percent

4.3.5.1 Stationarity test

The test for trend in GDP growth rate and imports in Uganda

The researcher use Auto correlation function (ACF), Partial Autocorrelation function (PACF) test to test for stationarity between import and GDP growth. and the hypothesis stated can seen below;

$$H_0: \text{There is stationarity}$$

significant also ($\text{sign} = 0.0003$) < ($\text{sign} = 0.05$) we reject the null hypothesis and conclude that there is no stationarity between imports and GDP growth in Uganda (1995-2011).

4.3.5.2 Autocorrelation Function and Partial Autocorrelation Function (ACF and d PACT)

The researcher also uses time series- Autocorrelation Function and Partial Autocorrelation Function for univariate analysis. This look at the trend in import and GDP growth in Uganda

ACF is denoted by the formulae below

$$r_k = \frac{(y_k - y_{k-1})}{\text{var}(y_k)}$$

r_k is the autocorrelation coefficient value.

The value of the correlation coefficient lies between -1 and +1

The the autoregressive of order on is denoted by formulae

$$y_t = \mu + \alpha_1(y_{t-1} - \mu) + e_t$$

e_t is the uncorrelated error term with zero mean and variance σ^2 it is also called the white noise.

CHAPTER FIVE

DICUSSION, SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 DICUSSION

The Trend of Import in Uganda.

There is a general increase in the import of Uganda over that seventeen year (1995-2011), this has been because Uganda depend highly on imported goods since it cannot produced all the goods to sustained its economy, there is also demand for capital goods, intermediate, and consumers goods the capital goods are needed for industrialization and industry cannot do without the spare parts since they always get worn up and are very expensive which lead to increase in the level of expenditure.

The other factors which might have led to the general rise in import is the exchange rate, the higher the exchange rate the higher will be the price of the imported goods at the world market, when you look at Uganda currency which have low value against dollars have to pay much money leading to increase in price of the imported goods, also people demand has increase as peoples income increases this will make the demand for domestically produced goods to fall resulting outflows of capital.

The Trend of GDP Growth Rate in Uganda.

There has been a general increase GDP growth in Uganda over the period under study that is (1995-2011),an increase in the GDP growth rate is due to intermediate and capital goods, capital goods include machines, spare part, which lead to industrialization hence promotion economic growth other factors which lead to economic growth apart from import are highly level of technology, favorable government policy, and revenue and economic which are healthy for economic growth, high earning from export leads injection into the country, technology lead high production of goods in quantity and quality which enable to promote trade ,favorable government policy that encourage both importers and exporter leads to favorable balance of payment, mean while taxation lead to generate revenue to the country which can be invested and we know that investment leads to economic growth.

The Relationship between Import GDP growth rates in Uganda.

The relationship between import and GDP growth has been significant relationship according to the fitted line and regression analysis, correlation, the use of parametric test ,ACF and PACF were performed there has been a strong positive relationship between imports and GDP growth ($r=0.994$), The study has confirmed Khan(1994) which studied the same topic on import demand and per capita real income and had significant relationship, Connolly(1998) showed that high importation of technology from developed countries have a positive influential effect on the per capita growth which is true because high level of technology lead to economic growth. Grima(1982) study the relationship between import and GDP Growth in Ethiopia using OLS and found GDP has a positive significant effect on import of which this study has confirmed of Ugandan case since is amongst the developing countries like Ethiopia for stationarity using ACF and PACF and found that there was trend in import and GDP growth in Uganda . Other variables which have played a key role in economic growth are export, technology, government policy and others.

5.2. Summary of Findings

The main objective of this study was to investigate the relationship between import and GDP growth in Uganda. For the relationship between import and GDP growth, the probability of the t-distribution was used based on a simple linear regression model at **0.05** level of significance. The dependent variable and the independent variables were found be normally distributed. Implying significant relationship between the two variables.

5.3 Conclusion.

This study has established the trend of import in Uganda(1995-2011) and found a general increase with 64.18 percentage change over the period under studied, it has established the trend of GDP growth rate in Uganda (1995-2011) and found cyclic fluctuation due to other factors which determine GDP growth a parts from import 63.47 percentage change, the study has also investigated relationship between import and GDP growth rate in Uganda using correlation ,regression analysis with the test of hypothesis and found a positive relationship o, for a country like Uganda

The study was guided by the theory of comparative advantages stated by David Ricardo (1817),that a country should export a commodity in which its comparative cost greater and

import a commodity in which its comparative cost advantages is less, because of insignificance relationship, the study has accepted the theory since Uganda cannot do without importation of goods

5.4 Recommendation

The importance policy implication from the study is that reduction of foreign exchange receipts may reduce import demand keeping other factors constant.

Ugandan economy which is still a developing country with low level of skilled labor, importation of capital and intermediates goods may lead to economic growth, therefore I would recommend the government to embark on industrialization, and modern technique of agricultural production since this area can employ large population resulting into high productivity hence economic growth.

The government should also embark on exportation of goods and services to ensure balance of favorable balance of payment this healthy to economy leading to economic growth.

5.5 Suggestions for Further Research

The results presented in this report are very not conclusive and should be treated as being preliminary. Further analysis of the survey data (import demand and GDP growth) needs to be done to validate these findings and provide greater confidence in explaining the changes in import and GDP growth

- 1) A study should be carried to establish how the exchange rate, trade policies affect import performance in relationship to economic growth.
- 2) The impact of imported capital, intermediate and consumer goods to economic growth.
- 3) How exchange rate affect the import demand
- 4) The relationship between inflation and economic growth.
- 5) The relationship between household investment and economic growth
- 6) Population growth rate and economic growth.

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Uganda bureau of statistics (statistical abstract 2012

APPENICIES

APPENDIX 1 Data collected on imports and GDP growth of Uganda (1995-2011)

YEARS	GDP(US DOLLAR)	IMPORT(CURRENT US DOLLAR)
1995	5755818793	1199003000
1996	6044585327	1415906000
1997	6269333313	1303962000
1998	6584815847	1343623000
1999	5998563258	1426047000
2000	6193246632	1368560000
2001	5840503703	1390735000
2002	6178563467	1548627000
2003	6336696289	1596784000
2004	7940362663	1807481000
2005	9237336678	2292207000
2006	9977209199	2829324000
2007	11916019463	3581044000
2008	14440830267	4617775000
2009	15803499657	5556572000
2010	17197398889	5833125000
2011	16809623489	6056780000

Source :International Monetary Fund(IMF), Balance of payment Statistics Year book and data ,World Bank(2012)

APPENDIX2:Import and Gross domestic Product (000,0000,000)

YEAR	IMPORTS(BIN US DOLLAR)	GDP(BIN USD DOLLAR)
1996	1.4	6
1997	1.3	6.2
1998	1.3	6.6
1999	1.4	6
2000	1.4	6.2
2001	1.4	5.8
2002	1.5	6.2
2003	1.6	6.3
2004	1.8	7.9
2005	2.3	9.2
2006	2.8	10
2007	3.5	11.9
2008	4.6	14.4
2010	5.5	15.8
2011	5.8	17.2
2012	6.1	16.8

Source: Researchers computation

APPENDIX 2: CURRICULUM VITAE

BIO – DATA:

NAME : FAROUK NURA AHMAD
GENDER : MALE
MARITAL STATUS : SINGLE
NATIONALITY : NIGERIAN
RELIGION : ISLAM
DATE OF BIRTH : 1988
CONTACT : 0773196966

EDUCATION BACKGROUND

Kampala International University (2011-2014) Bachelor of Arts Economics

Paject International School (2000-2006)

Kano Capital Primary School (1992-1998)

Makerere cooperate Initiative Africa

Certificate of customer care and public relations management October (2013)

Certificate in entrepreneurship and small business management (Aug 2013)

Certificate of marketing and sales management October 2013

Personal Strength:

- ☞ Enjoy challenging tasks particularly academic and administrative assignment
- ☞ Computer literate with good working of Microsoft word, excel, and PowerPoint applications.
- ☞ Enjoy team work and team spirit
- ☞ Ability to work with minimum supervision
- ☞ Negotiation and conflict management skills

Specific Skills

- ☞ Microsoft office
- ☞ Communication and Interpersonal skills

Career Objectives

- ☞ To secure a position where by hard work, dedication and the ability to acquire new skills will advantage any company I work for.
- ☞ To secure employment utilising my experience and people skills
- ☞ To secure a position where my qualities of a fast learner and the ability to take on new challenges can be use.

EXPERIENCE AND SKILLS

I am a computer literate in Ms Word, Ms excel, Ms Access and internet application also basic skills in analysis and interpretation of data using STATA & SPSS software packages.

Being a member of Uganda statistics society (U.S.S) enables me to get experiences from people in the field relevant to my qualification adding to my knowledge and skills.

REFEREES

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APPENDIX 3: TIME FRAME(2014)

Activity	March	April	May	June
1. Conceptual Phase				
Chapter 1				
2. Design & Planning Phase				
Chapter 2-3				
3. Dissertation Proposal				
4. Empirical Phase				
Data Collection				
5. Analytic Phase				
Chapter 4-5				
6. Final Book Bound				

APPENDIX 4: PROPOSED BUDGET

Item	Quantity	Unit Price	Total (UGX)
Ream of Paper (A4)	1	15,000	15,000
Pens	5	500	2,500
Kaki Envelopes	5	500	2,500
Internet Surfing	40 hrs	1000	40,000
Communication	10 cards	10,000	100,000
Typing and printing	Lump sum	100,000	100,000
Transport	20Km	5000	100,000
Final Copy binding	5 copies	10,000	50,000
Miscellaneous	Lump sum	50,000	50,000
Grand Total			460,000