

Govt should handle new trade deal carefully

The invitation by the United States under President Donald Trump for Uganda to join a "Trade over Aid" initiative is a critical shift in the global development landscape, one that Kampala cannot afford to ignore but must approach with caution and clarity.

At its core, the initiative seeks to replace traditional donor-recipient relationships with partnerships rooted in trade and private sector investment. Washington argues that the old model of foreign aid, often criticised as one-directional and government-driven, has outlived its usefulness.

In its place, the US is advancing a framework built on free-market reforms, mutual profitability, and national ownership of development priorities.

For Uganda, long reliant on foreign assistance in critical sectors such as health, education, and humanitarian support, this proposal presents both an opportunity and a risk. On the one hand, a pivot toward trade could stimulate economic growth, attract foreign investment, and reduce dependency on unpredictable aid flows.

The issue:

US deal.

Our view:

Uganda must, therefore, resist the temptation to view this initiative as either wholly beneficial or entirely detrimental.

Yet, the promise of trade is not a silver bullet. Trade thrives in environments defined by strong institutions, transparent governance, and competitive markets, areas where Uganda continues to face persistent challenges. Without meaningful reforms, the country risks entering partnerships that disproportionately benefit foreign investors while offering limited gains to local industries and workers.

Moreover, the abrupt scaling back of aid and a global decline in development assistance, raises immediate concerns.

Uganda is among the countries heavily affected by the reduction in aid, which have historically supported essential services. The transition from aid to trade, if poorly managed, could widen gaps in service delivery and deepen vulnerability among already marginalised populations.

The US insists it is not abandoning aid altogether, but reshaping it to be "targeted, conditional, time-bound, and measured by results." While this may encourage accountability, it also signals a more transactional relationship, one that prioritises strategic and commercial interests alongside development goals.

Uganda must, therefore, resist the temptation to view this initiative as either wholly beneficial or entirely detrimental. Instead, it should adopt a pragmatic stance that embraces trade opportunities where they align with national interests, while safeguarding critical social sectors that cannot yet be sustained without external support.

This moment calls for deliberate policy choices. Strengthening domestic resource mobilisation, tackling corruption, and creating a conducive environment for local enterprises will be essential if Uganda is to negotiate from a position of strength. Trade, unlike aid, is not charity as it demands competitiveness.

Ultimately, the shift from aid to trade is less about Washington's priorities and more about Uganda's preparedness. If handled strategically, it could mark the beginning of a more self-reliant economic future.

If mishandled, it risks exposing the country to new forms of dependency, this time not on aid but on unequal trade.

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