



African Union

Report of the Conference of African Ministers of Trade

16-18 June 2003
Grand Baie, Mauritius

Introduction

The Meeting of the Senior Officials considered the report of the High-Level Brainstorming Meeting of African Trade Negotiators Preparatory to the 5th WTO Ministerial Conference. The high-level brainstorming meeting was convened jointly by the Economic Commission for Africa (ECA) and the African Union (AU) in Grand Baie, Mauritius, from 11-13 June 2003. The meeting was organized in collaboration with the United Nations Conference on Trade and Development (UNCTAD), the African Economic Research Consortium (AERC) and the Southern Africa Trade Research Network (SATRN). Financial support was provided by the Department for International Development (DFID, UK) and the United Nations Development Programme (UNDP).

The meeting was attended by a number of representatives of African governments, regional economic communities, the private sector, and a number of regional and international organizations. Resource persons and papers were also contributed by International Lawyers and Economists Against Poverty (ILEAP), the Southern and Eastern Africa Trade Initiative (SEATINI), AU Panel of Experts and the World Bank. The key recommendations of the meeting on trade issues of interest to African countries fall under the following sub-themes: Trade in Agriculture; Trade in Services; Market Access for Non-Agricultural Products; Trade Related Intellectual Property Rights; New WTO Working Groups on Trade, Debt, and Finance; Singapore Issues Regional Trade Agreements; Special and Differential Treatment; WTO Accession Issues; Small Economies; and Capacity Building in Africa for Trade and WTO-Related Issues.

The Senior Officials in reviewing the conclusions and recommendations of this meeting, availed themselves of the conclusions, recommendations and declarations from other meetings, namely those of COMESA, SADC, NEPAD, and the LDCs Trade Ministers Meeting in Dhaka, Bangladesh. Based on their deliberations they submitted the following recommendations.

I. TRADE IN AGRICULTURE.

The meeting reviewed the Chairman's Revised text on modalities and expressed concern that the key issues raised by African countries were not adequately reflected and recommended that:

Market access:

1. African countries call for improved market access for their agricultural products and for developed countries to reduce tariff peaks, tariff escalation and non-tariff barriers.
2. The Draft modalities should be improved to provide for the establishment of measures and mechanisms for mitigating the effects of the erosion of preferences.

3. There should be more simplified and transparent tariff quota regimes and these should be of clear benefit to African countries. Least Developed Countries (LDCs) should be fully exempt from any reduction commitments and should be given bound duty free and quota free market access by the developed countries.
4. The concept of Special Products (SP) should be elaborated upon to include the right for self-selection in respect of strategic products for food security, rural development, poverty alleviation and product diversification.

Domestic Support

1. All forms of trade-distorting domestic support measures by developed countries should be substantially reduced, to enable the development of a vibrant and competitive African agricultural sector.

Export Competition

1. Developed countries should reduce export subsidies with a view to phasing them out within a specified period.

Other Issues

1. The modalities should provide for a system to facilitate local and regional purchases, when possible, of food aid supply for developing and least developed countries in emergency situations.
2. WTO members should expedite the implementation of the recommendation contained in the report of the Committee on Agriculture (G/AG/11) regarding the Implementation of the Decision on Measures concerning the possible negative effects of the reform programme on LDCs and Net Food Importing Developing Countries (NFIDCs).
3. African Countries recommend that the discussion taking place in the Committee on Trade and Development on the impact and implications of long-term decline of sustained real prices of primary commodities be expedited and the General council present a report for decision by Ministers at the Fifth WTO Ministerial Conference in Cancun.

II. TRADE IN SERVICES

In the area of Trade in Services, the issues pertaining to the ongoing negotiations were discussed, notably how to make effective use of the provisions of Article IV of GATS which deals with increasing participation of developing countries and Article XIX, which provides the mandate for the negotiations. In this respect the current state of play of the

negotiations was assessed, particularly, the Request/Offer process including related deadlines for these processes; assessment of negotiating capacities, and consideration of strategies and options, such as a moratorium on new commitments and the need for consultation with stakeholders, among others. The meeting noted that only few African countries have presented requests to their trading partners.

