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Uganda: How Good a Trade Policy Benchmark for Sub-Saharan Africa (SSA)?

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Lawrence E. Hinkle
Alberto Herrou-Aragon
Ranga Rajan Krishnamani
Elke Kreuzwieser

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Abstract

This note evaluates Uganda's trade regime in 1997 and 2001, using the methodology developed by Hinkle *et al* (2003) in "*How far did Africa's First Generation Trade Reforms Go? An Intermediate Methodology for Comparative Analysis of Trade Policies.* Uganda's trade regime was more open in 2001 than in 1997, as during these intervening years Uganda has made considerable progress in providing a level playing field for the tradable sector. On the import side, lower maximum and average tariffs had significantly reduced the level of protection in 2001. On the export side, absence of export taxes and an effectively functioning VAT reimbursement scheme for exporters had sharply reduced the disincentives for exporting. By 2001, Uganda had also initiated policy changes for enhancing the efficiency and transparency of its trade regime through customs administration policy changes, duty-drawback schemes and policies aimed at reducing the scope for scope for administrative discretion in granting tariff exemptions. Due to these sustained policy changes, the overall anti-export bias of Uganda's trade regime was significantly lower in 2001 than in 1997. On the other hand, Uganda has used discriminatory excise taxes to raise the level of effective protection accorded to certain domestic industries. Uganda's trade regime would have been closer to the international good practice observed among low and middle income developing countries in the absence of such discriminatory excise taxes on imported goods. Despite the remaining weakness, however, Uganda's trade regime in 2001 was among the most open among the African countries to which the methodology developed by Hinkle *et al* has been applied to date.

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Authors Affiliations and Sponsorship

Lawrence E. Hinkle
Lead International Economist, Africa Region
Email: Lhinkle@worldbank.org

Alberto Herrou-Aragon
Economist, International Issues Foundation, Cordoba, Argentina
Email: aherrouaragon@hotmail.com

Ranga Rajan Krishnamani
Consultant, The World Bank
Email: Rkrishnamani@worldbank.org

Elke Kreuzwieser
Consultant, The World Bank
Email: ekreuzwieser@worldbank.org

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List of Abbreviations

COMESA	Common Market for Eastern and Southern Africa
CU	Customs Union
EAC	East African Community
HIPC	Highly Indebted Poor Countries
MFN	Most Favored Nation
MUB	Manufacturing Under Bond
NTBs	Non Tariff Barriers
PTR	Preferential Trading Arrangement
QRs	Quantitative Restrictions
URA	Uganda Revenue Authority
VAT	Value-Added Tax

Uganda: How Good a Trade Policy Benchmark for Sub-Saharan Africa (SSA)?

Executive Summary

This note evaluates Uganda's trade regime in 1997 and 2001, using the methodology developed by Hinkle *et al*, in "*How Far Did Africa's First Generation Reforms Go? An Intermediate Methodology for Comparative Analysis of Trade Policies" (2003).* This methodology evaluates a country's trade regime based on a quantitative instrument-by-instrument assessment of each trade policy instrument. It was initially applied for assessing the trade regimes of 13 African countries, including Uganda's in 1997.

The main findings are that Uganda's trade regime was more open and transparent in 2001 than in 1997, as during the intervening years Uganda has made considerable progress in providing a level playing field for the tradable sector. On foreign exchange policies, Uganda's trade regime was in line with international good practice. On the import side, lower maximum and average tariffs and a simpler tariff structure significantly reduced the level of tariff-induced protection and by 2001, Uganda's tariffs were well below the levels found in most other SSA countries. One distortionary feature of the trade regime was however the use of discriminatory excise taxes on selected imports to elevate the protection accorded to local industries. On the export side, absence of export monopolies and export taxes and an efficient VAT reimbursement scheme for exporters had significantly reduced the disincentives to exporting. By 2001, Uganda had also initiated reforms for enhancing the efficiency and transparency of its trade regime through improvements in customs administration, duty drawback schemes, and policies aimed at reducing the scope for administrative discretion in granting tariff exemptions. Following these changes, the disincentives to exporting in Uganda's trade regime are not due to anti-export policies *per se*, but of incentives favoring domestic-production of import-competing goods. The remaining disincentives to exporting in Uganda's trade regime are not the result of anti-export policies *per se* but incentives favoring domestic-production of import-competing goods.

An indication of Uganda's progress in trade liberalization is provided by the reduction in Uganda's overall anti-export bias in 2001 *vis-à-vis* 1997, when we first evaluated its trade regime. The B and the B* Index for Uganda were 1.3 in 2001 as compared to a B and B* Index of 1.4 and 1.8 for Senegal in 2001. Uganda's trade regime in 2001 was the most open among the African countries to which the methodology developed by Hinkle *et al* has been applied to date. (Senegal's ranking would be about the same as Uganda's under the assumption that UEMOA's external policies are applied without any deviation). The overall distortions in Uganda's trade regime were however higher than in our good trade policy benchmark countries outside the African region: Chile and Bolivia had a B and B* Index of 1.1 in 2001.

Although trade liberalization contributed to real export growth and export diversification towards non-traditional exports in the 90s, its effect was partially offset by unfavorable external shocks. Uganda's modest trade performance, despite its sustaining significant reforms over the 1997-2001 period, underscores the role of other structural factors in eliciting export supply response in low-income developing countries. Uganda's continuing reliance on agricultural exports still tightly links its export performance to the vicissitudes of the international

agricultural prices. Further progress towards export diversification and export competitiveness seems to be inhibited by high trade-related transactions (transport, logistics and trade-related risks) costs of a land-locked country, lack of physical infrastructural links that allow for cost-effective communications, access to trade finance and limited technology absorption.

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Uganda: How Good a Trade Policy Benchmark for Sub-Saharan Africa?

1. Introduction:

This trade policy note evaluates Uganda's trade regime in 1997 and 2001, using the methodology developed in "*How Far Did Africa's First Generation Trade Reforms go*?" *An Intermediate Methodology for Comparative Analysis of Trade Policies* by Hinkle *et al* (2003) (hereafter referred to as the methodology). This methodology permits an overall quantitative assessment of a country's trade regime based on an instrument-by-instrument assessment of each trade policy instrument. We measure the impact of each trade policy instrument on the average prices of import-competing and export goods to derive estimates of the overall anti-export bias (the B and the B* Index), proposed by Bhagwati (1978) and Krueger (1978). This report is designed to be self-contained, and readers are referred to the original paper by Hinkle *et al* (2003) for explanations of the methodology and derivation of variables used in the study.

This methodology was initially applied for assessing the trade regimes of 13 African countries (including Uganda's in 1997) and subsequently applied for analyzing Senegal's trade regime in A*n Analysis of the Trade Regime in Senegal (2001) and UEMOA's Common External Trade Policies* (2004)[1]. The methodology was also applied for evaluating Bolivia's (*An Analysis of the Trade Regime in Bolivia in 2001: A Trade Policy Benchmark for Low Income countries*) and Chile's trade regimes (*An Analysis of Chile's Trade Regime in 1998 and 2001: A Good Practice Trade Policy Benchmark*). Because of their trade liberalization record, Chile's and Bolivia's trade regimes were evaluated to provide international empirical benchmarks for good practice trade policies in middle and low-income countries for use in future applications of the methodology.

In this country note, we apply the methodology for comparing Uganda's trade regime in 2001 with that of 1997. Uganda (2001) constitutes the second example of application of the methodology for evaluating a country's trade regimes between two time periods for a case study. We chose Uganda because it is widely considered to have one of the most open trade policy regimes in SSA. The concluding section of this study compares our results with the other simpler methodologies for quantifying the degree of trade openness in African countries such as the IMF methodology [2] and the one used in the *Africa Competitiveness Report (*World Economic Forum 2000*).*

The structure of the study is as follows: Following an overview of economic performance and trade reforms, we analyze the components of each trade policy instrument namely the exchange rate regime, non-tariff barriers, discriminatory domestic taxation on imports, the tariff regime, and export policies. The overall measure of the trade regime (B index) follows the discussions of individual trade policy instruments. We have revised our estimates for Uganda (1997) from the original study in some cases in light of the availability of additional information since the time of compilation of the original study. Annex One provides a note on

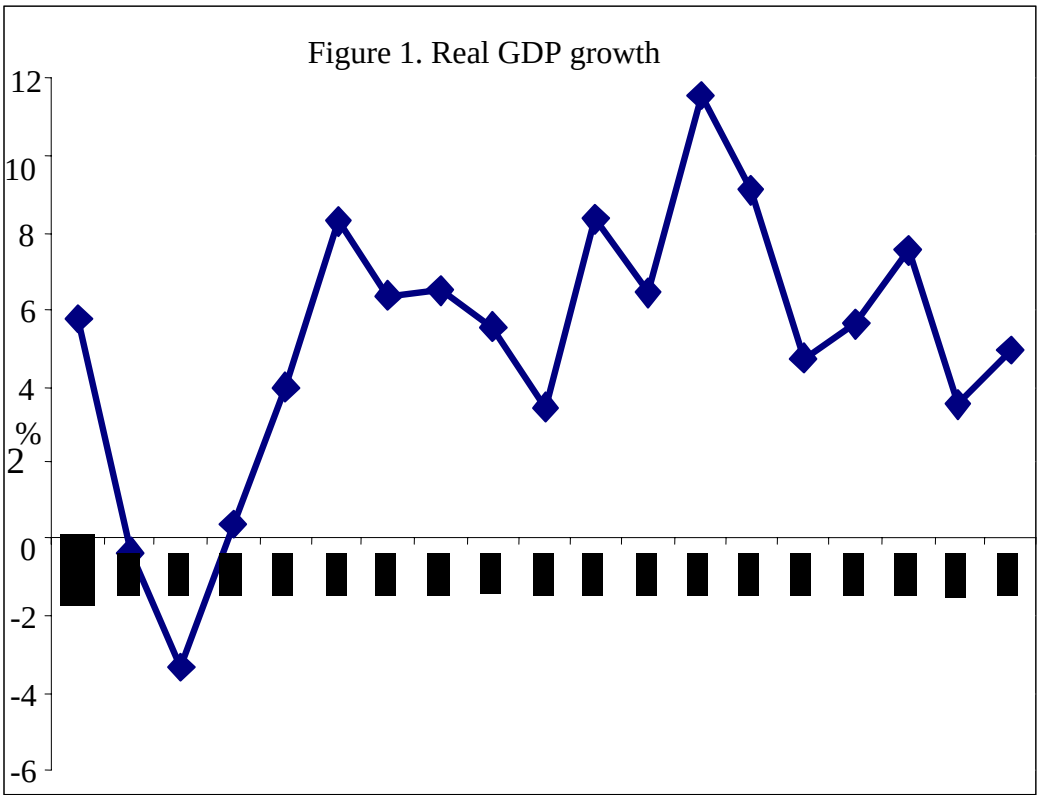
[1] Union Economique et Monetaire Ouest Africaine is a monetary and customs union with 8 members: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

[2] The methodology developed by R. Sharer (1998) and used subsequently in an IMF study of trade policies in eastern and Southern Africa (Subramanian and associates 2001) is referred to as the IMF methodology.

the differences between our original and revised estimates for 1997. For comparative purposes, tables containing data of the original sample countries and subsequent case studies are provided in Annex Two.

2. An Overview of Economic Performance and Trade Reforms

Economic reforms were implemented steadily in Uganda with the Economic Recovery Program in 1987. in their early phase, the economic reforms focused on macroeconomic stabilization policies. Macroeconomic stability has been restored since 1990, with fiscal discipline, the balance of payments deficit at manageable levels, relative price stability (with inflation down from 33% in 1990 to under 5% by 1997), and external debt under control. Uganda's political commitment to and track record in sustaining reforms bought the government policy credibility and enabled it be the first beneficiary to qualify for debt relief under the Highly Indebted Poor Countries (HIPC) initiative in 1996 and the enhanced HIPC initiative in 1996. Following the success of the macroeconomic stabilization policies in early 90s, the focus of the recovery program shifted from macroeconomic policies to structural reforms by the mid 90s and trade liberalization has been integral to the ongoing reforms since then[3]. Figure 1 shows Uganda's real growth since 1980.



Source: World Development indicators

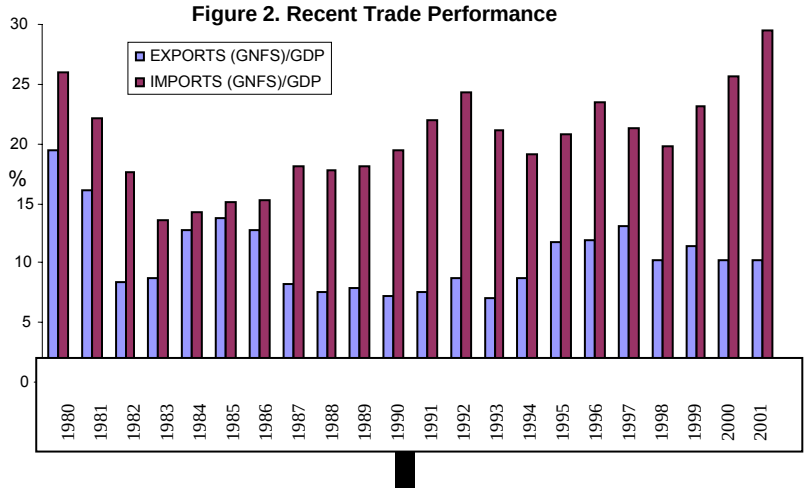
[3] The overall reform package was comprehensive and included, besides trade liberalization measures: financial sector deregulation, decentralization of governance, privatization of infrastructure including in the important sectors of electricity and telecommunications, public sector management, and taxation reforms.

Uganda's economic growth performance was solid in the 90s, with annual real GDP growing at over 6% (or about 3% in per capita terms). The incidence of poverty fell from 56% in 1992-93 to 44% by 1997-98.[4]. Sectoral decomposition of poverty based on household survey data indicates that the fall in the incidence of poverty was particularly marked in households engaged in trade, cash crop farming and the manufacturing sectors. However, despite sustained real GDP growth in a relatively healthy macroeconomic environment and a further 6 percentage point reduction in the incidence of poverty, according to the *African Development Indicators* (2004), 38% of the population remained below the poverty line in 2002.

The value-added by the manufacturing sector as a share of GDP is low at 7%. This proportion is lower than in countries with a lower per capita income.[5] Manufactured exports have yet to make a significant impact in terms of foreign exchange receipts and the rate of domestic investment is still too low for the accelerated growth and employment generation that is required for sustained poverty reduction.

Uganda increased its outward-orientation since 1990 (Figure 2). The degree of openness (defined as the sum of the value of merchandise imports and exports to GDP) was around 40% in 2001. Of this, imports were 30% and exports 10% of GDP. The extent of donor financing, FDI, and the remittances in financing the current account gap is significant.

Figure 2. Recent Trade Performance



Source: World Bank Development Indicators.
GNFS: goods and non-factor services.

Uganda's import composition does not show much variation during the 1990s and to date, either in terms of composition or in terms of source. Imports of machinery and transport equipment, food products, fuel and chemicals remain the main imports and EU and neighboring African countries (mainly Kenya) remain the main import source.

[4] Appleton (2001).
[5] Burundi (12%), Malawi (18%), Chad (16%), Burkina Faso (21%) and Madagascar (13%). See Appleton (2001)

During the last decade, Uganda's export composition has become less concentrated and there is a distinct shift in the composition of exports from traditional cash crops to non-traditional agricultural crops. The share of traditional exports of cash crops - mainly coffee, tea, and cotton has decreased consistently (from 80% in 1990 to 60% in 1997 and to 45% in 2001). Of the three main traditional exports, the fall in the share of coffee exports is particularly striking. Coffee exports (in value terms) which accounted for over 94% of the export earnings in 1980 fell to under 15% by 2001.[6]

Important non-traditional agricultural exports include fish and fish products, vegetables and fruits, floricultural products (cut flowers, mainly roses), cereals, essential oils and spices, vanilla, and apparel. Fish and fish products are the most important non-traditional exports and accounted for 10% of the total export earnings in 2001 (up from 5% in 1997). The average growth of non-traditional exports at over 15% in real terms since 1990 (albeit from a low base) is indicative of positive export supply response in the wake of the economic reforms since 1990.

When Uganda's trade regime was first evaluated using this methodology in 1997, it had already made considerable progress in implementing the first generation trade reforms. These included ending the administrative allocation of foreign exchange and moving towards market-determined exchange rate, removing export taxes, liberalizing the coffee industry and disengaging from the marketing, transport and financing of coffee exports, and removing most (though not all) non-tariff barriers (NTBs).

The original study found, however, that as compared to some other sample countries, Uganda had not yet made as much progress in 1997 in areas pertaining to reducing tariffs, simplifying the tariff structure, dismantling all non-tariff barriers, in minimizing the administrative granting of *ad hoc* tariff exemptions for dutiable imports, nor in facilitating exports through providing access to duty-free imports to exporters. Following our evaluation of Uganda's trade regime in 1997, Uganda implemented tariff reforms in 1998-99, which lowered the maximum rate and simplified the tariff structure, and initiated other policy changes designed to enhance the transparency of its trade regime.

Our present evaluation of Uganda's trade regime indicates that tariffs were significantly lower in 2001 than in 1997. The tariff structure was simpler in terms of the number of bands (from 6 to 3). The maximum tariff rate and average tariffs were closer to the best observed practice among low-income developing countries such as Bolivia. The level of protection accorded to domestic import-competing industries through trade policy instruments (other than tariffs) was significantly lower in 2001 than in 1997 and by 2001 Uganda had also made considerable progress in reducing the bureaucratic impediments to trade by introducing customs administration changes designed to enhance transparency and facilitating exports through providing duty-free inputs to exporters. One disquieting feature of Uganda's trade regime in 2001 was however the practice of raising the protection granted to selected local industries through a discriminatory excise tax on imports. According to information supplied by the

[6] According to the figures published by the Uganda Bureau of Statistics, in volume index terms, Uganda's coffee exports went from 104 in 1990 to 170 in 2001. In value terms however, export earnings from coffee dropped from US$ 127 million in 1990 to US$ 109 million in 2001, due to the fall in the unit price of Uganda's coffee exports from US$ 1.04 per kg in 1990 to US$ 0.64 per kg in 2001.

authorities, these taxes are however being now dismantled with the formation of the East African Community Customs Union discussed below.

