Republic of The Gambia

The Gambia Trade Strategy and Industrial Development Policy

February 2018

Preface

The Trade Strategy and Industrial Policy for The Gambia was prepared by Mark Pearson (Lead Expert), Bai Jobe (Trade Strategy Expert) and Abdoulie Jobe (Industrial Policy Expert) on behalf of UNCTAD who were, in turn, appointed by the Enhanced Integrated Framework as the lead agency to carry out the Diagnostic Trade Integration Study (DTIS) and follow-up work.

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The study was validated at a meeting of private sector and government officials on 15th February 2018.

The views expressed in this paper are those of the Study Team and do not necessarily reflect those of the Government of The Gambia, UNCTAD or the EIF. Any errors of fact or omission are the responsibility of the Study Team.

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List of Abbreviations and Acronyms

ACE	African Coast to Europe
ACP	Africa-Caribbean-Pacific
AfDB	African Development Bank
AGM	Associations of Gambian Manufacturers
AGOA	The African Growth and Opportunity Act
AHOSG	Authority of Heads of State and Government
AIDS	Acquired Immune Deficiency Syndrome
ASYCUDA	Automated System for Customs Data
B2B	Business to Business
B2C	Business to Consumer
BDS	Business Development Services
CET	Common External Tariff
Codex	Codex Alimentarius
DFID	Department of International Development
DFTP	Duty Free Tariff Preference
DFQF	Duty Free Quota Free
DSL	Digital Subscriber's Line
DTIS	Diagnostic Trade Integration Study
EEZ	Exclusive Economic Zone
ECOSHAM	ECOWAS Standards Harmonisation Scheme
ECOWAN	ECOWAS Wide Area Network
ECOWAS	Economic Community of West African States
EIF	Enhance Integrated Framework
EIAF	Ethiopian Investment Advisory Facility
EPA	Economic Partnership Agreement
ETLS	ECOWAS Trade Liberalisation Scheme
EU	European Union
EV-DO	Evolution-Data Optimized
FCTC	Framework Convention on Tobacco Control
FSQA	Food Safety Quality Authority
FTZ	Free Trade Zones
FZL	Free Zones Licenses
GAMTEL	Gambia Telecommunications Services Company
GATT	General Agreement on Tariffs and Trade

GDP	Gross Domestic Product
GWh	Gigawatt Hour
GIEPA	Gambia Investment and Export Promotion Agency
GIPZA	Gambia Investment Promotional & Free Zones Agency
GMD	Gambian Dalasi
GNAIP	Gambia National Agricultural Investment Plan
GRA	Gambia Revenue Authority
GSM	Global System for Mobile Communications
HIV	Human Immunodeficiency Virus
ICT	Information and Communications Technology
ILO	International Labour Organisation
IMF	International Monitory Fund
IPP	Independent Power Purchaser
IPPC	International Plant Protection Convention
ISRT	Inter-State Road Transit
kWh	Kilowatt Hour
LCPDP	Least Cost Power Development Plan
LDC	Least Developed Country
MATTRICOM	Inter-Institutional Committee for Mainstreaming Trade and Trade-Related Issues
MOTIE	Ministry of Trade, Industry, Regional Integration and Employment
MoU	Memorandum of Understanding
MSMEs	Micro, Small and Medium Enterprises
MW	Megawatts
NAC	National Approval Committee
NANTS	National Association of Nigerian Traders
NAQAA	National Accreditation & Quality Assurance Authority
NASA	National Aeronautics and Space Administration
NAWEC	National Water and Electricity Company
NEC	National Economic Commission
NES	National Export Strategy
NTB	Non-Tariff Barriers
O&M	Operations & Maintenance
OECD	Organisation for Economic Co-operation and Development
OIE	World Organisation for Animal Health
OSBP	One Stop Border Post

PAGE	Programme for Accelerated Growth and Employment
PIU	Programme Implementation Unit
PPA	Power Purchase Agreements
PPP	Public Private Partnerships
PURA	Public Utilities Regulatory Authority
R&D	Research & Development
RCF	Rapid Credit Facility
RKC	Revised Kyoto Convention
SIC	Special Investments Certificate
SME	Small and Medium-sized Enterprises
SMP	Staff Monitored Program
SOEs	State Owned Enterprises
SPS	Sanitary & Phytosanitary Standards
SRFC	Sub Regional Fisheries Commission
STI	Sexually Transmitted Infection
TBT	Technical Barriers to Trade
TEU	Twenty Foot Equivalent Unit
TFA	Trade Facilitation Agreement
TGSB	The Gambia Standards Bureau
TIN	Tax Identification Number
UEMOA	West Africa Economic and Monetary Union
UNCTAD	United Nations Conference on Trade and Development
US$	United States Dollars
USTR	United States Trade Representative
WAEPA	West African Economic Partnership Agreement
WAEMU	West African Economic and Monetary Union
WCO	World Customs Organisation
WHO	World Health Organisation
WiMAX	Worldwide Interoperability for Microwave Access
WTO	World Trade Organisation

Executive Summary

The Gambia has, over the last few years, suffered an economic decline and faces an urgent balance of payments need and a precariously low level of usable international reserves. In view of this, the proposal to develop and implement a Trade Strategy and Industrial Policy for The Gambia is both urgent and opportune.

The Gambia's trade performance, and its balance of trade, has, over the last few years been deteriorating. Imports are dominated by petroleum products, food items (mainly rice) and manufactured goods (textiles, vehicles, electronics, pharmaceuticals etc.). The country's main export market is Asia, where over 50% of goods are destined. The second largest export market is the European Union, where about of 42% (in 2015) of The Gambia's goods are exported to.

Trade in Services is an important component of The Gambian economy, with the dominant service industry being Tourism.

Considerable progress has been made in mainstreaming trade into the policy agenda and the existing policy documents recognise trade as an important driver of the economy. The main challenge faced in trade mainstreaming is how to coordinate the multiple policies, strategies and programmes that address trade and trade issues. If there are too many policies and programmes, and too many people responsible for implementation, then mainstreaming becomes very difficult. Too many priorities are equivalent to no priorities and the same principle applies with policies and strategies.

The Gambia has several preferential trade agreements it could more effectively and efficiently benefit from, including ECOWAS (by improving the performance of ETLS and ISRT); the WAEPA; AGOA[1] and bilateral agreements with India, China, South Korea and Thailand.

Progress in Trade Facilitation has been mixed, with good progress having been made in determining and providing regulations on standards, with the adoption of international standards and, generally, adapting international technical regulations nationally. The Gambia has also notified categories A (49.0%), B (38.1%) and C (13.0%) of the Trade Facilitation Agreement.

The Gambia does not have a coherent logistics strategy, despite having an obvious comparative advantage in logistics, including proximity to Europe and the USA; a deep-water port; a navigable river along the entire length of the river in The Gambia and good infrastructure at the airport.

The Gambia's tax structure is complicated and difficult to comply with, resulting in very low compliance and low levels of revenue collection which affects the performance of the economy.

The Gambia's manufacturing sector has a very small base, focused mainly on production for the domestic market, and utilising a limited range of skills and technology. Although the Gambian market is small, there are significant opportunities which could be exploited in the manufacturing sector, based on the import substitution opportunities which are clear from the substantial imports of manufactured goods and processed foods for the tourist and national populations and on the regional market, with

[1] The Gambia lost its eligibility to AGOA in 2015 because of human rights abuses and the deterioration of the rule of law, according to USTR, but the USA President restored trade benefits to The Gambia under AGOA in December 2017.

established distribution channels developed through the existing re-export business. However, much needs to be done to promote the manufacturing sector in The Gambia.

The Gambia has major environmental resources and opportunities for enhancement of the production and productivity of the agricultural sector but there are also environmental problems and processes which are threatening the long-term productive potential of the sector. Areas under cultivation have been decreasing and total production of grains and legumes have been steadily declining. Work done under the Youth Empowerment Project, financed by the European Development Fund and implemented under management from the International Trade Centre, suggests that, usually, farms are too small for the farmers to get economies of scale in cashew, groundnuts and poultry, meaning that the farms make a financial loss but farmers survive because of positive cash flows which are made possible through unpaid, or underpaid, family labour.

The Gambia is endowed with considerable riverine and marine fish resources, but overfishing is a challenge as is processing, storage and marketing of fish and fish products.

The generation, transmission and distribution of electrical energy has posed a serious challenge in The Gambia in that supply is insufficient (demand outstrips supply by about 100%.) and tariffs are high, with tariffs penalising users who should be encouraged to use energy.

In preparing The Gambia's Trade Strategy and Industrial Policy, the objectives are to build on existing comparative/competitive advantages and sectors and create new competitive advantages while also taking advantages of market access opportunities within a framework of anational business-enabling environment, with the aim of boosting employment and wealth creation and economic growth. The Strategy and Policy is built on three pillars:

Strengthening Performance of Existing Sectors that involves the following:

- For specific markets where The Gambia has preferential market access, assess what market opportunities there are for existing products.
- Assess which producers have the potential or the existing capacity to meet the export requirements of the identified markets and carry out an audit of these companies to get an exact assessment of what needs to be done to allow the identified producers to start to, or significantly increase, sales into the identified markets on a preferential market access basis.
- Assess what the existing trade barriers in each of these markets are for the identified products.
- For each identified product assess whether the public sector can assist to remove trade barriers, either directly or indirectly.

Supporting New Sectors that involves the following:

- Conduct a study and make recommendations on how The Gambia can take advantage of its proximity to Europe and the United States (including its "last point of entry" status); its long runway that can accommodate the largest cargo planes; and the modern cargo processing facilities at the airport to make the international airport at Banjul a cargo centre for breaking bulk and consolidating air freight for the ECOWAS region.
- Identify international ICT companies and companies that provide back-office functions and enter negotiations with them on what they would require setting up operations in The Gambia. If terms and conditions are acceptable, sign performance-related contracts and monitor these contracts against milestones and benchmarks.

- Enter into negotiations with a large port operator to develop the port of Banjul into a modern port that can take large ships on a partnership basis with a view to entering into a concession agreement with a terminal operator that will include the terminal operator investing in the infrastructural upgrades necessary to make the port of Banjul regionally competitive.
- Carry out a national transport and logistics study for The Gambia that will examine what national transport and logistics system would best serve the interests of The Gambia, considering the Trade Strategy and Industrial Policy.

Trade and Industrialisation Infrastructure that involves the following:

- Assess the costs and benefits of Export Processing Zones or similar;
- Assess the costs and benefits of industrial parks and how the establishment of industrial parks could be financed – purely by Government; purely by the private sector or on a public-private partnership basis.
- Assess the costs and benefits of creating an environment specifically designed to attract a particular kind of industry to establish in The Gambia.
- Assess the practicality and feasibility of converting the whole of The Gambia into a duty-freezone.
- Based on the above assessments, make recommendations on the most appropriate path to follow for The Gambia and, after approval of this path, draw up an implementation plan and enter negotiations with potential private sector partners.

The three pillars will be supported by industrial policy and trade strategy support mechanisms that will include the following:

- Improve market access into ECOWAS; European Union; USA; and other selected countries through trade negotiations.
- Design and implement a programme that will result in a comprehensive overhaul of the tax system so that the levels of taxation are reduced; the number of taxes levied are reduced; where possible, calculation and payment of domestic and trade taxes are automated; and compliance is made easier.
- Re-examine the effectiveness of tax breaks to companies in the promotion of investments.
- Track the process and the development of registered businesses.
- Ensure that adequate systems are in place to fulfil The Gambia's legal obligations to notify technical regulations and conformity-assessment procedures and to notify SPS measures to the WTO.
- Revisit the MSME policies and programmes, determine why targets and objectives have not been met, and take the necessary steps to address these failed policy or implementation issues.
- Address the distortion in the structure of electricity tariffs; resolve NAWEC's debt situation; andaddress the concerns of potential investors who want sovereign guarantees from government before they invest in the sector.

In implementing the Trade Strategy and Industry Policy it is proposed to set up a Programme Implementation Unit (PIU) under the Ministry of Trade, Industry, Regional Integration and Employment (MOTIE) that will report to a steering committee of economic Ministers. The reason for this is to allow the PIU to concentrate on coordination of sectoral and cross-sectoral policy and then have the authority to coordinate the various agencies and ministries to implement this coordinated policy.Government has announced the creation of a National Business Council and it is expected to be created and operational by the second quarter of 2018. The National Business Council will comprise cabinet ministers (five are proposed) and representatives of the private sector, nominated by the Chamber of Commerce, and chaired by the President of the Republic of The Gambia. The PIU will need to be designed to take account of the National Business Council.

The PIU would have a small staff of three professionals plus administrative staff. The three professionals will be the Team Leader, a Trade Expert and an Industry Expert. The PIU will have a budget which would be provided by a donor, at least for the first 3 years. It is suggested that, given the very restricted budget resources that will be available over the next few years, because of the determination by Government to reduce the debt to GDP ratio and get back to a more stable national macroeconomic position, Government will need to seek donor (grant aid) support for this project.

The PIU would operate as a demand-driven facility but within agreed parameters. It is suggested that the PIU would be tasked with drawing up a detailed work programme and budget; a set of milestones to be achieved; and a monitoring and evaluation mechanism. The PIU would report on progress to its steering committee of economic ministers every quarter. The Project would be a three-year project which could be extended based on results achieved after 3 years.

The justification of such a project is clear as, without implementation of the trade strategy and industrial policy, production will remain stagnant or continue to decline and the monetary and fiscal position of The Gambia will continue to deteriorate. Poverty alleviation, job creation and improvements in the standards of living and quality of life for ordinary Gambians is not possible without economic growth which is not possible without the full implementation of a reformed trade strategy and industrial policy.

1. Introduction

The Gambia's Trade Strategy and Industrial Policy has been prepared by the United Nations Conference on Trade and Development (UNCTAD) and is a follow-on from The Gambia's Diagnostic Trade Integration Study, as updated in 2012, themed as "Harnessing Trade for Growth and Employment", also prepared by UNCTAD.

The first draft of this report, which focused on the Trade Strategy, was prepared after a 2 week visit by the Lead Expert (Team Leader) to The Gambia from 30th May 2016 to 11th June 2016 as a first input into the Trade Strategy and an Industrial Policy. The second draft of the Trade Strategy was submitted in October 2016 and took account of the comments compiled by the Ministry of Trade, Industry, Regional Integration and Employment.

There was a long hiatus between the first phase of the preparation of the Trade Strategy and Industrial Policy and the second phase. The hiatus was as a result of the change of leadership in The Gambia that took place over a 2-3-month period in 2016-2017 and the immediate effects of this change of leadership on government activities. The delay was also because of the process that needed to be followed in recruiting the in-country Trade Strategy and Industrial Policy Experts and then to select a period which was suitable for the second mission. The second mission of the Lead Expert/Team Leader was from 26th November 2017 to 6th December 2017.The third visit by the Lead Expert took place between 11-16 February 2018 and during this time a validation workshop was held, on Thursday 15th February 2018, and the stakeholders validated the report.

The change of leadership has led to significant changes in policy direction for The Gambia. For example, during the second mission the government budget was being prepared and, although details were not available, it is clear that government is tightening up both fiscal and monetary policy and aiming to reduce the level of debt through a reduction of borrowing as well as rescheduling the debt. This is expected to have an effect on an industrial policy, and especially the financing of such a policy, in terms of the resources available as well as the structure of the financing. The Trade Strategy and Industrial Policy is built on existing sectoral policies and strategies and has, where possible, taken account of newer, mainly macroeconomic, policy and strategic direction.

Another change that has taken place over the last year is the urgency in which what could be termed the electricity crisis is being addressed. The Gambia has been suffering with very poor supply of electrical power, because of challenges in generation, distribution and administration, and resolving this crisis is a main, if not the main, priority of Government. If the electricity crisis could be resolved this would be a major boost to the productive sector.

