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TRADE POLICY REVIEW

Report by

THE GAMBIA

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by The Gambia is attached.

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on The Gambia.

CONTENTS

	<i>Page</i>
1. ECONOMIC ENVIRONMENT AND PERFORMANCE	5
1.1 ECONOMIC OVERVIEW	5
1.2 EXPECTED OUTLOOK OF THE ECONOMY	5
1.3 MACROECONOMIC ENVIRONMENT	6
(a) Fiscal policy	6
(b) Monetary policy	7
(c) Debt sustainability	7
2. SECTORAL PERFORMANCE	7
2.1 AGRICULTURE	7
2.2 TOURISM	9
2.3 TRANSPORT	10
2.4 MANUFACTURING	10
2.5 FISHERY SECTOR	11
3. TRADE POLICY ENVIRONMENT	12
3.1 TRADE-RELATED POLICIES	12
3.2 TRADE FACILITATION	12
3.3 QUALITY INFRASTRUCTURE AND STANDARDIZATION	13
3.4 ENHANCED INTEGRATED FRAMEWORK	14
3.5 AID FOR TRADE	14
4. REGIONAL INTEGRATION	16
4.1 ECOWAS	16
4.2 ECONOMIC PARTNERSHIP AGREEMENT (EPA) WITH THE EU	16
5. TRADE-RELATED TECHNICAL ASSISTANCE	17
6. CONCLUSION	17

1. ECONOMIC ENVIRONMENT AND PERFORMANCE

1.1 ECONOMIC OVERVIEW

1. Since the last trade policy review of the Gambia in 2003, the Government of The Gambia successfully tackled the adverse impact of the 2002 drought and the subsequent drought of 2007. The economy achieved an average growth rate of 6.1% from 2006 to 2008 and is rebounding following the drought of 2007 and the subsequent effects of the global financial and economic crisis. The performance of the economy improved further in 2009 due partly to strong growth in agriculture, largely because of good rains.

2. The main drivers of the growth during 2006 to 2008 were mining, construction, wholesale and retail trade, financial services, transport, and telecommunication, which were supported by favourable weather conditions and steady inflows of foreign direct investment and remittances. The performance of the service sector was strong with average annual growth rate of 7.5% during 2005 to 2007 with strong contribution from communication and hotels and restaurants. However, tourism and residential construction were hard hit by the global financial crisis. The number of charter tourists arrivals dropped by 19.5% in 2009 from 2008 levels. Remittances from Gambian Diaspora also dropped sharply limiting the financing for home building and purchases.

3. The performance of the agriculture sector was mixed during the review period. Groundnut output fell substantially in 2007 due to unfavourable rainfall but recovered in 2008. The sector continued to perform strongly in 2009 due to good rains and successful expansion of rice farming, which helped to offset the negative impact of the global financial crisis, particularly on the rural poor. Exports of non-traditional crops, mainly cashew nuts, also improved since 2008.

4. Average inflation moderated from 17% in 2003 to 2.1% in 2006, but increased to 8% in 2007 due to rise in international prices of food and petroleum products. The Government reduced the duties and taxes on food grains which constitute 54% weight in the consumer price index, to reduce the impact of the rise in the world prices of food and petroleum on the life of the people. The sales tax on rice imports was reduced from 15% to 5% in July 2007 and eliminated altogether in May 2008. As a result the 12-month average CPI inflation moderated to 4.9% in 2008. The Government however increased the taxes on car parts and used vehicles to compensate for the revenue loss as a result of reduction of duty and taxes on rice. The import sales tax of rice was re-introduced at 5% in 2010 following the fall and stabilization of world prices of rice in 2009.

1.2 EXPECTED OUTLOOK OF THE ECONOMY

5. With the recovery of the Western Economies from the global economic crises, coupled with favourable rainfall in 2009, the outlook of the Gambian economy for 2010 is positive and real GDP is expected to grow by 5%.

6. The service sector is projected to account for 62.5% of national output, while Agriculture is projected to account for 25% and Industry 12.5%. Agricultural output is expected to grow at a modest rate of 9.8% in 2009, down from a growth rate of 26.6% in 2008. The Services sector will remain fairly buoyant following the expected recovery of tourism from the global economic crisis. Distributive trade is projected to grow by 6%, finance and insurance services by 11%, and transport, storage, and communication by 5%.

7. The growth rate of industrial output is expected to improve from -1.2% in 2008 to 3.5% in 2009. This is on account of sustained strong growth in mining and quarrying; electricity, gas, and water; and construction.

