

## **3rd Extraordinary Session of the AU Conference of Ministers of Trade**

### **Remarks by Mr. Abdoulie Janneh, UN Under-Secretary General and Executive Secretary of the ECA**

16 January 2007  
Addis Ababa, Ethiopia

Your Excellency Ms. Elizabeth Tankeu, Commissioner for Trade and Industry of the AU,

Honourable Dr. Mukhisa Kituyi, Minister for Trade and Industry of the Republic of Kenya and current Chair of the AU Ministers of Trade,

Honourable Ministers

Your Excellency Mr. Pascal Lamy, Director General of the World Trade Organisation,

Your Excellency Ambassadors and Senior Officials

Distinguished Guests, Ladies and Gentlemen

#### **Introduction**

Let me start by wishing you all a Happy and Prosperous New Year 2007. Your presence here today, very early in the New Year is testimony to your commitment to ensuring that Africa not only benefits from globalisation but also plays its rightful role in the management of global trade reforms process. The year 2007 presents opportunities and challenges for Africa in trade, especially in the arenas of WTO and EPAs negotiations. I would like to highlight from the perspective of the ECA how your active engagement and direction would be instrumental to positive outcomes. But before turning to the WTO and EPAs issues, let me make some observations regarding Africa's performance in the global trade.

#### **Africa remains marginalised despite double-digit trade growth**

Over the past 6 years, world merchandise exports experienced an average growth rate of 10.4%. Over the same period, Africa performed better, increasing its exports by 16% on average annually. However, a decomposition of the export performance by region reveals that the rapid increase in export is particularly concentrated in oil-exporting Sub-Saharan African countries. These countries achieved an average export growth of 22.4% over the period. On the contrary, the average export performance of non-oil exporting Sub-Saharan countries is very much in line with the World average (11.2%). Unfortunately, despite this recent slight recovery, Africa's share of global exports in merchandises remains historically low. Africa's share in global exports in 2005 was 2.8% only, roughly equivalent to its 1991 value and less than half its peak value in 1980 (6.0%).

This picture suggests that the recent appearance of a catch-up by Africa's exports is not based on the diversification of the export base but rather on increased oil exports. Hence recent improvement in the export performance of Africa is still vulnerable to shifts in international commodity prices, and particularly in changes in prices of oil.

Let me now turn to the trade negotiations issues, which actually present opportunities and challenges for Africa in its quest to addressing the peripheral position it occupies in the global trade.

#### **The Doha Round**

The ECA and the UN in general recognizes the Doha Round as an indispensable platform through which the marginalisation of Africa in the global trade could be addressed. It is for this reason that the ECA continues to invest heavily in supporting African countries in their efforts to scale up their active engagement in the trade negotiations process in Geneva. The African Trade Policy Centre, through the generous support of the Canadian and Danish Governments continues to implement programmes and activities that support African negotiators in Geneva and Senior Officials from the Capitals. We are therefore very concerned that the trade talks have not yet regained the expected dynamism beyond the low-key consultations.

It is my hope that your meeting apart from giving guidance to the negotiators and Senior Officials will contribute greatly in the efforts to redynamise the talks. But even as we hope that the talks will become more formal and dynamic, as ECA we remain concerned that the negotiations achievements to date have not fully addressed Africa's priorities. We therefore hope that your conclusions from this meeting will contribute to assuring that once the talks gather momentum they will take a track that will lead to tangible proposals that will lead to the realisation of African priorities, namely:

- Genuine market access opportunities for developing countries in agriculture, non-agriculture and services.

- The elimination of trade distorting subsidies that continues to hurt Africa agriculture.
- Concrete agreement on a significant reduction in domestic support on cotton and a credible development assistance package.
- Precise, effective and operational special and differential treatment provisions. This continues to be an area of much debate in the negotiations on modalities in agriculture and NAMA.
- Agreement with regards to dealing effectively with adjustment costs, including those that are likely to arise from preference erosion.
- Operationalisation of the Aid-for-Trade with an expanded scope and in line with Africa's expectations.