Finally, The Gambia's 2018-2021 National Development Plan was released in January 2018 and all proposed programmes that are part of the implementation of the Trade Strategy and Industrial Policy will need to be aligned with the National Development Plan.

2. Background and Policy Context

2.1 Macroeconomic Performance and Outlook

The Gambia, according to the Central Bank, has experienced episodes of growth of 6% to 7% over the past 20 years, although this growth has been volatile because of external shocks and economic mismanagement. GDP growth in 2016 is estimated at 2.2%, lower than the 4.3% growth in 2015. The lower growth rate can be attributed to limited availability of foreign exchange, weak agricultural output and the effect of the political impasse on tourism during the peak of the tourism season in 2016-2017. Annual inflation rose to 7.9% by the end of 2016, well above the Central Bank's target of 5%, driven by higher food prices and the depreciation of the Dalasi.

The impact of external shocks in 2017 is projected at US$31 million, or 3% of GDP, reflecting the weak cash crop harvest, the loss of about one third of the tourism revenue in the first quarter of 2017 because of the political situation in the country, and higher commodity prices.

Compared to 2015, the fiscal situation worsened in 2016. Domestic revenue collection fell from 17.6% of GDP in 2015 to 16.7% of GDP in 2016, reflecting a foreign exchange scarcity and low economic activity in the latter part of the year and arrears by State Owned Enterprises (SOEs). Total expenditures remained broadly unchanged at just under 30% of GDP in 2016. Net domestic borrowing reached 11.4% of GDP in 2016, slightly higher than in the preceding two years. With continued high borrowing, the total public debt stock reached 120% of GDP in 2016, rising from 105% in 2015, driven by the continued rise in domestic debt to 68% of GDP in 2016. The related high debt service on domestic debt absorbed 42% of government revenue in 2016.

Monetary policy continued to be undermined by the financing of the fiscal deficit. Although the Central Bank kept its policy rate at 23% throughout 2016, its signalling function has been significantly weakened by fiscal dominance which is increasingly crowding out private sector credit. While the exchange rate regime continues to be a float, new foreign exchange directives came into effect on 1st November 2016. Since then, the Dalasi has stabilised within a range of 43–48 Dalasi per US Dollar and foreign exchange turnover has recently started to recover.

The 2018-2021 National Development Plan outlines the "difficult economic and social situation" The Gambia is facing as being:

- A stalled economy arising from several shocks, including a poor 2016-2017 agricultural season, which drastically reduced the groundnut crop; asevere contraction of tourism receipts during the traditional high season, andvolatile oil and commodity prices. Estimates put the combined losses fromthese shocks at US$31 million or 3% of GDP. Furthermore, grossinternational reserves declined to US$60million or 1.6 months import cover(2016).
- Economic mismanagement and massive theft by the previous regime which has resulted in further fiscal shocks. Theft from State Owned Enterprises (SOEs) has been estimated at 4% of GDP per year since mid-2014.
- An unsustainable publicdebt, which stands at GMD48 billion (US$1 billion) or 120% of GDP.Because of this, debt servicing consumes a huge amount of governmentrevenue.
- An acute electricity crisis caused by the inability of the sector tomeet domestic demand or for economic activities.
- No significant contribution from the agriculture sector to economic growth or povertyreduction.

Table 2.1: The Gambia – Macroeconomic Indicators

	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Act.	Prel.	Prel.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
National account and prices	(Percent change; unless otherwise indicated)								
Nominal GDP (millions of dalasi)	34,774	38,581	42,252	47,139	52,041	57,169	62,617	68,663	75,187
Nominal GDP	7.6	10.9	9.5	11.6	10.4	9.9	9.5	9.7	9.5
GDP at constant prices	0.9	4.3	2.2	3.0	3.5	4.0	4.5	4.8	4.8
GDP per capita (US$)	432	448	469	488	499	509	518	527	536
GDP deflator	6.6	6.4	7.1	8.3	6.6	5.6	4.8	4.7	4.5
Consumer prices (average)	6.3	6.8	7.2	8.3	7.1	5.8	5.0	4.7	4.7
Consumer prices (end of period)	6.9	6.7	7.9	7.6	6.4	5.2	4.7	4.7	4.7
External sector	(Percent change; unless otherwise indicated)								
Trade balance (in percent of GDP, deficit -)	-19.3	-25.7	-17.9	-22.8	-23.9	-24.4	-23.9	-23.0	-21.3
Exports of goods and services	-7.7	-9.5	5.0	-6.0	13.3	8.8	9.3	8.1	8.6
Imports of goods and services	9.5	11.3	-10.2	12.3	12.0	8.0	6.1	4.6	3.1
	(Percent change; in beginning-of-year broad money)								
Broad money	11.2	-0.9	15.3	11.4	9.6	9.2	8.5	8.0	7.8
Net foreign assets	0.5	-11.6	-4.5	4.3	6.5	4.6	3.8	2.9	3.2
Net domestic assets, of which:	10.7	10.7	19.8	7.1	3.1	4.6	4.7	5.1	4.7
Credit to the government (net)	15.8	16.0	24.8	4.4	1.2	1.2	1.2	1.3	1.3
Credit to the private sector (net)	-2.4	-2.1	-3.0	2.8	2.9	3.0	3.2	3.4	3.6
Other items (net)	-2.2	-5.8	-1.1	-0.1	-0.9	0.4	0.3	0.4	-0.2
Velocity (level)	1.7	1.9	1.8	1.8	1.8	1.8	1.9	1.9	1.9
Central government budget	(In percent of GDP; unless otherwise indicated)								
Domestic revenue (taxes and other revenues)	18.5	19.7	18.4	18.7	17.4	18.0	18.7	19.5	20.3
Grants	3.7	1.9	1.7	6.8	5.5	4.8	4.1	3.6	3.2
Total expenditures and net acquisition of financial assets	32.0	29.7	29.8	28.0	26.5	25.8	25.5	24.8	24.6
Of which: Interest payments (in percent of government revenue)	29.4	36.8	42.0	31.5	28.5	25.4	22.5	19.8	18.0
Net lending (+)/borrowing (–)	-5.8	-8.1	-9.7	-2.6	-3.6	-3.0	-2.7	-1.7	-1.1
Net incurrence of liabilities	10.0	12.1	13.7	2.3	3.6	3.0	2.6	1.7	1.1
Foreign	-2.0	0.0	1.1	-0.3	3.1	2.4	2.1	0.7	0.1
Domestic	12.0	12.0	12.6	2.5	0.5	0.5	0.5	1.0	1.0
Primary balance	-4.3	-0.9	-2.0	3.3	1.3	1.6	1.5	2.1	2.6
Public debt	104.9	105.3	120.2	112.7	108.1	103.8	99.8	94.9	90.0
Domestic public debt	46.4	53.9	67.9	61.8	57.0	52.9	49.2	45.9	42.8
External public debt	58.4	51.4	52.4	50.9	51.2	50.9	50.6	49.0	47.1
External public debt (millions of US$)	448.8	499.0	504.2	517.2	551.0	578.9	604.4	613.8	614.9
External sector	(In percent of GDP; unless otherwise indicated)								
Current account balance									
Excluding budget support	-13.2	-16.9	-9.7	-14.4	-15.8	-16.2	-15.8	-15.0	-13.5
Including budget support	-10.8	-15.0	-8.9	-9.4	-12.0	-13.0	-13.4	-13.1	-12.0
	(Millions of U.S. dollars; unless otherwise indicated)								
Current account balance									
Including budget support	-90.2	-133.9	-85.7	-97.0	-131.4	-150.5	-162.2	-167.1	-160.2
Overall balance of payments	-46.0	-41.3	-10.3	13.4	34.0	21.8	25.1	15.7	25.4
Gross official reserves	111.9	76.1	59.8	84.8	111.4	127.0	147.3	157.6	177.6
in months of next year's imports of goods and services	3.0	2.3	1.6	2.0	2.4	2.6	2.9	3.0	3.1
Use of Fund resources	(Millions of SDRs)								
Disbursements	0.0	7.7	0.0	11.7	0.0	0.0	0.0	0.0	0.0
Repayments	-2.1	-3.8	-4.3	-3.0	-5.5	-4.6	-3.6	-4.1	-4.2
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Gambian authorities and Fund staff estimates and projections.

- A tourism sector challenged by poor destination recognition/attractiveness; dwindling product quality; undiversified products; limited air access and reliance on tour operators; security; and environmental degradation.
- Declining values of exports and an increasing growth in imports, this has led to a 30-year continuous current account deficit (except 2003 and 2007).
- Poor quality and relevance of the school curriculum and access to learning materials.

- Deterioration of a once-strong primary healthcare system leading to poor health service delivery.
- Gender equality and women's empowerment remain major challenges.
- Poor and inadequate education continues to limit the youth's productivity and acquisition of skills, while insufficient access to knowledge and information (including business development services for the entrepreneurial youth) is hindering their gainful engagement.

Although the official economic and social statistics are not yet ready for 2017, growth was expected to pick up marginally to 3%, with a "normal" agricultural season, following the poor harvest of 2016-17 harvest, and a gradual recovery in trade. Tourism is also forecasted to recover, but unlikely to make up for the losses in early 2017. Over the medium to longer term, The Gambia's growth is expected to move to a higher growth trajectory.

From information provided in the 2018-2021 National Development Plan and supplemented with information obtained through interviews with staff of the Ministry of Finance, a summary of planned and on-going fiscal and monetary policies includes:

- A review of the tax system to remove nuisance taxes, the number of taxes (so reduce the difficulties and costs of paying taxes and so improving levels of compliance) and broaden the tax base;
- No new provisions for sovereign bank guarantees;
- Plans to restrict new borrowing to 1% of GDP, so restricting new borrowing to about US$10 million, to limit monetary expansion and support the rebuilding of reserves;
- Lowering Treasury Bill rates to reduce interest rates;
- Reviewing and resolving the difficulties of the State-Owned Enterprises (SOEs) to avoiding fiscal shocks on Net Domestic Borrowing;
- Lengthening the maturity profile of domestic debt which could generate additional savings and reduce rollover risk;
- In the medium term, reform of the public sector vehicle fleet; eliminate of ghost-workers from the payroll and streamline the civil service, including of embassies and their personnel; and
- Review memberships in non-financial international organisations.

There is already a marked reduction in domestic borrowing, which brought down the prime interest rate from 23% before the elections in December2016 to 18% in June 2017.

Government has also concluded budget support agreements with key development partners such as EU (GMD1.25 billion), the World Bank (US$56million), the African Development Bank (US$7 million) and others.

2.2 Overview of The Gambia's Trading Environment

2.2.1 Trade in Goods

The Gambia's trade performance, and its balance of trade, has, over the last few years been deteriorating. As can be seen from Table 2.2, the value of the country's exports and re-exports climbed steadily to GMD4.3 billion in 2015 (although it should be noted that these are not constant prices so, taking inflation and currency depreciation into account, this increase in values of exports may not be as evident as if constant prices were used). However, the value of the country's imports has also been climbing steadily so the trade imbalance has been getting larger each year.

Table 2.2: Annual Trade Summary by Trade Flows 2005-2015 (In '000GMD)

Trade flow / Year	Imports	Exports	Re-Exports	Total Exports	Total Trade	Trade Balance
2005	7,422,406	180,509	30,822	211,331	7,633,737	-7,211,075
2006	7,277,285	271,333	50,418	321,750	7,599,035	-6,955,535
2007	7,945,367	287,981	44,790	332,770	8,278,138	-7,612,597
2008	7,111,044	226,875	73,682	300,557	7,411,601	-6,810,487
2009	8,084,622	669,026	1,006,395	1,675,421	9,760,044	-6,409,201
2010	7,930,714	927,081	980,520	1,907,601	9,838,314	-6,023,113
2011	10,050,995	323,789	2,466,300	2,790,089	12,841,084	-7,260,906
2012	12,158,465	587,804	3,173,661	3,761,465	15,919,930	-8,397,000
2013	12,549,137	413,409	3,394,620	3,808,029	16,357,166	-8,741,108
2014	16,103,263	669,632	3,635,216	4,304,848	20,408,111	-11,798,415
2015	16,733,610	813,871	2,930,276	3,744,148	20,477,758	-12,989,462

Source: Gambia Bureau of Statistics

Note: trade balance is total exports minus imports (TE-IM)

Total trade is total exports plus imports (TE+IM)

Total exports is exports plus re-exports (E+R)

Source: 2016 Statistical Abstract. Gambia Bureau of Statistics. March 2017

The direction of trade has also been changing, as can be seen from Tables 2.3 and 2.4 which show imports and exports respectively by continents, economic and geographic regions. Imports are dominated by petroleum products, food items (mainly rice) and manufactured goods (textiles, vehicles, electronics, pharmaceuticals etc.) About one-third of The Gambia's imports come from the ECOWAS region, a quarter of its imports come from the European Union and another quarter comes from Asia. The Gambia's main export market is Asia, where over 50% of Gambia's goods are destined. The second largest export market is the European Union, where about of 42% (in 2015) of The Gambia's goods are exported to.

Table 2.3: Imports by Continents, Economic and Geographic Regions, 2010-2015 (in '000' GMD)

Year	2010	2011	2012	2013	2014	2015
Continent	CIF Value	CIF Value	CIF Value	CIF Value	CIF Value	CIF Value
Europe	**2,429,707**	**2,888,402**	**3,119,129**	**3,547,029**	**4,646,165**	**4,405,290**
European Union	2,177,999	2,426,237	2,346,500	2,782,554	3,982,109	3,905,333
Rest of Europe	251,708	462,165	772,629	764,475	664,056	499,957
Africa	**2,148,228**	**2,999,004**	**4,365,430**	**3,888,343**	**4,437,660**	**5,875,762**
Central Africa	2,335	4,000	3,012	1,554	340	11,818
Northern Africa	218,366	169,997	156,394	127,542	111,319	166,535
ECOWAS	1,843,503	2,675,214	4,010,994	3,674,448	4,178,338	5,596,391
Eastern and Southern Africa	84,024	149,793	195,030	84,799	147,663	101,018
America	**1,127,758**	**1,496,096**	**1,369,113**	**1,818,406**	**2,248,833**	**2,465,229**
North America	274,817	210,180	205,845	332,647	286,295	784,819
Central America and Caribbean	47,966	66,782	77,435	65,975	25,362	50,841
Southern America	804,975	1,219,134	1,085,833	1,419,784	1,937,176	1,629,569
Asia	**2,219,529**	**2,665,624**	**3,302,740**	**3,291,176**	**4,753,597**	**3,977,929**
Eastern Asia	341,649	319,694	231,101	537,182	321,305	414,561
Other Countries of Asia	1,877,880	2,345,930	3,071,639	2,753,994	4,432,292	3,563,368
Australia and New Zealand	**5,234**	**1,869**	**1,661**	**1,534**	**16,995**	**3,205**
Oceanic and Polar Region	**258**	-	**392**	**2,649**	-	**6,195**
Total	**7,930,714**	**10,050,995**	**12,158,465**	**12,549,137**	**16,103,250**	**16,733,610**

Source: Gambia Bureau of Statistics

Source: 2016 Statistical Abstract. Gambia Bureau of Statistics. March 2017

Table 2.4: Exports by Continents, Economic and Geographic Regions, 2010-2015 (in ‘000’ GMD)

Year	2010	2011	2012	2013	2014	2015
Continent	CIF Value	CIF Value	CIF Value	CIF Value	CIF Value	CIF Value
Europe	**523,563**	**147,357**	**199,616**	**74,094**	**78,700**	**346,979**
European Union	521,142	146,653	174,917	70,137	78,021	346,625
Rest of Europe	2,421	704	24,699	3,957	679	354
Africa	**98,230**	**20,381**	**26,330**	**20,791**	**43,679**	**40,374**
Northern Africa	1,609	235	5,764	414	-	-
ECOWAS	92,932	19,025	16,223	9,759	24,674	36,183
Eastern and Southern Africa	3,689	1,121	4,343	10,618	19,005	4,191
America	**92,466**	**13,772**	**5,574**	**3,385**	**1,972**	**1,328**
North America	68,895	1,425	878	809	1,960	926
Central America and Caribbean	9,983	5,507	-	1,163	-	124
South America	13,588	6,840	4,696	1,413	12	278
Asia	**212,822**	**138,565**	**356,284**	**307,931**	**545,281**	**425,176**
Eastern Asia	5,735	5,321	121	2,868	13,601	13,965
Other Countries of Asia	207,087	133,244	356,163	305,063	531,680	411,211
Australia and New Zealand	-	**3,714**	-	**7,208**	-	**14**
Oceanic and Polar Region	-	**3,714**	-	**7,208**	-	-
Total	**927,081**	**323,789**	**587,804**	**413,409**	**669,632**	**813,871**

Source: Gambia Bureau of Statistics

Source: 2016 Statistical Abstract. Gambia Bureau of Statistics. March 2017

Table 2.5: Top 20 Products Exported 2012-2016 (FOB Value US$’000)

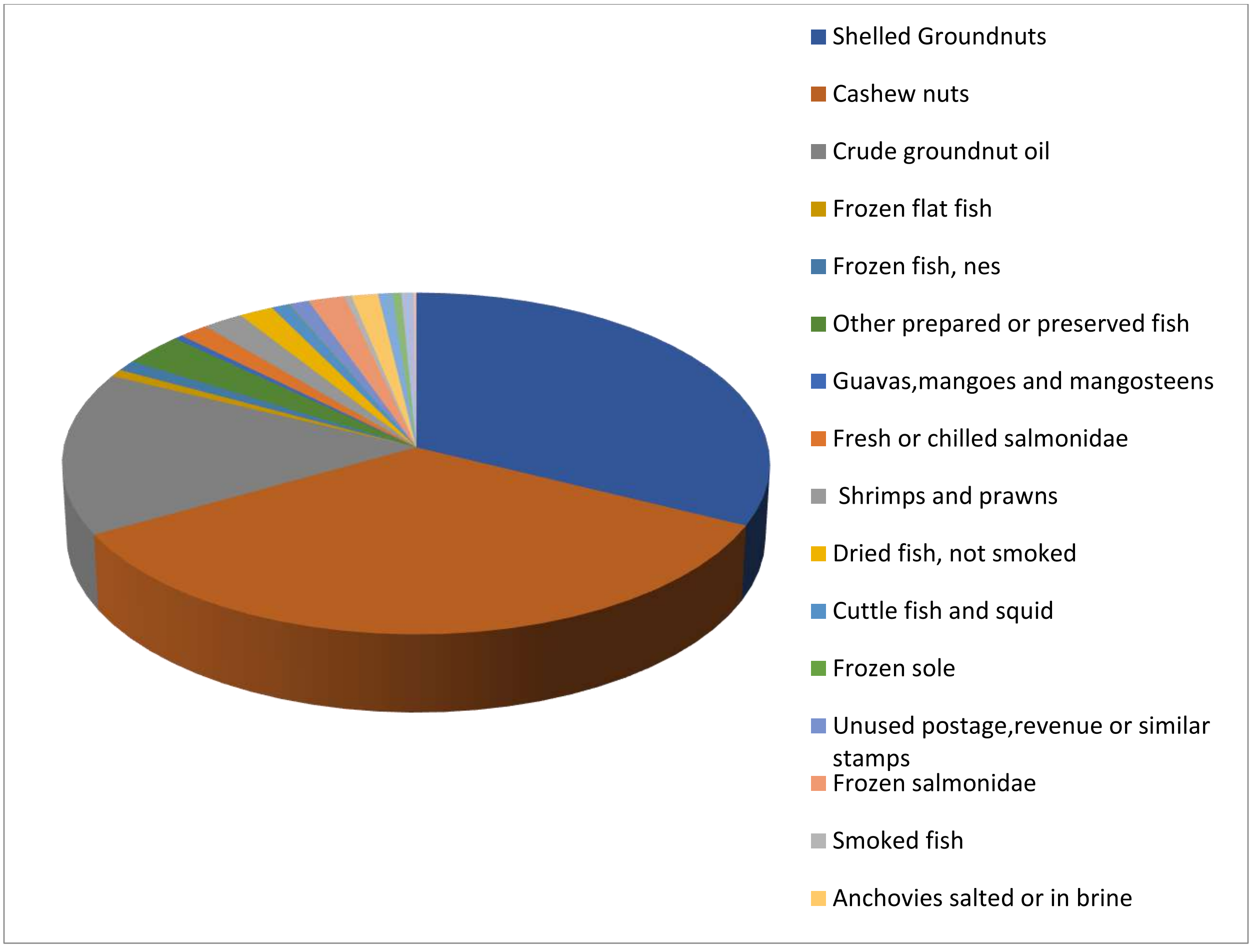
Product	2012	2013	2014	2015	2016
Shelled Groundnuts	1,723.97	2,411.06	482.02	4,025.90	8,683.29
Cashew nuts	3,019.88	5,711.28	4,998.56	2,788.75	1,999.22
Crude groundnut oil	3,306.71	-	-	4,960.13	-
Frozen flat fish	169.82	71.59	133.37	1.98	-
Frozen fish, nes	23.55	152.54	122.71	250.66	-
Other prepared or preserved fish	1,347.43	177.28	60.05	29.74	12.52

Guavas, mangoes and mangosteens	-	33.36	85.89	90.21	27.98
Fresh or chilled Salmonidae	121.41	42.42	363.51	0.75	262.24
Shrimps and prawns	35.82	37.56	47.63	277.29	694.91
Dried fish, not smoked	49.58	60.75	51.86	686.19	75.06
Cuttlefish and squid	-	120.13	26.02	269.25	47.78
Unused postage, revenue or similar stamps	200.98	153.54	96.19	42.71	47.03
Frozen Salmonidae	-	363.93	495.24	126.63	-
Smoked fish	31.65	4.54	-	145.45	5.28
Anchovies salted or in brine	3.13	10.70	-	54.66	642.90
Fresh or chilled flat fish	16.44	0.50	279.51	52.05	25.93
Cuttlefish and squid, live, fresh or chilled	7.97	30.52	22.80	91.55	95.08
Fuel wood, in logs	299.69	31.93	-	-	-
Octopus (excl. live, fresh or chilled)	-	13.88	30.08	25.04	-
Total	**10,386.13**	**9,427.51**	**7,295.46**	**13,918.95**	**12,619.21**

Source: Authors calculations from MOTIE statistics

Table 2.5 shows The Gambia's 20 most exported products and the value of these exports over the 5-year period 2012 -2016. As can be seen from Table 2.5, and Figure 2.1, the three main exports from The Gambia are shelled groundnuts, cashew nuts and crude groundnut oil. The value of shelled groundnuts increased over the 2012-2016 period, but the exports of cashew nuts and crude groundnut oil has been very erratic.

Figure 2.1: Proportions of Top 20 Exports from The Gambia 2012-2017 (totals).



Source: Authors calculations from MOTIE statistics -

The other main goods exports are various types of fish (flat fish, cuttlefish, shrimps and prawns, salmonidae, anchovies, octopus, etc., all of which have different classifications in the Harmonised System) in various forms (such as frozen, preserved, smoked and chilled, which also have different classifications in the Harmonised System) and fruits and vegetables.

2.2.2 Trade in Services

According to the World Bank, the Trade in Services percentage contribution to The Gambia's GDP was last measured in 2012 at 25.35%. This is up on the 2000-2010 average of 15.2% but much lower than the 1990 percentage of 34.5%.

2.2.2.1 Tourism

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.

Visitor numbers increased steadily up until 2015 to 134,560 visitors (according to the 2016 Statistical Abstract). These numbers decreased in 2016-2017 as a result of the political upheavals but tourism numbers seem to have increased in the 2017-2018 season, at least based on anecdotal evidence.

Most tourists to The Gambia come from the United Kingdom (33,288 in 2015) although the numbers from the UK have declined by almost half since 2007, when 66,043 British tourists travelled to The Gambia. In fact, the number of visitors from Europe to The Gambia has been steadily declining over the last 10 years, with a corresponding increase in domestic tourists from The Gambia and other African countries.

In recognition of the decline in overseas visitors, the Gambia developed a Tourism Master Plan which was intended to guide the development of the tourism sector up until 2020. There are some major challenges to overcome in further developing the tourism industry including making the sector more competitive with other "beach holiday" destinations (and this does not only refer to costs but in providing a "value-for-money" product) as well as diversifying the tourism product.

According to the PAGE and the National Development Plan that follows on from PAGE, some of the constraints the tourism sector faces are: its seasonal nature; inadequate public infrastructure; poor quality of services; limited forward and backward linkages; limited investment incentives; beach erosion; and social problems such as 'bumsterism'. Solving each of these challenges will contribute significantly to job creation and economic growth.

2.2.2.2 Telecommunications

The Gambia has a partially liberalised telecommunications sector with good competition in mobile and broadband, but a continued monopoly over the international voice gateway through the state-owned company, Gamtel.

The telecommunications industry in the Gambia currently consists of one national fixed line operator, GAMTEL, which also provides Internet services, 4 GSM operators namely Gamcel (national operator), Africell, Comium and Qcell. Netpage, Unique Solutions, Insist Net and Qcell have also been licensed as Internet Service Providers. Africell is the market leader, with largest mobile market share of 51% followed by Qcell at 18%, Gamcel at 16% and Comium at 15%.

Although The Gambia is developing a national fibre backbone network, low fixed-line penetration has hindered internet usage. There were three licensed ISPs in 2016, which were small operators serving local areas, and so competition was minimal. However, as at early 2018, there were seven internet service providers and so the competition and service delivery has improved.

The landing of the ACE (African Coast to Europe[2]) submarine communications cable in The Gambia, which was the first international submarine fibre-optic cable in the country, dramatically increased internet bandwidth and reduced the cost of internet services for end-users.The first phase of the 17,000 km-long fibre optic cable was put in service on 15thDecember 2012, with an official inauguration ceremony held on 19thDecember 2012 in Banjul, The Gambia.The ACE Cable will eventually connect 23 countries, either directly for coastal countries or through land links for landlocked countries, like Mali and Niger.

The Gambia is part of the ECOWAS Wide Area Network (ECOWAN) project and, in 2013, signed a US$33.23 million contract with Huawei Technology for the implementation of the country's component

[2] ACE is a cable system along the west coast of Africa between France and South Africa managed by a consortium of 19 operators and administrations headed by Orange. The consortium agreement was signed on June 5, 2010.

of the ECOWAS project. However, it would appear that this national backbone, which is part of the ECOWAS regional backbone, is not, as yet connected to the ACE cable.

2.2.2.3 Electrical Energy

According to the 2018-2021 National Development Plan, The Gambia is faced with an energy crisis. Electricity supply is insufficient, erratic and is among the mostexpensive in Sub-Saharan Africa. There is a wide gap between installed capacity and available electricitysupply. Installed capacity countrywide is 99MW of which 55MW is available. For the Banjul area, installedcapacity is 88MW of which 45MW is available. Peak demand is about70MW, but generationrequirements are up to 150MW. Electricity tariff rates are relatively high at GMD10.40 /kWh for industriesand GMD9.1 /kWh for agriculture and domestic consumers).

2.2.3 Trade Mainstreaming

As well as the DTIS Update, The Gambia has numerous policies and programmes that address economic growth through trade, the main most recent one being the 2018-2021 National Development Plan. However, there are also other strategies and policies that have been taken into account in preparing the Trade Policy and Industrial Strategy and which have also fed into the 2018-2021 National Development Plan. These include the DTIS Update; the Vision 2020; the Programme for Accelerated Growth and Employment (PAGE); the National Export Strategy (NES); The Gambia National Policy for MSMEs; National Entrepreneurship Promotion Strategy; The Gambia Trade Policy; The Five-Year Strategic and Business Plan for the Gambia Investment and Export Promotion Agency; The Gambia National Agricultural Investment Plan (GNAIP); The Quality Policy for the Gambia; and the Ministry of Trade's Medium Term Plan 2016-2020 and others.

In addition to the national policies and strategies there are regional, bilateral and multilateral agreements that any economic, industrial and trade policy or strategy for The Gambia needs to take account of, such as the ECOWAS ETLS and ISRT protocols, the WCO's Revised Kyoto Convention (RKC) and the WTO's Trade Facilitation Agreement.

Considerable progress has been made in mainstreaming trade into The Gambia's policy agenda and the existing policy documents recognise trade as an important economic driver of The Gambian economy. For example, the National Policy on Micro-Small and Medium Enterprises recognises that "*Given the low-income levels in the country and the small domestic market, the growth in The Gambian economy would depend to a great degree on development of exports on a sustained basis.*" The same policy document also recognises that exports from The Gambia currently face considerable constraints. Examples of these constraints are given and, significantly, some of these constraints have been addressed since the MSME policy document was written. Similarly, the goals of the National Export Strategy (NES) include: *To achieve export-led economic growth; Improve and sustain export performance; and achieve trade and export competitiveness*.

As in all countries, there are numerous agencies, government ministries, private sector institutions and other bodies involved in trade and trade-related activities and the mandates and activities of all of these ministries, bodies and agencies should be coordinated so that they work in unison and not in contradiction to each other. In The Gambia the main ministries and agencies involved in trade and trade facilitation include:

- Ministry of Trade, Industry, Regional Integration and Employment (MOTIE);
- Ministry of Finance and Economic Affairs;
- Ministry of Agriculture;
- Ministry of Fisheries;
- The Gambia Revenue Authority;
- The Gambia Competition and Consumer Protection Commission;
- The Gambia Investment and Export Promotion Agency;
- National Accreditation and Quality Assurance Authority;
- The Gambia Standards Bureau;
- Food Safety and Quality Authority;
- The Gambia National Environment Agency
- The Gambia Ports Authority;
- The Gambia Chamber of Commerce, Industry and Business Associations; and
- The Ministry of Justice.

The Gambia is not short of policies and strategies and ministries and agencies regarding trade mainstreaming. Section II of the DTIS Update addresses trade mainstreaming in detail and makes the valid observation that the processes by which officials in The Gambia devise and pursue objectives in trade policy and take account of the interests of multiple sectors and jurisdictions of multiple government agencies is extremely important. However, the DTIS Update then also points out that there are multiple bodies that coordinate trade policy and that there is often overlap in responsibilities.

Probably the most important committee in terms of trade policy coordination is the National Trade Policy Decision Making Committee(which used to be the Inter-Institutional Committee for Mainstreaming Trade and Trade-Related Issues (MATTRICOM)) that was revitalised by the Ministry of Trade in 2007. However, over recent years, the National Trade Policy Decision Making Committee seems not to have been as active as it was expected to have been.It is possible that the newly formed National Business Council could play the role of the National Trade Policy Decision Making Committee.

The main challenge The Gambia faces in trade mainstreaming is how to coordinate the multiple policies, strategies and programmes that address trade and trade issues. If there are too many policies and programmes and too many people responsible for implementation, then mainstreaming becomes very difficult. Too many priorities are equivalent to no priorities and the same principle applies with policies and strategies.

2.2.4 ECOWAS

2.2.4.1 The ECOWAS Trade Liberalisation Scheme (ETLS)

The ECOWAS Trade Liberalisation Scheme (ETLS) is a trade instrument designed by the Economic Community of West African States (ECOWAS) and administered by the ECOWAS Commission to encourage intra-ECOWAS trade. The ETLS, working together with the Inter-State Road Transit scheme (ISRT), are the main ECOWAS operational tools for promoting the West African region as a Free Trade Area and a first step towards creating an ECOWAS common market.

