

Working Party on the Accession of Ethiopia

4th Meeting

Statement by Mr Mamo Mihretu

Chief Trade negotiator for the Federal Democratic Republic of Ethiopia

30 January 2020

Mr Chairman,

Distinguished Delegates,

Ladies and Gentlemen:

Ethiopia's interest to be part of the World Trade Organization is almost as old as the WTO itself. It was in 1997 that we applied for an observer status and declared our 'intention to apply for accession to the WTO Agreements in the near future'.

I was a junior member of the Ethiopian delegation 12 years ago when, on 16 May 2008, we held our very first Accession Working Party meeting here in Geneva.

We followed that up with the second and third Working Party meetings in May 2011 and March 2012, respectively.

However, this fourth Working Party meeting is taking place after almost eight years of inactivity, which was caused by pressing domestic political factors that pushed the WTO accession agenda to the back of the queue.

This delay has been highly detrimental to Ethiopia's national interests.

Mr Chairman,

Ladies and Gentlemen:

I am happy to report to you that, today, those domestic political-economy challenges are behind us.

With the peaceful transition of political power in April 2018, the Ethiopian people have opened a new chapter in their long and testing struggle for freedom, democracy, and rule of law.

The political reforms underway in Ethiopia are deep-rooted and carry far-reaching positive implications for the entire sub-region.

The release of tens of thousands of political prisoners, the opening-up of the political space for peaceful and rules-based contestation through the ballot box, the restoration of freedom of thought and of the press, and the appointment of a gender-balanced cabinet are only some of the historic steps that have been taken over the past 20 months that brought back hope to the young people of this old and proud nation.

The political reforms in Ethiopia have also had immediate and laudable effects on the broader Horn of Africa region, leading to the restoration of peace between Ethiopia and Eritrea and the onset of a new spirit of brotherhood and cooperation among all countries in the sub-region.

Indeed, Mr Chairman, the reforms underway under the leadership of Prime Minister Abiy Ahmed represent a Berlin-Wall moment and transition in my country's history.

Mr Chairman,

Ladies and Gentlemen:

While consolidating its achievements on the political front, Ethiopia has now embarked on a wide-ranging home-grown economic reform agenda.

Among the key priorities of this economic reform agenda are:

- First, strengthening public-sector finance and reform of state-owned enterprises,
- Second, addressing foreign exchange shortages,
- Third, improving financial sector stability,
- Fourth, structural reforms including improving the investment climate, and
- Fifth, sectoral reforms including in mining, agriculture, manufacturing and services.

These reforms represent the beginning of a new age of openness for the Ethiopian economy.

But, of course, openness of the economy is not an end in itself; the end of our economic reform efforts is to create equitable opportunities for our young population to improve their standards of living and establish an inclusive and prosperous society.

From this perspective, while our public investment-driven economic model in the previous years has delivered double-digit growth for a sustained period of time, we have come to realize that this model has run into its limits, including by stocking up significant macroeconomic imbalances.

The current economic reform programme is thus fundamentally driven by the imperative to reduce our vulnerabilities and speed up our transition towards a market-driven economy led by private investment.

In that spirit, Mr Chairman, we are now working flat out taking concrete measures to implement the reform programs, including:

- (1) efforts to develop financial markets and reduce financial repression;
- (2) steps to establish a well-functioning government securities market, beginning with the issuance of a competitive market-based system of Treasury-bill auctions;
- (3) a comprehensive privatization program that seeks to introduce more private sector participation and competition in several sectors, including telecoms, sugar, and logistics, sectors that have been virtually closed to foreign investment until now;
- (4) a national Investment Climate Improvement Initiative to unleash the potential of the private sector; and
- (5) a three-year program with the IMF to address foreign exchange shortages and tackle inflation.

Mr Chairman: A program of economic readjustment of this scope and complexity imposes short-term political costs while the benefits come only later. Sustaining these important and essential reforms requires that we stay alert and on full guard against backsliding and policy reversals.

That is where WTO membership comes in.

By putting WTO membership as part of our short-term reform priorities, we are effectively building protective walls against a possible tide in the future; we are securing our internal reforms by attaching them to a strong external anchor.

Mr Chairman,

Ladies and Gentlemen:

Indeed, Ethiopia's interest to join this Organization goes beyond the economic objectives outlined earlier.

Ethiopia has learnt from its own experience, the hard way, that trade is a critical medium for the building of peaceful inter-state relations at all levels, bilateral, regional as well as global.

At a time when the relevance of the WTO is being questioned from different corners, Ethiopia is here today because it is convinced that, despite its weaknesses and imperfections – of which there many – there is no better way to advance free and fair trade than through a multilateral trading system based on the rule of law, transparency, good governance, and predictability.

