

REPUBLIC OF RWANDA



MINISTRY OF TRADE AND INDUSTRY

Rwanda Trade Policy

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1. ISSUE – A NATIONAL TRADE POLICY FOR RWANDA

Unfolding developments in the political, economic and social spheres in Rwanda are bringing about tremendous changes and challenges in the business environment. When fundamental changes occur in the underlying environment, the configuration of policy strategies also has to change. In this regard, in light of the changes such as Rwanda's membership of the East African Community as well as recent strategic initiatives of the government of Rwanda, there is a need to review and rearticulate the Rwanda trade policy.

Even though the Ministry of Trade and Industry is responsible for developing trade in Rwanda, current interventions affecting trade development and competitiveness in Rwanda can be found in numerous policy documents and the implementation and coordination is scattered across a number of institutions and ministries. There is therefore also a need to harmonise and consolidate trade policy interventions into a coherent trade policy.

Effective participation in international trade represents a formidable avenue to promote economic growth and contribute towards putting the economy on a sustainable growth path. To this end, a well articulated trade policy is needed to contribute towards addressing challenges of peace, security, social, political and economic reconstruction and natural disasters as well as the beneficial integration of Rwanda into global trade. This will in turn, promote broad-based, sustainable economic growth and inclusive development that targets poverty elimination especially in the rural areas where the bulk of the population resides.

The trade policy articulates the policy environment that is necessary for trade to flourish, based on experiences in successful economies. The review is holistic in nature, examining all aspects related to Rwanda's trade policy. The re-articulation of the Rwanda Trade Policy will among others, look at the following constraints/issues:

- The limited production capacity, productivity and diversification in key economic sectors leading to limited participation of Rwanda in regional and global export markets
- Underdeveloped human capital accumulation and skills in trade policy formulation, and negotiations and in export promotion
- Low rate of science and technology and intellectual property development.
- The strengthening of the positive linkages between trade measures affecting exports, and the productive sectors of the country such as industry and agriculture.
- Increasing the scope, coverage and depth of market access conditions for Rwanda in all current and potential markets.
- Internal trade in Rwanda, and the need to ensure the effective functioning of the Rwandan market through competition policy.

2. CONTEXT: NATIONAL DEVELOPMENT GOALS AND TRADE

2.1 Development Overview

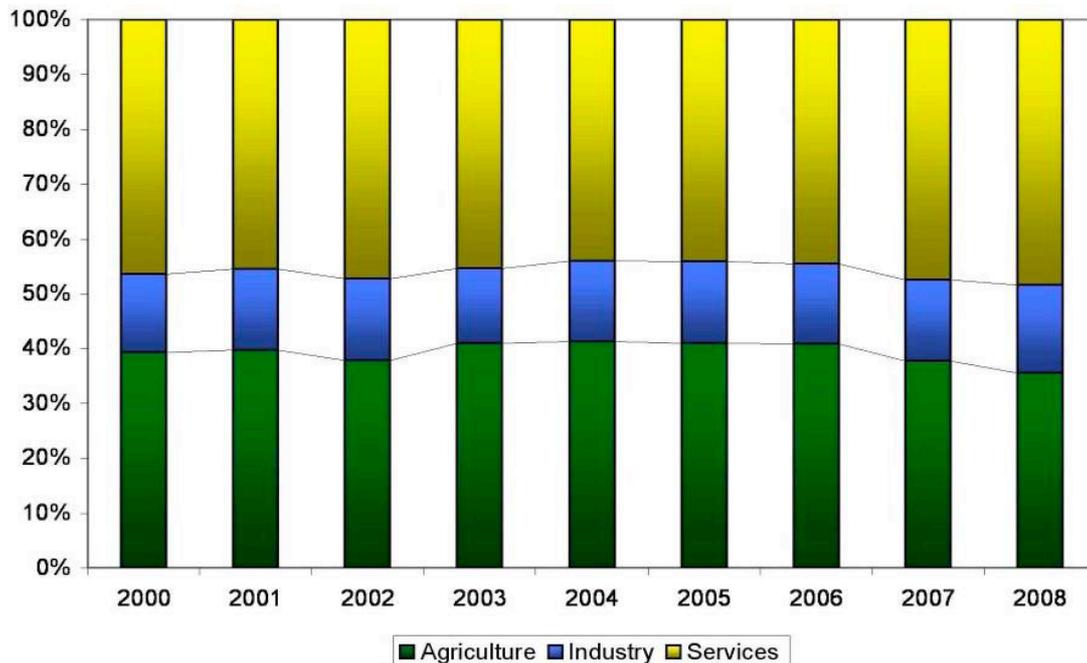
The post-genocide era of the mid-1990s presented Rwanda with enormous fiscal challenges. The focus of spending was on the implementation of pro-poor programmes that demanded substantial capital investment, including revamping the road infrastructure, distributing water,

and providing health and education services. As a result of such spending, Rwanda faced a heavy debt burden. This was partially offset when Rwanda became among the first beneficiaries of the HIPC Initiative in 2005-06. Furthermore, the country has been a recipient of substantial donor support, which has helped the country meet some of the EDPRS targets especially in the social sectors.

With a total area of 26,338 km² and a population of close to 10 million people, Rwanda is the most densely populated country in mainland Africa. Presently, the agriculture sector employs 80 per cent of the population and constitutes over a third of Rwanda's gross domestic product (GDP). Agricultural output is predominantly in the informal sector, and a third is still produced in the non-monetary economy. As shown in the below, the remaining half of GDP is in services, with industry making up between 14 and 16 per cent of GDP in the years since 2000.

In 2008, GDP at current prices was estimated to be Rwf 2,565 billion. In the same year, the population of Rwanda was estimated at 9.5 million people. GDP per head was therefore Rwf 269,000 or US\$ 492 at the nominal exchange rate of 547 Rwf to 1 US dollar. Agricultural, forestry and fishing activity contributed 33% of the GDP while industry contributed 15% and services contributed 45%. Adjustments (mainly taxes on products) accounted for 6%. The estimates calculated at constant 2006 prices show that GDP went up by 11.2% in real terms in 2008, following an increase of 5.5% in 2007. Agricultural production was estimated to have increased by 9% in 2008. Production in the industrial sector increased by 16%, largely because of construction, and in the services sector by 11% in 2008.

Figure 1.2: Rwandan GDP by sector: 2000-2008¹



The Government has implemented programmes to reform revenue collection and widen the tax-base. These initiatives have helped bring balance between revenue collection and Government spending. However, like many developing countries, Rwanda has a high balance of payments deficit. While Rwanda has seen export growth in recent years, this has not offset

¹ Draft Rwanda Industrial Master Plan 2010/NIS figures

a surging import bill. In 2008, exports increased to \$266 million, while imports reached \$1,142 million. The trade deficit is partially offset by large inflows of aid and remittances, as well as tourism revenues, but a balance of payments deficit persists.

The National Bank of Rwanda (NBR) has played an exemplary role in ensuring the stability of the economy by keeping inflation down and ensuring a stable exchange rate with the US Dollar. Inflation rates saw a surge in 2008, largely due to the increasing prices of imports of food and fuel caused by the international financial crisis. However, this surge has subsided with annual inflation falling to 5 per cent in August 2009. The longer-term average is around 10 per cent, and although volatile, is a sustainable rate for a low-income country such as Rwanda.

2.2 Rwanda's Trade Performance

The main export earnings come from few commodities, namely, tea, coffee, Tin Ores, Niobium and Tantalum and Tungsten ores which, for the period 1997 - 2007 generated over about 80% of the export earnings. All these commodity exports are resource - based and the country struggles to enter the global value addition chain due to limited or lack of a strong manufacturing sector. Dependence on commodities exports has resulted in export decrease over the years due to international price volatilities. The service sector has been growing at a faster rate and is now an important contributor to the economy. But services exports are also limited to few sectors especially tourism.

Rwanda's exports have also increased significantly over the recent past, rising to \$262 million in 2008 from \$62 million in 2003. At the same time as this impressive growth in exports, imports to Rwanda have grown faster, from \$325 million in 2003 to \$1,142 million in 2008. The ratio of exports to imports has therefore remained virtually unchanged at around 22-23 per cent in the past six years. Rwanda's trade deficit in 2008 was therefore \$880 million and growing – representing 25 per cent of Rwanda's GDP, up from just 16 per cent in 2004. During the period 1997-2007, total merchandize exports stood at \$924 million, while total merchandize imports for the same period stood at \$3.8 billion leading to a trade deficit of \$2.9 billion. For the period 1997-2007, total services exports stood at \$923 million while total services imports represented \$2.4 billion and thus a services trade deficit of \$1.5 billion for the period.²

Rwanda's main commodity imports are motor vehicles, petroleum oils, computers and other machinery, electrical machinery, and pharmaceutical products, iron and steel, cement and salt, animal vegetable fats and oils, worn clothing and other made up textile articles, wheat or mesh flour, articles of iron or steel, sugar and sugar confectionery, medical appliances, plastics, paper and paperboard, cereals/maize seed/rice and furniture.

Strengthening the participation of Rwanda in international trade will be a medium to long term process. Rwanda's current weak trade performance is largely attributable to its weak supply side capacity. It is therefore clear that Government should undertake more work on strengthening the productive capacity of the country and its trade-related infrastructure, while continuing to focus on the demand side in terms of securing more favorable market access conditions for its exports, particularly in addressing non-tariff obstacles. Being landlocked constitutes a major impediment for Rwanda's trade development. Costs for trading are higher because of long land-transport routes and the high import and export freight service costs in the region. The high trading cost endures dependence on poor infrastructure and administrative procedures with neighbouring countries, Kenya and Tanzania. In addition, the

² Draft Industrial Master Plan 2010

condition of the roads and regional railways are inadequate for the export of goods since the many delays slow down transportation.

The trade policy is important in this context, in developing the environment necessary for the improvement of Rwanda's trade environment.

2.3 Mainstreaming Trade Into Rwanda's Development Strategies

Rwanda's overall national development strategy is defined in the Government's policy documents, particularly the *Vision 2020 and the EDPRS*. These two documents provide the overarching development objectives of the country and the broad development policies, strategies and ambitions for moving the economy forward in the next coming years. Vision 2020 provides the general development objectives and policy goals with the strategic ambition of moving Rwanda towards agriculture development and industrialization. The main objectives are: (i) in short-term the promotion of macroeconomic stability and wealth creation to reduce aid dependency; (ii) in the medium term, the transformation from an agrarian to a knowledge-based economy; and (iii) in the long-term, the creation of a productive middle class fostering entrepreneurship.

