SUMMARY

1. Sierra Leone is a least developed country (LDC) with a relatively young population: 42.4% of its 7.1 million inhabitants are aged less than 15 years. The country is in a fragile post-conflict and post-ebola virus disease (EVD) situation. Agriculture is the backbone of the economy; its contribution to the GDP declined sharply in 2012 because of a boom in the mining sector, before bouncing back as minerals exports collapsed. Sierra Leone is rich in minerals such as gold, diamond, bauxite, rutile, and iron ore. The manufacturing sector is marginal and is limited to first-stage processing of local raw materials and to light industries. Like the other sectors of the economy, it is plagued by weak infrastructure, high production costs, unreliable supply of energy at high prices, and limited access to financing.

2. Since its last Trade Policy Review (TPR) in 2005, Sierra Leone has pursued its reconstruction efforts, supported by a substantial inflow of external aid. The business environment improved as a result of structural reforms and progress in governance and human development. Sierra Leone has expanded its mining sector through the production and export of iron ore, boosting the real GDP growth to 20.7% in 2013. However, the outbreak of EVD, and the closing of the national borders to contain its spread, jeopardized the recovery process. This was further exacerbated by the decline in world prices of iron ore, which contributed to the closure of the major mines. The economy contracted by 20.6% in 2015. A recovery started towards the end of 2015 as EVD receded. New investment in agriculture, the resumption of iron ore mining, and reforms in the energy sector are expected to support the economic recovery in the medium term.

3. During the review period, Sierra Leone's exports diversified away from diamonds, and also consist of iron-ore, rutile, bauxite, and agricultural products (cocoa and coffee). In 2012, iron ore overtook diamonds as the major export product, and accounted for 69.7% of total exports the following year. China is the main market for the country's iron ore. The share of exports to the European Union, a long-standing top market, declined from 87.4% in 2005 to 24.2% in 2013 before bouncing back to 48.4% in 2014. Exports to the other ECOWAS partners are generally low.

4. Sierra Leone is a founding member of the Economic Community of West African States (ECOWAS) and the Mano River union. It joined the Community of Sahel-Saharan States (CEN-SAD) in 2008. Sierra Leone is eligible for preferences granted by the EU under the Everything But Arms Initiative, and the United States under the African Growth and Opportunity Act. It also benefits from unilateral trade preferences granted by many other developed countries.

5. Sierra Leone established a Mission to the WTO in 2005. It continues to face difficulties in fulfilling its notification obligations. Sierra Leone benefited from two projects (on trade information and tourism) under the Enhanced Integrated Framework. Sierra Leone has not yet ratified the WTO Trade Facilitation Agreement, nor has it notified its list of category A commitments.

6. In 2010, Sierra Leone replaced its manual customs clearance system with the Automated System for Customs Data (ASYCUDA), leading to a substantial decline in average processing and clearance times. However, the day-to-day operation of the system remains frequently affected by the unreliability of Internet connectivity and electricity supply.

7. Sierra Leone gradually replaced its pre-shipment inspection with a destination inspection programme operated by two companies: Africa Link Inspection Company (for shipments arriving by sea) and Sierra Inspection Company (for shipments arriving by air or through terrestrial borders). The inspection applies to all consignments and is subject to a fee of 1% of their f.o.b. value.

8. New customs legislation was enacted in 2011, incorporating, inter alia, some provisions of the WTO Customs Valuation Agreement (CVA). However, the country is facing challenges in implementing the CVA provisions, one of the reasons for maintaining the inspection programme.

9. The 2016 applied MFN tariff has six bands with rates varying between zero and 30%. Most products fall in the 5% or 20% bands (86% of total tariff lines); the zero rate applies only to a few tariff lines (0.3%). The simple average rate is 12% (down from 13.9% in 2004). The tariff shows mixed escalation with semi-processed products subject to a lower average rate than raw materials, while fully processed products attract a higher average rate. As a member of the ECOWAS,

Sierra Leone was to implement the new common external tariff (CET) as from 1 January 2015. The implementation of the CET by Sierra Leone has been delayed several times, and is now expected for 1 January 2017.

10. At the WTO, Sierra Leone bound all its tariffs lines at ceiling rates between 30% and 80%, with an average rate of 47.5%. Many of the bound rates are considerably higher than applied duties. Other duties and charges (ODC) were bound on all tariff lines at rates varying between zero and 50%. In practice, Sierra Leone is collecting the ECOWAS Community Levy and a customs processing fee. These ODCs apply to all products, including those bound at zero.

