

Trade Policy Review Body
28 and 30 September 2004

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TRADE POLICY REVIEW

RWANDA

Minutes of Meeting

Addendum

Chairperson: H.E. Mrs. Puangrat Asavapisit (Thailand)

This document contains the advance written questions, and replies provided by Rwanda.¹

Organe d'examen des politiques commerciales
28 et 30 septembre 2004

EXAMEN DES POLITIQUES COMMERCIALES

RWANDA

Compte rendu de la réunion

Addendum

Présidente: S.E. Mme Puangrat Asavapisit (Thailand)

Le présent document contient les questions écrites communiquées à l'avance et les réponses fournies par le Rwanda.¹

Órgano de Examen de las Políticas Comerciales
28 y 30 de septiembre de 2004

EXAMEN DE LAS POLÍTICAS COMERCIALES

RWANDA

Acta de la reunión

Addendum

Presidente: Excma. Sra Puangrat Asavapisit (Thailand)

En el presente documento figuran las preguntas presentadas anticipadamente por escrito, junto con las respuestas facilitadas por Rwanda.¹

¹ In English only./En anglais seulement./En inglés solamente.

WRITTEN RESPONSES TO QUESTIONS RAISED

I. ECONOMIC ENVIRONMENT

1. Rwanda Vision 2020, PRSP Integrated Framework

The Rwanda vision 2020 has the following pillars: reconstruction of the nation; an efficient, uniting and mobilising state; human resource development; land use management and basic infrastructure; development of entrepreneurship and the private sector and modernisation of agriculture and livestock keeping. While the pillars of the PRSP ranked by importance are: rural development and agricultural transformation, human resource development, economic infrastructure, governance, private sector development, institutional capacity building. The aim of the integrated framework is to integrate trade into the PRSP by implementing needs identified in the DTIS.

The three have the same objective of developing the country through poverty reduction. The Vision 2020 is a long-term objective that Rwanda intends to achieve by 2020. The PRSP is one of the strategies to achieve the above named objective, specifically in the economic sector. On the other hand, the IF specifically aims at integrating trade into the PRSP.

Rwanda's internal trade policy aims at making product available in the market by improving the production capacity. Government is preparing sectoral strategies related to the promotion of internal and external trade, investment, tourism and cooperatives. They will be soon submitted to cabinet for approval.

2. Memberships of Rwanda in several regional organizations (COMESA, EAC, SADC)

a) Rwanda is currently a member of COMESA and has applied to join the SADC and EAC. Rwanda recognises the need to harmonise the different groupings and obligations therein. We believe it is possible to harmonize all these groupings in Africa because most SADC and EAC members are also COMESA members. An African union Customs committee has been established to look into, *inter alia*, the challenges brought about by multiple memberships. This committee will exploit the possibility of forming an African customs Union. However in applying to join the different groupings, Rwanda targets potential advantages without ignoring the disadvantages which are minimal compared to the former.

b) To overcome the handicap of being landlocked, Rwanda has sought to join the East African community so as to benefit from direct access to the sea. This will be reached by harmonizing our budgetary, fiscal and monetary policies along the East African ones. In addition, the EAC countries plan a number of infrastructure development initiatives that Rwanda is associated with, namely the railway line Isaka, Tanzania, and the oil pipeline from Eldoret that if developed would be beneficial in the reduction of transport costs among other advantages.

c) The COMESA heads of States indeed agreed that member states undertake national consultations and impact assessment studies on the COMESA CET. The four scenarios proposed (i) capital goods 0%, 5%, (ii) raw materials: 0%, 5% (iii) intermediate goods: 0%, 10% and 15% (iv) finished goods: 20%, 25%, 30%, and 40%. In this regard, an impact assessment is being conducted in Rwanda but as evidenced by the different duty bands in our current Rwanda tariff structure, the COMESA proposal is within our bounds.

d) COMESA is in the process of formulating the regional competition policy, Rwanda closely follows up on it and supports the process.

3. The new law reforming the judiciary

This new law reforming the judiciary has been enacted for the very reason of improving and promoting speed, fairness and transparency of commercial disputes, by establishing a commercial court. This court will be established to reduce the volume of ordinary courts that currently hear commercial disputes, by having a specialised mandate. Fairness and transparency of the court will also be complemented by other judicial reforms, such as the development of a code of ethics for judges, which requires the judges to be of high moral integrity and qualification.