EDPRS acts as the operational document to the Vision 2020 document, providing accompanying strategic outcome indicators and actual outputs and activities to achieve the desired outputs. The main strategic outcomes envisioned are the development, promotion and improvement of (i) *economic infrastructure, including inter alia, transport logistics and energy*; (ii) *value added and market - driven agriculture*; (iii) *science, technology and innovation for economic growth*; (iv) *widening and strengthening the financial sector*; (v) *raising agricultural productivity and ensure food security*; (vi) *increasing contribution of manufacturing to economic development*; (vii) *increase opportunities in the services sector*; (viii) *improved governance*; (ix) *private sector development*; (x) *human capital and skills development*; (xi) *a knowledge-driven economy*; and (xii) *regional and international integration including, market and product diversification*; (xiii) *trade facilitation*; (xiv) *gender in trade policy*; *coherence and coordination*. The policy instruments to promote these outcomes include both global and sectoral ones, some of which are trade-related such as investment policy, competition policy, and macroeconomic stability.

The mainstreaming of trade in national development plans remains weak, among other measures for stimulating economic growth and development. A clear, user-friendly, and implementable trade policy that responds to the development goals in Vision 2020 and EDPR can play a significant complementary role of integrating trade in the national policies, strategies and plans. It can enable the country to focus on increasing and diversifying exports (and markets) as a powerful engine for economic development and poverty reduction.

2.4 Relationship between the Trade Policy and other Policies and Strategies

It is important to point out that the trade policy complements other existing policies that touch on trade issues including the Competition Policy, Services policy and Industrial Policy. The Trade policy document aims to provide a broad overarching policy framework for other key policies, strategies and official documents affecting trade such as the Industrial Master Plan, the Diagnostic Trade Integration Study (DTIS) and the national Export strategy.

- Industrial Policy and Master Plan (Draft 2010)
- Economic Development and Poverty Reduction Strategy (EDPRS-2007)
- National Policy on the Promotion of Cooperatives (2008)
- Rwanda Tea Strategy (2008)
- Rwanda Coffee Strategy (2008)

- Strategic Plan for the Transformation of Agriculture in Rwanda (2009)
- TVET policy (2009)
- Law Regulating Labour in Rwanda (2009)
- MINICOM Strategic plan 2009-2012
- Rwanda Craft Industry Strategic Plan (2009-2013)
- Special Economic Zone Policy (2010 draft)
- Mining Policy (2010)
- Tourism Policy and Master Plan (2010)
- Hides and Skins Policy (2010 draft)
- Intellectual Property Policy (2010)
- Competition and Consumer Protection Policy and Act (2010 draft)
- SME Policy (Draft 2010)
- National Export Strategy

Therefore, the trade policy attempts to establish coherence with these other documents. Where possible, the trade policy and its implementation plan incorporates elements of these other strategies, policies and plans in order to ensure as much coherence as possible with these other plans and strategies.

2.4 Internal Trade Issues

For the Trade Policy to be complete, it needs to also address internal trade issues. One of the important functions of Government is to create an enabling environment in which enterprises operate. Clear policies and legislation have to be put in place to foster a competitive environment for business enterprises, thereby increasing efficiency in the economy to the ultimate benefit of both consumers and producers. Rwanda's internal trade policy environment are addressed primarily by three separate but complementary policies. These are the Competition and Consumer Protection Policy (Draft 2010), the Rwanda Industrial Policy and Master Plan (Draft 2010) Each addressing a crucial but separate element of the areas that make up the internal trade environment. The trade policy does not attempt to duplicate the policy directions articulated in these document but rather seeks to complement them particularly with regards to the initiative affecting internal trade issues in Rwanda.

3. VISION AND OBJECTIVES

3.1 Vision

Rwanda's Trade Policy Vision – Trading for Development

Growing sustainable and diversified quality products and services for trading locally, regionally and internationally with the aim of creating jobs, increasing incomes and improving the living standards of Rwandans.

Responding to the ambitions in Rwanda Vision 2020, the vision of Rwanda's trade policy is to build a robust economic base underpinned by expanding and diversified production of quality goods and services for trading nationally, regionally and internationally. The trade policy vision contributes directly to achieving Rwanda Vision 2020's short, medium and long-term goals. It will also contribute to promoting Rwanda's achievement of the Millennium Development Goals especially poverty reduction, gender empowerment and sustainable growth.

The trade policy integrates the Ministry of Trade and Industry's five (5) strategic objectives namely (1) Increasing major traditional exports especially coffee, tea, minerals and tourism; (2) diversifying exports into such areas as services (business processing outsourcing), silk, and minerals; (3) Facilitating trade and promoting conformity with standards, including negotiations on trade agreements for market access, removing non-tariff barriers; (4) increasing the quantity and quality of investment to deal with supply side constraints; and (5) Improving the business environment (closely coordinated by Rwanda Development Board).

3.2 Trade Policy Objectives

TRADE POLICY OBJECTIVES	
1.	Increased productivity, competitiveness and diversified sustainable productive capacities for trading nationally, sub-regionally, regionally and internationally
2.	Enhanced participation of importers and exporters of goods and services in regional and international trade taking advantage of trade opportunities. Special attention would be paid to supporting women farmers and entrepreneurs as well as rural-based exporters.
3.	Increasing investment, including foreign direct investment, into production of competitive goods and services for the export market.
4.	Increased human resources skills in trade and development through training and retraining in private and public institutions.
5.	Strengthened science, technology and innovation policies, strategies and institutions including intellectual property laws, in support of industrial development and creative knowledge-based industries.
6.	The effective organisation of Internal Trade

The achievement of the above-mentioned Rwanda's trade policy vision will be promoted by implementing trade and trade-related measures targeted towards the five interrelated trade policy objectives as elaborated further below. The implementation of measures leading to the intermediate goals will be based on three categories outlined below.

The first set of strategic initiatives comprises 'hard, long term' measures emphasizing the development of competitive supply and production capacity for building a strong economic resilient base with a focus on pro-poor sectors. This set of measures will have the highest priority.

The second category of strategic initiatives comprises ‘soft, short and medium term’ trade-specific measures (market access and entry actions) for expanding markets for Rwanda’s exports. These measures will be elaborated and realized in parallel to the development of the supply and productive capacities, as both are complementary although market access measures. These importantly include private sector support measures.

The third group of strategic initiatives involves trade-related institutional capacity building measures and other complementary building blocks for successful trade development.

Taken together, the strategic initiatives aim at reducing and maintaining Rwanda’s external trade deficit to 15% of GDP over the time frame for the implementation of the policy.

The three areas of interventions also comply with **Rwanda’s Economic Development and Poverty Reduction Strategy (EDPRS) 2008 – 2012**, which demarcate operational areas and measures to achieve the objectives in Vision 2020. The emphasis on strengthening productive capacities in agriculture and food security, manufacturing and services in EDPRS is promoted in the first category of interventions/actions. The emphasis in EDPRS on export market diversification, regional and international integration as well as private sector development are promoted under the second category of interventions. The emphasis in EDPRS on infrastructure development, improved governance and human capital skills development are addressed in the third category of interventions.

4. ANALYSIS

4.1 Trade and Economic Growth

Economic development through trade development and promotion comprises an important strategy for generating and sustaining development. At the heart of this strategy for Rwanda is the need to build competitive and diversified productive capacities in the traditional sector of agriculture, as well as in manufactures and in services for marketing in the domestic, sub-regional, regional and international arenas.

Trade liberalization and export-led approaches alone, as past experience has shown especially for LDCs, are not enough to help trade and economic growth. Linked to both is the strengthening of complementary support services like infrastructure, trade facilitation, trade financing and technology among others. Therefore to better articulate a coherent approach to trade development, the development-driven Trade Policy is a form of one-stop (or umbrella) comprehensive policy, addressing both trade and other related sectoral policies including agriculture, industrial development, and intellectual property. The trade policy must be coherent with and supportive of other complementary types of policies geared towards the holistic development strategy of the country

The trade policy must also pay attention not only to the quantity of trade (which is often measured through trade openness indicators), but also to the quality of trade, which refers to the composition of both exports and imports and their impact on jobs and incomes, including equitable distribution as well as promoting the protection and preservation of the environment and becoming more gender sensitive.

4.2 Trade Constraints in Rwanda

A Diagnostic Trade Integration Study was conducted for Rwanda under the Integrated Framework program in November 2005. The study identified key barriers and constraints to Rwanda’s trade growth. The Rwanda DTIS was updated in December 2009. The DTIS identified the following constraints to the growth of trade in Rwanda.

I) Infrastructure

The DTIS identified weaknesses in infrastructure as a key constraint to the growth of trade in Rwanda. Two aspects of infrastructure, energy and transport are particularly important for Rwanda. Sufficient supply and efficient use of energy are important factors for economic development. However, the energy situation in Rwanda is not sufficient for its development: per capita energy consumption is very low and people rely heavily on fuel-wood which accounts for over 80 per cent of the energy supply. Moreover energy resources are limited and dependency on imported energy such as petroleum products is rising. Thus, it is crucial for Rwanda to aggressively pursue a secure stable supply of energy. Rwanda's electricity cost at \$0.24/Kwh is the highest in the region and more than double that of Kenya. Ultimately, this negatively affects the competitiveness of Rwandan exports and impedes Rwandan manufacturing businesses' ability to compete with imported manufactured products from the likes of Kenya.

With its mountainous terrain and associated rainfall erosion, severe constraints have been placed on the country's road network – for which the maintenance cost is twice higher than that of most Sub-Saharan countries. The country's road network of 14,000 km, spread over barely 27,000 square km of national territory, is among the densest in Sub-Sahara Africa, and far exceeds its human and financial capabilities. Recent sector surveys have found that 45 per cent of Rwanda's paved national road network in 2008 was in good condition, while around 10 per cent of earth national roads and 10 per cent of district roads were in good condition³. Roads are therefore a heavy constraint on trade and commerce within Rwanda.⁴

II) Trading across borders

Being a landlocked country 1,740 km from the Port of Mombasa and 1,480 km from Dar es Salaam, Rwanda's transport costs represent as high as 40 per cent of export and import values. Furthermore, there are additional costs to trade across Rwanda's Northern and Central Corridors, which are avoidable. These non-tariff barriers (NTBs) include the weighbridges and corruption found on the transport corridors. Bureaucracy at border-posts and at the ports used by Rwandan traders are also a constraint bringing additional costs and delaying the speed and turnover of trade.⁵

III) The business environment

Paying taxes. There are perceptions by businesses that the system is complex to understand, requiring the hiring of professionals to administer therefore increasing the costs of doing business. As a consequence, numerous businesses and banks complain that tax liabilities are uncertain because it is difficult to predict what will be allowed or disallowed. This raises business risks, which in turn raises the risk premium charged by banks. Moreover, inappropriate tax assessments raise the costs of paying taxes, through both higher tax liabilities and the added cost of protesting the assessment. There is also a perception that tax administration does not offer incentives for businesses, especially SMEs, to pay taxes and recent studies cite tax as a significant hindrance to operating in Rwanda⁶.