The ETLS, which started in 1990, after being postponed three times from its original launch date of 1979, was designed to be implemented in the following stages:

i) An immediate and full liberalisation of trade in unprocessed goods and traditional handicrafts.
ii) Phased liberalisation of trade in industrial products, with the phasing reflecting the differences in the levels of development of three categories of ECOWAS member states[3].
iii) Gradual establishment of a Common External Tariff (CET).

Goods covered under the ETLS are classified into three groups:

i) Unprocessed Goods: livestock, fish and plant or animal products that have not undergone any industrial transformation;
ii) Traditional Handicraft Products: products made by hand with or without the use of tools and machineries e.g. wood products, weaving products, hand crafts; and
iii) Industrial Products of Community Origin: both processed and semi processed goods.

If goods are not wholly produced, to qualify for duty free entry into another ECOWAS State, the goods must originate from Member States of the Community and have a Certificate of Origin and an ECOWAS Export Declaration Form. Goods with a value below the equivalent of US$500 are exempt. Goods must also satisfy the sanitary and phytosanitary requirement of the ECOWAS country of origin.

During the period from 1988 to 2012, about 3,721 industrial enterprises were approved and notified to Member States by the ECOWAS Commission. Six Member States account for 3,660 approved enterprises representing 98.36% of the total number of approved enterprises, with 80% being in three ECOWAS countries, these being Côte d'Ivoire (21%), Ghana (25%) and Nigeria (34%).

As a member of ECOWAS, the government of The Gambia started implementing the ETLS in 2006 and since then companies have been registered to operate under the scheme. In The Gambia, implementation of the ETLS protocol is supervised by the National Approval Committee

ECOWAS Rules of Origin

To originate from ECOWAS Goods must be either:

- Wholly produced; or
- Produced from materials of community origin whose value is equal to or higher than 60% local raw materials content; or
- Undergo a change in tariff classification at the 4-digit level.

- Value Added (VA) of more than 30% of the ex-factory cost price).

[3] Decision of the ECOWAS Authority of Heads of States and Governments, Decision A/DEC.1/5/83 categorised member states into three groups for the implementation of ETLS. Group1 – Cape Verde, Guinea Bissau, The Gambia, Upper Volta, Mali and Niger; Group 2 – Benin, Guinea, Liberia, Sierra Leone and Togo; Group 3– Ivory Coast, Ghana, Nigeria and Senegal

(NAC), comprising:TheMinistry of Trade, Industry, Regional Integration and Employment; the Ministry of Finance and Economic Affairs; the Gambia Revenue Authority - Department of Customs and Excise; the Gambia Investment and Export Promotion Agency; the Gambia Chamber of Commerce and Industry; and the Gambia Immigration Department.

Currently, there are twenty three ETLS certified companies in The Gambia but the majority of these companies are not fully utilising the scheme. Very few companies registered under the ETLS in The Gambia have exported using the scheme, although the numbers of ETLS imports continue to rise year by year. According to sources in MOTIE, this poor utilisation of ETLS is because of:

- Senegalese Custom officers not recognizing the ETLS protocols at the border,seizing goods and refusing to allow entry of Gambian products. This is interpreted in The Gambia as a protectionist measureby the Senegalese.
- Delays in processing documentation by Senegalese customs officials at entry points.
- High cost of doing business in the Gambia (because of high electricity costs and high taxation rates) means that producers in The Gambia are not competitive in the regional markets.

During the ECOWAS summit of July 2013, the Authority of Heads of State and Government (AHOSG) of ECOWASexpressed disappointment at the very modest results achieved at the level of the integration of markets and persons within the sub-region

The inefficient implementation of ETLS by Member States hampers free movement of goods and persons within ECOWAS and is a serious impediment to regional integration and regional economic growth. In an attempt to fast track the implementation of integration policies (especially ETLS), a regional roadmap has been prepared, and a Task Force established, on the ECOWAS Trade Liberalisation Scheme.

With the support of the ECOWAS Commission, the Roadmap is being implemented in stages. Further ongoing initiatives of ECOWAS in support of ETLS implementation include:

- The current establishment of a monitoring mechanism of the implementation of the ETLS to consolidate a climate of trust between all national administrations in charge of the implementation of the ETLS.
- Computerisation of the process for approval of industrial enterprises and products under ETLS.
- Development of a scheme for mutual recognition of quality certificates issued by national structures.
- Development of regional standards in the framework of the ECOWAS Standards Harmonisation Scheme (ECOSHAM).

There is also a link between the ETLS and the Inter-State Road Transit (ISRT) system in that all goods in transit between ECOWAS States should be transported under the cover of the ECOWAS ISRT Log Book and without being transferred to another means of transport between a Member State and the final destination of the goods.

2.2.4.2 Inter-State Road Transit (ISRT) Convention

Road freight transit between ECOWAS Member States is supposedly governed by the Inter State Road Transit (ISRT) Convention that was first introduced in 1982. The “supposedly governed” phrase refers to the fact that in the 34 years of its existence, and even with the addition of the protocol in 1990, the ISRT has been an ineffective system of governance of regional transit in ECOWAS. There is considerable anecdotal information that suggests that the ISRT is being abused and does not work as it is designed to do.

The PAGE notes that, since the launch of the ISRT by the Government in 2008, the operators are yet to utilise the scheme, resulting in delays and overloading of trucks carrying transit goods. Under PAGE, government was to encourage the private sector to invest to acquire the required vehicles and was to enforce the implementation of the scheme.

The Convention Regulating Inter-State Road Transportation between ECOWAS Member States addresses transit issues including: the corridors the ISRT applies to (in The Gambia these are defined as the Banjul-Karang (Senegal) and the Banjul-Bignona(Senegal) routes); axle load limits (11.5 tonnes per axle); vehicle dimensions; the use of the Brown Card (a regional 3rd party insurance); etc.

In 2004, The Gambia and Senegal introduced a version of the ISRT that was designed to address their specific road transit needs. The Agreement on Road Transit between The Gambia and Senegal establishes the conditions to facilitate transport by road of goods (and passengers) between The Gambia and Senegal and vice-versa. According to the DTIS Update, if this bilateral ISRT agreement is implemented as it should be, it would simplify and harmonise customs procedures for goods in transit and including: single certification of vehicles that meet secure standards for the goods (i.e. sealed, mechanically verified, etc.); single customs declaration; registered transit offices; and common border offices. It should also reduce congestion in border areas, reduce the time (and so the cost of) goods that are in transit

The Government of The Gambia has committed itself to the implementation of the 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 but the challenges of transit under the ISRT scheme remain.

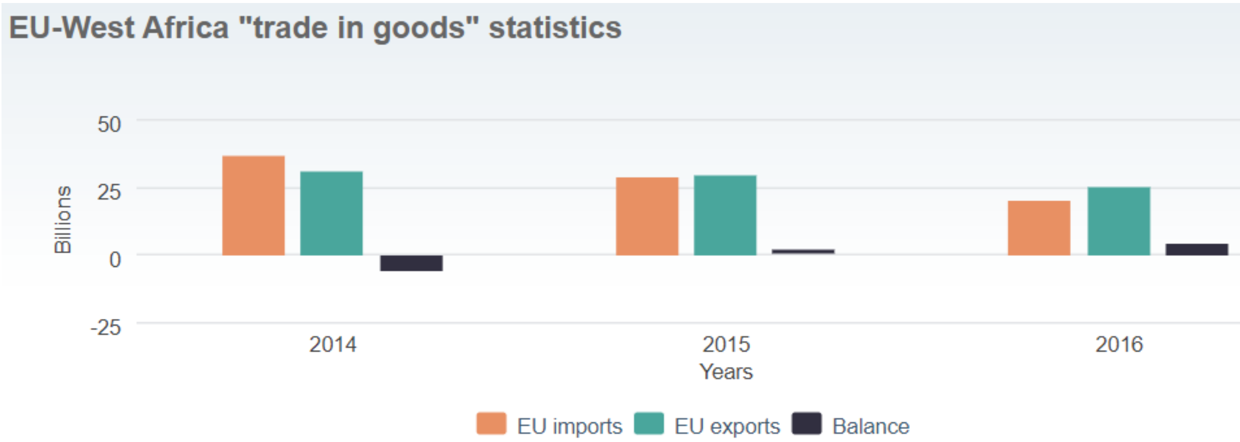
Both The Gambia and Senegal have been working to resolve issues impeding trade between the two countries and negotiations continue to be held between the two Customs Administrations. The negotiations have addressed implementation of the ECOWAS ISRT Convention; an interface between GAINDE and ASYCUDA++; joint border posts; and exchange of Information. However, little actual progress has been made in resolving differences and prior to the implementation of the Industrial Policy it is clear that at least the bilateral ISRT agreement between The Gambia and Senegal needs to be renegotiated and measures introduced that ensure enforcement of the ISRT with penalties applied for breach of the agreement.

2.2.5 Economic Partnership Agreement

The EU has initialled an Economic Partnership Agreement with 16 West African States, the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (WAEMU). The WAEPA covers trade in goods and development cooperation.The WAEPA also includes the possibility of holding further negotiations on sustainable development, services, investment and other trade-related issues in the future.

West Africa is the EU's largest trading partner in Sub-Saharan Africa and the EU is West Africa's biggest trading partner. The EU supplies a large part of the equipment that contributes to economic growth and development in the region and is the main export market for West African transformed products (fisheries, agribusiness, textile, etc.).In terms of sectors, West Africa's exports to the EU still consist mainly of fuels and food products. West Africa's imports from the EU consist of fuels, food products, machinery, and chemicals and pharmaceutical products.

Figure2.2:



Source: http://ec.europa.eu/trade/policy/countries-and-regions/regions/west-africa/

Under the WAEPA, products from the European Union will be liberalised over a period of 20 years, with a significant portion of tariff lines (25%) which will not be liberalised at all and remain subject to normal duty. In practice, West Africa used the categories already set out in the ECOWAS Common External Tariff (CET) as follows[4]:

- Group A: essential social goods, basic necessities, basic commodities, capital goods and specific inputs - currently at 0% or 5% under the CET - will be liberalised after the 5th year of application of the EPA.
- Group B: mainly inputs and intermediate goods - currently at 0%, 5% or 10% under the CET - will be liberalised between the 10th and 15th year of application of the EPA.
- Group C: final consumption goods - currently at 5%, 10% or 20 % under the CET - will be liberalised between the 10th and the 20th year of application of the EPA.
- Group D: sensitive products, such as agriculture/fishery products and sensitive final consumption goods (i.e. those produced in West Africa or intended to be produced) - currently at 0%, 10%, 20% or 35 % under CET - will not be liberalised under the EPA and will therefore still besubject to tariffs under the ECOWAS CET (no standstill clause so CET tariff may alsoincrease).

2.2.6 Africa Growth and Opportunity Act (AGOA)

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

[4]The full list is available at http://ec.europa.eu/trade/policy/countries-andregions/regions/west-africa/.

progress in: establishing a market-based economy; developing political pluralism and the rule of law; eliminating discriminatory barriers to U.S. trade and investment; protectingintellectual property; combating corruption; protecting human and worker rights; and removing certain practices of child labour.

The Gambia was eligible for AGOA between December 2002 and December 2014, when the White House announced that The Gambia had been removed from the list of sub-Saharan African countries enjoying special trade status with the United States. However, in December 2017, the President of the United States of America issued a decree reinstating The Gambia as an AGOA beneficiary country again. This allows manufacturers to export to the U.S. duty-free and quota-free.

It may be noted that the International Pelican Seafood Company of The Gambia has recently (June 2017) been found eligible to export meat (Siluriformes only) to the United States by the United States Department of Agriculture Food Safety and Inspection Services[5]. In conversations with the Pelican Seafood Company it was said that the company can export all its seafood to the United States, including catfish.

2.2.7 Bilateral Agreements

Several countries, including some of The Gambia's existing trading partners, provide preferential market access to LDCs including:

- **India:** Following the WTO Hong Kong Ministerial Conference held in December 2005, India announced the Duty-Free Tariff Preference (DFTP) scheme in April 2008, which was implemented on 13th August 2008 with official notification by the Government of India. In April 2014, the Government of India made an amendment to the scheme, which further increased the coverage of tariff lines for zero duty and preferential market access into India so that now the DFTP scheme provides duty free and preferential treatment to about 98% of India's tariff lines. However, the major items on the exclusion list include The Gambia's main potential exports to India such as some fruits and vegetables (including onions), processedcashew nuts and some spices and oilseeds (including sesame).
- **China:** The Chinese duty-free, quota-free (DFQF) market access programme entered into force on 1st July 2010 and was accessible to the 33 LDCs which had diplomatic relations with China. The list of beneficiaries has been adjusted over the years and, as of December 2015, covered 40 LDCs. Zero tariff rates are applied for 97% of products imported from 24 countries, 95% of products from 14 countries, and 60% of products from two countries (Bangladesh and Mauritania).
- **South Korea**: The 2000 Presidential Decree on Preferential Tariff for LDCs provides DFQF market access for imports from LDCs into the Republic of Korea. In 2007, only 1.8% of all tariff lines were covered but by 2014 this had increased to 78% of all tariff lines, while duty free market access was granted for another 18% of the tariff lines via the MNF principle.
- **Thailand:** Since April 2015, Thailand has been granting LDCs DFQF market access for a large number of products under its LDC-specific preferential trade scheme. The scheme covers 73.2%

[5] https://agoa.info/images/documents/15270/gambiaestablishments.pdf

of tariff lines and was made operational via the Notification of the Ministry of Finance '*Exemption of Customs for the Least Developed Countries*', issued on 30 March 2015. The Rules of Origin stipulate that '*goods shall be treated as […] originating goods if the goods [have] a Qualifying Value Content of not less than 50 percent of FOB (Free-On-Board value)'.*

2.2.8 Trade Facilitation

The 2018-2021 National Development Plan emphasise trade facilitation as a way to position The Gambia as a transit hub. Under the National Development Plan, it is proposed that government will improve the road network and increase the capacity of the Port of Banjul and Banjul International Airport and simplify customs procedures. Also proposed is for Government to develop river transportation to enable goods to be moved at the most cost-effective rates as possible to the country's interior and to other countries. Government, through GIEPA, will also intensify efforts to better market the free zone area at the airport to promote the development of enterprises engaged in value addition.

Government also proposes the simplification of customs procedures to cut administrative costs and enhance efficiency by upgrading its system to ASYCUDA World from ASYCUDA++ as well as simplifying procedural requirements, enhancing transparency, adopting measures to clear goods more efficiently, and expanding the coverage of ASYCUDA to all major customs posts. These investments on the trade facilitation infrastructure will be complemented with measures to facilitate the movement of goods.

Although most of the Trade Facilitation instruments necessary to improve the trade performance of The Gambia (which is also a major driver of economic growth) are mentioned in the PAGE, and then in the National Development Plan, implementation has not kept up with what was planned. The cost of not improving trade facilitation measures in The Gambia, and of reducing the cost of trade itself, is the difference between the successful and unsuccessful implementation of a Trade Strategy and Industrial Policy.