3. Foreign Exchange Regime and Controls

Foreign exchange policies remained unchanged between 1997 and 2001. Since 1993, the currency is freely-floating; and the exchange rate of the Ugandan Shilling is determined in the inter bank market by the banks and foreign exchange bureaus that are authorized to trade in currencies. Although the Exchange Control Act of 1964 remains in the statute book and the Bank of Uganda (BOU) retains the authority to intervene in the foreign exchange market in principle, in practice it has refrained from doing so at any time since 1993.

The currency is convertible for current account transactions since 1993 and for capital account transactions since 1997.

Importers access to foreign exchange did not change much over the 1997-2001 period. A restrictive import licensing system had been replaced with an administratively simpler certification system in 1995. Under this system, which remains in effect to date, import certificates (which are renewable) are automatically granted to prospective importers within a day. Importers have unrestricted access to foreign exchange since 1993 for financing all transactions excepting for the goods specified in the "negative list" (discussed in the section on quantitative restrictions on imports and other non-tariff trade barriers). The one change in import policy over the 1997-2001 period was the considerable reduction in the number of 'negative' list products in 2001.

There were no major policy changes pertaining to export earnings during the 1997-2001 period. The foreign exchange surrender requirements on export earnings were removed in 1995; and, since then, the restrictive export licensing system has been replaced with an administratively simpler certification system. Under this system, export certificates (which are renewable) are granted automatically within a day, even at border points to facilitate cross-border trade (except for the products specified in the "negative list"). The number of goods in the negative list of exports remained unchanged since 1997. There are no binding restrictions on exporters such as those pertaining to surrendering foreign exchange earnings and exporters can sell foreign exchange to third parties at the market-determined rate and/or maintain foreign currency-denominated bank accounts with commercial banks since 1997.

There were two policy changes pertaining to liberalizing external payments arrangements between 1997 and 2001. First, a foreign exchange statute in 1999 guaranteed equal access to foreign exchange to resident and non-resident investment sponsors. Second, from 1999, citizens and non-residents could maintain foreign-currency denominated bank accounts.

Uganda's exchange policies in 2001 were in line with the benchmark good practices observed in Chile (2001) and Bolivia (2001). An indication of the progress made in liberalizing the foreign exchange market is provided by the declining parallel premium. When Uganda's trade regime was evaluated in 1997, there was a parallel premium of about 9%. By 2001, the parallel premium had dropped to zero, according to the *Global Currency Report*.

4. Quantitative Restrictions (QRs) and Other Non-Tariff Barriers (NTBs) to Imports

In 1997, import certificates were automatically granted for importing all goods except those specified in the "negative" list. This list covered two kinds of goods: (1) Import prohibitions that are "WTO compatible" on grounds of health and safety considerations (such as the import prohibitions on arms, armed vehicles, toxic materials, drugs and pornographic materials): (2) quantitative restrictions on imports of goods that are not consistent with WTO guidelines such as the prohibition on imports of soft drinks (soda), tobacco, beer, cigarettes, and motor vehicle batteries. The share of import-competing sector output covered by import restrictions was estimated to be 37% in 1997.[7]

The import restrictions on soft drinks (soda), beer and motor vehicle batteries were removed in 1998 and those on tobacco removed in 1999. By 2001, the only import prohibitions that remained were those consistent with WTO guidelines. With these changes, Uganda's trade regime in 2001 conformed to the benchmark good practices observed in Chile and Bolivia. There were no import monopolies over the 1997-2001 period.

5. Discriminatory Domestic Taxation

Besides the statutory tariff rate and the import commission (discussed in the tariff section), imports were subject to two kinds of domestic taxes over the 1997-2001 period for revenue mobilization considerations: the Value-Added Tax (VAT) and excise taxes on various categories of goods. The VAT was imposed on all imported goods (excepting the zero rated goods) at the standard rate of 17%. The impact of VAT was *non-discriminatory* as identical rates were applied to domestically produced goods as well as imports. Exports were VAT exempt.

Besides VAT, selected imports were subject to excise taxes over the 1997-2001 period. Imports of goods subject to such taxes included cigarettes and cigars (at the rate of 130%), alcoholic beverages including wine, spirits and beer (70%), soft drinks (70%), mineral water and aerated water, and sacks and bags (10%). As with VAT, the impact of the excise tax on the imports of these goods was *non-discriminatory* since the domestically produced equivalents of these goods were subject to excise taxes at identical rates.

[7] Tariff equivalents of non tariff barriers are usually difficult to calculate because of data limitations. The data required include domestic producer prices of the individual commodities and the CIF prices of comparable imports CIF prices were available. Data about the domestic producer prices of the few commodities that were subject to quantitative restrictions in 1999 were obtained for this study from the local national accounts office (see Hinkle et al 2003).

However since 1997 an increasing number of imported goods (irrespective *of the source*) were subject to an excise tax at the uniform rate of 10%[8]. This tax was discriminatory since it was imposed only on the imports of these goods and not on their domestically produced equivalents. Although goods subject to this tax represented only 8.6% of the tariff lines, the excise tax provided over one third of trade taxes on manufactured goods, which is an indication of the large number of imports covered. This discriminatory excise tax provided additional protection to specific industries and translated into a higher level of effective protection for the domestic producers of these goods. It also raised the domestic price of these goods by 10%. The official justification for the excise tax on import competing goods was to offset the revenue loss expected from the preferential market access granted to COMESA countries (discussed below in the section on preferential trading arrangements).[9] However, as discussed above, since the taxes were levied on all imports irrespective of origin, these taxes in effect served as a 10% surcharge on the statutory import tariff with equivalent protective effect.

The number of imported goods subject to discriminatory excise taxation was about 135 in 1997, including wood products, used tires, plastic tableware and kitchenware, shampoo, deodorant, soap, matches, perfume and toilet water, cement, petroleum oil, wheat flour, vegetable oil, sugar, chewing gum, sweet biscuits and lime. But by 2001, the number of goods subject to this tax had risen to about 335 and by 2002 to about 450. In 2001 the list of goods subject to this tax included in addition to the articles mentioned above : bricks and tiles, structural steel and steel products (including steel doors and windows), a wide range of plastic products, leather, footware, furniture, electrical and metal products (including motor batteries), and textile products (including garments, towels and linen). The discriminatory excise tax increased the domestic price of these imported goods by 10% (Table B4). The excise taxes on selected imports were supposed to be a temporary measure. The East Africa Community (EAC) Customs Union (CU) protocol requires that such discriminatory domestic taxes on international (both extra-regional and intra-regional) trade be removed. According to information received from authorities, these taxes have been by removed by Uganda with the establishment of the EAC CU from January 2005.

6. Tariff Regime

6.1 Tariff Structure

In 1997, Uganda's statutory MFN ad valorem tariff structure had six bands (0 - 5 – 10 – 20 -30 and 60%). Agricultural inputs (including fertilizers, pesticides, tools and seeds) and imports of pharmaceutical and medical equipment were non-dutiable. Imports of capital goods and raw materials were zero-rated. The 5%, 10% and 20% rates applied to intermediate goods imports. The 30% applied to consumer goods imports (including processed meat and fish, flour and bakery products, sugar, beer and spirits, soft drinks, wood products, furniture, paper and printed materials, soaps and paints). The peak 60% rate was applied only on tobacco imports in 1997 (imports of which had been subject to QRs in the past).

[8] The discriminatory excise tax was imposed on the goods irrespective of whether imports were from countries with which Uganda had preferential trading arrangements or not.

[9] This temporary measure is permitted under COMESA arrangements. "The COMESA Council of Ministers agreed that according to the treaty, member states who may suffer revenue losses or whose industrialization program will greatly suffer as a result of effecting tariff reductions may impose surtaxes for specified periods on commodities from other member states. (See IMF 2003).

The tariff reforms of 1998-99 eliminated the 60% peak rate on cigarettes and reduced the normal maximum rate from 30% to 15%. It also reduced the number of tariff bands from six to three: 0, 7 and 15%. As in 1997, imports of agricultural inputs and imports of pharmaceutical and medical equipment were non-dutiable. Imports of capital goods and raw materials were zero-rated. The 7% rate was applied on imports of intermediate goods and the maximum rate of 15% was applied on imports of finished consumer goods. This maximum rate of 15% was applied on the largest number of tariff lines. However, the 10% discriminatory excise tax on a large number of imports effectively raised the tariff equivalent on the products concerned to 17% and 25%.

6.2 Surcharges on Imports

Both in 1997 and in 2001 and continuing to date, all imports (including the zero-rated goods and irrespective of the source of imports) are subject to a 2% import commission. This commission was collected by Uganda Customs on behalf of the Ministry of Tourism, Trade and Industry (MTTI) for funding the Uganda Bureau of Standards (UNBS), the Uganda Export Promotion Council (UEPC) and the Uganda Tourism Board (UTB).

6.3 Preferential Trading Arrangements (PTAs)

In 2000, Uganda started granting preferential access to imports from COMESA countries.[10] As compared to the statutory MFN rates of 0%, 7% and 15%, the preferential rates for imports from COMESA countries were 0% (for capital goods and raw materials), 4% (for intermediate goods) and 7% (for finished consumer goods). COMESA imports were subject to the 2% import commission and the discriminatory excise taxes of 10%. In 2001, 20% of Uganda's external trade was with COMESA countries.

For computing average tariffs, we account for COMESA imports in the following way: For goods imported only from COMESA, we use the preferential COMESA rate as the relevant rate for that tariff line (a negligible amount of imports under 100 tariff lines came only from COMESA in Uganda in 2001). For goods imported from both COMESA and non COMESA countries (at the MFN rate), we use the statutory rate as the relevant rate for that tariff line.[11]

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[10] The current COMESA (Common Market for Eastern and Southern Africa) member countries are Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

[11] The appropriate treatment of preferential regional trade regimes in computing average tariffs depends upon whether a particular good is supplied only by members of the regional trade agreement or by both members and non-members. Under the assumption of homogeneous goods, there will be only one price for the same good, and imports from the country that is the marginal supplier of a particular good will determine its price. If a good is imported only from partner countries inside the preferential regional trading arrangement, then the tariff rate to use in an average to measure the protective effect on domestic producers would be the preferential tariff under the regional arrangement. If, on the other hand, a good is imported both from a regional member country at the preferential tariff and from the rest of the world at the higher external tariff, then the higher tariff on the marginal imports from the rest of the world would be the relevant one in determining the domestic price of the commodity and hence for using to compute an average tariff rate (For more details see Hinkle *et al* 2003).

Uganda is a member of the EAC countries, with Kenya and Tanzania. In 2000, the EAC countries signed a Customs Union (CU) protocol which became operational from January 2005. As part of the protocol, the member countries have a Common External Tariff (CET) of 0%, 10% and 25%. The elimination of EAC intra-regional tariffs (as required in a full Customs Union is expected to be implemented within a transition period of five years to accommodate the differential levels of industrial development of Uganda and Tanzania *vis-à-vis* that of Kenya. Moreover, as per the protocol, the member countries have removed all other discriminatory taxes on imports (such as excise taxes) on both intra-and extra-regional trade. The implications to Uganda's trade regime from adopting the EAC CET will be analyzed in a separate paper.

6.4 Tariff Rates

Uganda's tariff regime was overall less restrictive in 2001 than in 1997 (cf. table 1). The peak tariff rate of 62% (applied only on tobacco products - HS 24.02 to 24.03 – previously subject to QRs) was eliminated and the commonly applied maximum rate was reduced from 32% (including the import commission) in 1997 to 17% in 2001. If one includes the pervasive use of the discriminatory excise tax of 10%, the reduction of the commonly applied maximum tariff equivalent would be from 32% to 27% only.

Table 1: Tariff and Surcharges (Sc)

Unweighted Average Tariffs and Sc on dutiable imports by Broad Economic Use (BEC)						Import-Weighted average tariffs & sc	Unweighted average NPTR
Year	**Maximum Tariff & sc**	**Consumer Goods**	**Intermediate Goods**	**Capital Goods**	**All Goods**	**All Goods**	**Import-Competing Goods**
1997	62 * / 32 **	21.2	6.4	2.7	7.8	11.4	30.3
2001	17 **	16.2	10.8	4.5	10.5	8.8	22.8
Good Practice Benchmarks (2001)							
Bolivia	10.0	9.8	9.8	6.9	9.3	8.0	10.0
Chile	8.0	8.0	8.0	8.0	8.0	8.0	12.6

Note: Nominal tariffs, not including the 10% excise tax
Surcharges are the 2% import commission

* Peak rate on cigarettes and tobacco products
** Commonly applied maximum rate

Despite the substantial lowering of the maximum tariff rate, the *unweighted* average tariff on all goods increased by approximately three percentage points (from 7.8% to 10.5%), over the 1997-2001 period.[12] This upward move is the result of two opposite trends: the *unweighted*

[12] The average is computed by taking the tariff revenues that are actually collected for each tariff line (HS 8 digits) divided by the value of imports for that tariff line. This quotient is then adjusted for exemptions as follows: As we are interested in estimating the impact of trade policies on domestic prices, we treat the exemptions granted for

average tariff on consumer goods decreased (from 21.2% to 16.2%), but the *unweighted* average tariff on intermediate goods and on capital goods increased (from 6.4% to 10.8%, and from 2.7% to 4.5% respectively). The *import-weighted* average tariff on all goods, however, fell by close to three percentage points (from 11.4% to 8.8%) during the period, due to the lower maximum rate on the relatively larger import share of consumer goods. These computations of unweighted and import-weighted average tariffs do not include the effect of the 10% discriminatory excise tax. Especially in the case of the import-weighted average tariffs on all goods and on consumer goods, the reduction in average rates between 1997 and 2001 would have been much smaller or inexistent, had the effect of the excise tax been incorporated. The following section (6.5) on NPTRs will include the protective effects of the 10% discriminatory excise tax.

This parallel *increase* of he *unweighted* average tariff and the *decrease* of the *import-weighted* average tariff can be easily explained by the impact of the reduction of the number of tariff bands (from 6 to 3) on the distribution of tariff lines within the bands. While reducing the number of bands, the 1998-99 tariff reform simultaneously changed the classification of goods and increased the number of tariff lines falling under the maximum tariff rate. Indeed, in 1997 the commonly applied maximum rate of 32% was applied on 26% of tariff lines, whereas in 2001, after the reform, the new maximum rate of 17% was applied on 40% of tariff lines. - The last column in table 1 shows the Nominal Protection Tax Rate (NPTR) which is discussed below.

6.5 Nominal Protection Tax Rates (NPTR) and Escalation of Tariffs

The NPTR is a more inclusive measure of protection than tariffs and includes in addition to the effects of tariffs and surcharges, the protective effects of *discriminatory* domestic taxes on imports (if any). Since this measure is averaged over a smaller number of tariff lines (those corresponding to the production of import-competing industries), it is indicative of the level of protection actually accorded to the domestic import-competing sector. In the Uganda case, it is particularly important to consider broader measures of protection than tariffs because of the increasing role of discriminatory excise taxes relative to tariffs over the 1997-2001 period.

Table 2a: Unweighted Nominal Protection Tax Rates (NPTR) on Import-Competing Goods

Year	Consumer goods	Intermediate goods	Capital goods	All Import-Competing goods -	Standard Deviation of NPTR on all Import-competing goods
1997	35.4	27.9	……	30.3	10.4
2001	24.7	20.2	……	22.8	7.2

imports of consumer goods as rents accruing to the beneficiaries and, as a result, not having a significant effect on the domestic market price of a good and, therefore, on resource allocation activities as long as the same good was also imported at the statutory MFN (that is, non-exempt) regime. Therefore, for the purpose of computing the unweighted and import-weighted average tariffs (but not for computing the collection rate), we treat duty-exempt consumer goods as if they had paid the full duty. In contrast, the exemptions granted to firms for imported inputs and capital goods are, in general, aimed at giving additional effective protection to import-competing activities. Such exemptions create a two-tier price system by which firms receiving the exemptions can benefit from lower prices on their imported inputs *vis-à-vis* excluded firms. Therefore, we use the actual duties paid to compute the average tariff rates on intermediate and capital goods. For more details, see Hinkle *et al* (2003).

Good Practice Benchmark (2001)					
Bolivia	10.0	10.0	7.0	10.0	2.5
Chile	12.6	9.3	8.0	12.6	0.3

Although the unweighted NPTR was lower in 2001 than in 1997 by over seven percentage points (22.8% vs 30.3%), it exceeded the unweighted and import-weighted tariffs in both years by a considerable margin (about 19 percentage points in 1997 and 14 percentage points in 2001). This margin between NPTR and nominal tariff is indicative of the extent to which government protected the domestic import-competing industries through the discriminatory excise tax.

