



**Ministry of Trade,
Regional Integration and Employment**

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**The Gambia
Trade Policy**

2011

The Gambia Trade Policy 2010 is a comprehensive policy document that seeks to improve the environment for trade by establishing transparent systems for exports and imports, provide trade infrastructure as well as articulate forward and backward linkages for trade facilitation.

**Trade
Promotion for
Economic
Development**

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1 INTRODUCTION

The Gambia maintains a liberal trade regime and continues to pursue development policy objectives of improving trade-related services and pursuing export-oriented strategy to improve trade performance for poverty reduction. This Trade Policy is therefore set within the context of The Gambia’s long term strategic vision of achieving a middle income status by 2020. The policy highlights the current trade policy instruments as well as provides clear guidelines for the implementation of government’s domestic and international trade agenda. It is designed to improve and maintain a competitive trading environment that is capable of enhancing domestic production, improving export performance and harnessing The Gambia’s comparative advantage in the services sector including transit trade.

In pursuing these policy objectives, the Government of The Gambia will be committed to the Multilateral Trading System, the ECOWAS integration programmes and strengthen its bilateral corporation with its trading partners.

The Government will also continue to strengthen its collaboration with the private sector through measures that would enhance private sector development and maintain focus on government quest for growth and development for poverty reduction.

To achieve the trade development objectives of The Gambia, the policy focuses on measures to:

- improve the competitiveness of The Gambia trading environment;
- support production activities for the domestic and international markets;
- establish and strengthen quality infrastructure for enhanced market access;
- ensure a fair trading environment for producers and consumers;
- establish an efficient trade information system;
- strengthen bilateral, regional and multilateral trade corporation.

A Trade Policy Action Plan has also been developed, which aims at achieving the objectives of the trade policy. My Ministry also intends to formulate a Medium Term Strategy as a guiding framework to improve the business environment, strengthen the trade and productive capacities for enhanced growth and poverty reduction. The Strategy will take into account the 2007 Gambia Diagnostic Trade Integration Study (DTIS) Action Matrix.

1.1 Objective of the Trade Policy

The objective of the policy is to maintain an open and liberal trading environment and to better integrate The Gambia into the global economy. It also aims at providing direction for trade activities as well as to ensure trade mainstreaming in the productive sectors to make its contribution to the attainment of national goals of growth, development, and poverty reduction.

1.2 The Rationale of the Trade Policy

A trade policy for The Gambia will not only regulate the environment for trade but will also produce results that will make the country's trade grow and be more competitive. It is envisaged that the policy will:

- Provide a more coherent and effective national roadmap for development
- Create a transparent mechanism for trade
- Build up capacity for participation in international trade negotiation
- Provide infrastructure for trade
- Create a wider market for Gambian products
- Promote competition
- Protect consumers
- Strengthen the country's relations with her neighbours
- Stimulate greater production for exports and the domestic market.

2. THE GAMBIAN ECONOMY AND ITS PROSPECTS

2.1 Macroeconomic Environment

The Gambian economy has been stable over the last ten years with an average growth rate of 6%. Agriculture, including fisheries, is a dominant activity and contributed about 28.5 percent of GDP in 2009. Groundnuts are the main cash crop and an important earner of foreign exchange. Other crops include rice, millet sorghum, and maize which are grown largely for domestic consumption. Industry is small, mainly fish and groundnut processing, brewing and soft drinks, soaps, plastics, and tanning. The main sector of the economy is services (mainly distributive trade, tourism, transportation and telecommunication) and accounted for 62.5 percent of GDP in 2009.

Macroeconomic indicators show that the economy is improving since the effects of the drought in 2002. The GDP, driven by the services sector (telecommunications, transport services, distributive trade, tourism, etc), grew at an average annual rate of about 6 percent between 2003 and 2009. Inflation has remained within single digit since 2000 except for 2002 and 2003 when it went beyond 10 percent as a result of the drought experienced in 2002, but its average rate of 6.5 percent over the period 2003-2009 is still better than the 10.1 percent for sub-Saharan Africa.

The exchange rate regime is a managed float; the Central Bank intervenes only to maintain the required level of reserves and to smooth out volatility. After remaining relatively stable between 2004 and 2006, the exchange rate appreciated significantly in 2007 by 24.4 percent in nominal terms as a result of the increased inflow of foreign direct investment and remittances, but depreciated by 15.1 percent in 2008 as a result of the pass through effects of the global financial crisis. The major trading currency -in the inter-bank foreign exchange market is the US dollar, followed by the Euro and the British Pound.

The financial sector has made significant contribution to the growth of the economy. The number of banks has grown from 6 in 2007 to 14 in 2009. Their branches have raised the level of monetization of the economy, and have increased employment opportunities. Growth in the number of banks has also enhanced competition among the banks and fair trade in the sector, and the creation of the Credit Reference Bureau has contributed to strengthening the sector.

Overall balance of payments position was favourable between 2004 and 2009, even though the trade deficit has been large, but foreign direct investments, transfers and remittances have been large enough to create the surplus which has resulted in the rising level of reserves, which was equivalent to about 5 months of imports of goods and non-factor services in 2009.

The Gambia reached the Heavily Indebted Poor Countries (HIPC) completion point in December 2007 and got a debt relief of US\$140 million in nominal terms. It also benefited from the Multilateral Debt Relief Initiative (MDRI) of the World Bank (WB), the International Monetary Fund (IMF), and the African Development Bank (AfDB). Debt relief

under the initiative totalled US\$374 million. As a result of these initiatives, The Gambia's external debt stock fell from 106.5 percent of the GDP to 45.6 percent in 2007, and domestic debt from 28.9 percent to 25.5 percent of the GDP. In 2007, The Gambia also benefited from an IMF Poverty Reduction and Growth Facility (PRGF) in the amount of US\$21.7 million.

Prospects for the future in The Gambia are good and the Government will continue to focus on stabilization and diversification of the economy as well as adopt appropriate fiscal and monetary policies to attract investment. The country commenced its strategy with the preparation of the Economic Recovery Programme, covering the period 1985-1989, then the Program for Sustained Development (PSD) covering the period 1990 -1996, then the Vision 2020 in 1996, which aims at turning the country into a middle income country by year 2020. Part of the Government's programme to achieve Vision 2020 included the Strategy for Poverty Alleviation (SPA 1) covering the period and the Poverty Reduction Strategy Paper (PRSP I & II) covering the period 2001 – 2005 AND 2007 – 2011, respectively. The main objectives of these strategies were: macroeconomic stability and effective public sector resource management; promotion of pro-poor growth and increased employment through private sector led development; and improved provision of basic social services. In order to achieve the objectives of Vision 2020 and consolidate the gains of the PRSP II, the Government is preparing a Programme for Accelerated Growth and Employment to cover the period 2012 -2015.

2.2 Trade Patterns and Policies

The Gambia operates a liberal trade regime with restrictions imposed on a few items relating to public health and safety. There are no barriers to capital movement. Given the country's efficient customs clearing system and ease of transportation to land-locked neighbouring countries provided by the river Gambia, the country is indeed well suited as a regional trade and transit hub.

Merchandise exports are made up mainly of groundnuts and groundnut products. Other products include fruits and vegetables, fish and fish products as well as cashew nuts. The European Union has been the main market for the Gambia's domestic exports accounted for 48% of domestic exports in 2009. Other important markets include West Africa and Asia. Imports on the other hand, are dominated by petroleum products, food items (mainly rice) and manufactured goods (textiles, vehicles, electronics, pharmaceuticals etc). The main trading partner outside Africa is the EU (mainly UK, Netherlands, Germany, Belgium, France and Spain) constituting 30% of total external trade in 2009 and Asia (mainly China, Malaysia, Thailand, India and Singapore) accounting 27% of total external trade in 2009, and within Africa, ECOWAS (mainly Cote d'Ivoire, Senegal, Guinea, and Guinea Bissau) accounting 26% to total external trade in 2009.