4. The establishment of the Board to advise the Government on trade

This board is in place and is called the National Development and Trade Policy Forum (NDTPF). It is constituted of both the representatives of the public sector, the private sector, the civil society as well as the academia.

5. Rwanda's priorities for filing notifications to the WTO?

Rwanda has become active in the multilateral trading system and as such is committed to filing notifications to the WTO. However we have insufficient capacity in making notifications and therefore Rwanda urges her trade and development partners to assist in capacity building so that Rwanda fulfils WTO obligations.

6. Economic Partnership Agreement

Rwanda has good trade relationship with EU and EAC as both regions are the main trade partners. The EAC is Rwanda's main supplier and destination of goods and the EU comes second. Negotiating an EPA with the EU under the ESA configuration will definitely strengthen Rwanda's trade relationship with both blocks.

Rwanda believes in a positive role that an equitable and rule-based multilateral trading system can play in promoting a global economic growth for weak economies. For Rwanda in particular, multilateral trade liberalization and FTA would help in addressing trade related shortcomings such as market access through the reduction of transportation costs. WTO provisions allow Rwanda as an LDC to benefit from preferential treatment. In as far as development is concerned, multilateral and regional integration helps Rwanda to join the effort with other partners in tackling development projects such as infrastructure, capacity building, and others that lead to poverty reduction and the welfare of the population.

7. Export promotion strategy in Rwanda

Rwanda export promotion strategy aims at addressing the deficit in our balance of trade among other objectives through export diversification. Priority areas of the export strategy include Rwanda's traditional exports like coffee, Tourism pyrethrum and mining. The strategy also identifies new export areas to expand from the non traditional exports. The major ones are horticulture and handicraft.

Constraints that hinder Rwanda exports are identified in the strategy. These include financial challenges, lack of working capital, access to credit, inadequate infrastructure, unreliable energy and irregular water supply, inadequate feeder roads, and lack of training.

We have also identified areas that will support the strategy: adequate financing, reforming and strengthening key national institutions, putting up infrastructure needed for export promotion,

reforming the legal framework, information on export market opportunities and appropriate production and processing technology.

To implement this strategy, the Government of Rwanda has chosen export promotion as one of the priority areas as reflected in the budget framework 2005-2007. However, this is not sufficient and as such Rwanda welcomes any assistance from partners to make this strategy a reality.

8. Existence of price control system in Rwanda

Government of Rwanda did not introduce a price control system. On the contrary we enforced law n° 15/2001 that requires that price of goods and services be clearly displayed. This reduces speculations practiced by business people. It also aims at protecting consumers from these speculative malpractices, and fights dumping and price discrimination. This is in conformity with international standards stating that the consumer has the right to be informed about prices. The copy of the law is available for ease of reference

9. Small businesses operating in the informal economy

Rwanda is aware that the informal sector plays a vital role in the economy, and that it constitutes the biggest sector. Many studies have been conducted in this area, but their conclusions are yet to be implemented. Government is preparing a small and medium-sized business policy that will seek to empower the informal sector. Rwanda urges development partners to support Government of Rwanda in formulating clear SMEs policies.

10. Investment opportunities in scarce resources

The determination of the number of investments opportunities is made case by case or rather field by field. Among the criteria used for this purpose, we can mention the efficiency criteria in terms of profitability of the companies that will invest there, the service delivery as well as the renewability of the scarce resource. This is because we believe that scarce resources must be exploited at a rate that enables them to be naturally renewed.

11. Meaning of "adequate" compensation in the investment code

The Government will compensate an investor in case of nationalization of his/her assets and the word "adequate" means that in this case a committee will be put into place to look into that particular case and determine the compensation that is the most appropriate.

II. TRADE POLICIES

12. Payment of sureties and pre-shipment activities in Rwanda?

The requirement for pre-shipment inspection has been eliminated since July 2004. Additionally, in the revised customs law currently in parliament, the determination of security for release of goods under dispute shall be the exact amount of the duties due in accordance with the requirements of the Kyoto convention.

13. Meaning of "last substantial and economically justified transformation" concerning the non-preferential rules of origin?

