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2007 SURVEY OF NON TARIFF BARRIERS TO TRADE: RWANDA

FINAL REPORT

RTFP
Regional Trade Facilitation Programme

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LIST OF ABBREVIATIONS

AGOA	: African Growth and Opportunity Act
ASYCUDA	: Automated System for Customs Data
BNR	: Banque Nationale du Rwanda
CD-COM	: COMESA Customs Document
CEPGL	: Communauté Economique des Pays des Grands Lacs
CIF	: Cost, Insurance and Freight
COMESA	: Common Market for Eastern and Southern Africa
DR CONGO	: Democratic Republic of Congo
ELECTROGAZ	: Rwanda Public Utility for Production, Transmission and Distribution of Electricity and Water
MAGERWA	: Magasins Généraux du Rwanda
MINICOM	: Ministry of Commerce, Industry, Investment Promotion, Tourism and Cooperatives
MINAGRI	: Ministry of Agriculture and Animal Resources
NTBs	: Non-Tariff Barriers
OCIR CAFÉ	: Rwanda Coffee Authority
OCIR THE	: Rwanda Tea Authority
RBS	: Rwanda Bureau of Standards
RWF	: Rwanda Francs
VAT	: Value Added Tax

CHAPTER 1: EXECUTIVE SUMMARY

The importance of trade in the development of countries is widely acknowledged. Countries whose trade performance improved over time have seen their income increasing tremendously and this leads to the general acceptance of trade as one of the main determinants of economic prosperity.

In order to achieve that prosperity countries have entered regional trade agreements and expect to gain from them. Benefits are both economic and non economic and range from access to a broader market, competition, variety of products at a lower price, increased trade between members, promoting national security and peace.

The Common Market for Eastern and Southern Africa (COMESA) was created in that perspective. The treaty establishing it was signed on 5th November 1993 in Kampala, Uganda and ratified a year later in Lilongwe, Malawi on 8th December 1994. Since that time, COMESA has achieved a number of key initiatives like the free trade area. The main objective of this initiative was a 100% tariff reduction. Up to now there are some countries that have not yet reached the target. The main reason being the fear of government revenue losses as most of them rely on taxes revenues to finance public expenditures. In addition there are Non-Tariff barriers that hamper the smooth trade operations in the region.

The aim of this work was to carry out a survey with an objective to identify and analyse the nature and scope of non-tariff barriers prevailing in Rwanda that traders are facing.

The non-tariff barriers facing exports from Rwanda range from lack of capacity like testing equipment at Rwanda Bureau of Standards, inadequate infrastructure at the border, government restrictions like a ban on exporting raw hides and skins, restrictions on international transport by neighbouring countries to Rwanda and long and costly banks procedures.

On the other hand identified non-tariffs barriers hampering smooth importation include customs and administrative entry procedures where it takes three days to clear goods in Kigali and two weeks of formalities at Mombassa Port; rules of origin where Rwanda Revenue Authority restricts the entry of goods from some countries, transport issues like high costs, lengthy delays in border crossings and cabotage restrictions.

All these issues have a direct effect on importers and exporters where they incur additional cost to their operations particularly and to the population and country in general. There is a need to alleviate and possibly eliminate them to promote the development of trade. One major initiative could have been the harmonization of transit traffic procedures between countries in the region but yet this is to be effective. Some countries have not yet started using the set up procedures or are still using their national procedures together with the agreed upon COMESA procedures.

Regional initiatives such as the notification, monitoring and elimination of non-tariffs barriers, mutual recognition of COMESA procedures and documentation coupled with local efforts including efficient and effective customs operations and procedures could significantly reduce those barriers and facilitate trade.

CHAPTER 2: OVERVIEW OF INTRA-COMESA TRADE

The tables below show Rwanda imports and exports figures with other COMESA countries.

Table 1: Intra COMESA Imports by Country by Value (US$ millions) 2002-2005

No.	Country	2002	2003	2004	2005
1	Angola	0.00	0.00	0.00	0.70
2	Burundi	541.07	804.99	979.43	505.86
3	Comoros	0.00	0.00	0.00	0.00
4	DR Congo	624.76	254.11	939.27	0.00
5	Djibouti	0.00	0.00	2,270.25	695.08
6	Egypt	682.67	1,940.43	7,013.96	6,678.15
7	Eritrea	0.00	0.00	40.82	24.84
8	Ethiopia	93.03	87.76	13.01	51.24
9	Kenya	35,271.34	74,327.55	85,788.27	78,595.13
10	Libya	0.00	0.00	0.51	11.25
11	Madagascar	3.02	1.50	18.89	0.00
12	Malawi	3.03	0.00	578.28	760.44
13	Mauritius	2,339.55	794.54	849.43	1,684.61
14	Uganda	8,566.05	20,059.02	31,265.68	48,277.53
15	Seychelles	0.00	0.00	0.00	0.00
16	Sudan	1.14	28.68	20.02	22.80
17	Swaziland	160.12	1,313.72	706.59	73.11
18	Zambia	25.26	498.03	420.75	432.28
19	Zimbabwe	153.15	197.93	213.94	54.52
Total COMESA		**48,464.20**	**100,308.28**	**131,119.12**	**137,867.51**