8. Prices of goods and services have been relatively stable in 2009. Food and non-alcoholic beverages group recorded an annual point-to-point inflation rate of 2.6% in September 2009, down from 8.1% a year before, and contributed 68.1% to overall inflation. Non-food items recorded annual inflation rate of 1.9% in September 2009, down from 4% a year before and contributed 31.9% to overall inflation. Given these trends, inflation on a year-on-year basis for 2009 in terms of the Consumer Price Index is expected to be around 2.7% compared to 6.8% recorded in December 2008. The 12 month average inflation is expected to be around 4.5% in 2009, the same as in the previous year.

1.3 MACROECONOMIC ENVIRONMENT

9. The Gambia continued to enjoy a stable macroeconomic environment since 2004 as the Government maintained prudent macroeconomic policies to sustain the stability of the economy despite the vulnerability of the economy to exogenous factors. The overriding objective for macroeconomic policies is to maintain a stable economic environment that would support strong growth and poverty reduction.

(a) Fiscal policy

10. Fiscal measures focused on more effective revenue mobilization, reduction in the fiscal deficit and the creation of a competitive business environment that will enhance private sector development as well as attract investment. In that regard, the Government continues to adopt fiscal measures that will help achieve these objectives.

11. In 2006, the Government started aligning its tariff rates with those of the ECOWAS common external tariff (CET) following the adoption of a common external tariff by the ECOWAS Authority. Even though the adoption of the CET has to some extent reduced the competitive tariff advantage of The Gambia, the overall advantage of an effective economic integration in West Africa is greater for The Gambia in the long term. The Government also reduced the corporate tax from 35% to 33% and the turnover tax also reduced by 0.5% in 2010.

12. The new Customs and Excise Act was passed by the National Assembly in 2010. The new Act reduced the need for duty exemptions for producers by reducing rates for inputs in line with the ECOWAS CET. The Government is also currently working closely with the ECOWAS Commission to examine the possibility of adopting value added tax (VAT) instead of a sales tax. It is hope that by the end of 2010, arrangements as well as the necessary assessment for the adoption of VAT will be completed.

13. The Government will continue to pursue tax reforms over the medium term to enhance further revenues and strengthen the business environment. This will involve further simplification of the tax system, gradual reduction of corporate and income tax rates, and eliminate exemptions and discretionary investment incentives. Reforms to tax administration will further be pursued following the establishment of the Gambia Revenue Authority (GRA) in 2006. In this regard, the Government will adopt measures to improve taxpayer-oriented services by the GRA as well as strengthen measures to protect taxpayers' rights through the effective implementation of a tax tribunal.

(b) Monetary policy

14. The focus of monetary policy since 2004 is on achieving price and exchange rate stability as key elements in creating the environment conducive to achieve sustainable economic growth. Monetary policy will be aimed at holding inflation to no more than 5%, by targeting reserve money growth to 10% during 2010. Broad money is projected to grow by about 11% during the year, while growth in bank credit to the private sector is projected to pick up to 23%.

15. In the financial sector, the Government is committed to its liberal policies as reflected in the Gambia's schedule of commitments in services. The number of commercial banks increased from six banks in 2003 to fourteen banks in 2010. The Central Bank of the Gambia will strengthen the supervision of the banking system to ensure that they are in compliance with the banking rules and operating in competitive environment. In addition, the Bank will increase banks' capital requirements from D 60 million in 2009 to D 150 million at end-2010 and eventually to D 200 million at end-2012. In addition a credit reference bureau has been established in 2009 and is now functional.

(c) Debt sustainability

16. The public external debt of The Gambia increased from US\$555.2 million in 2003 to US\$676.7 million in 2006, a level that posed more challenge to sustain given the limited resources and development commitments of the Government. The external debt services of the Government rose from US\$22.6 million in 2004 to US\$25.6 million in 2006 and US\$26.5 million in 2007.

17. The Gambia has been accessing the IMF concessional facilities since 1998 under the Enhanced Structural Adjustment Facility and under the various Poverty Reduction Growth Facility (PRGF) programmes in 2002. The Government opted for the HIPC in 2001 and performed satisfactorily which helped The Gambia reach the HIPC completion point in December 2007 and thus benefited from substantial debt relief. The debt relief reduced The Gambia's external debt stock by more than half (from US\$676.7 million in 2006 to US\$299.4 million 2007) and this created some fiscal space for Government to spend its limited resources in priority development areas.

