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Report Highlights:
This report highlights the major agricultural trade issues in Senegal (Section I); provides a catalogues of major trade barriers (Section II); and evaluates WTO agreement compliance in terms of market access policies, export and domestic supports (Section III).

Includes PSD Changes: No
Includes Trade Matrix: No
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[SG]

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Section I: Executive Summary

U.S agricultural exports to Senegal totaled $27.6 million in 2007 up from $10 million in 2006. The main U.S. agricultural exports to Senegal by value in 2007 are Wheat at $9 million, coarse grains at $3 million, soybean oil at $2.5 million, and animal fats at $2.6 million. The ban on poultry imports imposed since 2005 is still underway although the government is considering policy alternatives which would allow it to lift the ban.

Senegal's trade policy has been significantly liberalized over the last ten years. Most restrictions on imports and exports have been abolished. Senegal's tariff regime is primarily based on the WAEMU[1]'s Common External Tariffs (CET). However, the tariffs for agricultural products may be increased with the application of the WAEMU common agricultural policy[2]. Senegal's trade policies that may have an impact on U.S. imports of agricultural commodities are the total ban on imports of poultry meat and the absence of a biosafety regulatory system.

Although Senegal still maintains strong commercial relations with France and the EU, the GOS reluctance to sign the EU-Africa Economic Partnership Agreement and increasing ties with Asian countries, has opened opportunities for breaking traditional trade patterns. France continues to supply most of the bulk wheat milled in Senegal, however U.S. wheat is increasing share in the market. Senegal, the second largest rice importer in Africa, imports most of its broken rice from Thailand, India, Vietnam, Brazil, Argentina and Uruguay. Although WAEMU countries benefit from preferential trade regimes with Senegal, they do not produce the same commodities and therefore they have limited impact on U.S exports. However, the WAEMU regional agricultural policy will likely increase import costs and therefore affects competitiveness of imports.

Senegalese exporters do not benefit from any direct export subsidy program. However, they may benefit from duties on export products and are exempt from paying value added taxes and other fiscal duties. Agricultural exporters also benefit from several export promotion programs implemented by government-managed projects and export support agencies. Senegal also applies various production support mechanisms including government subsidies to agricultural producers, a free export regime, the establishment of industrial free-trade zones and the various investment facilitation regimes.

Senegal's most important agricultural export commodities are fish and other seafood, peanuts, cotton, and Arabic gum. U.S. imports of agricultural products from Senegal totaled $9.4 million in 2007, down from $16.7 million in 2006, with tuna the primary product ($8.2 million).

Exchange Rate: 1US$ = CFA 422 on May 6, 2008.

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[1] West African Economic and Monetary Union

[2] The Common Agricultural Policy is a legal act that adds to the WAEMU treaty, which was adopted in 2001 with three objectives: 1) the development and adoption of large regional value chains; 2) the extension of common market to agricultural products; and, 3) the integration of the region's agriculture to the global market. For the second objective, WAEMU determines the harmonized taxes and technical standards which individual countries will have to apply. For the last objective, WAEMU is also exclusively responsible for the definition of international trade policies. So, individual countries will have to have consensual positions during WTO and EPA (Economic Partnership Agreement with EU) negotiations.

Section II. Trade Barriers

A. Catalogue of Trade Barriers

Product	Trade Barriers	Description of Problem	Status	Value of Trade Affected	FAS contact
Poultry meat	Import ban	Imports from all origins are restricted.	Ongoing	About $15-20 million /year; U.S. exports were $458,000 in 2005 (reference peak year)	Mbalo Ndiaye, Agricultural Specialist, FAS Dakar mbalo.ndiaye@fas.usda.gov
Onion	Temporary import ban	Prohibition of imports for three to four months	Suspended, but could be resume	Data on per capita consumption not available; No U.S exports reported for this commodity in last two years	Mbalo Ndiaye, Agricultural Specialist, FAS Dakar mbalo.ndiaye@fas.usda.gov
Wheat flour	Tariff binding 10%	Application of special import tax (currently waived)	Maintained	Limited – results in increased imports of wheat.	Mbalo Ndiaye, Agricultural Specialist, FAS Dakar mbalo.ndiaye@fas.usda.gov
Soybean and colza oil	Tariff binding 10%	Special tax on veg oils: 5% on degummed and 15% on refined	Maintained	Data on trade impact not available	Mbalo Ndiaye, Agricultural Specialist, FAS Dakar mbalo.ndiaye@fas.usda.gov

