

**PRESENTATION BY AMBASSADOR DR. STEPHEN NDUNG’U
KARAU AT THE REGIONAL DIALOGUE ON WTO ACCESSIONS
FOR THE GREATER HORN OF AFRICA**

**SESSION ONE: WTO MEMBERSHIP: STRUCTURAL REFORMS
AND REGIONAL INTEGRATION**

TOPIC: AFRICA AND THE MULTILATERAL TRADING SYSTEM

Good morning,

Thank you Ambassador Zhang Xiangchen for moderating this session

Distinguished participants,

Excellences,

Ladies and gentlemen,

I. Introduction: Current trends in Africa

1. I am delighted to be with you here this morning. The focus of my presentation is on Africa and the WTO Multilateral Trading System. Before I begin, let me make a few observations about Africa particularly on the current trends in Africa and its huge potential for growth and recovery in the global economy.

2. Africa is the second most populous continent with a population of 1.216 billion in 2016. The continent's population is projected to reach 2.3 billion by the middle of the century, accounting for over half of the global population growth. By the end of this century, there will be 4 billion Africans, representing 40 per cent of the world population. It is therefore important to note that Africa's population trends reflect real market potential that is growing.

3. Africa is not only populous, but also young. Today about 48 per cent of Africans are below 18 years of age. Again, by the middle of the century, nearly a half of the new births in the world will come from Africa. The youth bring not only dynamism to the African economies, but also challenges which require both social and economic infrastructure to accommodate them.

4. African continent has shown economic resilience in a global environment that has been uncertain, of low momentum and weak growth. The continent has continued to experience one of the fastest growing regions in the world, second only to emerging and developing Asia. The latest data from the World Bank reveal that seven countries – Cote d'Ivoire, Ethiopia, Kenya, Mali, Rwanda, Senegal and Tanzania - continued to register high growth rates of above 5.4 per cent in 2015 – 2017. According to the World Bank, global economic outlook is improving and will support Africa's growth which is expected to raise from a rate 2.6

per cent in 2017 to 3.2 per cent in 2018 and 3.5 per cent in 2019. There is no doubt that this positive economic outlook of the continent, presents abundance of opportunities, optimism and dynamism.

II. AFRICA AND THE WTO MULTILATERAL TRADING SYSTEM

5. Since the WTO came into force in 1995, trade has become a significant issue on the agenda of almost all African countries, and its potential for economic growth and development including poverty reduction is recognized by everyone, including the private sector and civil society. Although the total share of Africa's merchandise trade has continued to stagnate overtime – at around 2 per cent of the total world trade - African countries have continued to liberalize their trade regimes with a view to promoting an open trading system that is central to economic success. All African countries and their regional economic communities are participating, simultaneously, in a series of multilateral, regional and bilateral negotiations aimed improving regional and international trading environment.

6. On the continent, the trade agenda is notable for its series of initiatives all aimed at strengthening economic development and integration by promoting trade among African nations. For instance among other initiatives, we have in place the EAC/COMESA/SADC Tripartite free trade involving 26 countries.

The implementation of Common External Tariff in West Africa is in progress. More profoundly, the negotiations on Continental Free Trade Area (CFTA) are progressing smoothly and are expected to be concluded by end of this year. The major challenge for African countries therefore is to build productive capacity in order to fully benefit from opportunities arising from these new trade arrangements.

7. At the World Trade Organization (WTO) African Countries have been very actively participating in the Multilateral Trading System including in the multilateral trade negotiations. Of the 164 Members of the WTO, 43 are African countries, representing nearly a quarter of the organization's membership. Today nearly three quarters of activities of Diplomatic Missions of African countries to Geneva are dedicated to Multilateral Trade Negotiations. This demonstrates the importance that the African countries attach to the work of the WTO, despite their limited resources.

8. In Geneva, African WTO Members have taken steps to mitigate their limited resources and improve the level of participation in the activities of the WTO. An informal WTO African Group was established in 1995 to provide a forum for exchange of views on how best to improve Africa's participation in the multilateral trading system and to coordinate the positions of the African delegations in the WTO. The participation in the Group is

open to all African WTO Members and observer countries. The Group is supported by the WTO Secretariat and the African Union office in Geneva.

9. The mandate of the African Group is established by African Ministers responsible for WTO matters in their annual meetings and at extraordinary sessions held inter-alia in preparation for WTO ministerial conferences. Since the launch of the Doha Development Agenda (DDA) negotiations in 2001, the mandate from Ministers has been focusing mostly on the negotiating aspects of WTO work.

10. The WTO African Group meets at two levels: ambassadors and experts. Ambassador-level meetings are aimed at providing direct political direction and guidance to the work of experts. Experts meetings normally focus on technical aspects of the WTO work. The Group is coordinated on a rotational basis, in alphabetical order, by one of its members for a period of six-months. This term could be extended to one year. The coordinating African country derives its mandate from the Group as a whole. Proposals submitted or statements made on behalf of the Group require the approval by the members of the Group.