18. The Government in 2009 formulated a Medium Term Debt Management Strategy 2010-12, as a national strategy for debt sustainability, which Government is currently implementing.

2. SECTORAL PERFORMANCE**2.1 AGRICULTURE**

19. The performance of the agricultural sector has been mixed as it continues to be at the mercy of erratic rainfall. The Government, however, continues to pursue the medium term goals of the sector which are aimed at achieving food security through the promotion of sustainable diversified food production programmes, with emphasis on cereal production. This will create employment and generate income for the rural population who are highly dependent on primary production.

20. The performance of the sector was strong in 2003 and 2004 with growth rates of 20.1% and 14.5% respectively after the drought of 2002. The sector performed reasonably well during the 2008/09 cropping season with increase in area and production for most crops. The total cereal production is estimated at 284,700 tonnes comprising 223,700 tonnes of coarse grain and 61,000 tonnes of paddy rice. The coarse grain cereal production is 10.5% above that of the previous year and 27.8% above the last five-years average. Although animal feed has improved, the most notable improvement is on rice production which increased from 34,000 tonnes in the 2008/09

cropping season to 64,500 tonnes in the 2009/10 cropping season. Groundnuts production was estimated to increase from 72,000 tonnes in 2007/08 to 140,000 tonnes in 2009.

Table 1
Cultivated area: major crops, 2006/09
(Ha)

Crops	2006/07	2007/08	2008/09
Early millet	101,397	94,151	113,640
Late millet	14,821	17,567	21,000
Sorghum	18,969	21,720	26,281
Maize	32,261	36,156	43,460
Paddy rice	15,199	16,588	34,000
Total cereals	182,647	186,182	238,581
Total ground nuts	110,388	117,591	133,703
Total all crops	293,030	303,773	372,084

Table 2
Production of major crops, 2006/09
(Tonnes)

Crops	2006/07	2007/08	2008/09
Early millet	103,539	75,825	108,404
Late millet	14,621	13,361	17,220
Sorghum	20,266	17,951	25,624
Maize	29,147	31,408	44,894
Paddy rice	15,832	11,395	38,300
Total cereals	183,405	149,940	234,442
Total groundnut	81,775	72,557	109,641
Total all crops	265,180	222,497	344,082

21. Reducing the sector's reliance on rain fed agriculture through a well developed irrigation system and the gradual and sustainable transformation of agriculture from subsistence to a more commercially-oriented farming continues to be the main challenge of the Government in its quest to modernise the sector and improve its performance.

22. The Government of The Gambia continues to take agriculture as a priority sector in its development agenda and maintains its collaboration with development partners to promote agricultural production and food productivity for food security and increased rural income. Through this collaboration, several development projects were formulated and implemented during the review period. These projects, either individually or jointly, have contributed to the continuous improvement in the sector performance both in terms of diversification and production enhancement. The projects target to develop or rehabilitate 8,132 hectares in the area of rice production, while others provide and strengthen capacity building in the production and post production management of crops.

23. The Government has also recently formulated an Agriculture and Natural Resource (ANR) Policy which is geared towards raising the productivity of small holders as well as increasing their income levels. The policy also emphasizes the comparative advantage of resources and the commitment of the Government to improve the agricultural environment to attract commercial investment in the sector. The Government's commitment in creating effective and efficient agricultural delivery systems will be pursued vigorously. The Government's effort will also be directed at increasing production, through expansion of the cultivable area as well as increased productivity, with focus on irrigation to reduce reliance on rain fed production. The Government will

also focus on sustainable improved technologies particularly in the areas of water control, improved seeds, agro-chemicals, and pest and diseases. Alongside this policy, the Government also formulated the Gambia National Agriculture Investment Programme in 2009, under the framework of the Comprehensive African Agriculture Development Programme (CAADP). The Government, in collaboration with the ECOWAS Commission, organized a donor round table in Banjul in 2010 and a compact was signed with development partners. The Government is currently preparing a national operational plan for the implementation of the programme.

24. The Government continues to promote private commercial investment in agriculture. Private commercial investments in the horticultural and poultry sectors have substantially increased. This has resulted to expansion of commercial activity from mainly the traditional areas of fruits and vegetables for exports to large scale production of poultry products, potatoes and onion for domestic market.

25. To sustain and improve performance in the 2009-10 season, the Agriculture sector was well-equipped with inputs and operational equipment and tools. Over 130,000 bags of compound fertilizer and 100,000 sachets of seed treatment chemicals and herbicides for rice were made available in the country. The Expanded Rice Production Initiative with Chinese Taipei in 2008 successfully cultivated 7,000 hectares with additional 8,000 hectares expected to be put under production in the second year of the project.

