



Trade Policy Review Body
14 and 16 July 2015

TRADE POLICY REVIEW

MADAGASCAR

MINUTES OF THE MEETING

Chairperson: H.E. Mr. Atanas Atanassov Papparizov (Bulgaria)

CONTENTS

1	INTRODUCTORY REMARKS BY THE CHAIRPERSON	2
2	OPENING STATEMENT BY THE REPRESENTATIVE OF MADAGASCAR	4
3	STATEMENT BY THE DISCUSSANT	7
4	STATEMENTS BY MEMBERS	10
5	REPLIES BY THE REPRESENTATIVE OF MADAGASCAR AND ADDITIONAL COMMENTS.....	24
6	CONCLUDING REMARKS BY THE CHAIRPERSON	29

Note: Advance written questions and additional questions by WTO Members, and the replies provided by Madagascar are reproduced in document WT/TPR/M/318/Add.1 and will be available online at http://www.wto.org/english/tratop_e/tp_r_e/tp_rep_e.htm.

1 INTRODUCTORY REMARKS BY THE CHAIRPERSON

1.1. The third Trade Policy Review of Madagascar was held on 14 and 16 July 2015. The Chairperson H.E. Mr Atanas Atanassov Paparizov (Bulgaria) welcomed the delegation of Madagascar headed by H.E. Mr Henri Rabesahala, Minister of Trade and Consumer Affairs; Mr Solofo Razafitrimo, Minister Counsellor, Chargé d'affaires, a.i., Permanent Mission of the Republic of Madagascar to the United Nations Office at Geneva; the rest of the colleagues from the Mission in Geneva; and the discussant, H.E. Ambassador Luc-Joseph Okio (Congo).

1.2. The Chairperson recalled the purpose of the Trade Policy Reviews and the main elements of the procedures for the meeting. The report by Madagascar was contained in document WT/TPR/G/318 and that of the WTO Secretariat in WT/TPR/S/318.

1.3. Questions by the following delegations had been submitted in writing before the deadline of 5.30 p.m. of 30 June and had been transmitted to the delegation of Madagascar: the United States; Singapore; Australia; Canada; the Republic of Korea; and the European Union. The following delegations submitted written questions after the deadline: Argentina; Thailand; Brazil; and China. These questions had also been transmitted to the delegation of Madagascar.

1.4. The Chairperson was pleased to note that Madagascar was overcoming six years of a socio-political crisis, which had meant poor economic performance, a sharp rise in poverty, and a decline in the importance of trade for the economy. Its socio-economic indicators had significantly declined because of the crisis, and Madagascar remained an LDC. The Government had adopted a stabilization programme supported by the IMF, and a National Development Plan for the period 2015-19. It was interesting to know the state-of-play of these reforms.

1.5. Less sensitive to socio-political crises, mining had emerged as a main sector of the economy, contributing over a third of merchandise exports. Indeed, the country had become a major exporter of nickel, cobalt and other minerals. In contrast, Madagascar's huge potential for a diversified agriculture was not yet significantly exploited, even if the sector accounted for 27% of exports. Tourism was a major source of foreign exchange, but it had been negatively affected by the crisis. The EU was Madagascar's main trading partner, followed by China and members of the Gulf Cooperation Council.

1.6. Madagascar had made significant progress in reforming its trade regime since its last Review in 2008, especially by further facilitating trade. Indeed, it had established an Electronic Single Window and had moved towards full paperless customs clearance procedures. Since March 2015, Madagascar had refrained from using minimum import values for customs valuation purposes. Many of the numerous institutions required to approve import and export transactions could now transmit their respective authorizations electronically to Customs, and work was in progress to ensure that all the fees they charged actually reflected the cost of the services provided. However, there was a need to upgrade the legislative and institutional framework on standards, technical regulations, and sanitary and phytosanitary measures, in order to ensure higher quality for local products and boost exports.

1.7. Madagascar participated in the activities of the WTO, and was also signatory to, *inter alia*, COMESA, SADC, the Indian Ocean Commission, and was implementing its EPA with the European Union. Madagascar had made remarkable efforts to update its WTO notifications; its WTO Reference Centre was operational, and consequently local participation in WTO online training courses had significantly increased. Madagascar had reduced its tariff rates, essentially on agricultural inputs; this had brought its simple average applied MFN rate from 13% in 2008 down to 12.2% in 2015. However, applied rates exceeded the corresponding bound levels on several lines. Madagascar's GATS commitments were limited; it was interesting to know Madagascar's position on the proposed LDC services waiver.

1.8. Obviously, trade reforms alone could not suffice to improve the standards of living of the population if they were not supported by an appropriate socio-political environment and its corollary, good governance. Madagascar needed to improve its overall business environment and make it conducive to investment as well. In this respect, Members were interested in the measures envisaged by Madagascar to achieve political and constitutional stability, and create an environment supportive of its socio-economic development.

1.9. The Chairperson closed his introductory remarks by wishing Madagascar a very successful third Trade Policy Review. He looked forward to its active engagement in this TPR.

1.10. He also noted that a podcast would be made of the meeting which could be accessed on the Members' website.

2 OPENING STATEMENT BY THE REPRESENTATIVE OF MADAGASCAR (H.E. MR HENRI RABESAHALA)

2.1. The very first words of the delegation I am leading today are words of thanks to all attending Members and all those who have shown an active interest in Madagascar and have expressed it through the written questions we have received. Madagascar will do its utmost to be transparent, sincere and responsible both during this review and subsequently, out of respect for this distinguished Organization and for all Members that support our partners in one way or another. Indeed, Madagascar is an Aid for Trade beneficiary and the official development assistance provided by a number of developed and developing WTO Members. Our country is a supplier of services and agricultural, textile and mining products and purchases manufactures, services, hydrocarbons and heavy machinery from most of the Members here today.

2.2. Our thanks also go to the WTO Secretariat for in view of the support that it provided us in preparing this review, we have no doubt that it intends to go beyond the establishment of rules governing trade and dispute settlement. We see technical assistance and capacity building as the knock on effects of this review.

2.3. In the wake of the Fifth Global Review of Aid for Trade, and on the eve of dramatic changes such as mega deals, the establishment of the Tripartite Free Trade Area, the forthcoming Ministerial Conference in Kenya, and, at the national level, the organization of a round table meeting of Madagascar's trading partners, we are especially proud to be with you today in order to outline our road map, answer your questions and potentially address any ambiguous situations that might arise from them.

2.4. The progress made with the recommendations put to Madagascar at its previous review in 2008 may come as a surprise to some Members, because Madagascar has suffered an unprecedented crisis in terms of length as well as consequences for the economy. It took more than five years of transition, without any actual support from its partners, before constitutional order was restored in 2014. Hence, heavy public investment, in depth transformations and international commitments were simply impossible in light of the sanctions against Madagascar's leaders during that period.

2.5. The 2009 crisis had devastating effects on Madagascar's relations with its trading partners and its integration in regional and international markets. The country suffered, *inter alia*, the consequences of cancellation of Madagascar's participation in several summits and meetings, the suspension of preferences under the AGOA, non-disbursement of the 10th European Development Fund, and postponement of the signing of a number of trade agreements.

2.6. The difficulties arising from the country's situation, compounded by an unfavourable international environment, have had serious consequences for the overall trade environment. These include the low rate of industrial growth, the marked deterioration of infrastructure detracting from the country's competitiveness, inadequate access to energy, and the effects of the combined introduction of the COMESA common external tariff or the Tripartite FTA along with tariff reductions under the EPAs, which, as regimes, were not always clearly defined and communicated to the private sector. Moreover, services imports have not helped the country to innovate and move back up in the value chain as anticipated, business law reforms are not keeping pace with the rapidly rising needs and expectations of operators, and lastly, trade facilitation has led to a proliferation of imports without any genuine substitution by domestic production, or any significant expansion of exports.

2.7. Added to these structural problems are difficulties ensuing from inadequate capacities among public and semi-public trade support bodies, continuing asymmetry of information penalizing the private sector, a relatively large informal sector, absence of innovation among SMEs, difficulties in obtaining access to finance, petty squabbling between various government services, lack of coordination in the provision of trade related technical and financial assistance, and failure to make proper use of trade preferences and flexibilities secured at the bilateral, regional and multilateral levels.

2.8. Guided by President Hery Rajaonarimampianina, the two successive Governments nonetheless adopted ambitious positions and took bold decisions on rules and policies. Reforms

were initiated to strengthen the rule of law, improve governance in general and public finance management in particular, increase tax and customs revenue, promote market and product diversification, revise the texts regulating a number of sectors, including e commerce, consumer protection and guarantees and public private partnership, and enhance the business environment. A whole series of other reforms are under way.

2.9. More broadly, the National Development Plan (PND) focuses on achieving sustainable and inclusive economic revival, promoting social development, bolstering security, protecting the environment, and using diplomatic mechanisms as the lynchpin of trade, tourism and investment policy. Rapid and inclusive results based methods have been adopted under the Implementation Plan (PMO) carried out by the Government.

2.10. The crisis did not prevent Madagascar from fulfilling its WTO obligations, particularly in terms of notifications, contributions, and involvement in the WTO's work. Among other things, it communicated to the WTO its matrix of priority needs with a view to building up national capacity in order to advance acceptance and implementation of the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement), embarking on the process of establishing a national trade facilitation committee and categorizing the measures with support from the WTO and the World Bank, identifying non-tariff barriers to trade and taking concrete steps to remove them.

2.11. The customs administration has initiated a number of reforms over the past six years in partnership with the SGS and Gasyntet, using tools such as ASYCUDA++, revising the Customs Code, and reviewing tariffs and procedures that presented inconsistencies in the past, whilst introducing far reaching changes in strategic human resource planning.