IV) Human resources

The DTIS found that the recruitment and training of sufficiently skilled staff is seen as a major difficulty by Rwandan businesses. An adequate technical and vocational education and

³ Rwanda Industrial Master Plan (2010) draft copy

⁴ Draft Diagnostic Integrated Trade Study (2010) Ministry of Trade and Industry, Rwanda

⁵ Ibid

⁶ See PSF, GTZ (2008) Cutting the cost of red tape for business growth in Rwanda and PSF (2008) Business Investment Climate Survey (BICS)

training (TVET) sector is crucial to overcome this difficulty and ensure that a wide range of skilled technicians and professionals are available.⁷

V) Limited value addition of existing exports

Rwanda is heavily reliant on its traditional export sectors of tea and coffee, as well as the more recent growth industry of minerals. Together these consistently constitute around 90 per cent of exports⁸. These sectors face volatile international prices particularly coffee and minerals exports, which can lead to sharp variations in the export receipts of the country, leading to an unstable balance of payments position. Other existing exports with much smaller shares include hides and skins, horticulture including pyrethrum, as well as handcrafts. A much larger sector in services attracting huge revenues of foreign currency is the Rwandan tourism sector.

International markets for most of Rwanda's existing exports are very large and have complex chains of added value. In these international value chains, with the exception of tourism, Rwandan production is firmly towards the bottom end. Higher value added in these sectors – for instance the roasting of coffee, or the production of leather and leather goods as opposed to exporting raw hides and skins – offers the strongest potential for Rwanda to increase its role in global trade.

However, at present, Rwanda's existing export industries face a number of constraints to value addition. These include those faced by other firms (skills, finance etc.), but also challenges specific to them. For example, in the tea sector, policy has been driven by the privatisation of tea estates and factories, in order to promote efficiency. In horticulture, cold storage was a key component of the first DTIS (2005), and is now in operation, although producers still face challenges in transporting their goods from Rwandan farms to Kigali.⁹

VI) Limited diversification of exports

As stated above, Rwanda is still over-reliant on a limited export basket dominated by low value added commodities. Diversification of the export base is therefore required. Furthermore, with over \$1 billion of imports, there are a number of industries in which it would be beneficial if Rwandan firms could compete¹⁰. Entering into new export markets is a process fraught with market failures – for example a firm entering a new market takes on risks and if successful, would see the benefits accrue to other firms, hence the firm may refrain from entering the new market, hurting the Rwandan economy as a whole. There is therefore a role for Government and policy action to encourage experimentation in new markets for goods and services.

RDB has undertaken work to identify clusters that have the best chance of becoming new and lucrative export markets for Rwanda. Each of these markets face a specific set of challenges and constraints to overcome if they are to succeed. Sectors to target include business process outsourcing (BPO), specialised tourism, mining services, processed fruit and vegetables, silk textiles and dairy. Furthermore other work by the President's Office has suggested the promotion of the pharmaceuticals, metals and bio-plastic sectors. All selected sectors will require support and capacity building in the short to medium-term to maximise the chances of success.¹¹

⁷ Draft Diagnostic Integrated Trade Study, (2010) Ministry of Trade and Industry, Rwanda

⁸ Rwanda Industrial Master Plan (2010) draft copy

⁹ Draft Diagnostic Integrated Trade Study, (2010) Ministry of Trade and Industry, Rwanda

¹⁰ Ibid.

¹¹ Ibid

VII) Lack of investment in productive sectors

Like many developing countries, Rwanda's banks and other financial institutions do not lend at levels that meet the demands of the commercial sector. Lending is constrained by costs and risks arising from five factors: high reserve requirements, defective legal and regulatory environments, crowding out by government bonds, asymmetrical information, and inadequate skills for assessing and managing risk. Many steps are underway to address these issues, including the improvement of lending-related laws, strengthening of court enforcement systems, and creation of credit information resources. At the same time, issues such as building trust in the economy through, among other approaches, strengthened rule of law and court enforcement, as well as specific sectoral concerns must be considered as reform moves forward.

Other factors constricting investment and firm growth identified by the DTIS include an insufficient base of entrepreneurial and business skills, a lack of research and development capacity to service priority products, a lack of tailored trade and market information services that potential clients are willing to pay for, and a lack of storage facilities and packaging capacity among others.¹²

4.3 Rwanda's Institutional framework for Trade Policy Formulation, Implementation and trade negotiations

Rwanda's current trade policy formulation and implementation framework is fragmented and poorly coordinated. While MINICOM rightly takes the lead in issues of trade policy, it is significant to note that trade policy issues are usually cross cutting in nature and require the input of other government institutions as well as private stakeholders.

With the increasing importance of Rwanda's regional integration agenda in its development vision as well as ongoing trade negotiations with its economic partners; it has become vital for Rwanda to put in place structures and systems that can effectively and efficiently support these processes. The intention should not be to create new institutions or duplicate existing ones but to devise a framework as well as systems and processes that would effectively utilize and harmonize the existing ones.

Rwanda is currently involved in wide-ranging negotiations that provide a number of opportunities and threats for trade policy outcomes. These trade-related negotiations are taking place at a variety of different levels, with major ongoing negotiations including:

- Negotiations within the East African Community Customs for the consolidation of the customs union, common market and towards the monetary union and the political federation.
- Regional negotiations within the Common Market for East & Southern Africa (COMESA) – in particular over the move towards a Customs Union
- Tripartite FTA negotiations between COMESA-EAC-SADC
- Negotiations in the context of the EAC for an Economic Partnership Agreement with the EU; and
- Multilateral discussions at the World Trade Organization.

¹² Ibid

The Ministry of Trade and Industry is the Government Ministry in charge of all aspects of trade policy including trade policy formulation, trade negotiations as well as policy issues relating to all aspects of internal and external trade. The department of trade and industry has professionals in charge of regional and multilateral trade, Competition policy as well as internal and external trade. The department currently manages the country's trade negotiations agenda in the WTO as well as COMESA and the EPA negotiations. The department also benefits from the Integrated Framework (IF) which is a process established to support LDC countries in trade capacity building and integrating trade issues into overall development strategies.

Other institutions that shape trade policy include the Rwanda Development Board (RDB), the Ministry of Finance and Economic Planning (MINECOFIN), the Ministry of Foreign Affairs (MINAFFET), the Rwandan Private Sector Federation (RPSF), the Ministry of Agriculture and animal resources (MINAGRI), the Ministry of East African Affairs and others.

In addition to these institutions there are a number of stakeholder and consultative forums where issues relating to trade policy and trade negotiations are discussed. These include the **Rwanda Economic and Social Development Council (RESC)**. RESC must be consulted before any policy related to trade and development can go to Cabinet. Meetings are held to discuss policies, at which representatives of the private sector and other key stakeholders are present. These meetings are a crucial stage prior to the validation and sign-off by cabinet of policies.

Another key forum is the **National Development and Trade Policy Forum (NDTPF)**. The NDTPF was originally set up as a forum for national stakeholder participation in the EPA negotiation process. It is made up of representatives from MINICOM, MINECOFIN, MINAFFET, MINAGRI, RRA, RDB, MINIJUST, MINIFRA, BNR, ORTPN, RBS, the private sector and academia. It also includes officials from the Department of Trade. The NDTPF also doubles up as the National Steering Committee for the Integrated Framework (IF) which oversees the implementation of IF activities in Rwanda and is to monitor and evaluate the progress of the IF. A key function of the NDTPF is the mainstreaming of trade issues into the EDPRS and sectoral strategies. The NDTPF ensures that other Ministries dealing with Trade-related issues have mainstreamed trade issues, as identified in the DTIS Action Plan into their own strategic plans.

There is a need to harmonize Rwanda's trade policy with other policies and strategies that affect trade both externally and internally. It is important that there is coherence between the MINICOM, MINAFFET and the Ministry of EAC Affairs. The relevant aspects of the trade policy must be incorporated into the relevant policies of MINAFFET and the Ministry of East African Affairs to ensure coherence at all levels. There is a need to restructure and formalize the trade policy making and negotiations structures in Rwanda. The relationship between the line ministries in charge of policy formulation as well as the committees that have been set up needs to be clarified. It is important that the structures for trade policy formulation, trade negotiations and trade policy consultations be harmonised.

4.4 Trade Policy as a Tool for Social Development

The trade policy specifically targets social development as one of its primary focus. An export-led growth strategy alone it is likely to lead to an enclave-type of growth, where the gains from increased exports are likely to benefit only a small portion of the population and are not beneficial to the most disadvantaged segments of the population, including women. Policy strategies will be directed at making trade an instrument to tackle social issues, including poverty alleviation, unemployment and under-employment, public health, and access to basic services.

Empirical studies on the determinants of economic growth often find that greater income equality has a positive effect on economic development. Societies where income inequality

and discrimination against particular kinds of individuals, including women, are lower tend to grow faster. Besides being desirable from an efficiency perspective, gender equality is by itself a legitimate policy goal, as it provides better opportunities for women and therefore fosters human development.

Trade and Gender

During the last years, trade policy in Rwanda has been geared toward market opening. Access to foreign markets and the consequent sustained economic growth have led to the development of productive capacities, more employment opportunities, and sustainable livelihoods. What has been missing in Rwanda, as well as in most developing countries, is an assessment of the effect of trade liberalization and trade agreements on women as a discrete sector of the population. Such an assessment is crucial to make trade an instrument for development for all.

For the same reasons that trade needs to be mainstreamed in development policy, gender needs to be mainstreamed in trade policy. Mainstreaming gender in trade policy means to assess the impacts of trade policies on the wellbeing of men and women and ultimately on the household. Such an assessment will help in (i) better understanding the specific challenges and opportunities that women face from market liberalization; (ii) design and implement complementary policies aimed at maximizing opportunities for women; and (iii) facilitate the transition of women to more competitive and better rewarded activities. Some specific considerations are:

- Integration of gender issues in trade policy formulation, implementation and in trade negotiations at national, regional and international levels.
- Increased awareness among women of emerging trade opportunities at national, regional and international levels.
- Identify sectors where female work force is particularly significant and design trade policies that enhance production and trade opportunities in such sectors/products, including through the improvement of infrastructure to facilitate access to markets, removing of customs obstacles and other barriers to export; and encouraging entrepreneurship in such sectors.
- Increase access for women to training in entrepreneurial skills, including managing and financing, and training for women entrepreneurs in rural areas.

Trade and the Environment

The imperative of developing environmentally-friendly policies necessitates that development policies contribute to sustainable practices that protect the environment. As Rwanda is at present highly dependent on agriculture for exports, livelihoods and economic development, there is need for trade policy to mainstream measures that maximize opportunities and minimize costs arising from the interface between trade, environment and sustainable development. The need to focus on sustainable agriculture production including organic agriculture is one option. Rwanda can also gain from attracting new investments under the Clean Development Mechanism of the Kyoto Protocol, which provides special and differentiated treatment for LDCs although to date very few LDCs have been able to take advantage of this.

4.5 Internal Trade

Internal Trade Infrastructure: Trade Centers and Storage¹³

The Western province

The Western Province has 137 trade centers of which 41 are markets, 73 are markets with shops next to or surrounding them and 23 are trade centers with shops without markets. Out of the 41 markets that stand alone, 26 (61.0%) are covered, 15 (36.6%) are paved and 17 (41.5%) are equipped with stands. Beside the standalone markets, the Western Province has also 73 trade centers comprising a market and shops. Out of the 73 markets, 41 (56.2%) are covered, 34 (46.6%) are paved and 32 (43.8%) are equipped with stands.

Storage

The Western Province has 18 storage facilities; 1 in Karongi, 4 in Nyabihu, 4 in Rubavu and 9 in Rutsiro. 50% of the storage facilities are owned by the Government and concentrated in Rutsiro district (8 out of 9), 44.4% are owned by Cooperatives and churches own 5.6%. The total storage capacity is 1710 tons.

The Southern Province

The Southern Province has 119 trade centers of which 17 are markets, 83 are markets with shops next to or surrounding them and 19 are trade centers with shops without markets. Out of the 17 markets that stand alone, 4 (23.5%) are covered, 4 (23.5%) are paved and 4 (23.5%) are equipped with stands. Beside the standalone markets, the Southern Province has also 83 trade centers comprising a market and shops. Out of the 83 markets, 17 (20.5%) are covered, 17 (20.5%) are paved and 19 (22.9%) are equipped with stands.

Storage

46 storage facilities are located in the Southern Province. The minimum number of storage facilities is 2 in Ruhango district and the maximum is 10 in Gisagara district. 37% of the storage facilities are Government owned, 32.6% are owned by churches, 23.9% by Cooperatives and 6.5% by NGO's. The total storage capacity is 4437 tons.

¹³ All the information relating to the internal trade infrastructure has been sourced from the Rwanda Trade Map Report of 2008

Kigali City

Kigali City has 42 trade centers of which 7 are markets, 19 are markets with shops next to or surrounding them and 16 are trade centers with shops without markets. Out of the 7 markets that stand alone, 4 (23.5.0%) are covered, paved and equipped with stands.

Beside the standalone markets, Kigali City has also 19 trade centers comprising a market and shops. Out of the 19 markets, 8 (42.1%) are covered, paved and equipped with stands.

The Eastern Province

The Eastern Province has 108 trade centers of which 14 are markets, 67 are markets with shops next to or surrounding them and 27 are trade centers with shops without markets. Out of the 14 markets that stand alone, 7 (50.0%) are covered, 6 (42.9%) are paved and equipped with stands.

Beside the standalone markets, The Eastern Province has also 67 trade centers comprising a market and shops. Out of the 67 markets, 38 (56.7%) are covered, 25 (37.3%) paved and equipped with stands.

Storage

The Eastern Province possesses 56 community storage facilities with a total capacity of 6250 tons. The distribution of the storage facilities varies from a minimum of 1 storage facility in Mayange District to a maximum of 14 in Bugesera district. The majority of the storage facilities are Government owned (41.1%) with a high concentration in Bugesera district, seconded by Cooperatives (26.8%) and then by NGO's (21.4%). Churches own 10.7% of the facilities and are concentrated in Nyagatare district.

The Northern Province

The Northern Province has 91 trade centers of which 11 are markets, 63 are markets with shops next to or surrounding them and 17 are trade centers with shops without markets. Out of the 14 markets that stand alone, 3 (27.3%) are covered, paved and equipped with stands. Beside the standalone markets, the Northern Province has also 63 trade centers comprising a market and shops. Out of the 67 markets, 20 (31.7%) are covered, 21 (33.3%) are paved and equipped with stands.

The number of storage facilities in the Northern Province is 22, 2 in Gakenke, 5 in Burera, 6 in Gicumbi and 9 in Musanze. 72.7% of them are owned by Cooperatives, 13,6% by churches, 9.1% by Government in Burera district and 4.5% by farmers associations in Musanze (Groupements).

The total capacity is 1740 tons. The total storage capacity at community level is 14 137 tons with 6 250 tons in Eastern Province, 4437 tons in Southern Province, 1740 in the Northern Province and 1710 tons in the western Province. The storage facilities owners are the Government with a storage capacity of 6672 tons, Cooperatives and farmers associations with 3835 tons, churches with 2590 tons and lastly NGO's with a storage capacity of 1040 tons

Internal Trade Constraints and Challenges

From the analysis above and the experiences of the Ministry of Trade and Industry, it is clear that the main constraints relating to internal trade can be grouped into there main categories.

- **Challenges relating to trade infrastructure** – Trade infrastructure outside of the large urban areas in Rwanda are largely underdeveloped. As such, there are high barriers as well as higher costs associated with trade in certain areas of the country.
- **Wide spread Anti Competitive Behaviour by businesses** – Because of the absence of an effective Competition and Consumer protection policy and law in the past, traders and business have used this opportunity to practice anti competitive activities. This has further exacerbated the market inefficiencies in Rwanda particularly for certain key products and services.

- **Market Information Gaps** – There is the absence of an effective market information system in Rwanda. This has contributed to part of the challenges and troubles encountered within the general internal trade system in Rwanda.

Policies and Strategies to address Internal Trade Challenges

Even without the specific activities to address internal trade constraints to be prescribed by this Policy, the Ministry of Trade and Industry is putting in place a number of policies and strategies which overlap to address the constraints faced in the internal trade system in Rwanda. These include

- The Rwanda Competition and Consumer Protection Policy (2010)
- The Rwanda Industrial Policy and Master Plan (2010)
- The Rwandan SME Policy and Strategy (2010)

Competition and Consumer Protection Policy (2010)

As economies move progressively towards increased liberalisation, certain undesirable business practices can emerge which act as a hindrance to development and economic growth. The absence of a competition and consumer protection policy in Rwanda has created opportunities for some sectors of the business community to engage in unfair business practices, such as price fixing, speculative hoarding and collusive tendering.

The Rwanda Competition and Consumer Protection policy aims to promote fair competition; its purpose is not to condemn or penalise those industries in Rwanda that have large shares of the market. Large and strong companies can enjoy economies of scale that enable them to minimise costs and withstand both domestic and foreign competition. On the other hand, such firms can occasionally practice anti-competitive behaviour. It is important to ensure that consumers are adequately protected from firms, whether large or small, which engage in collusion that is designed to prevent competition.

Competition policy is complementary to trade liberalisation. The consumer welfare and developmental benefits resulting from trade and investment liberalisation, in the absence of the appropriate competition rules and supporting institutional infrastructure, have been questioned in the light of the experiences of many developing countries. The potential benefits of a shift towards a more market-oriented economy will not be realised unless business firms are prevented from imposing restrictions on competition.

In the light of Rwanda's commitment to a liberalised economy, there is a need for a fair and equitable environment where producer and consumer can maximise their profit and satisfaction respectively. The Rwanda Competition and Consumer Protection policy therefore aims to give Rwanda's market oriented policies the best possible chance of success.

Industrial Policy and Master plan (2010)

Rwandan Industrial Policy can be defined as the set of all policies that promote the diversification of the economy into higher value-added sectors and generate new areas of comparative advantage. This Industrial Policy has been developed alongside the Rwanda Industrial Master Plan (RIMP). The RIMP provides a comprehensive diagnostic of the situation facing the industrial sector in Rwanda as well as the long-term policies and strategies aimed at mitigating the identified constraints and challenges. The Industrial Policy aims to build on this analysis to provide concrete short and medium-term measures to move industry forward.

The broad goals of Rwandan industrial policy are those stipulated in the Vision 2020 and the Economic Development and Poverty Reduction Strategy (EDPRS). These include promoting the growth of the economy with the target of \$900 GDP per capita by 2020 - this will now

require GDP growth of 8 per cent on average per annum. They also include the goal of structural transformation, with industry accounting for 26 per cent of GDP by 2020; the national investment rate reaching 30 per cent of GDP; and non-farm employment reaching 1.4 million.

In order to achieve these high level goals, this Industrial Policy includes eight instrumental, strategic objectives:

- Provide high quality and affordable infrastructure in energy, transport, and communications.
- Facilitate trade by removing barriers, promoting standards and fostering greater integration into regional and international trading networks.
- Promote a business environment conducive to private sector growth.
- Develop the human resources required by growing industrial and service sectors
- Increase the quantity of existing exports, particularly through focusing on value addition.
- Promote the diversification of exports and production into new sectors.
- Increase investment in the industrial and service sectors.
- Ensure the environmental sustainability of industry through treatment at source.

The Rwandan Small and Medium Enterprise (SME) Policy and Strategy(2010)

The Rwandan Small and Medium Enterprise (SME) Policy and Strategy is designed to complement a set of existing policies/strategies that aim to increase non-farm employment, develop business and technical skills in the Rwandan workforce, support value-added sectors in the Rwandan economy, strengthen the financial sector, and facilitate investment finance to generate industrial growth. All these are supporting policies to the SME policy, the unifying factor being their impact on Rwanda's competitiveness. The vision of the SME policy is to ***create a critical mass of viable and dynamic SMEs significantly contributing to the national economic development.*** The **mission** is to stimulate growth of sustainable SMEs through enhanced business support service provision, access to finance and the creation of a conducive legal and institutional framework.

