

Gabon Trade Brief

Trade Policy

As a member of the Economic and Monetary Community of Central Africa (CEMAC), Gabon adopted the group's Common External tariff (CET) in 1993. With the CEMAC tariff rates being generally higher than the average rates in the Sub-Saharan Africa (SSA) region, the country's MFN Tariff Trade Restrictiveness Index (TTRI)¹ of 14.9 percent is much higher than those of an average Sub-Saharan Africa (SSA) or upper-middle-income country (11.3 percent and 6.9 percent, respectively). Based on the TTRI, it ranks 163rd out of 181 countries (where 1st is least restrictive). To reduce dependence on food imports, which currently account for about 60 percent of food consumption in Gabon, the government is targeting a 45 percent increase in agricultural production by 2015.² To this end, the agricultural sector enjoys relatively high tariff protection of 17.9 percent, compared to 14.3 percent for the non-agricultural sector. The country's average MFN applied tariff has remained largely unchanged over the past decade and is currently 17.8 percent. Again indicating the level of protection afforded to the agricultural sector, coffee, fruits, and vegetables are among the products subject to Gabon's maximum MFN applied tariff (excluding alcohol and tobacco) of 30 percent. The government is particularly interested in reviving the coffee sector, for which output reached a peak of about 4,000 tons in 1976 but fell to about 200 tons in 2005.³ There is however little room for increasing tariff protection as the country's trade policy space, as measured by the wedge between bound and applied tariffs (the overhang), is only 3.6 percent. Regarding its commitment to liberalizing services trade, Gabon

ranks 109th (out of 148) on the GATS Commitments Index.

In light of the global financial crisis, the government allocated 10 billion CFA francs to the Gabonese Development Bank (BGD) to fund projects in forestry, tourism, agriculture, and public housing.⁴

External Environment

Comparing its Market Access TTRI,⁵ including preferences of 0.7 percent, to the SSA and upper-middle-income averages of 3.9 percent and 2.3 percent, respectively, Gabon's exports face a highly favorable trading environment, a pattern typical for an oil-exporting country. Painting a similar picture, exports from Gabon to the rest of the world face a relatively low weighted average tariff (including preferences) of 0.6 percent, driven largely by the low barrier of 0.6 percent faced by its non-agricultural exports, which include oil. Its agricultural exports face a much higher tariff of 8.7 percent. Gabon's currency, the CFA franc, which is pegged to the euro, appreciated by 4 percent in real, trade-weighted terms in 2008, making the country's exports less competitive.

Negotiations between the Central Africa group, to which Gabon belongs, and the EU towards a full Economic Partnership Agreement (EPA) could not be completed prior to the December 2007 deadline, and Gabon opted not to sign a bilateral "interim" agreement with the EU. As a result, the preferences under the Cotonou Agreement elapsed, and now Gabon's exports, which are not those of a least developed country, may benefit only from lower preferences under the General System of Preferences (GSP) scheme. The country continues to negotiate a comprehensive EPA with the EU as part of the Central Africa group.

Behind the Border Constraints

Gabon remained in the bottom 20 percent of international business environments in 2009, being ranked 158th out of 183 countries in the Ease of Doing Business index. In terms of the extent of trade facilitation in the country, Gabon scores 2.1, on a scale of 1 to 5, on the Logistics Performance Index (LPI), trailing both the SSA (2.35) and upper-middle-income

Unless otherwise indicated, all data are as of August 2009 and are drawn from the World Trade Indicators 2009/10 Database. The database, Country Trade Briefs and Trade-at-a-Glance Tables, are available at <http://www.worldbank.org/wti>.

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(2.85) group averages. It ranks 134th (out of 150) in the world and 34th (out of 39) in the SSA region (with South Africa leading the regional group). Among the LPI subcategories, the country's best performance was in lowering domestic logistics costs while its weakest performance was in the ease and affordability of arranging international shipments.

Trade Outcomes

Real trade growth decelerated to 5.8 percent in 2008 from 11.5 percent in 2007, and is expected to turn negative in 2009, with trade falling by 0.1 percent. Imports increased by 13.2 percent, a slowdown from the growth rate of 22 percent in 2008, and growth is forecast to slow down even further to 2.6 percent in 2009. Despite the use of new technology at old wells and extraction from marginal wells picking up (made profitable by rising oil prices), crude oil output fell marginally from 12.13 million tons in 2007 to 12.06 million in 2008.⁶ Exports were therefore unable to maintain the positive growth of 4.2 percent in 2007, falling by 0.2 percent in 2008, and are expected to continue this downward trend in 2009, falling by a projected 2.1 percent.

In nominal terms, trade growth went up slightly to an estimated 19.1 percent in 2008 from 16.6 percent in 2007. Import growth decelerated from 19.6 percent in 2007 to an estimated 15.3 percent in 2008, while export growth accelerated from 15.2 percent in 2007 to an estimated 20.9 percent in 2008. Goods exports grew at an impressive estimated rate of 21.4 percent in 2008, up from 15.8 percent the year before, but this performance is not expected to be maintained in 2009, with goods exports projected to plummet by 43.9 percent. Services exports recovered in 2008, growing by an estimated 4 percent after falling by 2 percent in

2007, but are expected to contract again by 7.9 percent in 2009.

Notes

1. TTRI calculates the equivalent uniform tariff that would keep domestic welfare constant. It is weighted by import shares and import demand elasticity.
2. WTO 2007.
3. WTO 2007.
4. African Economic Outlook 2009.
5. MA-TTRI calculates the equivalent uniform tariff of trading partners that would keep their level of imports constant. It is weighted by import values and import demand elasticities of trading partners.
6. African Economic Outlook 2009.

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