2.2 TOURISM

26. The development of the tourism sector in The Gambia since the last Trade Policy Review has been largely positive. The sector has benefited from a number of significant investments in hotels by the private sector as well as improvement in roads and other tourist related structures by the Government. The Government formulated the Tourism Development Master plan in 2007 as the main policy framework for the development of tourism in The Gambia. The plan compliments the National Tourism Policy and has also incorporated the Ecotourism Support Strategy for the Gambia.

27. One of the main challenges of tourism in The Gambia is product diversification and effective marketing and promotional activities of the Gambia as a destination particularly in light of other competitive destinations. Budgetary constraints and limited experienced personnel at the Gambia Tourism Authority hamper the agency's effort to sell The Gambia very well.

28. Tourism development, however, continues to be a priority for the Government, given the sector's contribution to GDP and employment. The Government reduced the electricity tariff rates for the hotels from D 10.43 per unit in November 2006 to D 7.65 per unit in 2009, down by 26.6% to reduce the electricity cost of the hotels. In 2009, significant resources were also directed at international marketing with the development of a highly interactive website, production of promotional literature, and participation in major tourism events at home and abroad. Various initiatives are being undertaken to diversify the tourism market, while a destination marketing framework is being developed.

29. As part of this diversification process, The Gambia will aim at positioning itself as a preferred destination for Conference Tourism. The Government will also continue to promote the development of good quality hotel infrastructure to compliment the development of roads and the upgrading of various craft markets in the Tourism Development Area. Similarly, listed world heritage sites like James Island, Juffureh, Wassu, and Kerr Batch Stone Circles were given a facelift with donor support. The Government, with the support of the World Bank and the Spanish Government, will upgrade the Gambia Hotel School into a tourism and hospitality training institute in 2010.

30. To enable the communities to gain from the tourism sector, the Government is working closely with civil society to promote the linkage between the accommodation sector and agricultural suppliers through "the Gambia is Good Programme". The programme is aimed at ensuring that a good amount of the fresh fruits and vegetables requirements of hotels and restaurant could be supplied locally.

2.3 TRANSPORT

31. The development of a good road network to facilitate the movement of people and goods is one of the main policy objectives of the Government in the transport sector. The overall objective is to develop an efficient transport network that will support production in the economy as well as position The Gambia as a transit hub in the region. To this end, the Government has made significant progress in the improvement of The Gambia's road network. Through the support of the EU, a number of road projects have been commissioned to rehabilitate The Gambia's transit routes as part of the EU funded roads project to promote regional connectivity in West Africa. The Mandinaba-Seleti Road and Barra-Amdali Road linking northern and southern Senegal through the western corridor in The Gambia were completed in 2009. The construction of the Mandinaba-Soma road, Soma-Basse-Wellingara and Trans-Gambia Roads are in progress. These roads will significantly improve accessibility within The Gambia and connectivity with Senegal.

32. With the objective of making the Gambia a transit hub, The Gambia Ports Authority has started implementing the Ports Master Plan developed in 2002. The focus is to strengthen the position of the Port of Banjul as a gateway to the region by improving its competitiveness and efficiency. To this end, the Port reviewed and reduced its tariffs in 2007 to make them more competitive and has recently started the Ports Expansion Programme by negotiating and acquiring the residential area close to its premises to create space for port development.

33. One of the biggest challenge to attain the Port as a gateway is the estuary nature of the Port of Banjul which requires periodic dredging in order to regain the design depth at all berths. The Government will also have to link the Port to the region with a good quality road network. Even though progress is made in this regard with EU support, there still remain a number of links to the regional network that have to be improved. Coastal shipping linking the Port of Banjul to other ports in the sub-region is undeveloped. The Government will vigorously pursue the effective implementation of the ECOWAS Agreement on road transport and the ECOWAS priority road transport programme.

2.4 MANUFACTURING

34. The Government of The Gambia is committed to a comprehensive and intensive development effort aimed at transforming the Gambian economy from low levels of output and income and dependence on agriculture and tourism to a diversified economy capable of sustained economic and social progress through development of its own natural, human and material resources. The development of the manufacturing sector is a priority in achieving this policy objective. The manufacturing sector is presently undeveloped, and on average contributed 5% to GDP during the review period. This situation can be improved given the untapped potential in the sector.

35. A number of challenges constrain the development of the sector. These include the lack of access to finance, relatively high cost of energy, length of time and bureaucracy in approving duty waiver application for imported manufacturing inputs, small domestic market and cheap imports.