The overall high level objective of this policy is to foster job creation and an increase in the tax and export base through the promotion of competitive new and existing SMEs in value added sectors. To achieve this, the Rwanda SME policy recommends five key policy objectives:

1. Promote a culture of entrepreneurship among Rwandans;
2. Facilitate SME access to development services including:
 - *Business development services*
 - *Access to local, regional and international markets and market information*
 - *Promote innovation and technological capacity of SMEs for competitiveness*
3. Put in place mechanisms for SMEs to access appropriate business financing;
4. Simplify the fiscal and regulatory framework for SME growth.
5. Develop an appropriate institutional framework for SME development

These three policies address the internal trade policy issues in Rwanda. They deal with the policy measures necessary to ensure the efficient functioning of the Rwandan market as well as the protection of consumer. They also address the policy issues necessary to create an enabling environment for Rwandan businesses, particularly the SMEs to prosper and thrive.

5. PREFERRED OPTION

Rwanda has decided that having an open liberalised economy is a pre condition for its economic growth. The trade policy therefore, does not look at reviewing alternatives to Rwanda's commitment to liberalisation, but rather at establishing the right strategies to ensure that Rwanda benefits fully from liberalisation, and to ensure that the potential negative effects are mitigated.

Rwanda's major economic challenges and constraints in trade of both goods and services are largely manifested in the supply-side constraints and less in the demand side and on market constraints, in particular in regards to goods trade. These constraints mainly comprise "the productive resources, entrepreneurial capacities and production linkages which together determine the capacity of a country to produce goods and services. These productive capacities develop through capital accumulation, technological progress, and structural change."¹⁴

Trade liberalization alone, as past experience has shown especially for LDCs, is not enough to help trade and economic growth. Accumulation of resources, including labour, human capital, physical capital, land and natural resources; improvements in the technologies for converting those resources into goods and services; investments in efficient public infrastructure; and the innovation of new goods and services are extremely important complementary economic development factors that need to be coherently developed in order to make trade an effective engine for economic development and poverty reduction. The fundamentals for long-term growth are human resources, physical infrastructure, macroeconomic measures and the rule of law.

The role of trade policy in economic growth is largely auxiliary and of an enabling nature: extremes of export taxation and import restrictions can surely suffocate nascent economic activity, but an open trade regime will not on its own set an economy on a sustained growth path. Too much focus on "outward orientation" and "openness" can even be counterproductive if it diverts policymakers' attention away from the fundamentals listed above and treats trade rather than per capita income as a yardstick of success. As a result of this analysis, the Rwanda trade policy emphasises the need to address the critical supply side constraints hindering Rwanda's trade growth. It reinforces the need to have a trade policy focusing on the fundamental issues critical to Rwanda's trade performance without ignoring the traditional issues of market access. Rather than outlining competing alternatives, the trade policy identifies complementary initiatives to address the constraints identified in the analysis above.

It is important however, to note that Rwanda's trade policy commits to maintaining Rwanda's openness with its key trading partners including its regional partners in the EAC and COMESA, with its commitment to the African economic integration agenda; its bilateral partners such as the EC as well as the multilateral stage with its WTO commitments. Rwanda also commits to developing further market access opportunities with emerging economies such as China, India and Brazil.

¹⁴ UNCTAD (2006b).

OBJECTIVE 1

5.1 Increased productivity and diversified sustainable productive capacities for trading nationally, regionally and internationally

This objective reflects a deliberate and biased policy to marshal all necessary policy tools into creating a sustainable competitive production advantage for Rwanda's trade development. Measures to promote this accomplishment will include encouraging public and private sector investment into competitive and (environmentally) sustainable productive capacities, upgrading technology, developing agriculture and other commodities including adding value through agro-processing, developing the manufacturing sector, human skills development with particular attention to women, and improving physical infrastructure including trade facilitation and transport.

A: Medium to long term measures

(a) Prioritizing productive sector development in macro-economic policies

- In its macroeconomic policies the Government will continue to emphasize investment into productive sectors and related infrastructure development. The apportioning of 78.3% share of the total Capital Expenditure of RWF 1.374 billion for financing the EDPRS 2008 – 2012 to infrastructure capital development and productive sectors will be maintained. The overall total expenditure for the EDPRS for the period is RWF 3.434 billion for both recurrent and capital expenditures with financing coming from both domestic and external (ODA) sources.
- The Government will continue to collaborate with donors to increase ODA flows towards building sustainable productive capacities and improving competitiveness, especially in building up standards infrastructure and physical infrastructure including transport and trade facilitation for agricultural and services development. ODA flows could also be channeled into a proposed industrial development fund, into sustainable agriculture development and into private sector development especially of export-oriented SMEs.
- The Government will tap into aid for trade assistance provided by the international community to build up trade capacity, trade infrastructure and integrate rural farmers in regional and international trade. The USA Millennium Challenge Corporation (MCC) and the Millennium Challenge Compact (MCC) to which Rwanda is eligible can be employed to support infrastructure development for improving regional transport networks.
- Financial institutions will be assisted by the Government to establish more development-oriented lending for business sector development. The Government will also encourage stronger linkages to be developed between the informal business sector with the financial institutions so that the former can easily use the latter for financing without undue risks. The lending portfolios of commercial banks could be aligned to make micro-credit available for, *inter-alia*, value-addition activities in the agricultural and manufacturing sectors.

- The *Strategic Plan for the Transformation of Agriculture in Rwanda - Phase II, 2009*, prepared by the Ministry of Agriculture and Animal Resources, set out a number of priorities. These include market diversification, export value addition, product standards and certification, organic agriculture exports, and infrastructure development for trade facilitation. The implementation of the Strategic Plan for the Transformation of Agriculture in Rwanda will be supported by the trade policy. In this regard a number of policy measures and actions are identified for implementation.
- As a first step, investment, both domestic and foreign, into the agricultural sector should be encouraged and increased. A conducive environment for attracting investment should be created, particularly for targeted agricultural exports that promote diversification into new products as well as add value to existing products like coffee and tea.
- Similarly, financial aid provided under ODA flows should prioritize the development of the agricultural sector and related infrastructures. Investment and ODA should also target strengthening of science and technology innovation in agriculture especially through support for research centers. The development of agriculture product and trade also requires huge public investment in infrastructure development. Such investment should be made in improving the road, railway, irrigation, power, information and communications.
- The development of organic agriculture sector should be stepped up, and markets for such products found and exploited. Actions in this regard include improving the skills of organic product exporters, provide them technical information and support to grow high-quality organic products successfully and also to keep the necessary records, and ensure consistency in supply.
- Agricultural products for exports to international markets must meet international sanitary and phytosanitary standards for the protection of human, animal and plant health. Thus the infrastructure for upgrading and improving product standards and certification, for example laboratories for product certification, market compliance, conformity, safety mechanisms, enterprise quality management, will have to be put in place or strengthened.
- In order to try and address the impact of the price fluctuation on coffee, the Government will engage in institutional dialogue with other coffee producing nations through forums such as the International Coffee Organization, or through a mechanism for consultation with multinational corporations who control and influence the coffee market.
- Rwanda's industrialisation is a necessary step to the diversification of Rwanda's productive base. The Trade policy will therefore be seen as complementary to the Rwanda Industrial policy and master plan being developed by the Ministry of Trade.
- The private sector involved in manufacturing industrial outputs including adding value to agricultural outputs will be supported. Enterprise development and cooperative development schemes of SMEs in particular would serve as the nucleus of Rwanda's industrialization supported by trade development. Public-private partnerships will be encouraged to foster development of the industrial sector, especially in new and dynamically growing manufactures. Government will increase incentives to enable the private sector develop, upgrade and increase quality of the industrial structure.

- Competitive sectoral clustering will be promoted, including facilitating business linkages, focusing on high value added products and services that can be developed by SMEs in particular. This includes developing learning, innovation, and networking for export diversification and value addition such as in coffee and tea, or tourism, especially sectors that the private sector considers suitable for cluster development. Policy incentives, subsidized training, public procurement, financial needs of SMEs, meeting product standards, and providing efficient transportation of SMEs. Industrial production zones would be set up for this purpose.
- Free economic zones would be established to support development of import-substitution industries for national and sub-regional markets. Such zones will be provided with facilities to implement export quality standards for export, support SMEs in value addition and diversification, access electricity, water and credit. The number of free economic zones in the country will be expanded to strategic locations that would encourage a higher level of processing/ manufacturing for the export market.
- Rural households will be engaged in the production or manufacture of goods for the export market through contract manufacturing, meaning, they produce and supply inputs or finished products to big companies inside Rwanda, regional markets or international markets while meeting product standards for both agricultural and processed sectors. Rwanda will explore the possibility of joining the Japanese sponsored "One Village One Product," which is a community centred and demand-driven local economic development approach.
- More focus will be placed on the development of the rural private sector to engage in manufacturing development for trade. This includes a whole continuum of economic agents, ranging from subsistence farmers, rural wage-earners, livestock herders, small scale traders and micro entrepreneurs; to medium sized, local private operators such as input suppliers, microfinance institutions, transporters, agro processors, commodity brokers and traders; to other, bigger market players that may or may not reside in rural areas, including local or international commodity buyers and sellers, multinational seed or fertilizer companies, commercial banks, agribusiness firms and supermarkets; association of farmers, herders, water users, or traders.
- As an integral part of industrialization, Government will improve the overall investment climate to attract investment. This will include targeting FDI for export diversification and value addition in coffee, tea, minerals, horticultural, hides and skins and tourism. The overall policy, strategic and action orientation are elaborated in the *Rwanda Investment and Export Promotion Agency "Strategic Action Plan, 2008 - 2012" (dated 2008) and the Rwanda Investment Policy Review 2006.*
- Public - Private Partnership will also be strengthened including through inter alia, reducing and eliminating bureaucracy and red tape including through, establishment of regulatory quality system, introducing transparency and public accountability measures, action oriented consultative programs with private sector, one stop shops for information and business, using electronic methods, administrative simplification.

- The development of trade infrastructure is critical to the development of a competitive productive base. Increased public investment, using public - private sector partnerships, to develop especially both "hard" and "soft" economic and social infrastructure¹⁵ for trade development will be prioritized.
- As regards trade facilitation (like customs clearance) Rwanda would favour a regional approach that results in both lowering transport costs (insurance, freight, etc) and reforming institutional barriers (costs at border due to documentation, delays, corruption, lack of transparency; etc) within EAC and COMESA such as the *North-South Corridor Project* involving COMESA, SADC and EAC and aimed at addressing the transport and customs problems because especially for transport.