Table 2b: Output-Weighted NPTR on Import-Competing Goods

Year	Consumer goods	Intermediate goods	Capital goods	All Import-Competing Goods
1997	37.8	21.1	……	23.7
2001	17.9	15.0	……	16.2
Good Practice Benchmarks (2001)				
Bolivia	10.0	10.0	7.4	10.0
Chile	10.2	8.9	8.0	9.5

The output-weighted NPTR on all import-competing goods was lower than the unweighted NPTR by about six percentage points both in 1997 and in 2001. The output-weighted average NPTR was higher on consumer goods than on intermediate goods by over sixteen percentage points in 1997, but only by three percentage points in 2001. This observation is consistent with the fact that the 7998/99 tariff reform lowered the rates for consumer goods more than for intermediate goods, thereby reducing the extent of tariff escalation; a similar decrease in tariff escalation, but to a lesser extent, can be observed for nominal tariff rates (table1). In 1997, the unweighted average tariff on consumer goods was over three times higher than on intermediate goods (21.2%vs 6.4%). By 2001, it was only about one a and half times higher (16.2 vs 10.8%).

A comparison of Uganda's tariff structure with that of the best observed practices of Chile and Bolivia reveals that Uganda's maximum tariff rate had come closer to their maximum rates in 2001 and its average tariffs (unweighted or import-weighted) had come closer to their average tariffs.

However, the comparison of Uganda's tariff structure with that of the benchmark countries reveals differences in two areas. First, Uganda's tariff structure shows more diversion. While Chile's and Bolivia's tariff structure does not vary much between consumer goods, intermediate goods and capital goods, average tariffs on consumer goods are still substantially higher than the average tariffs on intermediate and capital goods in Uganda. Second, the NPTR was more than twice as high as in Chile and Bolivia because of the discriminatory excise tax on imports, and the NPTR in Uganda was also more that twice as high as its average nominal tariffs, both unweighted and import-weighted. This margin is a reflection of the extent to which the government used discriminatory excise taxes selectively for protecting import-competing industries.

6.6 Tariff revenues

Uganda is not very dependent on import taxes as a source of revenue (Table 3). Import duties constituted slightly over 6% of total tax revenues in 2001 as compared to 7.5% in 1997. However, Uganda did raise substantial revenue from the discriminatory excise tax (which is not considered an import duty or trade tax). Including revenue from the discriminatory excise tax would raise the estimates significantly. Revenue from trade taxes as a percentage of GDP was slightly greater in 2001 than in 1997 (1% in 2001 as compared to 0.8% in 1997) which implies that revenue collection from import duties was unaffected by the significant tariff reductions of 1998/99. The collection percentage, i.e. the ratio of what was collected by customs and what theoretically could have been collected, is an indicator for the scope of exemptions in the import regime.[13]

Table 3: Tariff Collections

Year	Tariff& sc revenues as % of GDP	Tariff &sc revenues as % of tax revenues	Non-Dutiable imports as % of total imports	Exemptions as % of dutiable imports	Collection Rate [a]		Collection percentage [b]
					All Imports	Dutiable Imports	
1997	0.8	7.5	2.8	14.8	8.0	8.3	86.1
2001	1.0	6.4	0.4	15.6	6.4	6.6	79.2
Good Practice Benchmarks (2001)							
Bolivia	1.1	6.6	3.6	0.0	5.5	5.7	100
Chile	2.0	11.6	0.3	0.0	5.4	5.4	100

(a). . Collection rate is the ratio of all tariff revenues to the value of imports.
(b). Collection percentage is the ratio of actual revenue to potential revenues where the potential revenue is the sum of foregone and actual revenues collected from dutiable imports. Foregone revenues are computed by multiplying the total value of exemptions by the import-weighted average tariffs (minus revenues collected from partially-exempt imports.

A comparison of tariff revenue in 2001 with the benchmark countries of Chile and Bolivia shows the following: First, the dependence on import duties *per se* is lower in Uganda. But the country has been relying increasingly on the excise tax on imported goods. In 2001, 2% of the total tax revenue came from the discriminatory excise tax on imported goods.[14] Two, the share of non-dutiable imports to total imports is lower than in other Sub-Saharan Africa (SSA) countries and compares favorably with that of Chile (2001) and Bolivia (2001). Despite the low share of non-dutiable imports in total imports, the difference between the revenue customs collected by way of import duties and the revenue it could have collected was much higher, due to the high proportion of exemptions. The government forwent 21% of potential revenues through import duties in 2001 as compared to 14% in 1997, due to such exemptions. Unlike

[13] The potential revenue is computed under the assumption that import-weighted average tariff and surcharges is applied on all dutiable imports with no exemptions.
[14] We do not have information on the amount of revenue collected through the discriminatory excise tax in 1997.

Bolivia and Chile which do not grant exemptions at all, Uganda's granting of exemptions is much like that in the rest of SSA. Apart from the loss of fiscal revenue, granting exemptions to selected categories creates variations in the protective effect of the tariff code on different firms and industries and thereby undermines the transparency of the trade regime. The policy of granting discretionary exemptions on dutiable imports remains one of the remaining weak areas in Uganda's trade regime in 2001.

6.7 Exemptions

For analyzing the scope for discretion in the import regime, we divide total imports into non-dutiable and dutiable imports. Non-dutiable imports are defined as those that enter the country duty-free following standard international practices or treaties. Dutiable imports are subdivided into dutied and exempted imports. Exempted imports are dutiable imports that would normally pay import duties but do not do so for various reasons.

The share of non-dutiable imports to total imports has come down sharply from 2.8% to 0.4% between 1997 and 2001. In 1997, non-dutiable imports included imports by the government, parastatals, embassies, international organizations, and NGOs. By 2001, the government had reduced sharply the practice of providing non-dutiable imports to government agencies, parastatals, and to international organizations.

Exemptions on dutiable imports are exceptions to the application of tariffs provided to certain categories of importers. Unlike the duty relief regimes (discussed in the export policies section), exemptions are not necessarily related to exports. Exemptions on dutiable imports increased slightly from 14.8% in 1997 to 15.6% in 2001 and the collection percentage fell from 86.1 to 79.2% over the same period. Exemptions were granted for three reasons in 1997. (1) By law, under the national investment code, exemptions were granted for domestic investors committing $50,000 and for international investors committing $100,000: (2) Exemptions were granted through transparent statutory instruments such as those included in the annual Finance Bill. (3) the Ministry of Finance had discretion to grant exemptions on imports of inputs that were not available in the country. There were some significant policy changes between 1997 and 2001 regarding granting tariff exemptions. With the repeal of the investment law in 1998, exemptions were no longer available under the national investment code. The discretionary powers of the Ministry of Finance to grant exemptions were completely eliminated in 2001[15] and following these policy changes, exemptions could be granted only through statutory policy instruments enunciated in the Finance Bill. These changes suggest that the process of granting exemptions was more transparent in 2001 exemptions than in 1997 (when exemptions could still be granted on an *ad hoc* basis. However, even with this significant policy change, the share of exemptions as a share or percentage of dutiable imports granted through statutory policy instruments increased slightly from 14.8% in 1997 to 15.6% in 2001.

6.8 Nominal Protection Rates (NPRs)

The NPR measure of protection is a more inclusive measure of protection than NPTR and includes the tariff equivalents of non-tariff barriers, in addition to the protective effects of tariffs,

[15] It is likely that this change in policy was fully reflected only in 2002, and therefore does not affect the findings of this paper based on 2001 data.

surcharges and excise taxes on imports. By definition, in the absence of non-tariff barriers, the NPTR and NPR are identical. In 1997, Uganda had QRs on selected goods that were not "WTO compatible".. Since these restrictions were dismantled in 1999, the NPTR and NPR for 2001 are identical. Table 4 shows the composition of NPR for the manufacturing and the agricultural sectors in 1997 and in 2001.

In the manufacturing sector, the unweighted NPR declined between 1997 and 2001 in the manufacturing sector by over seventeen percentage points (from 41% to 24%) and in the agricultural sector by eight percentage points (22% to 14%). In the agricultural sector, tariffs and surcharges were the only component of the NPR over the 1997-2001 period. In the manufacturing sector, the tariffs and surcharges component of the NPR declined between 1997 and 2001 (from 29% to 16%). Likewise, the QR component of the NPR declined (from 8% to 0). However, the discriminatory domestic tax component of NPR increased from 4% to close to 9% reflecting the increasing range of imported goods subject to the excise tax between 1997 and 2001.

Table 4: Composition of Nominal Protection Rates (NPRs)

Uganda	**1997**		**2001**	
	Manufacturing	Agriculture	Manufacturing	Agriculture
NPR	**41.5**	**22.0**	**24.3**	**14.3**
of which:				
Tariffs & Surcharge Component	29.3	22.0	15.6	14.3
Discriminatory Domestic Taxes	4.2	0.0	8.7	0.0
Import Monopolies	0.0	0.0	0.0	0.0
Quantitative Restrictions	8.0	0.0	0.0	0.0
Good Benchmark Practices				
	Bolivia (2001)		**Chile (2001)**	

NPR	12.7	12.3	10.9	9.0
of which:				
Tariffs and surcharges component	12.7	12.3	10.9	9.0
Discriminatory Domestic Taxes	0.0	0.0	0.0	0.0
Import Monopolies	0.0	0.0	0.0	0.0
Quantitative Restrictions	0.0	0.0	0.0	0.0

A comparison of NPRs in Uganda (2001) with that of the benchmark countries reveals the following: First, as in our benchmark countries, Uganda had no QRs in 2001. Second, although the NPRs were lower in Uganda in 2001 than in 1997, they were still over two and half times higher than in Chile and Bolivia. Third, unlike the benchmark countries which relied on transparent trade policy instruments, the impact of Uganda's tariff reforms were offset to a certain extent by the discriminatory excise tax on selected imported goods.

6.9 Effective Protection Rates (EPRs).

The protective impact of the tariff structure on domestic production operates through both the tariffs on finished goods and the tariffs on intermediate inputs used in domestic production. The analytical tool to measure the combined impact of tariffs on finished goods and tariffs on intermediate inputs is the ERP. The EPR is a more inclusive measure of protection granted to local import-competing activities than the NPR since it take into account the effects of tariffs on outputs and inputs as well. The ERP measures the potential scope for increase in domestic value added over international value added made possible by the respective levels of tariffs on imputs and outputs..

EPRs are computed in two ways in this study (table 5). (1) By using the input coefficients from the Input- Output Table (IO Table)[16] (2) for comparability with the other African countries studied previously (original sample), an indicative ERP is calculated, using standard coefficients: domestic value-added in the import-competing manufacturing sector is assumed to be 40%, and 88% in the import-competing agricultural sector (mainly food crops) .[17] The EPRs on Ugandan exports are estimated using the IO table as we had reasonable estimates of input-output coefficients for exports in 1997.

The indicative EPR for the manufacturing sector declined by about thirty percentage points (from 74% to 45%) while the EPR based on the IO table declined from 49% to 38% over the 1997-2001 period. For the agricultural sector (mainly food crops), the *indicative* EPR

[16] When Uganda's trade regime was evaluated in 1997, we had to rely on a 1992 input-output matrix that was quite aggregated. In particular, there was aggregation of coffee processing, cotton ginning and sugar refining into one activity. In this study, we have used an input-output matrix provided by the Uganda Bureau of Statistics (UBOS) that provides data on fifty activities for 2001.

[17] The EPRs using standard coefficients (the indicative EPRs) for 1997 were estimated for all the countries in the original sample because we did not have IO tables for all countries. Input-Output coefficients, however, were available for Uganda (see above).

declined from 24% to 16% and the EPR based on the IO table declined from 22% to 14% over this period.

Table 5: Effective Protection Rates (EPRs)

	Import-Competing				Exports	
Year	Manufactured		Agriculture [a]		Manufactured	Agriculture [b]
	Standard Coefficient (indicative rate)	Based on IO Table	Standard Coefficient (indicative rate)	Based on IO Table		
1997	74.2	49.4	24.4	22.3	-2.1	None [c]
2001	44.6	38.4	15.9	14.5	-0.5	None
Good Practice Benchmarks (2001)						
Bolivia	8.8	12.0	10.0	10.8	-2.0	-0.2
Chile	15.2	12.7	9.1I	9.4	-1.9	-2.8

(a) Includes only food crops
(b) Excludes cotton ginning, tea and coffee processing
(c) No export-bias

Despite the significant decline over the 1997-2001 period, the EPRs were still much higher relative to NPRs and tariffs in Uganda than in the benchmark countries. The indicative EPR in 2001 exceeded the NPTR by over twenty percentage points and average tariffs by over thirty percentage points. In contrast, in Bolivia and Chile, the EPR did not differ much from their NPR or tariffs. This difference is a reflection of factors such as their flat tariff structure, no additional charges on imports such as discriminatory excise taxes and the virtual absence of exemptions on dutiable imports.

The negative EPRs for export of manufactured goods declined from –2.1 to –0.5 between

1997 and 2001. This means that there were virtually no negative incentives for agricultural exports. Uganda's export regime in 2001 fares even better than that of Chile (2001) and Bolivia (2001) in removing the negative incentives facing exporters (discussed in the section on the B index).

6.10 Inefficiencies in Customs Administration

Inefficiencies and corruption in customs administration act as an arbitrary tax on trade. The customs administration in Uganda is administered by the semi-autonomous Uganda Revenue Authority (URA) based on the customs code of 1991. According to the authorities, although the customs code was revised in 2002, the revised code is yet to be implemented to date. There were some customs administration policy changes between the 1997-2001 periods.

In 1997, Uganda customs was following the Brussels Definition of Value (BDV) of customs valuation for duty assessment purposes.[18] For operational purposes, customs valuation was however, based on the transactions value of goods. Reference prices were used in a few cases such as for imports of fuel, sugar, wheat, and grain products. Pre-Shipment Inspection (PSI) was mandatory for goods valued at over US $ 10,000 and the PSI fee of 0.8% of the f.o.b. value of the goods was to be paid by the importer. The customs authorities were not bound to use the PSI valuation.

By 2001 (after the completion of the transition period accorded to developing countries as per WTO agreement), Uganda had acceded to the WTO Agreement on Customs Valuation (ACV). Since 2000, import valuation was based, in principle, on the transactions value of goods as reflected in the invoice value (CIF plus transport charges but excluding the 2% import commission). In cases where actual transactions value could not be ascertained from invoices, valuation of imports was based on the alternative methods as prescribed in the WTO ACV.. Uganda has claimed WTO exemptions from ACV in three cases: safety matches, dry batteries, and second-hand goods (including used clothing, shoes, used car tires, spare parts for motor vehicles and computers). Pre-shipment inspection is no longer mandatory since 2000.

Despite these changes, delays in customs clearance and customs corruption remained serious concern to traders. The implementation of the ACV was limited in practice due presumably to domestic capacity constraints. A recent study (2004) on administrative barriers to investment in Uganda by the Foreign Investment Advisory Services (FIAS) reported that customs clearance delays were perceived as a serious problem by potential foreign investors in Uganda.

For assessing the degree of corruption and inefficiencies in the Ugandan customs administration, we use as a proxy the corruption index published by Transparency International. This index is a comprehensive indicator of the perception of government corruption by business enterprises, and it can be assumed that it is positively correlated with corruption in customs administration.

[18] Based on this definition, the "normal" price of imported goods for duty assessment purposes is the price which the good would fetch in the open market between buyers and sellers. Prior to the formation of WTO in 1995, BDV was sanctioned by GATT- although it was not universally applied in all the GATT member countries- including a number of important trading countries such as US, Canada, and New Zealand.

On a scale of 10 (best) to 1 (worst), Uganda had a score of 2.6, ranking 73 rd out of f the 85 countries surveyed by Transparency International in 1998, the first year of survey. It was ranked 88th with a score of 1.9 out of the 91 countries surveyed in 2001. According to the 2001 ranking of Transparency International, the perceptions of corruption seemed to have deteriorated over time in Uganda: While Cameroon had the lowest score in 1998 in our sample, Uganda was the worst performer in 2001. In contrast, Chile with a score of 7.5 in 2001 was ranked 18, and Bolivia with a score of 2.9 was ranked 65 out of the 91 countries surveyed by Transparency International in 2001.[19] The government's reform agenda is putting great emphasis on public sector reform and governance, including combating corruption, but these reforms had apparently not had much impact on perceptions by 2001.

7. The Export Regime

7.1 Export Policies

There were no major export policy changes over the 1997-2001 periods. There were no restrictions on the utilization of foreign exchange earnings from export proceeds. A restrictive export licensing system had been replaced with a quasi-automatic export certification system in 1995. Under this system which continues to date, export certificates were automatically granted for all goods, except those specified in a "negative list". This list included exports of waste, scrap of ferrous metals, charcoal, timber, coffee husks, unprocessed fresh fish, and game trophies. The number of goods in this list remained unchanged since 1997.

There were no export monopolies in either 1997 or in 2001. The quota restrictions on coffee exports were removed in 1998 and so were the mandates that coffee exports could only be transported by railways (a state monopoly). A 1% CESS on coffee exports collected by the Uganda Coffee Development Authority (UCDA) since 1995 remained over the 1997-2001 period. The Finance Bill of 2002 introduced a tax on the exports of hides and skins, ostensibly for strengthening the regional tanneries.

Uganda has three measures designed to offset the anti-export bias of tariffs and indirect taxes on imported inputs: drawbacks on import duties, VAT reimbursement to exporters and Manufacturing Under Bond (MUB). To date there are no free trade zones in Uganda.[20]

7.2 Import Duty Drawback

Import duty drawback refers to the refund of import duties and surcharges paid on imported materials that are used in the production of the exported goods. Uganda grants duty refunds in principle on all exported products that use imported inputs (raw materials, intermediate goods and imported packaging) on documentary proof of exportation. There are no duty drawbacks on imports of capital goods (which are zero-rated in any case).

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[19] The Heritage Foundations Index of Economic Freedom (2003) assesses Uganda's regulatory environment as relatively poor, with a ranking of 4 on a scale of 1 to 5. Uganda's score had worsened from 3 in 1998.

[20] a draft bill – the Uganda Special Economic Zones Bill - prepared in 2002 and currently under consideration provides for the development of a variety of different zone types including free trade zones, export processing zones (extending wider benefits than under the existing manufacturing under bond scheme), technology parks, and virtual zones.

The import duty drawback scheme, in effect since 1995, is in principle provided to both direct and indirect exporters. Duty drawbacks can be claimed on import duties and VAT, but not on the 2% import commission and other import-related taxes (such as the excise tax on selected imports). There are no restrictions on categories of goods that qualify for drawbacks such as those designed to encourage the use of domestically produced substitutes, although one could argue that the non-refundable discriminatory excise tax on imported intermediates serves precisely this purpose. Drawbacks are expressed as a percentage of the fob value of exports and there are no processing or service fees for claiming import duty refunds. Import duty reimbursement could also be claimed on imports of certain inputs destined for the domestic market in some cases. Firms utilizing sugar as inputs for producing non-alcoholic beverages and bakeries could claim duty reimbursement on imported sugar. Although the duty drawback system has existed on paper since 1995, it was effectively implemented only from 2000 following the passage of the 1999 Finance Act.

The study by Hinkle *et al* (2003) reported a poorly functioning duty drawback system in 1997 with reimbursement delays of up to a year and risks of non-payment in times of budgetary constraints. The duty drawback system in 1997 was based on a case-by-case system, under which duty reimbursements were based on negotiations between the customs authorities and exporters and calculation of reimbursement on a shipment-by-shipment basis. The high transactions cost of administering such a system was particularly onerous for small exporters (of agricultural, fishery, and simple manufacturing products) who did not typically import large quantities of inputs.

The negotiated import duty drawback system was replaced in 2000 with a system of estimating reimbursement by applying a fixed (pre-announced) coefficient of import-content. Under this system, estimates of import duty refunds are to be calculated on the basis of a preset schedule for each exported good based on input-output data obtained from a sample of producers. The input coefficients were in principle to be adjusted annually. Unlike the case-by-case system, a fixed import duty drawback system reduces the scope for arbitrary administrative decisions and is more favorable to small exporters. Documentation requirements for claiming import duty drawbacks were simple for most goods, although additional documentation was required from coffee exporters.

Although the revised system was an improvement in principle, there were implementation problems due to indigenous capacity constraints. The input-output coefficients have been established to date only for coffee, tea and cocoa processing and the mechanism was encumbered by lengthy claims processing procedures and reimbursement delays. The system was temporarily suspended in 2001 due to alleged corruption.

Although the system was reinstated since 2003, the temporary suspension of the scheme has led to a backlog of cases where decisions were pending in 2001. Hence, for the purpose of computing the anti-trade bias of the policy regime, we assume that the situation regarding duty drawbacks remained unchanged over the 1997-2001 period, i.e. a poorly functioning system.

7.3 VAT Reimbursement to Exporters

VAT levied at the standard 17% rate on imported goods (excepting the zero-rated goods)

is reimbursed to exporters. According to the authorities, the VAT was refunded to exporters within a month of providing documentary proof. Based on interviews with exporters, we assumed that the VAT reimbursement scheme was functioning reasonably well in 2001.

7.4 Manufacturing Under Bond (MUB)

Uganda customs provides for MUB since 2001 [21]. This scheme allows the exporters of manufactured goods to import raw materials and intermediate inputs without import duty payment. On exportation of the manufactured product, the import duty liabilities of the exporters are cleared.

The MUB procedures appear to be aligned with Kyoto convention standards and recommended guidelines. The manufacturer was mandated to establish security in the form of a bond for availing himself of this facility. Approved manufacturers are required to construct a bonded warehouse at their manufacturing site (subject to prior customs approval). The presence of a customs officer onsite was mandatory for monitoring the movement of imported materials. To date, three exporters have been approved for the scheme. By 2003, two of the firms were in operation and only one firm was exporting garments to the US under the Africa Growth and Opportunity Act (AGOA).

8. The B Index of Relative Prices

In this section, we present a summary measure of Uganda's overall trade orientation in 1997 and 2001 using the B index and the B* index developed by Krueger (1978) and Bhagwati (1978). Trade orientation is measured by the degree to which protection to import-competing activities biases trade policy against exports. The computation of the overall index is based on the various trade policy instruments (exchange rate policies, import policies including tariff and non-tariff policy, discriminatory domestic taxes on imports and export policies) discussed in the preceding pages. In the concluding part of this section, we compare the results of the overall trade-bias from this methodology with those from the simpler methodologies used by the IMF and the *Africa Competitiveness Report* for evaluating the trade policies of SSA.

8.1 The B Index

The B index (Table 6) can be computed using nominal protection rates or value added prices. We call the first one the B index and the second the B^* index. The B index is computed as follows:

$$B = \frac{E_m}{E_x} \frac{(1 + t + n + PR)}{(1 + s - t_I + r)}$$

Where:

- E_m / E_x is the ratio of nominal exchange rates applied to imports (*m*) and exports (*x*) (1.04 in 1997 and 1 in 2001 in the case of Uganda)
- t is the average import duty (including the 2% import commission)

[21] BMW was implemented following increasing demand for facilities by new AGOA (Africa Growth and Opportunity Act) exporters in the garment manufacturing sector.

- n is the discriminatory taxation of imports through domestic taxes
- PR is the differential between the domestic and border prices of importable commodities subject to NTBs which was 0 in 2001
- s is any export subsidy or export tax (0)
- t_j is the taxes and duties on tradable inputs used in the production of exportable goods (that is, the tax rate on inputs multiplied by the share of those inputs in total production costs)
- r is any import duty rebate granted to producers of exportables (0).

Table 6: B and B* Index

Year	B index [a,b]	B* Index	
		Standard Coefficient	Based on IO Table
1997	1.5	1.6	1.6
2001	1.3	1.3	1.3
Good Practice Benchmarks (2001)			
Bolivia	1.1	1.1	1,1
Chile	1.1	1.2	1.1

(a.) All indices are calculated for import-competing manufactured goods and all exports. For other ways of calculating the B and B^* indices, see Hinkle *et al* (2003).
(b.) The denominator of the B index is a simple average of the tariff rates on inputs used in manufacturing and agricultural exports. We assume that inputs represent 60% of the value of manufacturing production and 12% in the case of agricultural exports.

We use the import-competing goods and manufactured goods and all exports to compute a representative B index because this measure is useful in underscoring the biases against exports and agriculture. Since trade policies were designed primarily to protect the import-competing manufacturing sector, we consider this measure as a reasonable summary of the trade regime.

The B index declined from 1.5 in 1997 to 1.3 in 2001 in Uganda The greatest part of this decline was due to steep fall in the maximum tariff rate (from 32% to 15% following the tariff reforms of 1998-99). The other reason for the decline was the dismantling of NTBs. The B Index for Uganda in 2001 is *lower* than the B Index in Senegal's trade regime (1.4) in 2001, which was rated as the most open among the African countries to which this methodology has been applied to date. The B index for Uganda in 2001 at 1.3 would have been at par with the B index of Senegal if the UEMOA common external tariff was applied without deviations by Senegal. The resulting B index in Uganda's trade regime in 2001 is however higher by 20% than the 1.1 scored by our benchmark countries and higher than the theoretical free trade value of 1. The reduction in the anti-export bias would have been greater and progress towards providing a

level playing field for production of exportables *vis-à-vis* production of import-competing goods would have been greater without the discriminatory excise tax on a large number of imported goods.

8.2 The B* Index

The B^* index based on the standard coefficient declined from 1.6 in 1997 to 1.5 in 2001, but from 1.6 to 1.3 according to the more accurate estimates based on Uganda's IO table. The B* Index for Uganda in 2001 was lower than that of Senegal in 2001 (1.8 based on standard coefficient and 1.7 using the IO table). The B* Index in Uganda's trade regime in 2001 was lower even if Senegal had implemented the UEMOA common external tariff without deviations (the B* Index for Senegal would have declined to 1.4 with the UEMOA common external tariff). As in the case of the B Index, however, the B* index shows that Uganda's anti-export bias in 2001 was more pronounced than in Chile and Bolivia (The B* Indexes of Chile and Bolivia were 1.2 and 1.1 respectively in 2001). If the effects of inefficiencies and corruption in customs administration are taken into account, Uganda's score is likely to worsen, as it had one of the worst Transparency International scores among the countries analyzed to date. Chile's good trade policies will stand out even further when combined with its exemplary TI score while Bolivia's would be less impressive when the poor perception of corruption is factored in. The sources of anti-export bias as measured by the B index are summarized in Table 7...

Table 7: Contribution of Each Policy Instrument to the Anti-Export Bias in B Index

Policy Instruments	1997		2001	
	Value	**Contri-bution**	**Value**	**Contri-bution**
E_m /E_x	1.04	0.1	1.00	0.0
NPTR on domestically-produced goods (manufactured)	33.5	0.4	24.3	0.39
Quantitative Restrictions	8.0	0.0	0.0	0.0
Taxes on export industry output	0.0	0.0	0.0	0.0
of which:				
Taxes on manufactured export industry output	*0.0*	*0.0*	*0.0*	*0.1*
Taxes on agricultural export industry output	*0.0*	*0.0*	*0.0*	*0.0*
Tariffs &Sc and taxes on inputs to exports	14.7	0.0	6.5	0.0
of which:				
Tariffs and Sc on inputs	*6.4*	*0.2*	*10.8*	*0.0*
VAT on traded inputs	*17.0*	*0.2*	*17.0*	*0.0*
Duties and taxes on inputs to agricultural exports	1.6	0.7	0.7	0.0
of which:				
Tariffs and Sc on fertilizers	*6.0*	*0.02*	*2.0*	*0.02*
Tariff and Sc on other agricultural inputs	*2.0*	*0.01*	*2.0*	*0.03*
VAT on fertilizers	*6.0*	*0.00*	*0.0*	*0.01*
VAT on other traded inputs	*0.0*	*0.02*	*0.0*	*0.00*
VAT reimbursement rate for exporters %	0.0	0.02	100.0	0.0
B Index	1.5		1.3	

Note: Contribution refers to by how much the B index would be lowered if the trade instrument was set to the free trade value. These figures do not add up to the amount by which Uganda's B index exceeds unity because the equation for computing the B index is not linear.

9. Comparison with Other Methods

9.1 The IMF Methodology

The IMF 1997 and methodology classifies trade regimes using measures for tariffs and non tariff barriers, on a 10 point scale that combines measurements of the restrictiveness of tariffs and NTBs, from 1 (open) to 10 (restrictive). (see Annex 1 Table B17A). According to the IMF 1997, Uganda's trade regime was classified as "moderately open" with a ranking of *out of 10*. In the 2000 update of this methodology the IMF used a slightly modified approach which took into account in addition to the measurements of tariffs and NTBs, export tariffs as well. Uganda's progress in trade liberalization was even more impressive in 2001, with its regime classified as "open" *with a score of 1 out of 10*.

It should however, be noted that the IMF (2001) methodology is not very useful for comparing the performance among the original sample, as it gives "10" to all but three of the original sample countries (Uganda and South Africa (5) and Cameroon (7)) on account of high nominal protection tax rates and export taxes. The methodology does not permit the instrument-by-instrument assessment of trade policy. When we consider the time-series performance of Uganda, however, the IMF (2001) and the B* Index (normalized to vary between 1 and 10) give a similar expression in terms of the openness level.

9.2 The Africa Competitiveness Report Methodology

The World Economic Forum's *Africa Competitiveness Report* (1997 and 2001) provides an index of competitiveness of selected African countries. Countries are ranked as "high-ranking", "middle ranking" or "low-ranking" based on their scoring in the competitiveness index. The calculation of overall competitiveness is based on an average of six broad indices (openness to trade, government, finance, infrastructure, labor and institutions) - which are further divided into sub-indices or indicators.

The "openness to trade" index uses twelve indicators, namely, the average tariff rate, (using import-weighted average tariff rate), import tariffs (whether import tariffs and quotas impede access to foreign materials, intermediate inputs and equipment), hidden import barriers (other than published tariffs or quotas), availability of foreign exchange (whether it is readily available at the official exchange rate, hard currency (whether it is readily available to firms for meeting business needs), export position (whether export policies are set as a national priority), export credit and insurance (whether they are readily available at a reasonable price for companies interested in exporting), real exchange rate (whether it reflects the economic fundamentals), exchange rate policy (whether it is favorable for export expansion), exchange rate volatility, foreign investment protection (whether foreign investment protection schemes are available for foreign investors) dividend remittance policies (whether they impede business activities). All of these indicators except for the average tariff rates are compiled based on the Executive Opinion Survey which "captures the perceptions of the leading investment and business decision makers worldwide".

Table 8. Comparison to Other Methodologies

	Hinkle et al (2003)[a]				
Methodology	B Index	B* Index	ACR	IMF(1997)	!MF(2001)
1997	6.0	6.3	7	1	5

2001	3.5	3.7	na	1	3

See Hinkle et al (2003)
a. Normalized so that undistorted value equals value (1) and the most distorted regime among the original sample (2.1 and 2.7 for B and B* Indices respectively) equals 10
b. Normalized so that the most open (o) equals 1 and the most open (3) equals 10.
c. Both IMF Methodology scores ranges between 1 and 10.
d. For 1999, the only observation available.

The Africa Competitiveness Report classified Uganda as a "middle ranking country" in terms of overall competitiveness with a ranking of 14 out of 23 countries surveyed in 1997 and with a ranking of 17 out of 29 countries in 2001. The quantitative sub-component of the "openness sub-index" in this methodology is similar to the IMF methodology's trade restrictiveness index. The country ratings for non-tariff barriers and average tariffs both in 1998 and in 2001 are combined into a single index of trade openness that is not explained in the methodology. It is not clear how the individual indicators are combined to arrive at the overall openness in this methodology both in 1998 and in 2001, since Uganda scores rather poorly in most of the individual indicators including the average tariff rate, import tariffs- but still emerges as a "middle ranking country" in terms of overall competitiveness.

In addition to the "trade openness" indicator, the Africa Competitiveness Report 2001 discusses the investment climate of each country surveyed. According to the surveys conducted by the World Economic Forum among businesses operating in Africa, the most important factor in determining the level of investment is political and economic policy stability. The second was the tax system, followed by infrastructure. In addition, the deleterious effect of corruption on foreign businesses is also cited.

According to the 2001 report, Uganda enjoyed a relatively stable political and economic policy environment since 1991. Uganda also scored reasonably on the tax system. Where Uganda scores much worse than most African countries according to the 2001 report are the quality and quantity of infrastructure. Finally, consistent with the findings of the Transparency International (discussed in section 5.9), the Africa Competitiveness report found perceived levels of corruption in government to be an obstacle to doing business in Uganda: businesses tended to agree that irregular payments were demanded by government agents, that time to obtain permits was protracted and that government regulations (such as those pertaining to import duty drawbacks) were not fully enforced.

10. Conclusion

Uganda's trade regime was more open and transparent in 2001 than in 1997 when we first evaluated its trade regime using this methodology. During the intervening years Uganda has made considerable progress in implementing the first generation trade reforms. The overall anti-export bias in Uganda's trade regime declined (with the B Index declining from 1.5 to 1.3 and the B* Index declining from 1.6 to 1.3 between 1997 and 2001). The overall anti-export bias was lower in Uganda in 2001 than in Senegal whose trade regime ranked to be as the most open among the African countries to which the methodology has been applied so far (the B Index and B* Index for Senegal in 2001 were 1.4 and 1.7). The B index for Uganda in 2001 at 1.3 would have been at par with that of Senegal in 2001 if Senegal had applied the UEMOA common external tariff without deviations. The overall anti-export bias in Uganda's trade regime is however higher by 20% than the 1.1 scored by our benchmark countries of Chile and Bolivia in

2001. The reduction in the anti-export bias would have been greater and progress towards providing a level playing field for production of exportables *vis-à-vis* production of import-competing goods would have been greater in Uganda's trade regime without the discriminatory excise tax on imports.

On foreign exchange policies, Uganda's policies conformed to the international good practices observed in middle-income and low income developing countries. As a result of the dismantling of all the WTO incompatible NTBs, tariffs have become the primary trade policy instrument in Uganda by 2001. Its tariff structure in 2001 was simpler than in 1997 in terms of the number of bands (reduction from 6 to 3). Uganda's maximum and average tariffs were below the levels found in most other SSA countries[22] (although this may change with the adoption of a Common External Tariff by EAC. The implications to Uganda's trade regime from adopting the EAC CET are analyzed in a separate paper). On the export side, Uganda had removed (already by 1997) overtly anti-export bias policies such as export taxes and export monopolies. It had disengaged from the marketing transport and financing of coffee exports, removed the surrender requirements on export earnings, introduced transparent methods of providing duty-free access to inputs for exporters. The remaining disincentives to exports are not due to anti-export policies *per se*, but to the incentives favoring domestic production of import-competing goods *vis-à-vis* production of exportables.

However, progress was more limited between 2001 and 1997 in the following areas: First, Uganda has increasingly used the discriminatory excise taxes to provide additional protection to import-competing industries.[23]. Although intended as a temporary measure for supplementing government revenue foregone due to the preferential access of COMESA countries, such policies provide additional protection to domestic producers and distort the trade regime in a non-transparent fashion. Second, the difference between the actual revenue that Uganda Customs collects by way of import duties and the revenue it could have collected is higher than in the benchmark countries. Unlike in Chile and Bolivia which do not grant exemptions at all, Uganda's policy of granting exemptions on dutiable imports is much like that in the rest of SSA (although the share of non-dutiable imports to total imports is much lower than in other SSA countries). For a country with limited revenue mobilization capacity, it is important to eliminate exemptions on dutiable imports both on efficiency and equity considerations. Third, despite customs policy changes designed to increase transparency of valuation procedures, perceptions of customs corruption has worsened between 1997 and 2001.