11. In 2010, Sierra Leone reformed its internal taxation system by replacing a host of taxes with the goods and services tax (GST). The GST is levied at a standard rate of 15% and constitutes an important source of government revenue: it accounted for about a quarter of government tax revenue in 2015, the bulk of which is levied on imports. Other import charges include the excise tax and the stamp duty.

12. Various duty and tax concession programmes, including duty drawbacks, are in place. However, some of the incentives are subject to local-content requirements. Sierra Leone has no legislative or institutional framework for anti-dumping, countervailing or safeguards measures, and has not taken any such actions.

13. Sierra Leone collects a tax on its major exports. According to the authorities, the purpose of the export tax is to encourage value addition and support the development of local communities. The tax is applied at 2.5% on agricultural products (cocoa, coffee, and palm oil), 3% on diamond, and 5% on gold (except gold produced by artisanal miners which attracts 3%). In addition, some mineral exports are subject to the GST and a valuation fee.

14. Export licensing applies mainly to diamonds and gold. A permit is required for the export of traditional commodities such as cocoa, coffee, and rubber. Due to environmental regulations, a permit is required for the exportation of plants and charcoal. A ban on the exportation of raw logs has been in place since 2008.

15. Sierra Leone has not notified any technical regulations, or its national enquiry point under the WTO Agreement on Technical Barriers to Trade (TBT). The Sierra Leone Bureau of Standards (SLBS) is the national statutory body in charge of technical regulations, standards, certification, and accreditation. It generally follows ISO and IEC directives in the development of national standards. There are currently 33 technical regulations in force, and 100 standards. At the borders, the SLBS inspects products for conformity and labelling requirements. It may perform field tests if needed. Substandard goods are, in principle, confiscated and destroyed.

16. Sierra Leone has not notified the WTO of its sanitary and phytosanitary legislation. In general, a phytosanitary certificate is required for the international movement of any plant material or product. The authorities indicated that no SPS-related restrictions or prohibitions are currently in place.

17. There is no domestic legislation on competition or anti-competitive practices. There are policies on competition and consumer protection, but related laws are yet to be enacted.

18. Sierra Leone has not notified to the WTO any state-trading enterprise. In 2013, the Produce Marketing Board was replaced by the Sierra Leone Produce Marketing Company, established as the primary exporter of agricultural produce. However, it does not have a monopoly over the export of agricultural produce.

19. New public procurement legislation was enacted in 2016. It requires the use of open bid proceedings for all public purchases, but provides for a price preference for domestic contractors, suppliers, and domestically produced goods. National competitive bidding procedures are allowed under specified circumstances.

20. Sierra Leone is a member of the African Regional Intellectual Property Organization, and has ratified the Harare Protocol on Patents and Industrial Designs. Since its last TPR, Sierra Leone has adopted new legislation on patents, industrial design, trademarks, and copyrights. Copyrights and

trademarks are more frequently subject to infringement. The authorities view their limited capacity as the main challenge in this regard.

21. The agriculture sector employs about 75% of the labour force. Over recent years, the production of major crops such as rice paddy, cassava, and cocoa has increased substantially, owing to the implementation of policies geared toward increasing productivity and extending cultivated areas. Cocoa and coffee, the two major cash crops, are a non-negligible source of foreign exchange earnings. Tariff protection in the sector is relatively high, irrespective of the stage of processing. At 15.6% in 2016, the average applied MFN tariff for agricultural products (WTO categories) is more than 3 percentage points above the overall average.

22. The mining and quarrying sector accounts for about 90% of Sierra Leone's annual export revenues. During the review period, the legal framework was amended to review royalty rates and various licensing fees. Sierra Leone endorsed the Extractive Industries Transparency Initiative (EITI) in 2006 and was granted EITI compliant status in April 2014. With an average applied MFN rate of 5.4%, mineral products benefit from relatively lower tariff protection.

23. Sierra Leone undertook few GATS commitments, and its actual regime on trade in services is relatively open. During the period under review, Sierra Leone strengthened its legal framework on the banking and insurance industries through higher capital and reserves requirements. In the telecommunication subsector, the state-owned operator still has a de jure monopoly over fixed-line communications. However, the international gateway was liberalized in 2015.