Source: BNR

Table 2: Intra COMESA Exports by Country by Value (US$ millions) 2002-2006

No.	Country	2002	2003	2004	2005	2006
1	Angola	0.00	0.39	0.00	197.80	3.93
2	Burundi	1,302.93	2,289.31	2,429.00	1,541.09	2,234.07
3	Comoros	0.00	0.00	0.00	0.00	0
4	DR Congo	1,687.50	1,885.79	1,785.83	3,742.63	1,653.08
5	Djibouti	11.40	0.00	25.44	1.59	0
6	Egypt	0.00	77.38	246.90	0.40	10.43
7	Eritrea	0.00	0.00	0.22	1.01	0
8	Ethiopia	76.88	299.90	153.16	216.38	162.99
9	Kenya	20,478.07	13,530.02	16,073.45	6,712.04	16,417.80
10	Libya	0.00	0.00	0.00	0.00	0
11	Madagascar	0.62	0.98	0.00	0.00	0.15
12	Malawi	16.04	13.76	0.00	0.00	2.20
13	Mauritius	0.00	0.00	0.00	0.00	0
14	Uganda	2,158.11	2,493.41	5,357.41	1,423.46	1.03
15	Seychelles	0.00	0.00	0.00	0.00	0
16	Sudan	0.00	1.40	11.99	226.46	125.59
17	Swaziland	2.39	171.85	163.74	0.30	2,006.43
18	Zambia	54.40	22.53	17.72	6.14	10.35
19	Zimbabwe	0.49	14.60	57.42	34.58	0.16
Total COMESA		**25,788.82**	**20,801.33**	**26,322.30**	**14,103.87**	**23,653.84**

Source: BNR

Table 3: Top 10 Products Exported to COMESA Countries by Value 2006 (HS 2)

HS Code	Product Description	Amount FOB ($US millions[2])
09	Coffee & Tea	**28.76**
87	Vehicles and parts	**3.74**
13	Lac; gums, resins and other vegetable saps and extracts	**1.89**
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	**1.16**
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	**1.05**
07	Edible vegetables and certain roots and tubers	**1.01**
26	Ores, slag and ash	**0.88**
41	Hides and skins	**0.59**
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	**0.58**
39	Plastics and articles thereof	**0.25**
Total top ten exports to COMESA		**39.90**
Total exports to COMESA		**42.24**

Coffee and tea are exported mainly through Kenya, but also directly to Swaziland. However, these countries are generally not the final destination of the coffee or tea and so should not really count as intra-COMESA trade. There is a problem with the filling in of customs declarations forms, as exporters state Kenya and Swaziland as the final destination. Exports to Ethiopia are mainly re-exports of aviation fuel. Similarly re-exports dominate exports to Burundi and DR Congo, especially in transport equipment and other machinery.

Table 4: Top 10 Products Imported from COMESA Countries by Value 2006 (HS 2)

SH Code	Product Description	Amount CIF (RwF billions)
72	Iron and steel	10.68
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	9.54
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes.	8.12
17	Sugars and sugar confectionery	6.69
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	6.46
11	Products of the milling industry; malt; starches; inulin; wheat gluten	4.25
39	Plastics and articles thereof	3.87
34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, "dental waxes" and dental preparations with a basis of plaster	3.47
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles.	3.38
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	3.15
Total top ten imports from COMESA		**59.60**
Total imports from COMESA		**93.37**

[2] Exchange rate 560 RwF per $ during 2006

Imports of petrol and oil products are clearly imported to Kenya and then re-exported from Kenya to Rwanda. However, while customs charges taxes on these items, recognising that they cannot originate from Kenya, the documentation is entered into the ASYCUDA++ system as it is written on the declaration form. This presents a problem in assessing intra-COMESA trade, as trade with Kenya is inflated. Furthermore there are reports of customs documents deliberately misrepresenting the origin of other products in order to avoid taxes. Even where this fraud is caught by the authorities and trade taxes are charged, the entry into the system still follows the original form.

CHAPTER 3: NTB MEASURES DIRECTLY AFFECTING EXPORTS

This chapter highlights the non tariffs barriers affecting exports from Rwanda to other COMESA countries.

