



Note

Beyond the 11th WTO Ministerial Conference: Issues and Interests of the East African Community Members

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Summary

This brief note analyses the views of stakeholders from the East African Community (EAC), on their interests and the issues that should be prioritized in the post-Buenos Aires period.

Introduction

The World Trade Organization's (WTO's) highest decision-making body, the Ministerial Conference, met in Buenos Aires, Argentina, in December 2017, and came up with certain ministerial decisions. In the aftermath of the Conference, WTO Members are in the phase of reflecting on areas and issues that should be prioritized on the negotiations front going forward.

This brief note analyses the views of stakeholders from the East African Community (EAC), on their interests and the issues that should be prioritized in the post-Buenos Aires period.

The 11th Ministerial Decisions

Meeting every two years, the WTO Ministerial Conference brings together all countries and customs unions members of the WTO. The Ministerial is the highest authority in the WTO, being consensus-based and member-driven.

The 11th Ministerial Conference (MC11) deliberated on several issues and made decisions that included the following:

Ministerial Decision on Fisheries Subsidies

WTO Members committed to secure a deal on fisheries subsidies in accordance to the Sustainable Development Goal to "Conserve and sustainably use the oceans, seas and marine resources for sustainable development,"

specifically to eliminate subsidies that contribute to overfishing or illegal practices and recognizing the appropriate special and differential treatment for developing and least developed countries by 2020.¹

The ministerial decision mandated members to continue negotiations on fisheries subsidies so as to ensure an agreement on comprehensive disciplines to prohibit subsidies that contribute to malpractice and illegal fishing, with special note to subsidies that discourage overfishing by 2019 and strengthen transparency with such subsidies.²

Work Programme on Electronic Commerce

E-Commerce is a growing force in global business trends, with potential to make international trade available and inclusive to developing countries by creating opportunities of market reach to Micro, Small and Medium Enterprises (MSMEs) and increasing international markets competitiveness.

Taking steps to guarantee MSMEs engagement in e-commerce practices, the MC11 ministerial decision on work programmes on electronic commerce agreed to reinvigorate work and hold periodic reviews and research on e-commerce practices and maintaining zero customs duties on electronic transmissions.³

While this decision falls short of an action plan, at the margins of MC11 an initiative designed to drive public-private dialogue on e-commerce was launched by the WTO, World Economic Forum and Electronic World Trade Platform

1 Sustainable Development Goals Knowledge Platform, SDG 14 <<https://sustainabledevelopment.un.org/sdg14>>
2 Ministerial Decision of 13 December 2017; Fisheries

Subsidies, document
3 Ministerial Decision of 13 December 2017; Work Programme on Electronic Commerce, document

(eWTP). The ‘Enabling E-Commerce’ initiative will provide the opportunity for stakeholders to develop a clearer understanding of how to promote MSME e-commerce around the world, by encouraging research and knowledge sharing on challenges faced by MSMEs in bridging the digital commerce world. At the event, WTO Director -General Roberto Azevêdo remarked that “if we want to be inclusive (in e-commerce), we have to work for it.” This unique platform is the beginning of the work to ensure that e-commerce fulfils its potential to change people’s lives around the world through digital inclusiveness.⁴

TRIPS Non-Violation and Situation Complaints

The Ministerial Conference decided regarding trade-related aspects of intellectual property rights that they would continue to examine the scope of TRIPS under the 1994 GATT Agreement and make notes for next session in 2019.⁵

This international legal agreement sets down minimum standards for the regulation of intellectual property by national governments members of the WTO. It remains the most important agreement for the globalization of intellectual property laws due to the obligatory signature requirement to every country that wants WTO membership.⁶

Work Programme on Small Economies

Participation in the world trade is challenging to many small economies due to lack of economy of scale or limited natural resources. The Doha Declaration of 2001 mandated the WTO General Council to make recommendations on trade-related measures that could improve the integration of small economies into the multilateral trading system, which became a standing agenda item of the General Council. Since then, much work has been carried out to link small economies to global value chains in trade in goods and services.

