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STATEMENT ON THE NEW AFRICAN INITIATIVE

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Thank you Chairman for inviting the WTO Secretariat to participate in this meeting on the New African Initiative. The WTO Secretariat welcomes this opportunity to engage in a dialogue with UN Agencies on the NAI. Mr. Mike Moore, the WTO Director-General welcomes this Initiative. It is an important contribution by Africa for the eradication of poverty and for placing African countries on a path of sustainable growth and development. This Initiative, designed by African countries and endorsed by the Lusaka Summit, establishes a significant framework for policy ownership, a necessary condition for the successful implementation of policy goals.

The WTO Secretariat would like to extend its appreciation to the ECA for the important contributions it has made not only in the formulation of the NAI, but also in providing leadership for its implementation. WTO Members have not considered this Initiative. Issues to be considered by the Membership are normally introduced by Members themselves, individually or collectively. Nonetheless, from the range of on-going and planned activities by the WTO Secretariat, the implementation of the NAI could meaningfully benefit. Three areas are relevant namely,

- (a) First, the core institutional mandate of the WTO;
- (b) Second, on-going and planned WTO Technical Assistance Activities; and,
- (c) The Trade Policy Review Mechanism (TPRM).

First, the core institutional mandate of the WTO, as a rules-based system, is trade liberalisation. Eliminating trade barriers significantly increases the medium to long-term trade development prospects of countries. Trade liberalisation and reform are necessary and vital for growth and development. They yield essential development dividends, by

generating increased resources and income, which make it possible for governments to alleviate poverty and achieve development objectives, if appropriate mediating and companion policies are applied. Trade liberalisation and reform enlarge the potential market of countries, allowing them to benefit from economies of scale, and technology transfers, through capital goods and knowledge. However, trade liberalisation and reform are not sufficient. They cannot stand-alone. They will not solve all problems of development. In order for trade to function as an engine for growth and development, mutually supportive companion policies are required. A much broader platform of economic reform is required, which would include macroeconomic, regulatory and structural reforms. Sound and pro-growth regulation and competition policy, investment in infrastructure, human resource development, governance and the rule of law, play important roles. This is why it is necessary, therefore, to *mainstream* trade priority areas of action into national economic development plans and strategies for poverty reduction.

In this timely dialogue on the New African Initiative, it is necessary to bear in mind current deep concerns about the short-term economic outlook and prospects for poor countries. This deep concern arises from the rare simultaneous economic slowdown in the major trading economies of the United States, Japan, and the European Communities combined with the severe shock to the global economy arising from the negative impact of the 11 September attacks in the United States. In consequence, trade growth has undergone one of the sharpest drops ever, from 13% in 2000 to probably 1% in 2001. As a result, it is estimated that there will be a 10% drop in the growth of demand for the exports of developing countries, undermining growth prospects this year. This is why it is essential, more than ever before, that the 4th WTO Ministerial Conference to be held in Doha is successful. The measure of success is that the Organization needs to receive a mandate to continue with its cardinal function of eliminating barriers to trade, thereby ensuring that growth is maintained, with positive effects for poverty eradication and development. The Director-General urges all agencies at this meeting to positively contribute towards a successful 4th WTO Ministerial Conference at Doha.

Second, the WTO Membership has just authorised the WTO Secretariat to proceed with the implementation of a New Strategy for WTO Technical Cooperation: Technical Cooperation for Capacity Building, Growth and Integration. A key component of this New

Strategy is an annex on Africa that defines a more refined and Continent-sensitive Strategy and Policy. In paragraph 25, this New Strategy, *inter alia*, states that account shall be taken of the priorities contained in the New African Initiative. The core technical assistance objectives of this policy, as contained in the WTO New Strategy for Technical Cooperation, are to:

- build human capacity on trade policy issues;
- develop institutional capacity for trade policy formulation, advocacy and negotiations;
- address supply-side constraints in cooperation with other inter-governmental organizations/multilateral agencies, essentially on the platform of an expanded and enhanced IF; and,
- provide technical support to assist African countries in *mainstreaming* trade policy into macroeconomic and regulatory policy so that trade becomes a true engine for development.

In this New Strategy, Africa has been identified as a priority region for trade-related institutional capacity building. Furthermore, the WTO New Strategy defines an Africa-specific technical cooperation/assistance programme. The WTO technical assistance strategy/policy for Africa is to support Africa's trade and economic reform, consolidate Africa's process of integration into the multilateral trading system, and maintain the momentum for the Continent's sustainable trade and economic development. Liberalizing trade and investment regimes, rationalizing tariffs, ensuring market-determined exchange rates, phasing-out prohibited subsidies and reducing barriers to investment would stimulate growth in African countries, and enhance the supply-side response of African countries to enable the Continent take advantage of market access opportunities. (Copies of the New Strategy are available for distribution).

We propose to implement this new policy through the establishment of a tripartite MOU between the WTO, the African Development Bank (AfDB), and the Economic Commission for Africa (ECA). The Policy shall take account of the priorities contained in

the New African Initiative, which has been endorsed by the Organization of African Unity (OAU) Summit, the Genoa G-8 Summit, and the High Level Segment of ECOSOC that was focused on Africa. Many bilateral donors have also endorsed the Initiative, as have multilateral agencies. WTO technical assistance policy for Africa includes increased logistic and substantive support for the WTO African Group in Geneva, which was established in 1995, and has become an important forum for the development of trade policy for Africa.