Tourism is the highest foreign exchange earner in The Gambia. It is also a major contributor to employment and poverty reduction. Many youths are employed in the sector and tourism is based on sun-sea-sand holidays during the European winter months of November to April. Hotels have expanded in recent times, and more tourist flights are coming to the Gambia. Tourists' expenditures outside the hotel are high with linkages to other sectors of the

economy. Some handicaps to the growth of the sector include the high cost of energy and lack of credit. The Micro, Small and Medium Scale Enterprises (MSMEs) consists mainly of informal structures but remain a major contributor to the GDP, but data on their activities are not available.

3. THE DIRECTION OF THE TRADE POLICY

Until 1985, The Gambia had pursued a protective trade policy regime with price controls, import restrictions and licensing, quota and selective quantitative restrictions. This regime had a framework that took into consideration the system of macroeconomic policy characterized by fixed exchange rate system and allocation of foreign exchange for imports on a case by case basis. In 1986, the Government abolished the fixed parity between the Dalasi and the Pound Sterling and left the exchange rate of the Dalasi to be determined by the free interaction of the factors of demand and supply. Moreover, all restrictions on current and capital transactions were lifted. Consistent with the trade liberalization policy, commercial banks were not required under the floating exchange regime to obtain the approval of the Central Bank to sell foreign exchange to their customers for all current transactions.

This chapter identifies key institutional and policy bottlenecks and proposes key reforms for trade policy and institutional building, domestic trade policy and international trade negotiations. This is to promote economic development using trade as a stimulus to export led growth and integrate it in the Poverty Reduction Strategy Paper.

3.1 The Vision

Trade policy in the Gambia is not much oriented by the usual protectionist or infant-industry motive. Instead customs duties and other trade taxes are mainly used as instruments to generate government revenues because imported goods generally pay full duties when entering the country. Because of the importance government attaches to taxes from international trade to generate revenue there remains much to be done to promote domestic industry and export diversification. Concisely, the main consideration driving Gambian trade policy has been to maximize government revenue from trade taxes. In view of the introduction of regional initiatives such as the ECOWAS Common External Tariff (CET) and the proposed Economic Partnership Agreement (EPA) between the European Union and West Africa, it would be concluded that the dependence on taxes from international trade to generate revenue would not be sustainable in the long term. Instead, trade policy and its formulation and implementation in The Gambia needs a holistic approach through engagement, consultation and collaboration with trade-related public and private institutions to address structural and supply-side constraints.

In this connection, it is important to set a medium term vision and goal which the Government, the private sector and other stakeholders will be committed to. This means that The Gambia should focus on using international trade as an engine of economic revival, growth industrial transformation and export diversification. Therefore, MOTIE would “*strive for and be dedicated to use trade as an engine of economic growth and take full advantage of Gambia’s potential in trade for greater integration into the global economy and create employment for poverty reduction*”.

3.2 The trade policy statement

The broad objectives of Gambia’s trade policy are sustainability, collaboration and coordination dependent on-export-driven economic growth; hence the urgent need for government to formulate a comprehensive export development strategy. The main areas of focus will therefore be agriculture, tourism, fisheries and manufacturing sectors, supported by the services sectors with an emphasis on value added production and exports. The promotion of value addition production for export in key sectors will no doubt encourage economic activities through backward and forward linkages so that The Gambia will achieve sustained economic growth for poverty reduction. To achieve this it requires trade policy management and coordination.

3.3 Trade policy management and coordination

It is evident that because of the complexity of trade policy, it is no longer confined to tariffs and quotas thus it is closely linked to macro-economic policies, as well as the country’s overall development strategy. Trade policy in the Gambia suffers from a fragmented policy making process because government ministries and institutions sometimes develop policies concerning international trade without necessary consultations with the Ministry of Trade Regional Integration and Employment (MOTIE). This makes it difficult to elaborate a coherent growth inducing trade policy for poverty reduction. However, poor coordination and isolated sectoral policy design and implementation have great impact to economic growth and development.

The Ministry of Trade, Regional Integration and Employment (MOTIE) is the institution responsible for formulating and coordinating the country’s trade policy. The Ministry of Finance (MOF) continues to set tariffs and to monitor the impact of the implementation of the ECOWAS Common External Tariff (CET) on the Gambian economy. Many other sectoral ministries play a critical role in export development, including those dealing with agriculture, tourism, fisheries, and infrastructure among others. Since there is no Gambian Embassy in Geneva, the Brussels Embassy serves as the link to the WTO. The Embassy is also the point of contact for the European Community.

The Chamber of Commerce and Industry (GCCCI) represents the private sector in nearly all forums and serves as conduit between the Private sector and Government. However, GCCCI does not usually prepare formal written submissions to government, or to the trade policy committee. Nevertheless, the Chamber appears reasonably satisfied with the committee system, as an appropriate instrument for developing national positions on trade policy issues.

Trade-related data are generated by the Gambia Revenue Authority (Customs and Excise). There continues to be a critical need to improve the quality and availability of trade-related data,

particularly with regards to the re-export trade. Raw data related to merchandise trade are generated by Customs through its ASYCUDA system, which is used by the Gambia Bureau of Statistics (GBOS) to produce trade statistics by using the Euro trace application software developed by the European Union to analyze trade data outputted from ASYCUDA. Consideration should be given to install Euro trace in the Customs Department and the Ministry of Trade, Regional Integration and Employment in order to facilitate building capacity for analyzing trade data.

A system of high level regular dialogue within government as well as the representative organizations of the private sector should be set up especially with the current institutional arrangement where export promotion falls under a different Ministry (the Ministry of Economic Planning and Industrial Development - MEPID). The implementation of an export driven economic strategy should be based on close consultation and collaborative relationship with MEPID, GIEPA and other Stakeholders.

Priorities of the trade policy strategy would be to strengthen the production and trade performance (by finding new or expanding existing markets) of certain key export products, both traditional (agriculture, forestry, fisheries) and non-traditional (promotion of value addition production) with dynamic export growth potential and which can be produced in adequate quantities and at an adequate level of quality. In the services industry, the tourism potential should be expanded and facilitated.

4 THE TRADE POLICY ENVIRONMENT

4.1 Trade-related laws

Evolution of Trade Policies is fragmented amongst different ministries and agencies. The main trade-related laws and regulations in The Gambia are shown in the table below.

Main trade-related laws and regulations, 2010

| Area | Instrument/text | Entry into force |
|--|------------------------------|---------------------|
| Animal health | Diseases of Animals Act | 1965 |
| Banks and financial institutions: | | |
| Prudential requirements and supervision | Financial Institutions Act | 2003 |
| Prevention of money laundering | Money Laundering Act | 2003 |
| Central Bank | Central Bank Act | 1992 |
| Civil aviation | Civil Aviation Act | 2004, revised 2008 |
| Competition: domestic trade | Competition Act | 2007 |
| Customs and excise: other public revenue | Gambia Revenue Authority Act | 2004 |
| | Income and Sales Tax Act | 2004 |
| | Customs and Excise Act | 2010 |
| | HS Tariff 2010 | 2010 |
| Divestiture of State enterprises, State | Divestiture Act | 2001, repealed 2009 |