2.12. The adoption in 2013 of the Sectoral Programme for Agriculture, Livestock and Fisheries under the New Partnership for Africa's Development (NEPAD) is a major step forward in the development of productive capacity to vigorously boost exports in these sectors, the aim being to achieve Madagascar's ambition of becoming the "breadbasket" of the Indian Ocean region. Non-food agricultural products such as ethanol have also benefited from the establishment of an enabling legal framework and the introduction of incentives, in view of their potential for job creation, preserving biodiversity and generating revenue for the public purse. Lastly, the promotion of investment in the above sectors remains a priority in order to increase agricultural and industrial production and develop related trade in services.

2.13. At the political level and in the aftermath of five years of deep crisis, Madagascar is learning to preserve peace and consolidate stability, even though some information in circulation may at times give cause for concern to its partners and potential investors. The President's Office, the National Assembly and the Government are operating normally despite the political and labour unrest typical of any country in a post crisis situation. The State is preparing for negotiations with its technical and financial partners, particularly with a view to a meeting with the IMF in September and a donors' conference scheduled to take place in Paris this coming November.

2.14. Improvements have been made to infrastructure and the investment environment. New target markets have been identified in the tourism sector, and the private sector has invested in quality accommodation facilities. Progressive migration towards DTTV, the launching of 4G connection and optimized use of new development oriented technologies have been put in place. The restructuring of the national water and electricity company JIRAMA is moving ahead with support from Madagascar's partners, and hydro agricultural production sites are awaiting expressions of interest on the part of investors. International technical cooperation is reaching cruising speed in areas which include enhancing the regulatory framework for public private partnerships (PPP), public private dialogue, raising Madagascar's Doing Business score, regulating e commerce, improving trade in environmental goods, and promoting trade in services.

2.15. In order to find sustainable solutions to its various constraints, Madagascar has opted for more effective integration of trade in national development policy, using existing and future structures at the regional and international levels in support of targeted actions to enhance coordination between the actors involved, better domestic trade performance and visible competitiveness of Malagasy SMEs. Convinced as it is that trade facilitation can also benefit exports, Madagascar intends to make substantial advances in accepting the Protocol, notifying the

categories, and developing areas of cooperation with other customs administrations throughout the world. Since it believes that non-tariff barriers have a more negative impact than the tariffs themselves, Madagascar attaches the utmost importance to the work of the SPS and TBT Committees and to domestic implementation of the resolutions, tools and provisions under both Agreements.

2.16. Trade extends well beyond the issue of rules, and it encompasses investment, the business climate, the ability of the country to cease being a supplier of raw materials alone or a large assembly plant and to become a major actor in global value chains, an innovative actor that places science and technology at the service of higher value added and the promotion of its services exports. Madagascar has thus decided to enlist the support of other regional and multilateral agencies and institutions in its endeavours to achieve greater wellbeing for its population. Its UNCTAD Investment Policy Review will take place this year. An agreement has been signed with the ITC with a view to implementing a business competitiveness building programme, and our traditional partners are continuing to support us in one or more trade related sectors. We are currently seeking ways to expand the list to other countries that are already lending us trade related technical assistance, so as to broaden this partnership. We thus encourage countries that are actively involved in other areas of cooperation to appear more prominently in Madagascar's Aid for Trade matrix.

2.17. We extend our warmest thanks to all our past, current and future partners. Madagascar does not consider this review as an end in itself. Rather, it marks the beginning of a process of alignment of the actions of bilateral and multilateral partners, with the organization of a round table meeting including all of Madagascar's resident or non-resident partners, in order to follow up on the review's recommendations by pooling resources, with Madagascar taking ownership of the process, and harmonizing public policies at sectoral level.

2.18. Madagascar expects a positive outcome to the ongoing Doha Development Agenda negotiations. We are hoping for a wealth of results from the Tenth Ministerial Conference and a stronger development role for the WTO despite a few past disappointments. We are confident regarding the future of trade in the post 2015 system.

2.19. Lastly, I renew my thanks to those who helped prepare this review, and especially the WTO team of experts, the colleagues from the various departments who actively contributed to the reports and the replies, the team from Madagascar's Permanent Mission in Geneva, all the translators, and our friend the Ambassador of Congo for his strong engagement in this mechanism in favour of Madagascar. Thank you.

3 STATEMENT BY THE DISCUSSANT

3.1. I feel honoured to have been chosen to act as the discussant for this third review of Madagascar's trade policy.

3.2. Before I begin, I should like to welcome the head of the Malagasy delegation, His Excellency Mr Henri Rabesahala, Minister of Trade and Consumer Affairs, the members of his delegation, and Mr Solofo Andrianjatovo Razafitrimo, Minister Counsellor and Chargé d'Affaires at the Permanent Mission of Madagascar in Geneva.

3.3. This third review of Madagascar's trade policy is taking place under rather special circumstances, marked by the country's emergence from a long socio-political crisis.

3.4. The Government of Madagascar therefore has the privilege of undergoing a comprehensive trade policy review, so that it can learn from its practices and calmly consider the necessary reforms.

3.5. My statement and remarks will address the macroeconomic environment, trade policy and some sectoral policies.

Macroeconomic environment

3.6. The economic upturn which began in 2014 has been boosted by the strong performance of rice farming and the extraction and subsequent export of heavy metals such as nickel, cobalt and titanium.

3.7. Services exports have also grown, in view of the importance of tourism.

3.8. Agri-food exports have become more diversified, reflecting the immense wealth of Madagascar's land and know-how.

3.9. Government revenue unfortunately fell sharply over the same period, while operating expenses remained relatively high. As a result, the fiscal deficit amounted to 3.5% of GDP in May 2015. This led the Central Bank to help finance the deficit, with a resulting crowding-out effect.

3.10. The national currency, the Ariary Malagasy, did not fluctuate much, with an overall trend towards appreciation of the real effective exchange rate and, therefore, towards a less competitive domestic economy, which led to a decline in imports and exports of goods and services from 80% to less than 70% of GDP between 2008 and 2014, despite growth in mining exports.

3.11. State subsidies in the form of a parallel preferential exchange rate for imports of petroleum products and several successful rice-growing seasons have gradually lowered inflation from 10% in 2007 to around 6% recently.

Trade policy

3.12. Madagascar's trade policy has been marked by a number of reforms, primarily in the area of trade facilitation, which have contributed to domestic economic recovery. The country has experienced far-reaching changes in the structure of its merchandise trade since the previous review of its trade policy in 2008.

3.13. Madagascar grants MFN treatment to all of its trading partners. It has never been involved as either complainant or defendant in a WTO dispute settlement process. The country has made remarkable efforts to update its WTO notifications; its WTO Reference Centre is operational, and local participation in WTO online training courses has increased significantly as a result.

3.14. Madagascar is party to trade agreements within the framework of the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC), the most recent of these being the interim Economic Partnership Agreement (EPA) between the EU and the Eastern and Southern Africa States, which entered into force in 2012.

Madagascar grants duty-free entry to its SADC and COMESA partners, on a non-reciprocal basis, and tariff reduction under the EPA began in January 2014.

3.15. Madagascar is neither a member nor an observer of the Plurilateral Agreement on Government Procurement concluded under WTO auspices. It has nevertheless made significant efforts to be transparent by publishing its automated government procurement management system on the Internet.

3.16. As regards Customs, Madagascar has embarked on a process of tariff simplification and reduction. Significant progress has been made with the electronic single window, and the move towards paperless customs clearance procedures is very close to completion. However, efforts could be made to ensure that the fees assessed actually reflect the services provided.

3.17. The Secretariat report notes that there have been a number of tariff reductions, essentially on agricultural inputs, bringing simple average applied MFN rates down from 13% in 2008 to 12.2% in 2015.

3.18. The report also indicates that less than one third of tariff lines have been bound and that for some lines the applied rates exceed the bound levels. Madagascar might consider adopting appropriate solutions to remedy this situation.

Sectoral policies

3.19. For several years now, Madagascar has been promoting trade liberalization and gradual State withdrawal from a number of sectors. However, some sectors such as agriculture, tourism and transport have experienced difficulties in recent years.

Agriculture and related activities

3.20. Madagascar's agricultural sector offers a wide range of export products such as cloves, vanilla, lychees, honey, groundnuts, cocoa paste and unroasted coffee. However, the sector experienced major difficulties when the rice and maize harvests were destroyed by swarms of locusts, a cyclone, flooding and drought, which led to a steep decline in production and an increase in imports of some products.

3.21. The Secretariat report notes that the country has vast swathes of as yet unexploited arable land, and that the land problem is one of the key obstacles to agricultural investment.

3.22. Madagascar's reform of land legislation, initiated in 2005, has already led to significant progress in making property ownership more secure. Nonetheless, it prevents or restricts access by foreigners to real-estate ownership.

3.23. In this connection, it would be desirable to broaden this reform in order to re-examine conditions of access to real estate ownership by foreigners, and to adapt the existing regulations and publish them on the Internet, which is not currently the case.

3.24. Madagascar has substantial fisheries and aquaculture potential, and its shrimp and crab exports are significant. However, deep-sea fishing in Madagascar's waters takes place under commercial conditions which are favourable to foreign companies, in that there are no maximum catch limits. Hence the need for reforms in order to achieve sustainable management of resources while maximizing income from fisheries.

3.25. Fauna and flora management has been affected by serious abuses, and the authorities have not yet succeeded in halting exports of rare timbers (palisander and rosewood), or of crocodiles and other wild animals, despite commitments made under the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES).

Mining sector

3.26. Madagascar has diversified into mining. The mining sector owes its strong performance to major foreign direct investment in mining projects to extract nickel, cobalt, titanium and other heavy metals, which began in 2013.

3.27. Nevertheless, the Secretariat report notes that this sector of the Malagasy economy contributes a mere 4% to GDP because of low electricity production for mineral processing.

Electricity sector

3.28. Although the sector is, *de jure*, open to competition, the fact that electricity selling prices are fixed by the State at low levels (below production cost) does not encourage the entry of new operators. Some economic operators are obliged to lease costly and polluting generators in order to produce their own power.

3.29. Restructuring of the electricity operator JIRAMA, which holds a monopoly on the transmission and distribution of electricity, and improving the country's electricity supply were singled out as priorities at the time of the previous review in 2008. What is the current situation concerning that reform?

Petroleum sector

3.30. Madagascar imports all its oil requirements. The sector is still subject to State control through the Malagasy Hydrocarbons Office (OMH), which issues permits for the import, processing, transport, storage and sale of hydrocarbons and ensures supply of the national territory.

3.31. The drop in global prices in 2014 should prompt the Government to reinstate the "true price level" of these products on the domestic market and undertake a reform of the sector.

Manufacturing sector

3.32. Madagascar's manufacturing sector offers exceptional opportunities, especially in the agri-food and handicrafts areas, because of the country's abundant flora and fauna, its rich waters and the wealth of Malagasy know-how. It is highly likely that growth in these areas will largely come from small-scale SMEs, as long as the State does away with the excessive, complicated and less than transparent taxation which is currently preventing them from moving out of the informal economy.

3.33. Industries, especially those which are export-oriented, are adversely impacted by the high taxes on businesses and cumbersome labour legislation, as well as by the difficulty of obtaining foreign currency to purchase inputs and the high rates of duty on the latter, long delays in the payment of VAT refunds, the high cost of import controls, burdensome export documentation requirements and, lastly, the requirement that a portion of earnings be repatriated and converted into the national currency.

Conclusion

3.34. The Malagasy authorities are aware that trade policy reform will not be effective unless it is underpinned by improvements in the country's political situation and governance.

3.35. This will involve, among other things, strengthening political and constitutional stability, enhancing the legal protection of persons and strengthening their rights. Madagascar attaches particular importance to the development of basic infrastructure, which will play a key role in facilitating access to the different parts of the country and attracting more foreign direct investment, and will thus help Madagascar achieve its vast and diverse economic potential.

3.36. Madagascar, which has seen most of its social and economic indicators plummet over the past seven years, will have renewed cause for optimism once the scheduled reforms have been harmoniously implemented in a less heated political climate, with technical support from its bilateral and multilateral trading partners.

4 STATEMENTS BY MEMBERS

UNITED STATES

4.1. We appreciate the Government of Madagascar and the WTO Secretariat's reports. Each describes the various challenges that Madagascar must overcome and the questions it must address in order to achieve more effective participation in the global trading system, and to use trade as an instrument for realizing greater economic growth and development. I would also note our appreciation for the written replies to our questions submitted in advance of this review and we will give careful consideration to the responses.

4.2. Since the last trade policy review, we recognize the challenges that Madagascar has continued to face with respect to the negative economic repercussions of the socio-political crisis that lasted from 2009 to 2013. Despite the successful resolution of this crisis, culminating in the return to democracy and political pluralism in 2014, this five-year period of instability has left an enduring mark on Madagascar's economy, including a slowdown in GDP growth — indeed, the Government's report notes that between 2009 and 2013, growth averaged only 0.9% — low levels of investment in transport infrastructure, including road and rail; reduced government services; and stubbornly high unemployment, with over 90% of Madagascar's population living in poverty.

4.3. We agree with the Secretariat's report that restoring infrastructure and combating severe poverty are two of the most pressing issues Madagascar faces in 2015, and we commend the new Government for preparing and implementing a National Development Plan covering the period of 2015 to 2019 to address these issues.

4.4. Madagascar's political crisis of 2009 had a profound, negative, and lasting impact on U.S.-Madagascar bilateral trade. Prior to the crisis, U.S. imports from Madagascar stood at US\$324 million in 2008, 85% of which entered under African Growth and Opportunity Act (AGOA) trade preferences — almost exclusively apparel products. The crisis, however, precipitated the loss of AGOA and with it, important duty-free U.S. market access for Madagascar's textiles and apparel sector. The loss of AGOA led to the closure of at least 40 apparel and textile factories, the loss of an estimated 30,000-100,000 jobs, and the loss of millions of dollars in potential exports and foreign investment. As a result, the share of Malagasy exports to the United States plummeted from almost 18% in 2007 to 8.5% in 2014, as noted in the Secretariat's report.

4.5. We commend Madagascar's return to democracy and political pluralism as witnessed by the establishment of a democratically elected Government in January 2014, and are pleased that Madagascar regained its AGOA eligibility in June 2014 as a result. With the approval of its AGOA Apparel Visa System in December 2014, Madagascar has already started exporting articles of apparel to the United States. We are committed to working with Madagascar not only to help it make greater use of the benefits of AGOA to increase bilateral trade, but also to help it improve its capacity to boost regional trade and make the most of the opportunities afforded by its membership in the WTO.

4.6. However, as the Secretariat's report points out, Madagascar's participation in the multilateral trading system remains limited. We encourage Madagascar to continue to work towards establishing a transparent trade policy process that will allow for more active engagement in the multilateral trading system and more follow-up on multilateral issues. We want to recognize Madagascar's progress to date on implementing the WTO agreements, including the Customs Valuation, SPS, and TBT agreements. Madagascar's efforts to improve notification requirements and to update WTO notifications are particularly noteworthy, and we encourage Madagascar to continue these efforts, especially with respect to TBT notifications.

4.7. We recognize and commend Madagascar's efforts to improve its customs services in order to streamline the number of procedures required and reduce the time to trade across borders, as noted in the Secretariat's Report. We note that progress has been made on implementing the single electronic window and the move towards paperless customs clearance procedures. Yet, as the Secretariat's report points out, more work can be done to streamline documentation and physical control, particularly for exports. In addition, we agree with the Secretariat's report that fees associated with imports or export clearances should reflect the services provided, and we

therefore encourage Madagascar to ensure that fees be limited in amount to the approximate cost of services rendered.

4.8. We note that the establishment of a national trade facilitation committee in Madagascar could help improve coordination among various border agencies. We agree with the Secretariat's report that a lack of coordination contributes to border delays and overall border costs that reduce Madagascar's competitiveness. The WTO Trade Facilitation Agreement (TFA) would set the stage for more efficient customs and border procedures and coordination in Madagascar, and we encourage Madagascar to ratify and implement the agreement as soon as possible. The TFA is widely recognized as having broader development benefits in addition to promoting regional integration, private-sector investment, and export promotion. The United States stands ready to work with Madagascar to ensure its timely implementation of the agreement.

4.9. To conclude, the United States recognizes the unique challenges Madagascar faces as it moves forward toward national reconciliation. We agree that efforts to reform trade policy to meet Madagascar's development objectives must be underpinned by improvements to its socio-political environment. The United States stands ready to work with Madagascar, and appreciates the opportunity to participate in this review of Madagascar's trade policy. We look forward to our dialogue with the Government, both within the WTO and on a bilateral basis.

AUSTRALIA

4.10. Australia welcomes the opportunity to participate in the third Trade Policy Review of Madagascar. This review is taking place at an important juncture in the course of Madagascar's economic reforms, coming so soon after the recent political crisis. Australia commends these reforms and the Malagasy Government for its commitment to inclusive, sustainable development. Australia believes from its own experience that the road to a stronger economy and increased prosperity lies in structural economic reforms and the ability to attract foreign investment.

4.11. Madagascar and Australia enjoy a modest but positive trading relationship. Two-way trade of goods and services was valued at \$21 million in 2014. Most notably, Australia's mining interests in Madagascar continue to grow in strength, led by major investments in the extractives sector since the mid-2000s.

4.12. As current Chair of the Indian Ocean Rim Association (IORA), Australia has strengthened its collaboration with Madagascar. In this context, our Foreign Minister, the Honourable Julie Bishop MP, visited Madagascar in September 2014. She reaffirmed that, as IORA members, Australia and Madagascar are partners in promoting trade and investment facilitation as an area of priority in the Indian Ocean region.

4.13. At the WTO, Australia has this year also notified preferential treatment for services from LDCs. Under this regime, LDCs will benefit from preferential access in various sectors comprising tourism, transport (including air and maritime) and business services. Australia invites Madagascar to take advantage of the opportunities this creates.

4.14. To achieve Madagascar's potential for economic growth, it will be essential to upgrade basic infrastructure and services such as the national electricity provider and transport, including the national airline.

4.15. Reducing barriers to trade and investment is an important aspect of economic reform and will improve Madagascar's long-term competitiveness and growth. Madagascar could reconsider affirmative action programs that apply to foreign equity limits and restrictions on mergers with local firms. Australia also encourages Madagascar to further liberalize its goods and services market, including for government procurement.

4.16. Australia is closely following Madagascar's mining code reform process. Australia welcomes the consultations initiated with stakeholders and encourages finalization of this process and early implementation of the revised mining code, which is essential for investor certainty. Australia further encourages Madagascar to continue to collaborate with the Extractive Industries Transparency Initiative (EITI), which is an internationally recognised benchmark for the sector.

Such collaboration would reinforce Madagascar's good governance and accountability commitments for international donors and investors.

4.17. For this review, Australia submitted a number of written questions relating to Madagascar's trade and investment regime. We look forward to Madagascar's response to these questions.

CANADA

4.18. The Secretariat Report very clearly describes the challenges that Madagascar has been facing since the previous review of its trade policy in 2008, including the 2009 crisis and its negative repercussions on overall growth. Canada welcomes Madagascar's endeavours over the past two years to restore democracy after many years of political instability. It encourages all stakeholders to continue taking steps to promote political stability and good governance. Canadian businesses have long recognized Madagascar's potential and are maintaining their investments despite the prevailing uncertainty, thus providing the country with an economic basis on which to lean. Madagascar's potential is highlighted in the IMF's April 2015 World Economic Outlook, in which the GDP growth rate of 3% in 2014 is projected to rise to 5% in 2015 and 2016. The designation of Madagascar as a priority market under Canada's Global Markets Action Plan (GMAP) bears witness to our confidence in the country.