Goods whose production involves more than one country are deemed to originate in the country where they underwent their last, substantial, economically justified processing or working

in an undertaking equipped for that purpose and resulting in the manufacture on a new product or representing an important stage in manufacturing. For example, a level of transformation equivalent to 35% of value added for goods originating from COMESA countries is acceptable for preferential treatment.

14. Clarification on the 4% Magerwa handling fee

This is a handling fee charged on every importation. The Government of Rwanda does not consider the 4% charge on imports as a tax. Instead, Rwanda considers this charge as a service charge because it is charged due to handling services rendered to the importer.

The pre-shipment inspection has been abolished with effect from July 2004. The Government of Rwanda concluded a Pre shipment contract with Intertek for duration of two years commencing on June 2002 to June 2004. All those charges have been eliminated starting July this year.

In January 2004, Rwanda started applying the WTO/GATT 1994 Agreement on customs valuation. Considering Rwanda's commitments under this agreement, the PSI contract was terminated.

15. Government procurement law

The draft Government procurement law has already been passed by cabinet and is now tabled before parliament. This means that the law will very soon be enacted.

The preferences for small enterprises consists of reserving certain contracts exclusively for them. The type and maximum value of these contracts is to be determined by the National Tender Board. In addition to the law, a government procurement policy is due to be implemented and will govern the type of contracts and value that will be reserved for small enterprises.

Under the draft law, the contracting party may grant a margin of preferences to bids proposing certain local products provided that the margin is clearly indicated in the tender documents.

The Government of Rwanda has had procurement law in place since 1997, however this was recently amended and Rwanda has started applying some provisions of the new law in advance of its enactment, for making suppliers provide her with quality goods at competitive prices, and to increase transparency and to fight corruption. Rwanda is still exploring the ways of joining International Government procurement agreements.

16. Sanitary and phytosanitary questionnaire

Rwanda is going to submit the completed questionnaire very soon.

17. Intellectual property rights

According to Article 18 of the TRIPS Agreement, an initial registration and renewal thereof shall not be for a period less than seven years. The registration of the trademark shall be renewable indefinitely. Article 59 of the Rwanda draft law on industrial property provides for registration of a trademark for a period of 10 years and is renewable indefinitely. This therefore is in conformity with the TRIPS Agreement.

Article 26 of the TRIPS Agreement provides that an industrial design will be registered for at least 10 years. Art 55 of the Rwanda draft law on industrial property provides that an industrial design will be registered for 5 years renewable for two consecutive periods of five years each. This makes it 15 years which is in conformity with the TRIPS agreement.

Article 25 of the TRIPS Agreement provides that protection is granted to industrial designs that are novel or original. Article 42, of the Rwanda draft law provides that; "an industrial design or model may be registered provided that it is novel". Therefore, there is nothing in the Rwandan law like "new in the world". By the term "novel", we mean the originality of the creation.

By the term "examining the substantive issues" regarding geographical indications we mean that in the case of opposition, we are going to look into the necessary and convincing evidences that are provided by the opposing party.

The Rwanda draft law on Industrial Property Right provides for the additional protection for geographical indications for wines and spirits especially in its articles 79 and 87.

The new Industrial Property Legislation is to be discussed by the cabinet in the coming weeks.

The preparation of the laws and regulations to govern the protection of plants and new plant varieties are at an advanced stage.

Cognizant of the great importance of Patent Cooperation Treaty, International Union for the Protection of New Varieties of Plants (UPOV), Patent Law Treaty, in promoting IP rights, the Government of Rwanda would like to ratify these international instruments but lacks the capacity to do so effectively. In this regard, the Government of Rwanda urges the bilateral and multilateral partners to increase their efforts in helping Rwanda through training of its officials. Meanwhile, currently the Ministry of commerce is studying the instruments and preparing applications to join the Patent Cooperation Treaty and the Madrid Convention.

The new draft law complies with TRIPS provides for the protection of the confidential information submitted to Government against unfair competition. This is particularly provided for in Article 76, section 6 and Article 77, section 2.

Rwandan Customs officials are authorized to seize or prevent the importation of goods which infringe intellectual property rights if they are counterfeits or if there are false declarations or on advice of Rwanda Bureau of Standards.

