Translated from French

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Implementation of the Almaty Programme of Action

Report of Burundi

I. Introduction

The Republic of Burundi is a landlocked country located on the cusp of Central and East Africa. Like other landlocked countries, Burundi is at a disadvantage in terms of access to international markets. Distances to the regional ports in Tanzania and Kenya are long. The distance from Bujumbura (the capital of Burundi) to the nearest Indian Ocean port is 1,100 km as the crow flies, while the nearest Atlantic Ocean port is 1,900 km away. As a result, logistical costs are very high. These high prices drive up the cost of imports into Burundi and undermine the competitiveness of its exports; it must therefore rely on its neighbours for its commercial traffic.

Bujumbura, the capital, plays an important role in Burundi's logistical system. In Burundi virtually all merchandise, agricultural and industrial inputs, manufactured goods, basic foodstuffs, and transport and communications equipment are imported. Connections to regional and international markets are made through a multimodal system consisting of roads, Lake Tanganyika and air transport.

In arable land areas, roads are few and far between, so access to infrastructure is problematic. Similarly, only 2 per cent of the population has access to electricity. The telecommunications network remains very sparse, with a coverage rate of 3 per cent of the population by fixed, mobile and Internet telephony, and over 90 per cent of subscribers are in urban areas.

Not only is access to infrastructure services limited, but the poor state of the infrastructure results in significantly higher costs. Services may cost twice or thrice as much as in neighbouring countries, to the detriment of Burundian businesses' competitiveness in regional and global markets. The intrinsic and upgrade costs of these services adversely affect Burundian enterprises' business opportunities.

In short, before the adoption of the Almaty Programme of Action, Burundi, as a small landlocked country, faced many difficulties and high costs of access to regional and global markets: high transport costs, weak infrastructure and limited logistical services, excessive non-tariff barriers, difficult access to liquidity (credit) on favourable terms, a weak private sector, difficult access to electricity and to fixed and mobile telephony, low diversification of exports, poorly organized agricultural associations, a legal and institutional framework that discourages trade and investment, an inappropriate framework for public-private dialogue and partnership, poor institutional capacity (lack of human and financial resources) to formulate and implement reforms, lack of a regional integration strategy, etc. It was therefore imperative that measures be taken to reduce logistical costs and constraints on creation of added value (energy and telecommunications).

The Almaty Programme of Action, which, among other things, provides for access to and from the sea by every means of transport, reduces transport costs for imports, improves services to enhance export competitiveness, better road transport safety and greater security for people along the corridors involved, is intended to address this concern.

The purpose of this report is to shed light on Burundi's main achievements and the major constraints it has faced in implementing the Programme of Action since its adoption in 2003 at Almaty, Kazakhstan.

In preparing this report we have sought to take account of the guidelines laid down by the reference documents at the national level, namely: the "Burundi 2025" Vision, the second Strategic Framework for Growth and Poverty Reduction (CLSP II), the Diagnostic Trade Integration Study (DTIS 2004), and the Trade Policy Review: East African Community (EAC) (October 2012), as well as the Infrastructure Action Plan for Burundi. All four documents seek to promote economic development, reducing the effects of poverty, and to improve transport and communication facilities. They call for social and economic policies in which trade plays a key role.

II. Assessment of key trends in economic, social and environmental development

II.1 Recent economic performance and future challenges

II.1.1 Overall economic performance

According to the East African Community's 2012 Trade Policy Review, Burundi's economy has been growing steadily since 2003, when the last trade policy review on Burundi was carried out, even though the rate of economic growth remains weak and falls short of the expectations of CLSP I, which projected average growth of about 6 to 7 per cent per year.

In 2011, the real GDP growth rate in Burundi was 4.2 per cent, compared to 3.8 per cent in 2010 and 3.5 per cent in 2009. Overall inflation stood at 9.5 per cent in 2011, as against 6.4 per cent in 2010 and 10.6 per cent in 2009. In 2008, pressure on aggregate demand due to an oil and food price shock and an energy shortage led to record inflation of 26 per cent. In 2012, real GDP was expected to grow by 4.9 per cent and consumer prices by 11.7 per cent.

Investment was up sharply, in particular due to post-conflict reconstruction work and an improved business climate. In nominal terms, total investment increased by 32.1 per cent between 2007 and 2010 (BIF 185.7 billion compared to BIF 379.9 billion); and the overall investment rate rose from 17.5 per cent of GDP to 20.6 per cent of GDP over the same period.

II.1.2 Sectoral growth

The same report notes that Burundi's economy is dominated by the primary sector (agriculture, livestock and fisheries), which represented 42.9 per cent of GDP in 2010, as against 43.7 per cent in 2007. The primary sector employs about 90 per cent of the workforce and accounts for over 90 per cent of export earnings. Nevertheless, agriculture's share of GDP has been declining in recent years with a corresponding rise in the tertiary sector, particularly market services.

The secondary sector, consisting mainly of industry and construction, has been stagnant since 2003, averaging 15.5 per cent of GDP per year over the period. Burundi's industrial sector is dominated by the food industry (57.5 per cent of the total), while construction activities (averaging 5 per cent of the total) relate mainly to socioeconomic infrastructure.

The tertiary sector has continued the growth begun in 2005, as its share of GDP increased from 34.3 per cent in 2007 to 35 per cent in 2009 and 2010. This change in the structure of the Burundian economy reflects an upswing in services, especially in the public administration subsectors, which rose to 22.2 per cent of GDP in 2009 and 2010 from 9.7 per cent and 11.1 per cent, respectively, in 2005 and 2006; and in transport and communications (5.2 per cent of GDP in 2009 and 2010 by volume, up from 2.9 per cent and 3 per cent respectively in 2005 and 2006).

Burundi economic indicators, 2005-2010

	2005	*2006*	*2007*	*2008*	*2009*	*2010*
GDP at market prices (BIF million)	860 900	946 402	1 060 132	1 386 199	1 637 111	1 843 893
GDP at market prices (US$ million)	796	920	980	1.169	1.331	1.498
Real GDP, growth rate (per cent)	0.9	5.1	3.2	4.3	3.4	3.9
Population (million)	7.4	7.6	7.8	8.1	8.3	8.5
Nominal GDP per capita (US$)	107.9	121.0	125.0	144.8	160.3	175.9

