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REGIONAL DIALOGUE ON WTO ACCESSIONS FOR THE GREATER HORN OF AFRICA

NAIROBI OUTCOME: FOSTERING SYNERGIES AND COHERENCE BETWEEN REGIONAL
INTEGRATION AND THE MULTILATERAL TRADING SYSTEM THROUGH WTO ACCESSIONS

Nairobi, Kenya, 28-30 August 2017

The following communication, dated 1 September 2017, addressed to the Director-General, is being circulated at the request of the Delegation of Kenya.

Communication from Ambassador (Dr) Amina Mohamed, Cabinet Secretary, addressed to Mr. Roberto Azevêdo, WTO Director-General, on 1 September 2017

I have the honour to inform you that the Regional Dialogue on WTO Accessions for the Greater Horn of Africa was successfully held on 28-30 August 2017 in Nairobi, Kenya.

The discussions at the Regional Dialogue enabled participants to engage in informative and interactive discussions on WTO accession reforms and regional integration including on experiences from ongoing, as well as concluded African accessions.

The Dialogue also invited acceding governments in the region, Comoros, Ethiopia, Somalia and the Sudan to provide participants on the state of play in their accession processes, and to present their needs for technical assistance and capacity building. The Dialogue also provided a useful platform for exchanges on available support and appealed to the development partners present to step up their support for the accession processes in the region.

All participants welcomed the recent progress registered in the accessions of Comoros, Ethiopia, Somalia and the Sudan, and, in particular, pledged their full support for the conclusion of the accession of Comoros by the Eleventh WTO Ministerial Conference. All participants also expressed their full support to South Sudan for its intention to submit an application for accession to the WTO in the very near future.

Please find enclosed herewith the Nairobi Outcome "Fostering Synergies and Coherence between Regional Integration and the Multilateral Trading System through WTO Accessions". At the request of the Dialogue participants, I would be grateful if you could circulate the Outcome as a document of the Sub-Committee on Least-Developed Countries, the Committee on Trade and Development, the General Council and the Eleventh WTO Ministerial Conference.

I commend your Secretariat Team for its excellent work in process and substance to ensure that the Regional Dialogue on WTO Accessions for the Greater Horn of Africa was a success. On behalf of the Government of the Republic of Kenya, I would like to underline that we are prepared to hold the Regional Dialogue on WTO Accessions on an annual basis, until the completion of the remaining accessions in the region.

Please accept, Director-General, the assurances of my highest considerations.

1 INTRODUCTION

1. The Regional Dialogue on WTO Accessions for the Greater Horn of Africa took place in Nairobi, Kenya from 28 to 30 August 2017. This *first-of-its-kind* event was organized by the WTO Secretariat in partnership with the Government of Kenya and the University of Nairobi. The Regional Dialogue was opened by H.E. Ambassador (Dr.) Amina Mohamed, Cabinet Secretary for Foreign Affairs of the Republic of Kenya, Professor Peter Mbithi, Vice-Chancellor of the University of Nairobi and Ms. Maika Oshikawa, Officer-in-Charge of the Accessions Division of the WTO.

2. Opening statements¹ acknowledged the critical contribution that WTO accessions have made in strengthening the rules-based multilateral trading system and the values that it has upheld since the establishment of the WTO. Africa has become an increasingly important player in the WTO with 44 Members, representing over one quarter of the current 164 membership. It was recognized that this role could be even more significant if the eight African countries in the process of accession accede to the WTO.

3. The region of the Greater Horn of Africa represents one of the largest concentrations of countries remaining outside of the WTO, with Comoros, Ethiopia, Somalia and Sudan in the process of WTO accession. In addition, South Sudan has recently expressed its interest to join the WTO. This region is currently also one of the most active in terms of substantive accession activities, which have intensified since the Tenth WTO Ministerial Conference held in Nairobi, in December, 2015 - the first Ministerial Conference held in Africa - where Members concluded the accessions of Afghanistan and Liberia.

4. The Regional Dialogue gathered high-level government officials, including at the levels of Minister/State Minister and Chief Negotiator from four acceding governments (Comoros, Ethiopia, Somalia and Sudan), and South Sudan (non-WTO observer); representatives from five Article XII Members (China, Liberia, Oman, Seychelles and Yemen); and representatives from seven development partners and international organizations (African Development Bank (AfDB), Enhanced Integrated Framework (EIF), Intergovernmental Authority on Development (IGAD), Islamic Development Bank (IDB), UK Department for International Development (DFID), United Nations Conference for Trade and Development (UNCTAD) and World Bank).

