

Statement by Ambassador Amina Mohammed
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Addis Ababa, 12th February 2020

Africa and the Multilateral Trading System:

WTO Reform and the Future of African Trade Policy

Note: Ambassador Mohammed is unable to be with us today because she has remained in Nairobi to attend the funeral of His Excellency the late President Daniel arap Moi who, sadly, passed away last week. She has asked me to read her prepared remarks in her absence.

It is a great pleasure for me to address this Regional Dialogue whose focus is on African trade policy, both within the continent among ourselves and with the wider world. I am particularly gratified to be addressing this topic, because trade is dear to my heart. I have spent many years dealing with trade policy, both at home and representing my country at the WTO in Geneva. As you will recall, the Tenth WTO Ministerial Conference was held in Nairobi in 2015 and as Foreign Minister.

I will focus my brief remarks on a straightforward, but nevertheless multi-faceted, question. That question is: “What can the WTO do for Africa and what can Africa do for the WTO?”

Africa stands at a determining moment in relation to international trade. In terms of trade among ourselves, we have taken the momentous step of integrating eight Regional Trade Agreements into a consolidated instrument, stretching across the continent. The decision to go ahead with the African Continental Free Trade Area – AfCFTA – represents a bold and visionary step towards defining Africa’s place in the world trading community.

Africa’s role in the international economy through trade and investment is only going to intensify in the coming years, as Africa takes steps to further realize its immense potential. I must stress, however, that this is not about trade and investment as objectives in themselves – it is about the substantial contribution that these facets of economic activity can make to growth and development across the continent.

This is why the AfCFTA is embedded in “Agenda 2063: The Africa We Want”. Agenda 2063 is a broad-based strategy for the transformation of Africa, which also embraces the UN Agenda 2030’s Sustainable Development Goals.

A widely quoted number that illustrates the potential for gains from deeper African integration is that intra-African trade only represents some 16 per cent of total African trade. The modesty of that share tells the story of the massive potential that can be unleashed by deeper integration among our countries. Within the European Union, for example, and among the member countries of the Asia-Pacific Economic Cooperation (APEC) grouping, their respective shares of intra-trade are two-thirds or more of their total trade.

In order to realize this potential for closer regional cooperation, our governments must foster closer links amongst our nations by growing the flows of goods, services, capital and ultimately people across the continent. This means continuing to transform a post-colonial pattern of infrastructure and communications into a truly trans-continental network of interconnectivity. We know that it will take time and money, but we are committed now more than ever.

A second prerequisite, of course, relates to policy. As has already begun under AfCFTA, we are moving gradually towards policies that will integrate us into a continental whole. Starting with trade in goods and services, we shall move on in Phase 2 to tackle investment, competition and intellectual property rights. These

aligning policy reforms are going to take time, determination and a consistent commitment from all our countries. A path we have freely chosen.

How then, does all this relate to the WTO? Some 44 African countries are members of the WTO and several others are in the process of acceding. The WTO Agreements set policy parameters in areas including trade in goods and services and intellectual property. These relate both to rules and the conditions under which imports and exports of products flow.

The existence of pre-commitments to rules at the national level governing international trade helps to keep power politics at bay and in that sense provide some security and predictability to trading relationships. Another major advantage is the principle of non-discrimination.

With exceptions for regional trade agreements and special treatment in some policy areas for developing countries, the WTO provides valuable underpinning through its non-discrimination principles. The most-favoured-nation (MFN) principle states that WTO members are forbidden from discriminating among their WTO trading partners. The national treatment principle states that once the MFN-based conditions

of access to markets are defined, countries may not exercise further discrimination between domestic and foreign supplies and suppliers of traded products.

These guarantees are valuable and speak in favour of engagement with the WTO. There is a sense, however, in which the WTO baseline rules will be superseded by the AfCFTA, which is expected to provide more favourable treatment to its members in terms of access to one another's markets. This should provide richer integration opportunities across the continent, favouring increased trade flows, more diversification and greater scale economies, and more development, job opportunities and growth.

A caveat is in order, however, relating to the appropriate balance between the conditions of competition among AfCFTA countries and the conditions of competition with third parties in the rest of the world. Striking the right balance is essential to an upward trajectory of growth and development, supported by both the AfCFTA and the WTO.

Let me end with a few observations about the WTO. It is no secret that since its creation in 1995, the WTO has not done as well as it might have in terms of advancing a global policy agenda that can benefit all. With just a few notable

exceptions – the Trade Facilitation Agreement, the second Information Technology Agreement (ITA2), and the elimination of agricultural export subsidies – its negotiating function has been largely dormant. It is worth noting that the last two of these advances – ITA2 and the agricultural export subsidy elimination – were agreed at the Nairobi WTO Ministerial in 2015 with the full backing of African governments. There is a range of reasons, some long-standing, that have helped to weaken the WTO's negotiating function, and this situation has contributed to calls for reform.

The WTO reform agenda has been talked about but little acted upon. The urgency for action has been accentuated by recent developments that threaten the WTO's ability to settle trade disputes. If the dispute settlement system ceases to function, it is hard to see how the institution's rule-making and negotiating functions can be sustained. Hence the urgency. Some have taken a pessimistic view of the current demise of the WTO's dispute settlement function, but I believe we need to tackle this with optimism and in the spirit of cooperation that has taken the trading system forward in the past.

For the most part, African countries have tended to be rule-takers and not rule-makers in the WTO. With deeper African integration comes the scope for speaking

with a stronger, more unified African voice, an opportunity to shape the system to be more responsive to Africa's needs and to participate more fully in defining the WTO's agenda and vision.

It is this frame of thinking that answers the question I posed at the beginning. What can the WTO do for Africa? A vibrant WTO can help to create the conditions for profitable African trading opportunities with the rest of the world. And what can Africa do for the WTO? Africa can bring its growing influence to bear on renewing the WTO as an effective instrument of international cooperation. This is a need that has become particularly pressing in light of the challenges faced by the multilateral trading system. Let us rise to the occasion.

Thank you very much.