SUMMARY

1. The Gambia has maintained its generally open trade and investment regime since the last TPR in 2010. The main trade policy reform has been the adoption of the five-band ECOWAS Common External Tariff (CET) from 1 January 2017.

2. The Gambia is the smallest country on the African mainland. It ranks among the poorest countries in the world, with a per capita income of less than US$500 and approximately half of the population of two million living below the poverty line (US$1.25/day).

3. The Gambia has weathered the global financial crisis relatively well, recording solid economic growth in the period 2007-10 (averaging over 5.6%). However, real GDP growth has been considerably weaker, averaging 2.9% in the period 2010-16, owing to mismanagement of public finances and mounting public debt, compounded by external shocks.

4. The Gambia's new Government is facing a series of economic challenges, particularly in the area of public finance. The State continues to have an important role in the economy; virtually all state-owned enterprises are in financial distress. High government borrowing combined with tight monetary policy conditions, resulting in very high interest rates, has crowded out the private sector. While the country is open to foreign investment, economic growth has been hampered by weaknesses of the business environment, including a complex tax system and infrastructure bottlenecks. Foreign direct investment (FDI) flows to The Gambia have been volatile, and remain far below levels preceding the global financial crisis.

5. The Gambia's economy relies mainly on services (66% of GDP in 2016) as the main driver of growth, and a volatile, drought-prone agriculture sector (21% of GDP in 2016). Remittances and international aid play an important role in sustaining the economy. In the services sector, tourism contributes about 16-20% of GDP and has been the largest foreign exchange earner, albeit in a difficult environment (due to an Ebola outbreak in neighbouring countries). Wholesale and retail trade is also a major services sector of the economy (about 25% of GDP), reflecting the contribution of re-exports (mainly textiles), which accounted for about 70-80% of total exports in recent years. The manufacturing sector (about 5-6% of GDP) caters largely for the small domestic market. The fisheries sector contributes about 2% to GDP. A moratorium on the industrial fisheries was lifted in May 2017.

6. The Gambia's merchandise imports far outstrip exports. The export base is very small (US$19.1 million in 2015), consisting mainly of groundnuts and fish. The main trading partners for exports are the European Union, Viet Nam, India and China; imports come mainly from the European Union, West Africa (Côte d'Ivoire and Senegal), Brazil and China.

7. The Gambia deposited its instrument of acceptance of the Trade Facilitation Agreement on 11 July 2017. The Gambia is a member of the least developed countries (LDC) and African, Caribbean and Pacific (ACP) groups, the African Group, the G-90, and the "W52" sponsors. In the period under review, The Gambia provided some 20 notifications to the WTO, although some notifications (e.g. domestic support in agriculture) are outstanding.

8. The WTO and the Economic Community of West African States (ECOWAS) trade regime provide the basic parameters for The Gambia's trade policies. The Ministry of Trade, Industry, Regional Integration, and Employment (MOTIE) is responsible for formulating and coordinating trade policy. Some of the trade policy programmes and plans, including on agricultural policy, have expired or may benefit from a review of direction.

9. In January 2017, The Gambia implemented – with a two-year delay – the new five-tiered ECOWAS Common External Tariff (CET). Except for goods covered by the ECOWAS Trade Liberalization Scheme (ETLS), which enter duty free, The Gambia applies the CET to all of its trading partners (including other ECOWAS members) at present, without any exceptions or supplementary protection measures allowed under ECOWAS regulations. All imported goods are subject to the ECOWAS Community levy and the African Union levy.

10. For The Gambia, the change from the national customs tariff (2010) to the ECOWAS CET is a major tariff reform, entailing adjustments in the customs duty rates for nearly two thirds (4,000)

of all tariff lines. The ECOWAS CET classification consists of essential social commodities (duty-free); essential commodities, raw materials, and capital goods (rate of 5%); intermediate products (rate of 10%); consumer goods (rate of 20%); and specific goods for economic development (rate of 35%). Overall, the implementation of the new ECOWAS CET means a small tariff cut for the Gambian economy. The simple average applied MFN tariff rate of the CET (12.3%) is lower than that of the Gambian customs tariff of 2010 (14.1%), and a wider range of products is now classified as inputs (essential commodities, raw materials, and capital goods), which have had their tariffs reduced to 5%. The highest average tariffs apply to live animals and meat (24.1%, up from 15.2%), and clothing (20%). However, the ECOWAS CET is considered problematic in a number of sectors from the point of view of competitiveness and food security.

11. None of the ECOWAS CET rates exceeds The Gambia's tariff bindings, but there is a large gap between the average bound rate (103.4%) and the average applied MFN rate (12.3%). Most tariffs on agricultural products are bound at a ceiling rate of 110% (some 90% of all agriculture tariff lines), while the binding coverage of non-agricultural tariff lines is low (0.7% of total non-agriculture tariff lines). This reduces the predictability of the tariff regime, although in practice the ECOWAS CET is effectively the bound customs tariff for The Gambia with a commitment to apply these rates on an MFN basis.