36. The Government has adopted a number of measures aimed at addressing some of these challenges. One important step in this direction is the opening up the generation of electricity to Independent Power Producers, which has greatly improved the supply of electricity. The Government, through the Public Utility Regulatory Authority (PURA), has reduced the electricity tariff rates for the manufacturing sector, agriculture and commercial activities from D 9.43 per unit in November 2006 to D 7.20 per unit in 2009, down by 23.6%. The 2001 Gambia Investment Promotion and Free Zone Act and the Customs and Excise Act have also been reviewed to reduce the need for application of duty waivers. The Government is finalizing arrangements to set up the Gambia Investment and Export Promotion Agency (GIEPA) in 2010 and with its coming into effect, GIPFZA will cease to operate. This institution is design to pursue the development of Micro and Small and Industrial Enterprises as enshrined in the Vision 2020 national blueprint. The main focus is investment and export promotions through attraction of Foreign Direct Investment to enhance value added activities in the economy.

37. The Government of the Gambia in 2009 also signed a five-year Country Cooperation Programme with UNIDO which aims at raising the competitiveness of industrial enterprises. The Country Programme will respond to key industrial priorities and related productive capacity challenges of public and private sector partners. It covers five key areas which include: agro-industries (food processing, the ground nuts, and cashew nut sectors); private sector development (focus on small-scale programme for sustained development); industrial competitiveness (competitiveness units and assistance to the formulation of an industrial policy); trade capacity building (quality infrastructure, metrology, and standards); and renewable energy for productive activities. The Government is therefore on the verge of formulating a National Industrial Policy (NIP) through the UNIDO country programme. With the completion of this policy document, all the programmes and strategies for the development of industrial sector will be guided by it.

2.5 FISHERY SECTOR

38. The fisheries sector continues to be a priority sector for the Government because of its great potential for the economic development of the country. It is in this respect that the Government formulated the fisheries policy in 2007 and a fisheries regulation in 2008 to enhance the management of the fish resources at the level of artisanal, industrial, and aquaculture subsectors. The overall goal of the sector policy is to encourage responsible fishing and fish utilization practices as well as sustainable development of fishing for food security and poverty reduction in the Gambia. The 2008 Fisheries Regulation specifies a number of conservation measures including area restrictions, gear restrictions and fish size limitations among others.

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

40. However, it should be noted that the Government, with the support of development partners, has adopted measures to address some of these constraints. To this end, the Government aims to provide fisheries infrastructure facilities, fishing related equipment and facilities for fish preservation and distribution.

41. Under the Gambia Artisanal Fisheries Development Project, works on the Banjul Fisheries Jetty are progressing and construction works are expected to be completed by the end of 2010. Following acquisition of a supplementary loan from the African Development Bank, funds are now available for the construction of the Bakoteh Fish Market and rehabilitation of three inland fish landing sites at Bintang, Tendaba, and Albreda. These add to the landing sites that have been constructed along the coastal communities and at Brikama. The landing sites have the potential to impact on the lives of the communities and contribute to poverty reduction through increased landings, particularly of pelagic species.

42. The FAO-funded Sustainable Aquaculture Project, launched on 30 September 2008, is expected to supplement existing aquaculture research activities, reduce pressure on the capture of fisheries of the River Gambia and assist farming communities, especially rice growers in the Central River Region, and generate supplementary incomes. The provision of four high-speed patrol boats by Chinese Taipei will reinforce capacity for monitoring, control and surveillance of the country's territorial waters, both coastal and inland. The fisheries laboratory is currently being refurbished and strengthened as well, with the support of the EU funded West African Quality Programme.

3. TRADE POLICY ENVIRONMENT

3.1 TRADE-RELATED POLICIES

43. The Government of the Gambia is committed to the promotion of trade as part of the overall objectives of creating an enabling environment to promote economic development and job creation. In that regard, the Government is pursuing policies aimed at improving the business environment and attracting investment.

44. In line with this, the Gambia Competition Law was enacted in 2007 and the Competition Commission established in 2008. The Gambia Competition Commission is now fully operational and the Government will continue to support and strengthen the institution to bring efficiency in the way markets operate in The Gambia. The institution will ensure fair competition and encourage good trade practices in the Gambia. The 2001 Investment Promotion and Free Zones Acts were also reviewed in 2009 to create an enabling environment for investment, as well as address the dynamic challenges of investment promotion and free zones development. The Government also completed the formulation of a National Micro, Small, and Medium Enterprise (MSME) Policy in 2008, aimed at establishing an enabling environment for the growth of MSMEs. An action plan was also developed in support of the implementation of the policy.