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| interest in other enterprises, and any related matter; establishment of The Gambia Divestiture Agency | | |
| Energy | Electricity Act | 2005 |
| Environmental standards, and environmental impact assessments | National Environment Management Act | 1994 |
| Establishment of private commercial enterprises | Companies Act | 1955 |
| | Business Registration Act | 2005 |
| Fisheries | Fisheries Act | 2007 |
| | Fisheries Regulations | 2008 |
| Food safety | Food Act | 2005 |
| Groundnuts | Groundnuts Act | 1952 |
| | Groundnut (Standard of Quality) Regulations | 1965, revised 1999 |
| | Framework of Agreement between the Government of The Gambia and the Agri-Business Plan Association | 1999 |
| Hoarding of goods | Hoarding Prohibition Act | 2009 |
| Information and telecommunications | Information and Communications Act | 2009 |
| Insurance | Insurance Act | 2003 |
| Intellectual property: | | |
| Copyright | Copyright Act | 2004 |
| Patents, industrial designs, and trade marks | Industrial Property Act | 2007 |
| Investment: | | |
| Company registration | Companies Act | 1955 |
| | Business Registration Act | 2005 |
| Investment incentives and free zones; creation of The Gambia Investment and Export Promotion Agency (GIEPA) | Gambia Investment and Export Promotion Act | 2010 |
| Labour | Labour Act | 2007 |
| Mining and minerals | Mines and Quarries Act | 2005 |
| Petroleum | Petroleum Act | 1921, amended 1963 and 1976 |
| | Petroleum Exploration and Production Act | 2004 |
| Phytosanitary standards | Hazardous Chemicals and Pesticides Control and Management Act | 1994 |
| Public utilities regulation | Public Utilities Regulatory Authority (PURA) Act | 2001 |
| Ports | Ports Act | 1972 |
| Posts | GAMPOST Act | 2005 |
| Public enterprises | Public Enterprise Act | 2002 |
| Public health | Public Health Act | 1990 |
| | Public Health Act (Amendment) Decree | 1995 |
| | Medicines Act | 1984, amended 2007 |
| Public procurement: establishment of The Gambia Public Procurement Authority | Public Procurement Act | 2001 |
| River transport | Inland Waterways Act | |
| Road transport | Roads and Highways Act | 1974 |
| Sanitary and phytosanitary (SPS) measures | Food Act | 2005 |
| Statistics | Statistical Act | 2004 |
| Tourism | Tourism Authority Act | 2001 |

4.2 Domestic Trade Policies and Instruments

4.2.1 Import duties and other measures applying to imports

The Ministry of Finance is responsible for the Gambia's tariff policy in collaboration with the Ministry of Economic Planning and Industrial Development (MEPID) and the Ministry of Trade, Regional Integration and Employment (MOTIE). The Gambia Revenue Authority, which was established in 2006, is responsible for the management and administration of tariffs. Imports into The Gambia are governed by a number of regulations which include the Customs and Excise Act (2010) and the Food Act (2005) for imports of food products.

Import documentation required for customs purposes comprises: the bill of lading; certificate of origin; cargo release order; commercial invoice; packing list; customs import declaration; and technical standard/health or environmental certificate, where appropriate.

The Gambian tariff structure is consistent with the ECOWAS Common External Tariff (CET) following the adoption of Common External Tariff (CET) by the ECOWAS Authority in 2006. The tariff currently comprises four bands: zero, 5%, 10%, and 20%. The ECOWAS member states are negotiating the introduction of a fifth band, at 35%, which would make the ECOWAS CET to consist of five bands of 0% for basic social goods, 5% for basic needs, raw material, capital equipment, and specific inputs, 10% for inputs and intermediate products, 20% for final consumer goods and other products, and 35% for specific goods for economic development.

In addition to the external tariff, imports into The Gambia are also subjected to the following taxes as defined in the Customs and Excise Act (2010):

- (a) Sales tax of 15% in general, but refined petroleum products are taxed at 10%, and telecommunications services at 18%;
- (b) A custom processing fee of 1.55%;
- (c) An ECOWAS levy of 0.5% for imports of non ECOWAS origin;
- (d) An environmental tax charge on un-manufactured tobacco at D26/kg, cigarettes at D10/kg and D1000.00 for each used-motor vehicle excluding vans or public commercial vehicles;

Excise Duties, and Environmental taxes

Excise duties are charged on the following domestic manufactured goods: fruit juices and other non-alcoholic beverages including soft drinks (at 5%); wines (10%) and spirits (15%). Excise duty is also charged on cigarettes and refined petroleum products (at 10%); precious metals and articles thereof (5%); and motor vehicles, and a few other products including nails and soap (at 5%). Mobile phone services bear an excise tax of 10%, based on the price charged between non-related buyers and sellers.

In addition to excise duties, excise taxes are charged at specific rates on the items show in table 2 below.

| PRODUCTS | EXCISE DUTY RATES |
|-----------------------------------|-------------------|
| Imported canned fruits | 5% |
| Imported soft drinks | D5/litre |
| Domestic beer | D5/litre |
| Imported beer | D100/litre |
| Wine | D150/litre |
| Spirit | D175/litre |
| Mineral water without sugar added | D5/Litre |
| Mineral water with sugar added | D5/litre |
| Cigarettes | D150/kg |
| Second-hand cars | 15% |

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| New cars | 25% |
| Laundry soap | D5/kg |
| Nails | 5% |
| Sugar confectionary | 5% |
| Wheel barrows | 5% |

In addition, an environmental tax is levied on unmanufactured tobacco at D 75/kg; tobacco products at D 10/kg; and used vehicles at D 1,000 per unit.

Prohibited Imports

The Gambia maintains a prohibited list of products for imports into The Gambia. The prohibited imports as contained in schedule eight of the Customs and Excise Act 2010 include: false or counterfeit money; indecent or obscene prints or articles, matches containing white phosphorous; denatured spirits, unless duly certified; articles deceptively marked with Gambian coats of arms; advertisements for cures for cancer, tuberculosis or venereal/sexual diseases or complaints; distilled spirits containing specified essential oils or chemicals that are injurious to health; manufactures falsely labeled as of Gambian origin; firearms, ammunition etc. imported by post; goods that do not meet Gambian Bureau of Standards requirements or which are certified by a public medical officer as hazardous to health; seditious, scandalous or demoralizing literature; waste and sludge deposits; any goods prohibited under the terms of any international convention to which The Gambia is a signatory, skimmed milk, if not clearly identified; any organic phosphorous compound; and "exhausted" tea, any goods that have been imported with the aim of breaching an other's intellectual property right and expired goods.

Quantitative and other restrictions

The Gambia maintains no specific quotas on any imports.

Imports of the following goods are conditionally restricted: tear gas and similar substances, and their propellants, other than permitted by the Minister of Interior; alcoholic spirits, unless certified as aged in wood for at least three years (however, no certificate is needed for bitters, liqueurs, cordials, gin, Geneva, hollands schnapps, rum, or spirits imported for medical, industrial or scientific purposes); postal franking machines, except as permitted by GAMPOST; Boy Scouts or Girl Guides badges, except under permission of the relevant Commissioner; firearms silencers, except as permitted by the Minister of Interior; precious metals from Sierra Leone, Liberia, Guinea Conakry, Côte d'Ivoire, Ghana, Nigeria, Niger, Mauritania, Cape Verde, except under permit from the Minister of Finance; used motor vehicles, except with official certificate of roadworthiness; machines for duplicating keys; handcuffs, except under licence by the Minister of Interior; live fish not native to The Gambia, except under licence by the Minister of Fisheries; and any goods prohibited under the terms of any international convention to which The Gambia is a signatory.

4.2.2 Exports and other measures applying to exports

Exports from the Gambia are, by law governed by the Customs and Excise Act (2010) and for food products by the Food Act (2005). The Customs Department within the Gambia Revenue Authority is responsible for Customs procedures and documentation for exports.

Documentation required for exports from The Gambia comprises: the bill of lading; certificate of origin; commercial invoice; Customs export declaration; packing list; and technical standard or health certificate, as required.

The Fourth Schedule of the Customs and Excise Act, 2010, contains provision for export duties to be levied on a wide range of goods. This in principle is based on three categories:

- A 5% tax levied on exports of motor car and other motor vehicles principally designed for the transport of person, gold and fruit juice.
- A 10% tax levied on exports of petroleum oils and oils from bituminous minerals other than crude,
- A 15% tax levied on exports of spirits, liqueur and other spirituous beverages.

