

Report on WTO Breakfast Meeting with Kenyan private sector

5 November 2015

The 10th Ministerial Conference of the World Trade Organisation (WTO MC10) is scheduled to be held in Nairobi, Kenya, from 15 to 18 December 2015. It is the first time the Ministerial will be held on the African continent.

Ahead of MC10, tralac hosted a breakfast meeting in conjunction with the Kenya Private Sector Alliance (KEPSA) aimed at sensitizing the Kenyan private sector on important WTO issues especially in light of the upcoming WTO Ministerial Conference.

KEPSA is the voice of the private sector in Kenya and is the umbrella body for private sector associations and corporate bodies in all sectors of the economy including trade associations and provides a platform for the private sector to engage in Public Private Dialogue at Local, National and International level. Tralac is a capacity-building organisation developing trade-related capacity in East and Southern Africa. It aims to enhance the trade law and policy capacity in these regions and works with governments and non-state actors including the private sector.

The meeting was held at Nairobi Serena Hotel on 5 November 2015. In attendance were representatives from tralac, KEPSA members, Representatives from the Ministry of Foreign Affairs and International Trade, Ministry of East African Affairs, Commerce and Tourism, and Parliament.

Dr. Henry Mutai (tralac Associate) opened the meeting and began by appreciating the partnership with the Kenya Private Sector Alliance (KEPSA). He noted the importance of the meeting as a means of promoting dialogue on what is important for Africa in the upcoming WTO Ministerial Conference. Additionally, he pointed out tralac's willingness to provide training on trade policy and law to the private sector in Kenya and the EAC region.

Discussions during the meeting centred on presentations delivered by respective resource persons as follows:

- **Overview and state of play of WTO negotiations – Professor Jasper Okelo, WTO Chair, University of Nairobi**

Professor Okello talked on the background of the WTO and negotiations under the Doha Development Round, citing varying interests over the period that have led to extremely slow progress until this point. He highlighted how trade cannot happen

without increased production, and how this makes special and differential Treatment (S&DT) a significant issue, particularly in the attainment of development by developing and LDCs, the highest percentage of which are in Africa. He also highlighted how since EAC is not a WTO member as a regional bloc, coordinating efforts then becomes challenging since Kenya is the only developing country among LDCs. In spite of these challenges, he urged for effective engagement to ensure that the Ministerial delivers a sound development outcome for Africa and provides further impetus for negotiations under the WTO.

- **Kenya's trade profile and prospects for the CFTA – Prof. Ron Sandrey, tralac Associate**

Prof. Sandrey presented results of an analysis of Kenya's trade profile both globally and with African countries. He noted Kenya's dominant position in the trade of the EAC region. A notable concern highlighted is the lack of actual trade data for Kenya since Kenya does not report to the International Trade Centre where the data was sourced, and hence the data utilised for the study is mirror data, which may not be sufficiently representative. Agriculture dominates Kenya's exports while manufacturing products dominate imports. The WTO reports that the average assessed duty in 2013 was 12.7% on all goods; 19.8% on agricultural goods and a lesser 11.6% on manufactured.

He noted that overlapping membership brings with it a significant challenge to intra-REC trade in East Africa. The research found that Kenya has much to gain from reductions in tariffs and non-tariff barriers, particularly the reduction of the time taken for goods in transit. This would have to be done with the aim of increasing its international competitiveness.

- **Trade Facilitation and non-tariff barriers to Kenya's trade – Mr. William Mwanza, tralac Researcher**

Mr. Mwanza highlighted non-tariff barriers affecting Kenya's trade among them delays in inspection and certification, infrastructural challenges, standards and other technical requirements. He noted that the trade facilitation agreement (TFA), adopted as part of the Bali package at the last Ministerial, would be key in addressing some of these NTBs. Two-thirds of the WTO members need to have ratified the TFA for it to enter into force. So far 51 WTO Members have ratified the TFA and it is not expected that the agreement will enter into force before MC10. He discussed the respective commitments that EAC members have notified to the WTO. He highlighted the importance of the private sector's role in ensuring that Governments implement commitments made under the agreement, particularly by ensuring that a strong monitoring, enforcement and dispute settlement mechanism exists. This would ensure that they benefit from trade facilitation measures being undertaken by respective Governments.

- **The Agreement on Agriculture – Dr. Mirriam Omolo, Programmes Coordinator, Institute of Economic Affairs**

Dr. Omolo noted that the current round of trade negotiations, commonly known as the Doha Development Agenda (DDA), which began in 2001 has been in a gridlock mostly due to lack of convergence in negotiations on Agriculture. This saw the development of the Bali Package which was a subset of issues being negotiated under the Doha round and focused on tariff rate quota administration, export subsidy and public stockholding for food security. There has not been much progress and the MC10 issues that will form part of the discussions include on agriculture include: Domestic support, Market access, Export competition; - Export subsidies have fallen to zero with the exception of a few members, domestic support in cotton to be discussed, Public stockholding for food security purpose, LDC Issues, and LDC Services Waiver on which so far, 17 members have notified their intention to offer preferences in sectors and modes of supply of export interest to LDCs.

- **Aid for Trade – Dr. Henry Mutai, tralac Associate**

Dr. Mutai highlighted aid for trade as an important aspect of the negotiations as its objective is to enable developing countries to use trade more effectively to promote growth and build supply side capacity. As it stands, there are 146 developing countries, 59 donors and USD 246.5 billion disbursed since 2006 focused mainly on transport and storage; energy generation and supply; agriculture; and banking. He noted that there are issues to consider both nationally such as consultations between government and private sector and formulation of bankable projects but with an in-built monitoring and evaluation mechanism. At the WTO level, it is important that the linkage between aid for trade and the sustainable development goals be established.

Also present at the meeting was Honourable Ochieng (Member of Parliament for Ugenya Constituency, Siaya County) who noted that the trade volumes in Africa are very low and have remained so for many years. He noted that the main challenge for the country has been interfacing the negotiated outcomes with reforms locally so that this is translated into benefits for the private sector. The main agenda therefore should be reduction of the cost of production locally and ensuring this interface. He noted that for the MC10, it is probably time that countries lowered their ambition so as to have convergence at the MC10.

Ambassador Ndirangu (Director for Economic Affairs and International Trade at Ministry of Foreign Affairs and International Trade) noted that S&DT was key in Kenya's participation at the MC10. Certain developing countries such as China, India and Brazil have emerged as major economies and are accorded similar privileges as Kenya and this presents certain challenges on competitiveness.

The following were agreed in terms of the way forward:

- Since the MC10 is an event and global trade and regional integration are processes, there is need for follow up meetings after the MC10 in order to track progress and implementation of Ministerial outcomes.
- KEPSA and Tralac would partner on capacity building initiatives in order to enhance trade law and policy capacity of the private sector.

In closing, Dr. Mutai thanked participants for their effective engagement during the workshop. He indicated that tralac intends to host another workshop with private sector after the WTO Ministerial so as to review the outcome of the meeting and chart a way forward for further engagement.

In his closing remarks, Dr. Mutunga, KEPSA Agricultural sector Board Chair, appreciated the enlightening forum and urged for increased collaboration in order maximize fully on opportunities presented by WTO. Protectionist tendencies such as tariff escalation are a trend that has caused the continued reliance on exports of raw agricultural products by most African countries, and hence it is important that such issues are resolved within the WTO.

With special thanks to our partners:

