



የኢትዮጵያ ፌዴራል ዲሞክራሲያዊ ሪፐብሊክ  
የንግድና ኢንዱስትሪ ሚኒስቴር  
Federal Democratic Republic of Ethiopia  
**Ministry of Trade & Industry**



# WTO Accession and AfCFTA –Synergies on Market Access(Goods and Services)

**Lisanework Gorfu**



**Creating One African Market**

# Introduction

- Non-discriminatory treatment (MFN) is a bedrock of Multilateralism
- However, exceptions for RTAs/ Customs unions are provided in the GATT
- Article XXIV, Article V of GATS and the Enabling Clause
- These exceptions have been exploited by a number of countries to build strong regional trade blocs
- It has given rise to the debate whether RTAs are stumbling blocs or building blocs of multilateral trading system

# Ethiopia's engagement in trade negotiations

- Ethiopia is currently negotiating a number of global and regional trade agreements;
  - **WTO Accession:** 18 years, the 4<sup>th</sup> WPM held two weeks ago
  - **COMESA:** Although Ethiopia is a founding member of the Common Market for Eastern and Southern Africa (COMESA), Ethiopia has not yet joined the COMESA FTA, which was established in 2000
  - **TFTA:** Three major RECs in Southern and Eastern Africa, namely, COMES, EAC, and SADC have agreed to establish a Tripartite Free Trade Area
  - **EPA Negotiations:** Ethiopia is not signed Interim agreement and reflect its position on goods offer
  - **IGAD:** focus on regional infrastructure development, but it is one of the recognized RECs by Abuja Treaty
  - **AfCFTA:** one of the most ambitious regional integration projects to the date: a continental wide free trade area

# Ethiopia's Import Export Trade: with Africa and World





# Market Access in Goods

	Non –LDCs	LDCs	Time frame Non-LDCs	<b>Timeframe: LDCs (SDT)</b>	LDC Accession Guideline
<b>Liberalization level</b>	<b>90 percent</b>	<b>90 percent</b>	<b>5 years</b>	<b>10 years</b>	<b>50 percent average for Agriculture Up to 40 percent average for NAMA if all tariff lines bound</b>
<b>Sensitive Products</b>	<b>7 percent;</b>	<b>7 percent;</b>	<b>10 years</b>	<b>13 years</b>	<b>Probability of getting More water</b>
<b>Exclusion List</b>	<ul style="list-style-type: none"> <li>• <b>3 percent;</b></li> <li>• <b>Subject to anti-Concentration Clause.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>3 percent;</b></li> <li>• <b>Subject to anti-Concentration Clause.</b></li> </ul>			<b>If countries bound up to 95 percent , 35 percent average bound rate</b>

# Other selected Market Access issues in Goods

ISSUES	AfCFTA	WTO
New Market Access	Preferential market access In 54 African countries	Predictability
Other duties and charges	Article 7(1) Protocol in trade in Goods “State Parties shall progressively eliminate import duties or charges having equivalent effect on goods originating from the territory of any other State Party in accordance with their Schedules of Tariff Concessions contained in Annex 1 to this Protocol.”	Article II, 1. (b)... Such products shall also be exempt from all other duties or charges of any kind imposed on or in connection with the importation in excess of those imposed on the date of this Agreement....”
Trading Right	No Mention	Commitment taken by recently acceded countries

# Market access in Services

For AfCFTA the AU assembly had approve **five priority service sectors**, to be an initial round negotiation.

- ✓ **Business Services**
- ✓ **Communication Services**
- ✓ **Financial Services**
- ✓ **Transport Services and**
- ✓ **Tourism**
- ❖ Each member state, required **to commit to a minimum threshold**
- ❖ **the negotiation is based on reciprocity**

Each member state, required **to commit to a minimum threshold**

In the WTO accession – the LDC accession guideline outlined Member countries **to make restraint** in their requests and acceding countries to table reasonable offers.

- No bench marks

## Some concluding points

- By removing import duties on 90% of tariff lines, AfCFTA expects to make African products cheaper and more preferred in the African market and will might displace imports from outside Africa.
- Africa's imports are mainly manufactured products, the focus of Ethiopia's development agenda. AfCFTA therefore provides Ethiopia with the opportunity to realize her economic growth and diversification aspirations based on the African market.
- Both the accession process and AfCFTA will bring more investment to address supply side constraints



- The increase in imports will be significant across most manufacturing sub-sectors in Ethiopia especially for products currently more than 10% tariff rates, due to complete elimination of tariffs.
- Due to limited capacity in administering rules of Origin will inadvertently create strong incentive for traders to disguise goods from non-African countries as African goods so as to qualify for duty-free movement across borders of African countries.
- This risk is high for Ethiopia considering that 94% of Ethiopia's imports come from the rest of the world.

- Challenges in negotiation in the market Access in the WTO
- There might be a chance of more opening services at the multilateral level for acceding countries if the AfCFTA finalized soon although member states get as part of MFN.
- It is difficult to call it continental in the area of services, since it is based on reciprocity
- Substantial business opportunities lie in wait for Ethiopia businesses in Africa in the wake of our signing up to the AfCFTA.
- Since the principle goal of both is to increase the trade among countries. regionalism is complementary to multilateralism.



**THANK YOU**  
**አመሰግናለሁ**