However, in practice, the only goods subject to export duties are waste and scrap of precious metals, taxed at 5%.

Exports of food products are to meet Codex Alimentarius standards as outline by the Food Act 2005. The objective is to ensure that Gambian exports meet international standards.

Prohibited or restricted exports

Gambia also prohibits or restricts exports of certain products as defined in Schedule Eight of the Customs and Excise Act 2010. Export by post of all firearms and ammunition of all types and other articles having the appearance of lethal weapons are prohibited.

Exports of the following products are restricted: rough or uncut diamonds, except under licence issued by the Minister in Charge; goods officially exported by or on behalf of the Armed Forces or the Government; and warehoused goods, goods under duty drawback, and goods for transshipment shipped in vessels of less than 250 registered tonnes.

4.2.3 Strategies for the tax regime

The objective of the Gambia's tax regime is to consolidate regional integration, encourage domestic production, and improve the competitiveness of the business environment to attract investment.

Export duties and taxes are levied to generate income for the government, but their disadvantages in terms of production may be heavier. It raises costs and makes exports uncompetitive. To achieve the objectives of the tax regime of this trade policy, certain strategies will be pursued by government i.e.

1. The completion of the process of aligning all its tariff lines to the ECOWAS CET;
2. Excise duties should be consistent with the Multilateral Trade Agreements;
3. Export taxes to be limited only to selected products whose production could lead to the damage of the environment in their process of production, or the exports of precious stones and petroleum products;

4.3 Policies related to services

The services sector, which includes hotels and restaurants, travel, communications, transport, financial and professional services, is a dominant sector of the economy and contributed about 62 percent of GDP in 2009.

Distributive trade is the most dominant sub-sector within the service sectors and accounts for about 26.4 percent of GDP in 2009. Transport and communication contributed about 11.0 percent of the GDP whereas financial intermediations and tourism and restaurants accounted for approximately 8.7 percent and 3.4 percent respectively in 2009.

Trade in services constitutes a major source of export earnings, employment generation, and as input into the production process.

The Gambia has undertaken commitments under the GATS in 12 service subsectors. Specific sectoral commitments cover business-related services, communication services, construction and related engineering services, distribution services, educational services, environmental services, financial services, health and related social services, tourism and travel-related services, recreational, cultural and sporting services, transport services, and other miscellaneous service.

In the telecommunication sector, GSM and Independent Service Providers have been liberalized for investment subject to a license by the Public Utility Regulation Authority. Provision of landlines phone and international connectivity (gateway) services is currently limited GAMTEL.

In the financial sector, investments in the banking and insurances services have also been liberalized. The Banking sector requires a minimum capital of D60 million to open a bank. This minimum capital requirement will be increased to D100 million by end of 2010 and to D200 million by 2012.

In the Education sector, investment to establish private schools in the nursery, Lower and Upper Basic schools, Senior Secondary Schools as well as vocational Training Institutions is open, subject to registration with the Ministry of Basic and Secondary Education and the national Training Authority.

The overall objective of the Trade Policy is to ensure enhance competitiveness of the services sector and ensure compliance of The Gambia to the WTO/GATS commitments.

1. Government will strengthen the coordination of national policies to ensure that they are compliant to The Gambia's commitment at General Agreement on Trade in Services (GATS).
2. In the telecommunication sector, government will intensify efforts to expand the gateway to ensure effectiveness, efficiency and competitiveness in the provision of international connectivity services.
3. Government will also consider the possibility of a public private sector partnership in the provision of gateway services.

4.4 Market Access Conditions for Exports

The Gambia is a member of the World Trade Organization and ECOWAS and has Bilateral Cooperation with a number of its trading partners. The Gambia therefore benefits from non-reciprocal duty-free preferential treatment from many industrialized countries under the Generalized System of Preferences (GSP), and related schemes like the European Union's Everything But Arms (EBA) Initiative. Other Developing Countries such as India, Korea, and Morocco also extend Duty-free and Quota-free or reduced-duty preferences to LDCs, including The Gambia. Exports from The Gambia can therefore access these markets at preferential duty rates. Gambian domestically produced products that meet the requirements of the ECOWAS Trade Liberalization Scheme (ETLS) can also access the markets of the other fourteen ECOWAS member states duty-free and quota-free.

The Gambian products can access the following markets at preferential duty rates:

4.4.1 The European Union Market

The Gambia was a signatory to the Cotonou Agreement, which until 31 December 2007 governed bilateral preferences granted by the EU to African, Caribbean, and Pacific (ACP) States. The Gambia continues to access the EU market under the Everything But Arms (EBA) Initiative offered by the European Union for exports from the Least Developed Countries.

Almost all Gambian products, including its major export products (groundnuts, cashews, fisheries, vegetables and fruits), can be exported to the EU market under the EBA. Government will therefore continue to urge Gambian producers to take advantage of these arrangements to enhance production and growth.

4.4.2 The ECOWAS Market

The ECOWAS Trade Liberalization Scheme (ETLS) for industrial products originating from Member States of the Community entered into force on 1 January 1990. The objective of the scheme is to improve intra-ECOWAS trade by removing import duties and taxes on industrial products that qualify under the scheme.

The ECOWAS Member States are implementing the ECOWAS ETLs. Gambian registered Companies that meet any of the following criteria will be eligible for export of industrial products to the ECOWAS market under the ETLs.

- Industrial products whose raw material wholly originate from ECOWAS Member States;
- Industrial products for which at least 60% of the raw material comes from the ECOWAS Member states;
- Industrial products whose raw materials from the ECOWAS region is less than 60% or whose raw materials are wholly from outside the ECOWAS region but have a value-added of at least 30% of the ex-factory price.

4.4.3 The US Market

The African Growth and Opportunity Act (AGOA), enacted by the United States in 2000, offers free market access for a large number of manufactured products originating in African countries that make progress in: establishing a market-based economy; developing political pluralism and the rule of law; eliminating discriminatory barriers to U.S. trade and investment; protecting intellectual property; combating corruption; protecting human and worker rights; and removing certain practices of child labour.

The Gambia has been eligible for AGOA since December 2002 and was granted a Textile and Apparel visa by the United States Government in April 2008. This enables The Gambia to export textile and garment products to the U.S. duty-free and quota-free under the AGOA.

In addition to the Generalised System of Preference (GSP) offered by the US government, AGOA enables eligible African Countries to export more than 6,400 products to the United States duty-free and quota-free. The Gambia will therefore be able to export almost all the products domestically produced products in the Gambia to the US market under the AGOA GSP if the necessary US standards are met.

4.4.4 Preferential duty rates from other Developing Countries

The Governments of India, Brazil and South Korea also offer preferential duty rates for products from Least-Developed Countries (LDCs) including The Gambia. Gambian producers can therefore export almost all domestically produced products including cashews, groundnut

products and fish fillets to the Indian, Brazilian and South Korean markets duty-free and quota-free.

4.4.5 Strategies for enhance market access

1. Government will continue to strengthen its quality infrastructure as well as enhance the enforcement of quality assurance to ensure that exports meet international quality standards.
2. Government will strengthen its cooperation with the European Union to address current SPS-related challenges to meet the EU requirements particularly for fish and ground nut products.
3. Government will support apparel producers to make the best use of AGOA to access the US market, expand production and improve on the quality of their exports. This will be pursued through closer collaboration with the US Embassy in The Gambia and the West African Trade Hub.
4. Government will also strengthen its bilateral cooperation with The Gambia's trading partners, ensure that supply-side constraints are addressed and exporters encouraged to take advantage of the market access offers under the various preferential treatments.
5. Government will encourage and promote manufacturing and processing to enable Gambian registered companies take advantage of the regional market through the ETLS.
6. Government will advocate for the full implementation of the ETLS at the ECOWAS level.