2.2.8.1 Standards and Technical Regulations

The Gambia has made excellent advances in determining and providing relevant standards, with the adoption of international standards. The Bureau has published, asnational standards, standards in multiple sectors covering products in Food and Agriculture, Electro-technical, Renewable Energy, Management Systems and Testing standards. To date, standards adopted by The Gambia Standards Bureau (TGSB) are purely voluntary as they are not accompanied by technical regulations. However, in accordance with international best practice, the Bureau is promoting the adoption of Good Regulatory Practice by encouraging regulatory bodies to base their technical regulations on relevant standards. The technical regulations determined by the Food Safety and Quality Authority, on the other hand, are legally binding. In addition, other binding technical regulations are those developed by PURA, Department of Physical Planning, National Environment Agency and Medicines Board. The Gambia has put in place the Technical Regulations Coordinating Committee, which is an inter-agency body set up to ensure that the laws enacted are coherent and consistent and in compliance with international commitments. There remains evidence of overlap of activities of some of the regulatory bodies and best practice would suggest that there should be a clear separation of duties and responsibilities. To address this there has been a recommendation made in the updated National Quality Policy of The Gambia to resource and empower the Technical Regulations Coordinating Committee,so it can be more effective.

2.2.8.2 World Trade Organisation Trade Facilitation Agreement

Gambia is a member of the World Trade Organisation and, as such, is legally obliged to implement the decisions of the WTO. The WTO Ministerial Conference held in Bali in December 2013 agreed on the Trade Facilitation Agreement (TFA) and it is mandatory for all WTO members to implement the TFA.

Least Developed Countries, such as The Gambia, have been provided with special and differential treatment in terms of implementing the TFA but, to be able to take advantage of these special and differential provisions, the country needs to categorise the TFA provisions into categories A (provisions that could be implemented immediately); B (provisions that needed additional time to implement); and C (provisions that needed additional time and resources to implement).

The Gambia notified on 28th January 2018 and has categorised its trade facilitation needs with 49% of its notifications in category A, 38% in Category B and 13% in Category C. The Gambia still needs to work on their notification schedule as they have not specified what type of assistance they need to implement Categories B and C provisions, nor have they specified the definitive date for implementation for Categories B and C.

2.2.8.3 Trade Taxes

The Ministry of Finance is responsible for the Gambia's tariff policy and The Gambia Revenue Authority, established in 2006, is responsible for the management and administration of tariffs. Imports into The Gambia are governed by several regulations which include the Customs and Excise Act (2010) and the Food Safety and Quality Act (2011) 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) of five bands:

- 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 development6.

Excise duties are charged on either the retail sales price or the price at which goods are sold on between manufacturers. Rates are applied on:

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[6]In 2006 ECOWAS created a joint UEMOA-ECOWAS committee to manage the implementation of the ECOWAS CET. A two-year transition period was given to the Committee to finalise the ECOWAS CET. However, the introduction of a fifth band, at 35%, following Nigeria's initiative, created delays in implementation, partly because the 35% exceeded the bound tariff level of some ECOWAS members. The Gambia has submitted two national lists to ECOWAS under the negotiating process: the first is for products that it wishes to be included in the Fifth Band and taxed at 35%, and the second is "List B" of national products on which The Gambia wishes lower rates than the common tariff to be applied, as inputs to agriculture, fisheries or other industries, or as basic food needs for the population.

- fruit juices and other non-alcoholic beverages (at 5%);
- wines (10%) and spirits (15%);
- cigarettes and refined petroleum products (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 the schedule of excise duties, excise taxes are charged at specific rates on a few items. Imported soft drinks and imported beer are subject to higher rates than the corresponding domestic items.

In addition, The Gambia imposes an environmental tax on unmanufactured tobacco at GMD75/kg; tobacco products at GMD10/kg; and used vehicles at GMD1,000 per unit7.

The Gambia imposes sales tax on goods and services, including imports. The general rate is set at 15%; however, refined petroleum products are taxed at 10%, and telecommunications services at 18%. The value of imported goods for sales tax purposes is the value including all duties and charges paid on import into The Gambia and including the value of any incidental services such as packaging, insurance, transportation, guarantee costs or any other services giving rise to commission. Registered manufacturers are allowed input tax credits for the sales tax payable on capital goods (plant or equipment, but not motor vehicles), or goods used in manufacturing taxable products.

The Gambia levies additional import duties on onions and potatoes during the harvesting season. This is done to “protect local producers”.

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 cars and other motor vehicles;
- A 10% tax levied on exports of petroleum oils and oils from bituminous minerals other than crude; and
- A 15% tax levied on exports of spirits, liqueur and other spirituous beverages.

Selected products and services are excisable. The taxation system differs between imported and domestically-produced goods, although there is no local manufacturing of certain products, such as cigarettes or cars. Excise "duties" apply to domestically produced goods; the rates are ad valorem, based on the ex-factory price. Imported goods are subject to excise "taxes"; the rates are specific for some products and ad valorem for other items (based on the c.i.f. price plus the customs import duty and other charges). Whether or not there is differential treatment between imported and locally produced goods depends on the price of the product. It would appear that there is differential treatment for used cars.

The excise tax (and the environmental tax) on cigarettes and tobacco have been raised because of public health concerns as well as in fulfilment of the WHO Framework Convention on Tobacco Control (FCTC) commitments. The excise tax for cigarettes in 2017 is GMD20/pack (up from GMD5/pack in 2013); for tobacco, it is GMD330/kg in 2017 (up from GMD37.5/kg in 2013).

[7]http://www.gambiatradeinfo.org/market-access/barriers/tariffs-and-quotas

Goods subject to export taxes are listed in the Fourth Schedule of the Customs and ExciseAct. Currently, export taxes are applied to waste and scrap of precious metal, at a rate of 5%.There are no other taxes, levies, and charges applied to exports, according to the 2017-18 WTO Trade Policy Review. The Gambia Trade Policy 2011 notes that, "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." As the only export tax seems to be the 5% tax on scrap metal the de facto effect of export taxes is minimal.

The Gambia offers duty waivers and other investment promotion measures if a company holds a Special Investment Certificate (SIC).

The Gambia Revenue Authority (GRA) ensures that there is a standard valuation whereby all values charged are acceptable to customs. The Gambia Revenue Authority uses ASYCUDA++ as its customs management system but has plans to migrate to ASYCUDA World but no timeline and no resources for this migration are in place.

2.3 The Manufacturing Sector

The Gambia's manufacturing sector has a very small base and is focused mainly on production for the domestic market.However, although the Gambian market is small, there are significant opportunities which could be exploited in the manufacturing sector, based on import substitution opportunities. These import substitution opportunities are clear from the substantial imports of manufactured goods and processed foods for the tourist and national populations.

To assist the manufacturing sector to take advantage of these potential opportunities, government has developed a national entrepreneurship policy and strategy that aims to improve the general conditions for enterprise creation and enterprise growth. This is to be done by considering the social and environmental challenges in The Gambia that address the legal, social and regulatory barriers for equitable, effective economic participation, with emphasis on women and youth, including groups prone to migration, who represent the main drivers of new enterprise development. The entrepreneurship policy and strategy is also to focus on technology and innovation advances, finance and capacity-building, education and skill development, and the promotion of an entrepreneurial spirit at a national level.The specific objectives are to:

- Optimise the Regulatory Framework **-** Reduce the regulatory and administrative hurdles for business start-ups by streamlining procedures, expanding access to information, reducing costs, increasing the benefits of formalisation, facilitating entrepreneurs - with a focus on women and youth - to formalise and improve the predictability and enforcement of contracts.
- Enhance Entrepreneurship Education- Recognise entrepreneurship as a subject and integrate its teaching across other disciplines at all levels of formal education and technical/vocation training. In parallel, strengthen non-formal training and skill development systems by widely promoting learning-by-doing methodologies such as EMPRETEC, MyFarm and ILO programme models. Equitable access for women and youth to such education will be pursued.
- Facilitate Technology Exchange and Innovation **-** Support public private partnerships (PPPs) to diffuse knowledge, develop research-industry collaboration and trigger innovation for

sustainable, equitable and inclusive development which includes enhanced use of ICT to develop and distribute/deliver new products, services and processes.

- Improve Access to Finance- Develop targeted financial solutions for entrepreneurs (such as innovative start-ups, green and inclusive businesses, women, differently able and the youth). In parallel, strengthen the capacity of the financial sector to serve the private sector in general by promoting increased diversity of financial products and services available at affordable cost to all levels of society.
- Promote Awareness and Networking **-** Instil the entrepreneurship mind-set, whilst addressing cultural biases including gender in The Gambian society, paying specific attention to the status of women entrepreneurs and other disadvantaged groups. To introduce initiatives in partnership with the private sector to strengthen networking, trust and cooperation among the diverse private sector players in The Gambia.

Linked to this, The Gambia has been promoting the MSME sector, both as a way to promote growth in the manufacturing sector and to create employment, mainly through the EMPRETEC programme, funded by UNDP and Government of The Gambia and anchored at GIEPA. According to the EMPRETEC website (http://www.empretecgambia.gm/), since September, 2014 when the first training was commissioned, the EMPRETEC Centre has trained over 736 entrepreneurs, including 164 farmers, some of whom have started to become successful in their businesses. The BDS component has also trained 93 BDS advisers, 61 of whom are actively providing advisory services to 293 businesses.

The project had four expected outputs:

- Output 1: Entrepreneurship Development Centre established andfunctioning in Banjul
- Output 2: Entrepreneurship knowledge and skills promoted across the country through the training of trainers for entrepreneurial training, agri-business training and training of business development advisors.
- Output 3: Productivity and job creation capacity of MSMEs enhanced through the provision of continuous and inclusive business advisory services (with particular emphasis on youth, women enterprises and agriculture)
- Output 4: Development of improved business environment and enhancement of policy dialogue on MSMEs development among stakeholders

However, despite these programmes, much needs to be done to promote the manufacturing sector in The Gambia. At a recent briefing to the Honourable Minister of MOTIE, the Association of Gambian Manufacturers (AGM) listed the main constraints to the survival of the manufacturing sector as being related to the taxation system in The Gambia. According to the Association of Gambian Manufacturers, these taxes add up to 51.3% of profit, which is high compared to the rest of Sub-Saharan Africa (47.0%) and OECD countries (40.9%).

These figures are disputed by the Gambia Revenue Authority and may be incorrect, but it is clear that the tax system in The Gambia is difficult to comply with; there are multiple licenses and taxes;it is biased against domestic producers as importers do not pay all of the taxes levied on domestic producers; it is inconsistent; and it would appear to encourage trading as opposed to investment in manufacturing.

2.4 Agriculture

About 56% of The Gambia's total land mass, or about 555,240 ha, is considered suitable for agriculture and is utilised mainly for upland cereal, groundnut production, grazing or under fallow.The Gambia, therefore, has major environmental resources and opportunities for enhancement of the production and productivity of the agricultural sector but there are also environmental problems and processes which are threatening the long-term productive potentials of the sector.

According to information from the 2016 Statistical Abstract from the Gambia Bureau of Statistics, the areas under cultivation in the Gambia have been decreasing, from 369,954ha in 2012 to 336,440ha in 2013 to 315,142 in 2014. Similarly, the total production of grains (millet, sorghum, rice, sesame and findi) and legumes (groundnuts and cowpeas) have been steadily declining from 345,297mt in 2012 to 321,740mt in 2013 to 257,287mt in 2014. This means that The Gambia is not self-sufficient in its own staple crops and needs to import food items such as cereals because it does not grow enough of its own cereals. In 2012 The Gambia imported cereals worth GMD1.4b. In 2013 this figure dropped slightly to GMD1.3b and in 2014 the figure more than doubled to GMD3b. It is not clear what the cause of this was.

There are many structural, organisational, financial, and climatic constraints to add to the constraints of poor farm management practices of the traditional food and cash crop sub-sector and these are addressed in the Agricultural and Natural Resources Policy 2011-2015 and include Institutional Support Services and System-Wide Constraints:

- The agricultural sector is predominantly rain-fed so production is dependent on good rainfalls;
- technical departments are constrained by inadequate incentives, unconducive work environment, inadequate funding and inadequate number of trained high level and middle level manpower;
- farmer organizations are constrained by over-involvement of the Government, failure to transform farmer groups into producer cooperatives, and lack of sustainable financing;
- extension services are constrained by inadequate improvement and development through continuous training, inadequate resources, large extension worker/famer ratio, limited knowledge and skills and lack of robust mobility;
- agricultural research is principally constrained by lack of financial resources to implement the essentials of the Agriculture Research Master Plan;
- rural finance and input/output marketing are constrained by lack of clear cut rural finance policy, too many actors with conflicting agendas and lack of adequate skills in the management of rural finance system;
- agricultural mechanisation is limited by low promotion of draught animal technology and high cost of equipment and draught animal;
- land and water resources are constrained by fragile soils, land tenure system, salinization and erosion, decline in the use of fertilizer, fluctuating rainfall trend, excessive exploitation of the upper or shallow sand aquifer and lack of appropriate renewable energy technologies to exploit the huge deep sand stone aquifer water resources;
- gender output is constrained by lack of property rights, small-scale of operations, the use of traditional production technologies, low access to productive resources and inadequate distribution and marketing system; and

- household food security is constrained by low local production and dependence on imports and external food aid; and, environment is constrained by deleterious farming methods and resource harvesting techniques, ill-conceived mechanization policy, irrational & unsustainable resource use patterns, lack of mainstreaming/incorporation of climate change aspects into most sub-sectoral policies, and limited development of local conventions on natural resource management.

The conclusion of the Agricultural and Natural Resources Policy is that the agricultural base is unlikely to substantially expand and diversify but will be rationalised and deepened, while food production will be increased substantially through intensive and limited expanded cultivation of tidal and upland rice, the target being to improve the self-sufficiency level of domestic rice from 20% in 2004 to 50%self-sufficiency.

2.5 Fishing

The Gambia is endowed with considerable riverine and marine fish resources. The country is located within the Eastern Central Atlantic Ocean, an area classified as one of the richest fishing zones of the world.

The Fisheries Policy (2007), Fish Act (2007) and Fisheries Regulation (2008) provides the policy, legal and management framework for the fisheries sector in the Gambia. There are also fisheries management plans for shrimp, sardinella, sole and catfish species, prepared in 2009.

In 2014 the Department of Fisheries had 155 fish landing sites, 15 of these being coastal landing sites.

Fisheries resources within the sub-region are generally shared and The Gambia, Senegal, Mauritania, Guinea Bissau, Guinea, Cape Verde and Sierra Leone have established the sub-regional fisheries commission (SRFC) to reinforce cooperation and coordination of the management of the marine fisheries resources among member states.

According to the Sub-Regional Fisheries Commission (http://www.spcsrp.org/en/gambia), the potential catch in Gambia's waters was estimated in 2003 at 285,000 tonnes of small pelagic fish and 22,000 tonnes of demersal species.A downward trend in the demersal stocks biomass is in evidence, which is most probably because of over fishing. Croakers and catfish stocks are also threatened by overfishing, while grouper stocks are over-exploited and threatened with extinction.Shrimp stocks have been fully exploited and shrimp and fish trawlers are reported as having substantial amounts of bycatches comprising large quantities of small fish. In the pat this bycatch was thrown back into the sea but, according to an interview with the Department of Fisheries, the level of wastage of bycatch is reducing as commercial fishermen are encouraged to land all fish in The Gambia.

Most fishing done by local fishermen is within the territorial waters (12 nautical miles) and not in the Exclusive Economic Zone (200 nautical miles). Fishing in the territorial waters is usually done by fishermen in small boats (canoes) who land everything that is caught on landing platforms on the beach or on the banks of the River Gambia. Fish that is caught in the EEZ is by commercial fishermen, such as purse-seiners, who are only interested in catching one type of fish (such as tuna) and dump the rest of the fish caught in the nets (the by-catch) overboard. They do not land this fish in The Gambia.

Anecdotal evidence suggests that most local fishermen are not from The Gambia but from Senegal, who fish in The Gambia's territorial waters and land, and sell, the fish from landing sites in The Gambia.