The ministerial decision on small economies was to further continue progress, especially in areas of trade facilitation and reduction of trade costs. It also agreed to direct relevant subsidiary bodies to frame responses to small economies’ trade-related issues and to make recommendations for action.

EAC Key Stakeholders’ Takeaways Beyond MC11

The East Africa Community (EAC), a Regional Economic Community of six Partner States: The Republics of Burundi, Kenya, Rwanda, South Sudan, Uganda and the United Republic of Tanzania, is home to approximately 150 million citizens, with a combined land area of 1.82 million square kilometers. As one of the fastest growing regional economic blocs in the world,⁷ deepening regional integration and cooperation among members is imperative to

4 WTO-eWTP-WEF Enabling E-commerce Launch Event, Remarks by DG Azevêdo
<https://www.wto.org/english/news_e/spra_e/spra206_e.htm>
5 Ministerial Decision of 13 December 2017; TRIPS Non-

Violation and Situation Complaints, document
6 Overview: the TRIPS Agreement. WTO Trade Topics
<https://www.wto.org/english/tratop_e/trips_e/intel2_e.htm>
7 “Overview of the EAC.” EAC Official website
<<https://www.eac.int/overview-of-eac>>

the continued success of the bloc as it tackles common political, social and economic challenges, future and present.

The EAC region is predominantly agricultural, with most of the population predominantly dependent on the agriculture sector. It is in this context that agriculture and related issues in the WTO are the priority, in the period beyond MC11.

Imbalances in the AoA need to be addressed in upcoming negotiations

The issue of agriculture as it relates with developing countries and LDCs' economic prosperity has been in the international trade agenda since the Uruguay Round, with the Agreement on Agriculture (AoA) providing a much needed "reform of agricultural trade and domestic policies over the years to come."⁸ This agreement was created with the preamble of a long-term framework and was meant to be part of a continuous progress in future years, mainly to address non-trade concerns and special and differential treatment for developing countries and LDCs to establish a fair and market-oriented agricultural trading system. However, progress towards the agreed goal of the AoA has been limited, EAC stakeholders are therefore of the view that resolving imbalances in agriculture should be prioritised in the post MC11 phase.

Presently, subsidised food imports affect

competitiveness of EAC agricultural production and competitiveness, even in their local markets, and extensive liberalization has just increased the flow of products being imported, rather than working both ways for farmers to export to international markets as well.

In the agricultural sector of LDCs, which employs 70 percent in Rwanda and over 72 percent in Uganda, small-scale farmers hold no edge over the products they sell, and have no access to international markets due to restrictive standards, a situation that prevails even with the WTO's decision to end agricultural export subsidies by 2016, at the 10th Ministerial Conference in Nairobi.⁹ According to the EU Commission Agri-Food Trade Statistical Fact sheet, wheat exports from the EU to Uganda increased from €10 million in 2013 to €24 Million in 2016.¹⁰ Flour starch, milk preparations and cereals have also witnessed a slight increase.

In light of the above scenarios, EAC stakeholders, especially in the agriculture sector call for addressing the imbalances and asymmetries of the AoA.

Guarantee the creation of complementary support services on Work Programme on Small Economies future discussions

The ministerial decision on the Work Programme on Small Economies was a great

8 "Legal Texts: the WTO Agreements," A summary of the Final Act of the Uruguay Round; Agreement on Agriculture <https://www.wto.org/english/docs_e/legal_e/ursum_e.htm#aAgreement>

9 Strubenhoff, Heinz. "The WTO's Decision to End Agricultural Export Subsidies is Good News for Farmers and Consumers," The Brookings Press, February 8th, 2016 <[https://www.brookings.edu/blog/future-](https://www.brookings.edu/blog/future-development/2016/02/08/the-wtos-decision-to-end-agricultural-export-subsidies-is-good-news-for-farmers-and-consumers/)

[development/2016/02/08/the-wtos-decision-to-end-agricultural-export-subsidies-is-good-news-for-farmers-and-consumers/](https://www.brookings.edu/blog/future-development/2016/02/08/the-wtos-decision-to-end-agricultural-export-subsidies-is-good-news-for-farmers-and-consumers/)>