5. TRADE FACILITATION

Government has over the years invested substantially and adopted rules and regulations to improve the trade facilitation systems in The Gambia. A lot of focus is put into improving the road infrastructure, customs clearance of goods, delivery of ports services. The overall policy objective is to ensure efficiency in the following areas to improve competitiveness and ease of doing business.

5.1 Improvement of hard infrastructure

The development of trade-related infrastructure has always been a priority to Government and a lot of investment has gone into the improvement of road, port and airport infrastructures. The overall objective is to enhance the effectiveness and efficiency of these structures in supporting production and making The Gambia as a transit hub.

5.1.1 Road Infrastructure

The objective of the transport sector is to develop an efficient road network that will support production in the economy as well as position The Gambia as a transit hub in the region.

To achieve this objective, Government with the support of the development partners has invested significantly in the development and improvement of the transport infrastructure. A National Transport Policy has been formulated and is being implemented. Government has also established a National Road Authority for the planning, programming and implementation of road maintenance and other road investments.

Government will therefore continue to strengthen and improve on the road network, particularly the transit corridor, to attain the objective of positioning The Gambia as a transit hub.

5.1.2 Port Services

The Government, through the Gambia Ports Authority (GPA), will continue to pursue its objective of developing the Port of Banjul into a leading maritime center for trade, logistics and distribution as well as achieve the status of a regional hub. To achieve this objective, GPA is implementing the Ports Master Plan (2003 – 2020) developed in 2002. The focus is to strengthen the position of the Port of Banjul as a gateway to the region by improving its competitiveness and efficiency. To this end, the Port has made a number of interventions that have improved ship turnaround and cargo handling productivity. The GPA has also reviewed and reduced some of its tariffs in 2004 and again in 2007 to make them more competitive and has recently started the Ports Expansion Programme by negotiating and acquiring the residential area close to its premises to create space for port development.

Government will therefore continue to pursue its objective of modernising the Ports of Banjul through the Ports expansion projects, acquire the necessary state-of-art equipment to enhance productivity and sustain its competitiveness.

5.1.3 Airport Services

Government continues to upgrade the airport infrastructure at the Banjul International Airport (BIA) to ensure that it is well maintained and efficient and attracts more flights. The Airport now has more flights to cities in the sub-region and beyond. The charges for the various airport services have been reviewed and reduced enabling Banjul International Airport to offer very competitive tariff rates.

Government will continue to pursue its objective of ensuring that efficiency at the airport is constantly improved, encouraging the provision of excellent storage facilities for merchandise imports and exports as well as ensuring availability of cargo space for exports by air.

5.1.4 Development of Warehouses

As part of the strategy of the Trade Policy to promote transit trade, Government will complement customs and port services with appropriate and excellent trade-related infrastructures including the provision of adequate warehousing to enhance security and preservation of goods. The

Gambia Ports Authority is currently expanding its warehousing facilities as well as putting in place modern equipments for moving goods to and from the warehouses.

There is however the need to encourage the private sector in the provision of warehouses to compliment the efforts of the Gambia Port Authority.

5.1.5 Strategies for hard infrastructure

1. Government will continue to invest in the improvement of transit corridors to facilitate and attract more transit trade. The development of new road infrastructure will also be pursued aimed at improving the overall quality of the road network. This will be pursued through the implementation of the national transport policy and the National Transport Plan.
2. GPA will continue to implement the Port Master Plan to achieve its gateway objective. Funds will be mobilised to implement the Yard and Jetty Extension Projects as well as dredge the entrance channel and purchase the necessary equipment to improve productivity and efficiency. Coastal shipping linking the Port of Banjul to other ports in the sub-region will also be pursued.
3. Government will encourage more flights especially cargo and commercial flights into the Gambia, strengthen the handling facilities and expand on the storage facilities at the airport.
4. Government will encourage partnership with the private sector in the provision of certain airport services including the provision of storage facilities.
5. Government will encourage partnership with the private sector in the provision of warehouses for various products, state-of-the art equipment for transportation and handling facilities to maintain efficiency.

5.2 Improvement of the soft infrastructure

5.2.1 Customs clearance of goods

The Gambia Government continues to invest immensely in enhancing trade facilitation and boost the competitiveness of the business environment. As part of these efforts, government created the Gambia Revenue Authority (GRA) in 2007. After three years of operations, GRA has made progress in further simplifying its customs procedures to cut down on administrative costs and enhance efficiency by upgrading its system to ASYCUDA++ which is now operational.

Significant progress has therefore been made in simplifying procedural requirements for the import and export of goods. Goods are cleared within one or two days and this has significantly reduced the turnaround time for clearing goods at the Port of Banjul.

Government will continue to adopt measures that simplify procedural requirements, enhance transparency and ensure effectiveness in clearing of goods.

5.2.2 Business Registration

Registering a business in The Gambia is governed by the Business Registration Act 2005. The Act indicates the necessary steps to register a business but in practice the process involves several institutions. The registration of a business requires a tax deposit with the Gambia Revenue Authority. The deposit is paid together with a registration fee and stamp duty. The amount to be paid depends on whether the business is being registered as a company, sole proprietorship, or partnership.

The process of registering a business requires the filing of the following documents with the Registrar of Companies:

- Memorandum of Association - includes the name and registered place of business of the company, its objectives and authorized share capital subscribed by each shareholder.
- Articles of Association - provides information on the organizational structure and operational rules of the company.
- Receipts of payment of Stamp Duty and Business Registration fees from the Gambia Revenue Authority.
- Tax Identification Number (TIN) - A unique reference number used by the Gambia Revenue Authority to identify a business's tax record.

Government will adopt measures to ease the process of registering businesses in The Gambia as well as enable effective follow ups to track the development of registered businesses.

5.2.3 Other Non-Tariff Barriers

The Government of The Gambia will intensify its efforts to address the non-tariff barriers that to some extent tremendously adds cost of trading in The Gambia. One of the challenges of The Gambia as a transit hub is road transportation. The Gambia transit corridors are characterised by numerous checkpoints in spite of government efforts to reduce them. This causes delays in the flow of goods and therefore adds cost to doing business as well as transiting goods from The Gambia.

To reduce or overcome these problems, particularly for transit goods, government committed itself to the implementation of the ECOWAS Inter-State Road Transit Scheme (ISRT) by appointing the Gambia Chamber of Commerce and Industry as the National Guarantor for the coordination and implementation of the ISRT in The Gambia. A guarantee fund has been created with seed money from the Government and the scheme launched in 2008.

Government will pursue the effective implementation of the ISRT and adopt measures to enhance the smooth flow of goods and people along the Gambian routes.

5.2.4 TBT and SPS Measures Applicable to Imports and Exports

The Food Act, 2005 provides the main framework for SPS standards-setting and compliance in The Gambia. The overall responsibility for coordinating food health and nutrition issues is vested in the National Nutrition Agency (NaNA). The National Codex Sanitary and Phyto-Sanitary Committee (NCSPSC), the Food Control Advisory Board, and the Food Compliance Committee have responsibility for the application of the Act and development of measures for animal, plant, and food protection.

The Government will therefore continue to promote the competitiveness of national industries and enterprises and ensure compliance to international standards, in particular the WTO TBT and SPS Agreements. Through the EU-funded West African Quality Programme, support is being provided for four laboratories to improve testing and acquire international accreditation in different fields: the National Agricultural Research Institute laboratory, for aflatoxin testing on groundnuts; the Fisheries laboratory, for microbiology testing of fish; the National Health laboratory, for chemical testing of foods; and the Veterinary laboratory, for microbiology testing of foods of animal origin. The project is also establishing a metrology laboratory by providing the basic equipment necessary for the delivery of metrology services to commerce, industry, as well as other laboratories.