Based on the discussions, the following recommendations were made:

1. The passing of initial deadlines on the request/offer process should not deter African countries from meeting these obligations at their earliest convenience, provided these are made before January 1, 2005. Of paramount importance is that the requests should be made in good time, to enable to them engage in meaningful bilateral discussions and consultations with their trading partners, with a view to giving effect to the operationalisation of the provisions of Article IV.
2. While making their requests, African countries could enhance their bargaining power, by exploring the possibility of presenting group requests, or presenting similar requests on individual country basis. In this regard, one possible candidate sector, where African countries may have similar interest is in the request on liberalisation of Mode 4, particularly in the supply of unskilled and semi-skilled service providers, an area where most African possess comparative advantage.
3. African countries should define their objectives, including the analyses of costs and benefits of further liberalisation before making commitments. In this respect, they should urge the WTO to fast track the requirement to carry out the assessment of trade in services and to engage African research institutions to conduct such studies.
4. African countries should seek technical assistance from their developed partners, in order to facilitate the strengthening of their negotiating capacities in trade in services, and enhance the competitiveness of their services sectors
5. When making offers, African countries should be guided by the provisions of Article XIX of the GATS, which aims at progressive liberalisation, in particular, the flexibility provided to developing countries to open fewer sectors, in line with their national development objectives. Similarly, while making offers, efforts should be made to attach conditions capable of giving effect to the implementation of the provisions of the GATS Article IV, by developed country members. The necessity for strengthening regulatory institutions in the process of further services liberalisation was also strongly underlined.
6. The negotiations should be carried out in line with the Negotiating Guidelines and Procedures, including addressing the concerns of small service suppliers of developing and least developed countries.

7. The work programme of the Working Party on GATS Rules, on Emergency Safeguards Measures (ESM), should be expedited to meet the agreed deadline of March 2004.

III MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

The meeting extensively discussed the proposals contained in the draft elements of the modalities text submitted by the Chairman of the Negotiating Group on Non-Agricultural market access. The Africa Group in the WTO raised concerns regarding the text with a view to addressing them and ensuring that Africa's development interests are positively accommodated in the negotiations in this area. It was recommended that:

1. African countries should be allowed to choose for themselves the rate and timing of liberalization so that they can tailor their commitments to the situation and needs of their industrial and trade sectors.
2. The Draft modalities should reflect more appropriately the S&D provisions for developing and least developed countries including the principle of less than full reciprocity.
3. The Draft modalities should provide for the establishment of measures and mechanisms for dealing with the erosion of preferences. It is noted that the Draft modalities completely disregard the issue of erosion of preferences as raised by African countries during the various sessions of the negotiating group.
4. Revenue implications of further tariff cuts need to be taken into account as most African countries rely heavily on this source of revenue.
5. Instead of referring them to other bodies, issues relating to Non-tariff Barriers should be addressed in the negotiating group on market access for non agricultural products, as mandated by paragraph 16 of the Doha Ministerial Declaration. This is particularly so because African countries do not have the capacity to follow several issues in various WTO bodies, which also do not have the negotiating mandate for those issues.
6. While recognising the special needs of LDCs, the proposed studies on LDCs should be extended to other African countries and should include the effects of previous liberalization measures as well as the potential impact of any proposed modalities.
7. African countries are deeply concerned by the proposal for sectoral tariffs elimination as contained in the draft elements of modalities proposed by the Chairman. In this regard, African countries will continue to work for a proposal, which supports their industrialization objectives.

8. African countries welcome the Chairman's proposals to exempt LDCs from reduction commitments. However, they reiterated that LDCs should be granted bound duty free and quota free market access for their products by developed countries.

