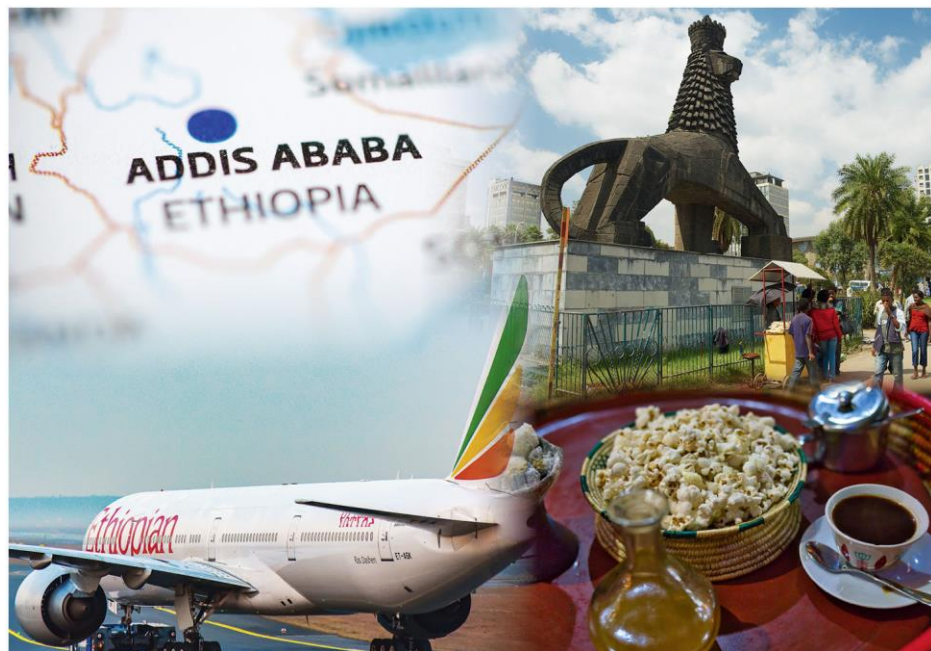




Third Regional Dialogue on WTO Accessions for Africa



WTO Accession and the AfCFTA: Building Synergies on Substance

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Outline

- **WTO and AfCFTA: why there is a need to build synergies?**
 - Maximizing benefits from trade integration at global and regional levels
- **WTO rules: threshold for trade liberalization**
- **WTO and AfCFTA frameworks: architecture and substance**
- **State of play on African WTO Accessions and the AfCFTA participation (Rules)**
- **WTO Accession challenges associated with regional integration projects**
- **Lessons from other regional trading blocs?**
- **Main questions / recommendations**

WTO Accession and the AfCFTA implementation: why need for synergies?

- **Global and regional rules-based systems designed for trade liberalization: complementary integration processes**
 - WTO: 164 Members, 22 acceding gov's (including 9 from Africa)
 - AfCFTA: 55 signatories (including 44 WTO Members and 9 acc gov's) / 29 ratifications
- **Need for strategizing domestic reforms associated with global and regional integration**
 - Goal: to achieve maximum net impact of WTO Accession and the AfCFTA implementation on trade and economic growth

10 things WTO Accession can do


- Support legal, economic and structural domestic reforms
 - Enhance market access in goods and services
 - Promote economic growth
 - Provide capacity and knowledge building
 - Increase transparency, predictability and good governance
 - 'Insure' against protectionism and unilateralism
 - Strengthen international cooperation and peace
 - Give smaller countries a stronger voice in shaping global trade rules
 - Develop positive branding
 - Contribute to the strengthening of rules and universality of membership
- **Similar benefits - at the regional level - can be derived from AfCFTA participation**



Prerequisite:

- Solid and efficient institutional and legal frameworks need to be built to ensure the full implementation of the WTO / AfCFTA obligations
- WTO Accession process is a vehicle which can assist some African economies achieve this.