Despite these shortcomings, there is no doubt that Uganda has made some progress in opening its markets to external competition by 2001 as compared to when its trade regime was first evaluated in 1997 (the B Index declined from 1.5 to 1.3 and the B* Index declined from 1.6 to 1.3 between 1997 and 2001). However, landlocked geographic location and high trade-related transactions costs (transport, logistics, and trade-related risks), lack of physical infrastructure, limited access to and high cost of trade finance, low human capital and low technology absorption are factors still hindering export expansion and economic growth. This highlights the importance of measures aimed at improving the investment climate in the broadest sense and increasing the supply response in low-income developing countries, in parallel with pursuing

[22] IMF, 2000.
[23] According to the authorities, these taxes were dismantled in 2005 as per the requirements of the EAC CU protocol.

good trade policies.

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Annex One:
Differences between the Original Uganda (1997) study and the Revised Uganda (1997) Study

We have revised some of our estimates for 1997 from those in the original study due to the availability of additional information. The following note provides a description of changes in the revised *vis-à-vis* the original 1997 version and also indicates areas where there has been no change.

Section 3: Foreign Exchange Regime and Controls:

The original Uganda study stated that import financing was available for all goods in 1997. The revised version clarifies that importing financing was available for all goods- *except* for the prohibited imports on the "negative list".

The revised 1997 analysis also notes that non-citizens could not hold foreign exchange accounts in Uganda. These restrictions on non-citizens maintaining and operating foreign exchange accounts were removed in 1999.

Section 4: Quantitative Restrictions on Imports and Non-Tariff Barriers:

The original version stated that the only import restrictions that were present in Uganda in 1997 were those that were consistent with WTO guidelines (such as for health and security reasons). However in fact, in 1997 there were import prohibitions on beer, soft drinks, cigarettes, communication equipment and used car tires. The restrictions on imports of these goods were removed by 1999.

There is no change between the original and the revised study as regards import monopolies.

Section 5: Discriminatory Domestic (Excise) Taxation:

The original version stated there were no discriminatory domestic taxes on imported goods in 1997. Our revised version based on additional information obtained since the period of the original study shows that there were discriminatory excise taxes on 135 imported goods in 1997. The products that were subject to discriminatory excise taxes included processed food products (including meat, fish and dairy products), timber and chemicals. The discriminatory excise tax resulted in a 10% increase in the prices of these goods.

Section 6.1: Tariff Regime:

There is no change between the original (1997) and the revised (1997) study as regards the tariff regime.

Section 6.2: Surcharges on Imports

The original study did not report that there was an import commission of 2% on all imported goods- irrespective of their final use or source. This commission was levied on the CIF value plus the tariff rate.

Section 6.3: Preferential Trading Arrangements (PTA)

There were no preferential trading arrangements as stated in the original study in 1997.

Section 6.4: Tariff Rates

There is no change between the original and the revised study as regards tariff rates.

Section 6.5: Escalation of Tariffs

The original study does not contain output-weighted Nominal Protection Tax Rates (NPRT) as we did not have access to the IO table at that time.

Section 6.6: Tariff Revenues

There is no change between the original Uganda (1997) and revised Uganda (1997).

Section 6.7: Nominal Protection Rates

We have incorporated a section on nominal protection rates to capture the effects of quantitative restrictions on imports in 1997.

Section 6.7: Effective Protection Rate (EPR)

There were two changes between the original Uganda (1997) and the revised Uganda (1997). One, the original study does not have the EPR based on the IO table. The revised study incorporates output-weighted EPR based on IO table as well as the indicative EPR. Two, EPR estimates of for 1997 have been revised to reflect the discriminatory excise tax on selected imported goods and QRs in 1997.

Section 6.8: Inefficiencies in customs administration

There is no change between the original Uganda (1997) and revised Uganda (1997).

Section 7.1: Export policies

There is no change between the original Uganda (1997) and revised Uganda (1997).

Section 7.2: Import Duty Drawback

The original (1997) study did not have a detailed description of the Import duty drawback system in Uganda.

Section 7.3: VAT Reimbursement to Exporters

The original (1997) study did not have a detailed description of the VAT reimbursement to exporters.

Section 7.4: Manufacturing Under Bond (MUB)

There was no change between the revised and the original 97 study.

Section 8.2 and section 8.3: The B index and the B* Index

The estimates of the B index of the original (1997) study have been revised to take into account the discriminatory excise tax on selected imported goods and quantitative restrictions on imports.

Annex Two:

List of Tables

Table A1: Uganda – Basic Economic Data

Basic Economic Data									
	Level					Growth Rates			
	1980	1990	2000	2001	2002	80-90	90-00	00-01	01-02
Population (mn)	12.8	17.0	23.3	23.9	24.6	2.5	2.7	2.9	2.8
National Income									
GDP at market prices (Current US$ bn)	6.3	5.9	5.8	5.6	6.2	1.9	6.9	6.1	6.8
GDP at constant prices (1995 US$ bn)	7.0	8.1	8.2	8.9	9.2	2.2	6.1	5.7	6.4
Per Capita GDP(current US $)	294	253	236	236	250	1.4	4.4	3.1	3.9
Per Capita GDP(1995 US$ bn)	309	339	359	364	378	0.6	3.2	2.7	3.5
Gross Fixed Capital Formation (% of GDP)	---	12.7	19.5	18.2	19.3	---	---	---	---
Gross Fixed Capital Formation (constant 1995 US $, mn)	---	551.8	1,147.3	1,065.1	1,179.2	4.0	6.7	-1.0	1.9
Trade Indicators									
Exports of goods &non factor services f.o.b (current US$,mn) *of which*	329.3	245.7	663.1	690.2	696.5	2.5	4.7	2.9	2.8
Merchandise exports (current US$,mn)	319.4	210.0	459.8	471.1	471.5	2.1	4.4	2.7	2.5
Non-factor service exports (current US$ mn)	9.9	35.7	203.3	219.1	225.0	0.2	0.4	1.1	1.0
Exports of goods &services (% of GDP)	19.4	7.2	11.3	12.1	11.9	---	---	---	---
Exports as capacity to import (constant LC, bn)	----	217.0	803.8	838.1	----	2.9	5.8	2.3	----
Real Growth of Non-Traditional Exports (constant US$ mn)	---	48.0	227.0	172.9	186.5	---	14.8	2.3	2.1
Share of top 3 commodities in merchandise exports	261.1	159.0	241.2	159.2	130.3	2.4	1.9	1.1	0.9
Imports of goods &services cif (current US$, mn) *of which*	441.0	675.8	1,366.4	1.017.8	1,553.7	5.5	6.9	-1.2	9.5

Basic Economic Data									
	Level					Growth Rates			
	1980	1990	2000	2001	2002	80-90	90-00	00-01	01-02
Merchandise Imports (current US$, mn)	317.6	584.0	954.3	593.4	1,030.7	5.3	5.5	-1.1	6.7
Non-factor service imports (current US$ mn)	123.4	91.8	412.1	424.4	523.0	-0.9	1.9	-0.9	2.2
Total Trade (current US$ mn)	758.6	921.5	2,029.5	1,708.0	2,250.2	4.0	8.3	4.3	2.3
Total Trade (% of GDP)	51.3	10.2	33.9	36.1	26.5	---	---	---	---
Terms of Trade (goods &non-factor services1995=100)	---	74.2	50.8	45.6	44.1	----	-1.9	-0.6	-0.2
Reserves in months of imports of goods and services	0.1	0.7	6.3	7.5	6.5	---	---	---	---
Foreign Direct Investment (as % of GDP)	0.0	0.0	2.7	2.7	3.2	---	---	---	---
Official Exchange Rate (LCU per US$, period average)	0.1	428.9	1,644.5	1,755.7	1,797.6	---	---	---	---
Real Effective Exchange Rate (2000=100)	1,225.4	134.1	100.0	97.2	91.3	---	---	---	---

Source:WBI Database.

Table A2: Uganda: Major Exports

Product description	Value in '000 US$	Export share	BEC category	SITC
Coffee, Tea, Cocoa and Spices	132,999	29.7	Consumer	07
Fish/ Shellfish/ etc	75,429	17.7	Consumer	03
Gold/ Non-Monetary Ores	49,223	10.9	Intermediate	97
Tobacco/ Manufactures	32,401	7.1	Consumer	12
Hides/ Skins/ Fur skins	25,205	5.5	Intermediate	21
Cereals/ Cereal Preparations	20,439	4.5	Consumer	04
Crude Animal and Vegetable Matter	19,936	4.4	Intermediate	29
Textile Fibers	15,934	3.5	Intermediate	26
Metal Ores/ Metal Scrap	12,980	2.8	Intermediate	28
Petroleum and Products	12,271	2.7	Intermediate	33
Electric Current	10,554	2.3	Intermediate	35
Vegetables and Fruits	4,578	1.0	Consumer	05
Petroleum/ Cosmetic Cleaner	4,055	0.9	Intermediate	55
Iron and Steel	3,060	0.6	Intermediate	67
Road Vehicles	2,878	0.6	Intermediate	78
Telecommunication Equipment	2,068	0.5	Intermediate	76
Beverages	2,046	0.5	Consumer	11
Total Exports	450,527	100.0		

Source: COMTRADE

Table A3: Uganda: Major Import-Competing Industry Output

Activity	Production Share (2001)	BEC category
Meat and Fish Processing	15.2	Consumer
Grain Milling (wheat and corn flour)	9.8	Intermediate
Bakeries	9.8	Consumer
Sugar Refining	8.2	Consumer
Other food manufacturing (edible oils)	7.9	Consumer
Animal Feeds	6.8	Intermediate
Beer and Spirits	6.5	Consumer
Soft Drinks	5.9	Consumer
Cigarettes	5.6	Consumer
Textile Products	5.3	Intermediate
Garments	4.9	Consumer
Leather and Footwear	4.8	Consumer
Sawmilling	4.3	Intermediate
Furniture	4.3	Consumer
Paper and Printing	3.9	Intermediate
Chemicals	3.5	Intermediate
Soap	3.1	Consumer
Paints	2.9	Consumer
Bricks, tiles	2.3	Intermediate
Cement	1.9	Intermediate
Structural Steel (corrugated iron sheets)	1.7	Intermediate
Plastic Products	1.6	Intermediate
Total	100	Consumer

Source: Data collected by the Bank Staff from the country

Table B1: Foreign Exchange Regime and Controls

Country	Year	Foreign Exchange Restrictions (a)
Benin	1996	Currency Convertibility: Full convertibility into the FF at a fixed rate of CFAF100 per FF; current transactions free of exchange controls; capital transactions free between Benin and France but require approval between Benin and the rest of world.
		Import Restrictions: No restrictions on import financing. No foreign exchange budget.
		Export Restrictions: Repatriation of foreign exchange earnings within 180 days.
Côte d'Ivoire	1996	Currency Convertibility: Full convertibility into the FF at a fixed rate of CFAF100 per FF; current transactions free of exchange controls; capital transactions free between Cote d'Ivoire and France but require approval between Cote d'Ivoire and the rest of world.
		Import Restrictions: No restrictions on import financing. No foreign exchange budget.
		Export Restrictions: Repatriation of foreign exchange earnings within 120 days. Exports of lumber and certain metals are subject to quantitative restrictions.
Burkina Faso	1996	Currency Convertibility: Full convertibility into the FF at a fixed rate of CFAF100 per FF; current transactions free of exchange controls; capital transactions free between Burkina and France but require approval between Burkina and the rest of world.
		Import Restrictions: No restrictions on import financing. No foreign exchange budget.
		Export Restrictions: Repatriation of foreign exchange earnings within 120 days. Exports and re-exports of certain products may require prior official authorization from relevant ministries.
Mali	1997	Currency Convertibility: Full convertibility into the FF at a fixed rate of CFAF100 per FF; current transactions free of exchange controls; capital transactions free between Mali and France but require approval between Mali and the rest of world.
		Import Restrictions: No restrictions on import financing. No foreign exchange budget.
		Export Restrictions: Repatriation of foreign exchange earnings within 120 days.
Senegal	1996	Currency Convertibility: Full convertibility into the FF at a fixed rate of CFAF100 per FF; current transactions free of exchange controls; capital transactions free between Senegal and France but require approval between Senegal and the rest of world.
		Import Restrictions: No restrictions on import financing. No foreign exchange budget
		Export Restrictions: Exports do not require prior authorization with a few exceptions (precious metals, sugar, and groundnut oil). Repatriation of foreign exchange earnings within 120 days.
Cameroon	1996	Currency Convertibility: Full convertibility into the FF at a fixed rate of CFAF100 per FF; current transactions free of exchange controls; capital transactions free between Cameroon and France but require approval between Cameroon and the rest of world.
		Import Restrictions: No restrictions on import financing. No foreign exchange budget.
		Export Restrictions: Repatriation of foreign exchange earnings within 30 days.
Ghana	1996	Currency Convertibility: The exchange rate is determined in the inter-bank foreign exchange market. Free convertibility for current transactions, restrictions on capital transactions.
		Import Restrictions: No foreign exchange budget.
		Export Restrictions: Exports proceeds should be remitted to the country within 60 days of shipment. Traditional exports are not subject to surrender requirements. Non-traditional export proceeds can be sold at market rates upon receipt in the banks. Cocoa must be exported through Cocoa Board and is subject to an export tax.

Country	Year	Foreign Exchange Restrictions (a)
South Africa	1996	Currency Convertibility: The exchange rate is determined in the foreign exchange market. Free convertibility for current transactions; approval is needed by the Reserve Bank for capital transactions.
		Export Restrictions: Exports proceeds should be remitted to the country within seven days of accruals. Exporters may retain export proceeds for 180 days after accrual or date of shipment, whichever comes first, in foreign currency accounts with authorized dealers. A limited number of products require export permits.
Tanzania	1996	Currency Convertibility: The exchange rate is determined in the interbank market. Current transactions are free of exchange controls, but capital transactions are subject to approval by the Bank of Tanzania.
		Import Restrictions: No foreign exchange budget
		Export Restrictions: Export proceeds must be repatriated within 180 days of the date of exportation. Export licensing required for health or sanitary reasons.
Malawi	1995	Currency Convertibility: The exchange rate is determined in the foreign exchange market. Free convertibility for current transactions. Not fully convertible for capital transactions as residents' accounts cannot be converted into foreign currencies.
		Import Restrictions: No foreign exchange budget.
		Export Restrictions: Repatriation of 60% of foreign exchange received from exports is required immediately. The remaining 40% can be held in the exporter's foreign currency account. Exports of agricultural products subject to licensing.
Uganda	1997	Currency Convertibility: Domestic currency is convertible into foreign currencies at a freely floating exchange rate for both current and capital transactions.
		Import Restrictions: No foreign exchange budget. No restrictions on import financing except for goods in the negative list.
		Export Restrictions: Exports of coffee are subject to a quota under ICO rules.
		Other Restrictions: Non-citizens could not maintain foreign exchange accounts.
Mauritius	1996	Currency Convertibility: The exchange rate is market determined and freely convertible for both current and capital transactions.
		Import Restrictions: Importers must be licensed. No foreign exchange budget
		Export Restrictions: No repatriation requirements. Quotas on textiles and clothing to the US and Canada subject to bilateral export-restraint agreements. Sugar exports to the EU and US are restricted. Exports of certain foodstuffs controlled.
Zimbabwe	1997	Currency Convertibility: The external value of the currency is determined in the foreign exchange market. Foreign exchange transactions are subject to control by the Reserve Bank of Zimbabwe
		Import Restrictions: The Central Bank establishes import priorities to which commercial banks have to allocate their foreign exchange.
		Export Restrictions: Export licensing required for a variety of products. Export proceeds must be converted to local currency in the market within a specified period.
Chile (c)	1998	Currency Convertibility: The official exchange rate is kept within a crawling band around the US dollar. Free convertibility for current transactions. Controls on capital transactions. Dual foreign exchange structure.
		Import Restrictions: No restrictions on import financing. No foreign exchange budget.
		Export Restrictions: No repatriation requirements.

Country	Year	Foreign Exchange Restrictions (a)
Chile	2001	Currency Convertibility: The exchange rate is market determined and freely convertible for both current and most capital transactions. Unified exchange rate.
		Import Restrictions: No restrictions on import financing. No foreign exchange budget.
		Export Restrictions: No repatriation requirements.
Bolivia	2001	Currency Convertibility: Crawling peg to US $. The official selling rate is determined at auctions held daily by the Central Bank. The official exchange rate is the average of the bid rates accepted in the latest auction and applies to all foreign exchange operations in Bolivia. Before each auction, the Central Bank determines the amount to be auctioned and a floor price below which it will not accept any bids. This floor price, which is expressed in dollars, is the official exchange rate, and follows a crawling peg to the US$. Free convertibility for current transactions. Capital controls exist.
		Import Restrictions: No restrictions on import financing. No foreign exchange budget.
		Export Restrictions: No repatriation requirements.
		Currency Convertibility: Fixed peg to Euro. Full convertibility into the euro at a fixed rate of CFAF 655.957 per euro; current transactions free of exchange controls; capital transactions free between Senegal and France but require approval between Senegal and the rest of world.
Senegal	2001	Import Restrictions: No restrictions on import financing. No foreign exchange budget
		Export Restrictions: Exports do not require prior authorization with a few exceptions (precious metals, sugar, and groundnut oil). Repatriation of foreign exchange earnings required within 120 days.
		Currency Convertibility: Same as Senegal (2001)
Senegal	2001	Import Restrictions: Same as Senegal (2001)
(UEMOA)		Export Restrictions: Same as Senegal (2001)
Uganda	2001	Currency Convertibility: Domestic currency is convertible into foreign currencies at a freely floating exchange rate for both current and capital transactions (same as Uganda 1997).
		Import Restrictions: No foreign exchange budget. No restrictions on import financing except for goods in the negative list. Very few goods in the negative list.
		Export Restrictions: None.
		Other Restrictions: None. (Even non-citizens could maintain foreign exchange accounts.)