All imported food items should meet requirements under the Food Act (2005), monitored and enforced by the Directorate of Food Safety and Quality Hygiene Enforcement under the Ministry of Health and Social Welfare. Imports of animals, marine life, plants, their products, and processed foods of plant or animal origin, must be accompanied by an import certificate issued in accordance with Codex Alimentarius quality control requirements. In addition, food items into The Gambia require a certificate from the manufacturer indicating that the food was manufactured in accordance with an existing acceptable standard or code of conduct pertaining to the product; or where such standard or code of conduct does not exist, any international standard laid down by the Codex Alimentarius Commission; or a certificate issued by the government of the exporting country that its sale does not contravene it's the law.

Imports of cereals, pulses or legumes, including rice, require phytosanitary certificates issued by the National Plant protection Service of the country of origin, and fumigation certificates issued by the exporting company or an approved company.

5.2.5 Strategies for the soft infrastructure

The objective of Government is to provide state-of-the art equipment and infrastructure meant to expedite the clearance of goods, enhance the free movement of goods and persons, and attract transit trade. Measures will also be adopted to ensure imported and domestically produced goods meet required standards to enhance market access for Gambian exports. To this end, the following strategies will be adopted and implemented by the concerned institutions:

- 1 Fully implement the ASYCUDA++ advanced automated system for customs clearance of goods at all major entry points;

- 2 Computerise all the major customs border posts to enhance the efficient delivery of services at these points;
- 3 Continue to enhance the capacity of customs and other relevant agencies to ensure efficiency in customs clearance.
- 4 Establish one-stop-shop for the clearance of import and export formalities.
- 5 Create a one-stop-shop to reduce the waiting period and procedures for registration of businesses.
- 6 Create an automated system for registration of businesses and create a database to enhance the follow-up on registered companies.
- 7 Promote the implementation of the ISRT.
- 8 Reduce the number of checkpoints along the transit routes to key strategic points without compromising the national security objective.
- 9 Put in place measures to strengthen monitoring for compliance of imports and exports to standards, including the formulation of a quality policy and the establishment of food and safety agency.
- 10 Strengthen the capacity of institutions dealing with standards.

6 THE PRODUCTIVE AND TOURISM SECTORS

The productive sector is one of the areas of focus for Vision 2020 and PRSP II. The key objective in this regard is to increase and expand production of goods and services for markets (domestic and foreign). The main sectors identified include agriculture, fisheries, tourism and manufacturing.

6.1 Agriculture

Agriculture is a key sector for the economic development of The Gambia and is among the sectors that is highly protected. Duties for imports of agricultural products are generally fixed at 20% except for some basic commodities. Live animals, rice, oilseeds other than groundnut, and other seeds and straw are zero-rated; milk products, some vegetable oils, and some forage products enter at 5%; and unfermented green tea, other vegetable oils and other animal feeds are in the 10% band.

The Government's Agricultural policy is guided by the Agriculture and Natural Resource (ANR) Policy which is geared towards raising the productivity of small holders as well as increasing their income levels. The policy also emphasizes the comparative advantage of resources and the commitment of government to improve the agricultural environment to attract commercial investment in the sector.

To promote production for trade and poverty reduction, government will continue to direct its efforts at increasing production, through expansion of the cultivable area as well as increased productivity, with focus on irrigation to reduce reliance on rain-fed production. Government will also pursue its policy of export diversification by promoting the development of cashew, sesame and poultry production. To achieve these objectives in the agricultural sector, the following measures will be adopted:

1. Pursue policies to improve the agri-business environment to attract commercial investment in agriculture.
2. The Private sector will be encouraged to invest in sub-sectors with export potential such as cashew and horticulture.
3. Promote commercial investment in rice and horticulture production as well as livestock production particularly poultry.
4. Promote processing of agricultural produce for value addition.
5. Ensure that national products meet international standards to improve market access. In that regard a strategy to address the issue of quality for ground nuts will also be formulated and implemented.
6. Gradually increase the share of the budget for agriculture to reach 10% in line with the Maputo Declaration to support development of the Agricultural sector.

6.2 Fisheries Sector

The Fisheries Policy of 2007 and the Fisheries Regulation of 2008 provide the policy framework to enhance the management of the fish resources at the level of artisanal, industrial and aquaculture sub-sectors. The overall goal of the sector policy is to encourage responsible fishing and fish utilization practices as well as sustainable development of fishing for food security and poverty reduction in The Gambia. The 2008 Fisheries Regulation specifies a number of conservation measures including area and gear restrictions among others.

The sector, however, faces a number of challenges which constrain its development. Limited access to credit facilities for operators in the artisanal and industrial fisheries sub-sectors frustrates efforts to modernize the artisanal fishing fleet and investment capital in the industrial sub-sector for their development. The lack of appropriate onshore factories, high energy cost and the absence of a fisheries port are also major physical constraints of the industrial fisheries subsector. Quality improvement and conformity to standards are also posing problems in The Gambia due to the limited capacities and infrastructure necessary to conform to international standards.

The objective is to attract investment in the sector as well as improve handling and processing of fish and fishery products to conform to international standards for improved market access.

In order to achieve this, the following measures will be taken:

1. Continue to invest in the sector to improve fisheries infrastructure particularly the landing sites;
2. Ensure compliance with international standards on SPS and quality assurance;
3. Encourage the adoption of appropriate techniques/technologies to enhance production and productivity, reduce post harvest losses, improve the quality of products, product development and increase exports;
4. Adopt measures to facilitate access to finance and the use of appropriate technologies for use by operators in the sector;
5. Provide incentives to attract more private investment in the industrial fishing sector as well as promote the processing of fish for exports.

6.3 Tourism

The tourism sector also continues to be a priority sector for the Government, given the sector's contribution to GDP and employment. The sector has benefited from a number of significant investments in hotels by the private sector as well as improvement in roads and other tourist related structures by the Government.

The Tourism Development Master Plan is the main policy framework for the development of tourism in The Gambia. The master plan focuses on the growth, development and marketing of The Gambia as an interesting, attractive and exciting tourism destination offering an excellent climate and a new and diversified product.

One of the main challenges of tourism in The Gambia is product diversification and effective marketing and promotional activities of The Gambia as a destination particularly in light of other competitive destinations.

As part of this diversification process, Government will continue to aim at positioning The Gambia as a preferred destination for Conference Tourism. Government will also continue to promote the development of good quality hotel infrastructure to compliment the development of roads and the upgrading of various craft markets in the Tourism Development Area.

To harness the opportunities offered by the tourism sector,

1. Government will continue to improve the quality of the tourism product through investment and diversification into eco-tourism, sports tourism, conference, cultural and heritage tourism;
2. Government will also strengthen the linkages between tourism and other productive sectors like horticulture, fisheries, agriculture and will encourage the tourism industry to increasingly rely on local products and use the diverse environmental and socio-cultural resources of the country.;

3. Government will ensure that adequate infrastructural facilities (water, sewage disposal, electricity and access roads) are provided in designated tourism development areas;
4. Government will continue to put in place regulations governing the conduct of all tourism establishments in order to improve standards;
5. Government will focus on marketing and promoting The Gambia as an interesting and exciting destination for year round tourism.

6.4 Manufacturing Sector

The manufacturing sector in the Gambia is small and limited to small and medium-sized enterprises producing mainly for the domestic market. The sector on average contributes 5% to GDP with a lot of untapped potential. The objective of Government is to promote private investment in industry, especially in value-addition activities.

Although the Gambian market is small, there is also a substantial regional market which can be accessed through the ECOWAS Trade Liberalisation Scheme. Opportunities for manufacturing exist in many areas including food and drink processing, packing, plastics for consumer market and construction industry, basic electronic assembling, light pharmaceutical manufacturing cosmetics production, and stainless steel fabrication.