11. Besides participation in the negotiations and regular work of the WTO, 5 members of the African Group are currently chairing key WTO bodies at ambassador-level as follows:

- a) General Council – South Africa
- b) Committee on Trade and Development – Zimbabwe
- c) Committee on Regional Trade Agreements – Tunisia
- d) Committee on Agriculture, Special Session – Kenya
- e) Sub-Committee on Cotton – Kenya
- f) Dispute Settlement, Special Session – Senegal

12. The chairing of these key formal bodies of the WTO by members of the African is a clear demonstration of the increased level of participation of African countries in the activities of the WTO and their commitment to the WTO multilateral trading system. Overall, the engagement of the African countries at WTO multilateral trading system is aimed at ensuring the following:

- a) Equitable distribution of the benefits of the multilateral trading system;
- b) Effective integration of African countries into the multilateral trading system
- c) Adequate flexibility for African countries in the use of appropriate trade policy instruments
- d) Appropriate mechanism for addressing concerns arising from implementation of WTO commitments

e) Stressing the important of Aid for Trade in addressing capacity and supply side constraints necessary for African countries to fully exploit market access opportunities.

f) Emphasizing the importance of the WTO multilateral trading system in supporting regional integration process in Africa.

13. African countries have also acknowledged the importance of WTO in supporting sustained domestic agenda for reform, modernization and diversification so as to improve competitiveness. Many African economies who have undertaken domestic reforms have experienced high growth, high returns on investment, emergence of new entrepreneurs and businesses which are essential for delivering 21st trade agenda.

III. AFRICA'S INTERESTS IN WTO POST NAIROBI AGENDA

14. Let me now briefly talk about the status of the discussions on the WTO post Nairobi agenda and preparations for MC11. I will also highlight some of the current key issues of interest to the African countries at the WTO in the context of MC11 and beyond. As you are all aware at the MC9 in Bali, the Ministers adopted a new WTO Agreement on Trade Facilitation which was a major outcome of the Doha Development Agenda (DDA). There were also outcomes on development particularly on issues of interest to the least developed countries. At MC10 in Nairobi, Members agreed on abolition of export subsidies in Agriculture as the major

substantive outcome of the Conference. Other substantive outcomes at Nairobi included improvement in market access condition for cotton producing least developed countries as well as decisions on development aspects in favour of the least developed countries.

15. The Nairobi Ministerial Declaration, however, contrary to previous Ministerial Declarations, does not contain a work program on the outstanding Doha Development Agenda (DDA) issues. In a sense this reflects a lack of consensus among the members on some issues. Of note, under paragraph 30 of the Nairobi Declaration, Members have divergent views on whether to continue negotiations on outstanding DDA issues on the basis of the Doha mandate.

16. Notwithstanding divergent views on the reaffirmation of the Doha mandate, under paragraph 31 of the Ministerial Declaration, all Members agreed to continue negotiations on the remaining Doha issues with some calling for new negotiating approaches and for inclusion of new issues in the post Nairobi Agenda.

17. Since the adoption of the Nairobi Package, many delegations in Geneva including the African Group have welcomed the results of the Nairobi Ministerial Conference, which builds on the agreement reached in Bali at the 9th WTO Ministerial Conference.

They have also stressed the importance of implementing the Nairobi outcomes, and expressed their willingness to engage in discussions on how to advance negotiations on the remaining DDA issues.

18. In Geneva, the MC11 preparatory process has begun and there has been intensive discussions and negotiations based on proposals in a number of areas where different Members have identified as potential deliverables at Buenos Aires in Argentina. The African Group has emphasised that its priority is the outstanding DDA issues where they would like to see some outcomes at MC11. Some of the priority DDA outstanding issues for the African Group include:

- a) Domestic support in agriculture including cotton;
- b) Public stockholding for food security;
- c) Special Safeguard Mechanism in agriculture for developing countries;
- d) Disciplining fisheries subsidies that contribute to overcapacity and overfishing including the banning of illegal unreported and unregulated fishing (IUU); and
- e) Special and differential treatment for developing and least developed countries.

19. Some Members have also submitted proposals for Ministerial decisions at MC11 on other issues such as e-commerce,

investment facilitation and micro small and medium enterprises (MSMEs). The African Group is engaged in discussions on these issues with a view understanding their scope and implications.

20. At this moment I wish to end my presentation and I would like to take this opportunity once more to thank the WTO Secretariat for giving me the opportunity to set the ball rolling in our deliberations at this important Regional Dialogue on WTO Accessions for the greater horn of Africa.

I thank you for your attention.