



WTO TWENTIETH ANNIVERSARY ACCESSIONS PROGRAMME

SECOND GLOBAL SEMINAR ON WTO ACCESSIONS
SAUDI ARABIA 10-YEAR WTO ACCESSION SPECIAL ANNIVERSARY SESSION
ACCESSIONS BOOK LAUNCH BY WTO DIRECTOR-GENERAL ROBERTO AZEVEDO

Statement by Chiedu Osakwe, Director, WTO Accessions Division

Opening Session: State-of-Play: The Multilateral Trading System – WTO Accessions in Perspective

Geneva, Monday, 28 September 2015, 10:10 – 10:30, Room D

Excellencies,

Speakers and Participants,

Authors and Co-Authors of our book on Accessions,

Uri, my Co-Editor

Arif Hussain, my predecessor as Director Accessions,

Ladies and gentlemen

1. On behalf of our WTO Director-General Roberto Azevêdo, thank you all for accepting our invitation and coming to participate in this programme of activities to commemorate 20 years of WTO Accessions.
2. This Programme starts today with the Second Global Seminar on WTO Accessions. It continues tomorrow with a dedicated Special Anniversary Session to celebrate 10 years of the WTO Accession of the Kingdom of Saudi Arabia. We shall conclude on 30 September at mid-day with the launch of the Accessions Book by WTO Director-General Roberto Azevêdo.
3. The Programme is with you. The rationale for this Programme is, in large measure, to acknowledge the serious work and far-reaching contributions by WTO Members; also, in part a celebration of what has been achieved; and, also to note the balance sheet with regard to work in progress and what remains to be done.
4. WTO accession is not detached from the functioning of the rules-based MTS. It is not an annex to the work of the Organization, operating extra-terrestrially. It is an integral part of it: *accession negotiations are multilateral negotiations in the regular work of the Organization.*
5. The activities in the Programme provide a systemic opportunity to review the results of 20 years of WTO accession negotiations and discuss their impact on the rules-based Multilateral Trading System, on Article XII Members and, on international cooperation for trade.



A RADICAL ANGST

6. There is a longstanding and pervasive radical angst, frequently re-cycled, in the Multilateral Trading System. It takes several forms: for instance, that the Multilateral Trading System is not working, not working satisfactorily, deadlocked, not "delivering", etc. Coupled to this, is the thesis being peddled, particularly by the so called analysts and pundits, about the relevance, credibility and existential crisis of the WTO. This ruing and hand-wringing about the WTO – a sackcloth and ashes approach – is not useful and a major distraction to the work of the Organization.

7. Last week, at the Peterson Institute in Washington DC, the Director-General robustly addressed these questions. *Inter alia*, the Director-General said: the record shows that we can deliver multilaterally, although we need to deliver more, and to deliver it more quickly.

8. This is how the Director-General concluded: "Indeed, I am positive about the future of the Organization". *I certainly do not agree with some of the doomsayers who would say that the best years are behind us. It is quite the opposite". While I would not deny that we face real challenges, if you expect to be a truly relevant institution for global economic governance, the challenges and stakes are always going to be very high".*

9. So, we will show how the WTO has "delivered" on accessions with major effects:

- provided Acceding Governments with an instrument for domestic reforms, transformation and modernization;
- improved market access, significantly;
- updated systemic trade rules, not only by clarifying, but by deepening the rules;
- innovating and upgrading existing multilateral instruments, such as the architecture of schedules;
- contributed to wider global acceptance of the WTO core values of building and consolidating an integrated global market economy, trade openness, transparency, good governance and the rule of law.

10. Although there is scope for Organizational improvement, for more agility and versatility, since 1995, the WTO has not stood still. The facts demonstrate this point.

SEVERAL KEY FACTS...

11. The British physicist Stephen Hawkins, in his book, *A Brief History of Time*, in Chapter 1: "Our Picture of the Universe", opens with a series of questions. One of his questions was: "*Can we go back in time? What if one day, time should flow backwards?*"



12. Let us apply this question to the work of the WTO on accessions and review what the WTO has achieved in 20 years, if we go back in time.

13. In the first twenty years, between 1995 and 2015, the Organization has been engaged with 55 accession negotiations. Thirty-four (34) have been completed. Twenty-one (21) remain. What if time would flow backwards, are there things we should have done differently? Well, let us think about this in terms of what the Organization has accomplished.

14. Here is the big picture of what has resulted from 20 years of work so far and its effects.

- First, construction of an integrated, inter-dependent global market economy. Accession negotiations have been the principal multilateral mechanism for the *transformation* of the authoritarian states and centrally planned economies (that emerged from the 1980s unravelling of the Former Yugoslavia and the 1991 collapse of the Soviet Union), and their *commitment* to the WTO core values of an integrated market economy, rule of law, transparency and good governance; and, membership of an Organization based on a balance of rights and obligations; this remains work in progress.
- Second, WTO Enlargement: The Article XII mandate is the means by which the Organization implements its strategic objective of universality of membership. 33/34 new Members, now accounting for 20%, approximately, of the membership, have joined since 1995. Kazakhstan has been concluded. Liberia will be concluded next week on 6 October. Afghanistan is on queue as soon as it decides to accept its commitments. The Organization retains a gravitational pull. There are 21 WPs where work is in active progress, at least on half of them. There are communicated signals and expressions of interest from at least, 4 more governments (Kosovo, South Sudan, Somalia and Timor Lesté).
- Third, Domestic Reforms. Accession negotiations, pursuant to the mandate in Article XII, have provided Acceding Governments with an instrument for far-reaching legislation-based domestic reforms and a long term reform agenda, for modernization and diversification.
- Fourth, Market Access: meaningful improvements in market access have resulted from accession bilateral market access negotiations, which have, subsequently been, consolidated and offered MFN to all WTO Members.
- Fifth, systemic Update to the Rules. Article 2 of the Standard Protocol of Accession, where the accession-specific obligations of new members are listed, become integral to the WTO Agreement. Across the 7 principal Chapters of an Accession WP Report, specific obligations have been accepted and thousands of domestic laws and implementing regulation enacted.
- Sixth, accession negotiations have been used to foster bilateral relations and broader international cooperation.

15. WTO accession negotiations have safeguarded and strengthened the rules-based system, and expanded the reach of the core values of the GATT/WTO: non-discrimination; trade liberalization and market opening; predictability and transparency. Negotiations have raised the systemic bar for rules and market access, contributed to increased competitiveness; and fostered international cooperation.



16. There have been WTO – pluses. However, these have been good for the system.

17. Let us consider a few specifics.

MARKET ACCESS

18. On market access, the integration of Article XII members to the rules-based Multilateral Trading System has significantly lowered trade barriers and expanded trade opportunities over the past 20 years.

19. On tariffs,

- On binding coverage, Article XII members have set tariff ceilings for virtually 100% of all their agricultural and non-agricultural products, while WTO original members have, on average, "bound" only 75% of their product tariffs;
- the average FBR for original members on "All Products", is 45.5% compared to 13.8% for Article XII Members;
- 65.4% on average FBR on agriculture for original members, compared to 20.1% for Article XII Member; and,
- 34.0% on NAMA for original members, compared to 12.9% for Article XII Members.

20. In other words, the tariff concessions and specific commitments undertaken by Article XII members provide for a greater degree of predictability and transparency for business operators.

21. The results are similarly positive and substantive in the area of services. Article XII members have undertaken, on average, specific commitments in more than 100 services sub-sectors, while the average for original WTO members is only 50 sub-sectors.

22. The scope and depth of accession-specific commitments have broadened significantly, clarifying, deepening and updating the rules across several areas such as Trading Rights, SPS, TBT, Intellectual Property, State Trading, State Invested and State-Owned Enterprises, Framework for Making and Enforcing Policies, Transit Obligations.