There has been a steady increase in WTO technical assistance to African countries since 1990. Overall, technical assistance activities increased from twenty in 1995 to forty-three in 1996, sixty-six in 1997 and to 103 in year 2000. The creation of the World Trade Organization has, in fact, given a boost to WTO's technical assistance for Africa. These can be ascribed partly to the launching of the Joint Integrated Programme for African countries (JITAP), and to the Integrated Framework for Trade-Related Technical Assistance (IF)), following the conclusion of the High-Level Meeting on Least-Developed Countries in October 1997. The Integrated Framework was reviewed last year. It is now operating on the basis of a Pilot Scheme in three countries: Cambodia, Madagascar, and Mauritania. The Pilot Scheme is being extended to additional countries. The IF is focused on the LDCs, and 34 of these LDCs are in Africa.

Furthermore, WTO technical cooperation extends to providing support for those Members, who do not have physical representation in Geneva, 11 of which are African. Initiatives in favour of "non-residents" include the preparation of regular briefing notes giving an overview of work in progress, briefings by senior secretariat staff, and the holding of an annual week of briefings known as "Geneva Week". "Geneva week" provides non-residents with the opportunity to be briefed by Secretariat staff, to receive training in the use of information technology, to interact with Geneva-based delegations, and to participate in aspects of the WTO's work. The WTO Secretariat works closely with, and receives valuable support from, other service providers, such as the Agency For International Trade Information and Cooperation (AITIC), and the Commonwealth Secretariat, in meeting the needs of non-residents. The Secretariats of regional organisations also play a key role in supporting non-residents, and the WTO Secretariat has stepped up cooperation with these institutions, through the holding of regional workshops and conferences and the establishment of WTO Reference Centres.

A number of developing country Members which have missions in Geneva, nevertheless, face constraints in participating fully in the work of the WTO owing, principally to the limited number of staff in the missions. The needs of these missions were surveyed in June 2000. Different initiatives have been developed since then. An internship programme has been developed to fund the work in Geneva missions of staff from capitals, providing extra capacity for the Geneva based mission and helping to give direct exposure of the WTO to capital-based staff. The use of IT tools, particularly a new Documents On-line system, also facilitates access to information. The WTO Reference Centre programme provides Members with the hardware and software to make use of IT tools. Of the 104 Reference Centres, 52 are in Africa. As with non-residents, the WTO Secretariat works closely with other service providers and the secretariats of regional organisations to meet the needs of developing countries with small, capacity-constrained missions in Geneva.

Third, the Trade Policy Review Mechanism (TPRM) of the WTO is an instrument that can address some of the issues raised in the NAI. The TPRM is a valuable forum for achieving transparency and understanding the trade policies and practices of WTO Members, and thus contributing to the smoother functioning of the multilateral trading system. It provides a forum in which Members may openly discuss and provide an objective analysis of each other's trade policies. The reports prepared by the WTO Secretariat provide a factual and independent review of the trade policies and practices of individual Members under review. By providing an overall picture of the institutional interaction in trade policy formulation and implementation, and the effect of policies on different sectors, the reports also serve as an input to trade policy formulation. Several developing and least-developed country Members have found the reviews valuable in identifying technical assistance needs and priorities and providing such assistance.

In addition to trade policy formulation, the review process also discusses the economic impact of trade measures, and places individual Members' trade and economic regimes within the wider context of developments in their region. Given the growing importance of regional trade agreements, the analysis in the reports are useful in discussing the wider impact of recent economic developments in certain regions, as well as the more general question of the impact of regionalism on the multilateral trading system.

Since the Singapore Ministerial Meeting, greater attention is paid to the coverage of LDCs in TPR reviews. Of the 30 least-developed Members of the WTO, 14 would have been reviewed by the end of 2001. Of the 17 Members proposed for review in the year 2002, four are least-developed countries (three of them African). The Trade Policy Reviews of LDCs perform a technical assistance function and are useful in increasing understanding of the trade policy structure in place and its relationship with the WTO Agreements. The reviews enhance understanding in these countries of the WTO Agreements, enabling better compliance and integration into the multilateral trading system. In some cases, better interaction between government agencies is facilitated by the reviews. The reports provide wide coverage of Members' policies, which also enables Members to identify any shortcomings in policy and specific areas where further technical assistance may be required.

Since 2000, the preparation of reviews of LDCs responds more systematically to technical assistance needs. The review process for an LDC now typically includes a three-to-four-day seminar for its officials on the WTO and, in particular, the trade-policy review exercise and the role of trade in economic policy. The Secretariat Report for an LDC review includes a section on technical-assistance needs and priorities, as identified in co-operation with the Member concerned, and with a view to feeding this into the Integrated Framework process. The seminars and the technical-assistance section in the Secretariat reports involve close co-operation with the WTO's Technical Cooperation Division.

Since its establishment in 1989, the WTO's Trade Policies Review Mechanism has reviewed 27 African countries. The programme of reviews for 2002 covers 4 African countries and, discussions are underway for a possible joint review of the SACU countries.

In conclusion Chairman, let me again thank you for the opportunity to participate in this dialogue, and reaffirm the commitment of the WTO to Africa, and to assist in the process of the meaningful integration of African countries into the multilateral trading system and the global economy, in a way that would enable African countries to achieve their legitimate objectives of poverty eradication and development.