	2005	2006	2007	2008	2009	2010
	As per cent of GDP					
Sectoral distribution of GDP						
Primary sector	45.2	45.1	43.7	43.5	42.8	42.9
Secondary sector	15.4	15.3	15.3	15.4	15.7	15.8
Industry, mining and energyb	10.6	10.4	10.3	10.2	10.2	10.3
Construction	4.8	4.9	5.1	5.2	5.4	5.5
Tertiary sector	32.5	32.8	34.3	34.5	35.0	35.0
Tradable services	11.5	11.5	12.5	12.5	12.8	12.8
Non-tradable services	21.0	21.2	21.9	22.0	22.2	22.2
GDP at factor cost	93.1	93.2	93.3	93.4	93.5	93.6
Indirect taxes, minus subsidies	6.9	6.8	6.7	6.6	6.5	6.4
National accounts						
Private final consumption	92.0	94.9	95.1	87.0	81.8	80.0
Public final consumption	26.5	27.3	27.1	41.6	36.7	39.2
Gross fixed capital formation	10.5	16.3	17.5	22.3	22.1	20.6
Variation in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Net exports	29.1	38.5	39.8	50.9	40.7	39.7
Exports of goods and services	11.5	10.1	8.6	9.0	7.3	9.1
Imports of goods and services	40.6	48.6	48.3	59.9	48.0	48.8
Prices and interest rates						
Inflation (CPI, per cent change)	13.5	2.8	8.3	24.1	11.0	6.4
Deposit rate (interest rate)	9.6	8.9	8.3	8.1	7.6	7.3
Exchange rate						
BIF per US dollar (annual average)	1.082	1.029	1.082	1.186	1.230	1.231
Public finances						
Revenue and grants	32.5	30.4	34.3	28.7	25.9	39.4
Revenue	20.5	19.3	19.0	18.8	18.9	19.9
Tax revenue	18.5	17.3	17.5	17.1	17.0	18.6
Non-tax revenue	2.0	2.0	1.5	1.7	1.4	1.3
Special revenue (COMESA)	0.0	0.0	0.0	0.0	0.5	0.1
Grants	12.0	11.1	15.2	9.9	6.5	19.3
Expenditure	34.7	33.7	37.1	31.6	32.8	46.8
Current expenditure	25.7	24.0	25.0	26.1	26.4	27.5
Expenditure on goods and services	16.1	17.4	17.3	18.6	17.3	16.8
Wages	8.5	9.5	10.5	11.2	11.0	11.5
Purchases of goods and other services	7.6	7.9	6.7	7.5	6.3	5.3
Subsidies and other transfers	3.5	3.8	4.4	5.2	6.9	8.5
Interest payments	3.7	2.1	2.8	1.9	1.6	1.6
Special fund expenditure	2.4	0.7	0.5	0.4	0.5	0.6

	2005	2006	2007	2008	2009	2010
Current account balance, excluding grants	5.2	4.7	6.0	7.3	7.5	7.6
Current account, balance including grants	6.8	6.4	9.3	2.6	0.5	11.9
Capital expenditure	9.0	9.7	12.1	5.5	6.4	19.3
Overall balance, excluding grants (accrual basis)	14.2	14.3	18.1	12.8	13.9	26.9
Overall balance, including grants (accrual basis)	2.3	3.3	2.8	2.9	6.9	7.4
Financing	2,3	3.3	2.8	2.9	6.9	7.4
External financing	1.6	2.1	0.9	1.0	4.7	6.1
Net domestic financing	0.4	3.9	0.4	2.4	5.2	1.3
Errors and omissions	0.2	2.7	1.6	0.5	3.1	0.0
Public debt						
Domestic debt (end of year)/GDP	22.4	24.4	22.7	19.7	22.4	23.2
External debt (end of year)/GDP	144.6	140.0	144.4	113.1	34.3	28.6

Sources: Ministry of Planning and Communal Development (2011), *L'Économie Burundaise en 2010*; and Bank of the Republic of Burundi (2012), *2011 Annual report*.

II.1.3 Modernization of the legal and regulatory framework for purposes of trade facilitation

1. Creation of Burundi Revenue Office (OBR)

The main reform has been the establishment of the OBR under Act No. 1/11 of 14 July 2009, which completely overhauled the organization of Burundi's tax and customs services, establishing an agency with great management autonomy, to be run on a results-based management model, replacing the previous ministerial type administrations. The OBR actively supports Burundi's ambition to achieve greater regional integration. New border posts with streamlined, simplified traffic patterns were built between 2011 and 2012 and the activity will continue into the future. Bilateral agreements were signed with neighbouring countries for the operation of one-stop border posts. Computer systems have been deployed at some border posts and new ones continue to be deployed, while new customs procedures have been put in place with a view to facilitating and accelerating the movement of goods across borders. The old, highly bureaucratic paper-based systems and procedures have been replaced by modern computer-supported practices and procedures. The OBR is supported by the Government of Burundi in the implementation of IT systems.

Other reforms relate to:

2. The **"Burundi 2025" Vision**, which is also a planning tool for long-term economic and social development, to guide national sustainable development policies and strategies in order to meet the needs of present and future generations.

The document is based on certain key actions that will mark a break with the negative trends of the past. The strategic foci we shall deal with in this report are of three types:

First, given agriculture's preponderant share in the Burundian economy and its rudimentary state of development, modernization of agriculture is planned, together with the development of agro-industry. The national authorities also aim to develop sectors with high growth potential such as tourism, telecommunications and mining. Finally, emphasis is to be put on industrialization and the development of the private sector in Burundi over the coming years. In accordance with that emphasis, the "Burundi 2025" Vision puts the priority on economic infrastructure, including energy.

The other focus is on strengthening regional integration and capitalizing on the gains so derived. In addition to the East African Community (EAC), Burundi is also a member of the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of the Great Lakes Countries (ECGLC) and the Economic Community of Central African States (ECCAS). The authorities intend to harmonize their commitments to these communities by implementing appropriate reforms, and especially by making Burundian products competitive on the various regional markets. Diversifying the exports base and increasing local businesses' competitiveness is vital to the success of our regional integration policy.

The last focus is on the strengthening of international partnerships, whereby Burundi is seeking to create synergies between development partners and to promote a framework for dialogue in the process of development planning, financing and implementation of our “Burundi 2025" vision.

3. Inspired by the “Burundi 2025” Vision, in September 2006 the Burundian government adopted its first **Strategic Framework for Growth and Poverty Reduction (CSLP I)**. The document was reviewed and updated in January 2012. The second Strategic Framework for Growth and Poverty Reduction (CLSP II) aims to create a favourable environment for sustainable development in Burundi with a view to achieving the Millennium Development Goals (MDGs) and the “Burundi 2025” Vision.

Implementation of CSLP I led to encouraging results in the areas of security, governance, development of human capital and access to basic social services. However, economic growth remains low — mainly due to an inefficient agricultural sector, a very restricted export base, and weakness in investment and the private sector — and has failed to alleviate the plight of the poor. Implementation of CSLP I did however enable Burundi to fulfil the requirements of the IMF’s Heavily Indebted Poor Countries (HIPC) initiative and have its debt substantially discounted by its international creditors.

To remedy that situation, the goals set for CLSP II are, in particular, transformation of the Burundian economy to achieve sustained growth and job creation, improvement in the accessibility and quality of basic social services, and strengthening the foundation of social protection and spatial and environmental management for sustainable development.

4. A framework for dialogue and public/private partnership was established by decree in June 2008; it includes a permanent secretariat and is meant to provide a high-level forum for consultation and dialogue between authorities on issues of private sector development.

5. Finally, the Government has stepped up its privatization process by withdrawing from several key sectors of the economy, including such services as transportation. The current Government has a Ministry of Good Governance and Privatization reporting directly to the President of the Republic.

Its mission is to oversee and manage the policy on privatization of public enterprises and to establish structural and institutional reforms for that purpose.

6. Burundi’s efforts and intentions with respect to investment policy were given concrete form through the adoption of a new Investment Code in 2008, pursuant to Act No. 1/24 of 10 September 2008.

The new Code is largely similar to those of the other EAC countries. In addition, Act No. 1/23 of 24 September 2009 sets out the tax benefits granted to investors. They include exemption from customs duties for some capital goods, a tax credit of 37 per cent for depreciable capital goods, exemption from VAT down payments for investment projects valued at more than BIF 500 million, countervailing duties reduced from 5 per cent to 1.5 per cent when the investment is greater than BIF 1 billion, and a 2 per cent reduction of tax assessment when the company creates between 50 and 200 jobs.