To complement your efforts, let me reiterate that as part of the UN community, and as I have promised in the past we will continue through our analytical and consensus-building capacities to stress that trade and trade liberalisation is not an end in itself. But a means to helping African countries face the development challenges that they face. In particular, we will continue to strongly but objectively advocate that given the reality that our countries are at different development levels, the world needs to uphold a universal, rules-based, transparent, predictable, non-discriminatory and equitable multilateral trading system. We will also continue to emphasise that there is incontestable justification for support at the international level for development-oriented adjustments to trade reforms, even for the countries not expected to make any commitments at the multilateral level.

Honourable Ministers, Your Excellencies, Ladies and Gentlemen:

#### Ensuring Gains for Africa from Economic Partnership Agreements

This is going to be an important year for Africa-EU relationship. According to the Cotonou Agreement between the ACP and the EU countries, negotiations on Economic Partnership Agreements (EPAs) are supposed to be concluded by 31 December 2007. In working towards this deadline and in order to ensure that EPAs benefit Africa, you mandated the ACP Secretariat and the African Union Commission during your last meeting in Nairobi to oversee the undertaking of a Comprehensive Review of the EPAs Negotiations. I am pleased to report to you that the ACP Secretariat approached the ECA through the ATPC to undertake the Comprehensive Review for Africa ACP. The outcome of the ECA work on the review was presented to the Senior Officials yesterday. We will also be hosting a meeting with the African Union Commission and the ACP Secretariat, and UNDP in Nairobi on 12-13 February 2007, where we are inviting members of the National Development and Trade Policy Forums (NDTPF) from your countries.

The ECA has also carried out a lot of technical studies on the implications of the EPAs on African economies. These studies have been shared with your Senior Officials in the Ministerial meetings in Cairo and Nairobi in 2005 and 2006 respectively. The key question that ECA work has been tackling is, given the challenges of reciprocity, how could Africa benefit from EPAs to assure development in the 21<sup>st</sup> Century? The answer to this question has been that if reciprocity in bilateral agreements is to benefit Africa, and thus help improve the development prospects of the continent the first thing that must happen is that asymmetrical reciprocity must be considered. This asymmetry should not just be in terms of the value of trade covered but also the implementation period. Moreover, for reciprocity in EPAs to work for Africa, a "gradualist" approach rather "big-bang" would be needed because it takes time to implement the complementary measures that are required to ease the inter-sectoral adjustment process and the reduction or elimination of direct and indirect barriers to trade.

Mr. Chairman, Honourable Ministers, Your Excellencies, Ladies and Gentlemen:

#### Beyond the WTO and EPAs: The Critical Role of Intra-African Trade

You will agree with me that the prospects for Africa given the current state of play in the WTO and EPAs negotiations are not as clear as we would wish. One cannot say confidently that the expected benefits are secure. And that is why your current meeting is aimed at ensuring they are secure. It is for this reason; we continue to urge that regional integration is an important condition for improving Africa's prospects. The ECA promotes it as an accepted framework through which obstacles to intra-African and international trade could be addressed. And that is why in our repositioning of the ECA, we treat regional integration as a key pillar for Africa's development. We strongly believe that the opportunity that intra-Africa trade holds for helping Africa trade its way out of poverty is as promising as the opportunities that Doha promises through better market access and fair trading ground. It is the same reason that we continue to argue that the EPAs should also live to their spirit of deepening regional integration if they are to be deemed as developmental tools. I have noted previously that at the ECA we hold the view that there is an important lesson from the lack of progress in the Doha Round for the African countries to now live the wise saying that charity does indeed begin at home. The impediments to trade facilitation and the barriers that make it difficult for our countries to trade more among each other need to be addressed now rather than later. The expected gains from Doha could be multiplied many times over if as African countries we could implement our trade agreements and invest more in our infrastructure with the aim to enhance trade amongst us.

Mr. Chairman, Honourable Ministers, Your Excellencies, Ladies and Gentlemen:

## Securing trade through the Aid-for-Trade

To conclude, the reforms that are anticipated to arise from the multilateral and bilateral agreements will pose some challenges for Africa. But this is expected whenever reforms are undertaken as you may attest from your experiences as key decision makers. Besides, if Africa is to maximize its potential and ensure it fully benefits from the international and intra-African trade, it has to raise its productive capacities and deal with the supply constraints that hinder its competitiveness. That is why at the ECA, we fully endorse and welcome the efforts to operationalised the Aid-for-Trade. We are ready to be fully involved in the implementation of this initiative.

I wish you a productive Conference.