WTO rules: threshold for trade liberalization

- **Regional integration is part of the GATT / WTO from the outset**
 - (i) Article XXIV of GATT 1994; (ii) Addendum to Article XXIV and its updates; (iii) Understanding on the Implementation of Article XXIV of the GATT 1994; (iv) Articles V and Vbis of GATS; and (v) Decision on Differential and more favourable treatment reciprocity and fuller participation of developing countries (The Enabling Clause, Decision of 28 November 1979)
 - *“purpose of a customs union or of a free-trade area should be to facilitate trade between the constituent territories and not to raise barriers to the trade of other contracting parties with such territories”* (GATT Article XXIV:4)
 - **44 AfCFTA signatories are WTO Members**
 - Including 3 Article XII Members: Cabo Verde (2008), Seychelles (2015), and Liberia (2016)
-  **- AfCFTA architecture is in harmony with WTO Agreements**
- no diminishing of existing WTO commitments**

WTO Agreements and AfCFTA framework (ex: Goods)

WTO Agreements	AfCFTA provisions	Comment
GATT 1994	Protocol on Trade in Goods	<i>Similar approach</i>
Schedules of Tariff Concessions	Annex 1: Schedules of Tariff Concessions	
Agreement on Rules of Origin	Annex 2: Rules of Origin	<i>No reference to ROA</i>
GATT Articles VIII, X Trade Facilitation Agreement	Annex 3: Customs Cooperation and Mutual Administrative Assistance	<i>Alignment with the TFA</i>
	Annex 4: Trade Facilitation	
	Annex 5: Non-Tariff Barriers	<i>Identification, monitoring and elimination of NTBs</i>
TBT Agreement	Annex 6: Technical Barriers to Trade	<i>Cooperation agreement</i>
SPS Agreement	Annex 7: Sanitary and Phytosanitary Measures	<i>Implementation agreement</i>
GATT Article V; TFA	Annex 8: Transit	<i>Alignment with the TFA</i>
SCM Agreement, Safeguards, AD Agreement	Annex 9: Trade Remedies	<i>Alignment with the SCM, Safeguards and AD</i>

Trade Facilitation - 1

- It is estimated that trade cost in developing countries and LDCs is equivalent to applying a 219% tariff on international trade. (WTO, 2017)
- In Africa, while the average applied rate of tariff protection is 8.7 per cent, other non-tariff obstacles have been found to increase the cost of African trade by an estimated 283%. (Sommer et al., 2017)
- Full implementation of the WTO Trade Facilitation Agreement can reduce trade costs by an average 14.3% with African countries. (WTO, 2017)

Trade Facilitation - 2

Annex 4 on Trade Facilitation (AfCFTA)

This annex aims to simplify and harmonize international trade procedures and logistics to expedite the processes of importation, exportation and transit and expedite the movement, clearance and release of goods including goods in transit across borders within State Parties.

The WTO Trade Facilitation Agreement

The WTO TFA which officially entered into force in February 2017, aims to cut red tapes at the border for easier trade by ensuring (i) timely release and clearance of goods, (ii) availability of information on rules and procedures, (iii) automation and e-services, (iv) the implementation of disciplines for fees and penalties; (v) harmonized processes and standards, (vi) opportunities for consultations and appeals; and (vii) assistance for implementation.

As of January 2020, 148 countries, including 37 African countries have ratified the WTO Trade Facilitation Agreement.

WTO Commitments

To implement the WTO Agreement on Trade facilitation and to present plans for full implementation, including legislation and timeframes.

WTO Agreements and AfCFTA framework (Services)

- The trade in services negotiations follow the architecture of the GATS with four modes of supply as well as obligations in market access and national treatment.
- AfCFTA state parties are developing annexes for the implementation of this Protocol relating, inter alia, to:
 - Finalize services commitment in the five priority sectors
 - transport
 - communications
 - financial services
 - tourism
 - business services

African WTO Accessions and AfCFTA Status

Acceding Government	WTO Accession		AfCFTA	
	WP established	Status / Last WPM / Document	Signed	Ratified (deposited with AUC)
Comoros*	10/2007	Strategic focus 4WPM (03/2018) / dWPR	21/03/2018	
Ethiopia*	02/2003	Work in Progress 4WPM (01/2020) / EdWPR	21/03/2018	10/04/2019
South Sudan*	12/2017	Work in Progress 1WPM 03/2019 / MFTR (Rev)	21/03/2018	
Sudan*	10/1994	Work in Progress 4WPM (07/2017) / Factual Summary	21/03/2018	
Equatorial Guinea	02/2008	Activation -	21/03/2018	07/07/2019
Somalia*	12/2016	Activation -	21/03/2018	
Algeria	07/1987	Inactive 12WPM (03/2014) / DWPR (Rev.3)	21/03/2018	
Libya	09/2004	Inactive -	21/03/2018	
Sao Tome & Principe*	02/2005	Inactive -	21/03/2018	27/06/2019