45. The Government in 2009 also started the drafting of a Trade Policy and Action Plan for the Gambia with the support of the West African Monetary Institute (WAMI). The draft trade policy and action plan were validated in January 2010. The Gambia Trade Policy Framework outlines policies and programmes that will promote high value added exports, enhance levels of productivity and improve international competitiveness. The Government, through the policy document, also aims at promoting a more concerted and coordinated national approach to raising export performance. The trade policy will also provide a platform for friendly business environment for all categories of enterprises and improve the country's competitiveness in the global economy.

3.2 TRADE FACILITATION

46. Since the last Trade Policy Review, The Gambia Government invested immensely in enhancing trade facilitation and boost the competitiveness of the business environment. As part of these efforts, the different tax administration departments were brought into one with the creation of

the Gambia Revenue Authority (GRA). In a bid to further simplify customs procedures, cut administrative costs and enhance efficiency, the GRA upgraded its system to ASYCUDA++, which would be fully operational in 2010. For the smooth implementation of this new system the GRA is in the process of building the capacities of its staff and also the economic agents that would in one way or the other be associated in the implementation or use of customs procedures.

47. In 2010, the Government went a step further to review, update and bring together the various pieces of tax administration-related legislations into one comprehensive law. The Customs and Excise Act 2010 was promulgated to better take into account some key relevant regional and international conventions and protocols that The Gambia is signatory to. This Act should also contribute towards a business friendly environment by, among other things, further streamlining the duty exception regime and allow the possibility of self assessment. All this should significantly promote transparency and predictability.

3.3 QUALITY INFRASTRUCTURE AND STANDARDIZATION

48. As part of the efforts to strengthen the quality infrastructure in the country, The Gambia benefited in 2008 from a three-year West Africa Quality Programme funded by the European Union in collaboration with the United Nations Industrial Development Organisation (UNIDO) as executing agency. The objective of this programme is to strengthen competitiveness of national industries and enterprises and to ensure compliance with international trade rules and regulations, in particular the WTO Agreements on Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Measures (SPS).

49. Through the programme, an assessment of the food testing laboratories in The Gambia was carried out to identify the support that the Programme needs to provide in the area of laboratory testing and metrology. Four laboratories are being supported for improved testing and international accreditation – National Agriculture Research Institute laboratory for aflatoxin testing in 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 laboratories are being re-vamped to the required standard for international accreditation. The metrology laboratory is being supported by providing it with the basic equipment necessary for the delivery of metrology services to commerce, industry and other laboratories.

50. Through the programme several training workshops were also organized; technicians from food testing laboratories were introduced to ISO accreditation; 60 groundnut farmers and 18 agriculture extension workers from 30 groundnut producing villages in The Gambia received training in the control of aflatoxin (from seed to harvest) using the Farmers Field School approach; 30 participants from the Programme's Steering Committee and food testing laboratories shared information on the roles of the laboratories in the food control system.

51. The Programme is supporting the setting up of the country's Focal Point for standards within the Ministry of Trade, Regional Integration, and Employment. In addition, the TBT Enquiry Point at the Ministry of Trade and SPS Enquiry Point at the National Codex Committee are being supported by the Programme to ensure that enterprise advisory services are readily available to exporting companies. The Programme is also supporting the National Codex Committee in the setting up of standards on edible oils and fat as well as food items.

52. On standardization, the Government is working towards establishing the Gambia Standards Bureau. Two studies on the establishment of the Bureau have been conducted with the support of the

Commonwealth Secretariat in 2008 and UNIDO under the West Africa Quality Programme in 2009. The Government has developed and is implementing a road map for the establishment of the Gambia Standard Bureau in 2011. The draft Gambia Bureau of Standards Bill has been validated by the stakeholders in April 2010 and will be enacted hopefully in September 2010. The development of national standards will enable The Gambia to have a reference point for both imported and exported products. It will thus enhance access of the Gambian products to international markets and reduce the possibility of importing sub-standard products into the country.

53. The Government has also started the drafting of a quality policy and it is hoped that this exercise will be completed early in 2011.

3.4 ENHANCED INTEGRATED FRAMEWORK

54. Under the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries, the Government of the Gambia requested support from the IF agencies for a Diagnostic Trade Information Study (DTIS) in 2006. The ultimate objective of the study was to build the foundation for accelerated growth by enhancing the integration of the Gambian economy into regional and global markets. Through this support, a DTIS study for the Gambia and its Action matrix was finalized in 2007.