Note: (a) Source: Exchange Arrangements and Exchange Restrictions, IMF, for the year concerned.
(b) Source: Global Currency Report and International Financial Statistics for the year concerned.
(c) Source: Reinhart, C. and K. Rogoff (2003).

Table B2: Summary of Quantitative Restrictions (QRs)

Country	Year	Products Subject to QRs	Share of imports covered by QRs	Share of import competing sector output covered by QRs	Estimated effect of QR on prices of products concerned (%)	Estimated effect of QR on average price of all ICI output (a)
Benin	1996	Portland Cement	Na	12	10	1
Burkina Faso (b)	1997	Edible Cotton Oil Powdered Milk Yogurt Wheat Flour Rice Sugar Electrical Batteries Tires Inner Tubes for Tires	12	23	26	6
Cameroon	1995	Wheat Flour Meats Fisheries Edible Oils Sugar Refining Soap Insecticides Medicines Guns	9	21	12	3
Côte d'Ivoire	1997	Only for health or security reasons	0	0	0	0
Ghana	1999	Only for health or security reasons	0	0	0	0
Malawi	1999	Only for health or security reasons	0	0	0	0
Mali	1997	Cigarettes Tobacco Matches	2	15	13	2
Mauritius (c)	1999	Imports of sugarcane are prohibited	0	0	0	0
Senegal	1999	Only for health or security reasons	0	0	0	0
South Africa	1999	Black Tea	0	0	0	0
Tanzania	1999	Only for health or security reasons	0	0	0	0
Uganda	1997	Beer Soft Drinks (soda) Cigarettes Motor Vehicles Batteries	1	37	53	20
Zimbabwe(d)	1997	Animal Oils Meats Live Cattle Dairy Products Fruits Honey and Ice Cream Corn and Corn Meal Sugar	3	11	9	1
mean			2.3	6.8	5.8	1.1
median			0	0	0	0
Chile	1998	Only for health or security reasons.	0	0	0	0

Country	Year	Products Subject to QRs	Share of imports covered by QRs	Share of import competing sector output covered by QRs	Estimated effect of QR on prices of products concerned (%)	Estimated effect of QR on average price of all ICI output (a)
Chile	2001	Only for health or security reasons.	0	0	0	0
Bolivia	2001	Used passenger cars Worn clothing Health and security reasons.	0	0	0	0
Senegal	2001	Canned and preserved, and other consumer goods must be labeled in French. Several products are subject to inspection for health reasons.	0	0	0	0
Senegal (UEMOA)	2001	Only for health or security reasons.	0	0	0	0
Uganda	2001	Only for health and security reasons	0	0	0	0

Source: For Cameroon, UNCTAD-TRAINS data, 1995; for the rest of the countries, data obtained by Bank staff for the year concerned.

Notes:

a) ICI: import-competing industry

b) Excluding sugar on which there is also an import monopoly and which is included in Table A3.

c) Sugar cane is assumed to be non-traded because of its perishability and high transport costs.

d) Excluding corn and corn meal for which there is also an import monopoly and which are included in Table A3

Table B3: Summary of Import Monopolies

Country	Year	Import monopolies	Share of import competing sector output covered by monopolies %	Effect of monopolies on average price on products concerned %	Effect of monopolies on average price of all import competing sector output %
Benin	1998	Petroleum products can be imported only by a state company and licenses private enterprises (a)	0	0	0
Burkina Faso	1998	Private monopoly for imports of sugar (b)	10	30	3
Cameroon	1998	The extent of the oil refinery import monopoly was reduced to 80% in 1998.	7	40	3
Côte d'Ivoire	1998	None	0	0	0
Ghana	1998	None	0	0	0
Malawi	1998	None	0	0	0
Mali	1998	None	0	0	0
Mauritius Domestic Industry	1998	None	0	0	0
Senegal	1998	None	0	0	0
South Africa	1998	None	0	0	0
Tanzania	1998	None	0	0	0
Uganda	1998	None	0	0	0
Zimbabwe	1998	Corn can be imported only by the Grain Marketing Board or by others with permission of the Board (c)	3	26	1
Mean Median			1.5 0	7.4 0	0.5 0
Chile	1998	None	0	0	0
Chile	2001	None	0	0	0
Bolivia	2001	None	0	0	0
Senegal	2001	None	0	0	0
Senegal (UEMOA)	2001	None	0	0	0
Uganda	2001	None	0	0	0

Source: Authors' computations based on data obtained from authorities of the countries.

Notes: (a) No domestic production. Import monopoly is a fiscal device for generating revenues for the public sector.
(b) There is also a QR on sugar. Estimate is for the combined effects.
(c) There is also a QR on corn and corn meal. Estimate is for the combined effects.

Table B 4: Discrimination against imports through Discriminatory Domestic Indirect Taxation

Country	Year	Product subject to discriminatory indirect taxes	Resulting percentage increase in prices of imports
Benin	1996	None	0
Mali	1997	None	0
Cameroon	1996	None	0
Uganda	1997	Meat processing	10.0
		Dairy and fish products	10.0
		Timber	10.0
		Chemicals	10.0
Malawi	1995	None	0
Ghana	1996	None	0
Zimbabwe	1997	None	0
South Africa	1996	Mineral Waters	na
		Lemonade	na
		Beer	3.2
Côte d'Ivoire	1996	Soft Drinks	10.0
		Fruit Juice	10.9
		Average Rate	8.0
Senegal	1996	Cigarettes	13.0
		Beer	42.8
		Whisky	6.8
		Margarine	6.9
		Vegetable Oil	5.9
		Wheat Flour	5.8
		Sugar	6.1
Tanzania	1996	Blankets	42.0
		Bed Sheets	42.0
		Cement	16.8
		Iron Sheets	6.5
		Tires	24.8
		Inner Tubes	24.8
		Bicycles	6.5
		Average Rate	18.3
Burkina Faso	1996	Cigarettes	70.3
		Beer	124.3
		Wine	36.0
Mauritius	1996	Alcohol	360.0
		Cigarettes	113.0
		Cigars	461.9
		Average Rate	219.0
Chile	1998	None	0
Chile	2001	None	0
Bolivia	2001	None	0
Senegal	2001	Cigarettes	13.0
Senegal (UEMOA)	2001	None	0

Country	Year	Product subject to discriminatory indirect taxes	Resulting percentage increase in prices of imports
Uganda	2001	Meat processing	10.0
		Dairy and fish products	10.0
		Timber	10.0
		Chemicals	10.0
		Textile products	10.0
		Bricks and Cement	10.0
		Steel and Metal products	10.0
		Leather and Footwear	10.0
		Furniture	10.0
		Electrical Products	10.0

Source: Data collected by Bank staff from the countries concerned.
Na: not available.

Table B 5: Structure of Tariff Regime

Country	Year	Unweighted average MFN tariff rate	Maximum Tariffs &sc (a)	Unweighted average tariff &sc rate on dutiable imports (b)	Import-weighted average tariff &sc rate on dutiable imports	Standard deviation of tariff &sc on dutiable imports	Collection rates on all imports (c)	Unweighted average NPTR on all import-competing goods (d)	Indicative Effective Protection Rates on import-competing domestic goods: Agriculture	Indicative Effective Protection Rates on import-competing domestic goods: Manufactures	Tariff &sc revenues as % of GDP	Tariff &sc revenues as % of tax revenues
Benin	1996	na	21.0	10.1	7.2	7.0	5.1	14.2	12.7	34.6	1.1	8.3
Burkina Faso	1996	na	119.0	28.9	19.6	11.6	14.8	32.9	23.4	83.7	3.3	28.0
Cameroon	1996	na	50.0	11.5	10.5	10.8	9.6	30.6	34.2	68.8	1.3	10.2
Côte d'Ivoire	1996	na	273.8	14.7	14.5	13.6	9.4	34.7	21.9	92.4	1.8	11.0
Ghana	1996	na	42.5	11.2	7.3	15.6	6.9	29.7	27.9	67.2	1.1	7.0
Malawi	1995	na	45.0	16.3	10.9	35.1	8.2	38.0	1.4	89.8	3.0	18.8
Mali	1997	na	30.0	20.2	12.9	13.2	8.8	30.2	na	50.5	2.2	15.8
Mauritius	1996	na	80.0	26.4	20.3	30.4	16.2	65.4	21.4	149.0	6.2	32.9
Senegal	1996	na	75.0	19.5	14.6	17.4	14.2	46.6	32.1	103.3	4.2	25.6
South Africa	1996	na	57.5	12.2	5.2	15.2	4.9	27.3	0.0	67.6	0.8	3.3
Tanzania	1996	na	66.0	21.6	13.3	23.9	8.0	42.9	28.9	84.2	2.0	20.0
Uganda	1997	na	32.0	7.8	11.4	10.4	8.0	30.3	24.4	74.2	0.8	7.5
Zimbabwe	1997	na	160.9	23.8	16.2	42.6	7.1	40.8	14.0	107.0	6.1	23.2
Mean		na	83.3	17.2	12.6	0.4	9.3	35.7	20.2	82.5	2.6	16.3
Median		na	62.0	16.3	12.9	15.2	8.2	32.9	22.6	83.7	2.0	15.8
Chile	1998	11.0	11.0	11.0	10.9	0.4	9.4	12.7	12.4	15.4	2.2	13.5
Chile	2001	8.0	8.0	8.0	8.0	0.3	5.4	10.7	9.1	15.2	2.0	11.6
Bolivia	2001	9.4	10.0	9.3	8.0	2.5	5.5	9.4	10.0	8.8	1.2	6.6
Senegal	2001	14.8	52.0	14.4	11.2	10.1	9.6	26.4	23.4	51.1	3.7	20.7
Senegal (UEMOA)	2001	14.8	22.0	14.8	11.7	7.0	10.4	19.7	13.4	35.1	4.0	21.9
Uganda	2001	8.8	17.0	10.5	8.8	7.2	6.4	22.8	15.9	44.6	1.0	6.4

Source: Authors' computations based on data obtained from authorities of the countries.
* excluding the discriminatory excise tax. ** including the discriminatory excise tax

Table B6: Tariff Regimes

Country	Year	Import Tariff Rates (in %)	Import Surtaxes[a] (in %)
Benin	1996	Fiscal duties: 0-5-10-15-20	A 1% surtax is applied on imports from non preferential regional trade agreements
Burkina Faso	1996	Customs duties: 0-5 Fiscal duties: 0-5-10-15-25-30 Statistical tax: 5	Special Intervention Tax (TSI) of 2.0% applied over all dutiable imports
Cameroon	1996	0-5-10-20-30	Wheat Flour: 19.3 (50.0)
			Portland Cement: 14.2 (35.4)
			Detergents: 15.4 (46.6)
			Maize Meal: 29.6 (40.7)
Côte d'Ivoire	1996		Meats 14.3 (37.1)
		Customs duties: 0-5	Tomato Preserves 5.6 (33.2)
		Fiscal duties: 0-5-10-15-25-30	Vegetable Oils 9.6 (41.7)
		Statistical tax: 5	Cigarettes 236.2 (273.8)
			Cigars 14.8 (52.5)
			Smoking Tobacco 56.1 (93.7)
Ghana	1996	Fiscal duties: 0-10-25. Specific duties on milk, wheat flour, vegetable oils, sugar confectionery, fruit juices, sauces, soft drinks, beer, spirits, cigarettes, soaps, fabrics, worn clothing, iron and steel bars and rods, and petroleum products.	A 17.5% surcharge is applied mostly on imports of consumer goods
Mali	1997	Customs duties: 0-5	None
		Fiscal duties: 0-10-25	
		Statistical tax: 0-5	
Malawi	1995	Customs duties: 0-5-7.5-10-15-20-25-30-35-40-45	None
Mauritius	1996	Customs duties: 0-5-10-15-20-30-40-55-80	A 20% surcharge is applied on imports from several countries including Japan, South Korea and Switzerland.
Senegal	1996	Fiscal Duties: 0-10-20-30-50	A 20% surcharge is applied on imports of several luxury goods. A reference price is applied on imports of refined sugar.
		Customs Duties: 0-10	
		Statistical Tax: 0-5	
South Africa	1996	Customs duties are in 45 bands ranging from 0 to 57.5. Specific and a combination of specific and ad-valorem duties apply on several items.	None
Tanzania	1996	Fiscal duties: 5-20-25-30-40-50	None
Uganda	1997	0-5-10-20-30-60	2 per cent import "commision" on CIF value of imports + import duties.
Zimbabwe	1997	0-5-10-15-20-25-30-35-40-45-50-55-60-65-70-75-80-85-90-95-100	Mostly on consumer goods 10.0 Specific duties on Textiles 50.9 (160.9)
Chile	1998	Customs duties: 0-11	*Variable levies on:*
			Wheat (25.1)
			Wheat Flour (27.4)
			Vegetable oils (11.0)
			Sugar (49.0)

Country	Year	Import Tariff Rates (in %)	Import Surtaxes[a] (in %)
Chile	2001	Customs duties: 0-8	*Variable levies on:*
			Wheat (22.0)
			Wheat Flour (28.0)
			Vegetable oils (55.0)
			Sugar (35.0)
Bolivia	2001	Customs duties: 0-2-5-10	None
Senegal	2001	Common external tariffs: 0-5-10-20	A 20% surcharge is levied on onions, potatoes, bananas, cigarettes, and rice. A 10% surcharge is levied on some cereals.
		Statistical tax: 1	
		Community tax: 1	
Senegal (UEMOA)	2001	Common external tariffs: 0-5-10-20	None
		Statistical tax: 1	
		Community tax: 1	
Uganda	2001	0-7-15	2 per cent import "commision" on CIF value of imports + import duties+ the discriminatory excise tax of 10% which raises the maximum tariff rate to 27%.

Source: Data obtained by Bank staff from the countries in the study.

Note: (a) The numbers in parentheses are NPTR (tariff plus the surcharges and any discriminatory excise taxation).

Table B 7: Unweighted Vs. Output-Weighted Average NPTRs

Country	Year	Unweighted average NPTR on all import-competing goods	Output-weighted average NPTR on import-competing goods	Difference (%)
Benin	1996	14.2	14.9	4.9
Côte d'Ivoire	1996	34.7	44.4	28.0
Ghana	1996	29.7	na	na
Mali	1997	30.2	31.0	2.6
Senegal	1996	46.6	44.9	-3.6
South Africa	1996	27.3	32.9	20.5
Uganda	1997	30.3	23.7	-21.8
Mean		30.6	33.6	9.9
Median		30.2	32.9	8.9
Chile	1998	12.7	12.2	-3.9
Chile	2001	10.7	9.5	-11.2
Bolivia	2001	9.4	10.0	6.4
Senegal	2001	26.4	27.6	4.5
Senegal (UEMOA)	2001	19.7	19.8	0.5
Uganda	2001	22.8	16.2	-28.9

Source: Authors' computations based on data obtained from authorities of the countries.

Table B 8: Escalation of Trade Barriers by Economic Use

Country	Year	Unweighted average tariff &sc on dutiable imports					Unweighted NPTR on import-competing goods				
		consumer goods	intermediate goods	capital goods	all dutiable imports	std deviation (all dutiable imports)	consumer goods	intermediate goods	capital goods	all import-competing goods	std deviation (all import-competing goods)
Benin	1996	14.4	8.5	8.0	10.1	7.0	13.7	15.4	na	14.2	4.6
Burkina Faso	1996	34.9	28.2	20.2	28.9	11.6	43.8	32.5	na	32.9	16.1
Cameroon	1996	26.7	9.8	7.4	11.5	10.8	30.9	30.6	21.2	30.6	4.9
Côte d'Ivoire	1996	28.7	12.6	7.3	14.7	13.6	43.0	25.2	27.6	34.7	30.6
Ghana	1996	27.6	5.7	3.1	11.2	15.6	33.0	24.3	10.0	29.7	22.7
Malawi	1995	38.3	12.3	11.1	16.3	35.1	43.1	27.0	40.0	38.0	18.2
Mali	1997	29.8	18.0	12.6	20.2	13.2	33.6	29.0	5.0	30.2	9.7
Mauritius	1996	52.7	19.5	19.0	26.4	30.4	63.8	70.0	na	65.4	80.1
Senegal	1996	35.6	16.0	12.4	19.5	17.4	51.7	31.9	35.0	46.6	18.9
South Africa	1996	22.0	9.8	7.2	12.2	15.2	39.0	17.6	11.8	27.3	22.1
Tanzania	1996	33.5	18.2	12.3	21.6	23.9	50.3	33.5	5.0	42.9	25.8
Uganda	1997	21.2	6.4	2.7	7.8	10.4	35.4	27.9	-	30.3	10.3
Zimbabwe	1997	55.4	17.7	10.5	23.8	42.6	68.4	28.6	37.5	40.8	24.8
Mean		32.4	14.1	10.3	17.2	19.0	42.3	30.3	21.5	35.7	22.2
Median		29.8	12.6	10.5	16.3	15.2	43.0	28.6	21.2	32.9	18.9
Chile	1998	11.0	11.0	11.0	11.0	0.4	13.4	12.3	11.0	12.7	6.9
Chile	2001	8.0	8.0	8.0	8.0	0.3	12.6	9.3	8.0	10.7	9.3
Bolivia	2001	9.8	9.8	6.9	9.3	2.5	10.0	10.0	7.0	9.4	1.9
Senegal	2001	23.3	12.6	8.8	14.4	10.1	28.6	21.9	23.0	26.4	9.2
Senegal (UEMOA)	2001	20.3	13.3	10.1	14.8	7.0	21.4	15.6	22.0	19.7	5.3
Uganda	2001	16.2	10.8	4.5	10.5	7.2	24.7	20.2	-	22.8	6.5

Table B 9: Revenue Collection

Country	Year	Tariff &sc revenues as % of GDP	Tariff & sc revenues as % of tax revenues	Collection rates on all imports	Non dutiable imports as % of total imports	Exemptions as % of dutiable imports	Collection rates on dutiable imports (a)	Collection percentage (b)
Benin	1996	1.1	8.3	5.1	48.4	14.1	7.2	89.7
Burkina Faso	1996	3.3	28.0	14.8	27.2	15.0	19.6	93.5
Cameroon	1996	1.3	10.2	9.6	8.8	19.1	10.5	84.7
Côte d'Ivoire	1996	1.8	11.0	9.4	29.7	10.3	13.4	91.4
Ghana	1996	1.1	7.0	6.9	14.7	50.0	7.7	74.9
Malawi	1995	3.0	18.8	8.2	9.1	32.1	9.0	73.0
Mali	1997	2.2	15.8	8.8	48.3	14.1	12.9	90.6
Mauritius Domestic Industry	1996	6.2	32.9	16.2	33.3	12.4	18.9	90.7
Senegal	1996	4.2	25.6	14.2	2.2	16.8	14.5	88.6
South Africa	1996	0.8	3.3	4.9	7.1	4.3	5.2	96.2
Tanzania	1996	2.0	20.0	8.0	36.6	21.8	11.4	80.7
Uganda	1997	0.8	7.5	8.0	2.8	14.8	8.3	86.1
Zimbabwe	1997	6.1	23.2	7.1	67.7	13.8	16.2	88.2
Mean		2.6	16.3	9.3	25.8	18.4	11.9	86.8
Median		2.0	15.8	8.2	27.2	14.8	11.4	88.6
Chile	1998	2.2	13.5	9.4	1.4	0.0	9.4	100.0
Chile	2001	2.0	11.6	5.4	0.3	0.0	5.5	100.0
Bolivia	2001	1.2	6.6	5.5	3.6	0.0	5.7	100.0
Senegal	2001	3.7	20.7	9.6	13.0	16.5	11.2	83.4
Senegal (UEMOA)	2001	4.0	21.9	10.4	13.0	0.0	11.4	100.0
Uganda	2001	1.0	6.4	6.4	0.4	15.6	6.6	79.2

Source: Authors' computations based on data obtained from authorities of the countries.