III. SECTORAL POLICIES

Transport

18. Relationship/synergy between private sector transport operators and the public transport enterprise (ONATRACOM)

The relationship between the two is that of a complimentary nature. ONATRACOM was established to address transport disparities between the rural and urban areas. This is because ONATRACOM usually operates on the routes that are not attractive to the private sector, particularly those routes linking cities to remote areas. Therefore, the purchase of additional buses does not affect competition as these buses are meant to fill the gap that the private sector does not deem lucrative. In addition, transport being a public good, the Government does not intend to totally leave it in the hands of the private sector.

Telecommunication and ICT

19. The issuance of a second cellular phone license and the privatization of Rwandatel

The second cell phone license has already been issued to Rwandatel. Rwandatel is in the final stage of privatisation. Some international and local companies have submitted their offers, and these will be evaluated in October 2004.

Rwanda has made no commitment in the ICT sector and related sectors because this sector has only recently been developed. However, given that Rwanda has taken ICT as a priority in the Vision 2020 as evidenced by the abolition of duties levied on computers and other ICT equipments, it welcomes all initiatives leading to ICT. Finally Rwanda is considering making commitment in that sector. Indeed, Rwanda has set up a committee that is investigating areas where Rwanda should make offers and requests. The ones being considered are the financial, telecommunication and tourism sectors.

Energy

20. Impact of electricity crisis on production and trade in Rwanda and measures taken

Rwanda acknowledges the fact that the power shortages have negatively affected production through reduction of the production hours, which, in turn led to the reduction of goods and services produced. It has also had effect on trade given that energy is a component of the price structure, its scarcity leads to an increase in the prices of goods and services produced. This deficiency was, among others caused by unforeseen increase in demand, which was not commensurate with the supply.

In the medium-term and long term, it is planned the exploitation of methane gas in Lake Kivu. This gas will be converted into electricity.

Short-term solutions included the use of thermal generators to supply electricity to the public by Electrogaz, and Government has taken measures to facilitate the business community including exporters by waiving import duties and taxes on generators required by businesses. In addition, the energy sector has been identified as one of the priority areas for the budget framework paper 2005-2007. Rwanda urges WTO and all trade partners to provide her with technical and financial assistance to deal with these problems.

21. Impact of oil price increases

The international oil price increase has been passed on to the consumers through increased national prices. This burden was, however not commensurate to the increase in international prices since Government has made the necessary interventions in order to protect consumers from unaffordable increases. However, petroleum is one of the sensitive products for whose price determination calls for the Government intervention.

Government bears additional costs, thereby reducing the burden on the consumer. Petroleum importers are actively involved in the pricing process through monthly joint meetings with Government.

The price of oil in Rwanda is not only affected by the international oil prices but also the transport costs from the ports, since Rwanda is a landlocked country.

Agriculture

22. Agriculture

Sectors that are deemed to be able to absorb the labor force shifting from agriculture are:

- a. Agro processing
- b. The manufacturing sector that Rwanda plans to develop by emphasizing on the light industry
- c. The sector of services such as tourism, banking, clearing and forwarding etc
- d. ICT is expected to play the role of a back up sector and the government has chosen it as a priority area and facilities have been put in place to facilitate in any investment in this field.
- e. The government also intends to promote exports through the establishment of an Exports Processing Zone. This will also create some jobs.

Rwanda has plans to educate or train that shifting labor force. This is evidenced by many government initiatives such as the program of training retrenched workers to enable them create jobs and adapt to them, the establishment of technical schools, the facilitation in education of workers through the evening classes conducted by our universities. All this helps in creating more capacity for the workers who will have to shift between sectors.

It is worth noting that in Rwanda we do not have a specialized agriculture. We only have subsistence agriculture. What the Government is trying to do is to have a specialized agriculture.

IV. OTHERS

23. Trade-related technical assistance and capacity building the following areas need trade-related technical assistance

Rwanda is endeavouring to increase the standards/ of the exports through empowering the trade-related institutions such as the Rwanda Bureau of Standard, the Department of Trade in the Ministry of Commerce, RIEPA.

Strengthening the National Development and Trade Policy Forum (NDTPF) whose main objective is to advise the Government on bilateral and multilateral trade-related issues is another area that requires technical assistance.

Proposals for this purpose have been submitted to some of our trade partners including the EC. We are also preparing a blue print document that will guide our workshop that we intend to organize, whereby we shall meet our trade partners to find ways of addressing these issues.