Table 5: WTO NTB Categorisation Codes

INVENTORY CATEGORY	DESCRIPTION				
Part I	Government Participation in Trade and Restrictive Practices Tolerated by Governments				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
Part II	Customs and Administrative Entry Procedures				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
Part III	Technical Barriers to Trade				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
	C	Testing and certification arrangements	Lack of capacity for testing. The Rwanda Bureau of Standards lacks enough testing equipment and focuses on checking imports rather than supporting exports. There is not enough demand for private testing facilities to be profitable.	It takes a relatively long time for exporters to get results of samples sent abroad for testing which adds to the costs of storage and can reduce the quality of the products.	The Rwanda Bureau of standards
Part IV	Sanitary and Phytosanitary Measures				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB

<table>
<tr><td>INVENTORY CATEGORY</td><td colspan="5">DESCRIPTION</td></tr>
<tr><td rowspan="3">Part V</td><td colspan="5">Specific Limitations</td></tr>
<tr><td>WTO Inventory Code</td><td>Problem Area</td><td>Description of the most severe NTBs</td><td>Impact of NTB to businesses and trade</td><td>Responsibility/Source of NTB</td></tr>
<tr><td>B</td><td>Embargoes and other restrictions of similar effects.</td><td>The government of Rwanda has imposed a ban on export of raw hides and skins in an effort to encourage value addition.</td><td>Some people are exporting illegally and 6 exporting companies have shut up shop. Where Rwanda used to be an export hub for the sub-region, collecting hides and skins from Burundi and DR Congo before exporting them; these businesses have moved elsewhere.</td><td>The Ministry of Commerce, Industry, Investment Promotion, Tourism & Cooperatives, together with the Ministry of Agriculture and Animal Husbandry</td></tr>
<tr><td></td><td>E</td><td>Restrictions on foreign exchange transfers</td><td>Export receipts must be repatriated to Rwanda within 3 months from the date the goods are exported. The receipts must be sold on the domestic foreign exchange market or kept in foreign currency accounts maintained in licensed commercial banks. The Central Bank exercises surveillance of export proceeds through information provided by the commercial banks that issue export certificates. The commercial banks must declare to the Central Bank export proceeds registered on a daily basis.</td><td>At the rate of interest on loans, it is in the exporters' interest to repatriate their export revenue as early as possible. The most likely reason for failure to repatriate export earnings is delay in payment by the customer. In addition, this requirement cannot and will not prevent those that have interest in sending funds abroad from doing so (there are many ways to send funds abroad; declaring export values and failing to repatriate export revenue is not one of them). Hence, while double punishing exporters, these regulations will also be a costly burden on the commercial banks to monitor and report transactions and to the Central Bank to implement.</td><td>National Bank of Rwanda</td></tr>
</table>

INVENTORY CATEGORY	DESCRIPTION				
Part VI	Charges on Imports				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
Part VII	Other				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
	C	Distribution constraints	Restriction on international transport – cabotage restrictions. Trucks from Rwanda are not allowed to carry goods from Kenya or Uganda when they are returning back to Rwanda.	This increases the cost of transport as the transporters have to cover the cost of coming back to Rwanda empty.	The Kenyan and Ugandan governments
	E	Commercial banks procedures	Commercial banks are not working effectively in support of trade, particularly for small firms: – The procedures to get credits from Rwandan commercial banks are long, requiring high levels of collateral and with high interest rates (18%) – Rwanda does not have an entity that guarantees export credits and Rwandan firms do not use regional agencies	These procedures hinder exports, as they raise the level of risk for the exporter and constrain the entry of new businesses.	Commercials banks

Table 6: Specific Official Regulations Affecting Exports

This section shows the documents required for exports according to national regulations for Rwanda's major exports (coffee, tea, mining, hides and skins and fruits and vegetables).

PRODUCT		**Document Requirements**									
		Certificate of origin	**Certificate of quality**	**Phytosanitary Certificate**	**Export Declaration Form**	**Bill of lading**	**Commercial Invoice**	**Warehouse Certificate**	**Export customs declaration form**	**EUR1/ AGOA/ COMESA certificate**	**Total**
Coffee	*Service provider*	OCIR-CAFÉ	OCIR-CAFÉ	MINAGRI	Commercial Bank	Transporters	exporter	OCIR-CAFE	Export Unit-Customs	Export Unit-Customs	
	Average time for service delivery	0.5 day	2 hours	1 day for re-export First time exporting, it vary from product to product[1]	0.5 day	Immediate	1day	1 hours	The Export Unit Issue the EUR1, COMESA & AGOA Certificates	Minimum 1 day Maximum 2 days	Minimum = 4 days & 3 hrs Maximum = 6 days & 3 hrs
	Service Costs in RWF	The cost is included in the 3% of fob value	The cost is included in the 3% of fob value	200rwf per unit	≤ 7 400	No charges	No charge	The cost is included in the 3% of fob value RFW 11/Kg for pesticides	No charge	EUR1= RFW 2,000 COMESA= RFW 1,000 AGOA= RWF 500	The cost varies depend on the quantity & the market
	Signature/ Stamp compliance	2: OCIR-CAFÉ (1for D.G & 1 for Customs Officer)	2 for OCIR-CAFÉ (1 for D.G and 1 for Quality Insurance Director)	1 for MINAGRI (RADA)	3 : 2 for bank and other 1 for exporter	2: 1for transporters & 1 for Managing warehouse of exporter at Mombassa port	1 for exporter	1 for OCIR-CAFE	4 :3 for customs and 1 for the transporters	N/A	16 signatures