4.19. I wish to emphasize Madagascar's efforts to remain open to trade liberalization, as shown by its participation in the Common Market for Eastern and Southern Africa (COMESA) and the measures taken to improve its customs services and facilitate trade. The Secretariat report's recognition of Madagascar's targeted endeavours to implement trade facilitation measures is highly relevant since the results are positive: according to the World Bank's *Doing Business 2015* report, Madagascar has improved its ranking by one place on the "trading across borders" indicator and the key sub-indicators all exceed the average for Sub-Saharan Africa. I therefore encourage Madagascar to ratify the WTO Trade Facilitation Agreement and to inform WTO Members of its technical assistance needs in this regard without delay, so that the benefits of the reforms aimed at facilitating trade under the TFA can be delivered more effectively.

4.20. Canada recognizes the persistent difficulties facing the Malagasy Government as it seeks to rebuild its infrastructure and institutions, which deteriorated over the years that followed the coup d'état in 2009. As we see it, the best way for the Government to show the importance that it attaches to rebuilding the country's society and economy is to ensure transparency and to comply with international rules. It may be very tempting to deal with the most pressing issues in order to address short-term challenges, but the only way for a country to earn and maintain the trust of its international partners is by fulfilling its international obligations. Investors will not give their trust unless they are sure that rules are respected and their investments protected. With that in mind, Canada is looking forward to signing a comprehensive and high-quality foreign investment promotion and protection agreement (FIPA) with Madagascar.

4.21. Canada has world-class expertise in mining exploration and extraction of minerals such as those on which Madagascar could rely in order to ensure more specific and efficient management of its geological resources. As emphasized in the Secretariat report, even though the increase in production and exports in the mining sector since the previous review has given an essential boost to the Malagasy economy, the sector could contribute a great deal more in economic terms, considering that it still only accounts for 4% of the economy. Canadian survey, exploration and mining companies can help Madagascar appreciate the opportunities offered by its geological resources. Canada accordingly wishes to encourage Madagascar to secure a stable and predictable environment conducive to business, and in particular to refund VAT credits as provided for under Madagascar's own legislation.

4.22. Although Madagascar has experienced a number of difficulties, it is a vast country with numerous resources and huge potential. Canada considers that the Malagasy Government is on the right path and that good governance and political stability will lead to sound economic growth. We look forward to seeing the Malagasy economy flourish and hope to be able to continue strengthening our relations in the future.

REPUBLIC OF KOREA

4.23. I am pleased to note that even though the bilateral trade volume between Korea and Madagascar shrank over the past few years, it has greatly increased in 2013, reaching US\$196 million, the highest to date. With respect to FDI, Korea was the third largest investor in Madagascar in 2011 with US\$2.9 billion. Korea indeed hopes that its economic partnership with Madagascar will continue to grow and develop in the future.

4.24. Turning to Madagascar's economic trends, I wish to note that the Malagasy economy is showing signs of recovery from the crisis, driven by the strong performance of rice farming, new exports of mining products and the recovery of foreign aid flows. Though Madagascar's growth rate dropped from 6% in 2007-2008 to an average of zero during the review period, based on this economic upturn, the IMF forecast GDP growth of 3% in 2014, rising to 5% in 2015.

4.25. In particular, I would like to acknowledge Madagascar for sustaining the high quality of its health and education system as well as its high-skilled labour force which continued to grow during the review period. Accordingly, as the Secretariat report pointed out, its human development level is comparable to those of higher-income African countries.

4.26. Let me now turn to our particular concern with respect to the non-reimbursement of VAT credits. According to the current Malagasy regulations, exports benefit from the zero-rate VAT regime, which in principle gives entitlement to the refund of duties and taxes levied on the inputs used to produce them. However, some large companies complain of never recovering their VAT credits.

4.27. Particularly, the Korea Resource Corporation has repeatedly expressed concerns about the significant accumulation of arrears since 2012 and its possible future increases. Along these lines, we would like to encourage the Malagasy Government to solve this issue in a way that is consistent with its relevant regulations as soon as possible. We emphasize that this will contribute to attracting foreign investment into Madagascar in the future as well as ensure its businesses' economic feasibility and predictability.

4.28. We have submitted advance written questions to Madagascar. The questions posed by our delegation touch upon the Malagasy Government's endeavours to improve the business environment, the establishment of the National Authority for Trade Remedies and possible plans to open up consecutive cabotage service. We thank the Malagasy delegation for providing answers to those questions this morning. We will review carefully and revert back if necessary.

4.29. It is also our hope that Madagascar will continue to actively participate in helping not only strengthen the WTO multilateral trading system as a whole, but also advance the DDA negotiations.

EUROPEAN UNION

4.30. As the Secretariat report points out, Madagascar's economic growth in the period 2009-2014 (averaging less than 1% per year) remained well below potential, as the country emerged from its fourth socio-political crisis in 20 years. Despite the serious consequences of the crisis, the Malagasy Government has undertaken major trade reforms. The European Union welcomes these efforts and encourages Madagascar to develop both the vast resource potential of its land and its know-how, so as to contribute more to the economic recovery that began last year.

4.31. European development cooperation has been active in Madagascar since 1959. The partnership between Madagascar and the EU became part of the Revised Cotonou ACP-EU Partnership Agreement on 23 June 2000.

4.32. Relations between the EU and Madagascar have become stronger since the conclusion, in 2009, of an economic partnership agreement (signed by Madagascar, Mauritius, Seychelles and Zimbabwe), the provisional implementation of which began on 14 May 2012. This is a market access agreement containing chapters on rules of origin, development cooperation, fishery products, trade defence and a dispute settlement mechanism. It aims to enhance the well-established relationship between the EU and the countries of Eastern and Southern Africa,

broadening the partnership to increase trade, investment and cooperation. It is expected to foster sustainable development and better use of the economic potential of these countries, to support their efforts to implement reforms and adopt rules for better integration in world trade, and to contribute to more effective economic and trade integration of the Eastern and Southern Africa region.

4.33. Madagascar is an important partner in the region, especially in the context of the Indian Ocean Commission (IOC). However, its integration within the region is hampered by the weakness of its infrastructure. Its trade remains modest, and it still has a long way to go in terms of economic integration.

4.34. If Madagascar is to succeed in its development and poverty reduction drive by reviving sustainable and inclusive growth, it is important for the country to press on with reforms, primarily those aimed at enhancing governance and infrastructure as levers for public and private investment.

4.35. Under its development cooperation policy and the 11th European Development Fund in particular, the EU has allocated €518 million for the period 2014-2020, with support focusing on governance, economic development-targeted infrastructure and rural development.

4.36. As regards trade reforms, the European Union welcomes the remarkable efforts recently made by Madagascar, especially in updating its WTO notifications, including its Integrated Database (IDB) notifications, and strongly urges it to continue along that path by taking the necessary steps in order to notify the WTO of the categorization of each provision of the Trade Facilitation Agreement.

4.37. Lastly, the EU hopes that political and institutional stability will swiftly return to Madagascar so that the country can rapidly harness its abundant resources and pursue its objectives of building a stable, inclusive, sustainable and diversified economy open to the world.

ARGENTINA

4.38. Argentina welcomes Madagascar's economic progress, in particular since 2014. This upturn was driven by sound performance in the rice-growing sector and by the extraction and export of ores such as nickel, cobalt and titanium.

4.39. At the bilateral level, we would like to emphasize that trade between Argentina and Madagascar has increased in recent years. This means that there is great potential for development and that the complementarities between our countries can be harnessed in a very positive manner.

4.40. The highly important issue of development of the African countries is a matter of particular interest that prompted Argentina to participate in this review of Madagascar's trade policy, as indeed it was in preparing our written questions.

4.41. In particular, Argentina would like to take this opportunity to learn more about the main challenges facing Madagascar in developing its value-added exports of agricultural products, its difficulties in gaining access to markets for such products and its interest and experience in protecting its fisheries stocks and resources from over-fishing and depletion.

4.42. Lastly, while reiterating our appreciation of this renewed opportunity to exchange points of view and comments on the trade policies and practices of Madagascar, we would like to draw attention once again to the importance of this exercise in transparency from every point of view, and to wish the Malagasy authorities a successful conclusion to this review.

THAILAND

4.43. Thailand has a cordial trade relation with Madagascar, as our bilateral trade value has risen at an average rate 12.52% per year during the past five years. In 2014, the bilateral trade between Thailand and Madagascar valued over US\$60 million, with export valued at US\$58 million and import value at US\$1.96 million.

4.44. Although the bilateral trade between Thailand and Madagascar is still relatively small, there is great potential for the expansion of trade in goods, services and investment between the two countries. We believe that for exports, such potential exist in agricultural and industrial products such as rice, sugar, plastics, chemical products, and vehicles. While fish and precious stones are considered high-potential imports.

4.45. We are pleased to note that Madagascar's GDP growth has increased to 3% in 2014 and has been projected by the IMF to rise to 5% for 2015, showing signs of recovery since its GDP growth collapsed from above 6% in 2007-2008 to an average of zero in 2009-2013 due to its socio-political crisis.

4.46. Thailand would like to commend Madagascar for the significant progress made in its trade reforms. We note that there have been a number of tariff reductions, especially on agricultural inputs, lowering Madagascar's average applied MFN rates down from 13% in 2008 to 12.2% in 2015. However, we do observe that a few of the applied rates exceed the bound level, such as those of textile articles, foot wears, and tools and cutlery of base metal, we encourage Madagascar to bring it back to the commitment level. We are pleased with the vast improvement in trade facilitation, with the establishment of a national committee on Trade Facilitation, set up an electronic Single Window, and the near completion of the shift towards paperless customs clearance procedures.

4.47. In this review, Thailand submitted few questions to Madagascar, covering, among others, the WTO consistency of prohibitions on the production and importation of plastic bags, and Madagascar's plans and policy regarding the liberalization of market access in the tourism sector. We look forward to receiving Madagascar's response in due course and will study them in detail with great interest.

4.48. In conclusion, Thailand would like to express our appreciation to the delegation of Madagascar for today's presentation. We are thankful for the cooperation with Madagascar in both Geneva-based and Capital-based levels.