A number of challenges constrain the development of the manufacturing sector. These include the lack of access to medium and long term finances, relatively high cost of electricity, high nominal corporate tax rate, small local market to absorb production from a plant of an efficient scale and cheap imports.

The Government's strategy in the manufacturing sector is to build on the small domestic base to encourage companies to supply the Gambian and regional markets, and subsequently develop products which can be exported to the EU and the US by taking advantage of the preferential schemes under the EBA and AGOA.

The following measures among other things will be adopted by government to enhance the development of the manufacturing sector:

1. Continue to gradually reduce the corporate tax rate and streamlining the tax system with a view to improving the competitiveness of the business environment for private sector development.
2. Implement the ECOWAS CET rates for industrial products and the ECOWAS Trade Liberalisation Scheme (ETLS).
3. Adopt measures to promote access to medium and long term financing.
4. Continue to partner with the private sector (through PPPs and PIPs) to invest in the generation and distribution of electricity to further increase the supply and improve the distribution to reduce cost of electricity.
5. Promote the development of the Micro, Small and Medium Enterprises (MSMEs) through the implementation of the MSMEs policy and Strategies.

6.6 Supportive Measures for the Productive Sector

6.6.1 Investment and Export Promotion Incentives

Government encourages both foreign and domestic investment in virtually all the sectors of the Gambian economy and offers attractive incentive packages to investors under the Gambia Investment and Export Promotion Act (2010). Principal investment incentives under the GIEPA Act (2010) includes Special Investment Certificates (SIC), Export Processing Zones (EPZs), export promotion incentives applicable to firms outside EPZs, and micro, small, and medium enterprises,

The objective of the GIEPA Act is to attract investments in the priority sectors, particularly in the productive sectors of the economy. Government will therefore fully implement the GIEPA Act and will formulate an Export Development Strategy as a policy framework towards achieving the government's goal for export-led growth.

6.6.2 Access to Land

Land is currently managed under three land tenure systems (customary, freehold, and leasehold), and difficult to secure for investment.

The land tenure system does not in itself pose any major obstacles for industrial use of land. The problem is rather the approval process for acquiring and leasing of land for commercial purposes.

Most land in the Greater Banjul area is State land and approval from the Ministry of Local Government and Lands is needed for the leasing and mortgaging of land. The approval process for obtaining a lease or transfer of land for commercial purposes is seen as one of the main impediments to investment and commercial use of land in The Gambia. Many investors find the process of leasing or mortgaging land very cumbersome, taking up to one year in some cases. Establishing proof of ownership is a major problem contributing to the inordinate delays in processing leases. The objective is to make land available to prospective investors with secured title. Government will simplify the process of leasing and accessing land for producers or investors.

6.6.3 Skills Development for Productivity Improvement

Overall, as outlined in the National Education Policy 2004-2015, the Gambian education system is premised on non-discriminatory and all-inclusive provision of education, underlining, in particular, gender equity and targeting the poor and the disadvantaged groups. It is grounded in the respect for the rights of the individual, cultural diversity, indigenous languages and knowledge; promotion of ethical norms and values and a culture of peace; and development of science and technology competencies for the desired quantum leap.

Production cannot take place without skills and skills are also needed to produce efficiently with quality to enable products compete. The dearth of skilled Gambian workers is an important

constraint on economic growth. Almost 75 percent of the skilled workers employed in the country are non-Gambians. In order to improve this situation, new vocational training programs are being established, under the National Training Authority (NTA).

The objective of the Government is to improve skills for use in activities related to production and trade as well as provide entrepreneurship skills to young people.

6.6.4 Investment Finance

The Government is committed to the expansion and development of the productive base of the economy to enhance growth. Both the private sector as well as the public sector must continue to invest in broadening the productive base of the economy. To promote investment in the productive, there is a need for long term financing capital to be available. The Gambia currently lacks long term investment financing institutions. Long term financing for productive investment is vital for economic development, but is largely unavailable in The Gambia, especially for small and medium enterprises (SMEs). Various attempts to establish development banks (Commercial Bank, Agriculture Development Bank) have proved unsuccessful as the banks have suffered large losses from non-performing loans and due to poor management.

Commercial banks' lending to the private sector is mostly for short term and largely for re-distributive trade. Interest rates on loans are high while deposit rates are low. Although the number of commercial banks in the country has increased from 6 in 2007 to 13 in 2009, access to credit is still a major problem for borrowers, because of their inability to meet demand for collaterals.

The objective for the Government is to encourage both domestic and foreign investment in the country as well as to make credit available to prospective investors in the key sectors of the economy. Government will therefore continue to pursue its policy of macroeconomic stability and adopt measures that will ensure price and exchange rate stability and low interest rates.

7 DOMESTIC TRADE

The most important factor in the domestic market is price. Government will continue to maintain a liberal market policy and, to the extent possible, will encourage free market forces to determine prices of goods and services. This will also apply to producer prices. Producers, especially the small scale ones will be encouraged through the right incentives and the development of infrastructures to support and promote local manufacturing and processing of goods.

7.1 Domestic Taxes

Businesses registered in the Gambia are subjected to domestic taxes both at the level of the Central Government and the Local Government Authorities. The payment of domestic taxes are governed by the Tax Code (1950), the Company Act (1955) and the Income and Sales Tax (2004). Gambian registered businesses or companies are subjected to the following direct or indirect taxes:

Direct taxes

- Personal Income Tax - Ranges from 10-35% on a graduated basis
- Corporation Tax - 33% of computed/accepted net profit or
- 2% of turnover of audited accounts or
3% of turnover of unaudited accounts (Whichever is higher)
- Withholding Tax - 10% of gross receipts

Indirect Taxes

- Capital gain tax - 15% of net gains or 5% of sales tax (in case of personal tax)
- 25% of net gains or 10% of sales tax (in case of company tax)
- Environmental Tax - US\$ 0.03 per person per month
- National Education Levy -Ranges from US\$ 334 to US\$ 667 depending on turnover

To simplify and improve the efficiency of tax administration, there is a need to streamline taxes at central government and municipal or local government levels, as the plethora of taxes especially at local and sectoral levels, has been a disincentive to investment in the productive sectors. Government will therefore streamline central government and municipal taxes to reduce the tax burden on businesses.

7.2 Domestic Prices

The Gambia operates a free market policy where prices are not regulated. Price controls were eliminated since 1986 following the introduction of the Economic Recovery Programme. However, in strategic areas such as fuel, public transport, electricity, water and telecommunication, prices are regulated for poverty reduction objectives. Government will therefore continue to pursue these policies to encourage free market forces to determine prices in the domestic market.

7.3 Formal Domestic Trade

The domestic trading market in The Gambia is characterised by many micro and small businesses. Many activities of these businesses are carried out under informal trade system and their activities in the markets are not fully regulated. Few of the traders form associations, but the majority operates on individual basis. There are also limited statistics on them even though the

local authorities in the urban areas tax them and the Ministry of Health carries out periodic food safety inspections to ensure that the environment is clean and that products are safe for consumers.

The objective of the trade policy is to encourage the move of these micro and small enterprises from the informal sector to the formal sector and hence expand the tax base of the economy.

7.5 Trade Information System

The Ministry of Trade, Regional Integration and Employment is working to maintain a trade database information system that will enable the Ministry to provide trade information to the public and private sector.

To facilitate the provision of trade information relevant for businesses, exporters, policy-makers, consumers and researchers, the Ministry will create an efficient and functional trade information system. The trade information system will provide data on trade statistics of The Gambia as well as world prices of commodities and oil world data. Other market access information of the main markets and potential markets of Gambian products will be available.

8. CONSUMER PROTECTIONS AND FAIR TRADE

The Gambia Competition Commission, the Public Utilities Regulatory Agency and the Weights and Measures Department were established to help establish a fair trading environment for both consumers and operators in The Gambia.