PRODUCT		**Document Requirements**									
		Certificate of origin	**Certificate of quality**	**Phytosanitary Certificate**	**Export Declaration Form**	**Bill of lading**	**Commercial Invoice**	**Warehouse Certificate**	**Export customs declaration form**	**EUR1/ AGOA/ COMESA certificate**	**Total**
Coffee	*Service provider*	OCIR-CAFÉ	OCIR-CAFÉ	MINAGRI	Commercial Bank	Transporters	exporter	OCIR-CAFE	Export Unit-Customs	Export Unit-Customs	
	Average time for service delivery	0.5 day	2 hours	1 day for re-export First time exporting, it vary from product to product[1]	0.5 day	Immediate	1day	1 hours	The Export Unit Issue the EUR1, COMESA & AGOA Certificates	Minimum 1 day Maximum 2 days	Minimum = 4 days & 3 hrs Maximum = 6 days & 3 hrs
	Service Costs in RWF	The cost is included in the 3% of fob value	The cost is included in the 3% of fob value	200rwf per unit	≤ 7 400	No charges	No charge	The cost is included in the 3% of fob value RFW 11/Kg for pesticides	No charge	EUR1= RFW 2,000 COMESA= RFW 1,000 AGOA= RWF 500	The cost varies depend on the quantity & the market
	Stamp motives	To certify the origin of product	To certify the quality	To show that the product hasn't any problem	For follow up of transfer of currency	To show that the product has arrived at destination and for paying the transporter when the exporter receive that document signed by his Managing warehouse	To show that the products have been ordered. It is the conditional for to receive the Export Declaration	For acquiring the export declaration certificate	For exporter to show that the product has been exported For Customs: validation (reception), recording (manual recording) and verification (to approve the veracity of information on the documents attached)	N/A	

[1] It depends on the requirements furnished by the exporter's buyer. The MINAGRI (RADA) first check if the exporter's products meet the requirements of the importer before issuing the certificate to the exporter.

PRODUCT		**Certificate of origin**	**Certificate of quality**	**Phytosanitary Certificate**	**Export Declaration Form**	**Bill of lading**	**Commercial Invoice**	**Warehouse Certificate**	**Export customs declaration form**	**EUR1/ AGOA/ COMESA certificate**	**Total**
Tea	*Service provider*	OCIR-THE	N/A	N/A	Commercial Bank	Transporter	exporter	N/A	Export Unit-Customs	Export Unit-Customs	
	Average time for service delivery	0.5 day	N/A	N/A	0.5 day	immediate	immediate	N/A	The Export Unit Issue the EUR1, COMESA & AGOA Certificates	Minimum 1 day Maximum 2 days	Minimum = 2 days Maximum = 3 days
	Service Costs in RWF	Not exist	N/A	N/A	≤ 7 400	No charges	No charge	N/A	No charge	EUR1= RFW 2,000 COMESA= RFW 1,000 AGOA= RWF 500	
	Signature/Stamp compliance	1 for OCIR-THE (Trading Manager)	N/A	N/A	3 : 2 for bank and other 1 for exporter	1for transporter	1 for exporter	N/A	4 :3 for customs and 1 for the transporter	N/A	11 signatures
	Stamp motives				For follow up of transfer of currency						
Mining	*Service provider*	MINICOM[2]	Exporter	N/A	Commercial Bank	Transporter	exporter	N/A	Export Unit-Customs	Export Unit-Customs	
	Average time for service delivery	0.5 day	immediate	N/A	0.5 day	immediate	immediate	N/A	The Export Unit Issue the EUR1, COMESA & AGOA Certificates	Minimum 1 day Maximum 2 days	Minimum = 2 days Maximum = 3 days
	Service Costs in RWF	RWF 3000	No charge	N/A	≤ 7 400	No charges	No charge	N/A	No charge	EUR1= RFW 2,000 COMESA= RFW 1,000 AGOA= RWF 500	
	Signature/Stamp compliance	2: 1 for MINICOM, 1 for exporter	1 for exporter	N/A	3 : 2 for bank and other 1 for exporter	1for transporter	1 for exporter	N/A			8 signatures
	Stamp motives		To certify the quality		For follow up of transfer of currency						

[2] MINICOM issues certificate of origin if the products are being exported outside COMESA, within COMESA the certificate of origin from Export Unit of Customs is sufficient.