B. Background

Senegal maintains a ban on imports of poultry meat from all origins since November 2005. The import ban went into effect after a rise in world and subsequent regional outbreaks of avian influenza. This ban has been maintained as a form of protection for domestic producers who were not able to compete with cheaper poultry imports from Europe, the United States and Brazil. In 2006 and again in 2008, Senegal imposed a temporary ban on imports of onions in support to domestic onion producers.

In general, Senegal has substantially liberalized its trade policy. Significant restrictions on imports and exports have been lifted. The tariff liberalization process is also well advanced within the West African Economic and Monetary Union (WAEMU), of which Senegal is an active leading member. However, the WAEMU Common External Tariffs (CET) for agricultural products may be increased with the introduction of the WAEMU common agricultural policy. Trade constraints also include the “reference values” for more than 29 products, most of them being food and agricultural products; the permanent supplementary duties of WAEMU and ECOWAS[3], which are imposed only on imports from third countries; the special import tax (TCI) on imports of sugar, groundnut oil, soybean and colza oils, and wheat flour from third countries; and the “temporary surcharges” on imports of onions, cigarettes, potatoes, bananas, millet and sorghum of any origin.

Senegal maintains a tariff regime under which the manufacturing sector benefits from levels of protection that are actually higher than those indicated by the nominal WTO rates. The average of duties on unprocessed and semi-processed products in the agricultural sector is lower than the simple average of duties on finished products, especially products categorized as essential goods.

The Government of Senegal has established a national bio-security committee responsible for conducting the process for the adoption and application of biosafety regulations. Regulations and institutional frameworks are being reviewed by individual members of the committee before it is passed to the national assembly for vote in into law.

Section III. Agreement Compliance
A. Market Access

-Tariffs

Tariffs Applied

Senegal’s tariff structure has been wholly based on the WAEMU’s Common External Tariffs (CET) since 2002. The CET groups products into four major categories of customs duties: 0 percent; 5 percent; 10 percent; and 20 percent. Currently, all 5,546 10-digit tariff lines in Senegal’s tariff are defined in the WAEMU’s common tariff and statistical nomenclature, based on the 2002 version of the Harmonized Commodity Description and Coding System (HS).

Senegal binds all its agricultural tariff lines at 30 percent; However, the government may introduce “other duties and taxes” of up to 150 percent. Although the tariffs actually applied on some agricultural tariff lines exceed the customs duties bound at 30 percent due to the application of a national surcharge on certain products, together with the Common External Tariff (CET) and several supplementary WAEMU duties, the government considers that this additional amount as “other duties and taxes”.

Commodities not originating in the WAEMU are subject to several additional duties: the WAEMU statistical charge (RS) at a rate of 1 percent, the community solidarity levy (PCS) of the WAEMU, at a rate of 1 percent, and the ECOWAS community solidarity levy (PCS) at a rate of 0.5 percent. It should also be noted that 0.2 percent is levied for the Senegalese Loaders’ Council (COSEC). The basis for all these additional duties and levies is the customs value. Some products imported into Senegal, including those of WAEMU or ECOWAS origin, are also subject to additional taxation without any counterpart at the domestic level, for which the basis is the customs value. This concerns a “temporary surcharge” of 20 percent on imports of onions, cigarettes, potatoes and bananas and a 10 percent surcharge on some cereal products such as millet and sorghum. Senegal applies a simplified and harmonized VAT regime. The ordinary VAT rate is 18 percent. Exemptions include unprocessed and staple food products, such as rice and wheat which are subject to a special tax regime. The

[3] Economic Organization of West African States

VAT and special taxes on wheat and rice are currently waived in an effort to keep local food price inflation in check.