B: Short to medium term measures

- The development of a national exports strategy or roadmap will be undertaken. Export potential assessments will be carried out, with special attention to in-country value-addition potential and the potential for backward linkages reaching out to the informal economy in different product sectors. The roadmap will articulate Rwanda's priorities for enhanced export performance and expressly strengthening links between export development and socio-economic growth. The roadmap will address practical issues at the operational level so as to facilitate decision-making at the national level in related matters; and to introduce a national framework within which scarce resources can be effectively allocated to specific initiatives that are designed to achieve priority export development objectives.
- The roadmap can also identify principal competitiveness constraints, opportunities to enhance export performance; priority sectors that offer the best export potential and value retention in the country; and priority cross-sectoral trade support services to ensure a supportive business operating environment. In particular the Government will examine the potential for the production and exports of new and dynamically growth sectors in international trade. These can include in the agricultural and manufacturing sectors pyrethrum, organic cotton, organic tea and coffee production. Flowers, fruit, vegetables and herbal exports, hides and skins, and handicraft goods are among the new products with potential for value addition and diversification.
- The proposed export strategy will focus on undertaking value chain analysis of key export sectors to identify gaps in the value addition chain and what institutions might be created or strengthened to fill services/functional gaps in the export processing chain; conducting feasibility studies for creating new export intermediaries or restructuring existing ones; and creating new export intermediaries.
- Expansion and diversification into the services sector and exports is essential to the building of a knowledge-based economy. A comprehensive services sector review will be undertaken to identify policies and measures to strengthen services sector, build up services supply and competitiveness, and strengthen regulatory and institutional structures supportive of services sector development.

¹⁵ In terms of the "hard" infrastructure there are several components. One is to reduce the cost of transport by improving national and regional rural feeder roads, dry ports, air, rail, and improved trade facilitation and logistics. Another component is to build manufacturing infrastructure for export diversification and value addition, logistics and distribution. In terms of "soft" infrastructure, measures are required to improving regulations like property rights, administration, transparency, accountability, and the business environment.

- Using *tariffs* for agricultural and industrial development remains important. Thus certain ‘protective’ tariffs will be maintained for protecting sectors identified for industrial development, including import-substitution sectors. The Government will use a calibrated method to lower import duty to facilitate inflows of industrial inputs and machinery to generate production. This will be done within the mechanisms of the East African Community Customs Union. It will respect its commitments to reduce tariffs taken at multilateral level of the WTO and in regional and sub-regional economic integration processes.
- There is a need for the restructuring of the Rwanda Competitiveness for Export Fund. Since its establishment in 2008, its performance and effectiveness has been mixed. There is a need to review the eligibility criteria to make it more flexible, as well as the management and administrative structure to make it more efficient. In particular, it is necessary to expand the scope of the Fund to include firms with export potential.

C: Institutional capacity building and other complementary structures

- Trade development will work better in an environment where there's better and improved information and coordination between Ministries, and all relevant stakeholders especially key industries belonging to private sector including SMEs, processing and infrastructure industries, as well as the academia and the civil society. Government will intensify this, with the Ministry of Trade and Industry as the nodal point. In particular, the Trade Policy will deliberately target measures aimed at fundamental improvement of the policy dialogue between the private sector and government for the benefit of the former especially its development.
- Within the context of an overall business support strategy, there will necessarily be an element on trade/business information. This element will involve building the information service capacity of TSIs (trade support institutions) to enable them to provide the (public and private sector) business community with relevant information on regional and national markets – this may be achieved through the provision of technical assistance/consultancy, training and coaching, the provision of information resources and ICT equipment. Secondly, the trade/business information element should promote accessibility of information directly to/from TSIs and companies from partner countries, notably in the area of price information, trade statistics and market access information.
- Developing a competitive private sector would require an understanding of the needs of the enterprises with respect to enabling the business environment, developing exports and promoting exports. The institutional capacities to achieve each of these purposes would need to be assessed and networks created to achieve these purposes.

OBJECTIVE 2

5.2 Enhanced participation of importers and exporter of goods and services in regional and international trade taking advantage of trade opportunities

A: Medium to long term measures

- The primary long to medium terms measures relating to development and exploitation of existing and new markets for exports of Rwanda reside with trade-related infrastructure development. These include physical infrastructure such as roads, and trade facilitation and trade logistics. Domestic and regional barriers that make integration of rural and urban as well as regional economies difficult, especially between rural and urban traders, and between Rwanda importers and exporters on the one hand, and their regional counterparts on the other hand must be addressed.
- In the medium term, the development of the common market in East Africa via the East African Community and in Eastern and Southern Africa via COMESA deserves priority attention. The realization of a common trading and investment bloc will create the necessary impulses for Rwanda and its regional partners to develop robust and dynamic industries and champions sustained by domestic demand from the regional community. A key measure therefore is full and faithful implementation of the EAC and COMESA common market programmes. Ultimately, the EAC and COMESA will become building blocks for the African Common Market and Economic Community. Of priority to Rwanda in these regional trade agreements is the mainstreaming of services exports.
- Special attention should be given to outreach and specifically designed support for capacity building of institutions and groups directly working with economically vulnerable groups, including the rural and urban poor, women and the youth. Capacity building for a pro-poor trade support network under the Rwanda Development Board has to include community-based enterprises, small traders and groups directly doing business with the economically most disadvantaged people including women and the youth. Assistance will be given to co-operative associations to become more effective participants.
- The Government will strengthen the capacity of enterprises to formulate, manage and implement export development strategies. Priority will be paid to traditional sectors with high export potential (agri-commodities like coffee, tea, pyrethrum) and non-traditional sectors with good market perspectives (horticulture, essential oils, creative industries, leather and skins) with respect to expected employment creation, potential for women's formal and decent work, small business creation potential and contribution to a green economy.

B: Short to medium term measures

- The drive for market diversification including to Europe, United States and Asia which is already being done can be expanded through trade policy instruments such as export promotion programmes and incentives, taking advantage of duty-free quota-free treatment schemes, as well as active taking part in development partnerships with dynamically growing countries like China and India as well as Brazil.
- Maintaining and expanding export markets for coffee in Africa especially to regional markets (Kenya and Swaziland) is also important. It is integral to the longer term measures on creating a regional trading and investment bloc in Africa. The search for global markets will not be at the expense of regional markets.

- Exploiting opportunities from interregional South-South trade constitute another plank for market diversification. This can include encouraging Rwanda's exports of minerals to South Africa, China, Thailand, Malaysia and other Asian markets and even include other products with value addition, and seeking better market access conditions including the removal of tariffs and non-tariff barriers. Using the cluster development strategy, for tourism, coffee, horticultural products like flowers, etc has been upheld highly by the Rwanda private sector and therefore could be a priority approach. In international markets where Rwanda benefits from trade preferences, attention will be paid to securing simpler rules of origin and which encourage value addition in Rwanda.
- Active involvement in WTO Doha agenda negotiations is necessary to defend and promote Rwanda's trade and development, and especially to negotiate commitments commensurate with the country's level of development and its Vision 2020. An implementation plan to put into effect and, more importantly, to take advantage of the negotiated results of the Doha Round should be prepared (in view of expectations of concluding the round in 2010). Rwanda will ensure that the Doha Round mainstreams development negotiations in agriculture, services and non-agriculture market access, especially the needs and interests of LDCs.
- Given Rwanda's interest in becoming a services' hub, the Government will address services market barriers at regional, interregional and international levels. It will also promote tourism exports and remove all barriers to its development, including poor customer care, which frustrates tourists.
- The implementation of WTO Agreements such as SPS and TBT will contribute towards conformity to international Standards and improve export quality. Government will request for more and targeted technical assistance from both multilateral and bilateral partners to embark on creating awareness campaigns in the country targeted at all relevant stakeholders about the basics on improving product standards, and helping to actual improve implementation of quality standards. The Government will provide support for exporters of products that are subject to stringent standards (leather, coffee, tea) so that they are able to comply with especially environmental and health standards. The provision of tax incentives for machinery and equipment will also help.

C: Institutional capacity building and other complementary structures

- The Government will ensure that adequate resource allocation and skills development for trade development. It will retain and deepen involvement of trained and skilled manpower in trade. For instance, when diplomats abroad acquire trade skills and capacity after serving for four to five years, especially in multilateral missions like Geneva with the WTO and UN and bilateral one like Brussels, where decisions about the international trade agenda are made, these skills must be deployed to continue to contribute in these domains when these diplomats return home.
- The Government will establish a continuous programme of training in commercial diplomacy in order to create and widen the base of cadre experts in trade policy formulation and negotiations. Such training could be conducted on trade policy formulation and issues, WTO Agreements and negotiations, free trade agreements, trade negotiations skills, dispute settlement and others.

- The human resources capacity of the Ministry of Trade and Industry will be enhanced in order to effectively follow up on various trade negotiation fronts and safeguard Rwanda's interests, ensure implementation and monitoring of Rwanda's trade policy, and coordinate stakeholder consultations on trade issues to inform Government on main priorities to private sector, public sector and NGOs. To do this, the financial and human resources allocated to the Ministry should also be enhanced to enable it become effective in its role as the chief trade negotiator of the country and in the effort to make trade an effective engine of growth and development for Rwanda.
- Related to this, a trade capacity development project will be developed, as part of aid for trade support for Rwanda, and funding mobilized from interested donors to provide a launching pad from which to put into operation some of the capacity building and training activities required for building the trade policy and negotiating capacity of the country.
- Also, policy makers would need to give priority to building capacities for structures supporting the private sector by for example strengthening service providers to enhance advisory functions, SME management skills, and pooling of efforts with other partners. In particular the formation of a diverse range of export intermediaries building on relevant expertise in the creation/strengthening of export production villages, export co-operatives, and sector associations is important as it has proven difficult to develop agricultural exports without developing appropriate public and private export intermediaries to develop products to meet market requirements. Strategies would be developed on undertaking value chain analysis of key export sectors to identify gaps in the value addition chain and what institutions might be created or strengthened to fill services/functional gaps in the export processing chain; conducting feasibility studies for creating new export intermediaries or restructuring existing ones; and creating new export intermediaries.
- Development of a strategy for engagement at the EAC, specifically engagement with the institutional mechanisms of the East African Community to effectively advocate Rwanda positions and interests.
- Options for institutional development will examine how other countries have structured their institutions to turn trade policies into trade strategies; linking trade policies to export development and export promotion; assessing the capacities of trade institutions to serve their beneficiaries in terms of enabling the business environment, developing exports, promoting exports; building capacities to design strategies for relevant/core institutions in the context of a national trade support network; building capacities to design a portfolio of services to implement strategies; developing network operating guidelines; and building capacities to manage institutions and install performance management systems to plan, execute and monitor outcomes and impact.