IV. TRADE RELATED INTELLECTUAL PROPERTY RIGHTS (TRIPS)

The meeting expressed deep concerns at the failure to find a multilateral solution that would enable members with insufficient or no manufacturing capacities in the Pharmaceutical sector to make effective use of the compulsory licensing under the TRIPS Agreement. In this regard, the meeting recommended for a very strong message from the African Leaders calling for the full and expeditious implementation of Paragraph 6 of the Doha Declaration on TRIPS and Public health. The meeting further recommended that:

1. African countries reiterate their support for the Chairman's text of 16 December 2002, which was done in the spirit of a compromise, and call upon other members who have not done so to join consensus on this text;
2. While noting the unilateral initiatives by some members to address this issue, any proposed solution in this regard should be multilateral in nature, simple to use, sustainable, predictable and legally secure;
3. The discussions on the review of provisions of Article 27.3 (b) should enter into operational phase in light of the mandate given in paragraph 19 of the Doha Declaration. In the same context, work on the relationship between the Convention on Biological Diversity (CBD), Protection of Traditional Knowledge and folklore and the TRIPS Agreement should also be given more impetus and emphasis in the implementation of the Doha Mandate.

V. TRADE, DEBT AND FINANCE AND TRADE AND TRANSFER OF TECHNOLOGY

The meeting recognised the potential contribution that a holistic approach to the issues of trade, debt and finance and Trade and Transfer of Technology can make to address the development problems of African countries. In this regard, it is recommended that:

1. In preparing their reports to the General Council for submission to the 5th session of the Ministerial Conference, the Working Groups should reflect adequately the concerns of the African Group as articulated in their submission.
2. Greater coherence in global economic policy-making should be fostered between the WTO and the Bretton Woods Institutions, and these institutions should implement the relevant Ministerial Decisions and Declarations adopted on this subject in previous conferences.

3. African countries consider these issues to be of significant developmental importance to the continent and therefore call for the continuation of the work of these Working Groups beyond the Fifth Ministerial Conference.
4. Interaction between governments and donor/international agencies on trade at the country level, including where appropriate, giving trade a more prominent role in Poverty Reduction Strategy Programmes (PRSPs) and other national development plans should be strengthened.
5. Strongly call for improved market access opportunities for products originating from African countries as this is the key for generating resources for debt servicing, development finance, and in general, financing the Millennium Development Goals (MDGs).
6. The importance of positioning the debt problems of developing countries in a broader context of their overall development problems should be a priority.
7. The various WTO provisions pertaining to transfer of technology should be operationalised with a view to making technology easily accessible to African countries.

VI. SINGAPORE ISSUES

The Singapore Issues of Trade and Investment, Trade and Competition Policy, Trade Facilitation and Transparency in Government Procurement were critically examined at the meeting. Issues considered among others, are the current mandate for the work in these areas, the current state of play in the discussions in the respective bodies on these issues and their likely benefits and implications. The discussion also focussed on the process and substance and the handling of these issues.

Recognizing that WTO members do not have a common understanding on how these issues should be dealt with procedurally and substantively, African countries, taking into account the potential serious implications of these issues on their economies, call for the process of clarification to be continued. Although African countries are not *demandeurs on* these issues, they continue to be engaged in the process. In the meantime, effective technical assistance and capacity building should be provided to African countries.

VII. REGIONAL TRADE AGREEMENTS

The meeting discussed the subject of Regional Trade Agreements (RTAs). Note was taken of the efforts being made by the African Union in support of regional groupings in Africa, including activities of the sub-regional economic communities. The relationship between RTAs and the multilateral trading system was also considered. In addition, the

current state of discussions on RTAs, within the framework of the ongoing Rules negotiations in the WTO, was considered.

In accordance with the issues raised, the meeting:

1. Emphasised that while clarifying and improving disciplines and procedures under the existing WTO provisions applicable to RTAs, this should not undermine the flexibility of developing countries to pursue their development and regional integration objectives.
2. Underscored the role that RTAs can play in promoting development and integration of African economies into the global trading system. African RECs should be strengthened to ensure the achievement of their developmental goals and objectives.
3. Reiterated that RTAs, especially within the framework of the Enabling Clause must continue to be seen within the context of S&D, which responds in a unique way towards taking account of the developmental objectives of developing countries.
4. Underscored the need for closer collaboration between the African Regional Economic Communities (RECs) and the African Groups in Geneva and Brussels, between the RECs and the African Union, as well as among the RECs themselves. This is especially to synchronize their views and positions on the WTO rules and the ACP/EU Economic Partnership Agreements (EPA) negotiations.