Senegal has also introduced a special import tax (TCI) on sugar, refined vegetable oil and wheat flour from third countries. The TCI is a nationally-applied protection mechanism established by the WAEMU and is imposed on agricultural, agro-industrial, livestock and fisheries products, with the exception of fish and fish products; the purpose of the TCI is to mitigate the effects of erratic fluctuations in international prices of certain products on community production and to counteract unfair practices. It is imposed on products imported from third countries in two ways: 10 percent of the trigger price or by equalization.[4] Senegal applies equalization under the TCI for sugar, but it is only used for sugar for daily consumption, whereas a TCI of 10 percent applies to groundnut, soybean and colza oils and wheat flour.

Senegal also applies a livestock support fund levy, which is imposed on imported animal products without any counterpart at the domestic level: CFAF 100/kg (about 20 cents) for bovine, sheep and poultry meat; CFAF 50/kg (10 cents) for pork meat.

Senegal also implements WTO's Customs Valuation Agreement and has requested a waiver in order to maintain "reference values" for over 29 products of non-WAEMU origin, including refined vegetable oil, and food preparations. This provision complements an import verification program (PVI) for imports exceeding CFAF1 million (about USD 2,000). The application of minimum values is used for protecting domestic production in the absence of operational mechanisms for anti-dumping, countervailing and safeguard measures.

Escalation of duties

Senegal maintains a tariff regime under which the manufacturing sector benefits from levels of protection that are actually higher than those indicated by the WTO nominal rates. In fact, the simple average of duties on unprocessed and semi-processed products in the agricultural sector is lower than the simple average of duties on finished products and this escalation can be seen in other sectors as well.

Excise duties

Excise duties are imposed on tobacco, tobacco products, and alcoholic and non-alcoholic beverages (excluding water) in WAEMU countries. Coffee, tea, wheat flour, and edible oils and fats may also be subject to excise duty. Each member country is free to set excise duty within the ranges established by WAEMU. In Senegal, excise duty is imposed on cigarettes (15 percent) and other tobacco products (up to 30 percent); alcoholic beverages (30 percent); aerated beverages (2.75 percent); coffee and tea (3.8 percent); refined vegetable oils (15 percent); butter, dairy cream and mixtures containing butter or cream (12 percent); and other fats (5 percent). Only peanut oils are exempted from these duties. This measure is actually a *de facto* protection of domestic industries.

- Tariff-Rate Quotas

Senegal applies a free import policy with no tariff-rate quotas in effect.

- Administrative Measures

Registration is no longer a potential obstacle to trade in Senegal as this requirement has been suppressed in order to simplify foreign trade procedures.

[4] The TCI is applied in two different ways: if the customs value is lower than the threshold price set by the WAEMU Commission, the TCI is imposed at a rate of 10 per cent of the value calculated as from the threshold price.

Senegal has substantially reformed its standardization, accreditation and certification systems in 2002. A catalogue of standards exists and is accessible to the public. There are 197 standards including 110 based on international standards; only standards related to vinegar, iodized salt, tomato concentrate, paddy rice and milled rice are compulsory. Standards apply both to locally produced and imported products. Imports of double tomato concentrate that does not comply with the standards applicable to domestic production are banned; the purpose of this standard is to protect the local producers of double tomato concentrate. Senegal has also several mandatory standards applicable in case no such international standards exist or when the technical content of a regulation is not in line with the relevant international standards. That is the case for wheat flour, tomato concentrate, peanut butter, and aflatoxin content in peanut butter.