5. Participants engaged in a rich, informative and interactive dialogue across several sessions over three days, based on presentations, which were followed by open discussion².

2 WTO MEMBERSHIP: STRUCTURAL REFORMS AND REGIONAL INTEGRATION

6. The Dialogue started off by presentations on Africa and the Multilateral Trading System by Ambassador Dr. Stephen Ndung'u Karau (Kenya) and on WTO accession reforms and regional integration by Ms. Maika Oshikawa (WTO). These presentations were followed by a Davos-style panel discussion, moderated by Ambassador Zhang Xiangchen (China) with leading experts from key regional and multilateral institutions, namely by Mr. Paul Brenton (WB), Mr. Joseph Rwanshote (IGAD), Mr. Gabriel Negatu (AfDB) and Ms. Mina Mashayekhi (UNCTAD), on the topics of "fostering synergies and coherence between structural reforms, the WTO and regional integration in Africa".

7. Participants also benefited from presentations by former Chief Negotiators and expert officials who had been directly engaged in successfully concluded accessions, namely, of China (2001) by Ambassador Zhang Xiangchen, Yemen (2014) by Mr. Nagib Hamim, Seychelles (2015) by Ms. Cillia Mangroo and Liberia (2016) by Minister Axel Addy. Different perspectives on WTO accessions - from a Working Party Chairperson, an original member, a development partner and a regional academic institution - were also shared, respectively by Ms. Hilda Al Hinai (Oman), former Chairperson on the accession of the Seychelles, Ambassador Nelson Ndirangu (Kenya), Mr. Simon Hess (EIF) and Dr. Mary Mbithi (University of Nairobi).

8. The Regional Dialogue reaffirmed the central role of WTO accessions in instituting domestic structural reforms. It provided not only a set of rules but also the framework to establish

¹ All statements and presentations are made publicly available on the WTO website (https://www.wto.org/english/thewto_e/acc_e/dialogue0817_e/programme_e.htm).

² The Regional Dialogue was followed by a specialized training on WTO Accessions for Somalia and South Sudan on 31 August – 1 September 2017.

commercial policy and foster economic integration. For African acceding governments, it also served as a disciplinary instrument to lock-in necessary reforms that would have been difficult to implement otherwise. Thus, it was important to align accession-related domestic reforms into a broader national development agenda including, *inter alia*, economic diversification, modernization and transformation, attracting foreign direct investment and re-branding strategies.

9. Participants acknowledged that regional integration has emerged as one of the major objectives of African policy-makers and a driving force for economic development of the African continent, as well as for job creation. A large and growing youth population and their needs and aspirations had to be taken into account in policy-making, including in the WTO accession negotiations.

10. At the same time, participants also noted that despite an increasing trend of intra-regional trade, there is still considerable room for improvement in the areas of interconnectivity and the movement of goods, services, capital and people. These improvements are essential for fully realizing economic potential of the on-going regional integration efforts. Moreover, supply side capacity constraints would also need to be addressed if one were to improve competitiveness in regional markets.

11. Discussions also revolved around the sequencing of WTO accession and deepening regional integration i.e. liberalization at the multilateral and regional levels. It was suggested that the opening efforts at the regional level, especially on market access, could serve as a benchmark or ceiling for the multilateral commitments by an acceding government, although each case had to be assessed in its own merit, especially on rules. Consultations between the acceding government and partners within regional arrangements were strongly encouraged during the accession negotiations, so as to ensure the integrity of these preferential arrangements.

3 ACCESSION TO THE WTO

12. The Regional Dialogue welcomed the progress registered in the accessions of the four acceding countries in the region. Ministers and Chief Negotiators of Comoros, Ethiopia, Somalia and Sudan provided the state-of-play of their respective accession processes and their visions on the way forward. In addition, South Sudan provided the state of its expression of interest to join the WTO.

13. Mr. Abdou Nassur Madi, Director-General of Economy and Foreign Trade of Comoros, stated that since mid-2016, there has been a strong political commitment, from the highest political level, to advance its accession, following a long dormancy after the establishment of the Working Party in 2007. Since then, two Working Party meetings held in December 2016 and June 2017, combined with a visit to Moroni in March by the Working Party Chairman Ambassador Luis Enrique Chávez Basagoitia (Peru), have generated the momentum to advance the technical work. An important milestone was crossed in July, when all but one bilateral market access negotiations were concluded. Comoros was fully committed to constructively engaging with WTO Members to close outstanding issues in the coming weeks, so that it could become the 165th Member of the WTO by the Eleventh Ministerial Conference (MC11).