VIII. SPECIAL AND DIFFERENTIAL TREATMENT

The meeting noted the difficulties facing African countries in their efforts to get the WTO to strengthen S&D provisions and make them more precise, effective and operational. It was recommended:

1. That, African countries should insist that work on S&D must be completed within a specified timeframe, to the satisfaction of countries that are expected to benefit from them.
2. To ensure the mutuality of benefits among members as envisaged during the UR, the meeting recommends that developing countries avoid taking additional commitments that have far reaching implications before completing work on agreement specific proposals on S&D.
3. That S&D should aim at supporting development objectives and goals of African countries.

4. That discussions on cross-cutting elements of the S&D should not overshadow the operationalization of S&D provisions in the WTO agreements as agreed in the Doha Decision on Implementation Issues.

IX. IMPLEMENTATION-RELATED ISSUES AND CONCERNS

The meeting expressed concerns about the lack of progress regarding the implementation-related issues and stressed that these issues and concerns should be resolved as a matter of priority.

X. SMALL ECONOMIES

The meeting recommends that the mandate on Small Economies be fully addressed as per the proposals made by the Small Economies in the WTO bodies. It further requests the General Council to make the necessary recommendation for action at the Fifth session of the WTO Ministerial Conference in Cancun.

XI. WTO ACCESSION ISSUES

The lack of progress in the Accession process for African countries to the WTO remains a matter of urgent concern. While welcoming the adoption by the General Council of the new Guidelines on WTO accession procedures for LDCs, the meeting underlined the difficulties faced by LDCs and other African countries, in the process of Accession. In this regard, the meeting recommended that:

1. Members shall fully adhere to and implement the letter and spirit of the accession guidelines for acceding LDCs adopted by the General Council. Members shall ensure simplified and fast track accession of LDCs on the basis of the guidelines.
2. Members shall exercise restraint in seeking concessions and commitments from acceding LDCs.
3. Members shall ensure that acceding LDCs are not subjected to obligations or commitments that go beyond what is applicable to the existing WTO LDC members.
4. Members shall ensure that accession process is less onerous for LDCs and that obligations of acceding LDCs are commensurate with their stage of development.
5. Targeted technical assistance shall be provided to acceding LDCs on a priority basis, covering all stages of accession negotiations and taking into account the high costs involved in the accession negotiations.
6. Members shall work towards completion of accession process before or at Cancun for LDCs and other African countries that are at an advanced stage of their accession process.

XII. CAPACITY BUILDING IN AFRICA FOR TRADE AND WTO-RELATED ISSUES

The necessity for capacity building was underscored. To that end, it was recommended that;

1. African countries should strive to build national dialogue on trade and WTO-related issues.
2. Stakeholders, both public and private, including the civil society and trade associations should engage in dialogue to build the necessary capacity on the understanding of WTO issues in order to develop strategies and positions for negotiations. In this regard, Programmes should be developed for private sector entrepreneurs to enable them participate effectively in regional and international trade.
3. Basic research to support African trade negotiators should be encouraged in order to enhance negotiating capacity at the national, sub-regional and multilateral levels.
4. Various providers of trade-related technical assistance to African countries should be invited to support capacity building programmes.
5. A “resource manual” on African experts in trade negotiations should be developed.
6. African countries appreciate the efforts of the WTO in the organising trade policy courses in Africa and recommends that these course should be institutionalised.
7. Trade-related technical assistance and capacity building should support national development strategies of African countries. The assistance provided should strengthen supply-side capacity and competitiveness of African countries to take advantage of new export opportunities.
8. African countries welcome the establishment of an ECA Geneva Liaison Office to support the African countries in their trade negotiations and in providing, technical support to the African Group in the WTO.
9. African missions appreciate the role played by the AU Permanent mission in Geneva. They call on AU Member States to ensure that the AU mission, in the context of the on-going structuring, is strengthened and appropriately resourced.

10. African countries further express their appreciation and call for the continuation of the technical assistance provided by UNCTAD and other organisations.

XIII. TRANSPARENCY AND INCLUSIVENESS IN WTO NEGOTIATIONS AND DECISION-MAKING

African countries are seriously concerned about the lack of transparency and inclusiveness in decision-making process in the WTO. The meeting called for measures to ensure the effective participation of African countries in the processes leading to the 5th WTO Ministerial Conference, at Cancun and beyond.