African WTO Accessions – State of Play (Rules)

Multilateral negotiations (Rules)

Working Party (WP) established

(No documents submitted)

- Equatorial Guinea
- Libya
- Sao Tome and Principe*
- Somalia*

Memorandum on Foreign Trade Regime (MFTR)

- South Sudan*

Factual Summary of Points Raised (FS)

- Ethiopia*
- Sudan*

Draft Working Party Report (DWPR)

- Algeria
- Comoros*

Mandate: Article XII of the Marrakesh Agreement (accede “on terms to be agreed”)

Accession-specific commitments: Accessions *Acquis*

Article XII LDC Members	Year of Membership to the WTO	Working Party Report/ Accession protocol	
		Number of Commitments	Transition commitments
Lao PDR	2013	26	6
Vanuatu	2012	30	2
Samoa	2012	37	5
Cabo Verde	2008	27	10
Cambodia	2004	29	8
Nepal	2004	25	4
Yemen	2014	28	8
Seychelles	2015	42	4
Afghanistan	2016	37	7
Liberia	2016	31	10

WTO Accession challenges associated with regional integration (Rules)

- **Two sets of framework to comply with: global and regional**
- **AfCFTA is an evolving integration project:**
 - Phases 1 (goods and services), 2 (Investment, IPRs, Competition), 3 (E-commerce)
 - Next phases: Customs Union / Single market / Monetary Union / African Economic Unity by 2029
- **Supra-national competences? Transparency?**
- **Challenge to pursue regional and multilateral negotiations at the same time**
- **Moving targets that do not always move in parallel**
 - Different political agenda may be involved
 - Sequencing not always possible (regional dynamic process would not wait)

Experiences of other integration processes

- **EU, ASEAN accessions :**
 - WTO accession first
- **CU/EAEU:**
 - first Customs Union created by non-WTO members
 - Prolonged WTO accessions of its members
 - Non-WTO members *de facto* implement many WTO rules through the RTA framework
 - Implementation of WTO rules upon accession:
- **Treaty on the Functioning of the Customs Union in the Framework of the Multilateral Trading System**

*“...from the date of accession of any CU Party to the WTO, the provisions of the WTO Agreement, as set-out in its Protocol of Accession, including the commitments undertaken by that CU Party as part of the terms of its accession to the WTO, which related to matters that the Parties had authorised CU Bodies to regulate in the framework of the CU, as well as to the legal relationships regulated by the international treaties constituting the legal framework of the CU, **became an integral part of the legal framework of the CU.**”*

Main questions / recommendations

- **Alignment of WTO Accession and AfCFTA implementation roadmaps**
 - Sequencing of WTO Accession / AfCFTA implementation?
 - Sequencing of specific steps necessary to achieve WTO- and AfCFTA-consistency? (based on trade and economic impact assessment)
- **Run two integration processes in a coordinated and transparent manner: pursue two-track approach**
 - Same negotiating team to handle multilateral and regional trade negotiations
- **Build commitments at the regional and multilateral levels on broader development objectives**
 - Support opening up by coherent domestic policies (trade policy and structural reforms), to ensure benefits for economy and taking account of capacity building needs
 - Focus on concrete outcomes (i.e., attraction of investments)
 - **Build on achievements in the AfCFTA to move WTO Accessions**

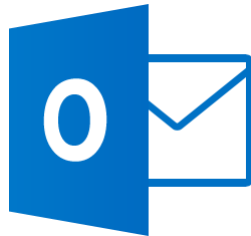
Useful information

Learn more about WTO Accessions [here](#) or click:

https://www.wto.org/english/thewto_e/acc_e/acc_e.htm



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