
SUMMARY

1. Liberia is a natural resource-based economy exporting mainly iron ore, gold, and natural rubber (together accounting for about 80% of merchandise exports), as well as palm oil, timber, and diamonds. It has the second-largest shipping registry in the world after Panama. However, the per capita income of Liberia's 5.2 million people was approximately USD 673 in 2021, which is less than USD 2 a day, and about half of the population remains in poverty. Net remittances (about 7% of GDP in 2020) and foreign aid (about 19% of GDP) are important to the economy. Key factors holding back Liberia's economic development include poor infrastructure, inadequate investment in human capital, and corruption.
2. With the end of the 14-year civil war in 2003, the economy expanded rapidly by about 7% annually over 2004-14. In the following years, economic performance deteriorated with GDP growth averaging about 0.3% per year during 2016-21. This resulted from several factors, including major exogenous shocks, notably Ebola (2013-14), the withdrawal of the United Nations peace-keeping mission in 2018 with a substantial decline in financial transfers, and the COVID-19 pandemic.
3. The budgetary situation has been under control with Liberia even having recorded fiscal surpluses in recent years. Although the public debt has grown significantly (50% of GDP in 2021), it is deemed sustainable by the IMF. The international reserves were equivalent to 4.5 months of imports at end-December 2021 (up from 2.5 months at end-2020). Both the Liberian dollar and the US dollar are legal tender in the country, which makes monetary and exchange rate management challenging. Inflation declined from two-digit levels to 5.5% at end-2021, reflecting tight monetary and prudent fiscal policies.
4. Trade plays an important role in the economy. Trade in goods and services was equivalent to about 72% of GDP in 2021, and trade taxes collected at the border contributed over 40% of tax revenues. The Government's Pro-Poor Agenda for Prosperity and Development 2018-2023 aims to promote exports to other ECOWAS countries, which currently are marginal. Liberia lacks reliable and up-to-date trade data. Based on available information, most of its exports are destined for the European Union, followed by Switzerland and the United States. Imports come mainly from India, followed by ECOWAS countries, China, and the United States. Liberia is a net importer of food and relies entirely on imported petroleum products.
5. Liberia has a generally open foreign investment regime. Some activities are reserved for Liberians (e.g. travel agencies), and some are subject to foreign investment caps (e.g. insurance services) or require a minimum foreign capital investment (e.g. poultry production). All large concession agreements are subject to local content and local employment requirements. In 2019, Liberia extended the duration of residency visas and work permits from one to five years, to help improve its business environment.
6. Liberia participates in ECOWAS but is yet to ratify the AfCFTA treaty and sign the EPA with the European Union. Liberia currently grants tariff preferences only under the ECOWAS Trade Liberalization Scheme. Liberia acceded to the WTO on 14 July 2016 and this report is prepared for its first Trade Policy Review.
7. The Ministry of Commerce and Industry (MoCI) is responsible for formulating and implementing policies on trade. Liberia has submitted a number of notifications to the WTO, but has several outstanding notifications in areas such as agriculture, import licensing procedures, pre-shipment inspection, and customs valuation. The ratification process for the WTO Agreement on Fisheries Subsidies is yet to start. Many of Liberia's trade- and investment-related laws were promulgated at the time of Liberia's accession to the WTO. However, in general, implementing regulations remain pending.
8. Liberia accepted the WTO Agreement on Trade Facilitation (TFA) in April 2021. It has implemented about 68.5% of its TFA commitments, which are expected to be fully implemented by February 2025. Liberia uses ASYCUDA World for its customs procedures. Its Customs Code, last amended in 2019, is fully aligned with the harmonized ECOWAS regulations, according to the authorities. Pre-shipment inspection was abolished and replaced by destination inspection by Liberian customs.

9. Liberia began implementation of the plan to migrate from its national customs tariff to the five-band ECOWAS CET (zero, 5%, 10%, 20%, and 35%) on 1 January 2017, two years later than originally planned due to the Ebola outbreak. Owing to the economic impact of the COVID-19 pandemic, ECOWAS members decided to postpone their transition towards the full implementation of the CET (without exceptions) to 1 January 2028. Liberia is in the process of developing a new migration plan consistent with ECOWAS' new transition period.
10. Like other ECOWAS members, Liberia applies the ECOWAS CET *with* national exceptions. Its 2023 customs tariff, which is based on HS22, has nine tariff bands (instead of ECOWAS' five). The exceptions cover 1,443 tariff lines at the HS six-digit level in 2023 (22.4% of all tariff lines). The applied MFN tariff rates average 10.3% in 2023, down from 11.8% in 2017. Liberia has bound 100% of its tariff lines within a range of zero to 50%. Although most applied MFN rates are considerably lower than the bound rates, the applied rates exceed their bindings in 73 tariff lines.
11. In Liberia's case, migration to the ECOWAS CET by 2028 would lead to an increase in the overall level of tariff protection. In fact, with the full implementation of the ECOWAS CET without exceptions, Liberia's average MFN tariff would increase to 12.1% (up from 10.3% in 2023). About 30.3% of all tariff lines would have their rates increased. Significant tariff adjustments are ahead, especially for agricultural products.
12. On imports, Liberia also collects the ECOWAS Levy (0.5%) and internal taxes such as the Goods and Services Tax (GST) (at the standard rate of 10%) and excise duties. For a number of imported products, the excise duty rates are higher than those on domestically produced goods. Liberia does not have national legislation on trade contingency measures and has not implemented any anti-dumping, countervailing, or safeguard measures, according to the authorities.
13. Import prohibitions, restrictions, and permit requirements are applied on various grounds, such as safety, security, and environmental protection, and for SPS reasons. Liberia has moved to an automatic import licensing regime; all imports now require an Import Notification Form for statistical purposes.
14. All exports require a licence (Export Permit Declaration) from the MoCI and, in addition, several regulatory agencies have special export permit requirements.
15. Liberia has somewhat streamlined its incentives regime. A Special Investment Certificate, which provides for partial tax holidays and reductions of import tariffs and GST, is granted for three years (previously five years) to 15 eligible sectors/activities. Manufacturing incentives are conditional on local content or export performance.
16. While Liberia has made some progress in modernizing its TBT and SPS regimes, it is however facing capacity constraints in implementing them. The Liberia National Standards Act establishing the Liberia Standards Authority entered into force in 2022 but is not yet operational. Liberia has provided five TBT notifications and one SPS notification, with no specific trade concern being raised in the WTO TBT and SPS Committees. All Liberia Standards and SPS measures are based on regional or international standards, according to the authorities. Liberia adopted a new Food Law in 2017, which provides for, *inter alia*, the establishment of an independent Food Safety Authority (not yet established). The legal framework for phytosanitary and veterinary measures is obsolete but work on new draft legislation is under way, according to the authorities.
17. Liberia adopted a new Competition Law in 2016. The MoCI is responsible for its implementation and enforcement. Commodities considered as "critical essential" are subject to price controls by the MoCI. The Bureau of State Enterprises is responsible for the oversight of SOEs. According to the authorities, Liberia has 18 SOEs, some of which have commercial objectives. It appears that, in practice, they have not been exercising exclusive rights or privileges. The public procurement system is decentralized. National open bidding is the recommended procurement method. Liberia aims to reserve 25% of public procurement to MSMEs with 5% reserved to women-owned MSMEs. In practice, this has not been achieved.