55. The Government also established a National Steering Committee (NSC) in July 2007 to coordinate the EIF programme in The Gambia. With the support of the EIF Secretariat, The Gambia was able to finalize the formulation of a Tier 1 proposal which was approved by the EIF Board in December 2009. The project will help in strengthening the Ministry of Trade, Regional Integration and Employment and other trade related institutions. It will also assist in the implementation of the action matrix of the Diagnostic Trade Integration Study in order to deal effectively with trade policy development and implementation, as well as assist in the co-ordinated delivery of trade-related technical assistance in response to the needs identified by the Gambia.

56. Following the approval of the Tier 1 project, the Government also established a National Implementation Unit in January 2010, which is now fully operational. To ensure the effective implementation of the EIF Programme in the Gambia, a Ministerial oversight committee, chaired by the Minister of Trade, Regional Integration, and Employment has been constituted. It will help in giving the programme the necessary government attention particularly as regards the process of mainstreaming trade.

57. One of the challenges for the Gambia in the EIF programme, particularly as regard the Aid-for-Trade initiative is the limited number of donors resident in the Gambia. The membership of the NSC has been broadened to include key development partners, to widen consultations in resource mobilization.

3.5 AID FOR TRADE

58. The Gambia Government is working closely with several development partners and donors in an effort to achieve the development goals outlined in both the Vision 2020 and PRSP II. The major development partners in this regard are African Development Bank Group, World Bank, IMF, UNDP, OPEC, IDB, the European Union, DFID, Spain, Chinese Taipei, Japan, and other agencies of the United Nations system.

59. Support in trade related areas is mainly in infrastructure development, principally roads, to enhance the flow of goods, particularly the linkage to the regional transit corridors and agriculture.

Besides these, other trade-related infrastructure and productive sectors have received limited development support. It is in these areas that aid for trade can help The Gambia to address supply-side constraints and build up productive capacities for more exports to increase trade performance. Both the horticultural and cashew nut production sectors have potential for The Gambia to diversify its exports beyond the traditional exports of groundnuts and fishery products. Profitable investment opportunities for private sector participation in agriculture exist in the production of horticultural crops both for exports and for the local tourism industry. Cashew nuts, poultry production and food processing are also emerging as important activities for the domestic market with great potential for employment generation.

60. The DTIS study published in 2007 clearly identified the opportunities and potential as well as the constraints that should be quickly addressed to enhance growth and reduce poverty through trade. The Government is making effort to implement some of the recommendations but other important recommendations need the support of the development partners. It is in these areas that the Government will continue to solicit the intervention of development partners through the Aid-for-Trade initiative for enhanced production, income generation and poverty reduction. The Government has set up an Inter-Institutional Committee to better improve the coordination of trade-related policies as well as for better trade mainstreaming. The Ministry of Trade, Regional Integration and Employment is drafting a medium term strategy to enhance the implementation of the DTIS recommendations.

61. To enable the Gambia to achieve the objectives of aid for trade, the Government would have to promote production of quality goods for exports and improve on competitiveness and the delivery of trade-related services. In that regards, aid for trade would be directed to:

- (a) **the establishment of processing facilities for cashew nuts, sesame and fish to enhance value addition for export diversification;**
- (b) **the expansion of horticultural production and its linkage to the tourism sector;**
- (c) **development of the energy sector through renewable energy projects for coastal communities to enhance their engagement in gainful activities in the horticultural and fishery sectors;**
- (d) **development of quality infrastructure as well as enforcement of quality to ensure compliance with international standards;**
- (e) **support the improvement of customs and port services to attract transit trade;**
- (f) **support the expansion programmes at the Port of Banjul; and**
- (g) **support the rehabilitation of major regional transit routes.**

62. For effective aid-for-trade coordination in the Gambia, the Government will improve the coordination of aid on trade-related projects. In 2007, the Government established a new Project Management and Aid Coordination Unit at the Ministry of Finance to improve aid coordination in the country. Consultation is in progress to establish an overall aid coordination mechanism at the Ministry of Economic Planning and Industrial Development.

63. The Government will further improve the framework for aid coordination in the country and make more effort to attract donor support to trade-related development projects to address supply-side constraints for improved production and exports.

4. REGIONAL INTEGRATION

4.1 ECOWAS

64. The Gambia attaches great importance to regional economic cooperation and integration. The Gambia actively participates in ECOWAS activities at all levels and is committed to the implementation of the ECOWAS protocols and programmes.