OBJECTIVE 3

5.3 Increasing investment, including foreign direct investment, into production of competitive goods and services for the export market

A: Medium to long term measures

- The Government will promote an FDI - led export strategy; targeting the agriculture, manufacturing and services export sectors. FDI will be targeted at strengthening supply and productive capacities for achieving export value addition and diversification, and for meeting international product standards. Policies to encourage inflow of FDI policies are found in the recommendations in the UNCTAD Rwanda Investment Policy Review 2006. FDI into the implementation of *Sectoral Export Strategies* or clustering will be encouraged.
- FDI policies for manufacturing - establishing multi-facility industrial parks with fiscal incentives aimed at export activities; establishing above average infrastructure; establishing freeport style fiscal regime aimed at promoting Rwanda's potential role as a logistics and dispatch centre for the Great Lakes Region.

B: Short to medium term measures

- With a view to encouraging investment in the agriculture sector, a feasibility study could be undertaken to examine: (a) existing agronomic and management practices and the possibilities for management tie-ups with multinational companies such as Nestle and fair trade groups; and (b) the possibility of providing subsidies to agriculture and industrial development consistent with Rwanda's commitment under the WTO agreements.
- The country's investment laws and other related legislations will be re-examined to increase Rwanda's attractiveness as a destination for investments.

C: Institutional capacity building and other complementary structures

- The training of officials in the Government and in the private sector on investment issues will be important, including in investment dispute settlement, bilateral investment agreements and on key measures for attracting FDI.
- Decentralized local on-the-job training and advice by Rwandan trainers is needed on a continuous basis, combining basic technical production/agricultural training with basic business and management skills training at the community level, for groups with limited access to economic information and business training including the rural and urban poor, women and young people.

OBJECTIVE 4

5.3 Increased human resources skills in trade and development through training and retraining in private and public institutions.

A: Medium to long term measures

- Improved coordination between Ministries, sectors, and between public and private sectors, on all key issues for trade development including, *inter alia*, development and improvement of the supply and productive capacities, (infrastructure, investment, industry and enterprise, intellectual property, competition policy), and trade issues will be undertaken.
- Government will also pursue increased financing for development activities from ODA, regional development banks, and from aid for trade for implementing this objective. Such inter-sectoral consultation and coordination will include facilitating the integration of business sector priorities on policy and regulatory reform for export success.

B: Short to medium term measures

- The Government will actively seek to involve rural farmers, traders and exporters and women groups, business associations, SMEs and other relevant stakeholders in all trade related capacity building and training for trade development. Public-private sectors training and retraining centres under the Ministry of Trade and Industry, including with foreign investors and international development aid agencies in specialized areas of trade and development is essential. Government will also conduct such training at regional level to address specific trade issues such as ensuring uniformity in industrial packaging policy, compliance with international standards, and improved public-private sector dialogue.

C: Institutional capacity building and other complementary structures

- A trade capacity development programme for developing a cadre of expertise and skills will be elaborated by the Government for aid for trade funding. This programme will assist the Ministry of Trade and Industry to effectively implement the trade policy of the 5 years. It will focus on building up the staff and expertise of the Ministry, supporting consultation and coordination between the Ministry and other sectoral Ministries in setting priorities for implementing trade and development measures, and it will provide advise the Ministry in conducting studies to take informed decisions on trade policy measures and trade liberalization issues in the multilateral, sub-regional, regional and bilateral contexts.

OBJECTIVE 5

5.5 Strengthened science, technology and innovation policies, strategies and institutions including intellectual property laws, in support of industrial development and creative knowledge-based industries.

A: Medium to long term measures

- The draft Rwanda Intellectual Property Policy and Implementation Strategy (endorsed unanimously by local stakeholders in March 2009) contains a number of recommendations regarding the direction of future IP policies.
- In order to ensure progression towards building a knowledge-based society, government will improve the infrastructure environment for investment, ICT technology, learning, financing and human skills development, related private sector development, and research for development and innovations. It will consider establishing a research centre for IP development. Government will also implement institutional reforms, such as the creation of a Rwanda Development and Intellectual Property Forum, which would provide the locus from which to launch a technological revolution.
- Implementing legislative reforms, such as better aligning of the system of utility models under the new IP Code to offer incentives and rewards for incremental innovation, among others would be important. The Infrastructure Investment Policy will ensure building infrastructure for scientific skills development, research, science training; funding for building universities; establishing international links for technology transfer, and improving communications.

- Integrating into the national plan (EDPRS), policy measures that articulate respect for IP rights, taking into account both rights and obligations, and consistent with treaties to which the country is a party to develop IP that contributes to economic prosperity in line with the country's development objectives will be an integral part of the legislative reforms and the country's business culture from an early stage.

B: Short to medium term measures

- As trade policy measures, government will improve its engagement in regional and international IP negotiation processes and organisations, especially in WTO and WIPO particularly to pursue adequate implementation of the WIPO Development Agenda; obtaining needs-based and coordinated technical assistance and capacity building; and establishing a strategy for impact assessment and policy review.

C: Institutional capacity building and other complementary structures

- One of the important institutional capacity building needs, which will be an essential prerequisite for intellectual property development is building networks and collaboration linkages. Such linkages could be built between the national, regional and international public and private sectors, including government policy makers, senior managers, scientists, technology transfer officers, universities, NGOs and women organizations and entrepreneurs.
- Networks with other developing countries will bring into the country and specifically to IP entrepreneurs, new experiences, expertise and skill. For instance, Rwanda can learn from the experiences of Vietnam, Cambodia, South Africa, etc which have made good progress in leveraging IP for their development.
- It would be important for Rwanda to establish networking between its business sector, scientists, NGOs, government officials and university and counterparts in the USA, EU, Canada and Japan, to collaborate with them to set up, inter alia, structures like patent search and examination centre managed by local experts; train IP cadres in technology licensing; developing a critical mass of Rwanda patent experts able to draft claims and handle registrations locally and internationally; and provide practical information on IP policies and models for research institutions. Knowledge of IP models, IP ownership at research institutions, management of research results, and approaches to assist research institutions to deepen their IP research capabilities and protection of their IP work and benefits.
- It would be useful to also establish IP forums for use by Universities to debate IP issues and its development in all respects, involve the public and private sector on all IP issues including R&D networks, resource mobilization for IP development, clustering and technology parks. The Rwanda private sector has emphasized the need to use the clustering approach in economic development.

OBJECTIVE 6

5.6 The Effective Organisation of Internal Trade

- It is clear that there is a need to invest in developing the market infrastructures in Rwanda. The Trade Map particularly singles out market infrastructure in the Southern and Northern Province where more than 50% of the markets are not covered.
- It is important to invest in storage facilities across the country. Storage facilities are available across the country although their spatial distribution is heterogeneous. An effort should be made to ensure that districts without a single storage facility are

equipped. These are Rusizi, Nyamasheke, Karongi (very small storage capacity) and Ngororero in the Western Province and Rulindo in the Northern Province.

- If the flow of goods is to be facilitated between trade centers, some feeding roads need special attention. These are the roads connecting
 - Karongi – Nyanza;
 - Ruli – Rushashi
 - Gashora – Ruhuha – Rweru – Mwogo
 - Cyanzarwe – Busasamana – Kanama
 - Gisagara
 - Kayonza – Kirehe
 - Gisumbi – Nyagatare
 - Nyaruguru on the left side of Mwogo.
- In addition to road infrastructure, the IT infrastructure is missing in some of the trade centers when they are key elements for a fast exchange of information on prices, quantities and different opportunities. An IT enabled Market information System should therefore be developed.
- MINICOM should collaborate with MINAGRI for the development of effective post harvest and marketing structures for key agricultural products.
- It is also important to effectively implement the Competition and Consumer Protection Policy, the SME Policy as well as the Industrial Policy and Master Plan to address some of the systemic challenges facing the Rwanda internal Trade System.

5.7 HARMONISING THE INSTITUTIONAL FRAMEWORK FOR TRADE POLICY FORMULATION, IMPLEMENTATION AND TRADE NEGOTIATIONS

The institutional framework for Rwanda's trade policy needs to be addressed. The key aim is to streamline all efforts and activities related to trade policy formulation, trade negotiations and the mainstreaming of trade to Rwanda's development blueprint into a simple structure.

Given the broadness of the issues covered by trade policy formulation, implementation and trade negotiations, a two-track structure for effective management of the negotiations is proposed. The structure will compose of

- A broader technical and consultative forum for trade policy formulation, implementation and trade negotiations – The National Trade Forum
- A senior level policy making committee that will constitute the governing and coordinating mechanism under which inclusive decision-making takes place on formulating, adjusting and implementing the development-oriented trade policy

The technical and consultative forum will be the National Trade Forum, made up of representatives from the following institutions: MINAFFET, MINECOFIN, MINIJUST, MINEAC, MINAGRI, MININFRA, MINELA, MINFORM, MIFOTRA, RRA/Customs, PSF, National Bank of Rwanda, Rwanda Development Board, RURA, RBS, OCIR café, OCIR The, REMA, Department of Immigration and Emigration, National Institute of Statistics,

Institute of Policy Analysis and Research, RESC, Primature, Strategic Unit (SPU), Presidency, Academia, Civil Society

The National Trade Forum will replace the NDTPF. The NDTPF was set up primarily as a forum for national stakeholder participation in the EPA negotiation process. It is made up of representatives from the public sector, the private sector and academia. It also includes civil society. It also served as the National Steering Committee for the Integrated Framework (IF) program.

Sub Committees will be constituted/appointed from the National Trade Forum to deal with specific tasks such as conducting/following specific negotiations, preparing technical papers and other assignments. The Department of Trade of the Ministry of Trade and Industry will serve as the Secretariat for the National Trade Forum. Meetings of the National Trade Forum will be called as often as necessary by the Department of Trade to deal with the relevant issues. The National Trade Forum will work with existing mechanisms for stakeholder consultations at experts level and include relevant stakeholders including the public sector, private sector, academia and civil society.