BRAZIL

4.49. It is a matter of great satisfaction for Brazil to take part in the third TPR of Madagascar. The participation of Madagascar in this important exercise shows us its strong commitment to the multilateral trading system and to this Organization. We do recognize Madagascar's efforts to put together all the required information for this peer review and present us its trade policy covering a period of distressing turmoil in the country. We recognize the impact that institutional changes have on the capacity of economies to growth. But we also recognize the important role that trade has got to foster socio-economic development and to alleviate poverty, social inequality and vulnerability.

4.50. Between 2008 and 2014, the period covered by this review, Madagascar's economy grew near to 1% per year, reflecting this period of political instability and uncertainty. Nonetheless, the IMF forecasts GDP growth of 5% in 2015, which reveals a great capacity of recovery and potential to further growth.

4.51. Bilateral commerce between our two countries increased considerably from US\$9.4 million in 2007, the last year covered by Madagascar's previous TPR, to US\$24.6 million in 2014, reaching a peak of US\$35.2 million in 2012. Despite this increase in value, trade flows remain very modest and benefit from little diversity: Brazil's main export to Madagascar continues to be sugar, followed by soybean meal and rubber, which together amount to 92% of the value of our exports in 2014. Madagascar's main exports to Brazil are clothing and organic chemicals, which correspond to 75% of the value of its total exports in the same year. We certainly can do better than that.

4.52. From the comprehensive reports presented today, we observe that Madagascar's economy has recently experienced a major shift towards mining and agriculture. Both areas were identified by the Malagasy Government as strategic for development, and both offer potential for bilateral cooperation and partnership.

4.53. The Malagasy Government deserves praise for its National Development Plan. It sets a framework for sustainable growth with specific projects and activities to enable the achievement of a clear set of objectives. Brazil encourages Madagascar to persevere in the establishment of a long term institutional framework, enabling investment from the private sector and contributing to the implementation of public policies.

4.54. Madagascar's efforts to modernize its economy and lower costs are admirable. Specifically let me note that the NDP has prioritized the development of basic infrastructure and construction as main targets to foster investment in the next years. In both areas, we can identify avenues for exchange between our two countries.

CHINA

4.55. China is very pleased to note that Madagascar is recovering from the socio-political crisis since 2009, which is mainly attributed to the growth in mining export and rice farming. Yet, we have to acknowledge that the foundation for the current recovery is still weak. The aging infrastructures, high fiscal deficit and inflation, as well as inadequate investment are still constituting challenges for its development in the future. Madagascar boasts substantial potentiality in mining, agriculture, fishery, and many other sectors, and China encourages Madagascar to bring these potentialities into full play by continuing its ongoing economic reform so as to further facilitate external trade and boost both domestic and foreign investment.

4.56. On the bilateral front, though affected by the socio-political crisis of Madagascar in 2009, China and Madagascar bilateral trade started to recover since 2011, achieving US\$871 million in 2014, representing a 68.5% growth compared to the pre-crisis level in 2008. As the Secretariat report has pointed out, China has become the third largest import source and fifth largest export destination of Madagascar. Yet, China's investment in Madagascar was growing at a much slower pace, as our direct investment in Madagascar is merely about US\$26.75 million in the year 2014, which is only about 40% of the pre-crisis level in 2008. China is willing to promote liberal investment with Madagascar, and encourages Madagascar to facilitate the major obstacles Chinese investors are facing by streamlining approval process and easing labour licensing requirements.

4.57. On the multilateral front, China commends the positive role of Madagascar in the multilateral trading system, as a member of the African Group and the ACP countries. At this critical juncture of the Doha Development Agenda, China looks forward to cooperate closely with Madagascar and other Members, to achieve a long-expected successful conclusion of this round in the coming months.

THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU

4.58. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu is particularly pleased to note that Madagascar is gradually recovering from the socio-political crisis since the December 2013 presidential election. The Government has been able to turn its attention to the key development areas of infrastructure and the legal and regulatory framework. The National Development Plan 2015-2019 is impressive, we sincerely hope that all these very worthy efforts will lead to economic recovery, and help Madagascar to realize its macroeconomic stabilization and sectoral reforms.

4.59. At the multilateral level, the decision to hold the 10th WTO Ministerial Conference in Africa for the first time in 20 years is a clear demonstration of the commitment of the international community to integrate Africa including Madagascar into the multilateral trading system. We would encourage Madagascar to make good use of the WTO's trade-related capacity-building, technical assistance, and "Aid for Trade" resources. These can help Madagascar trade diversification and have a direct effect on raising the standard of living of its people.

4.60. As far as our trading relationship with Madagascar is concerned, the value of the two-way trade between Madagascar and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu was about US\$34 million in 2014. There are certainly potential exists for greater economic cooperation and trade expansion in the future between us.

MAURITIUS

4.61. Given our proximity in the Indian Ocean, Madagascar is one of our main trading partners in the region. Under the IOC, SADC and COMESA, Mauritius and Madagascar continue to strengthen their economic and commercial ties. Mauritius businesses have also invested in the economy of Madagascar in sectors including textiles, agriculture, services, to mention a few.

4.62. We commend the efforts of the Government of the Republic of Madagascar to redress the economy and uplift the economic and social well-being of their population after years of growth constriction due to lingered political crisis and economic uncertainty. This course taken, we expect real GDP growth to accelerate. We also hope the agricultural sector, which provides livelihood for most Malagasies, to play a crucial role in growth and development.

4.63. We are also pleased that there has been recovery in exports from Madagascar under AGOA. Mauritius lent a strong support for Madagascar's re-insertion in the list of AGOA beneficiary countries.

4.64. My delegation wishes to commend the Government of Madagascar for the new three year economic development strategy including a set of reforms aimed at reinvigorating the economy and reducing poverty. We note an increase in public investment expenditure particularly on infrastructure and the productive sectors. We call on the development community to continue their sustained support to Madagascar's efforts as they endeavour to overcome key development bottlenecks.

4.65. Last week in a similar TPR exercise, my delegation pointed out the sheer vulnerability of States which are heavily dependent on external markets. Fragile economic recovery in the EU, our main source of tourists and investment, as well as leading destination for exports, affects us both in Mauritius and Madagascar alike.

4.66. Mauritius and Madagascar pursue the same objectives in respect of regional integration. In this regard, Mauritius has consistently supported Madagascar's strong participation in regional organisations such as the COMESA, SADC, IOC, IOR and now the Tripartite FTA including the AU Continental FTA. Mauritius and Madagascar, along with Seychelles and Zimbabwe are implanting the interim-EPA with the EU. We believe in dynamic intra-regional trade which augur well for deepened trade and investment and opportunities and for enhancing dynamic economic complementarities. We are working with a number of countries in the region, including Madagascar to address removal of barriers to trade and improving the ease of doing business, this with a view to facilitate greater trade and investment in the countries in the region.

KINGDOM OF MOROCCO

4.67. As an African country, it is a great pleasure for the Kingdom of Morocco and its delegation to participate today in the third review of Madagascar's trade policies, which, I am convinced, will enable Members of this Organization to take stock of the progress made by this fellow nation and friend in the multilateral trading system.

4.68. The exercise before us today and the day after tomorrow will also be an opportunity for the Government of Madagascar to present the different facets and underpinnings of its trade policies, determined as it is to honour its commitments and to participate fully in multilateral trade.

4.69. Madagascar and the Kingdom of Morocco have maintained excellent fraternal ties for many years now as well as cooperation based on solidarity, which, in view of the two countries' strong determination, will undoubtedly grow stronger.

4.70. Over the years, my country has shared its cutting-edge expertise with its partners, especially as regards water and agriculture, and also has more than 30 years of management training experience in a variety of specialized fields.

4.71. Today, considering Morocco's particular interest in South-South cooperation, I am happy and proud to reiterate that the Kingdom is firmly committed to pursuing and increasing bilateral cooperation and to broaden its scope to encompass all sectors.

4.72. Madagascar is slowly recovering from the socio-political crisis which broke out in 2009 and was brought to an end by the December 2013 presidential elections. The economic upturn which began in 2014 has been boosted by strong performance in rice farming and the extraction and export of heavy metals such as nickel, cobalt and titanium. Trade reforms, especially in the area of trade facilitation, have also played a part.

4.73. Nonetheless, we regret the slowdown in economic activity resulting from the decline in commodity prices and the weather-related disasters that hit the country. Severe flooding in the northern half of Madagascar and drought in the south have badly affected the population, which lives primarily from agriculture.

4.74. I would like to commend Madagascar for its efforts in making further headway and achieving greater stability, and to pay tribute to the international community as a whole for supporting the country and for its engagement and invaluable assistance in accompanying Madagascar in its incipient development process.

4.75. However, the consolidation of democracy and good governance cannot be genuinely irreversible or even sustainable over time if the country's uncertain and fragile economic outlook persists. Our duty is to help Madagascar capitalize on its achievements and continue along the development path.

4.76. Support and backing from the international community will clearly lead to the consolidation and growth of the national economy, sustainable development, poverty reduction and trade facilitation. First and foremost, they will make a substantial contribution to Madagascar's integration in the global economy.

4.77. Whilst reiterating Morocco's willingness and firm commitment to continue and step up its development aid and assistance for Madagascar, I appeal to all friendly countries, donors and development partners to redouble their efforts to maintain and intensify their own support for the country.

4.78. We are pleased to note today that Madagascar has taken measures to integrate trade in its national development strategies. It has benefited from Aid for Trade. Nonetheless, it needs further assistance to eliminate the bottlenecks hampering its efforts to turn trade into one of the key drivers of its economic development.

4.79. We are convinced that economic integration is key to the development of the African continent. Efforts should be intensified to accelerate regional economic integration, the development of cross-border infrastructure and inter-African trade so that African countries can achieve lasting economic development in the nearest possible future.

4.80. Africa has not yet made the most of all its strengths, nor has it been able to draw benefit from the significant size of its market, population and resources through inter-African trade.