PRODUCT		**Certificate of origin**	**Certificate of quality**	**Phytosanitary Certificate**	**Export Declaration Form**	**Bill of Lading**	**Commercial Invoice**	**Warehouse Certificate**	**Export customs declaration form**	**EUR1/ AGOA/ COMESA certificate**	**Total**
Fruits, Flowers & Vegetables	*Service provider*	MINICOM[3]	Not delivered in Rwanda. This is a problem to export in UK, Germany and in Holland	MINAGRI	Commercial Bank	Transporters	exporter	N/A	Export Unit-Customs	Export Unit-Customs	
	Average	0.5 day	N/A	1 day for re-export First time exporting, it vary from product to product	0.5 days	immediate	immediate	N/A	The Export Unit Issue the EUR1, COMESA & AGOA Certificates	Minimum 1 day Maximum 2 days	Minimum = 3 days Maximum = 4 days
	Service Costs in RWF	RWF 3000	N/A	200 rwf	2500rwf	No charge	No charge	N/A	No charge	EUR1= RFW 2,000 COMESA= RFW 1,000 AGOA= RWF 500	
	Signature/ Stamp compliance	2: 1 for MINICOM, 1 for exporter	N/A	1 for MINAGRI (RADA)		1for transporter	1 for exporter	N/A	N/A	1for customs	6 signatures
	Stamp motives		N/A			Permit the client to clear its product		N/A	N/A	Permit to export in EUR zone on free custom duty	

PRODUCT		**Certificate of origin**	**Certificate of quality**	**Phytosanitary Certificate**	**Export Declaration Form**	**Bill of Lading**	**Commercial Invoice**	**Warehouse Certificate**	**Export customs declaration form**	**EUR1/ AGOA/ COMESA certificate**	**Total**
Leather & Skins	*Service provider*	Export Unit Customs	N/A	MINAGRI	Commercial Bank	Transporter	exporter	N/A	Export Unit-Customs	Export Unit-Customs	
	Average time for service delivery	0.5 day	N/A	2 days	0.5 day	immediate	immediate	N/A	The Export Unit Issue the EUR1, COMESA & AGOA Certificates	Minimum 1 day Maximum 2 days	Minimum = 4days Maximum = 5days
	Service Costs in RWF	Fees depending of the Certificate	N/A	No charge	≤ 7 400	No charge	No charge	N/A	No charge	EUR1= RFW 2,000 COMESA= RFW 1,000 AGOA= RWF 500	
	Signature Stamp compliance	2 for custom	N/A	1 for MINAGRI (RARDA)	3: 1 for exporter & 2 for Bank for to validate the License	1for transporter	1 for exporter				7 signatures
	Stamp motives									Permit to export in EUR zone on free custom duty	

CHAPTER 4: NTB MEASURES DIRECTLY AFFECTING IMPORTS

Table 7: NTB's affecting Imports

INVENTORY CATEGORY	DESCRIPTION				
Part I	Government Participation in Trade and Restrictive Practices Tolerated by Governments				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
Part II	Customs and Administrative Entry Procedures				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
	F	Rules of Origin	Rwanda Revenue Authority does not accept certificate of origin of steel construction materials from Uganda	The importers of steel construction materials have to pay a lot in term of duty entry	Rwanda Bureau of Standards Rwanda Revenue Authority
	G	Customs formalities	While the law says that goods should be cleared upon arrival in Kigali within one day, it takes two to three days and sometimes 5 days It takes 2 weeks of formalities at Mombassa Port	The delays due to customs formalities and procedures increases the cost incurred by traders.	Rwanda Revenue Authority Kenya Ports authority
Part III	Technical Barriers to Trade				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
Part IV	Sanitary and Phytosanitary Measures				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB

INVENTORY CATEGORY	DESCRIPTION				
Part V	Specific Limitations				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
Part VI	Charges on Imports				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
	B	Double taxation	The value added tax of good imported is calculated on CIF value. This CIF value includes the freight cost on which value added tax has already been paid.	This practice increases the cost incurred by the importer	Rwanda Revenue Authority
Part VII	Other				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
	C	Distribution constraints	Rwanda as a landlocked country faces high transport costs, but these are unnecessarily high in comparison to other countries in the region, e.g. Uganda costs are up to 50% lower. The costs to Rwanda are raised due to –cabotage restrictions (mentioned earlier) –lengthy delays in border crossings particularly Kenya – Uganda and Uganda to Rwanda –Tanzanian restrictions on lorries only travelling in convoys, coupled with time barriers to get between weighbridges which mean that lorries are always late getting to the next weighbridge and face fines at each stage.	Relatively high prices for transport not only limit imports but also directly increase the costs that importers must pay and so impact adversely on incomes of traders and on prices for imported goods in Rwanda	Transport Companies
	C	Distribution Constraints	Limited bonded warehouse storage capacity and operations in Kigali	Increases costs of transport as trucks queue to enter.	