14. H.E. Dr. Bekele Bulado Bukana, Minister of Trade of Ethiopia stated that, for his Government, WTO accession has always been a priority, despite the dormancy in the process since the third Working Party meeting in 2012. Currently, efforts have been underway to reactivate the accession process, with the preparation of updated documentation for the fourth Working Party meeting. Recently, the Government reviewed and revised the WTO accession negotiation structure, which had been approved by the Council of Ministers. Moreover, the Government had been undertaking necessary reforms to make its trade regime WTO compliant and to reduce all forms of trade barriers through, *inter alia*, an Ease-of-Doing-Business Initiative and improving customs procedures.

15. H.E. Ms. Khadra Ahmed Dualeh, Minister of Commerce and Industry of Somalia, stated that since the establishment of Somalia's accession Working Party in December 2016, the political landscape had changed considerably with the election of new President Mohamed Abdullahi Mohamed Farmaajo in February 2017. The President had pledged full support for WTO accession and its related reforms, in order to rebuild its economy which had suffered long conflicts. The new

administration was ready to work closely with all key domestic stakeholders to actively pursue the accession process. The technical team is currently preparing a Memorandum on the Foreign Trade Regime (MFTR) to kick-start the fact-finding stage of the accession process.

16. H.E. Mr. Elsadig Mohamed Ali, State Minister of Trade of Sudan and Dr. Hassan Ahmed Taha, National Chief Negotiator stated that while Sudan's accession had started in 1994, the process had reached a standstill after its second Working Party meeting in 2004 due to a lack of political commitment and internal issues. Since 2016, the Government had made serious efforts towards reactivating the accession process with a renewed strong political commitment. Two working party meetings had been held in 2017 and progress had been made on several bilateral market access negotiations. Sudan remained fully committed to engage constructively with Members to achieve its objective of concluding its accession process as early as possible.

17. H.E. Mr. Moses Hassan Ayet Tiel, Minister of Trade, Industry and Investment of South Sudan, stated that as the youngest country in the international community, the integration into the global economy was a priority for South Sudan. In particular, South Sudan understood the critical importance of the multilateral trading system and was ready to undertake the required reforms to promote economic development and re-brand its country. For this reason, South Sudan would shortly submit an application for WTO accession for consideration by Members. South Sudan's membership in the East African Community since 2016 had already helped familiarize itself with some of the requirements of the WTO. The participation in this Regional Dialogue, which was supported by the EIF, was instrumental for the Government to take final decision on the application, as it provided useful information, insight and advice.

18. In the session Mobilizing Support for WTO Accession, chaired by Professor Tabitha Kiriti-Nganga (University of Nairobi/WTO Chair), the acceding governments also made presentations on their accession specific technical assistance and capacity building needs. Technical assistance and capacity building were recognized as an essential pillar in the WTO accession process. The importance of clear identification of their needs was stressed in order to facilitate the accession process and maximize the benefits they could derive from accession-related reforms. In response, development partners presented the specific support available from their institutions for acceding governments in their WTO accession processes, namely Mr. Paul Brenton (World Bank), Mr. Pete Vowles (DFID), Ambassador Zhang Xiangchen (China), Mr. Joseph Rwanshote (IGAD), Mr. Patrick Kanyimbo (AfDB), Ms. Mina Mashayekhi (UNCTAD) and Ambassador Ali Ibn Talib Abdelrahman Mahmoud Elgindi (IDB).

4 EMERGING BEST PRACTICES ON WTO ACCESSIONS: ADDITIONAL LESSONS

19. Participants shared lessons learned from their accession experiences, and offered advice and tips on various aspects of the accession process, building on the LDC accession *acquis* and the Emerging Best Practices on LDC accessions (in document WT/ACC/29) presented by Ms. Mariam Soumaré and Mr. Stefan Almehagen Sandstad (WTO Secretariat). While it was clear that the commitments undertaken by the acceding LDCs were significantly broader and deeper than those undertaken by the original Members. Each accession outcome reflected specificities linked to national situations.

20. Participants underlined the importance of support of different types of stakeholders which were instrumental in facilitating the accession process. These included, *inter alia*, the Working Party Chairperson; a network of "friends of accession" of WTO Members; the African Group and the LDC Group; partners in regional integration arrangements; the WTO Secretariat; and bilateral, regional and multilateral development partners. In this regard, the human aspect of accession negotiations was emphasized, as WTO accession ultimately was about people. Good working relationships within the negotiating team and with all stakeholders could greatly facilitate the often complex accession process. Participants agreed that a clear and realistic roadmap could help align the expectations of all stakeholders involved, both domestically and internationally.