4.81. The imperative for a strong and united Africa lies in the fact that economic synergy progresses through integration, because the economic advantage of any economic community is greater than the sum of the economic advantages of each of its individual member countries. The promotion of trade among African countries should be considered a priority given that it can serve as a route to growth, job creation and wealth.

4.82. I would like to congratulate the Government of Madagascar for its successful and laudable performance in recent years, and for its dynamism in promoting trade across this important region of the African continent.

INDIA

4.83. India and Madagascar enjoy cordial bilateral relations. India has had maritime links with Madagascar for several centuries. The late nineteenth century and early years of the twentieth century witnessed a steady increase in people to people exchanges, particularly in the area of trade and investments. India opened a Consulate in Antananarivo in 1954 and last year, we commemorated sixty years of the establishment of diplomatic ties between India and Madagascar.

4.84. Bilateral trade between India and Madagascar has been steadily growing from a level of US\$ 206.38 million in 2011-12 to US\$291.58 in 2013-14. Imports from India had a market share of about 6% in total imports of Madagascar during the year 2014. Madagascar is a beneficiary country under the Duty Free Tariff Preference Scheme of India for least-developed countries (LDCs), which provides duty free market access on about 96% of India's tariff lines and preferential access on about 2.2% of the lines.

4.85. As part of South-South Cooperation, India's focus has been on capacity building including training in technical fields through courses, which are offered under Indian Technical and Economic Cooperation (ITEC) Programme and India Africa Forum Summit Scholarships. Madagascar is also a beneficiary of the Pan African e-network project, which has been extended till 2016. During the period under review, the Government of India had also extended a concessional Line of Credit of US\$25 million to Madagascar for raising productivity of rice and setting up of fertilizer plants.

4.86. We have noted that Madagascar is slowly recovering from the socio-political crisis, which broke out in 2009 and was subsequently brought to an end in 2013. We note with concern the slow pace of economic growth during the period under review (2009-14) averaging less than 1% per year, which is well below its potential. We have noted a decline in trade of goods and services, which fell from 80% of the GDP in 2008 to less than 70% of the GDP in 2014. While Madagascar became a major exporter of nickel and other minerals and ores during the period under review, the exports of clothing and other manufactures have plummeted. Madagascar's services exports with income of about US\$1.4 billion is mainly dependent on tourism sector with an annual growth rate of over 32% since 2009. While Madagascar's agriculture has been through some difficult years since 2010, the sector offers tremendous export potential through a range of niche products, such as cloves, vanilla, groundnuts, cocoa paste, coffee etc. The manufacturing sector also offers exceptional opportunities, especially in the agri-food and handicrafts area. We encourage Madagascar to continue to take prudent reform measures so that SMEs could benefit from the opportunities offered by the manufacturing sector.

4.87. We commend the remarkable efforts made by Madagascar to fulfil WTO notification requirements. We appreciate Madagascar for bringing simple average applied MFN tariffs down from 13% in 2008 to 12.2% in 2015 and for making significant progress in improving its customs services with electronic Single Window system. We also commend Madagascar's efforts to bring transparency in its government procurement through automated government procurement management system on the Internet. We have also noted that Madagascar is party to trade agreements covering over 50 trading partners, including COMESA and the SADC.

BENIN

4.88. The delegation of Benin welcomes the opportunity to take part in the trade policy review of Madagascar, which is a developing, least developed island country that remains committed to the promotion of trade and sustainable development.

4.89. Indeed, Madagascar has embarked on a number of reforms to enhance its economic and institutional environment and to improve the physical underpinnings of production, investment and exports of goods and services.

4.90. It is interesting to note the macroeconomic stabilization and sectoral reforms programme, which comprises, *inter alia*, the National Development Plan 2015-2019, the Integrated Public Finances Management System (SIGFP), and the reforms to the customs system, the investment regime and government procurement, and the internal auditing and inspection of businesses and government departments.

4.91. Further implementation of these reforms will lead to economic growth projected to surpass 10% by 2019.

4.92. In order to make the most of the country's considerable potential in terms of agriculture, biodiversity, natural resources, mining and fisheries, it is essential first and foremost to address issues such as the high cost of access to financing, the inadequacy and/or prohibitive cost of energy, and the weakness or lack of trade-related infrastructure.

4.93. The delegation of Benin accordingly takes this opportunity to encourage the community of development partners to give all due consideration to Madagascar's needs and to provide it with the technical and financial support required for it to continue implementing its National Development Plan in particular.

4.94. Useful support such as this would boost Madagascar's endeavours, the most prominent results of which have been a reduction in the external current account deficit to 10.2% of GDP compared to 18.9% in 2008, with the country's exports rising at a faster pace than imports.

4.95. Since Madagascar is actively involved in bilateral and multilateral relations with a view to the country's harmonious development, it remains committed to the consolidation of a multilateral trading system providing the clear, transparent and predictable rules for all that are essential to the prosperity of trading nations - in this case the most vulnerable among them, namely the least developed countries.

4.96. The delegation of Benin is pleased to share with the delegation of Madagascar the conviction that every effort must be made to draw up, without delay, a post-Bali work programme taking into account the Ministers' instructions.

4.97. Efforts will have to be pursued in the medium term with a view to the conclusion of the Doha Development Agenda in a manner that takes into consideration the development dimension.

4.98. Madagascar's Government report highlights the country's technical assistance needs in a number of areas, such as the implementation of trade-related agreements; participation in the WTO's day-to-day activities; capacity building for participation in trade negotiations and for trade policy formulation; removal of supply-side constraints; and integration of trade and development policies.

4.99. Financial and technical support is also required for the Trade Ministry's trade promotion channel, namely the National Institute of Trade and Competition (INCC).

4.100. In addition, the Malagasy Government has identified a number of areas relating to implementation of the WTO Agreements. Its concerns include anti-dumping, countervailing and safeguard measures; sanitary and phytosanitary measures (SPS); technical barriers to trade (TBT); trade-related aspects of intellectual property rights (TRIPS); and trade facilitation.

4.101. The delegation of Benin strongly recommends that Madagascar receive the technical and financial assistance that it needs to support its trade promotion and sustainable development endeavours.

PAKISTAN

4.102. Madagascar has the potential and natural resources to recover from the economic downturn as a result of socio-political crisis. There is an important mining sector, important maritime resources for fishery and aquaculture, important niche markets in exports of agriculture products, agri-foods and handicrafts, growing rice farming.

4.103. Bilateral trade between the two countries has increased for the last three years; however, trade potentials are underexploited. Pakistan exports consist of rice and cements, and trade balance is in favour of Pakistan. Bilateral trade has increased by 14.5% in 2014 as compared to the previous year: trade went from US\$120 million in 2013 to US\$138 million in 2014.

4.104. Implementing the adequate economic reforms are necessary and required to benefit and take full advantage of the economic potentials given the important natural resources that the country has: reforming the energy sector which has already been noted during the last TPR, reforming trade policies in agriculture, mining and fishery sectors.

4.105. We commend the efforts that have already been undertaken mainly in trade facilitation but more has to be done and we encourage the Government to implement those economic reforms. Economic reforms as all of us are aware have to go hand in hand with political stability that we encourage the Government to put and maintain into place.

JAPAN

4.106. According to the report by the Secretariat, the average GDP growth rate of Madagascar from 2009 to 2014 stayed below 1% due to unstable domestic politics from 2009 to 2013 as well as the socio-political crisis over the years. However, Madagascar has been recovering, as the IMF forecasted the GDP growth by 3% in 2014, rising to 5% in 2015.

4.107. In order to maintain this positive trend and accelerate economic growth, Madagascar's vast unexploited land, abundant mineral resources and fishery products should be better utilized. Well-functioning economic policies such as improving infrastructure and inviting sustainable foreign direct investment (FDI) will be key elements for taking advantage of Madagascar's huge growth potential. Recognizing that Madagascar's "National Development Plan" aims at a 10% or more annual growth rate by 2019, Japan expects Malagasy future efforts to achieve this objective.

4.108. Geographically speaking, Madagascar is located in a key position in the Indian Ocean. It has great potential to be a trade and investment hub to the African Continent. Japan would like to develop closer cooperation with Madagascar, supporting for Japanese industries that contribute to the Malagasy economy.

4.109. At the outset, the structure of Malagasy trade has become highly diversified with regard to not only the share of trading partners but also the composition of export goods. In addition to traditional agricultural commodities, nickels and other minerals have become the major group of exports, while Asian countries' share of Madagascar's export markets has grown. Japan commends Madagascar's efforts aiming diversification in trade and industries in a time of high volatility of natural resources and agricultural product prices.

4.110. Let me make brief comments on the WTO. Japan expresses our respect for Madagascar's considerable work to update its WTO notifications resulting in transparency of the multilateral trading system under the WTO.

4.111. Regarding trade facilitation, Japan commends that Madagascar has been striving constantly to improve its customs procedures. Given that the electronic Single Window is important to improve Madagascar's trade environment, Japan expects that Madagascar's lasting progress for facilitating custom procedures will result in the expansion of Madagascar's trade. Japan also expects that Madagascar will submit its notification of Category A commitment to the WTO and will finalize its domestic procedures for the acceptance of TF Agreement in a timely manner.

4.112. Before concluding, let me touch upon one specific issue.

4.113. Despite the already-mentioned commendable efforts, we have a serious concern with respect to the value-added tax (VAT). According to the report by the Secretariat, one of the main concerns of exporting companies is the non-reimbursement of VAT credits. Although Malagasy tax law gives the exporting companies an entitlement for the refund of VAT paid through procurement of goods and services in the domestic market, sometimes they cannot receive the refund of their VAT credits due to fiscal and budgetary reasons. Considering that this problem has a significant impact on foreign direct investment, Japan hopes that Madagascar will address this matter promptly. We will submit our questions on this issue in a written form later.

4.114. In conclusion, I would like to express our strong wish to continue our cooperation. We expect that Madagascar will make the most of its potential and realize continuous economic growth.