Burundi’s institutional policy investment framework was strengthened with the establishment of the Investment Promotion Agency (API) in 2009 pursuant to Act No. 100/177 of 19 October 2009. The essential mandate of the API is to provide information on investment and export promotion, to assist and support investors in general, in particular in obtaining documents and completing formalities, to devise such reforms as will improve the business climate, to challenge governments on non-application or misapplication of the Investment Code and so forth.

Burundi was ranked 169th out of 183 countries in the World Bank’s 2012 Doing Business ranking, up eight places from the previous year. Burundi has pledged to continue its efforts to improve the business climate.

II.2 Future challenges

According to the latest CLSP II estimates, GDP growth should accelerate from 4.2 per cent in 2011 to 5.1 per cent in 2012 and to 8.2 per cent in 2015. On average, over the 2012-2015 period, Burundi’s economy is expected to show growth of 6.9 per cent per year or 3 per cent above the average growth rate between 2007 and 2011. That growth will be driven by developments in all three sectors, primary, secondary and tertiary.

In improving the economic conditions of the poor and successfully implementing its future policies, Burundi must at the same time keep a number of challenges under control. The following are among its other major challenges in years to come:

— To intensify agricultural production systems;

— To increase the efficacy of public expenditure;

— To develop the private sector, the engine of economic growth;

— To enhance energy generating capacity;

— To boost national capacity in the area of trade policy;

— To improve the business climate, and;

— To diversify the national exports base.

III. Transit policy

III.1 National reforms to improve the legal and institutional framework relating to transport

Given Burundi’s landlocked situation, transport development holds a prominent place in its socioeconomic development priorities. With a road network of 7,059 km, and given the presence of Lake Tanganyika, the authorities intend to develop road, lake and air links alike. A number of modernization and maintenance programmes have been initiated with the creation of the National Road Fund and the creation of the Equipment Rental Agency.

The Government’s main goals are to end the isolation of rural areas and to enhance competitiveness, domestic production and regional integration. As part of the diversification of its access routes, the Government is placing particular emphasis on the upcoming extension of the railway between the United Republic of Tanzania and Burundi.

To coordinate the complex logistical and transport problems, Burundi in 2006 signed a multilateral agreement establishing a “Central Corridor Transit Transport Facilitation Agency” (TTFA). The other parties involved are the Democratic Republic of Congo, Rwanda, Tanzania and Uganda.

The corridor consists of a multimodal network comprising the port of Dar es Salaam, a 1,254 km railway link from Dar es Salaam to Kigoma, water transport on Lake Tanganyika as far as Bujumbura and the DRC, and a Dar es Salaam/Burundi/Rwanda road network extending to Dodoma, Singida, Nzega and Lusahunga. It is governed by the multilateral agreement on the relevant organization, whose main objectives are:

— To ensure that the central corridor is efficient and cost effective;

— To promote the corridor commercially, to increase its use;

— To facilitate infrastructure planning and operation of the corridor through the collection, processing and dissemination of traffic data, an analysis of the corridor’s competitiveness, and commercial information;

— To ensure sustainable maintenance of infrastructure;

— To improve customs clearance procedures, implement joint customs control, and establish customs posts adjacent to land borders and at seaports.

The TTFA management structure is as follows: an inter-State Council of Ministers; a Board of Directors; a stakeholders' advisory committee; and a permanent secretariat.

The key public and private sector stakeholders are ministerial offices responsible for transport issues, customs and port authorities, terminal operators, shippers' and manufacturers' associations, associations of shipping agencies, railway companies, railway holding companies, freight forwarders, and trucking and shipping companies.

The African Development Bank (AfDB) provided the secretariat with start-up funding of US$ 1.8 million over three years as of January 2007. Since then, the secretariat has started to develop its own self-financing mechanism.

Despite these reforms, Burundi's logistical performance remains the poorest in the East African Community. Logistical improvements in Burundi are slower than those of its main trading partners.

A national strategy to improve logistics is needed in Burundi and will enable the country to better cooperate with its neighbours that have access to the sea.

III.2 Simplification and harmonization of transit and of trade regulations

Following Burundi's accession to the EAC, on 1 July 2007, and the associated customs union, all tariffs within the Community were eliminated. Community rules of origin were established and the elimination of customs duties and charges having equivalent effect on products originating in the EAC came into force in 2010. In practical terms, this has meant that Burundi, which had already liberalized its trade — fully with Rwanda and Kenya under the COMESA Free Trade Area and partially with Uganda — has additionally opened its markets to the United Republic of Tanzania.

Since its accession to the EAC customs union, Burundi has been applying the three-band Common External Tariff (CET): 0 per cent on raw materials and capital goods, 10 per cent on intermediate products, and 25 per cent on finished products. The Community's CET includes 5,432 8-digit lines from the Harmonized System (HS) Nomenclature. The protocol provides for review of the highest rate after five years. In addition, higher rates of 35 per cent to 100 per cent apply to products deemed sensitive, such as dairy products, wheat, rice, sugar, corn and cotton fabrics. The protocol establishing the EAC Common Market, which came into force in Burundi in July 2010, provides for the free movement of goods, persons and workers, the right of establishment, the right of residence and free movement of services and capital.

Burundi's customs legislation therefore underwent a great change with the application of the EAC "Customs Management Act", replacing Act No. 1/02 of 11 January 2007 establishing the Customs Code of Burundi.

III.2.1 Customs and border management reforms

The creation of the OBR has made trade more transparent through the use of information and communication technologies (ICTs). Some of the advances achieved by the OBR are:

— The introduction of electronic customs declarations;

— The extension of working hours: from 7:30 a.m. to 8 p.m. instead of 7:30 a.m. to 3:30 p.m.;

— Migration from the ASYCUDA++ computerization system to ASYCUDA World at Customs, to reduce declaration time;

— The presence of branches of commercial banks at customs offices;

— Computerization of some border posts;

— Procedures for management of T-1s implemented since July 2011;

— More clearance offices;

— The introduction of the information-sharing system with other customs administrations at important border posts;

— Compulsory registration of customs declarants in a professional association;

— The harmonization of customs valuation rules and rules of origin and the adoption of methods based on risk analysis in place of systematic physical controls to reduce delays.

III.2.2 Bilateral, subregional and regional agreements to improve transport

Over the years Burundi has, for various reasons, joined regional integration initiatives, including the International Conference on the Great Lakes Region (ICGLR), the Nile Basin Initiative, the Lake Tanganyika Authority, the Economic Community of the Great Lake Countries (ECGLC), the Economic Community of Central African States (ECCAS), the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC). Since October 2008, the country has been negotiating a SADC-COMESA-EAC Tripartite Agreement within EAC that aims to create a free trade area between the three regional communities.

1. COMESA

As part of their efforts to facilitate trade within the region and beyond, COMESA's member States have undertaken programmes to improve transportation and communications systems with a view to reducing tariffs within COMESA; on 31 October 2000 they created a Free Trade Area, of which Burundi has been a member since January 2004. In 2006, Burundi ratified COMESA's Customs Bond Guarantee Scheme (CGBS), which seeks to eliminate unnecessary administrative and financial costs.

Burundi applies the system of harmonized road transit charges within COMESA. It also applies COMESA's transport licence system, which provides for a single international truck licence valid throughout the region that will allow trucks to load goods in all member States. Burundi also applies the COMESA Yellow Card system, an auto insurance scheme covering liability and medical expenses of victims of traffic accidents caused by foreign drivers from the COMESA region.