21. Participants discussed the relevance of the 2002/2012 LDC Accession Guidelines. The Guidelines were useful in providing overall guidance on LDC accessions, such as seeking restraint from WTO Members whose demands were deemed to be too excessive. However, acceding governments would always need to find negotiated solutions with WTO Members in order to finalize the accession negotiations.

22. Other advice and tips shared included, *inter alia*, the need to communicate, coordinate, and cooperate with negotiating partners (3Cs); compiling and monitoring accession specific questions; conducting bilateral market access negotiations in the capital; conducting informal negotiations before negotiations; and keeping record of all meetings, including informal and bilateral meetings.

5 CONCLUSIONS AND RECOMMENDATIONS

23. Participants welcomed this first Regional Dialogue focused on WTO Accessions in the Greater Horn of Africa. The Dialogue provided a useful platform for exchange of experience on WTO accessions, based on recently concluded and on-going accessions in Africa. Different perspectives provided by the Chief Negotiators, Working Party Chairpersons and various partners helped participants establish holistic views of various aspects of the accession process. In particular, the discussions on the linkages between regional integration in Africa and WTO accession generated a rich exchange of policy options and negotiating strategies. Overall, the three-day discussions were open, honest and interactive, in addition to being informative. Participants appreciated experience sharing as one of the most effective ways to build accession knowledge and negotiating capacity. In this regard, they welcomed the upcoming Sixth China Round Table, to be held on the margins of the Eleventh WTO Ministerial Conference, which would focus on the development of a network of accession negotiators to support the on-going accessions.

24. Participants welcomed the recent progress registered in the accessions of Comoros, Ethiopia, Somalia, and Sudan, and urged WTO Members to work constructively with acceding governments to advance their accession negotiations. In particular, they pledged their full support for conclusion of the accession of Comoros by the Eleventh WTO Ministerial Conference in Buenos Aires, Argentina and they urged WTO Members to accelerate and facilitate the finalization of the negotiations in the coming weeks. It was noted that the accession of Comoros would send a strong signal to the international community of the WTO's ability to deliver on negotiated outcomes and its contributions to economic development of LDCs. Participants also urged Sudan to accelerate its accession towards early conclusion in 2018 and encouraged Ethiopia for reactivation of its accession process as early as possible. Somalia was encouraged to submit its MFTR before MC11 so that its accession process could advance in early 2018.

25. Participants expressed their full support to South Sudan for its intention to submit an application for accession to the WTO, pursuant to Article XII of the Marrakesh Agreement Establishing the WTO. They called on WTO Members to consider the application positively, as encouragement to promote peace and stability in the region, when it would be submitted by the Government of the Republic of South Sudan for consideration by the General Council at its meeting in October 2017.

26. Dialogue participants reiterated strong appreciation to Kenya for its support to the accession efforts of its neighboring countries, and requested Kenya to hold the Regional Dialogue on WTO Accessions for the Greater Horn of African on an annual basis, until the completion of the remaining accessions in the region.

27. Participants agreed on the urgent needs to enhance trade policy knowledge, capacity and resources in the region, including for analysis, strategies and negotiations, covering both the legal and economic aspects. In this regard, they welcomed the offer from the Government of Kenya to hold a WTO Trade Policy Course in partnership with the University of Nairobi. In addition, the University of Nairobi was encouraged to develop partnerships with universities in the region to help them build trade expertise through academic collaboration and cooperation.

28. Participants acknowledged the ongoing support provided by development partners in technical assistance, capacity building, trade infrastructure, to enable African countries tap on the benefits of their Memberships in regional trading arrangements and the WTO. In this regard, they appealed to development partners present (AfDB, DFID, EIF, IDB, IGAD, UNCTAD, WBG and the WTO Secretariat) to step up support for the accession process and subsequent implementation.

29. Participants expressed their appreciation to the Government of Kenya for hosting the Regional Dialogue, in partnership with the University of Nairobi, and warm hospitality provided to the participants. They also expressed their appreciation to the WTO Secretariat for the excellent arrangements.

30. Dialogue participants requested that this "Nairobi Outcome" be circulated as a document of the Committee on Trade and Development, the Sub-Committee on Least Developed Countries, the General Council and the Eleventh WTO Ministerial Conference.
