
Accession of Ethiopia to the WTO: mapping out possible challenges

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Outline

1. Introduction: WTO Accession and Policy Space
 2. Designing accession objective and strategy
 3. Technical challenges
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Introduction

- The development challenges of LDCs are enormous.
- LDCs in the WTO or those in the process of accession see WTO membership as a means to achieve their developmental needs.
- Accession brings with it binding commitments in a broad range of areas.
- The broad challenge: how to reap the benefits of WTO membership while at the same time maintaining sufficient policy space to address developmental needs.
- While the multilateral trading system provides flexibilities identifying such flexibilities and making use of them for developmental objectives is a challenge for countries like Ethiopia.

Designing Accession Objective and Strategy

- WTO accession is not an end in itself but should be viewed as a means to accelerate economic development.
 - WTO membership should thus be defined by long-term development imperatives.
 - Poverty reduction is the overarching development objective in the country.
 - The first important challenge: using WTO accession to promote development strategies.
 - There is a need to define and articulate the broad objective of WTO accession- a need to answer the question why accession to the WTO. Otherwise it would simply be going in the dark.
 - There is also a need to design a negotiating objective in relation to trade in goods and services as well as intellectual property rights (IPRs).
 - Similarly, there is a need to design a negotiating strategy in terms of expected outcome and timing, taking into account Ethiopia's peculiar needs.
 - This has been a challenge but Ethiopia needs to attempt to define its accession objective and strategy.
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Objective and strategy Cont'd

- Capitalizing on the reform measures taken so far.
 - Ensuring concessions that match with the capacity of the country.
 - Making the most out of the Special and Differential Treatment arrangements.
 - Negotiating for a long transition period.
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More specific strategic issues: Trade in goods

1. Tariffs

- Tariffs as important policy tools need to be handled carefully.
 - As part of the economic reform since 1993, tariffs have been streamlined and substantially reduced (maximum from 230% to 35% and average from 41.6% to 17.5%).
 - Will accession result in further reduction of the existing tariffs?
 - Ensuring that tariffs are bound at a higher rate than the existing applied rates (experience shows that this is a possibility).
 - Tariff picks for sensitive sectors.
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More specific strategic issues: Trade in goods cont'd

2. Agriculture

- The agriculture sector is dominated by smallholders and contributes on average 45 per cent to GDP. It serves as the primary source of income for over 85 per cent of the population and accounts on average 87 per cent of total commodity exports .
 - The sector also supplies factor inputs to the country's manufacturing sector. Besides, export earning from the sector finances imports of goods essential for the socio-economic development of the country.
 - Economic growth and development is intrinsically linked to the development of its agriculture sector, as the country is highly dependent on the sector for income, employment and export earnings.
 - Food insecurity is a significant challenge for the country.
 - The accession need to reserve sufficient policy space for agricultural development in the country.
 - Retaining flexibility in terms of tariffs, domestic support and subsidy when the need arises (accession experience is mixed).
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More specific strategic issues: Trade in goods cont'd

3. Other sectors of strategic importance

- Textile and clothing
 - Leather and leather products
 - There is a need to retain policy space to strengthen these sectors and make them competitive.
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More specific strategic issues: Services

- Key service sectors such as financial, transport, telecom services are either government monopolies or reserved for Ethiopian nationals.
 - Government considers these sectors as important inputs to bring about development in the country.
 - The accession experience of other countries shows that it is likely that Ethiopia would be requested to open up the key service sectors for foreign competition (Cambodia, Nepal and Cape Verde have all made substantial commitment in the financial, professional, distribution, education, telecom and other sectors).
 - Flexibilities are available at the WTO and a strategy has to be designed to identify the sectors to be opened up for foreign competition, the modes and conditions of their opening up.
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More specific strategic issues: IP

- Ethiopia has put in place laws providing for different IPRs which are largely compatible with the TRIPS Agreement.
 - Laws providing for protection of other forms of IPRs (such as GIs and undisclosed information) are yet to be enacted.
 - IP protection and enforcement in terms of the TRIPS Agreement is a complex, and resource demanding task.
 - Ensuring that the country secures transition periods for the implementation of the agreement (2013 TRIPS in general and 2016 in relation to patent protection for pharmaceutical products).
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Technical Challenges

1. Capacity

- Accession to the WTO is a complex process.
- Capacity is required to identify, process, coordinate and manage the wide-ranging tasks as well as to ensure WTO compliance of trade and investment laws, identification and revision of laws, regulations and practices.
- Like other LDCs, the public and private sectors in Ethiopia lack capacity (both institutionally and in terms of skilled manpower) to cope with the complexities of trade policy and the intricacies of the multilateral trading system.
- Limitations in trade policy analysis, formulation, negotiation, monitoring and implementation pose formidable challenges in expediting the country's WTO accession.
- Establishing a government structure that is capable of developing, reviewing and executing trade policy and law is a challenge the government and other stakeholders have to grapple with.
- Capacity building is utmost priority, particularly, enhancing the technical and institutional capacity of MoTI with additional staff, training and infrastructure is absolutely important.
- Encouraging the higher learning institutions to strengthen their programs on trade policy.
- A more aggressive approach to use as much technical assistance as possible from the available sources.

Technical Challenges

2. Institutional relation and information dissemination

- Clear and continual communication and coordination with relevant ministries and agencies, the business community and other stakeholders is absolutely important for a successful accession.
 - The need for establishing the infrastructure for collection of reliable data and accurate statistics remains a challenge (the experience in preparing the MOFTR and providing appropriate answers to questions raised by the WP members has been a daunting task).
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THANK YOU