CENTRAL AFRICAN REPUBLIC

4.115. The Secretariat report on the one hand shows the difficulties faced by Madagascar over the course of the successive crises that undermined the country's economic structures and, on the other, highlights the Government's efforts to revive the economy.

4.116. These efforts bear witness to Madagascar's determination to align itself with international trends in general and to comply with the WTO principles and rules in particular, in spite of its limited capacity.

4.117. Nonetheless, we note that Madagascar's tourism and agricultural potential are still underdeveloped, although there are some positive indicators for the services sector.

4.118. To enable Madagascar to implement the ambitious development programmes currently under way, it is therefore important for the country to receive technical assistance from its partners. We welcome Madagascar's participation in the Enhanced Integrated Framework programme as an LDC Aid for Trade beneficiary.

4.119. Lastly, my delegation wishes the Government of Madagascar every success with its large-scale project whose final objective is to turn Madagascar into the Indian Ocean's "breadbasket".

ZIMBABWE

4.120. We note with great pleasure that following a period of deep crisis which negatively impacted on the economy and the well-being of the people, Madagascar has been able to progressively recover. This has been achieved through a set of sound economic reforms that include an improvement in public policies, management of public funds, product diversification and consumer protection.

4.121. Madagascar has also managed to liberalize its trade; however more has to be done to improve competitiveness. The country has great potential to increase investment in agriculture and agro-industries in order to further transform the economy and reduce poverty.

4.122. Bilateral trade between Zimbabwe and Madagascar is still low; however, both countries are members of SADC, COMESA and CFTA and are also in the same Eastern and Southern Africa interim Economic Partnership Agreement configuration. We hope that Madagascar's economic recovery will present opportunities for greater economic cooperation with Zimbabwe.

4.123. We call upon the donor community and development partners to support Madagascar' economic recovery programs. Our delegation wishes Madagascar full economic recovery and a successful third Trade Policy Review.

MOZAMBIQUE

4.124. Mozambique aligns itself with the statements presented previously by other Members and wishes to register the recognition of efforts made by the Government of Madagascar for the consolidation of peace and reconciliation in this country, a basic condition for the trade and business to flourish, and for the promotion of favourable environment through economic development.

4.125. Mozambique notes with satisfaction that the country adopted a national plan 2015-2019 and embarked with a range of processes and reforms which aim development.

4.126. My delegation is pleased to see encouraging signs in the implementation of strategies which aim to foster export of products and diversify the economy.

4.127. We are aware of the various challenges faced by this country in many areas of concern to development, especially the infrastructure. We praise the country's initiatives throughout all these measures that have been taken, notably the development of a wide range of regulations.

4.128. We are all of the view that Madagascar must be assisted in the implementation of these reforms and the assistance in all the WTO Agreements have encouraged the country to continue its efforts aiming at diversification of the economy by redirecting investment on infrastructure, agriculture, services, industries, tourism, fisheries and other areas of potential for economic development.

4.129. We are confident that the country will succeed in the implementation of the reforms and its national plan and we encourage the continuation with policies that reinforce its involvement in regional initiatives. Those actions are likely to contribute to attain the right aspirations of the coming active player in the regional and global trading system.

5 REPLIES BY THE REPRESENTATIVE OF MADAGASCAR AND ADDITIONAL COMMENTS

5.1. The Government of Madagascar consistently aimed for the utmost transparency in describing the strengths and weaknesses of its trading system in the report submitted for this review. In its replies to questions, it took care to be as specific as possible and clearly present its plans aiming to sustainably resolve the problems underpinning the questions received. We are grateful, first and foremost, for the 19 remarkable statements which the various Permanent Representatives were kind enough to deliver in the course of the first part of the review last Tuesday. We would like to extend our warmest thanks to Your Excellencies for gracing this second session with your presence.

5.2. We hear you and will convey the messages received here to our Government and our private sector. We will summarize these statements as follows:

5.3. Stability is not merely a political issue, nor is it a mere absence of crisis. Stability stems from a combination of factors guaranteeing private investment, employment, economic growth and a consistently acceptable level of macroeconomic indicators. Prior to inclusive and sustainable development, peace and stability are prerequisites for improving public services, promoting official development assistance, sustaining gains, preserving and maintaining infrastructure, and strengthening the reforms in progress.

5.4. Madagascar's trading partners have an understanding for the crisis situations and natural disasters suffered by our country and are sympathetic to its plight. Those with limited trade relations with our country aspire to expand and diversify trade and investment. Other Members are hoping to establish new forms of trade with Madagascar.

5.5. As regards the measures to be taken, priority should be given to upgrading and bringing infrastructure up to standard, in-depth reforms to ensure better governance, improving the business climate, strengthening institutions, and enhancing services and the operating conditions of the national electricity and air transport companies.

5.6. Some Members have highlighted difficulties relating to the refund of VAT to exporting enterprises, whilst acknowledging the Government's efforts to remedy the problem.

5.7. Your words of encouragement and support and the specific offers of technical assistance and cooperation received further strengthen our determination to press on with the reforms at customs level in order to:

- streamline procedures and reduce customs clearance times;
- integrate trade more effectively in the implementation of the national development plan;
- coordinate trade in such a way as to derive greater benefits from the preferences and waivers granted, in the services sector in particular; and
- restore confidence by applying simple, transparent and predictable trade rules.

5.8. Madagascar's efforts to further liberalize access to the services market have led the Government to consider a statutory audit and any other accompanying measure that would enable it to implement the necessary reforms in the relevant sectors. Such an audit would make it possible to identify gains in competitiveness, enhance services, and reduce the costs to consumers resulting from the opening up of certain sectors.

5.9. In addition to the success recorded in exporting mining and agricultural products, we are convinced that it is entirely feasible to diversify our export goods and services by implementing appropriate economic reforms in a large number of sectors. In order to achieve this goal:

- It is necessary to build up the regulatory bodies' capacities to carry out reforms in these sectors.

- Physical transport, telecommunications and electricity infrastructure should underpin the development of new market opportunities.
- Compliance with SPS and environmental standards will also be improved.
- Cooperation and better inter-ministerial coordination will be prioritized in implementing these new plans.

5.10. The Government's priority is to exploit upstream mining and hydrocarbon potential since both sectors are posting fairly healthy growth margins in terms of royalties, export revenue and potential job creation in the years to come.

5.11. New technologies will also play a role in accelerating achievement of the sustainable development goals through the expansion of trade opportunities and by strengthening Madagascar's position in global value chains.

5.12. Sustainable and inclusive tourism will be developed and the rules governing investment in the sector are gradually incorporating notions such as inclusiveness and sustainability, especially as regards workers' rights, respect for the environment and loss reduction through the establishment of closer links between local stakeholders, in line with the well-known phrase "more links, fewer leaks".

5.13. As regards the business climate, a new law on public-private partnership will shortly be submitted to the National Assembly. The Economic Development Board of Madagascar (EDBM) is working very hard with partners such as the International Finance Corporation to ensure that the quality of this environment is the primary incentive – more so even than tax benefits - for investors to set up business in Madagascar. A permanent dialogue will be maintained between private sector and government in order to lift the remaining obstacles to trade that hamper the private sector and its export competitiveness.

5.14. In order to accelerate the country's growth, Madagascar will focus on the combined impact of public and private investment to create the conditions necessary for innovation, entrepreneurship and increased domestic productive capacity overall. The spatial distribution of investment will create outlets for those manufacturing high-value products. Public governance at all levels, including local authorities, will ensure improved tax collection and the entry of informal businesses into the formal sector, and build trust on the part of Malagasy or foreign private investors.

5.15. The land reforms initiated with the support of the development partners are beginning to bear fruit by making it possible to avoid competition among sectors (e.g. mining, tourism, agriculture, conservation) and are thus reducing the pressure on land with high business potential.

5.16. Increased and enhanced coordination of Aid for Trade is being considered in order to build up the country's capacities for further trade development. In view of the encouraging results achieved by the Enhanced Integrated Framework's National Steering Committee and of the need for Madagascar to set up half a dozen national committees, the official establishment of a national council responsible for all trade-related matters has been decided. The council will, as needed, assume the functions of National Steering Committee, national trade facilitation committee, SPS committee, TBT committee, NTB committee, and trade negotiations coordinating committee. This will ensure that the focal points are accountable to a council or committee at national level and that the proceedings of these various committees are mutually consistent and beneficial. Lastly, the pooling of resources will ensure a systematic monitoring of progress and coherence in terms of notifications, reforms, international cooperation and negotiating positions, topic by topic.

5.17. A round table meeting, extended to Madagascar's resident or non-resident technical and financial partners, will be held in order to follow up on the trade policy review's recommendations. This meeting will also be an opportunity for the partners to work together to endorse and, where necessary, provide financial support for a number of reforms.

5.18. The Ministry responsible for trade has undertaken to ensure that the numerous bilateral trade agreements signed by Madagascar are duly recorded and that the various preferential rules

of origin in effect are harmonized. Monitoring progress in Madagascar's undertaking to establish the Tripartite Free Trade Area's planned common external tariff and bringing it into line with the aforementioned trade agreements are at the top of the Ministry's agenda.

5.19. We can solemnly declare to the Membership today that:

- Madagascar will ratify the Trade Facilitation Agreement without delay and notify the WTO of the Category A measures;
- trade facilitation capacity building will continue and the actions of the various entities involved will be harmonized;
- a single window for exports is currently being put into place with UNDP support in particular;
- customs and trade-related coordination at the border will be continuously improved; and
- violations of tariff bindings will gradually be reduced in order to enable the country to comply with its commitments.

5.20. As regards notifications, Madagascar will make every effort to continue addressing its backlog in this respect.

5.21. The promotion of cooperatives and large-scale farming, the building of infrastructure and irrigation facilities and the upgrading of production and animal and plant protection techniques will lead in the long run to increased productivity in the agriculture, livestock and fisheries sectors. Protection of the environment, mitigation of the adverse effects of climate change, and greater resilience of social ecosystems to shocks - whether nature-induced or otherwise - are part of the measures in support of the innovative approach that is currently being put into place.