10 Agri-Food Trade Statistical Factsheet European Union – Uganda. The European Commission, 2017 <https://ec.europa.eu/agriculture/sites/agriculture/files/trade-analysis/statistics/outside-eu/countries/agrifood-uganda_en.pdf>

step from WTO members to address the international trade integration gap between developing and developed countries. As it is, development-related issues of developing countries and more so LDCs, mostly concern lack of infrastructure, need for trade facilitation and financing and access to production technology. Trade liberalization and export-led approaches alone are not enough to help trade and economic growth for most developing countries and LDCs, and it has, in fact, proven to be harmful without the appropriate special and differential treatment.

Ensure that future fishery subsidies negotiations take into account the potential opportunities for developing countries

Even for EAC countries that are landlocked, fisheries is a critical sector and source of nutrition and employment for a sizeable part of the population in the region. It is of great interest of all EAC countries that Kenya and Tanzania can optimally develop and sustain their fisheries zones in the Indian Ocean, so as to compliment inland fisheries in the region.

It is therefore important for the EAC that WTO fisheries negotiations aimed at disciplining harmful subsidies, overcapacity and illegal, unreported and unregulated fisheries activities are concluded at the soonest.

Kenya shows a substantial export and employment gap between potential and actual production especially in marine fishing, in

which Kenya is allowed to operate 72 fleets of marine fishing vessels, but it only operates 3 vessels. The maximum sustainable yield of Kenya's salt waters is between 150,000 and 300,000 metric tonnes, while the current annual production level is about 9,000 metric tonnes.¹¹

Tanzania, with its water resources employing directly about 183,800 people and more than 4 million indirectly, is one of the greatest fishery nations in Africa.¹² However, just like in Kenya, Tanzania fisheries have limited capacity due to lack of production technology and barriers to trade, like import duties from abroad that hinder growth in the sector, which could potentially be addressed in future fishery subsidies negotiations.

The largely unexploited fisheries potential in both Kenya and Tanzania has contributed to huge fish imports from Asian markets into the EAC, which are heavily subsidized and end up taking up space from local fisheries in the domestic market. Local fishermen and women have no comparative advantage in the present conditions. It is therefore imperative that the fisheries issue at the WTO is resolved so as to boost the EAC regional economy.

Recognize and address the challenges and opportunities of E-commerce as a tool for MSME growth in developing countries

In the EAC, the development and boosting of MSMEs capacities in international trade are imperative to the success of their economies. MSMEs have a large participation in each

11 UN Food and Agriculture Organization
<<http://www.fao.org/fishery/facp/KEN/en>>

12 FAO (2005), Aquaculture production: Year book of Fishery Statistics - Vol. 96/2 Food and Agriculture organization of the United Nations, Rome, Italy.

country's economy and guaranteeing domestic development through infrastructure building and better trading and market access conditions for MSMEs would boost the EAC development agenda.

With the continued digital divide in Africa, the EAC is no exception to it. Critical infrastructure is needed in this aspect, and at the international level, the bridge between technology access of developed and developing MSMEs needs to be addressed in order to incorporate EAC MSMEs in multilateral trade negotiations and access to international markets. Better incorporation and knowledge on e-commerce and participation in global value chains are two ways in which MSMEs can partially overcome these barriers and improve their participation in global trade.

Moving Forward

The progress towards better integration and greater participation of the EAC countries in international trade has been significant in the past couple of years. Regional integration benchmarks like the establishment of the Common Market in 2010 and the creation of the East African Monetary Union Protocol in 2013 made the EAC a great asset for member-countries to develop economically, socially and politically, giving them great geopolitical significance.

Increasing participation and ambition in the Geneva negotiations will not only enhance EAC's position internationally but will push the community towards building relevant capacities on international trade issues. Increasing communication between stakeholders and their representatives in international negotiations would continue to benefit EAC with national, regional, and multilateral coordination between their economic development needs and the policies discussed in international negotiations.

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