12. The Gambian customs procedures with respect to customs valuation, rules of origin, and transit are governed by ECOWAS rules. The Gambia has notified the WTO that its laws, regulations and administrative procedures are in line with the provisions of the WTO Agreement on Customs Valuation. The Inter-State Road Transit Scheme of ECOWAS was implemented in The Gambia in July 2013. The Gambia uses ASYCUDA++ as its customs management system.

13. Most goods can be traded without any restrictions. Although it is difficult to establish an exhaustive inventory of non-tariff measures applied by The Gambia, some import prohibitions and restrictions are maintained, mainly for reasons of national security, to protect public morals, and to ensure compliance with international commitments. Nonetheless, The Gambia has notified the WTO that it does not maintain an import licensing system. It has never used trade contingency measures.

14. In general, export procedures are similar to those applied to imports. The Gambia does not levy export taxes, except on precious metal scrap and waste. It has imposed, from time to time, export bans on timber.

15. The Gambia Investment and Export Promotion Agency (GIEPA) is responsible for investment and export promotion, administering the Special Investment Certificate (SIC) scheme and the export processing zone near Banjul International Airport. SICs offer a range of incentives (with minimum FDI of US$250,000 in priority sectors and areas).

16. Customs duties, excises, and VAT are the Government's principal sources of revenue. They fall mainly on imported goods since the domestic industrial base is very small. Imported goods destined for re-export are also subject to customs duties and import taxes. A VAT regime was introduced in January 2013 (replacing the sales tax), which is applicable to all taxable goods and services at a standard rate of 15%. However, substantial import duty and tax exemptions have been granted on imports of capital and intermediate goods to safeguard the competitiveness of the economy.

17. Selected products and services are excisable. The taxation system differs between imported and domestically-produced goods. Excise "duties" apply to certain locally-produced goods and telecommunications services; the rates are *ad valorem*. Imported goods are subject to excise "taxes"; the rates are specific for some products and *ad valorem* for other items. Whether or not there is differential treatment between imported and locally-produced goods depends on the price of the product. However, it would appear that there is differential treatment for used cars.

18. The Gambia has made progress in the area of standards and technical requirements. The Gambia Standards Bureau (TGSB) became operational in 2011 and has since promulgated 33 standards, most of them directly adopted from international standards. The TGSB participates in the ECOWAS Standard Harmonization process (ECOSHAM). There are currently no technical regulations in force. Regarding SPS measures, a new Food Safety and Quality Act entered into

force in 2011, followed by the establishment of a Food Safety and Quality Authority. The animal health and plant protection regimes, on the other hand, appear to be obsolete and require modernization with international assistance.

19. Competition rules are governed by the Competition Act of 2007, with The Gambia Competition and Consumer Protection Commission (GCCPC) as the enforcement agency. The GCCPC has been taking a more active role with investigations followed by remedial actions, and market studies, notably in the rice and sugar markets.

20. The Gambia has reformed its government procurement regime in line with international best practice, according to the authorities. The Public Procurement Authority Act was amended in 2014, and an Independent Complaints Review Board has been established to handle disputes. The procurement thresholds remain unchanged; no procurement valued above the thresholds is allowed unless prior approval has been obtained from the Authority. The approval for projects valued at more than D 10 million now rests with the Major Tender Board. International competitive tendering may only be used if the goods, works, or services are not available at competitive prices and conditions from at least three suppliers in The Gambia.

21. The Gambia amended its Industrial Property Act in 2015, extending the protection period for patents from 15 years to 20 years; introducing provisions to ensure conformity with the Madrid Protocol relating to the international registration of marks; and increasing the penalty against infringements. The African Regional Intellectual Property Organization is the substantive examiner for patent and utility model applications. Geographical indications are protected as collective marks.

22. With regard to developments in the services sector, the banking sector is liquid and profitable, according to the authorities. Nevertheless, banks tend to be overly exposed to government debt, which may increase risks in the long run. Most banks are foreign-owned. The payments system, including the clearing and settlement infrastructure, has been modernized through technical improvements. The telecom infrastructure has been substantially upgraded, with the establishment of the African Coast to Europe submarine cable landing station in 2012 and the completion of a nationwide fibre-optic backbone network in 2015. The new National Information and Communication Infrastructure Policy 2017-2025 aims at technology neutral regulatory environment and more affordable broadband access in the country. Two out of four mobile carriers are foreign-owned.

23. About half of the Gambian population relies on subsistence farming and a few cash crops (mainly groundnuts) for their livelihood. Yet, the country is a net food importer by a wide margin, being vulnerable to drought and other natural disasters. The agriculture sector also suffers from under-investment and low productivity. Most of the country's rice needs (the main staple) are imported, but the Government has ambitious plans to increase production with the aim of becoming self-sufficient in rice.