65. On free movement of persons, The Gambia has abolished entry visas and permits for ECOWAS nationals and adopted the ECOWAS travel certificate in line with the provisions of the ECOWAS protocol on free movement and the right of residence.

66. Regarding free movement of goods, the Gambia is also fully implementing the ECOWAS Trade Liberalisation Scheme under which unprocessed goods from the ECOWAS region enter The Gambia duty free. Industrial products that satisfy ECOWAS rules of origin from certified community enterprises under the ETLs can also export such products into the Gambia duty free. Currently 15 Gambian registered companies have been granted approval to operate under the ETLs. Out of the 15 companies, three companies are currently exporting to the regional market under the ETLs.

67. On the ECOWAS common external tariff (CET), the Government of The Gambia is gradually harmonizing its tariff rates with the CET following the adoption of the ECOWAS CET in 2006 by the regional authority. The Government in 2006 increased the fourth band from 18% to 20% for final consumer goods. Following the adoption of the fifth band by the Authorities of the ECOWAS Member States in 2008, the Government in 2009 submitted its list of products proposed for the fifth band as requested by the ECOWAS Commission. The ECOWAS member states are currently negotiating on products that will be classified under the fifth band.

68. On the ECOWAS Inter-State Road Transit Scheme, the Gambia Government appointed the Gambia Chamber of Commerce and Industry as the National Surety for the coordination and implementation of the ISRT in 2006. Seed fund for the scheme has also been provided by the Government and the Scheme was officially launched in The Gambia in August 2008. A task force has been constituted by The Gambia Chamber of Commerce and Industry for sensitization and monitoring the implementation of the scheme in The Gambia.

4.2 ECONOMIC PARTNERSHIP AGREEMENT (EPA) WITH THE EU

69. West Africa is still negotiating a WTO-compatible Economic Partnership Agreement with the European Union to replace the non-reciprocal Cotonou preferential trade regime extended to the African, Caribbean and Pacific countries by the EU. Under the new regime, West Africa region and the other ACP regions negotiating EPAs with the EU are expected to also open their markets progressively in an asymmetrical manner to EU exports. This will be accompanied by EU-supported measures to accelerate West Africa's integration processes, upgrade its industries and build its productive capacity and competitiveness. This is to enable West Africa to take full advantage of the market access opportunities offered by the EU and to integrate into the global economy.

70. The Gambia supports the West African position of a development oriented Economic Partnership Agreement which will reflect the development needs of the region particularly the small

economies such as The Gambia's. The Government has submitted its proposed list of sensitive products as well as the Gambia operational plan for an EPA-development programme currently being prepared at the regional level.

5. TRADE-RELATED TECHNICAL ASSISTANCE

71. As a least developed Member country, the Gambia is committed to the multilateral trading system and is making efforts to meet the challenges of compliance to multilateral trade agreements of the WTO. The Government very much appreciates the assistance it has been receiving from the WTO Technical Assistance programme. A number of staff from the Ministry of Trade, Regional Integration, and Employment and other government officials from trade-related institutions have benefited from the Geneva-based and regional trade policy courses as well as the national and regional training workshops and seminars. These training programmes, including the on-line courses, have immensely contributed to increase awareness and the understanding of the WTO Agreements.

72. The Government also appreciates the technical assistance provided by the WTO-Members supported Agency for International Trade Information and Cooperation (AITIC) in 2008 and 2009. The Agency carried out capacity building workshops on SPS, TBT, and notification requirements under the WTO. The recommendations made at the previous WTO and AITIC workshops, were instrumental in the Government's establishment of enquiry points for both SPS and TBT in 2008.

73. One of the challenges for The Gambia to take advantage of the market access opportunities offered by the multilateral trading system is to overcome its supply-side constraints. The Government will therefore solicit the support of the development partners to address some of these supply-side constraints through the Aid-for-Trade initiative.

6. CONCLUSION

74. The Government of The Gambia will continue to adopt prudent macroeconomic policies to sustain the stability of the economy and will pursue liberal trade policies as well as adopt measures that will ensure a competitive trading environment. The Government will also continue to strengthen its productive sectors to diversify the economy and will therefore seek the support of development partners under the Aid-for-Trade initiative to achieve this objective.

75. The Government will continue to be committed to the multilateral trading system and call on members of the WTO to continue to support the effort of small economies like The Gambia in the implementation of the WTO commitments and to enhance their integration into the global economy.