INVENTORY CATEGORY	DESCRIPTION				
	E	Government restrictions	The government of Rwanda has prohibited the import of plastic bags hence and all plastic packages of imported goods have to be replaced with other types of packages.	The process of replacing is time consuming and can damage the imported goods.	Rwanda Environment Management Authority and Rwanda Revenue Authority
	E	Commercial Banks	Commercial banks do not support trade by small firms. Small firms are unable to use Letters of Credit, due to high charges from Banks and cumbersome paper work, coupled with extra costs and delays if the contract changes. Instead small firms finance imports directly.	Small firms are constrained in their capacity to import by the level of cash they have in the bank.	Commercial banks

Table 8: Specific Official Regulations Affecting Imports

WTO INVENTORY CATEGORY	**PRODUCT GROUP**	**GOVERNMENT CONTROLLING AGENCY**	**REGULATORY PROCEDURE/LAW/DECREE**	**REQUIRMENTS**
	Plastic polyethylene bags Tiger Head batteries Cosmetics containing hydroquinone, mercury and cortisones (hormonal preparations). These are however accepted as long as they are imported by a recognized pharmacist having the right to import such. All non-conforming		Law No. 22/1989 (of 23 December 1989) on the Organization of Foreign Trade, as amended by Law No. 34/91 of 5 August 1991	The importation of any product which may cause a breach of the peace or endanger the health of the population is prohibited, unless the competent authority grants a waiver. Such prohibitions are for the most part governed by international agreements of which Rwanda is a signatory.

WTO INVENTORY CATEGORY	PRODUCT GROUP	GOVERNMENT CONTROLLING AGENCY	REGULATORY PROCEDURE/LAW/DECREE	REQUIRMENTS
	products and all counterfeits			
	medicines (for humans or animals), disinfectants, insecticides, rat poison, fungicides, herbicides and other toxic chemicals			Subject to the Health Ministry's approval of the pro forma invoice.
	All	Rwanda Bureau of Standards		Set national standards. Established in 2002, the RBS has sole authority for defining national standards. It is responsible for promoting and coordinating all activities involved in standardization and quality and metrology control and for enforcing standards in Rwanda. In standardization matters the RBS cooperates with the Kenya Bureau of Standards, the Uganda National Bureau of Standards and the South African Bureau of Standards.
	All		RS-CODEX STAN 146-1985	Labels must as a rule give the name of the product, the ingredients, the net weight, the name and address of the manufacturer, packer, distributor, importer, exporter or vendor, lot identification, date marking and storage instructions and instructions for use. All the mandatory information must be in one of the three official languages (French, English or Kinyarwanda); the same applies to instructions for the use of pharmaceuticals. For generic medicines, one set of instructions per lot is accepted. Goods and containers must be labelled and marked clearly to facilitate identification of the articles indicated on the accompanying documents/forms. In accordance with practice, parcels must indicate the addressee and port of entry, and must be numbered (unless their contents are easily identifiable without numbers).
	Animals		Various legislation comprising of 60 texts dating from 1915 to 1975	The legislation in force requires the importation, exportation and transit of pets to be covered by a certificate of origin and health issued by a veterinary officer of the animals' country of origin. The competent Rwandan authority determines the

WTO INVENTORY CATEGORY	PRODUCT GROUP	GOVERNMENT CONTROLLING AGENCY	REGULATORY PROCEDURE/LAW/DECREE	REQUIRMENTS
				entry and exit posts to be open, either permanently or temporarily, for the importation, exportation and transit of pets. It regulates all matters pertaining to the post-arrival requirements for pets, and the equipment and proper running of veterinary entry posts and adjacent quarantine stations where these exist. Imports of meat or foodstuffs of animal origin from a country affected by rinderpest, foot-and-mouth disease, contagious pleuropneumonia or swine fever, are prohibited unless the competent veterinary authority grants a waiver. Importation remains contingent on the production of a certificate of origin and health issued by the official veterinary service of the exporting country stating that the products are from regions where no occurrence of the disease has been recorded for at least 60 days.
		Rwanda Environment Management Agency	Rwanda has ratified a number of conventions, including the Framework Convention on Climate Change and the Kyoto Protocol; the Convention to Combat Desertification; the Convention on Biodiversity and the Cartagena Protocol on Biosafety; the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer; the Stockholm Convention on Persistent Organic Pollutants; the Rotterdam Convention on the Prior Informed Consent Procedure; the Basel Convention on the Transboundary Movements of Hazardous Wastes and their Disposal; the Ramsar Convention on Wetlands; and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).	The production and marketing of any product or toxic substance that affects the environment are prohibited.

CHAPTER 5: KEY ISSUES FROM INTERVIEWS & DESK RESEARCH

This section highlights the processes of trading and some of the concerns of traders operating in Rwanda and dealing with countries in COMESA.