Note: (a) Total revenues from tariffs and surcharges divided by the total value of dutiable imports.

(b) Actual to potential revenues where potential revenue is the sum of foregone and actual revenues collected from dutiable imports. Foregone revenues are computed by multiplying total value of exemptions by the import-weighted average tariff & sc rates (minus any revenues collected from partially-exempt imports).

Table B10: Composition of Nominal Protection Rates

Country	Year	Tariff &sc component (a)		Discriminatory domestic taxes		NPTR (b)		Monopoly		QRs		NPR (c)	
		Manuf	Ag	Manuf	Ag	Manuf	Ag	Manuf	Ag	Manuf	Ag	Manuf	Ag
Benin	1996	14.9	11.8	0	0	14.9	11.8	0	0	4.0	0	18.9	11.8
Burkina Faso	1996	36.7	22.6	5.1	0	41.8	22.6	3.0	0	5.6	0	50.4	22.6
Cameroon	1996	29.1	31.2	0	0	29.1	31.2	3.0	0	1.3	0	33.4	31.2
Côte d'Ivoire	1996	44.5	20.5	0	0	44.5	20.5	0	0	0	0	44.5	20.5
Ghana	1996	30.3	25.0	0	0	30.3	25.0	0	0	0	0	30.3	25.0
Malawi	1995	43.3	1.3	0	0	43.3	1.3	0	0	0	0	43.3	1.3
Mali	1997	29.0	non-traded	0	0	29.0	none	0	0	2.0	0	31.0	non-traded
Mauritius Domestic Industry	1996	60.2	19.3	11.1	0	71.3	19.3	0	0	0	0	71.3	19.3
Senegal	1996	49.2	30.1	1.7	0	50.9	30.1	0	0	0	0	50.9	30.1
South Africa	1996	32.9	exportable	0.0	0	32.9	exportable	0	0	0	0	32.9	exportable
Tanzania	1996	34.9	26.7	9.7	0	44.6	26.7	0	0	0	0	44.6	26.7
Uganda	1997	27.0	22.0	5.0	0	33.5	22.0	0	0	8	0	40.0	22.0
Zimbabwe	1997	52.4	11.5	0.0	0	52.4	11.5	0	1	1	0	53.4	12.5
Mean		37.3	20.2	2.5	0	39.9	20.2	0.5	0.1	1.7	0	41.9	20.3
Median		34.9	22.0	0	0	41.8	22.0	0	0	0	0	43.3	22.0
Chile	1998	12.7	12.3	0.0	0	12.7	12.3	0	0.0	0.0	0	12.7	12.3
Chile	2001	10.9	9.0	0.0	0	10.9	9.0	0	0.0	0.0	0	10.9	9.0
Bolivia	2001	9.4	10.0	0.0	0	9.4	10.0	0	0.0	0.0	0	9.4	10.0
Senegal	2001	26.3	21.8	1.7	0	28.0	21.8	0	0.0	0.0	0	28.0	21.8
Senegal (UEMOA)	2001	20.3	12.8	1.7	0	22.0	12.8	0	0.0	0.0	0	22.0	12.8
Uganda	2001	15.6	14.3	8.8	0	24.3	14.3	0	0.0	0.0	0	24.3	14.3

Source: Authors' computations based on data obtained from authorities of the countries.
Notes: (a) The tariff rates averaged (unweighted) **only** over the lines with import-competing production.
(b) The NPTR (Nominal Protection Tax Rate on import-competing industry) is the sum of tariffs, surcharges and discriminatory indirect taxes.
(c) The NPR (Nominal Protection Rate on import-competing industry) is the sum of NPTR and NTBs.

Table B 11: Effective Protection Rates (EPRs)

		Import-competing									Exportable	
Country	**Year**	**Tariff &sc on inputs (a)**	**NPR**	**EPR (indicative) (b)**	**EPR based on I-O table**	**Tariff &sc on fertilizers**	**Tariff &sc on non fertilizer inputs**	**NPR**	**EPR (indicative) (c)**	**EPR based on I-O table**	**EPR based on I-O table (d)**	
		Manufacturing				Agriculture					Man	Agric
Benin	1996	8.5	18.9	34.6	33.2	10.0	3.5	11.8	12.7	12.4	-10.6	-52.5
Burkina Faso	1996	28.2	50.4	83.7	0.0	9.0	20.7	22.6	23.4	na	none	-31.6
Cameroon	1996	9.8	33.4	68.8	0.0	5.8	10.5	31.2	34.2	na	-16.4	-47.8
Côte d'Ivoire	1996	12.6	44.5	92.4	41.3	6.0	12.6	20.5	21.9	17.0	-11.2	-42.2
Ghana	1996	5.7	30.3	67.2	0.0	0.0	5.7	25.0	27.9	na	-21.9	-34.3
Malawi	1995	12.3	43.3	89.8	0.0	0.0	0.4	1.3	1.4	na	-3.3	none
Mali	1997	18.0	31.0	50.5	0.0	5.0	18.2	non-traded	na	na	none	-28.8
Mauritius Dom. Ind.	1996	19.5	71.3	149.0	0.0	9.0	1.4	19.3	21.4	na	none	none
Senegal	1996	16.0	50.9	103.3	72.2	5.0	20.2	30.1	32.1	31.1	-14.2	-3.4
South Africa	1996	9.8	32.9	67.6	48.9	0.0	0.6	exportable	0.0	exportable	-5.5	-8.3
Tanzania	1996	18.2	44.6	84.2	0.0	3.7	13.6	26.7	28.9	na	-11.3	-3.7
Uganda	1997	6.4	40.0	74.2	49.4	2.0	6.0	22.0	24.4	22.3	-2.1	none
Zimbabwe	1997	17.7	53.4	107.0	0.0	3.5	0.0	12.5	14.0	na	-4.7	none
Mean		14.1	41.9	82.5	18.8	4.5	8.7	20.3	20.2	20.7	-10.1	-28.1
Median		12.6	43.3	83.7	0.0	5.0	6.0	22.0	22.6	19.6	-10.9	-31.6
Chile (b)	1998	11.0	12.7	15.4	14.3	11.0	12.3	12.3	12.4	12.1	-2.6	-3.8
Chile (b)	2001	8.0	10.9	15.2	12.7	8.0	9.0	9.0	9.1	9.4	-1.9	-2.8
Bolivia (c, d)	2001	9.8	9.4	8.8	12.0	10.0	10.0	10.0	10.0	10.8	-2.0	-0.2
Senegal	2001	12.6	28.0	51.1	40.8	5.4	12.3	21.8	23.4	35.2	-19.9	-2.2
Senegal (UEMOA)	2001	13.3	22.0	35.1	27.5	7.0	9.3	12.8	13.4	21.8	-11.7	-1.8
Uganda	2001	10.8	24.3	44.6	38.4	2.0	7.2	14.3	15.9	14.5	-0.5	none

Source: Authors' computations based on data obtained from authorities of the countries.

Notes :

(a) For main existing exports, which are mostly primary commodities

(b) Chile's weighted average EPRs on exports are with drawback of import duties. Without drawback, the figures are -3.5 and -2.7 in 1998 and 2001 respectively.

(c). Computed using standard coefficients of 0.04 for fertilizer (tradable and 0.08 for non-fertilizer tradable inputs.

(d) Assuming the VAT on inputs is reimbursed at the rate indicated in Table A13.

Table B 12: Perception of Corruption Index

Country	Year	TI Perceptions of Corruption Index 1998 (a)	TI Rank	TI Perceptions of Corruption Index with the Scale Reversed (b)	Normalized Rescaled TI Perceptions of Corruption Index (c)
South Africa	1998	5.2	32	4.8	0.0
Mauritius domestic Industry	1998	5.0	33	5.0	0.5
Zimbabwe	1998	4.2	43	5.8	2.6
Malawi	1998	4.1	45	5.9	2.9
Ghana	1998	3.3	55	6.7	5.0
Senegal	1998	3.3	55	6.7	5.0
Cote d'Ivoire	1998	3.1	59	6.9	5.5
Uganda	1998	2.6	73	7.4	6.8
Tanzania	1998	1.9	81	8.1	8.7
Cameroon	1998	1.4	85	8.6	10.0
Benin	1998	na	na	na	na
Burkina Faso	1998	na	na	na	na
Mali	1998	na	na	na	na
Mean		3.4	56	6.6	4.7
Median		3.3	55	6.7	5.0
Chile	1998	6.8	20	3.2	na
Chile	2001	7.5	18	2.5	na
Bolivia	2001	2.0	84	8.0	na
Senegal	2001	2.9	65	7.1	na
Senegal (UEMOA)	2001	2.9	65	7.1	na
Uganda	2001	1.9	88	8.1	na

Source: Transparency International, Berlin (for the year concerned).

Notes:

a) For the TI Corruption Index: 0= most corrupt, 10= cleanest.

b) Reversed scale. The scale of the TI index has been reversed by subtracting the original values from 10 so that the scale will be consistent with the other indicators used in this study where 0 is the least distortionary value of an indicator and 10 is the most distortionary value.

c) The reversed scale index normalized so the lowest observed value in the sample group is 0 and the highest observed value in the sample is 10.

Table B 13: Export Regime

Country	Year	Overall average tax on export industry output (estimate, %)	Tariffs & sc on inputs to exports (estimate)		Duties on inputs exempted for exports (estimate, %)	VAT on inputs to exports			VAT reimbursement rate (estimate, %)
			manufac	agric		manufac	fertilizer	non fert. ag	
Benin	1996	23.0	14.4	5.7	0	15.2	1.2	17.8	0
Burkina Faso	1996	14.0	34.9	16.8	0	8.8	0	0.2	0
Cameroon	1996	4.0	26.7	8.9	0	15.0	0	15.0	0
Côte d'Ivoire	1996	7.0	28.7	10.4	0	15.5	0	5.9	0
Ghana	1996	9.0	27.6	3.8	Na	15.0	0	15.0	0
Malawi	1995	0	38.3	0.3	Na	15.0	0	15.0	0
Mali	1997	8.0	29.8	13.8	0	5.8	0	12.7	0
Mauritius Dom. Ind.	1996	0	52.7	3.9	probably moderate but delayed	0	0	0	0
Senegal	1996	0	16.0	15.1	0	15.0	0	15.0	80.0
South Africa	1996	0	9.8	0.4	probably moderate but delayed	15.0	0	15.0	0
Tanzania	1996	0	18.2	10.3	probably low and arbitrary	15.0	0	15.0	0
Uganda	1997	0	6.4	-	probably low and arbitrary	17.0	0	12.3	0
Zimbabwe	1997	0	17.7	1.2	probably low and arbitrary	15.0	0	15.0	15
Mean		5.0	24.7	7.6		12.9	0.1	11.8	7.3
Median		0	26.7	7.3		15.0	0	15.0	0
Chile	1998	0	11.0	11.9	100	19.0	19.0	19.0	100
Chile	2001	0	8.0	8.7	100	19.0	19.0	19.0	100
Bolivia	2001	0	9.8	10.0	100	13.0	13.0	13.0	100
Senegal	2001	0	12.6	11.7	0	15.0	0.0	15.0	80
Senegal (UEMOA)	2001	0	13.3	12.4	0	15.0	0.0	15.0	80
Uganda	2001	0	10.8	-	0	17.0	0.0	17.0	100

Table B 14: Access of Exporters to Tariff-Free Imported Inputs

Country	Year	Tariff Suspension	Duty Drawback	Estimated import tariffs &sc on inputs to agricultural exports	Estimated import tariffs &sc on inputs to manufacturing exports	Est. % of tariffs on inputs exempted for exports (a)	Export Processing Zones
Benin	1996	Dysfunctional because of absence of effective controls over the final destination of commodities sold by firms operating under this scheme	Non functional because of excessive delays in the reim-bursement of tariffs paid.	5.7	8.5	0	None
Burkina Faso	1996	Dysfunctional because of lack of appropriate controls over input-output coefficients declared by firms and over imported inputs not incorporated in exports.	Not in use	16.8	28.2	0	None
Cameroon	1996	None	Nonfunctional. Inefficiencies in the administration of the scheme made it of little benefit for marginal exporters	8.9	9.8	0	Nonfunctional: Firms which exported up to 80 percent of their output and were eligible for the Investment Code could qualify for this scheme. Benefits included full exemption of international trade and domestic indirect taxes.
Cote d'Ivoire	1996	Dysfunctional. Manufacturing firms exporting at least 70 percent of their output were eligible for the scheme which granted import tariff exemptions on inputs for exported production for an amount calculated as the ratio of exports to total production.	None	10.4	12.6	0	None
Ghana	1996	na	na	3.8	5.7	na	na
Malawi	1995	na	na	0.3	12.3	na	na

Country	Year	Tariff Suspension	Duty Drawback	Estimated import tariffs &sc on inputs to agricultural exports	Estimated import tariffs &sc on inputs to manufacturing exports	Est. % of tariffs on inputs exempted for exports (a)	Export Processing Zones
Mali	1995	Dysfunctional. Firms were allowed to sell up to 40 percent of their output in the domestic market. In practice, however, this percentage was determined on a case-by-case basis. Most of firms operating under this scheme tended to sell most of their output in the domestic market.	Not in use	13.8	18.0	0	None
Mauritius	1996	na	Poorly Functioning: Long delays in actual payments	3.9	19.5	probably moderate but delayed	Functional: Scheduled raw materials, packing material, and equipment and related spare parts were exempt from customs duties and sales tax.
Senegal	1995	Non-functional. Firms exporting 100 percent of their output were eligible for the scheme. Sales in the domestic market could be authorized by the government subject to payment of import duties on inputs and domestic taxes. During 1995, no exports were recorded under this regime.	None	15.1	16.0	0	Dysfunctional failed EPZ
South Africa	1996	Partly functional: Concessions were granted on inputs imported by manufacturing firms for the purpose of exportation after transformation, including raw materials and components. Full rebate of customs duties were also granted on goods temporarily imported for processing for export. There was no information available on the operation of the scheme.	Partly functional: The number of applications was relatively low because of delays related to refunds.	0.4	9.8	probably moderate, but delayed	na

Country	Year	Tariff Suspension	Duty Drawback	Estimated import tariffs &sc on inputs to agricultural exports	Estimated import tariffs &sc on inputs to manufacturing exports	Est. % of tariffs on inputs exempted for exports (a)	Export Processing Zones
Tanzania	1996	None	Poorly Functioning; The Board of External Trade (BET) determined the formulas for calculating the drawback rates. There was no systematic revision of these rates over time. Delays in cash payments from 3 months to more than a year were reported as the result of inadequate budgetary allocations.	10.3	18.2	probably low and arbitrary	None
Uganda	1997	None	Poorly functioning: Cash payments were rarely disbursed as a result of budgetary constraints.	2.7	6.4	0	None
Zimbabwe	1998	Dysfunctional; Guarantees were required to cover duty liabilities, which were, in practice, negotiated with exporting firms on a case-by-case basis. The guarantee was collected by the authorities if firms did not export within one year. Inflation eroded the real value of tax liabilities as collateral was not indexed to inflation	Poorly functioning: Delays of up to one year in cash payments to exporters were reported as a result of cumbersome administrative procedures and lack of trained personnel. Inflation eroded the real value of the duties paid.	1.2	17.7	probably low and arbitrary	Nonfunctional: There were no fenced industrial sites in operation . Lack of trained personnel in customs to control the proper utilization of inputs under this regime. Only capital goods were granted duty-free status.
Mean				7.6	14.1		
Median				7.3	12.6		