23. Accession negotiations have contributed to innovating on instruments of the rules-based MTS. For instance, the Russian Federation Accession contributed to improvements on the GATT '47 architecture by creating Part V to stabilize and provide transparency on Export Duties.

24. Accession obligations have been used to leverage and expand the membership of specific WTO Agreements such as the GPA. The data shows that two-thirds (or 71%) of all Article XII



members have undertaken to join the Agreement on Government Procurement (GPA). Put differently, commitments in Accession Protocols have leveraged GPA accessions.

25. Accession commitments have improved systemic transparency. Stronger, higher levels of notification of Article XII members, have enhanced the overall level of transparency in the system.

DOMESTIC REFORMS & LEGISLATION

26. The impact of accessions on domestic reforms is salutary. The figures related to accession-based domestic reforms and enactment of legislation is significant.

27. Article XII members that joined the Organization since 1995 have notified and enacted more than 7,000 pieces of legislation. In the past 20 years, the number of enacted and notified projects of legislation per accession has more than tripled.

28. Article XII members that joined the Organization before 2000, enacted on average 81 projects of legislation, while those that joined more recently, notified and enacted on average 300 projects of WTO-related legislation, approximately.

INCREASE OF ACCESSION SPECIFIC OBLIGATIONS

29. The increased scrutiny of acceding economies' legislation and regulation is also evident in the increased number of specific obligations.

30. In 1996, Bulgaria accepted 22 specific accession obligations, China 168 in 2001, Russia 163 in 2011, and Kazakhstan 118 in 2015. Overall, the increase is basically five-fold!

31. The 34 economies that have joined the Organization have committed in total to **1476** specific obligations.

32. Each Accession Protocol, when ratified, becomes an integral part of the WTO Agreement. From a systemic point of view, the Accession Protocols have clarified and reinforced some of the existing WTO rules and, in some areas, further expanded their coverage.

33. Accession negotiations are 360 degrees; they are tough and challenging. They are complex, demanding and challenging, and require strong leadership, commitment, and endurance.

34. The negotiations are not formulaic. Each accession is unique. Some governments took less than three years to complete the process, and some negotiations enter into the second decade.



35. We all know that negotiating complexities vary. Like in the case of Kazakhstan, negotiations sometimes address unique but complex aspects such as the integration into the global economy, whilst in parallel establishing and forging a customs union. But WTO accession history has shown that all these complexities can be managed.

36. There is consensus amongst Article XII Members that WTO membership offers an opportunity to push through and implement domestic reforms.

37. The analysis of Article XII members' data shows that trade and investment opportunities have been enhanced as a result of WTO membership.

38. WTO accession-based reforms have increased economies' competitiveness; enhanced the credibility of governments; and, reinforced predictability. This has made these economies that have joined the Organization more attractive to FDI, through improvements in the business environment, and better equipping them for those times, when the markets turn against domestic economies.

WTO MEMBERSHIP IS NOT THE END BUT ONLY THE BEGINNING...

39. A lesson we have gathered is that in spite of domestic reforms associated with accession negotiations, WTO membership benefits are not automatic. A post-accession strategy is required to sustain these reforms and keep at bay and in check the ever-present threat and recidivist behaviour of vested protectionist interests. An effective post-accession strategy / roadmap are key!

40. The WTO Secretariat is developing a platform to assist Article XII Members with coordinating "post-accession support", and for implementing their obligations from the day 1 of their membership until their first Trade Policy Review.

41. We are here to learn from a range of Chief Negotiators of original and Article XII Members, to gain their perspectives and advice on lessons learned and possibly, if these are usable in other areas of work of the Organization.

42. Thank you all for coming.

43. Let me extend a warm welcome to my Co-Editor, Uri (Dadush), and pass on the floor to him for his "key note" speech.



44. *Uri, the floor is yours.* / Thank you, Uri.

45. We will now take a break and then come back for the first Panel Session at 11.00.

