



HIGH-LEVEL POLITICAL FORUM SIDE EVENT

TRADE FOR PEACE: ADDRESSING FRAGILITY THROUGH ECONOMIC INTEGRATION AND SHARED PROSPERITY

THE CASE OF WTO MEMBERSHIP FOR LIBERIA AND AFGHANISTAN

STATEMENT BY MR. SULAIMAN BIN SHAH, DEPUTY MINISTER, MINISTRY OF INDUSTRY AND COMMERCE OF AFGHANISTAN

Thursday, 8 July 2021, Zoom

Excellency Madam Minister Mawine,
Excellency Deputy Director-General Zhang,
Colleagues and participants,
Good morning, good afternoon to all of you.

Foremost, I present my sincere compliments and gratitude to the World Trade Organization for celebrating the 05-year anniversary of Afghanistan membership to the WTO. I feel honored and privileged to be part of this forum under the theme of Trade for Peace program which is very close to my heart.

Today, I will be focusing on the following few points;

- 1) The need and desire of Afghanistan to join the WTO
- 2) Post Accession assessment of the economy
- 3) Peacebuilding Efforts
- 4) Status of the SDGs implementation in Afghanistan

WHY DID AFGHANISTAN JOIN THE WTO?

Like any other nation, history and geography have played a large role in Afghanistan's socio-economic evolution. Known as the heart of Asia, Afghanistan is at the crossroads of South and Central Asia. Endowed with natural resources, it has long been a trading hub and a key part of the ancient Silk Road. And as a land-bridge country, this geographical positioning, historically speaking, has been the country's gateway to the outside world. Now, surrounded by six countries - relations our neighbors play a vital role in shaping Afghanistan's trade prospects, not only in terms of our bilateral trade but also in transit trade between Afghanistan and its more distant partners

The beginning of the 21st century marked a truly transformative moment in the history of Afghanistan that was followed by four decades of war and conflict. The revival of the economy required policy reorientation and gradually required fundamental overhaul of the institutions as well as policy structures. There are still challenges to deal with, but Afghanistan has made remarkable strides in growing, diversifying and developing its economy in the last 20 years.

Afghanistan established a new Constitution in 2004. Article 10 of the Constitution states: "The state shall encourage, protect as well as ensure the safety of capital investment and private enterprises in accordance with the provisions of the law and market economy." In line with this provision, and in the same year, Afghanistan applied for membership of the WTO. This was a transformative step in the reform process upon which the country had embarked.

Besides engaging more in international exchange through the multilateral trading system, gain economic benefits expected from aligning domestic policy with the requirements of WTO



membership, and signalling to foreign investors and traders that Afghanistan was open for business, WTO membership was seen as important in at least two other ways.

One was that membership offered rules-based access to 163 other markets and also, as a least-developed country, to tariff-free and quota-free access to major potential markets for the country's exports.

A second attraction of being in the WTO is that it was the beginning of an opportunity for dealing systematically with the freedom of transit issues that can confront a landlocked country. The rules on transit are clear, and if necessary, the WTO dispute settlement mechanism is available to address difficulties that can arise.

ASSESSMENT OF THE ECONOMY SINCE WTO ACCESSION

WTO membership was a key aspect of Afghanistan's domestic reform agenda. It was also an important element in the process of creating a market-based economy. Commitment to an international agreement was seen as an important signal, imparting greater certainty, predictability, and transparency in matters of governance. Trade and foreign investment have been central components of the reform agenda, contributing to economic diversification, growth, and jobs, as well as fostering technology transfer and human capital development.

If we look at the data from 2010-2019, we can see that the three major sources of value-addition to the economy are agriculture, industry and services. Services are the leading source of value – at more than double the contribution of agriculture and industry combined. Interestingly, agriculture has gained over industry in the post-accession period due to the uptick in exports of agriculture products.