Registration and documentation

All natural or legal persons wishing to import must be entered in the Trade Register and obtain a taxpayer's identification number from the Rwanda Revenue Authority.

For customs clearance, Rwanda uses a single document known as the COMESA customs declaration ("CD-COM"), or a simplified document known as 126 Bis if the value of the imports is less than RWF 200,000 (approximately US$360). It is accompanied by other documents including the commercial invoice and bill of lading. Other documents that may be required upon importation include the certificate of origin, proforma invoices and transportation license. In specific cases, certificates or approval from a competent authority may be required as well for the purpose of sanitary, phytosanitary or other controls.

Customs clearance

Goods worth less than RWF 200,000 (360 USD) are cleared directly at the border, using document 126 Bis. Goods worth more than that amount are forwarded to the customs warehouse for declaration and payment of duties and taxes in Rwanda Revenue Authority Kigali office. Due to its geographic position (centre of the country) sometimes importers have to incur extra transport costs from borders to Kigali and from Kigali to their respective places of businesses.

Goods with an f.o.b. value of over US$3,000 in the case of pharmaceuticals, and US$5,000 in the case of other products, are subject to a bank import declaration.

The clearance procedures are taking longer time than expected. The current duration is two to three days while it should be one day. All the shipments have to be loaded in Magerwa and reloaded for the purpose of taxation causing unnecessary additional costs.

Crude estimates suggest that each day of waiting in customs raises the cost of trading by 0.5 percent. Thus, reductions in clearance times for imports and exports of one day would, on the basis of 2003 trade values, directly save the Rwandan economy in the region of $3million per year[3], without taking into account the additional benefits of lower import prices and higher export returns.

Customs duties and other duties and charges

Goods imported into Rwanda may be subject to customs duties, value added tax (VAT), consumption tax, and advance corporate tax.

[3] Diagnostic Trade Integration Study, Rwanda November 1, 2005

Value added tax (VAT)

VAT is applied, at the zero rate or the standard 18 per cent rate, to locally produced or imported goods and services. For imports, it is levied on the c.i.f. value, plus any customs duties and entry taxes, including the MAGERWA fees. For locally produced goods it is calculated on the transfer price.

Domestic consumption tax (excise duty)

Domestic consumption tax is applied to certain goods (both imported and locally produced) at the following rates: 120% on cigarettes; 70 per cent on wines and liquors; 60 per cent on beer; 39 per cent on soda and lemonades;37 per cent on gasoline (other than for aircraft), fuel oil and lubricant;15 per cent on vehicles of over 2,500cc; 10 per cent on vehicles exceeding 1,500cc, but not 2,500cc, on milk powder and mineral water; and 5 per cent on vehicles not exceeding 1,500cc.

On imports, the tax is applied on the same basis as VAT; and on local products, on the basis of the ex-factory price.

Rules of origin

The customs law states that goods wholly obtained in a particular country shall be considered as originating in that country. Where more than one country was involved in the manufacture of a good, the latter is deemed to originate in the country in which it underwent the last substantial and economically justified transformation or processing. The transformation must have resulted in the production of a new good or have constituted an important stage in its manufacture.

Transport issues

Cost of transport: As a landlocked country Rwanda export through Mombassa or Dar Es Salaam ports which are to a distance of respectively 1700 km and 1500 km. The average transport cost from Kigali to Mombassa is $165 per ton. This high transport cost directly increase the cost of inputs and decreases the margin that local produces of commodities can capture over world prices.

Restrictions on international transport: neighbouring countries have restrictions that limit the possibility of Rwandan transporters to carry goods from those countries.

Kenya customs and ports authority: provides priority to products imported within Kenya and delays transit goods.

Restrictions in neighbouring countries limit the possibility of Rwandan transporters to take loads between neighbours. Such cabotage could be an important means of allowing the more effective use of a transport fleet. In other words, a truck returning empty from Rwanda should be able to pick up a load in Uganda for delivery in Kenya. Also, there are a number of restrictions to establishing a transport company. First, the investment in a truck has in most cases to be financed through a bank loan with high interest rates. Second, trucks capable of operating internationally carry up to 60 tons but due to the weight restrictions in Kenya, Uganda and Tanzania cannot be fully utilized. In response to this issue local transporters have to charge much higher prices compared to other regional transporters hence losing market share in favour of those companies.

Infrastructure and capacity of customs personnel

Border posts: The border posts do not have effective infrastructure to handle all the traffic going through the borders.

Customs personnel: The Rwanda Revenue Authority has embarked on a number of initiatives that will improve its services and increase its efficiency. Such initiatives require constant training of the staff.