8.1 Consumer Protection

The Government will continue to pursue policies to protect the consumers from unfair trade practices to ensure consumers' wellbeing. Both producers and consumers must be able to dialogue and participate in the policy formulation in areas affecting their interests. There must be access to information, and consumers will be involved in decisions affecting their interests. A Consumer Protection Policy will be formulated and the Consumer Protection Association will be given support to ensure their effective operation.

8.2 Health and Safety of Consumers

The Food Act, 2005 provides the main framework for SPS standards-setting and compliance in the Gambia. Overall responsibility for coordinating food health and nutrition issues is vested in the National Nutrition Agency (NANA). The National Codex Sanitary and Phyto-Sanitary Committee (NCSPSC), the Food Control Advisory Board, and the Food Compliance Committee

have responsibility for the application of the Act and the development of measures for animal, plant, and food protection.

The medicines Act 1984, which is currently being revised, also provide the regulatory framework for the imports and sales of pharmaceutical products.

These legislations ensure that food produced in The Gambia or imported for consumption meet the quality requirements and standards and guarantee the health and safety of consumers.

8.3 Standards and Technical Regulations

The Gambia is in the process of establishing a national standards bureau for the formulation of national standards. For The Gambia to effectively participate in international trade and ensure consumer protection, national standards and technical regulations should be based on international standards. The Government will ensure that goods and services for both the domestic and export markets meet international quality standards and safety. A quality policy will be formulated.

The objective is to encourage the formulation of standards and technical regulations that will meet international requirements and also protect consumers. A National Standards Bureau will be established.

8.4 Access to Adequate Information

Information is critical to making choices for consumers. Information on content and quality of products should be made available to consumers. The objective is to make information on products available to consumers as well as prevent false advertisement of products.

1. Government will therefore ensure that products are labelled appropriately.
2. Government will enforce or develop national advertisement code for food products.

8.5 Competition Policy

Within the context of the liberalized trade environment, government will pursue policies aimed at preventing any unfair practices such as collusion or price undercutting with lowering of standards or quality. In line with this, the Gambia Competition Law was enacted in 2007 and the Competition Commission established in 2008. The Gambia Competition Commission is now fully operational and Government will continue to support and strengthen the Institution to bring efficiency in the way markets operate in The Gambia.

The objective is to promote competition, prevent any tendency of collusion or unfair trade practices, promote good governance and establish the rule of law.

9. TRADE NEGOTIATIONS

9.1 Multilateral Trade Negotiations (WTO issues)

The Gambia has been a Member of the WTO since 23 October 1996 and was a contracting party to the GATT from 22 February 1965. The Gambia thus applies MFN treatment to all the WTO trading partners but is neither a signatory nor an observer to any of the WTO plurilateral agreements.

The Gambia also benefits from the special and differential treatment provisions applicable to least developed countries under WTO Agreements. Implementation of WTO Agreements by The Gambia and its ability to derive benefits from its participation in the multilateral trading system will require significant investment in developing trade-related institutions capacity. The Gambia's participation in multilateral trade negotiations has been limited by its lack of a Mission in Geneva as negotiations are held on a daily basis.

The objective is to improve market opportunities and support The Gambia's export development, as well as pursue the elimination of non-tariff barriers in destination markets on goods of export interest to The Gambia, while applying discipline in national regulations that support competitive production. The Gambia also expects flexibilities accorded to developing countries, particularly the LDCs, to facilitate their integration into the global economy and enhance their development.

9.2 Regional Trade Negotiations (ECOWAS Issues)

The Gambia is a founding member of ECOWAS, established in 1975 and attaches great importance to regional economic cooperation and integration. The Gambia actively participates in ECOWAS activities at all levels and is committed to the implementation of the ECOWAS protocols and programmes. Government is actively participating in the ECOWAS Common External Tariff (CET) negotiations and in the EPA negotiations between West Africa and the European Union.

On the ECOWAS Common External Tariff (CET), the Government of The Gambia is gradually harmonizing its tariff rates with the CET. In line with this, Government in 2006, increased its highest duty rate from 18% to 20% for final consumer goods. Following the adoption of the fifth band by the ECOWAS Authorities in 2008, Government in 2009, submitted its list of products proposed for the fifth band as requested by the ECOWAS Commission. The ECOWAS Member States are currently negotiating on products that will be classified under the fifth band.

On free movement of people, The Gambia has abolished entry visas and permits for ECOWAS Nationals and adopted the ECOWAS Travel Certificate in line with the provisions of the ECOWAS protocol on the Free Movement and the Right of Residence.

The Gambia is also fully implementing the ECOWAS Trade Liberalization Scheme under which unprocessed goods from the ECOWAS region enter The Gambia duty free. Industrial products

that satisfy ECOWAS rules of origin from ETLS certified community enterprises can be exported into The Gambia duty free. Currently 15 Gambian registered companies have been granted approval to operate under the ETLS.

With regards to the ECOWAS Inter-State Road Transit Scheme, Government has appointed the Gambia Chamber of Commerce and Industry in 2006 as the National Surety for the coordination and implementation of the ISRT. Seed fund for the Scheme has also been provided by Government and the Scheme officially was launched in The Gambia in August 2008.

Within ECOWAS, The Gambia is also a member of the West African Monetary Zone (WAMZ). The objective of the Zone is to establish a common currency among its members (The Gambia, Ghana, Guinea, Liberia, Nigeria, and Sierra Leone). Presently the target is to achieve the common currency by 2015.

The Gambia is also a member of the "Comité Permanent Inter-États de Lutte contre la Sécheresse dans le Sahel", whose membership comprises Burkina Faso, Cape Verde, Chad, The Gambia, Guinea-Bissau, Mali, Mauritania, Niger, and Senegal. The focal point in The Gambia is the Ministry of Agriculture.

The National Trade Policy also seeks to promote trade between The Gambia and the rest of ECOWAS countries through the effective implementation of the ECOWAS Protocols. Therefore, Government will continue to pursue the creation of the ECOWAS Customs Union and the integration of the Community into an economic union.

9.3 EU- ACP Negotiations for EPAs

The Gambia was a signatory to the Cotonou Agreement, which until 31 December 2007 governed bilateral preferences granted by the EU to African, Caribbean, and Pacific (ACP) States. West Africa is negotiating a WTO-compatible Economic Partnership Agreement with the European Union to replace the non-reciprocal Cotonou Preferential Trade Regime extended to the ACP countries by the EU. Under the EPA, West Africa and the other ACP regions are expected to also open their markets progressively, though in an asymmetrical manner, to EU exports. It is expected that the implementation of the EPAs would be accompanied by EU-supported measures to accelerate West Africa's integration process, upgrade its industries and build its productive capacities and competitiveness. This will enable West Africa to take full advantage of the market access opportunities offered by the EU and to further integrate into the global economy.

The Gambia supports the West African position of a development oriented Economic Partnership Agreement which will reflect the development needs of the Region, particularly the small economies such as The Gambia's. Government has submitted its proposed list of sensitive products as well as the Gambia's operational plan for an EPA-Development Programme currently being prepared at the regional level.

9.4 Wider African Trade

The Gambia is also a founding member of the African Union that succeeded the OAU (OAU was established in May 1963) in 2001. The country is also a signatory to the Abuja Treaty establishing the African Economic Community (AEC) in June 1991. The objective of the Community is to promote regional integration and harmonization within the Continent. AEC provided for the creation of a Pan-African Economic and Monetary Union.

Government will continue to promote ties with other African Countries to provide opportunities for larger market for the country and support unified stance within the AU to strengthen collective bargaining with the rest of the world.

9.5 Bilateral Negotiations and Trade

In addition to multilateral and regional efforts to promote trade. Government will continue to pursue excellent political and economic relations with other countries, particularly African countries to promote intra African Trade. This will be with a main objective to increase export opportunities for Gambian exports.