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18. Liberia is a member of the World Intellectual Property Organization (WIPO) and the African Regional Intellectual Property Organization (ARIPO). It is also a contracting party to international conventions and treaties on the protection of intellectual property rights. Liberia adopted an Intellectual Property Act in 2016, which covers copyrights, trademarks, industrial designs, patents and utility models, and layout-designs of integrated circuits, as well as geographical indications. Also in 2016, Liberia established the Liberia Intellectual Property Office. The country is however faced with a low level of intellectual property awareness and generation, and weak enforcement.
 19. Agriculture, forestry, and fisheries are the backbone of the Liberian economy (accounting for about 38% of GDP). Liberian agriculture consists of a large smallholder sector, which is primarily farming for subsistence, and a commercial farming sector, which includes several large, export-oriented rubber and palm oil plantations. Rice is the nation's staple and a "critical essential" commodity for social stability. Most rice is imported. The statutory CET rate (35%) has been suspended to reduce the price of imports. In addition, Liberia has subsidized the consumer price of rice with adverse consequences such as smuggling to other countries and distortions to agricultural incentives. Liberia's domestic support to the agriculture sector is limited; the country relies mainly on external funding to support its farmers.
 20. Liberia is richly endowed with forestry resources, which cover over half of the country. With the end of the civil war, significant reforms of the Liberian forestry regime were launched in terms of transparency and accountability, leading to the lifting of the UN sanctions on Liberian timber exports in 2006. The reforms involved the establishment of a traceability system to guard against illegal logging and track logging operations from stump to the point of export. The EU-Liberia Voluntary Partnership Agreement (not yet operational) aims to enable Liberia to meet EU requirements for the control, verification, and licensing of timber exports. Timber and wood products are subject to export taxes.
 21. Despite its vast fisheries resources, Liberia remains a net importer of fish and fish products. The most valuable activities are tuna and shrimp fisheries, but official exports are negligible. The country has taken steps to reform its fisheries management regime, with the fight against IUU fishing being a stated priority.
 22. The mining sector contributes about 16% to GDP, mainly coming from iron ore and gold mining. Large industrial mining projects are open to foreign investment, subject to the conclusion of a Mineral Development Agreement. Liberia has taken steps to improve transparency and accountability in the mining sector. The UN Security Council embargo on Liberian exports of rough diamonds was thus lifted in 2007, when Liberia joined the Kimberley Process Certification Scheme. In 2009, Liberia became a participant in the Extractive Industries Transparency Initiative. However, unlicensed and illegal mining in the artisanal mining sector remains a challenge.
 23. Liberia's electricity infrastructure was largely destroyed during the civil war. Despite rehabilitation works, the supply of and access to electricity from the main grid remain very limited and blackouts are frequent. Power generation is based almost entirely on hydropower and fuel. A new electricity transmission line that connects to the regional ECOWAS power grid somewhat alleviates the power shortages. Liberia has established independent regulators for electricity and petroleum. Exploration by international petroleum companies is under way, but Liberia is yet to discover crude oil or natural gas in commercial quantities. The state-owned Liberia Petroleum Refining Corporation's exclusive rights for imports of petroleum and petroleum products are not exercised; its activities are currently limited to storage, supply, and distribution.
 24. The manufacturing sector contributes about 6% to GDP and produces mainly for the domestic market. While there are a few large cement and beverage producers, most local companies are MSMEs. The Monrovia Industrial Park (MIP) was established in 1965 with the aim to encourage domestic and foreign investment in manufacturing. Currently, five enterprises operate in the MIP.
 25. Services contribute about 41% to Liberia's GDP. The country is a net importer of services by a large margin, in particular in subsectors such as transport services. Liberia has made substantial commitments under the GATS. It has scheduled open and non-discriminatory regimes for a

range of service subsectors (i.e. "full" commitments without limitations on market access or national treatment, except mode 4), including business services, education, environment, health, and telecoms.

26. According to the IMF, the Liberian bank subsector has been relatively stable and resilient in the face of the economic impact of the COVID-19 pandemic. Liberia is making progress in strengthening its Anti-Money Laundering/Combating the Financing of Terrorism framework. Its financial services regime allows the establishment of foreign financial institutions in the form of subsidiaries and branches. The insurance subsector is currently supervised by the Central Bank, which is to transfer its regulatory powers to an independent Insurance Commission within a few years.
27. As a founding member of the International Maritime Organization, Liberia is a member of all major maritime treaties, including the Port State Control system. In 2022, Liberia acceded to the International Convention for the Facilitation of Maritime Trade. International flight connections are ensured by foreign airlines, as Liberia does not have a national flag carrier. According to the authorities, Liberia favours the coverage of the 5th air freedom rights by its international agreements on air transport.
28. At present, Liberia has two dominant mobile operators. The regulator introduced a tariff floor in 2019 for mobile voice and mobile data services in order to restore market stability and create a level playing field for competitors. Internet services are still underdeveloped, with Internet penetration estimated at 49%.
29. Tourism in Liberia is in the early stages of development with weak regulation by the Ministry of Information, Cultural Affairs & Tourism, while the Liberia National Tourism Authority is not yet operational. The Liberian National Export Strategy on Tourism sees the greatest potential in the areas of surfing, wildlife, ecotourism, and cultural and heritage tourism.