MAGERWA operations

Magerwa is a government controlled bonded warehouse which goods have to pass through before being cleared. Due to limited capacity of the warehouse in Kigali, trucks often have to wait 2 days before unloading. The limited Magerwa operating hours of Monday to Friday from 7am to 4pm is a constraint. A truck arriving in Kigali on a Friday after 4 pm has to wait until the next Monday before it can be processed. Other delays at the warehouse arise from broken or limited availability of handling equipment and lack of employees. The available area is currently too small to handle all arriving trucks which cause congestion to surrounding roads.

CHAPTER 6: ASSESSMENT OF PROCEDURES FOR HARMONIZATION OF TRANSIT TRAFFIC BETWEEN COUNTRIES IN THE REGION

1. COMESA carrier's license

Rwandan companies have trouble in this regard, as some countries do not deliver carrier licences.

2. Convoy requirements

Tanzanian customs imposes a convoy requirement throughout the country with specific time requirements for travel. Likewise, Kenyan and Ugandan customs impose a convoy requirement. In Kenya, convoys and escorts are especially stringent and cause much delay en route or in waiting time at the border. Convoy requirements are from

- Mombassa to Kigali:
- Mombassa port to Mariakani
- Mariakani to Athi river
- From Athi to Malaba

3. Harmonised axle load and maximum vehicle weight specifications

Axle-load regulations, although justified in terms of road maintenance, create serious disruptions in their present implementation, most notably in Kenya. Each country has developed incompatible interpretations of the COMESA guidelines, which can make cross-border activities complex. However the main problem is the disruption introduced by improper weighing procedures notably in Kenya, leading to delays and improper practices.

4. COMESA customs document (CD-COM)

Some countries still require national documents alongside the utilisation of the CD-COM. These documents can include a P27 form from the police, a 'manifeste de douane' (customs report), "certificate de destination" (certificate of destination), and 'feuille de route' (carriers licence).

5. COMESA Yellow Card

Kenya insurance companies accept COMESA yellow cards but are trucking companies find they are reluctant to pay when an accident has happened.

6. Weighbridges

The weighbridges throughout the route Mombassa-Kigali indicate different weights for the same truck and cause delays and unnecessary charges to trucks. These weighbridges from Mombassa to Kigali are in Kenya (Mariakani, Athi River, Narok, Gilgil, Eldoret, Webuye, and Amagoro) Uganda (Malaba, Iganga).

CHAPTER 7: RECOMMENDED ACTIONS ON NOTIFICATION, MONITORING & ELIMINATION of NTBs

More dialogue needs to take place within the private sector and between the private sector and government on the establishment of a focal point for the notification and monitoring of NTBs within the COMESA context. The Rwanda Private Sector Federation which has a Trade and Regional Integration department could be the appropriate focal point for the notification and monitoring of NTBs.

The following are actions are recommended for the notification, monitoring and elimination of non-tariffs barriers:

1. ***The mandatory use of a single public bonded warehouse should be reviewed.*** The current situation to go through Magerwa raises transport time and cost. The processing time for registration, notification of the importer and customs declaration can take up to one week reflecting lack of handling equipment and warehousing space. Competition in the provision of bonded warehouses would very likely decrease handling times and increase the quality of service.

2. ***Customs needs to apply procedures that are simple, predictable and transparent and companies would benefit from Joint Border Controls.*** Inefficient and costly border procedures incur significant cost on both the businesses that have to use them as well as the authorities that have to administer them. For businesses, border-related costs are both direct, such as expenses related to supplying information to the relevant border authority, and indirect, such as those arising from procedural delays, lost business opportunities and lack of predictability in the regulations. The cost of inefficiency to government includes unsatisfactory revenue collection and smuggling as well as difficulties in effectively implementing trade policies. Joint Border Posts could significantly reduce the time taken at borders.

3. ***Effective application of computerized systems could significantly reduce clearance times and facilitate trade, allowing for more effective utilization of transport resources.*** Currently, average clearance times for imports are around 3 days. This cost is borne by consumers and users of imported intermediate inputs. Similarly companies are unsure when their consignment will arrive due to uncertainties of delays on route. Computerisation could cause a significant reduction in the average clearance time for exports, but also enable much more effective communication and hence better planning for transporters e.g. through implementation of an electronic cargo tracking system.

4. ***Other recommendations would include:***

    - Mutual recognition of COMESA procedures and documentation
    - Implementation of COMESA programs on quality and standards
    - Implement COMESA programs on standardisation
    - Improve conditions of service, sensitisation, supervision and training of customs personnel
    - Levy reasonable road tolls and where possible harmonise them

- Decentralise procedures so that all transactions can be done at points of entry/exit
- Ensure that entries into the ASYCUDA system take into consideration changes to the country of destination and country of origin that are investigated by the customs authorities.

ANNEX 1: LIST OF PEOPLE INTERVIEWED

Names	**Organisation**	**Position/Title**	**Tel**	**Em**
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