2.6 Trade-Related Infrastructure

The Gambia is part of two important trade and transport corridors, one that runs east-west, which is a recognised ECOWAS corridor (although officially runs between Bamako in Mali and Dakar in Senegal, although a spur of this corridor could run between Bamako and Banjul) and one that runs north-south through The Gambia, linking the agriculturally productive southern regions of Senegal, to the port at Dakar. Figure 2.3 below shows the main ECOWAS transport corridors.

Figure 2.3: Transport Corridors in the West African Region

There are no railways in The Gambia so surface transport is either by road or by water.

Water transport is either on the River Gambia or by marine transport. The River Gambia is approximately 1,130 km long and navigable in most of its length. Vessels with a draft of about 4.5 metres can reach Georgetown (Janjangbureh), about 280 km upstream. The tide (and navigation) intrudes to 460 km upstream of Banjul and thus defines the estuary and the boundary between The Gambia and Senegal. Between Georgetown and the border, the river is navigable for boats with a draft of up to 3 metres. The river is used for transport but in a very minor way and has considerable untapped potential as a transport system. For example, as is mentioned above, the tide affects the entire length of the river in The Gambia and after Georgetown the water is fresh water. The tide can be used to "power" irrigation[8] of paddy rice on either side of the upper reaches of the river and this rice could either be transported westwards to markets outside of The Gambia via the river and through the port at Banjul or eastwards via a multi-modal transport system comprising the river and then road transport to other ECOWAS member States (primarily Senegal, Mali and Burkina Faso). To maximise the use of the river transport system, which provides The Gambia with a comparative advantage to her neighbours, would

[8]The tide can also be used to power river transport, with boats travelling with the tide – travelling east when the tide is coming in and westwards when the tide is going out.

require the development of a river harbour around Georgetown or east of Georgetown plus financial incentives to get the crops transported by river.

Marine transport could also play a more important role in The Gambia's economy than it does at present if the port at Banjul could be developed as a break bulk and transhipment port for the rest of ECOWAS and make efficient use of short-sea shipping routes. However, the port at Banjul is in great need of capital investment. For example:

- although the depth at the quays is 9-12 metres, there is a sandbar in the shipping channel that restricts the access to ships with drafts of 8.5 metres or more;
- the area where containers are stacked on the quayside is subsiding and floods with the tide which means that containers at the bottom of the stacks are in water, and means that containers cannot be stacked five-high as the quayside would subside further;
- there are no shore gantries or cranes so all loading and unloading of containers and break bulk (apart from cement which is unloaded using a shore-based vacuum suction system) is done using ships' cranes which limits the ships calling at Banjul to those with their own ships gear; and
- There is very limited space in the port area, even with construction of the new container freight storage area.

As part of the implementation of the Industrial Policy a solution to the upgrading of the port will need to be found. This could involve entering into a public-private partnership arrangement which would mitigate the challenge of access to investment finance.

According to the 2018-2021 National Development Plan (p194), the port authority intends to enter a concession for container handling and possibly other activities and lists the following as measures that may be needed:

- Update the port master plan identifying short-term improvements of port operations including entering a public-private partnership for the provision of container handling activities;
- Assess the feasibility of possible public-private partnership contractual schemes from O&Mcontracts (an O&M contract involves a private party operating and maintaining equipment) to a full Build-Operate-Transfer and their potential attractiveness to investors, as well as of related adaptations to the role and organization of the port Authority and determine potential social impacts; and
- Mobilise technical assistance to structure the container activities public-private partnerships, draft contract, organise tender, evaluate bids and close the deal.

Overland road transportation of goods through The Gambia remains an important source of income for the country and a vital link in the regional trade network. That link is weaker than it might be, however, because of the seeming inability to implement the ISRT and take advantage of the ETLS.

In regard to road transport infrastructure, the government is committed 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 government has established a National Road Authority for the planning, programming and implementation of road maintenance and other road investments.

As part of the Industrial Strategy it will be important to update the country's HDM-4 survey information and arrive at a costed medium- to long-term plan to get The Gambia's trunk road network to a "good" condition and to maintain this good condition for the next twenty years or more.

In December 2011, the African Development Bank approved financing to The Gambia and Senegal for a bridge across the River Gambia and associated works, including consultancy services for design review, pre-contract services and supervision of works; construction of a 942 metre pre-stressed concrete bridge; construction of 990 metres of road access embankments; and an Environmental and Social Management Plan (ESMP).

The funds from the AfDB also include trade facilitation and cross border improvement measures in both countries comprising of: detailed studies to design and supervise construction of One Stop Border Posts (OSBP); construction and equipping of two one-stop border posts; weigh and toll facilities; capacity building (seminars, tours, sensitization); and Joint Technical Committee activities.

Also included in the funding are related activities in The Gambia comprising development of social infrastructure including: design and supervision of feeder roads and markets; rehabilitation of feeder roads; and construction of two markets.

The bank funds also provide for Technical Assistance to the Executing Agency in The Gambia; Project Monitoring and Evaluation; Technical and Financial Audits; Project Coordination Activities; HIV/AIDS/STI awareness and prevention programmes; road safety awareness and education campaigns targeting children, cyclists, pedestrians, and public service operators; and compensation of Project Affected People.

The Gambia has comparative advantages as an air transport hub including the fact that it is close to both Europe and the United States of America, is on the westernmost edge of ECOWAS with easy access to the main ECOWAS cities; it has an unusually long runway at Banjul; and easy aeroplane access (meaning there are no mountains or hills obstructing landing and take-off). It also has the added advantage that in 2000 the U.S. Federal Aviation Administration approved The Gambia for "last point of departure" status. Countries with this status have met strict security parameters, for the passengers to fly directly to the United States without any stop in between.

New cargo handling facilities constructed using EIF Tier 2 funds, including screening equipment and a cold room for the storage of agricultural goods, are expected to be operational early in 2018.

3. Development of a Trade Strategy and Industrial Policy

In recent years there has been a revival of interest in industrial policy among academics (e.g. Rodrik, 2004; Hausmann and Rodrik, 2006; Cimoli et al., 2010; Lin and Chang, 2009; Lin and Monga, 2011). However, controversies remain, such as in the debates between functional versus selective intervention; comparative advantage following versus comparative advantage defying (e.g. Lin and Chang, 2009); and the nature of state and business relationships (e.g. Hausmann and Rodrik, 2006).

The debate on industrialisation has been mainly on industrialisation in Asia and only recently has there been much debate on industrialisation of African countries, with proposals ranging from suggestions that African countries should not attempt to industrialise but should concentrate on being a part of the global economy as suppliers of raw materials and agricultural produce; to theories that suggest that industrialisation should be left to free market forces that will take advantage of comparative and competitive advantages where they exist; to theories that suggest that there is a role for the state to play in promoting industrialisation, with many sub-theories as to what role the state should play and how the state should play that role.

In his book, "Made in Africa", Arkebe Oqubay (Minister and Special Advisor to the Prime Minister of Ethiopia) makes the point that "*Industrialisation requires a strong and development-orientated state with a long-term vision of structural transformation, a highly committed political leadership, and effective transformational leadership*". This is a break away from the more conventional free market theories of industrialisation which, in effect, suggest that if the private sector is supported by liberal policies then market forces themselves will lead to industrialisation without help (or interference) from government. The advocates of the position that industrialisation should be left to the private sector, with the only role the state should play being to create a conducive environment, would usually argue that it is because of government intervention that industrialisation in African countries is, in the main, a failure.

The Ethiopian position, as expounded by Oqubay, on the other hand, is that there is no convincing evidence that a low-income country can generate sustained rises in living standards without manufacturing and that there is a role for the state to play in developing and implementing an industrialisation policy. If The Gambia were to adopt this position it would mean that the starting premise would be that The Gambia should try to promote export-led industrialisation and that there is a role, which is to be defined, for the state to play. In this model of industrialisation, it is not the amount of state intervention that matters but the nature and type of state intervention and quality of leadership.

Whatever the path followed by The Gambia it will mean that successful implementation of an industrialisation policy will need structural transformation to arrive at an export-led industrial policy. This will be a long-term commitment and will need constant and strong leadership. It is important that, once committed, policy implementation takes place with no policy reversals but in a practical and pragmatic manner which takes account of changing circumstances, both external and internal, and also takes account of lessons learned along the way.

The objectives of The Gambia's Trade Strategy and Industrial Policy are to build on existing comparative/competitive advantages and sectors and create new competitive advantageswhile also taking advantages of market access opportunities within a framework of a national business-enabling environment, with the aim of boosting employment and wealth creation and economic growth.

The Principles of The Gambia's Industrial Policy are as follows:

- Industrial development will be based on export-oriented sectors that are competitive on the international market;
- Emphasis will be given to labour-intensive industries as a way to exploit the comparative advantage of The Gambia's labour and to maximise employment creation;
- The private sector will be fully supported to lead the industrialisation process through the creation of an enabling environment and the establishment of an effective public-private dialogue; and
- The public sector will be given a strong role to play, not merely as a facilitator but also as a leader, in providing direct support, co-ordination and through market access negotiations with other countries.

Taking the above-mentioned objectives and principles into account, The Gambia's Trade Strategy and Industrial Policy is built upon the following three pillars:

1) Strengthening the performance of existing sectors where The Gambia has, and needs to further develop, comparative and competitive advantages;
2) Supporting non-traditional sectors where The Gambia could develop a competitive advantage, with implementation of the right policies and strategies; and
3) Taking advantage, and deepening, market opportunities in countries that provide The Gambia with preferential market access.

These three pillars would be built on cross-cutting issues including:

Macroeconomic stability

To implement a trade strategy and industrial policy would require macroeconomic stability and this will be difficult for The Gambia to achieve over the next few years as it grapples with reducing high debt to GDP ratios, falling levels of output and an increasing import bill. Conversely, this set of conditions may be the right conditions under which to launch a Trade Strategy and Industrial Policy as drastic action is necessary to turn the economy around. In addition, in June 2017, the Executive Board of the International Monetary Fund (IMF) approved emergency financial assistance under the Rapid Credit Facility (RCF) in the amount equivalent to SDR11,662,500 (about US$16.1 million), and the IMF Managing Director approved a one-year staff-monitored program (SMP) to guide policy implementation. The IMF financial assistance is intended to address urgent balance of payments needs and help fill budgetary gaps while the authorities implement economic and structural policies aimed at restoring macroeconomic stability and reducing poverty. The Executive Board's approval of the RCF disbursement will also enable the authorities to engage in further discussions with the donor community regarding assistance to meet their remaining financing needs.

Trade Mainstreaming

To strengthen trade mainstreaming and as a precondition for the design and implementation for an efficient and effective Trade Strategy and Industrial Policy the following would need to be addressed:

- The priorities of all existing trade-related policies and strategies should be identified and listed in one document. Where the priorities are similar, these should be coalesced into one priority. Where priorities contradict each other a government decision should be made to determine which priority should hold and which should be rejected. Once this exercise is finalised the priorities themselves should be prioritised so that there are two categories of priority – high level and secondary priorities. This should be followed by a mapping exercise that maps the process of arriving at the prioritised target from the existing situation. This mapping exercise will assign specific responsibilities to each trade body with a time-line.
- The mandates, functions and responsibilities of the various bodies involved in trade issues, and as listed above, should be re-assessed with a view to streaming and avoiding any overlap and conflict. The intention is to deepen and strengthen the process of mainstreaming trade and build on the solid foundations already in place.
- The mandates, functions and responsibilities of the coordinating committees should be reviewed and streamlined into one coordinating process. At present that are overlapping mandates, such as the mandates of the Trade Policy Decision Making Committee and the NEC, that aim to coordinate policy implementation, but which don't function as well as they should, partly because of overlapping functions and mandates.

Environment and climate change

Some commentators would suggest that one of the reasons for the declining production of grains and legumes in The Gambia could be attributed to the effects of climate change. In order to either rule this out as a major factor in declining production, or to design mitigating interventions, and in implementing the Trade Strategy and Industrial Policy, Government should carry out a study to examine the effects of climate change on agricultural and fisheries production and, from the study, recommend mitigating actions.

Gender

The Gambia has a Gender Policy (2010-2020) which was prepared by the Ministry of Women's Affairs, the priority areas of which are in Gender and Education; Gender and Health; Gender and Sustainable Livelihoods Development; Gender and Governance; Gender and Human Rights; and Poverty Reduction and Economic Empowerment. Although industry and trade are not mentioned specifically as a priority area, we can assume that it is covered in sustainable livelihoods and poverty reduction and economic empowerment. In implementing the Trade Strategy and Industrial Policy, Government should ensure that issues of gender are addressed in a cross-cutting way and that implementation is done in accordance with the provisions of the Gender Policy.

Innovation, Technology Transfer, R&D

In implementing the Trade Strategy and Industrial Policy more proactive measures need to be taken, in each area of intervention, to ensure that sufficient attention and resources are provided to innovation, technology transfer and research and development. As with the case of Gender, all interventions should make specific budgetary provisions for innovation, technology transfer and research and development, recognising that these requirements will be different and specific to each intervention.

Skills Upgrading

Increased production cannot take place without improving skills. Improved skills are also needed to produce efficiently and to the required standards and quality. There is currently a shortage of skilled Gambian workers and it is estimated that almost 75% of the skilled workers employed in the country are non-Gambians. To improve this situation, new vocational training programmes have been established, under the National Accreditation and Quality Assurance Authority (NAQAA) but this effort will need to be supplemented by additional interventions and programmes. In implementing the Trade Strategy and Industrial Policy it will be necessary to both train Gambians, preferably through schemes that allow "on-the-job" training, which will need to be funded by the public sector, and through a loosening up of restrictions, and reducing costs, of using expatriate skilled labour, at least until the skills gap is resolved.

3.1 Strengthening Performance of Existing Sectors

For the decade 2002 to 2012, the main drivers of economic growth for the Gambia werethe agriculture, fisheries and tourism sectors and, consequently, The Gambia's national development plans have been promoting an industrialisation process that is based on:

- Agro-processing of oilseeds (groundnuts, cashew, sesame) and horticulture (fruit and vegetables);
- fish and fish products including from natural fisheries (fresh water and marine) and aquiculture (prawns and oysters); and
- tourism, including the diversification of tourism from beach holiday tourism to eco-tourism, cultural, inland and community-based tourism and conference tourism and strengthening the linkages between tourism and other sectors of the economy and increase Gambian participation so as to maximise returns to the domestic economy.

The Gambia has, over the years developed policies in each of these sectors. The challenge is that these policies are not implemented. In implementing The Gambia's Trade Strategy and Industrial Policy a first step could be to revisit the policies in each of these areas, determine why the policies have not been implemented, or why they have only been partially implemented, and take the necessary steps to either ensure that they are implemented as they are designed, or modify these policies so that they can be implemented.

The proposal is to take a market access driven approach and to work backwards to adapt production to potential markets rather than taking a production approach and try to find markets for what is produced. This market access driven approach will involve the following activities:

- For specific markets where The Gambia has preferential market access, assess what market opportunities there are for existing products. For example, in the ECOWAS market there may be opportunities to export groundnut oil and dried or frozen fish; in the EU market there may be greater opportunities to export vegetables and horticultural products and high-end tourism services; and in the AGOA market there may be opportunities to export fish and fish products.

- Assess which producers have the potential or the existing capacity to meet the export requirements of the identified markets and carry out an audit of these companies to get an exact assessment of what needs to be done to allow the identified producers to start to, or significantly increase, sales into the identified markets on a preferential market access basis.
- Assess what the existing trade barriers in each of these markets are for the identified products. For example, the trade barrier may be price, or quality, or packaging and presentation, or regular quantities.
- For each identified product assess whether the public sector can assist to remove trade barriers, either directly or indirectly. For example, can government intervene in specific areas and specific sectors to reduce costs of production (such as prioritise a regular supply of cheap(er) electrical power to targeted producers) or to assist to identify markets and distribution channels (such as financing participation of potential, or existing exporters to trade fairs or B2B or B2C events and providing targeted entrepreneur training and mentoring to SMEs carefully identified as potential exporters).