Country	Year	Tariff Suspension	Duty Drawback	Estimated import tariffs &sc on inputs to agricultural exports	Estimated import tariffs &sc on inputs to manufacturing exports	Est. % of tariffs on inputs exempted for exports (a)	Export Processing Zones
Chile	1998	Imports of inputs cannot be higher than 50% of the value of production. Authorities can approve imports of inputs representing more than 50% of the production value if there is no damage to local production. This incentive device is rarely used by exporters	Fixed drawback:10% rate of the fob price of exports for which the overall exports of less than us$ 10 million; 5% rate for overall exports between us$10 and 15 million; 3% for overall exports between us$15 and 20 million; 0% for overall exports higher than us$20 million; Reimbursement of paid import duties takes 5 days; Regular drawback: reimbursement of paid duties takes approximately 90 days; Capital goods: paid duties on equipment used in exports can be deducted from the deferred payment of duties.	11.9	11.0	100	None
Chile	2001	Imports of inputs cannot be higher than 50% of the value of production. Authorities can approve imports of inputs representing more than 50% of the production value if there is no damage to local production. This incentive device is rarely used by exporters	Fixed drawback: 6% rate of the fob price of exports for which the overall exports of less than us$ 10 million; 5% rate for overall exports between us$10 and 15 million; 3% for overall exports between us$15 and 20 million; 0% for overall exports higher than us$20 million; Reimbursement of paid import duties takes 5 days; Regular drawback: reimbursement of paid duties takes approximately	8.7	8.0	100	None

Country	Year	Tariff Suspension	Duty Drawback	Estimated import tariffs &sc on inputs to agricultural exports	Estimated import tariffs &sc on inputs to manufacturing exports	Est. % of tariffs on inputs exempted for exports (a)	Export Processing Zones
			90 days				
Bolivia	2001	No requirements of bank guarantees. There is a lack of control of inventories that contributes to leakages into the domestic market.	Fixed drawback: 4% of the fob price of exports for which their overall exports are less than us$ 1 million; 2% for overall exports are between $1 and 3 million; Regular drawback: exports for which their overall amount exported is higher than us$ 3 million.; Reimbursement of paid import duties takes about 4 months on average.	10.0	9.8	100	Wood furniture firms operate within export processing zones for exports to US and Chile
Senegal	2001	Non-functional. Firms exporting 80% of their output and are established for more than 2 years are eligible	Duty drawbacks are used by a ahndful of firms mainly in the apparel and textile sector. The delays in reimbursement and the high cost of credit are often quote as reasons for the lack of use of the duty drawback system	11.7	12.6	0	Duty free zones in Dakar has 13 firms registered, of which 5 are not functioning. They produce mainly for the domestic market. Bonded warehouses are also possible theoretically.
Senegal (UEMOA)	2001			12.4	13.3	0	

Country	Year	Tariff Suspension	Duty Drawback	Estimated import tariffs &sc on inputs to agricultural exports	Estimated import tariffs &sc on inputs to manufacturing exports	Est. % of tariffs on inputs exempted for exports (a)	Export Processing Zones
Uganda	2001	None	Fixed duty drawback introduced; Due to implementation problems the scheme was temporarily suspended in 2002. Excessive delays in reimbursement.	2.7	6.4	0	Manufacturing under Bond (MUB) introduced in 2000.

Source: Data obtained from various national sources by Bank staff

Table B15a: The B Index

Country	Year	man imports/ all exports	all imports/ all exports	all imports/ man exports	all imports/ ag exports	man imports/ man exports	ag imports/ ag exports
Benin	1996	1.7	1.7	1.4	2.0	1.4	1.9
Burkina Faso	1996	2.1	1.9	1.9	2.8	2.0	2.4
Cameroon	1996	1.5	1.6	1.7	1.5	1.7	1.5
Côte d'Ivoire	1996	1.7	1.6	1.6	1.8	1.8	1.7
Ghana	1996	1.6	1.6	1.5	2.0	1.5	1.9
Malawi	1995	1.6	1.6	1.7	1.5	1.8	1.1
Mali	1997	1.6	1.6	1.6	2.2	1.5	na
Mauritius Domestic Industry (*)	1996	1.9	1.9	2.0	1.7	2.0	1.3
Senegal	1996	1.6	1.6	1.7	1.5	1.7	1.3
South Africa	1996	1.5	1.4	1.6	1.3	1.6	na
Tanzania	1996	1.7	1.7	1.9	1.5	1.9	1.3
Uganda	1997	1.5	1.4	1.5	1.3	1.6	1.3
Zimbabwe	1997	1.8	1.7	1.9	1.5	2.0	1.2
Mean		1.7	1.6	1.7	1.7	1.7	1.5
Median		1.6	1.6	1.7	1.5	1.7	1.3
Chile	1998	1.2	1.2	1.3	1.2	1.3	1.2
Chile	2001	1.1	1.1	1.2	1.1	1.2	1.1
Bolivia	2001	1.1	1.1	1.1	1.1	1.1	1.1
Senegal	2001	1.4	1.3	1.4	1.3	1.4	1.2
Senegal (UEMOA)	2001	1.3	1.3	1.3	1.2	1.4	1.1
Uganda	2001	1.3	1.3	na	1.2	na	1.2

Source: Authors' computations based on data obtained from authorities of the countries.

Note:

(*) For domestic firms without preferential access to the EU sugar market, the EU and US garment markets, or to foreign exchange.

Table B 15b: Components of the B Index (Numerator)

			manufacturing		agriculture		overall	
Country	Year	Em/Ex	NPTR on import-competing goods	Effect of NTBs on average price on import-competing goods	NPTR on import-competing goods	Effect of NTBs on average price on import-competing goods	NPTR on import-competing goods	Effect of NTBs on average price on import-competing goods
			"t+n"	"PR" (b)	"t+n"	"PR" (b)	"t+n"	"PR" (a)
Benin	1996	1	14.9	4.0	11.8	0	14.2	1.0
Burkina Faso	1996	1	41.8	8.6	22.6	0	32.9	9.0
Cameroon	1996	1	29.1	4.3	31.2	0	30.6	6.0
Côte d'Ivoire	1996	1	44.5	0	20.5	0	34.7	0
Ghana	1996	1.01	30.3	0	25.0	0	29.7	0
Malawi	1995	1.04	43.3	0	1.3	0	38.0	0
Mali	1997	1	29.0	2.0	none	0	30.2	2.0
Mauritius Domestic Industry (a)	1996	1.05	71.3	0	19.3	0	65.4	0
Senegal	1996	1	50.9	0	30.1	0	46.6	0
South Africa	1996	1	32.9	0	exportable	0	27.3	0
Tanzania	1996	1	44.6	0	26.7	0	42.9	0
Uganda	1997	1	33.5	8	22.0	0	30.3	0
Zimbabwe	1997	1	52.4	1	11.5	1	40.8	2
Mean		1.02	39.9	2.1	20.2	0	35.7	1.5
Median		1.01	41.8	0	22.0	0	32.9	0.0
Chile	1998	1.05	12.7	0.0	12.3	0	12.7	0.0
Chile	2001	1.00	10.9	0.0	9.0	0	10.7	0.0
Bolivia	2001	1.00	9.4	0.0	10.0	0	9.4	0.0
Senegal	2001	1.00	28.0	0.0	21.8	0	26.4	0.0
Senegal (UEMOA)	2001	1.00	22.0	0.0	12.8	0	19.7	0.0
Uganda	2001	1.00	24.3	0.0	14.3	0	22.8	0.0

Source: Authors' computations based on data obtained from authorities of the countries.
Note: (a) For domestic firms without preferential access to the EU sugar market, the EU and US garment markets, or to foreign exchange.
(b) The sum of estimated effects of QRs and import monopolies on the average price of import-competing goods (Tables A2 & A3).

Table B15c: Components of the B Index (Denominator)

			Manufacturing				agriculture						overall		
Country	Year	VAT reimbursement rate for exporters % (estimate)	Average tax on industry output (%) (estimate)	(Duties and taxes on inputs) * (share of tradable inputs)	Tariff & sc on inputs	Estimated import-weighted average VAT on traded inputs (a)	Average tax on industry output (%) (estimate)	(Duties and taxes on inputs) * (share of tradable inputs) (b)	Tariff &sc on fertilizers	Estimated average VAT on fertilizers	Tariff & sc on non fertilizer inputs	Estimated average VAT on tradable non fertilizer inputs (a)	Tax on industry output (%) (estimate) (c)	(Duties and taxes on inputs) *(share of tradable inputs)	Estimated import-weighted average VAT on traded inputs (a)
			"-s"	"t_I"			"-s"	"t_I"					"-s"	"t_I" (d)	
Benin	1996	0	0	15.0	8.5	15.2	38.9	2.2	10.0	1.2	3.5	17.8	23.0	8.6	15.2
Burkina Faso	1996	0	0	23.7	28.2	8.8	46.5	2.0	9.0	0.0	20.7	0.2	14.0	12.9	8.8
Cameroon	1996	0	5.0	15.8	9.8	15.0	9.1	2.4	5.8	0.0	10.5	15.0	4.0	9.1	15.0
Côte d'Ivoire	1996	0	0	18.0	12.6	15.5	25.3	1.8	6.0	0.0	12.6	5.9	7.0	9.9	15.5
Ghana	1996	0	0	12.9	5.7	15.0	33.0	1.7	0.0	0.0	5.7	15.0	9.0	7.3	15.0
Malawi	1995	0	0	17.5	12.3	15.0	0.0	1.2	0.0	0.0	0.4	15.0	0.0	9.4	15.0
Mali	1997	0	0	14.9	18.0	5.8	38.0	2.9	5.0	0.0	18.2	12.7	8.0	8.9	5.8
Mauritius Dom Ind	1996	0	0	11.7	19.5	0.0	0.0	0.5	9.0	0.0	1.4	0.0	0.0	6.1	0.0
Senegal	1996	80	0	11.7	16.0	15.0	0.0	2.1	5.0	0.0	20.2	15.0	0.0	6.9	15.0
South Africa	1996	0	0	15.8	9.8	15.0	0.0	1.3	0.0	0.0	0.6	15.0	0.0	8.5	15.0
Tanzania	1996	0	0	21.6	18.2	15.0	0.0	2.6	3.7	0.0	13.6	15.0	0.0	12.1	15.0
Uganda	1997	0	0	14.7	6.4	17.0	0.0	1.6	2.0	0.0	6.0	12.3	0.0	8.1	17.0
Zimbabwe	1997	15	0	19.6	17.7	15.0	0.0	1.2	3.5	0.0	0.0	15.0	0.0	10.4	15.0
Mean		7.3	0.4	16.4	14.1	12.9	14.7	1.8	4.5	0.1	8.7	11.8	5.0	9.1	12.9
Median		0	0	15.8	12.6	15.0	0.0	1.8	5.0	0.0	6.0	15.0	0.0	8.9	15.0
Chile	1998	100	0	6.6	11.0	19.0	0.0	1.4	11.0	19.0	12.3	19.0	0.0	4.0	19.0
Chile	2001	100	0	4.8	8.0	19.0	0.0	1.0	8.0	19.0	9.0	19.0	0.0	2.9	19.0
Bolivia	2001	100	0	5.9	9.8	13.0	0.0	1.2	10.0	13.0	10.0	13.0	0.0	3.5	13.0
Senegal	2001	80	0	9.6	12.6	15.0	0.0	1.5	5.4	0.0	12.3	15.0	0.0	5.5	15.0
Senegal (UEMOA)	2001	80	0	10.0	13.3	15.0	0.0	1.3	7.0	0.0	9.3	15.0	0.0	5.7	15.0
Uganda	2001	100	0	6.5	10.8	17.0	0.0	0.7	2.0	0.0	7.2	17.0	0.0	3.6	17.0

Source: Authors' computations based on data obtained from authorities of the countries.

Notes:

a) For countries for which we do not have actual VAT information for the relevant years (Uganda, Tanzania, South Africa, Malawi, Zimbabwe), we assume a uniform 15% VAT rate, except for fertilizers, which we assume were 0 rated as they were mostly imported duty free as bilateral aid. We use average tariffs and VAT on all tradable intermediate goods as a rough approximation for those on inputs to manufacturing.

b) Weight on Fertilizers =0.04, weight on other inputs= 0.08.

c) From Table A13.

d) Unweighted average of "ti" and "tj"ag.

Table B16: B*Index

Country	Year	E_m/E_x (a)	Effective Protection Rates (EPR)						B*Index					
			Import-competing			Exports								
			Indicative rates on manuf.	Indicative rates on agric.	Unweighted average indicative rates (b)	Manuf.	Agric.	Unweighted average rates	man imp/ all exp	all imp/ all exp	all imp/ man exp	all imp/ ag exp	man imp/ man exp	ag imp/ ag exp
Benin	1996	1	34.6	12.7	23.6	-10.6	-52.5	-31.6	2.0	1.8	1.4	2.6	1.5	2.4
Burkina Faso	1996	1	83.7	23.4	53.5	none	-31.6	-31.6	2.7	2.2	na	2.2	na	1.8
Cameroon	1996	1	68.8	34.2	51.5	-16.4	-47.8	-32.1	2.5	2.2	1.8	2.9	2.0	2.6
Côte d'Ivoire	1996	1	92.4	21.9	57.2	-11.2	-42.2	-29.8	2.7	2.2	1.8	2.7	2.2	2.1
Ghana	1996	1.01	67.2	27.9	47.5	-21.9	-34.3	-25.0	2.2	2.0	1.9	2.3	2.2	2.0
Malawi	1995	1.04	89.8	1.4	45.6	-3.3	none	-3.3	2.0	1.6	1.6	na	2.0	na
Mali	1997	1	50.5	na	50.5	none	-28.8	-28.8	2.1	2.1	na	2.1	na	na
Mauritius Domestic Industry (c)	1996	1.05	149.0	21.4	85.2	none	none	na	na	na	na	na	na	na
Senegal	1996	1	103.3	32.1	67.7	-14.2	-3.4	-10.2	2.3	1.9	2.0	1.7	2.4	1.4
South Africa	1996	1.03	67.6	0.0	33.8	-5.5	-8.3	-7.7	1.9	1.5	1.5	1.5	1.8	1.1
Tanzania	1996	1.03	84.2	28.9	56.6	-11.3	-3.7	-8.8	2.1	1.8	1.8	1.7	2.1	1.4
Uganda	1997	1.04	74.2	24.4	49.3	-2.1	0.0	-3.1	1.9	1.6	1.6	..	1.9	..
Zimbabwe	1997	1.06	107.0	14.0	60.5	-4.7	none	-4.7	2.3	1.8	1.8	na	2.3	na
Mean		1.02	82.5	20.2	52.5	-10.1	-25.3	-18.1	2.2	1.9	1.7	2.2	2.0	1.8
Median		1.01	83.7	22.6	51.5	-10.9	-30.2	-17.6	2.2	1.8	1.8	2.2	2.1	1.9
Chile	1998	1.05	15.4	12.4	13.9	-2.6	-3.8	-2.6	1.2	1.2	1.2	1.2	1.2	1.2
Chile	2001	1	15.2	9.1	12.2	-1.9	-2.8	-1.9	1.2	1.1	1.1	1.2	1.2	1.1
Bolivia	2001	1	8.8	10.0	9.4	-2.0	-0.2	-1.5	1.1	1.1	1.1	1.1	1.1	1.1
Senegal	2001	1	51.1	23.4	37.3	-19.9	-2.2	-16.4	1.8	1.6	1.7	1.4	1.9	1.3
Senegal (UEMOA)	2001	1	35.1	13.4	24.2	-11.7	-1.8	-9.7	1.5	1.4	1.4	1.3	1.5	1.2
Uganda	2001	1	44.6	15.9	30.2	-0.5	0.0	-0.5	1.5	1.3	1.3	..	1.5	..

Source: Authors' computations based on data obtained from authorities of the countries.

(a) Unweighted average of the parallel and official exchange rates (in domestic currency terms) divided by the official exchange rate (Table A1).

(b) Unweighted average of the indicative EPRs on manufactured and agricultural goods.

(c) For domestic firms without preferential access to EU sugar market, EU and US garment markets, or to foreign exchange. For these firms a meaningful EPR on exports could not be computed because these exports were negligible.

Table B17a: IMF 1997 Classification Scheme for Overall Trade Restrictiveness

Tariffs[a]	**Non-Tariff Barriers**			
	Open	Moderate	Restrictive	
	less than 1% coverage [b]	1-25% coverage [b]	25% coverage [b] or higher	
$0 \leq t \leq 10$	1	4	7	
$10 \leq t \leq 15$	2	5	8	
$15 \leq t \leq 20$	3	6	9	
$20 \leq t \leq 25$	4	7	10	
25 % or higher	5	8	10	
Source: Sharer (1998)				

Notes: (a) Unweighted average tariff & surcharges on dutiable imports.
(b) Coverage of trade or production.

Table B17b: IMF 2000 Classification Scheme for Trade Restrictiveness

Trade taxes [b]	**Non-Tariff Barriers** [a]			
	Absolutely no restrictions	Few restrictions	Substantial restrictions	Pervasive restrictions
		0-20 % trade coverage [c]	20-40% trade coverage [c]	> 40% trade coverage [c]
$0 \leq t \leq 10$	1	3	5	7
$10 \leq t \leq 15$	2	4	6	8
$15 \leq t \leq 20$	3	5	7	9
$20 \leq t \leq 25$	4	6	8	10
$25 \leq t \leq 35$	5	7	9	10
35% or higher	10	10	10	10

Source: Subramanian et al. (2000).

Notes: (a) Includes restrictions on exports and imports and other NTBs.
(b) Includes customs duties and other charges levied exclusively on imports, as well as export taxes. We use the sum of NPTR on all import-competing goods and export taxes as a proxy for this variable.
(c) Refers to the share of total trade being affected by NTBs.

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