

Statement By

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**at the "Beijing 2012 Round Table on WTO Accession Best Practices"
for the Least Developed Countries**

On Session 1: LDCs Accession: Challenges of LDCs on Accessions

Beijing, China

29 May 2012

Mr. Chairman, thank you for giving me the floor.

At the outset, I would like to thank the People and Government of the People's Republic of China for organizing this meeting with the World Trade Organization. The "China's LDCs and Accession Programme" launched by China will contribute to the facilitation of the accession of LDCs. I hope that this Round Table, which is part this Programme would enable the LDCs to share experience on best practices in their accession to the WTO.

Mr. Chairman,

The LDCs are so designated group of countries by the United Nations and recognized as such by members of the WTO. Due to their special circumstances they are treated differently as provided for in the various provisions of the WTO. This is so because they are the weakest link in the international community. They are weak because they have a low level of development and this in turn is due to their low level of productive capacity. The priority for the LDCs is therefore to build their productive capacity and their competitiveness so that they integrate into the global economy meaningfully. However, this reality is forgotten when it comes to market access negotiations in their accession to the LDCs. Hence, the key issue in our view should be to provide the LDCs the necessary policy space so that they build their productive capacity and accelerate their economic development and ultimately become active partners. This in my view is an overarching challenge the LDCs face in their accession process.

Having said that, let me now turn to the specific challenges the LDCs face during their accession to the WTO. Each LDC is unique, but there are a number of challenges they commonly encounter in their accession process. From our experience, I would like to emphasize four key challenges. The first refers to what I call knowing the WTO and knowing the System; the second has to do with the all too familiar challenge of the LDCs, almost in all fields, namely lack of capacity, the third involves complexity of the accession process and the fourth emanates from lack of clear rules or a systematic approach to the accession process. Let me now explain briefly on each of these challenges which manifest during the conception of accession and during the accession process itself.

Knowing the WTO and knowing the system

The World Trade Organization and its predecessor the GATT have over the course of more than six decades developed a set of rules that govern almost all of global trade thereby enhancing predictability and security of the multilateral trading system. These rules have evolved in such a way that for those who did not take part in shaping them, and are by definition outside the system, the first challenge they face is knowing how does it function and how does it benefit its members? And if we decide to join the system what are the costs, and how can we minimize the costs and maximize the benefits. For those of us who have launched the process of accession we had to first address these set of questions. In retrospect they might seem simple questions but they constitute the key elements for deciding to join the WTO. Once the decision to join is reached, the real work to join the system begins. And this is what has brought us here, because we all know how difficult and complex the accession process is, in particular for the LDCs. I will not go into the details of the initial steps of the accession process such as the establishment of a working party and the initial documents to be submitted including the preparation of the Memorandum of Foreign Trade Regime etc with which you are all too familiar.

Capacity constraints

One of the key challenges that is common to the LDCs is capacity constraint. This involves both human and institutional constraints. As I said, for those outside the system it is a daunting task to appreciate the system's workings. Thus familiarization with the system through training and workshops and other means becomes crucial. The WTO and members are cognizant of this fact and a number of activities are undertaken both internationally and bilaterally to augment the capacity of LDCs such as Ethiopia. The different programmes launched by partners such as the one by the People's Republic of China would also be of much help. One would also look for experts who might have developed their skills in the workings of the WTO. Acquiring an observer status within the WTO also helps bridge this gap.

Complexity of the process of accession

I believe that the complexity of the accession process is in part due to the lack of thorough knowledge of the WTO for those outside of the System. It is also complex because it involves multi-layered negotiations such as at the bi-lateral and multilateral levels. Because the accession process is very complex, it takes a long period of time to conclude it. Thus it has taken, in some instances, more than a decade to conclude accession to the WTO. The process is very

complex, what renders it more so for the LDCs is their capacity constraints, both human and institutional. The complexity of the accession process is also in part due to the fact that there is no clear set of rules that guide accession to the Organization. And that would be the next item that I will explain.

Lack of systemic approach to accession

Article XII (1) of the agreement establishing the WTO states that any State may accede to this Agreement on terms to be agreed between it and the WTO. This is a general provision which does not provide specific guidance as to how the accession should proceed. Thus a protracted, complex and costly accession process is set in motion. It is important to note here that cognizant of this fact the WTO did formulate an accession guideline for the LDCs in 2002. This has been the instrument used as a reference during the accession negotiations of the LDCs. However, because the guidelines are very broad they were subject to differing interpretations and the experience from those LDCs that acceded after the adoption of the guidelines shows that they have made concession much higher than not only the original members of the LDCs but even higher than the average concessions of the developing countries that are members of the WTO. Which is why, once more, the WTO has embarked upon an effort to facilitate the accession process of the LDCs by adopting the decision on accession of LDCs during the eighth session of the Ministerial Conference of the WTO. This has elicited great hope and expectation from the LDCs and those who are working hard to realize the objectives set out by the Ministerial decision. There is a separate programme on this topic, so we will have the chance to hear from Ambassador Steffen Smidt who is tirelessly leading the informal negotiations on a draft decision. Suffice it to say here that a positive outcome will not only provide predictability, comparability of concessions and thus fairness but also will address the capacity constraints the LDCs face in their accession process.

I thank you.