The senior policy making level committee will be made up of Permanent Secretaries/Heads of Institutions or their representatives. The Committee will be responsible for the overall supervision of Trade Policy Formulation, Negotiations and Implementation and the mainstreaming of Trade into Rwanda's development programs and objectives. The committee will constitute the governing and coordinating mechanism under which inclusive decision-making takes place on formulating, adjusting and implementing the development-oriented trade policy. It would serve as the main mechanism for setting Rwanda's trade policy objectives and trade negotiations priorities at the multilateral level of the WTO, at interregional level such as with ACP States and EU, at the continental level of the AU, at the regional level of COMESA, at sub-regional level of EAC, and at bilateral levels with developing and developed countries. The board would be focused on mainstreaming trade into development and development into trade in Rwanda's national development strategy.

Non ad-hoc trade related structures such as the Integrated Framework (IF) and the National Monitoring Committee (NMC) on Non Tariff Barriers would report to the Committee through the National Trade Forum on a quarterly basis.

The function of the National Trade Forum is to determine what the optimal development and trade negotiation position for Rwanda is and to outline these positions for the representatives of the country in regional and multilateral negotiations to use. Activities of the National Trade Forum will include:

1. To follow up activities related to Rwanda's Trade policy agenda with relevant Rwandan stakeholders, in particular, by providing backstopping support to relevant negotiations;
2. To provide strategic policy advice to the Government of Rwanda in relation to capacity building needs and appropriate institutional framework to handle Rwanda's regional integration agenda;
3. To review the Protocols of these Regional Economic Communities (RECs) and advise the Government of Rwanda on appropriate negotiation and implementation strategies;
4. To provide technical advice and work on all activities related to Rwanda's participation in the World Trade Organization (WTO);
5. Sensitization and dissemination of information to the Rwandan public on Trade Policy and international trade issues through seminars/workshops, publications and other means.

The National Trade Forum will also double up as the National Steering Committee (NSC) for the Integrated Framework and is to oversee the implementation of IF activities in Rwanda. More specifically, it will:

1. Monitor the overall IF process and activities
2. Ensure the mainstreaming of trade issues, as identified in the DTIS Action Plan, into the EDPRS and sectoral strategies
3. Appraises projects to be funded from the IF Trust Fund, in close consultation with the national IF Secretariat
4. Ensures that trade-related issues are included and receive due attention in donors' conferences
5. Identify DTIS priorities and issues to be taken into account in the updating of the DTIS.

The Department of Trade and Industry would serve as the Secretariat for the National Trade Forum by coordinating its activities, preparing discussion papers as well as the other administrative activities that are essential to its proper functioning. The professionals in charge of regional and multilateral integration as well as internal and external trade will prepare working papers and briefings for the National Trade Forum. The PS of MINICOM or his representative shall chair the National Trade Forum.

6. STAKEHOLDER VIEWS

Consultations on the review of the Rwanda Trade Policy commenced in 2008. A national workshop on the review of the Rwanda trade policy was held on the 4th of December 2008. The objective of the workshop was to sensitize key stakeholders to the ongoing review of the Rwanda trade policy and to give an opportunity for stakeholders to air their views on their key interests for the new trade policy. Participants consisted of representatives of government institutions, donor agencies, private sector operators and civil society. The views and positions of stakeholders were thereafter incorporated into the preparation of a draft development-driven trade policy for Rwanda by UNCTAD and the Ministry of Trade and Industry.

The draft development-driven trade policy for Rwanda was presented by UNCTAD to a national stakeholder consultations organized by the Ministry of Trade and Industry on 16 June 2009. The workshop was opened by the Minister of Trade and Industry, and attended by stakeholders from public, private sector and NGOs. The draft report on Rwanda's development-driven trade policy was positively appraised by the meeting. The emphasis on a conscious effort in the trade policy to address supply side constraints was widely endorsed. After the national workshop, follow-up discussions with individual trade policy actors in the public and private sector, and civil society were held to draw their views on the key direction and aspects of the first trade policy for Rwanda, and on specific activities to be included in an implementation plan for the trade policy.

The Draft Trade Policy was presented to stakeholders representing RDB, BNR, OCIR-Café, OCIR-Thé, PSF, RBS, RCA, RHODA, EU, UNIDO, the Netherlands Embassy, GTZ, DFID, USAID, JICA, SIDA, SNV, Rwanda Leather Industries, SOSOMA Industries and OTF Group at the meeting of the Private Sector Cluster held on the 22nd January 2010. Among others, Stakeholders commented on the need for effective coordination of trade policy formulation, implementation and trade negotiations as well as the need to identify clear roles for the Private Sector to play in implementing the trade policy.

In addition to these consultative meetings, the first draft policy was circulated to stakeholders including MINECOFIN, MINIRENA, MININTER, MINEDUC, MINALOC, MINICYOUTH, MIGEPROF, MINEAC, MINIJUST, MINAFFET, MININFRA, MINECOFIN, MINAGRI, KIST, SFB, NUR, ADB, GMO, ULK, UNDP, GTZ, DFID, USAID, UNIDO, RBS, PSF, RRA, RDB, REMA, OCIR THE, OCIR CAFÉ, RCA, RURA, BNR. Written inputs were received from BNR, DFID, GTZ, Co-operatives, the National University of Rwanda, RDB, National Institute of Statistics among others.

On 31st March 2010, the Trade Policy was presented to the Trade - RESC Platform. The RESC meeting included representatives from MINICOM, IPAR, UNECA, MINEAC, RRA, PSF, RICP and RDB. Discussions centred on the initiatives presented in the policy as well as ways of strengthening the institutional framework of the trade policy.

7. IMPLEMENTATION PLAN

The Implementation plan¹⁶ identifies the key activities/initiatives necessary to attain the trade policy objectives. The implementation plan looks at a period of five years from the adoption of the trade policy. Due to the fact that the trade policy addresses a broad range of supply side constraints affecting trade, the implementation plan includes actions such as increasing investment in public infrastructure and the rehabilitation of road networks. While it may be argued that these actions should not be the priority actions in a trade policy, it is important to restate these activities as important priorities in addressing Rwanda trade challenges, even if they are activities that are technically outside the mandate of the Ministry of Trade and are already covered by existing policies and strategies. In the same vein, the implementation plan draws on existing strategies and action plans where available by identifying the implementation of these plans and strategies as key to the successful implementation of the trade policy.

A number of the activities relating to specific strategies for developing specific products or sectors will be addressed in a comprehensive National Export Strategy. Consequently, the development of this strategy is one of the key actions envisaged by the trade policy.

It should be noted that a number of the activities in the implementation plan are activities of a continuous nature, therefore the implementation plan envisages that the activities will be carried out through the duration of the trade policy.

A number of stakeholders identified the need to specify actions to be implemented by private sector stakeholders. While the potential for public private partnerships are contained within the scope of the trade policy, the implementation plan focuses on activities to be executed by identifiable GOR actors – while providing for possible public private partnerships where necessary.

The Enhanced Integrated Framework and the DTIS

The Enhanced Integrated Framework is a process that was established to support LDC governments in trade capacity building and the integration of trade issues into overall national development strategies. The multilateral agencies participating in the IF (IMF, ITC, UNCTAD, UNDP, WTO, World Bank) combine their efforts with those of LDCs and other

¹⁶ See attached annex

development partners to respond to the trade development needs of LDCs so that they can become fully integrated into the multilateral trading system.

The Diagnostic Trade Integration Study (DTIS) is one of the key tools of the Integrated Framework. The DTIS identifies barriers to increased local, regional and international trade. The analysis results into an action plan with identifiable activities aimed at overcoming the barriers. The EIF and the DTIS are important channels for delivery of trade related technical assistance into Rwanda, with the EIF being recognised by the international community as a coordinating and management tool. The DTIS is also a key tool for the mainstreaming of trade into Rwanda's development strategies. The IF and the DTIS are therefore seen as integral tools for the implementation of the trade policy. The trade policy implementation plan therefore integrates key elements of the DTIS matrix – to ensure coherence; maximise the utilisation of resources and to ensure donor support for the implementation of the trade policy.

In addition, the Institutional structure for Trade Policy formulation and implementation should be used to monitor the execution of the trade policy implementation plan. In this regard, the NDTPF is required to give Bi-annual reports to the proposed Committee of Permanent Secretaries and Head of Institutions responsible for overall decision making on issues related to trade policy.

8. FINANCIAL IMPLICATIONS

A number of the key initiatives in the trade policy implementation plan, particularly the initiatives related to infrastructure affecting trade already have existing channels for funding. The Trade policy therefore does not require the development of new funding channels for these initiatives. Rather, the trade policy re-emphasises the importance of these initiatives and advocates for the continued and increased funding of these initiatives through the existing channels. This applies especially to the areas and issues that are outside the mandate of the Ministry of Trade.

It is expected that a significant number of the activities in the Trade Policy Implementation plan will be funded through the Aid for Trade channels available to the government of Rwanda, particular through the Enhanced Integrated Framework process and other donor supported programs. The trade policy is therefore expected to provide the policy framework for the Government of Rwanda's mobilisation of aid for trade resources.

9. LEGAL IMPLICATIONS

The trade policy does not necessitate the review of any existing law or the enactment of new legislation. The policy and its objectives are within the scope of existing Government of Rwanda laws.

10. IMPACT ON BUSINESS

The trade policy aims at economic development. It aims to create an environment conducive for the private sector led trade growth. It emphasizes the creation of opportunities for the private sector – both within Rwanda and internationally. It also specifically looks at enabling Rwandan businesses to become more competitive participants in the global market.

11. IMPACT ON EQUALITY, UNITY AND RECONCILIATION

The policy is designed to have immense benefits for the Rwandan people. Economic development lays a foundation for unity and reconciliation. The policy will therefore directly impact unity and reconciliation in Rwanda by contributing to the economic development of Rwanda. The policy specifically aims at using trade as a tool for social development. It articulates specific strategies to further improve the participation of vulnerable players in the economy such as women, in trade. It aims at ensuring that the benefits from trade are distributed in all parts of the economy, specifically targeting the growth of the rural areas.

The policy therefore has a direct positive impact on unity and reconciliation in Rwanda. It also specifically promotes interventions targeting equality in the Rwandan society.

12. HANDLING PLAN

The following methods shall be used to disseminate the policy documents:

- Organise a series of sensitization workshops for stakeholders on the trade policy after its approval.
- Post the document to the MINICOM website for readers to download.
- Distribute the document during seminars and workshops held with different stakeholders.
- Use the post office for distribution of the policy to stakeholders within the country.
- Use MINAFET to distribute the policy to Embassies.