It was the trade-reform agenda that directly resulted in Afghanistan securing the title of the best reformer by the World Bank's Doing Business Index (2019), and achieve an export target of \$1B. By introducing the much-needed laws and regulations, the private sector was empowered to establish a federation of all chambers. The much-needed Afghanistan National Trade Policy as well as the National Export Strategy were formulated, and subsequently endorsed by the Afghan cabinet. Now both the policy and strategy are in the implementation phase.

So, clearly there was a huge legal and policy effort that resulted in economic growth by having greater access to other markets, encouraging businesses to initiate activities (e.g., the number of women owned businesses) and a growing trend towards e-commerce and digital economy

PEACEBUILDING EFFORTS

H.E. President Ghani has been tirelessly leading the peacebuilding efforts. In this context, the recommendations made by consultative loya jirga are a blueprint for Afghan government to lead the peace process.

The Afghanistan National Peace Development Framework (ANPDF) II presented by H.E. President Ghani is our plan to achieve self-reliance and increase the welfare of our people, enabling today's children to realize their dreams in a peaceful and prosperous Afghanistan.

ANPDF II is focused on three broad objectives: peace-building, state-building, and market-building. It outlines Afghanistan's vision for progressing self-reliance, economic growth, and peace as we move into the second half of Afghanistan's decade of transformation from 2021- 2025.

Our three guiding pillars are not mutually exclusive objectives, but rather mutually reinforcing imperatives which are directly linked to the globally recognized and accepted development and human rights framework – SDGs (sustainable development goals) and achievement of their objectives



In terms of peace-building, we are moving for the first time in decades toward a real possibility of achieving peace. We must strive for such peace, as this goal towers above the rest and – in fact, allows for the more rapid development of state-building and market-building priorities.

- 1) **The imperative of peace:** We are shaping the peace process towards the end-state of a 3 sovereign, democratic, and united country, at peace within and with the world and dedicated to ensuring social justice, promoting respect for and protection of human rights, and enhancing and expanding the gains of the past two decades for all citizens, including women and minorities. Only such a peace will be a lasting peace.
- 2) **Maintaining and strengthening national security capabilities:** To preserve the stability of the country, we must maintain and enhance the capabilities of our national defense and security forces. This is critical to preserving the gains of the last 20 years and the sustainability of Afghanistan's future.
- 3) **Inclusivity of Peace Process:** Inclusion does not mean everyone having a seat at the negotiating table. However, it does mean creating opportunities so that all groups in the society are heard and their concerns are addressed. The government of the Islamic Republic of Afghanistan will make sure that the peace process is participatory and inclusive of all segments of Afghan society, particularly women, youth, minorities, differently-abled persons and families of Martyrs, Afghan diaspora, Kuchis, civil society, and the private sector, through convening the consultative Loya Jirgas at the national level and other such mechanisms at provincial, district and village levels.

SDGS IMPLEMENTATION STATUS

Since 2015, the Government of Afghanistan has adopted the following three step plan to match the SDGs:

- 1) **Nationalization**, which involves a critical review by different stakeholders in the country with realization of national context and circumstances. This process reshaped the government's SDG priorities to focus on 125 of 169 national targets and 190 of 304 national indicators.
- 2) **Alignment**, this is the phase that aims to make sure national strategies, policies and plans reflect and are geared towards the achievement of pre-existing national targets and indicators.
- 3) **Implementation**, which has come into action in the past year, and, as the name suggests, is about the initiation of the national programs, projects, and interventions required to achieve the targets and indicators. During the implementation period, monitoring, evaluation, and reporting of the SDGs in Afghanistan are planned to be assessed and revised every three years until 2030.

Over the coming months, we will be taking a closer look at several SDGs that are relevant to our work and exploring some of the challenges we have faced in implementing them. Given that Afghanistan was last year ranked at the bottom of the Global Peace Index, and has 54.5% of its population living below the national poverty line, we hope these insights will help contribute to ongoing conversations about the applicability of the SDGs in places of extreme poverty and conflict.

CONCLUSION

In the end, I would like to thank again the World Trade Organization and particularly the Trade4Peace team as well as our very own and close to our hearts Ambassador Ziway and his team for arranging this event.

Thank you for your attention.