- Sanitary and Phytosanitary Measures

- **General**

Senegal applies sanitary control measures in conformity with the Phytosanitary Convention for Sub-Saharan Africa and prescriptions of the Sahel Pesticides Committee. This system provides for total bans, prior authorization by the Senegalese Plant Protection Service (DPV), authorization for import limited to certain designated institutions, and free import. A phytosanitary certificate is required for all plant imports. Quarantine is allowed only in sites recognized by the Inter-African Phytosanitary Council. The sale or distribution of agro-pharmaceuticals not approved by the authorities is banned. A special authorization is granted under a joint order by the Minister of Agriculture and the Minister of Health for a limited period. Food safety tests may be conducted on samples and the Ministry of Commerce has a modern and equipped laboratory for conducting such tests.

- **Biotech Products**

There is a lack of institutional framework and regulations for the import and use of biotech products. Although a national bio-security committee responsible for conducting the process for the adoption and application of biosafety regulations, there is no system in place for the approval and control of the imports and use of GMO products.

B. Export Subsidies

There is no export subsidy program in Senegal. However, Senegal does not apply duties or taxes on export products and they are exempt from VAT. In addition, there is a free export company regime which grants substantial fiscal benefits to companies earning 80 percent of their income from exports, especially in the fishing industry. The Government of Senegal considers this practice as an export incentive against high production costs.

Exporters also benefit from several sectoral export promotion programs such as the Agricultural Market Development Program (PDMAS). In addition, the government has established an investment and export promotion agency, APIX[5], which supports exports by promoting and facilitating investment in export products; and export promotion agency, ASEPEX[6], by providing market information and support to exporters.

[5] APIX: Agency for the Promotion of Investments and Exports
[6] ASEPEX: Senegalese Export Promotion Agency

C. Domestic Supports

Senegal applies a set of domestic supports to the agricultural sector through the subsidization of fertilizers and seeds of major food and commercial crops such as peanuts and cotton. Although the amount of these subsidies is fairly insignificant, they seem disproportionate as these supports target the supply chains of privately owned companies.

Senegal recently shortened the time it takes to establish a business in Senegal in an effort to attract investment, and also provides certain tax incentives. These are the free export regime, the industrial free-trade zone, and various facilitation regimes established under the Investment Code (see table below).

Regime	Benefits
Company	**-** Exemption from customs duties on goods vehicles and other transportation means used for production; - Exemption from any taxes based on wages; - Exemption from duties for the establishment or modification of company's status; - Exemption from business license fee and property tax on non valorized land; - Exemption from the minimum tax on income levied by the company on dividends; - Corporate tax at a rate of 15%.
Products	**-** Duty-free export or import of capital goods, equipment, raw materials, processed and semi-processed products; - Local purchases free of tax; - 20% of production may be sold in the local market (provided that the customs formalities are completed and the applicable duties and taxes are paid); - No restrictions on the nationality of the transportation system used.

Source: APIX

Within WAEMU, there is growing call for reducing subsidies and production support. However, this prohibition does not extend to direct subsidies provided to companies which do not affect competition as per WAEMU directives. Senegal has freed the control of prices of certain commodities, although the government still oversees pricing practices for the major food commodities such as rice, wheat, vegetable oil and sugar.

In the aftermath of the Avian Influenza outbreak in West Africa in 2005, Senegal has been receiving increasing support from international donors, including USAID and USDA, to help government veterinary services and the private sector develop their capacity to establish surveillance, control and communication systems.

Section IV. Other Trade Agreements (non-WTO or FTA)

Senegal's trade policy is primarily based on trade agreements negotiated and signed within WAEMU. Senegal is also a member of ECOWAS with less binding commercial ties with non-WAEMU members of ECOWAS. There is no FTA with the United States. The negotiations with the EU on the Economic Partnership Agreement (EPA) have been suspended with Senegal leading most African Low Income Countries opting for renegotiation of the agreement[7].

[7] The EPAs 'Economic Partnership Agreements' are new free trade agreements between the EU and 74 of its former colonies in Africa, the Caribbean, and the Pacific (ACP). These negotiations between the two regions will widen the already extreme disparities in negotiating power and could lead to unfair deals. So the proposed EPAs are considered by these governments as serious threat to the future development prospects of ACP countries