Just as the WTO aims to advance peace and stability through trade, the Government of Ethiopia is committed to use trade and regional integration as the central pillar for its mission to bring peace and stability to the Horn of Africa region.

Already recognized by the international community in the form of the 2019 Nobel Peace Prize, which was conferred on my Prime Minister, PM Abiy Ahmed, my country is fully aware that sustainable regional peace and stability requires the broadest and deepest possible level of economic interaction underpinned by a system of rules freely agreed to and fairly and objectively interpreted and implemented in practice.

In the same spirit, for the first time in its history, Ethiopia is now part of a regional free trade agreement – the Agreement establishing the African Continental Free Trade Area, which entered into force on 30 May 2019.

Membership of the WTO is only the logical next step in Ethiopia's broader efforts to inject rule of law and predictability in its relations with all states around the world, starting with those within its neighbourhood.

Once the decision was taken to reactivate the accession process, we have taken a number of significant steps.

First, we have re-established the WTO Accession Steering Committee led by the Prime Minister's Office, along with a National Technical Committee that brings together representatives of all major stakeholders to support the accession process.

Secondly, we have undertaken a number of unilateral trade liberalization measures with significant impact on the range and depth of tariff and non-tariff barriers that apply to import trade.

Thirdly, in preparation for the Working Party meeting, we have updated a number of critical accession-related documents and submitted them to the Secretariat. These documents include the checklist on agricultural domestic support, the checklist on food safety and standards, the checklist on intellectual property rights, the revised offer on goods and the initial offer on services, the Legislative Action Plan, responses to the fourth round of questions, and the revised and updated Factual Summary.

For a country like mine with enormous resource and capacity constraints, this is no mean achievement; it is a demonstration of Ethiopia's determination to succeed in this endeavour.

Mr Chairman, allow me to state that, this time, Ethiopia is ready to take the hard decisions and to do a deal.

Not only is WTO accession now a central element of our Home-Grown Economic Reform Agenda, I have also been given the clearest possible instruction to do everything within our powers to expedite Ethiopia's accession and bring this chapter to a successful close at the earliest possible time.

But, of course, in saying this, I am also cognizant that Ethiopia's commitment is only a necessary condition for WTO accession; it is not sufficient in itself; that will require the commitment of all members of this Working Party and the usual support of the WTO Secretariat, on both of which I have good reasons to be hopeful.

Mr Chairman, it is a sign of our commitment that our revised goods offer envisages 100 percent of tariff lines to be bound on the day of our accession. In services, too, you will be happy to note that we have offered to make commitments in 10 service sectors.

On that basis, I am pleased to report that we have conducted bilateral negotiations with six members over the course of this week while we have been in Geneva.

May I also take this opportunity to urge members of the Working Party to continue to engage with us constructively and in the spirit of advancing the WTO's cardinal objective to "ensure that developing countries, and especially the least developed among them, secure a share in the growth in international trade commensurate with the needs of their economic development".

Indeed, I would also like to implore all members of the Accession Working Party, in the conduct of these negotiations, to stay true to the spirit of General Council Decision on the Accession of Least-Developed Countries, which underlined that negotiations for the accession of LDCs be "facilitated and accelerated through simplified and streamlined accession procedures, with a view to concluding these negotiations as quickly as possible." Specifically,

on concessions and commitments, the same Decision further urges WTO members to “exercise restraint in seeking concessions and commitments on trade in goods and services from acceding LDCs”.

In this context, we are hopeful that the members of this Working Party, while supporting our desire to join the Organization and to anchor our internal reforms on its strong institutional and normative frameworks, will not put undue pressure on us to undertake concessions and commitments on trade in goods and services beyond that which is commensurate with our national development, financial and trade needs as recognized by these and other WTO instruments and decisions.

Mr Chairman,

In our efforts to revive the process and prepare for this 4th Working Party Meeting in particular, please allow me to acknowledge with gratitude the generous support we have received from several members of this Accession Working Party. More specifically, I would be remiss if I do not acknowledge the exceptional generosity of the Department for International Development (DfID) of the United Kingdom Government in enabling me to bring such a strong delegation with me.

I would also like to take this opportunity to extend my sincere thanks to the WTO Secretariat in general and to DG Azevedo, in particular, who visited Ethiopia in February last year, thereby giving further impetus to Ethiopia’s efforts towards WTO accession. We are also deeply appreciative of the sustained and highly useful support we continue to receive from the technical team of the WTO Secretariat led by Accession Division Director Ms Maika Oshikawa.

Mr Chairman: let me conclude by emphasising that Ethiopia is now ready for a deal; I am here to seek your full support and commitment to facilitate this process and bring Ethiopia into the WTO within the shortest possible period.

Thank you for your kind attention.