2. East African Community

Burundi's most notable advances in regional trade integration have come within the East African Community (EAC); and the regional integration process is expected to be strengthened over the coming years with the establishment of an economic and monetary union and a political federation. To consolidate the progress made so far, the Government intends to conduct a rigorous follow up of the steps that remain to be taken, namely:

— Full implementation of the Common Market Protocol with respect to its four freedoms and the corollary rights of establishment and residence;

— Harmonization of national laws implementing Community law, particularly in such key areas as immigration, trade, finance, investment, security, governance and food security;

— Further liberalization of trade in services;

— Negotiations on the monetary union protocol;

— Continuation of negotiations for the EAC-COMESA-SADC Tripartite Agreement

For the Government of Burundi, trade and investment policy should be a means of rising above the natural (isolation) and structural weaknesses of Burundi's economy. The Government, within the East African Community (EAC), is negotiating preferential trade agreements — currently with the European Union (EPA) and later with the United States of America (Trade and Investment Framework Agreement).

Since 2003, Burundi has been pursuing a policy of removing tariff and non-tariff barriers to trade in goods and services. It has also established a national committee to monitor the identification and elimination of non-tariff barriers (NTBs) mechanism and is actively participating in EAC's regional forum on NTBs.

3. COMESA-EAC-SADC Tripartite Free Trade Area (TFTA)

Burundi recognizes that its membership in various regional communities complicates its trade policy in that it has overlapping regional trade commitments, with divergent rules and objectives. Hence, Burundi has joined the TFTA that brings together the three regional economic communities, namely COMESA, SADC and EAC. By its participation it means to support the harmonization of all three communities' trade regimes. That tripartite agreement will create opportunities for trade with SADC members that are not members of COMESA — South Africa in particular.

In addition, the TFTA paves the way for rapid integration within EAC by eliminating the obstacles posed by membership in different regional economic communities.

4. Economic Community of the Great Lakes Countries (ECGLC)

Burundi founded ECGLC with Rwanda and the DRC in 1976. Following its collapse in the 1990s, the Community was re-established in 2007. It has five priorities: peace, security, democracy and good governance; agriculture and food security; energy, infrastructure and communications; education and research; and investment.

ECGLC, which includes Burundi, Rwanda and the Democratic Republic of the Congo (DRC), in 2009 introduced a single pass for residents of member States. Pass holders may move freely within the Community for a maximum period of three days. The new pass has facilitated the small-scale exchange of goods and services in Burundi border communities.

The main future directions for investment and trade policy in Burundi are set out in the "Burundi 2025" vision paper, the Strategic Framework for Growth and Poverty Reduction (CSLP II), and the 2012 update of the Diagnostic Trade Integration Study (DTIS). Other sectoral strategy papers have also been adopted by the Government. The main elements of this trade and investment strategy will be implemented jointly with the regional guidelines, in particular within EAC and COMESA. The Burundian authorities' overall objective is to ensure that trade liberalization contributes to economic development and poverty reduction. In particular, they seek to ensure that people reap the benefits of open regional and multilateral trade thanks to strong economic growth, job creation and wider choice of better products for consumers.

Burundi is also a member of the Economic Community of Central African States (ECCAS).

5. European Union

Burundi has long-standing trade relations with the European Union, which remains the top destination for its exports. In 2010, Burundi's exports to the EU accounted for 31 per cent of the total, as against 22.8 per cent to African countries; 10.6 per cent to the Middle East; and 8.4 per cent to Asia.

As a least developed country, Burundi has benefited from the European Union's "Everything But Arms" initiative and, since November 2007, has been negotiating an Economic Partnership Agreement with the EU under EAC auspices. The Burundi authorities, though they seek to diversify the country's trading partners, mean to strengthen economic and trade cooperation with the EU in coming years.

6. Bilateral trade agreements

Burundi has concluded bilateral economic, technical and trade agreements with both African and Asian countries as well as with the United States of America. The objective is to promote trade and diversify the country's trading partners.

Thus, Burundi has since 2006 been a beneficiary of the US Government's African Growth and Opportunity Act (AGOA).

Currently, the Government seeks to streamline its participation in various regional organizations so as to derive greater benefit from AGOA. Accordingly, a national regional integration strategy is being undertaken by the Ministry for the Presidency in charge of East African Community Affairs, with UNDP technical and financial support. The ultimate goal is to identify strengths and weaknesses of regional initiatives and decide whether or not to participate in them.

7. World Trade Organization multilateral commitments

The World Trade Organization (WTO) and the multilateral trading system are central to Burundi's trade policy. The national authorities believe that a system based on international rules is the best way to ensure that trade between countries, whatever their size or level of development, remains open and fair, and that everyone will join in the resulting prosperity. Thanks to special and differential treatment (SDT), Burundi intends to maximize the gains it derives from the WTO system and the ongoing negotiations of the Doha Development Agenda (DDA). It attaches great importance to the negotiations on agriculture and the continuance of SDT to support market access for its exports, as well as the use of a system for stabilizing world prices of agricultural commodities. Burundi hopes the Doha Round will help resolve the issue of agricultural subsidies by developed countries (mainly the United States and the EU) to farmers at the expense of LDCs.

Since its last trade review in 2003, Burundi, as an LDC, has continued to implement the WTO agreements, though many reforms still need to carried through to achieve compliance. Similarly, negotiations on the liberalization of trade in services at the regional level (COMESA and EAC) and other trade negotiations, including the Economic Partnership Agreements (EPAs) with the European Union and the Trade and Investment Framework Agreement with the United States, are being conducted in accordance with WTO's multilateral rules.

Finally, Burundi intends to further refine its knowledge of the WTO system and, for that purpose, wishes to receive ongoing technical assistance from WTO and its other aid-for-trade partners.

IV. Basic transit policy issues

The Government of Burundi channels its transport commitments through the Ministry of Transport, Public Works and Equipment. Before seeking to resolve transit-related questions such as international transport, Burundi has first tackled internal problems relating to transport, beginning with the modernization of its legal framework. As regards international transport, Burundi has worked to enhance its partnerships with its neighbours, principally by signing bilateral or subregional agreements and by harmonizing its legal framework and practices, in particular with the member States of the East African Community to which it also belongs.

IV.1 Inland transport

The Government has enacted or revised statutes and regulations to ensure that Burundians benefit from a healthy circulation of people and goods countrywide. At the time the Almaty Programme of Action was adopted, domestic transport legislation was almost non-existent, as the few statutes that existed dated for the most part from the colonial period (before 1962) and so had lapsed. Recognizing that transport plays a vital role in economic and social development of a country, Burundi has followed through on its commitment to meet Burundians' current transport needs. A number of statutes have been enacted or revised, including:

— Decree No. 100/286 of 12 October 2007 on the reorganization of the Ministry of Transport, Posts and Telecommunications;

— Establishment of the Burundi Revenue Office (OBR, the only body responsible for collecting government revenue) for purposes of harmonization with other EAC member States;

— Act No. 1/04 of 17 February 2009 on Inland Road Transport;

— Ministerial Order No. 730/523 of 23 April 2009 establishing the International Transport Department;

— Decree No. 100/70 of 16 April 2008 on the renewal of motor vehicle registration in Burundi;

— Ministerial Order 730/068 of 20 January 2005 setting out the rules for operating vehicles used to carry paying passengers (bus or minibus operation);

— Act revising the Traffic Code, 23 November 2011

IV.2 Air transport

The following actions were taken:

— Promulgation of Act No. 1/13 of 2 May 2012 on the Burundi Civil Aviation Code;

— In the field of civil aviation, aerospace, aeronautical telecommunications and airport firefighting operations, modern facilities have been installed to achieve greater competitiveness;

— From 2009 to 2011, regulations on civil aviation in Burundi were enacted, including the Bujumbura Airport Emergency Plan and the Search and Rescue (SAR) Plan;

— Promulgation in 2012 of Act No. 1/13 on the Burundi Civil Aviation Code;

— Trade agreements between the Government of Burundi and some aviation companies were entered into or revised.

Regarding lake and rail transport, the decade's great achievements are mainly as follows:

— In the legal and institutional area, from 2010 to 2011, regarding the regulation and development of lake, port and rail transport, Burundi established a code of lake navigation and shipping and a Maritime, Port and Rail Authority;

— The lake buoyage, dating from colonial times (before 1962), has recently been renovated;

— As part of the East African Railways Master Plan, a project to build a Dar es Salaam-Isaka-Kigali-Keza-Gitega-Musongati railway has reached the study phase, and the studies are now being finalized.

IV.3 International transport

Since the Almaty Conference, the Government's concerns in the area of international transport have remained focused on building transport and communications systems—land, air, sea, rail, and lake—that will help open up the country. That focus is justified not only by Burundi's landlocked status, but also by its strategic location as a hub between several regional, political and economic blocs. Enhancement of international transport has taken the form, in particular, of new or revised subregional agreements that have been signed with a view to facilitating trade with neighbouring countries as well as those more distant. In the spirit of these agreements, transport of passengers and freight should become faster and more economical.

The agreements are as follows:

— Agreement to establish the Central Corridor Transit Transport Facilitation Agency, Dar es Salaam, 2 September 2006;

— Northern Corridor Transit and Transport Agreement, Nairobi, 6 October 2007;

— COMESA Regulations for the Implementation of Liberalization of Air Transport Services;

— Transit Transport Coordination Authority of the Northern Corridor;

— COMESA Regulations for the Implementation of Liberalization of Air Transport Services.

Other very useful endeavours to ease transport and reduce costs are ongoing. Among these are:

— The establishment of one-stop border posts for EAC countries to accelerate customs clearance for vehicles in transit;

— Initiation of two transport observatory projects (TOP) in the northern and central corridors, with the goal of significantly improving transport and making the two corridors into drivers of economic development. Within the Northern Corridor the project got under way on 6 December 2012, at which point it had already been operational in the Central Corridor for almost a year. These projects use the GPS system. They will be important in improving the performance of the Northern and Central Corridors.

With this system, there is no doubt that the performance of both corridors will drive transport costs down and that commodity prices in the countries concerned will fall as a result. At the ports of Mombasa and Dar es Salaam, for example, cargo trans-shipment time could be reduced from 10 days to 1 day.

As regards ECCAS, the Central African Consensual Transport Master Plan calls for a link between Burundi and the Democratic Republic of the Congo: an all-road route from Bujumbura to the DRC border then on to Kavinvira, Uvira, Bukavu and Kinshasa.

There are plans to build a Great Lakes railway connecting Zambia, the DRC, Uganda, Rwanda and Burundi, in conjunction with COMESA; studies are now being done.

IV.4 Infrastructure maintenance and development

Infrastructure is one of the Burundian Government’s highest priorities; this refers among other things to roads, ports, airports, railways, energy and ICTs. The Government of Burundi currently devotes considerable resources to the construction, maintenance and rehabilitation of development infrastructure. With the help of external funding, much economic and social infrastructure has recently been put in place or rehabilitated or is under construction. Government action plans to develop economic infrastructure have been drawn up and many relevant projects have been undertaken; these may be found in the second Strategic Framework for Growth and Poverty Reduction (CLSP II).

At the Ministry of Transport, Public Works and Equipment, the Roads Office (ODR) is the specialized body for road works. It is a Government body having the requisite personality and legal capacity for arm’s-length operation. The Roads Office’s operating resources are granted from the Government’s regular budget. For its routine road maintenance programme, the ODR receives support from the National Road Fund (NRF), the amount of which is set each year by the two organizations jointly. In 2007, that amount was set at 15 per cent of the programme cost approved by both entities in accordance with an order to that effect. IDA and HIPC funds are also involved in routine maintenance of the road network.

The capital budget for new construction work or major renovation comes from external donors.

Regarding roads, the amounts allocated to the National Road Fund went up by a factor of 4.64 between 2005 and 2011, as shown in the table below.

Change in revenue, National Road Fund, 2005-2012 (in million Burundian francs)

2005	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*
2 349	3 567	5 046	5 622	7 608	8 349	11 112	10 911

Source: National Road Fund (NRF).

From 2005 to 2012, the kilometrage of maintained roads has increased significantly. Again, external aid payments have gone up very significantly in the roads sector.

IV.4.1 Sectoral diagnosis

IV.4.1.1 Roads sector

	Pavement (km)			*Condition (per cent)*		
Designation	*Paved*	*Unpaved*	*Total*	*Good*	*Fair*	*Poor*
National roads	1 370	575	1 945	18.62	28.01	53.37
Provincial roads	21	2 501	2 522	12.2	27.8	61
Municipal roads	0	282	282	10	20	70
Bujumbura city streets	137	462	599	20	30	50
Total	**1 528**	**3 589**	**5 348**			

A principal focus of the Government's roads policy is to open up the country to neighbouring countries in the region and to the major ports of Mombasa and Dar es Salaam, and to serve provincial capitals with paved roads. That policy has been carried out satisfactorily.

Thus:

— Two roads and two one-stop border posts at the Rwandan border have been built with funding from the African Development Bank (AfDB);

— A road to the DRC was upgraded with World Bank funding, while a route to Kigoma, Tanzania, will soon be upgraded (one section) and paved (another section), while a one-stop border post will be established at the Tanzanian border;

— Most provincial capitals (15 out of 17) are connected by paved roads;

— City streets in the capital, Bujumbura, have been significantly improved with European Union funding.

Currently, the Government's major challenge is to maintain the existing network and to upgrade paved roads that are more than 20 years old and have been showing signs of deterioration. Some clearly important roads connecting the provincial capitals have also yet to be paved.

IV.4.1.1.2 Private involvement in the execution of road works

To give a significant number of people access to income-generating activities, road maintenance is increasingly carried out using labour-intensive techniques. From 2005 to 2012, the kilometrage of maintained roads has increased significantly. Families that have formed Community Development Associations (CDAs) are responsible for ongoing maintenance of some 10 km of roads for each CDA. This technique works well and helps to reduce poverty in rural areas. All CDAs are supervised by small and medium enterprises (SMEs), which themselves take care of any work requiring greater technical means.

That is an indication of the private sector's growing interest in the roads sector, which is one of the essential factors in industrial growth and the advancement of expertise. At the Roads Office, a file is kept and updated regularly on SMEs' offices and local consultancy firms. As an illustration, 13 new SMEs and 4 new offices or independent consultants have been identified, bringing the total to 134 SMEs and 35 local consultants.

IV.4.1.2 Ports sector

This sector is not yet well organized, as Lake Tanganyika and the port of Bujumbura offer great potential for subregional development at all levels and can serve as a focus of industrialization.

Thus:

— Lake Tanganyika is the link between the **Northern**, **Central**, and **Southern** corridors, originating respectively from the port of Mombasa, from the port of Dar es Salaam by rail by way of Kigoma, and from the port of Durban by way of Mpulungu;

— The ports of Mpulungu (Zambia), Kigoma (Tanzania), Kalémie (DRC) and Bujumbura connect the Indian Ocean ports and the Great Lakes countries;

— That connection may extend to the Atlantic Ocean by way of the port of Kisangani;

— As Bujumbura International Airport is located next to the port, the development of both types of infrastructure could make the port of Bujumbura a trade hub for the subregion.

Unfortunately, the Port of Bujumbura is underequipped and even such facilities as exist are very old.

IV.4.1.3 Aerospace sector

Air transport performance is poor because airport infrastructure and facilities have not kept pace with the requirements of international civil aviation, airlines are unprepared for the industry's competitive environment, and the services responsible for managing air transport activities are not up to the task.

Despite these difficulties, air transport has developed significantly in recent years: traffic is up and international flights are more frequent: a significant factor for the promotion of tourism and foreign investment.

A resurgence of passenger-carrying activity has been observed since 2009, but cargo volume is still relatively small.

IV.4.1.4 Railways sector

Despite its importance, this sector is new. The only current railway project (Isaka-Keza-Gitega-Musongati) will be completed if the necessary funding for the work can be obtained. Studies are under way with AfDB funding.

Rehabilitation of the Dar es Salaam-Kigoma railway would be beneficial for Burundi and reduce the distance to the Indian Ocean.

IV.4.1.5 Optimum use of information and communications technologies

Currently, the telecommunications sector is growing vigorously in Burundi. The number of landline subscribers went from 23,851 in 2003 to 31,515 in 2009, an increase of 31.5 per cent, and over 90 per cent of the subscribers are in urban areas, mainly Bujumbura; contrariwise, only 1 per cent of the population has Internet access. The mobile sector, which has benefited from liberalization, has exploded, with the number of subscribers increasing from 64,000 in 2003 to 1.15 million in 2010.

Favourable conditions for investment and the promotion of telecommunications and ICTs have been made possible by good legislation governing the sector (Decree-Law No. 1/011 of 4 September 1997), which laid down the separation of policy and regulation functions, reserved for the State, from operational functions, which were left to public and private operators.

In view of the dynamism of the sector, the technological developments during this period, and the ever-changing global environment, the national objectives call for an adjustment — and indeed a harmonization — of telecommunications and ICT policies. Burundi is aware of that situation and, accordingly, in February 2007, drew up a national policy on the development of information and communications technology (ICT) over the 2007-2011 period on the basis of the updated TIC2004 strategic plan, the sectoral policy of the Ministry of Transport, Posts and Telecommunications, the CLSP, and the "Burundi 2025" vision. That policy aims to reflect the Government's vision and to create the right conditions for mobilizing human, financial and technological resources to take advantage of all the possibilities of the information society. The six key areas where the Government has chosen to focus efforts are: enhancement of human capacity, improvement of the legal and regulatory environment, promotion and strengthening of basic infrastructure development, promotion of private investment, and promotion of the development of content and applications.

In that connection, Burundi recently undertook a review of its legislation to adapt it to the new regional and global environment. Thus, a number of pieces of legislation are either due for analysis by the relevant institutions or have been adopted and promulgated by the President of the Republic and are soon to be implemented. That legislation includes the new ICT development policy, the Electronic Communications Act and the Postal Act.

The new ICT development policy flows logically from the one drawn up by the Government of Burundi for the 2007-2011 period, whose implementation was delayed by several circumstances. The new policy covers a relatively long period, from 2010 to 2025. The new Electronic Communications Act is to be implemented pursuant to seven draft decrees whose provisions deal with universal service, the management of scarce resources, and the management of telecommunications networks and services.

The development of information technology has attracted the authorities' attention, in particular with respect to the security of network users and consumers of IT services. A bill on the information society is also on the roster of new bills to be studied. The bill is based on recommendations of the EAC Sectoral Council on Transport, Communications and Meteorology. Its focus is on the processing of electronic transactions, digital signatures and authentication, security and computer crime, data security and privacy, intellectual property, electronic tax assessment, and finally competition and information management.

To ensure the development of its telecommunications/ICT sector, Burundi has received multifaceted support from the International Telecommunication Union (ITU) and from international aid organizations. Priority projects in progress include the ITU-McCAW project to connect schools and hospitals in 10 provinces of Burundi to broadband Internet and the proposed national fibre optic backbone (Burundi Backbone System) supported by the World Bank. The authorities consider these projects important in reducing the digital divide, specifically between urban and rural areas, and in ending Burundi's digital isolation.

Finally, Burundi urges the international community to renew its support to LDCs, post-conflict countries, and developing countries in general. It also supports all resolutions for the restoration of damaged networks and telecommunications services in countries affected by natural disasters: earthquakes, landslides, droughts, hurricanes, cyclones, floods and other damage caused by ongoing climate change.

The installation of undersea cables to inexpensively link Burundi to the international communication network (East African undersea cables) is currently under way with World Bank funding.

IV.4.1.6 Enhancing energy supply

Burundi's domestic generating capacity is based on the operation of a few hydroelectric plants with capacity totalling 30.6 MW and a 5 MW thermal power plant. Total installed capacity is approximately 45 MW. Burundi remains heavily dependent on imports (Ruzizi I, 13.3 MW, and Ruzizi II, 1.71 MW), which account for more than 40 per cent of national consumption. In 2010, total energy supply increased by 20 per cent, as strong demand forced the country to import more. REGIDESO forecasts that the power deficit will continue to increase over the next few years, so much so that by 2015 the recommended investments will not afford additional energy-generating capacity. According to the same forecasts, the deficit could reach 10 MW in 2012-2013 and 20 MW in 2014-2015, with balance being restored only in 2016-2017. Until then, electrical power shortages are expected to continue and to be more acute during the dry season, when water levels regularly fall by up to 50 per cent. Frequent power shortages have caused serious crises, while widespread outages have very negative consequences on the economic situation and the performance of the private sector.

Electricity is distributed over high- (110 kV) and medium-voltage (30 kV) transmission lines. In total, these lines extend over some 750 km, but most require urgent repairs. The distribution network is old and the magnitude of the problem causes significant technical losses — consistently in excess of 24 per cent.

Given increased demand owing to the forecast strong population growth, urbanization, and advancing industrialization, a Government priority will be to manage supply and demand through increased domestic electricity-generating capacity. The increased capacity will result primarily from the numerous projects already in the planning stages, including the construction of a series of hydroelectric power plants (30 MW) and the conclusion of franchise contracts and public/private partnerships for the construction of new hydroelectric power plants. In addition, Burundi supports regional programmes initiated in conjunction with neighbouring countries, including the Rusumo Falls and the Ruzizi III power plant now under construction. These facilities will provide the subregion with at least an additional 60 and 80 MW.

The Government also wants to pursue complementary objectives for the rehabilitation and expansion of the network, which involve the adaptation of the national network to the technical requirements for effective interconnection with the regional network, including a 220 kV link to the ECGLC and East African Community network. The redevelopment work will also mean protecting the entire national network and renovating the dams.

Alternative and renewable energy will be promoted (solar, wind, biogas, geothermal, peat and microhydro) to rationalize firewood consumption as an alternative to central network supply to remote regions, predominantly for the supply of basic social services. Solar energy has great potential, but the initial costs are high and may constrain its spread. Burundi uses peat reserves whose humidity level is high enough to ensure economic viability (about 50 million tons), but studies need to be undertaken to determine the conditions for effective use of the resource. Studies should also be undertaken on the potential of wind energy.

V. International trade and trade facilitation

Exports structure and foreign trade performance

Despite its situation as a landlocked country, Burundi's foreign trade in goods and services has increased significantly since 2004. As a percentage of GDP, trade (export and import) of goods and services increased from 43.5 per cent in 2004 to 57.7 per cent in 2006; and the value of trade in goods and services more than doubled in the space of five years, from BIF 409.75 billion in 2007 to BIF 750.86 billion in 2010, then BIF 1,110.68 billion in 2011. Trade in services also nearly doubled as a percentage of GDP, rising from 15.41 per cent in 2004 to 25.76 per cent in 2006 to and 29.26 per cent in 2008.

In 2010, the trade balance still showed a deficit of US$ 300.9 million, or 20 per cent of GDP. That was due to the increase in imports (BIF 540 billion in 2010 against 422 billion in 2009, which exceeded the increase in exports (BIF 124.6 billion in 2010 against BIF 84.2 billion in 2009). The resulting deficit in the current account was partially funded by an increase in foreign aid flows, but still averaged 17.7 per cent of GDP between 2008 and 2010 (World Development Indicators: WDI).

Burundi's export base remains very narrow, consisting almost exclusively of coffee and tea (70 per cent of total exports from 2008 to 2011). Exports grew more slowly than GDP over the 2004-2010 period. As a result, exports as a percentage of GDP oscillated around 10 per cent between 2005 and 2007, but then declined significantly, to less than 5 per cent in 2010. The ratio of exports to GDP almost doubles when services are included, but this is mainly due to the dramatic increase in the export of "government services". Exports as a percentage of imports did improve slightly between 2007 and 2010, from 18 per cent to 20 per cent, respectively, but then dropped to 17 per cent in 2011.

The openness of the economy, as measured by the ratio of exports and imports to GDP, improved, rising from 30.92 per cent in 2009 to 36.02 per cent in 2010. However, the geographical composition of Burundi's trade in goods (import origins and destinations of exports) has not changed much since the last trade policy review in 2003, despite a slight reorientation of its trade flows due to its accession to the East African Community (EAC) in 2007. Burundi's exports mainly go to European countries, but those exports have declined in relative terms. Between 2008 and 2010, 40 per cent of the country's exports went to European countries, the comparable figure being 50 per cent between 2001 and 2003.

Some other developing countries have become important destinations for Burundian products. In 2010, for example, Burundi's exports to Pakistan and the Democratic Republic of the Congo accounted for about 8 per cent and 7 per cent of its total exports respectively. Exports to the EAC countries have also increased (from 10.9 per cent of total exports in 2001-2003 to 13.6 per cent in 2008-2010), as have exports to COMESA countries not belonging to EAC (from 1.3 per cent to 5.9 per cent in the same time frame).

With regard to imports, the European Union and other EAC countries are the first- and second-largest sources of imports to Burundi, but their share has declined since 2003 (from 35 per cent to 28 per cent and from 30 per cent to 26 per cent respectively). Import sources on the rise include Saudi Arabia (12 per cent of imports in recent years, mainly oil) and China (from less than 3 per cent in 2003 to 9 per cent in 2010).

VI. International support measures

Technical assistance and capacity-building

The objectives of the Aid for Trade programme in Burundi are to increase supply capacity through diversification of exports, to enable better integration of Burundi's economy into world trade and promote the achievement of its poverty reduction objectives. Aid for Trade is meant as a supplement, taking into account the supply capacity-building in recipient countries. In Burundi, the Strategic Framework for Growth and Poverty Reduction (CLSP) is supported by the bilateral and multilateral donor community, whose support is increasingly being channelled into trade-related national priorities.

Since 2003, Burundi has taken advantage of a number of technical assistance and capacity-building programmes to develop its trade, diversify its economy and exports, and spur its growth. In the CLSP categories, Aid for Trade ranks third, accounting for 18 per cent and 23 per cent of the total volume of official development assistance (ODA) given to Burundi in 2007 and 2008. That assistance went mainly to production support infrastructure, road-building, agriculture and the environment. The Integrated Framework (IF) (now known as the Enhanced Integrated Framework (EIF)) has been present in Burundi since 2002; it has helped finance projects to support export diversification and, in 2012, to update the Diagnostic Trade Integration Study (DTIS).

Burundi also has an economic management support project (PAGE) initiated in 2004 by the Government with the support of the World Bank and IMF. The project aims to improve the investment climate by modernizing the entire framework of economic activities.

The Government of Burundi needs assistance from its development partners to implement its trade policy reforms pursuant to the CLSP, the various sectoral development strategies, and the recommendations in the updated DTIS. The areas where Burundi would like to receive additional aid for trade, and assistance in national capacity-building, include:

— Further reform of the legal and regulatory framework related to trade;

— Strengthening of trade support and promotion bodies;

— Export diversification;

— Elimination of non-tariff barriers (NTBs);

— Implementation of an electronic single window to interconnect port, customs and airport in a paperless trade process;

— Liberalization of trade in services;

— Collection and processing of commercial and industrial data;

— Infrastructure development to facilitate trade;

— Establishment of quality control and testing laboratories;

— Adoption and application of technical standards and regulations (TBT and SPS);

— Techniques and strategies for regional and multilateral trade negotiations;

— National coordination mechanisms for monitoring trade negotiations.

VII. Outlook for trade facilitation

Burundi intends to take an active role in strengthening the regional integration process within EAC and COMESA. Thus, the authorities intend to harmonize national laws and regulations with regional protocols while continuing to negotiate such outstanding items as services and the EAC Monetary Union.

Burundi’s participation in COMESA has given it access to a broad 19-country market with a total population of 400 million. In 2004, Burundi joined the COMESA Free Trade Agreement and subsequently took part in the creation of the COMESA Customs Union, which is to take effect for all countries in mid-2012. Burundi hopes that the EPA negotiations now under way between the EU and EAC will soon be successfully concluded and will provide guarantees of economic cooperation and development for EAC countries, together with flexible rules of origin favouring the expansion of EAC exports to the EU.

Burundi will continue to promote the liberalization of world trade and participation in a win-win multilateral trading system. Hence, its authorities will continue to apply WTO agreements while strengthening regional trade cooperation to promote multilateral openness. Burundi also advocates for greater transparency in the multilateral trading system and will cooperate in WTO’s endeavours in that regard. The Burundi authorities continue to view WTO’s dispute settlement system as crucial in ensuring the stability of the global trading system; its judicial character should be reformed to encourage and facilitate the participation of the least developed landlocked countries.

Finally, Burundi will continue to develop its trade policy through the monitoring and implementation of CLSP II and the recommendations of the Diagnostic Trade Integration Study (DTIS).