3.2 Supporting New Sectors

The Gambia has a few comparative advantages relating to its geographical position, language and infrastructure which can be converted into competitive advantage. For example:

- The Gambia is the one of the closest African countries to the United States of America and retains its "last point of entry" status into the United States[9]. This means that The Gambia has a comparative advantage in terms of commercial air transport into the United States, but this is yet to be translated into a competitive advantage.
- The Gambia is linked to the Africa Coast to Europe (ACE) undersea cable that, when completed, will provide The Gambia with a fibre-optic link to 19 other African countries (including 2 landlocked countries) as well as 3 European countries. However, although Phase I of ACE was commissioned in 2012, including the link to The Gambia, access to the internet in The Gambia, in terms of speed, bandwidth and coverage, is very poor and little, if any, attempt seems to have been made to take advantage of this fibre link. This is despite the fact that The Gambia is part of the consortium, headed by Orange, that manages the cable. What has happened is that Gamtel has signed a contract with Huawei Technologies to implement Gambia's component of the ECOWAS Wide Area Network (ECOWAN) project. However, this terrestrial fibre backbone is not, as yet, connected to ACE.
- The Gambia isone of the deepest ports on the West African coast[10]. The depth at the cargo pier in the Gambia is 9-12 metres but the sandbar in the channel limits ships with a draft of less than about 8.5m. There are no shore gantries of cranes at the port of Banjul so calls are restricted to ships with their own ships gear. The length of the pier allows two relatively small ships to berth

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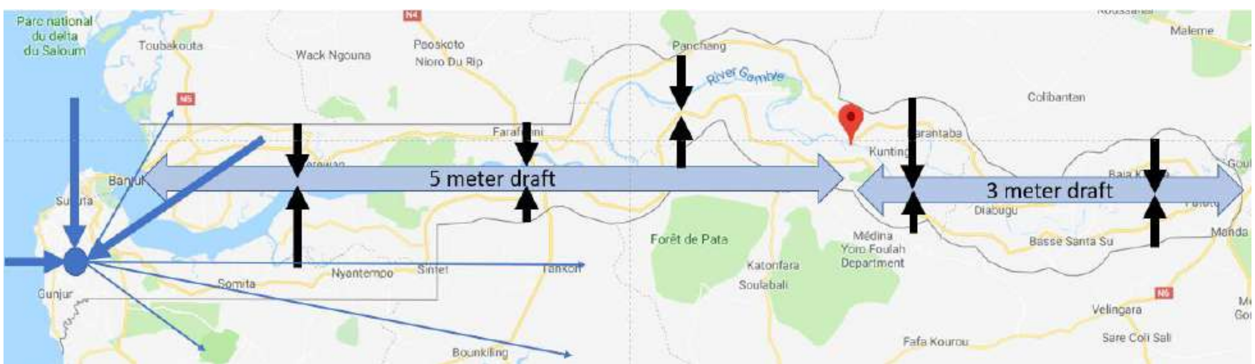
[9] The Gambia was, at one stage, after 9/11, the only ECOWAS country to have a "last point of entry" status into the USA.

[10] For example, the port of Dakar (Senegal) has a cargo pier depth of 4.9m-6.1m, Abidjan (Ivory Coast) 7.1m-9.1m, Apapa (Nigeria) 7.1m-9.1m and Tema (Ghana) 7.1m-9.1m

at any one time. All these factors mean that The Gambia can accept very few direct calls and that the ships it does accept are limited in size to ships that carry a maximum of 2,500 TEU, with most ships calling at the port being ships with a capacity of 1,000 TEU or less. If the channel was deepened (using a capital dredger) to accept larger ships, if the piers were strengthened, if the container storage yard was strengthened and expanded and if the pier length was expanded (as per plan[11])then Banjul port could market itself as a first port of call and expand its transhipment business.

- The River Gambia is navigable from the coast to Georgetown to vessels with a 5m draft and from Georgetown to the border with Senegal to vessels with a draft of 3m. If The Gambia invested in a network of feeder roads running north south (between the border with Senegal and the River Gambia) on the north and south sides of the river and connected these roads with one midway running east-west on both sides of the river (see Figure 3.1), this would allow the whole country to feed into a multimodal transport system that uses the river as the main artery. In this system river boats (both fast ferries and cargo boats) would be able to move up and down the entire length of The Gambia and be able to supply agricultural inputs and collect agricultural produce from depots on the river. The inputs could then be delivered to all parts of the country from the river depots via the feeder road network and produce could be delivered to the river depots via the feeder road network. The agricultural produce could be processed in the provinces before being transported to Banjul for consumption or export. This multimodal transport system would also greatly benefit the border communities in Senegal, who would also be able to take advantage of this system.

Figure 3.1: Use of the River Gambia as the backbone to a National and Regional Multimodal Transport System



In implementing The Gambia's Trade Strategy and Industrial Policy in this area the following actions should be undertaken:

- Conduct a study and make recommendations on how The Gambia can take advantage of its proximity to Europe and the United States (including its "last point of entry" status); its long runway that can accommodate the largest cargo planes[12]; and the modern cargo processing

[11] The Gambia Ports Authority has plans to extend the new jetty by 200m, rehabilitate the old jetty (133m long jetty), increase the size of the container storage yard, rehabilitate the north and south container terminals, dredge the harbour areas and the channel (so that the channel is 10.2m deep and 120m wide to allow two shipping lanes in the channel).

[12] The runway was built as an emergency landing site for the NASA space shuttles so it is extremely long and can take very heavy landing loads

facilities at the airport to make the international airport at Banjul a cargo centre for breaking bulk and consolidating air freight for the ECOWAS region. There has already been much work done in this area in the past and this task may not be excessive but may require updating only.

- Identify international ICT companies and companies that provide back-office functions and enter negotiations with them on what they would require setting up operations in The Gambia. If terms and conditions are acceptable, sign performance-related contracts and monitor these contracts against milestones and benchmarks.
- Enter into negotiations with a large port operator to develop the port of Banjul into a modern port that can take large ships on a partnership basis[13] with a view to entering into a concession agreement with a terminal operator that will include the terminal operator investing in the infrastructural upgrades necessary to make the port of Banjul regionally competitive. Note that this is necessary because Government will not have the resources to finance this for many years to come.
- Carry out a national transport and logistics study for The Gambia that will examine what national transport and logistics system would best serve the interests of The Gambia, taking into account the Trade Strategy and Industrial Policy[14].

3.3 Trade and Industrialisation Infrastructure

3.3.1 Industrial Zones/Parks

The Gambia Investment Promotional and Free Zones Agency (GIPZA) was created by The Gambia Investment Promotion Act (2001) and The Gambia Free Zones Act (2001). These acts provided for Special Investment Certificates (SICs) and Free Zones Licenses (FZLs). Holders of SICs were entitled to incentives for a period of five years including tax exemptions, preferential access to land and accelerated depreciation. The Government, under the Gambia Investment and Export Promotion Agency Act of 2015, reformed the incentives scheme and created The Gambia Investment and Export Promotion Agency (GIEPA).

There have been efforts to promote free trade zones (FTZs) in The Gambia which have not been successful. However, in recent years there have been numerous examples, mainly in Asia but also in Africa, especially Ethiopia, of proactive measures taken to set up industrial parks which have had a major impact on the industrialisation of the countries concerned.

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[13] It should be noted that this will put Banjul into direct competition with the Autonomous Port of Dakar, which has an anchorage depth of 14m to 15.2m but a cargo pier depth of only 4.9m to 6.1m. It should also be noted that the terminal operator at Dakar is Dubai Ports World (DP World) who have a 25-year concession, starting in 2008. Most ports in West Africa are concession ports, with the terminal operators being Bolloré; AP Moller Maersk; MSC GETMA or DP World

[14] This transport and logistics work could take advantage of the on-going studies being conducted by UNDP on the national road network and of the African Development Bank's programme support of the Trans-Gambia Highway, including the bridge across the River Gambia.

There have also been innovative schemes where African governments have created a high-tech environment and attracted international companies to locate in this high-tech environment and, in doing so, establishing a high-tech basic infrastructure in the country concerned. For example, Mauritius built Cybercity and attracted service sector companies to Cybercity and, in doing so, structurally transformed the economy away from sugar and sugar-based industries towards services industries.

The Gambia's Trade Strategy and Industrial Policy would need to assess:

- The costs and benefits of Export Processing Zones or similar;
- The costs and benefits of industrial parks and how the establishment of industrial parks could be financed – purely by Government; purely by the private sector or on a public-private partnership basis. Industrial parks have some advantages (such as keeping industries in one place which makes the task of providing reliable utilities (electricity and water) and services (customs and financial services) easier and allowing a cross-fertilisation of ideas and business practices. However, the costs, in terms of financial costs as well as costs of compliance to international standards, is high.
- The costs and benefits of creating an environment specifically designed to attract a particular kind of industry to establish that industry in The Gambia.
- The practicality and feasibility of converting the whole of The Gambia into a duty-free area.

3.4 Industrial Policy and Trade Strategy Support Mechanisms

3.4.1 Trade Negotiations

Government should, through the process of negotiation and lobbying, seek to improve the Gambia's market access into regional and overseas markets. This could be done by creating and building capacity of a trade negotiating team in MOTIE whose primary responsibility would be to negotiate improved market access into ECOWAS (through improved implementation of the ETLS and ISRT); the EU, (by analysing and understanding all of the nuances of the ECOWAS EPA and, where necessary, raising issues of clarification with the EU through the ECOWAS Commission and trying to negotiate derogations to the EPA[15]); the USA (by taking advantage of The Gambia's re-entry into AGOA and helping the private sector meet the AGOA requirements for market access into the USA); and selected countries (by negotiating bilateral agreements with these countries or seeing how The Gambia can maximise the advantages offered under the existing GSP or preferential trading arrangement and then assisting the private sector stakeholders to position themselves to take advantage of the preferences offered or negotiated, meaning capacitating the private sector on preferential market access arrangements).

3.4.1.1 ETLS and ISRT

The Gambia, as a Member State of ECOWAS, has a role to play in ensuring that the ETLS works in theway it is designed to work. In many ways, The Gambia is well placed to pilot implementation of an efficient

[15] Practically it will be very difficult to negotiate changes in the EPA, in terms of trade arrangements. However, there are precedents that could be followed in terms of negotiating temporary derogations to some aspects of the EPA trade agreements. For example, Mauritius has negotiated a derogation under the *de minimis* that applies to fish and fish products rules of origin, which shows that it is possible to negotiate derogations.

ETLS and ISRT with Senegal. There are, however, some fundamental differences in the way customs administration works in The Gambia and in Senegal and these need to be resolved and rationalised.

The Gambia currently has three bilateral agreements with Senegal of relevance to ETLS and ISRT and these include MoUs on customs, on the ISRT and on the ETLS. Before the Trade Strategy and Industrial Policy is prepared and finalised it is suggested that The Gambia enters into negotiations with Senegal with the intention of arriving at an agreement that is legally binding on both sides to allow the implementation of the ETLS (and ISRT) in a transparent and legally enforceable manner. These negotiations, and the final, legally binding, agreement, which should be negotiated with the assistance of the ECOWAS Commission, should address and conclude on issues that preclude the implementation of the ETLS and ISRT at present such as:

- The cessation of the compensation mechanism[16] that has put a stop to direct financial compensation, especially for ECOWAS Member States that are net importers and that export very few goods within the Community. This has reduced the incentive for some Member States to enforce Community texts on the free movement of goods including the ETLS provisions.
- A lack of a clear directive at the national level on the implementation of the ETLS Scheme, in some instances to protect levels of government revenue inflows.
- Implementation of national (and sometimes non-gazetted) taxes at the borders and on the roads, including transit fees, parking fees, conveyance taxes, municipality taxes, etc.
- Non-tariff barriers (NTBs) and Technical Barriers to Trade (TBTs) that stop the implementation of the ETLS including: not recognising standards or SPS approvals certified by a qualified national authority; not accepting approvals issued by the National Approval Committees (NACs) of Member States; import and export licensing and arbitrary bans on some imports, despite being on the list and originating from the domestic/regional economy; and road blocks and general harassment of road transporters, including extortion and intimidation from police and the security forces.
- Poor quality of trade infrastructure including at border posts and transport infrastructure.
- Poor levels of automation of the trade environment.
- Lack of information regarding the ETLS and ISRT by traders (importers, exporters and transporters).

Other issues such as the lack of common currency, high cost of transportation and communications infrastructure, language barriers and other logistics problems such as improper or inadequate packaging of goods, etc. also constitute delays or obstacles in the implementation of the ETLS and solutions need to be negotiated.

In implementing the Trade Strategy and Industrial Policy The Gambia needs to work with the ECOWAS Commission and the relevant authorities in Senegal to develop instruments and mechanisms, with a monitoring and evaluation framework, to make the ETLS and ISRT more effective and legally binding on The Gambia and Senegal.

[16] ECOWAS and UEMOA harmonised their compensation mechanisms for Member States that lose revenue because of trade liberalisation in that the statute of limitation and the application processes were harmonised.

3.4.1.2 EU-West Africa Economic Partnership Agreement

ECOWAS and UEMOA together are 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 WAEPA, West Africa and the other ACP regions will open their markets progressively, though in an asymmetrical manner, to exports from the EU.

In implementing The Gambia's Trade Strategy and Industrial Policy The Gambia should work with the ECOWAS Commission to get an agreement on The Gambia's list of sensitive products and the operational plan for an EPA-Development Programme.

3.4.1.3 Africa Growth and Opportunity Act

The Gambia is now, once again, eligible to preferential market access into the US market under AGOA. The government and private sector needs to be pro-active in taking advantage of this preferential market access to attract investors into the Gambia that can produce for the US market.

3.4.1.4 Bilateral Trade Agreements

The Gambia, as a Least Developed Country, has access to preferential trade agreements that were made available to LDCs after the successful negotiation of the Duty Free Quota Free Market Access provisions by the LDC Group at the Hong Kong WTO Ministerial Meeting in 2005 (Annex F) which determined that developed countries, and developing countries in a position to do so, would offer DFQF market access to LDCs on 97% of their tariff lines. Although some developed countries, such as the United States, have not offered 97% DFQF market access, many developing countries have. In implementing the Trade Strategy and Industrial Policy The Gambia needs to determine which countries offer DFQF market access of 97% to The Gambia and to then pro-actively market products from The Gambia into these markets and so take advantage of these preferences.

3.4.2 Tax Structure Overhaul

The Gambia's tax structure, both in the number of taxes that need to be paid and in the level of taxation as a percentage of profit, and the time and effort needed to comply with the tax system, must be, at the very least, a disincentive to investing and doing business in The Gambia. The complexity of the tax system leadsto low levels of compliance and make it difficult for the GRS to monitor and enforce compliance.

In implementing The Gambia's Trade Strategy and Industrial Policy, and as a matter of urgency, Government should comprehensively overhaul the tax system so that the levels of taxation are reduced; the number of taxes levied are reduced; where possible, calculation and payment of domestic and trade taxes are automated; and compliance is made easier. It is likely that this exercise will be revenue neutral, or possibly lead to a rise in revenue because, although the rate of taxation will decline, the level of compliance is expected to increase, and the tax base will broaden. After the new tax regime is introduced GRA should provide an amnesty on taxes not paid under the previous tax regime but notify the general public that the audit and compliance functions of GRA will be strengthened and that companies will be more closely monitored to ensure compliance with the new tax structures.

3.4.3 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. Principal investment incentives offered by The Gambia include Special Investment Certificates (SIC), Export Processing Zones (EPZs), export promotion incentives applicable to firms outside EPZs, and micro, small, and medium enterprises.