5.22. The widening of Madagascar's commitments in well targeted services sectors will lead to more competitive domestic enterprises and more effective regional integration in terms of goods and services sold. Madagascar is considering taking advantage of the opportunities offered by partner countries and bilaterally and regionally negotiating better market access for Malagasy services providers.

5.23. All the written questions submitted, including those received after the deadline set by the WTO have already been answered in writing. Nonetheless, I would like to reiterate some of the responses to specific questions concerning the refund of VAT.

5.24. As regards accumulated arrears up to end 2014, a payment schedule extending up to 2019 has been decided with the enterprises concerned. The revised Finance Law for 2015 provides for payment of the 2015 segment of the schedule. Refunds of 2015 VAT payments are also planned with the Tax Directorate and the Treasury in order to avoid any accumulation of backlog.

5.25. However, these payments are subject to the availability of funds from the Ministry of Finance and the Budget. The Malagasy State is currently negotiating with its financial partners in order to secure the facilities needed to clear its VAT arrears as soon as possible.

5.26. Madagascar reiterates the appeal launched at the beginning of this statement. It would like to see more investors from your respective countries investing in Madagascar. We are also counting on our trading partners to ensure substantial official development assistance in order to remove barriers to trade, and to provide high quality and properly coordinated trade-related technical and financial assistance as well as a sizeable financial package in support of the revival of Madagascar's trade.

5.27. A round table meeting will identify urgent and feasible measures, recognized by all stakeholders as pressing, useful and relevant. The main conclusions of this third review will be compared with the conclusions of UNCTAD's ongoing Investment Policy Review so as to ensure better alignment of trade policies and practices.

5.28. Madagascar reiterates its commitment to multilateralism in its current form.

5.29. We express grateful thanks to each of the countries that took part in our review. Our thanks also go to you, Mr Chairman, for the way in which you conducted our proceedings and, once again, to the WTO Secretariat for the quality of its report, as well as to the interpreters. Thank you.

DISCUSSANT

5.30. This brings us to the end of this third trade policy review of Madagascar, which has enabled us to carry out an in-depth analysis of every component of the country's trade policy.

5.31. I am pleased to note the good atmosphere that prevailed throughout the meeting and the quality of the work accomplished.

5.32. I thank and commend the Government of Madagascar for the quality of its replies and explanations in response to the various concerns raised by WTO Members.

5.33. It is my sincere hope that the comments and recommendations put forward during this review will be taken into account in areas of Madagascar's economic and trade policy programmes where inconsistencies have been brought to the fore.

5.34. Indeed, the Malagasy people expect a great deal from their Government in order to make the most of the end of the country's protracted socio-political crisis. It would remiss of me not to echo Your Excellency's reiterated appeal to your bilateral and multilateral partners to support your country in its drive for reform.

5.35. Lastly, I wish Your Excellency and all members of the delegation accompanying you a safe return to Madagascar.

5.36. You may rest assured of the WTO Secretariat's readiness to support your country in implementing the recommendations put forward today. Thank you.

JAPAN

5.37. First of all, let me express my appreciation to the Madagascar delegation for making significant efforts to prepare the TPR and providing us with an informative presentation. We also would like to extend our gratitude for the insightful remarks from the discussant.

5.38. Japan has submitted a follow-up question regarding the VAT credits. We are looking forward to receiving an answer to the question in due course.

5.39. As I said in the last session, Madagascar is blessed with abundant resources which have enormous potential to promote economic growth. Japan would like to work closely with Madagascar, together with other Members, for our future discussions in the WTO.

5.40. We congratulate Madagascar on its success in this TPR.

THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU

5.41. Madagascar, a beautiful island country located in the South-East coast of Africa, has abundant natural resources and is rich in ecological diversity as well as tourist attraction.

5.42. Madagascar, I believe, is full of potential to promote economic growth. I would like to recall the shrimps imported from Madagascar and the innovated entrepreneurial spirit in the seminar organized for the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu in May 2014 that was so attractive for all participants.

5.43. Following the remarks made during the TPR on 14 July, we encourage Madagascar to make use of the WTO's trade related capacity, including technical assistance and the aid for trade resources. We are a stronger supporter of the aid for trade and this year we signed an MOU with

the WTO Secretariat for contributing to the Standards Trade Development Facility Fund for three more years. This means US\$240 000 in total to be spent in improving SPS measures in developing countries and LDCs. We hope that Madagascar could, through the WTO, make good use of the fund for its trade and development.

EUROPEAN UNION

5.44. The European Union thanks the delegation of Madagascar for its replies to Members' questions and especially for its responses to those raised by the European Union.

5.45. We have given very careful consideration to Madagascar's replies and are satisfied with the clarifications provided.

5.46. This morning in particular we would like to express thanks to Madagascar for the information and reactions shared and to the Minister for his statement. We believe that these additional details have given us a deeper insight into Madagascar's trade policy.

5.47. To conclude, we highly appreciate Madagascar's engagement throughout this exercise and look forward to further exchanges of views in the future.

UNITED STATES

5.48. The United States would like to once again express our appreciation to Minister Rabesahala and his excellent team for their hard work and valuable contributions made to ensure the comprehensive review documentation and for the valuable insights gained from the discussion during the meeting.

5.49. In particular, in today's summary presentation, Madagascar sets out a very encouraging reform agenda for development, including efforts towards export diversification; improving interagency coordination mechanisms; rapid ratification of the Trade Facilitation Agreement and scheduling of implementation of all provisions efforts to create a Single Window; and efforts to improve its notifications of TBT and SPS measures. We just wanted to thank Madagascar and note our interest in following these developments very closely.

5.50. We also want to express our appreciation for the written responses to our questions. We have found them to be very thorough and comprehensive.

5.51. Finally, we congratulate Madagascar on its successful Trade Policy Review and wish them all for the future.

6 CONCLUDING REMARKS BY THE CHAIRPERSON

6.1. The third Trade Policy Review of Madagascar has allowed us to have a better understanding of the evolution of its socio-economic, trade and investment policies since its last Review in 2008, and the challenges it is facing. Our discussion has benefitted from the constructive participation of the delegation of Madagascar, headed by H.E. Mr Henri Rabesahala, Minister of Trade and Consumer Affairs, and by the valuable comments from the discussant, Ambassador and Permanent Representative of Congo to the WTO, H.E. Mr Luc-Joseph Okio. Members appreciated Madagascar's responses to the 68 advance written questions, and look forward to answers to any outstanding questions no later than one month after this meeting.

6.2. Madagascar is slowly recovering from a six-year socio-political crisis that has further delayed its economic development. Its economic growth has been weak, despite increased exploitation of Madagascar's mining resources, and poverty has risen sharply. Rebuilding infrastructure, including energy and transport, would accelerate the recovery of the economy. In addition, further improvements in the investment approval process and the business environment through better enforcement of law, and facilitation of access to credit, to construction permits and to property would also help.

6.3. Noting that agri-food and other agricultural production growth has remained weak, Members enquired about measures envisaged to effectively boost production. Some Members asked about actions envisaged by Madagascar to stop illegal logging and poaching of wild animals, and their subsequent exports. Concerns were also expressed about over-fishing in Madagascar's continental waters, including by unregulated foreign fleets. Several participants welcomed Madagascar's new mining policy and sought information about opportunities for foreign operators. Members commended Madagascar on its plan to broaden its GATS commitments in professional, communication, financial and tourism services. They also suggested that domestic air transport be further liberalized in order to support the tourism industry.

6.4. Members praised Madagascar for continued progress in Customs reforms. Its Electronic Single Window was operational, and paperless customs clearance procedures are very close to completion. Most border control institutions can now transmit their respective authorizations electronically to Customs. However, noting that the number of these institutions remains too high by international comparison, several Members encouraged Madagascar to restructure its border control, ratify the TFA, and take steps toward notification of its TFA commitment categories. I welcome the statement made by the Minister in this respect. Some sought information on the impact of cargo tracking notes, and encouraged Madagascar to make Customs fees reflect the cost of services rendered. They praised Madagascar for renouncing the use of minimum import values for customs valuation purposes. Madagascar has also made efforts to update its WTO notifications; its WTO Reference Centre is operational, and local participation in WTO online training courses has increased significantly.

6.5. Participants also noted that tariff reductions, mainly on agricultural inputs, have lowered Madagascar's average applied MFN rates from 13% in 2008 to 12.2% in 2015. However, applied rates still exceed the corresponding bound levels on 52 lines; they encouraged Madagascar to take appropriate steps to address this inconsistency. Clarifications were sought about the progress towards the conclusion of the Tripartite Free Trade negotiations between COMESA, EAC and SADC. They also asked about effects of the implementation of the EPA with the EU.

6.6. Several participants called for an upgrade of the regimes on standards and technical regulations, and sanitary and phytosanitary measures, particularly to boost exports; and for the establishment of the appropriate national committees and coordination mechanisms. Some participants queried the continued non-reimbursement of VAT credits to exporters, whilst others asked about prospects for reform of the Export Free Zone scheme. Concerns were expressed about the numerous levies on exports. Members also asked about the implementation of the WIPO Internet Treaties, about the possible extension of the term of protection for software, and about the protection of trademarks and geographical indications in Madagascar.

6.7. In conclusion, Members congratulated Madagascar for its engagement in trade facilitation, but urged the country to ensure political and constitutional stability, and establish an environment conducive to socio-economic development. Continued liberalization and structural reforms would

be essential. In this respect, the declaration by the Minister includes an encouraging agenda. I hope that Madagascar will take into account the results of this review to further develop its trade and economic policies to the benefit of all its citizens. Members are encouraged to support Madagascar in its efforts by keeping their markets open to its goods and services, and by responding favourably to its needs for assistance.

6.8. Finally, I would like to thank H.E. Minister Henri Rabesahala and the rest of the delegation of Madagascar, the discussant, the Members, and the Secretariat for their contribution to the third Trade Policy Review of Madagascar. I would also like to thank the interpreters for their accurate work.