The current situation could also be improved by undertaking the following actions:

— Promote and support expertise in maritime, rail and road transport, transit procedures, and distribution systems;

— Carry on improving customs and border management and actively participating in regional cooperation programmes;

— Optimize the use of the Central and Southern corridors by supporting the development of lake transport as well as other modes of transport, such as rail and pipeline;

— Modernize air transport, including storage facilities;

— Rehabilitate and redevelop existing infrastructure;

— Open up the country by integrating it with the regional rail network and making onward connections from Tanzania;

— Participate in the maritime railway project to link Southern and Eastern Africa via Lake Tanganyika and the port of Bujumbura;

— Expand Bujumbura Airport;

— Build a second international airport in Burundi;

— Repair and build airstrips in the major cities for domestic flights;

— Restructure the national airline, Air Burundi;

— Expand and modernize the port of Bujumbura to bring it in line with international standards;

— Build other ports, in particular at Rumonge and Nyanza-Lac.

The action plan proposed for the energy sector focuses on certain key objectives, namely:

— To increase investment in domestic and regional generating capacity to ensure that companies and households have access to a reliable electricity supply 24 hours a day;

— To develop domestic energy sources to avoid excessive reliance on power from abroad (currently 45 per cent of the total electricity supply is imported);

— To improve demand management and reduce systemic losses.

VIII. Monitoring and review of action plan implementation

In the transport sector, Burundi needs trade assistance and international technical and financial support to make effective use of the international trading system. The fourth Aid for Trade Global Review, to be held in 2013, should attach great importance to these special needs. To that end, Burundi urges bilateral and multilateral donors to increase their financial and technical assistance, to help overcome the barriers to trade development imposed by geography. That assistance would complement our national and regional efforts to diversify domestic production and improve our integration with the regional and global economy.

IX. Emerging issues

1. Burundi is faced with the negative effects of climate change on its natural resources. Adaptation to climate change and access to environmentally sound technologies are priorities for the Government. The

support of the international community is needed to help Burundi adapt to the effects of changing climatic conditions.

2. That support is also crucial if the country is to undertake bold action in the agricultural and industrial sectors to step up production and reduce Burundi's dependency on imported food.

3. Donor support is also needed to help develop entrepreneurship and to support small and medium enterprises, including emerging industries.

Among the Government's priority actions are:

— Address supply constraints by improving the investment climate, strengthening competitiveness, addressing infrastructure constraints and incorporating the ability to trade (that is, to produce and to export) in its broader growth strategies;

— Focus more on specific measures to facilitate trade, including customs reform and the resolution of other regulatory issues, both at the national and the regional level;

— Intensify regional integration by reducing tariff barriers, simplifying customs procedures and addressing other non-tariff barriers to intraregional and South-South trade, in tandem with its commitment to multilateral forums.

Actions by the international community:

— Implement the specific commitments of the 2005 WTO Hong Kong Ministerial Declaration. Continue efforts to achieve an ambitious and balanced project under the WTO Doha Development Agenda in order to achieve significant gains for developing countries;

— Ensure that rules of origin are transparent and simple, to facilitate market access, and that they are in place by 2008;

— Ensure that negotiations between the EU and African, Caribbean and Pacific countries on Economic Partnership Agreements (EPAs) are concluded in a timely manner, with the objective of promoting trade and African development;

— Give greater support to African initiatives to address supply and competitiveness problems, in particular through support for efforts to improve the investment climate and competitiveness and through an increase in Aid for Trade.

X. Conclusion

Overall, Burundi has made significant progress in recent years in clarifying the objectives of its trade facilitation policy. This is reflected in improved institutional reforms in that regard, the modernization of the regulatory environment, and better incentives for trade and investment. In the area of trade facilitation, its actions have focused on:

— Preparation and implementation, with Burundi's neighbouring countries, of an action plan on regional transit issues;

— Implementation of a reform programme to bring its customs, port and airport facilities in line with international requirements;

— Finalization of a trade facilitation agreement in conjunction with donors;

— Easing the exchange of digital data between agencies involved in trade facilitation.

A trade facilitation action plan has been drawn up clearly distinguishing what Burundi can do on its own and what it must do in collaboration with its neighbours, particularly the ports of Dar es Salaam and Mombasa-Mpulungu. That collaboration has focused particularly on improving road corridors and the creation of one-stop border posts. The issues of transit and movement of goods are now being dealt with in the framework of regional integration within EAC and COMESA. In addition, Burundi is taking part in a regional customs bond guarantee project. A computer system has been designed for data exchange, including data sharing between Burundian customs and the customs authorities of neighbouring countries. The Burundian Revenue Office was created in 2009 as an independent public institution to collect all Government revenues.

Although these developments reflect a strong political commitment to improving the business climate, to effectively carry through many reforms will be a major challenge for a country with Burundi’s limited capabilities.

As was recognized in CLSP II, several recent reforms have not yet produced the desired effects because there are no implementing regulations or the necessary financial, material and human resources are lacking. This points up the ongoing need for technical and financial assistance and for targeted capacity-building programmes.

The Action Matrix of the 2004 Diagnostic Trade Integration Study (DTIS) set out a total of 55 actions, divided into 11 sections, covering Burundi’s overall macroeconomic environment, its trade policy and institutions, its trade agreements and its market access, a number of cross-cutting issues such as the legal environment for investment, trade facilitation and infrastructure, as well as capacity-building issues.

Progress in implementing the matrix has been patchy. Most of the progress achieved has been in the area of actions to ensure greater macroeconomic stability, remove tariffs within COMESA, and promote investment, while actions to diversify exports have had limited results. Implementation of actions to reduce transport and transit costs has had mixed results. The 2004 Action Matrix’s priority recommendations in the area of trade facilitation focused primarily on customs and border management.

Despite Burundi’s best efforts to implement the trade facilitation measures, logistical performance has not kept pace. Other elements of trade facilitation and logistics, such as infrastructure development, international freight, logistics quality, monitoring, traceability and punctuality, have shown no progress. Burundi therefore needs technical and financial support to implement a comprehensive trade facilitation reform focused on all logistical aspects.

As regards the promotion and diversification of exports and market access, progress has been made in the form of the establishment of the Burundian Investment Promotion Authority (API), which includes an export promotion service. Again, an effort has been made to establish a product quality and standards monitoring system. In spite of that progress, the national export base remains narrowly focused on the traditional exports (coffee, tea and cotton). Targeted assistance to non-traditional exports. such as essential oils, PVC pipe, cut flowers and several kinds of fruit and vegetables, has had mixed results. Burundi’s priority in this area will likely be to establish an appropriate incentives framework, led by the private sector, for export diversification.

In terms of the legal and regulatory environment, efforts have been made in the shape of legislative reform (a new Investment Code, a new Commercial Code, a Private and Public Companies Code, bankruptcy laws, a Competition Act, an Industrial Property Act, etc). However, many of the codes and acts still require implementing regulations in order to become effective. Moreover, many of them need to be updated to reflect changes flowing from to Burundi’s accession to EAC.

Since 2004, in addition to the Enhanced Integrated Framework, Burundi has been receiving external support through the World Bank’s Economic Management Support Project (PAGE/EMSP), to streamline customs operations, strengthen statistical capacity, and initiate institutional reforms. Burundi has also benefited from a capacity-building programme of Trade Mark East Africa (TMEA) centred on trade policy, trade facilitation and regional integration. However, its institutional weakness in trade negotiations and the unreliability and limited availability of data on trade issues remain serious obstacles to the development of a clear policy, reducing Burundi’s ability to respect its international and regional commitments and to reap the benefits of greater integration.

In short, beyond the endeavour to improve the transit transport situation, Burundi needs international support in preparing to meet the ongoing challenges and devise comprehensive, coherent, coordinated policies in the areas of investment, infrastructure (production, transport, telecommunications and energy), logistics (trade facilitation and transport) and technology.