In implementing The Gambia's Trade Strategy and Industrial Policy, Government should re-examine the effectiveness of tax breaks to companies in the promotion of investments. In other countries, these kind of investment incentives have proved to be ineffective and cause an unnecessary loss to government finances.

3.4.4 Business Registration

In July 2015 Government launched a Single Business Registration System, a component of the Growth and Competitiveness Project (GCP), which was initiated in March 2011 as part of a business environment reform programme and the government's development agenda. The main objective of this project is to improve the investment climate in the country to increase volumes of trade, but also to stimulate investment in key sectors.Businesses in The Gambia may be registered as a company, a sole proprietorship, a partnership, or other forms of businesses (namely co-operatives, subsidiaries of other companies).

To register a business the applicant needs to submit Memorandum and Articles of Association and a photocopy ID of all shareholders (passport or ID card). The applicant then needs to physically go to the Single Window Business Registration Offices at the Ministry of Justice in Banjul or the Kanifing Municipal Council to obtain a registration form (for which there is no charge); reserve a unique company name (which costs GMD500) and obtain a Tax Identification Number (TIN), which costs GMD50. The applicant then submits a complete registration form with the registration fee of GMD 1,000 and the applicable incorporation fee which ranges from GMD10,000 to GMD25,000, depending on the company's share capital. Once all the required documents are in place the registration should be complete in one day.

In implementing The Gambia's Trade Strategy and Industrial Policy in this area, Government should track the process and the development of registered businesses.

3.4.5 Compliance with the Trade Facilitation Agreement (Customs Procedures)

The Gambia completed its Trade Facilitation Agreement self needs-assessment in September 2013 and then notified its Category A, B and C requirements to the WTO on 25thJanuary 2018. Category A classification means that The Gambia will be able to implement the measure, with no assistance required, by 22nd February 2018. Category B classification means that The Gambia will need additional time, beyond 22nd February 2018, with this additional time to be specified, to implement the measure. Category C classification means that The Gambia will need additional time and capacity building support, both of which to be specified, to implement the measure.

The WTO TFA measures are restricted to customs measures and, specifically customs issues that are addressed under Articles V, VIII and X of the WTO General Agreement on Tariffs and Trade (GATT). In this regard, the WTO TFA does not introduce new measures and all the TFA measures are already addressed under the WCO’s Revised Kyoto Convention (RKC). This means that most of the existing reforms planned by the Gambia Revenue Authority, including implementation of an AEO system; prearrival processing, an improved and streamlined risk assessment method, one-stop border posts, design and use of a single window, making information available on the internet and streamlining customs procedures, are all part of the WTO TFA. Implementation of the WTO TFA will also assist the GRA to streamline customs processes.

3.4.6 Standards and Sanitary and Phyto-Sanitary Regulations

According to accepted international practice the general role of a standards bureau (and this is the role of The Gambia’s Standards Bureau) is to develop voluntary standards. A standards body cannot perform the technical functions of food safety, animal and plant health agencies. In line with international best practice, the GSB is not a regulatory institution, but is set up and mandated to provide part of the enabling environment through the publication of standards and their dissemination, the provision of conformity assessment and metrology services. That then allows other bodies to base their technical regulations on any of these standards and also avail themselves of credible testing services.

The food safety policy of The Gambia, which formed the basis for the Food Safety Quality Act, 2011, allowed for the establishment of a new Food Safety Authority with a unitary responsibility for food safety and quality. The Food Safety and Quality Authority (FSQA) is directly responsible for assessment of risk, risk communication, risk management, and the implementation of official controls in relation to food.

The policy provides that, with respect to imports, the Government will apply The Principles for Food Import and Export Inspection and Certification established by the Codex Alimentarius Commission Code of Practice (CAC/GL 20-1995) and the Guidelines for Food Import Control Systems (AC/GL47/2003).

One of the challenges faced by exporters of fruit, vegetables, fish and fish products is the lack of facilities in The Gambia to test for sanitary and phytosanitary standards (SPS) and other food safety standards. However, the EU-funded West African Quality Programme has supported 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 also established a metrology laboratory by providing the basic equipment necessary for the delivery of metrology services to commerce, industry, as well as other laboratories.

In addition, support has also been provided by the Indian Government to build and equip a laboratory which is expected to be able to meet international standards and best practices and so to be an accredited laboratory and be able to be mutually recognised as an accredited laboratory by other trading partners.

In implementing The Gambia’s Trade Strategy and Industrial Policy, Government should:

- Ensure that adequate systems are in place to fulfil The Gambia's legal obligations to notify technical regulations and conformity-assessment procedures to the WTO, as required under the Agreement on Technical Barriers to Trade (TBT Agreement) and to notify SPS measures to the WTO, as provided in the WTO SPS Agreement.
- Review the roles of the agencies and authorities responsible for the development of standards (standards bureau) and the agencies responsible for the implementation of international SPS standards (notably Codex, IPPC, OIE) and make recommendations to avoid overlap if there is any.
- Review the management and administration of the Indian-built laboratory and ensure that it is designed and managed in such a way as to be sustainable as an accredited laboratory.
- Build the capacity of the SPS enquiry point (FoodSafety and Quality Authority), TBT enquiry point (Standards Bureau) and the Notification Authority (MOTIE) as well as the national TBT, SPS and Notification Committees.

3.4.7 Promotion of MSMEs

The MSME sector can have a major impact on employment, especially on employment of youth and women. However, despite national policies on MSME development and high-profile donor-financed projects aimed at developing and growing the MSME sector, performance of this sector has remained disappointing. In implementing the Trade Strategy and Industrial Policy a first step could be to revisit the MSME policies and programmes, determine why they have not been able to meet their targets and objectives, and take the necessary steps to address these failed policy or implementation issues.

3.4.8 Energy

The generation, transmission and distribution of electrical energy has posed a serious challenge in The Gambia in that supply is insufficient and expensive and reported technical and non-technical (such asbilling errors) losses of about 23% during transmission and distribution.

The electricity tariffs are high, and the rates seem to penalise the users who should be encouraged to use energy. For example, the tariff rate for industrial users as of July 2015 is GMD10.40 per kWh whereas the tariff rate for domestic users (and the agricultural sector) is lower, at GMD9.10 per kWh. This makes what is produced by Gambian industry even more expensive and so uncompetitive.

Demand for power is higher than supply and demand continues to rise. Gambia has an installed capacity of 98 MW but can only manage to produce 45-55 MW, or about half of installed capacity, and demand is expected to increase to about 800 GWh by 2020, compared to the estimated demand of 621 GWh in 2012, and compared to a generated amount of 232 GWh.

Energy is one of the main areas of focus in the 2018 budget and Government is committed to resolving the energy crisis in the country in a sustainable manner. This will be done by encouraging generation of electricity from other sources other than fossil fuels. The 2013 Renewable Energy Act's policy priority is to provide reasonable incentives and facilitation to promote private sector investment in electricity-generation projects. The challenge in attracting investors is that, despite government being able to sign Power Purchase Agreements (PPAs) with private sector IPPs, the IPPs themselves are reluctant to enter into PPAs without sovereign guarantees because of the precariousness of the National Water and Electricity Company (NAWEC)balance sheet. According to the Managing Director of NAWEC, Baba Fatajo, NAWEC's financial viability is "*not looking good with a debt portfolio of close to US$200 million*"[17].

Government, in collaboration with the NAWEC Management and other relevant stakeholders, has prepared a sector road map for the energy sector with a primary focus on the Least Cost Power Development Plan (LCPDP).

In implementing The Gambia's Trade Strategy and Industrial Policy there will be a need to:

- Address the distortion in the structure of electricity tariffs;
- Examine renewable energy options open to The Gambia, including use of tidal flows in the River Gambia, solar energy, wind energy, waste-to-energy systems, and use of waste from groundnuts (biomass) to generate energy;
- Examine the option of strengthening the interconnector(s) with Senegal so that energy can be traded between the two countries;
- Address distribution inefficiencies and energy loss (which also includes administrative losses);
- Resolve NAWEC's debt situation; and
- Address the concerns of potential investors who want sovereign guarantees from government before they invest in the sector.

Other areas that could be looked at could include harnessing:

- energy from the differences in high and low tide in the River Gambia
- solar energy
- wind energy
- waste-to-energy systems
- use of bio-mass (such as the mountains of groundnut shells that dot the countryside) to produce energy

It is not inconceivable that, in future,The Gambia could not only solve its energy crisis but could be a major exporter of energy to West Africa.

3.5 Monitoring and Evaluation

Implementation of The Gambia's Trade Strategy and Industrial Policy will need to be monitored to ensure that the strategy and policy is achieving regular milestones and remains on target. If these milestones and targets are not being met, then the implementing agencies will need to be notified so that remedial action can be taken to get the programme back on target.

[17]http://thepoint.gm/africa/gambia/article/nawec-is-going-through-one-of-the-biggest-challenges-in-history-md-fatajo

4. Way Forward

As has been mentioned previously, The Gambia has a multitude of policies and strategies on trade and industry related topics including on gender, trade, exports, agriculture, fisheries, energy, MSMEs, and an overall National Development Plan and vision statements. These policies and strategies contain in-depth analyses of the current situation faced by each of the sectors they relate to and propose good policy and strategic advice. However, in the main, these policies and strategies are not implemented, or, at best, implemented partially, which means that the full effect of the policy or strategy is not realised. This may be because of the following:

- Most of the policies and strategies contain a large number of recommended actions, some of which are very general and will take years to implement, and are not put into any order of priority;
- It is not clear from the policies and strategies who is responsible for what activity, so the tendency is for agencies to assume that implementation is the responsibility of another agency; and
- There is not usually any budget allocated to implement the proposed policy or strategy changes and, in a situation where resources are scare, the priority of an agency or a ministry is to implement the activities that are budgeted for.

The fact that there are so many policies, programmes and strategies that relate to trade and industrial development means that no one Ministry or agency can be made responsible for implementation of the entire programme and, because there are no clear lines of demarcation in terms of responsibilities means that there is either duplication or that some activities fall in between two responsible agencies or ministries. In addition, although an agency may be responsible for a particular area, there may be confusion in areas of responsibility as well as the fact that the agency is part of a Ministry and is not responsible for making decisions.

In implementing the Trade Strategy and Industry Policy it is proposed to set up a Programme Implementation Unit (PIU) under the Ministry of Trade, Industry, Regional Integration and Employment (MOTIE) that will report to a steering committee of economic Ministers. The reason for this is to allow the PIU to concentrate of coordination of sectoral and cross-sectoral policy and then have the authority to coordinate the various agencies and ministries to implement this coordinated policy.Government has announced the creation of a National Business Council and it is expected to be created and operational by the second quarter of 2018. The National Business Council will comprise cabinet ministers (five are proposed) and representatives of the private sector, nominated by the Chamber of Commerce, and chaired by the President of the Republic of The Gambia. The PIU will need to be designed to take account of the National Business Council.

The PIU would have a small staff of three professionals plus administrative staff. The three professionals will be the Team Leader, a Trade Expert and an Industry Expert. The PIU will have a budget which would be provided by a donor, at least for the first 3 years. It is suggested that, given the very restricted budget resources that will be available over the next few years, because of the determination by Government to reduce the debt to GDP ratio and get back to a more stable national macroeconomic position, Government will need to seek donor (grant aid) support for this project.

Lessons can be learned from the Ethiopian Investment Advisory Facility which is a demand-driven facility financed by UK Aid (DFID) in which the Government of Ethiopia can request advisory services on issues such as how to more efficiently manage and structure State-Owned Enterprises; how to address housing issues for industrial parks; trade logistics; and tax administration and the tax system. The EIAF reports directly to the Prime Minister on some issues and to Ministers on other issues. The EIAF has a permanent team in Ethiopia but will then bring in short-term experts to do a specific job. For example, in the case of The Gambia, if government decided to concession the port of Banjul, it will need specialist transaction advice to ensure it gets the best deal possible; if government wants to establish industrial parks it will need specialist inputs; if government wants to prepare a logistics strategy that positions The Gambia as a regional logistics hub, it will need specialist inputs. If the PIU operated in a similar way to the EIAF then these specialist inputs would be provided through the PIU.

The PIU would operate as a demand-driven facility but within agreed parameters. It is suggested that the PIU would be tasked with drawing up a detailed work programme and budget; a set of milestones to be achieved; and a monitoring and evaluation mechanism. The PIU would report on progress to a committee of Cabinet Ministers every quarter. The Project would be a three-year project which could be extended based on results achieved after 3 years.

The work programme could address the following:

4.1 Strengthening Performance of Existing Sectors

- For specific markets where The Gambia has preferential market access, assess what market opportunities there are for existing products.
- Assess which producers have the potential or the existing capacity to meet the export requirements of the identified markets and carry out an audit of these companies to get an exact assessment of what needs to be done to allow the identified producers to start to, or significantly increase, sales into the identified markets on a preferential market access basis.
- Assess what the existing trade barriers in each of these markets are for the identified products.
- For each identified product assess whether the public sector can assist to remove trade barriers, either directly or indirectly.

4.2 Supporting New Sectors

- Conduct a study and make recommendations on how The Gambia can take advantage of its proximity to Europe and the United States (including its “last point of entry” status); its long runway that can accommodate the largest cargo planes; and the modern cargo processing facilities at the airport to make the international airport at Banjul a cargo centre for breaking bulk and consolidating air freight for the ECOWAS region.

- Identify international ICT companies and companies that provide back-office functions and enter negotiations with them on what they would require setting up operations in The Gambia. If terms and conditions are acceptable, sign performance-related contracts and monitor these contracts against milestones and benchmarks.

- Enter into negotiations with a large port operator to develop the port of Banjul into a modern port that can take large ships on a partnership basis with a view to entering into a concession agreement with a terminal operator that will include the terminal operator investing in the infrastructural upgrades necessary to make the port of Banjul regionally competitive.
- Carry out a national transport and logistics study for The Gambia that will examine what national transport and logistics system would best serve the interests of The Gambia, taking into account the Trade Strategy and Industrial Policy.

4.3 Trade and Industrialisation Infrastructure

- Assess the costs and benefits of Export Processing Zones or similar;
- Assess the costs and benefits of industrial parks and how the establishment of industrial parks could be financed – purely by Government; purely by the private sector or on a public-private partnership basis.
- Assess the costs and benefits of creating an environment specifically designed to attract a particular kind of industry to establish that industry in The Gambia.
- Assess the practicality and feasibility of converting the whole of The Gambia into a duty-free area.
- Based on the above assessments, make recommendations on the most appropriate path to follow for The Gambia and, after approval of this path, draw up an implementation plan and enter negotiations with potential private sector partners.

4.4 Industrial Policy and Trade Strategy Support Mechanisms

- Improve market access into ECOWAS; European Union; USA; and other selected countries through trade negotiations.
- Design and implement a programme that will result in a comprehensive overhaul of the tax system so that the levels of taxation are reduced; the number of taxes levied are reduced; where possible, calculation and payment of domestic and trade taxes are automated; and compliance is made easier.
- Re-examine the effectiveness of tax breaks to companies in the promotion of investments.
- Track the process and the development of registered businesses.
- Notify measures under categories A B or C. of the WTO TFA.
- Ensure that adequate systems are in place to fulfil The Gambia's legal obligations to notify technical regulations and conformity-assessment procedures and to notify SPS measures to the WTO.
- Revisit the MSME policies and programmes, determine why they have not been able to meet their targets and objectives, and take the necessary steps to address these failed policy or implementation issues.
- Address the distortion in the structure of electricity tariffs; resolve NAWEC's debt situation; and address the concerns of potential investors who want sovereign guarantees from government before they invest in the sector.

4.5 Monitoring and Evaluation

- Design and implement a monitoring and evaluation and reporting system.

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