

## Capacity Building for WTO Participation

### *African Perspectives*

The World Trade Organisation (WTO) has emerged as a key organ of governance and management of the globalising world economy. Its establishment as a forum for continuous negotiations on a range of trade and trade-related issues is creating new challenges for African countries.

An essential requirement of participation in the trade regime under the WTO is more rapid investment and overall economic growth by securing better market access for products. For African countries, this can be possible only if they can participate more effectively in the design and enforcement of trade rules as well as strengthening the institutional mechanism that shapes the trade regime on appropriate terms.

This Policy Brief explores the question of why has African countries' participation in the WTO has been marginal and suggests recommendations to improve the situation.

#### **Introduction**

The need to build Africa's capacity to participate in WTO meetings and related fora has been iterated for long. It has been established that many African countries cannot participate effectively in the WTO due to their limited capacity in finance and human resources.

The situation needs urgent help and action. Many African countries, who are members of the WTO, do not have a mission in Geneva, where the WTO is situated. Even countries which have a mission in Geneva, do not have the required capacity. For instance, Congo had one official on WTO issues, Cot d'Ivoire two, Zimbabwe four, Ghana two, Mali none, Senegal two, with none or very limited assistance from their capitals or back-up research teams.

There are three core sets of competencies required for effective participation at the WTO process. First, a country's delegation in Geneva, which should be skilled in negotiations and diplomacy, as it is a country's arrowhead in pursuing national interests in the WTO.

Secondly, the requirement of having key staff in national capitals with analytical and policy-making skills to provide operational support and guidance to the trade delegation in Geneva. Finally, there are requirements for personnel with technical, legal, political and legislative skills in trade policy institutions for effective participation of a country in the WTO process.

The WTO is a member-driven organisation, with a wide and growing mandate and active participation of trade delegates is essential for its work. Among others, the WTO's activities include about 50 meetings and consultations in a week.

This requires a large, skilled and versatile delegation in Geneva. A country's capacity also depends on the

significance of learning by doing and the development of institutional memory. These attributes get diluted in inadequately sized delegations which may also undergo frequent changes in staff composition.

#### **Theoretical Perspectives**

The establishment and functioning of the WTO is best understood through regime theory. Defining regimes simply in terms of explicit rules and procedures risks formalism, i.e. purely nominal agreements could be considered to be a regime, even though they had no behavioural implications.

International regimes are defined as sets of implicit or explicit principles, norms, rules and decision-making procedures around which actors' expectations converge in a given area of international relations.

In an international society, faced with issues transcending the physical and political limits of nation-states, any analysis of international politics should be centred on issues of global governance.

Regimes can occur in a given area of international relations according to the notion that international politics can be sub-divided. In a pluralistic society all individuals find their lives encompassed by many over-lapping issue-areas.

Each issue-area can have, even if analogous, its own governance structure as a result of interaction of interests and power at stake. Power in the trade issue-area, for example, is not consistent with an elite theory model: the largest traders tend to have the greatest influence, while countries important in other domains have little influence.

The question is why should one then bother about the WTO. On the one hand, its existence would be pointless if states feel free to do as they please, or if small states simply

follow the rules announced by large states. On the other hand, the WTO as an organisation is not the sole source of order in the global trading system.

The answer lies in a number of reasons why regimes should matter. There are two categories of international regimes. First, those having significant powers, tightly controlled by states and limited in their ability to extend their authority to other areas. The second category consists of those, which are not tightly controlled but have limited powers. The WTO falls in the first category, while organisations like the World Health Organisation fall into the second.

The criticism of regime theory hinges on its specificity of legal rules and the broader structure of an international system. In today's world structural power is exercised through technology, market domination and the financial system.

Large corporations take decisions which either extend or restrict the range of choices available to sovereign governments over their economic development. Thus, the

power over outcomes in international political economy cannot be limited to that exercised by governments only. Structural power counts more than relational power. This notion goes beyond the state-centric tradition that characterises the regime theory.

With respect to the trade-regime, critics of regime theory argued that bargaining and trade negotiations are related to power and thus, called for the empowerment of trade negotiators and trade officials in the political system. In this respect, the following perspectives of empowerment are important:

- Personal: developing a sense of self and individual confidence and capacity, and undoing the effects of internalised oppression.
- Relational: developing the ability to negotiate and influence the nature of a relationship and decisions made within it.
- Collectiveness: where individuals work together to achieve a greater impact than each could have done alone. This includes involvement in political structures,

but might also cover collective action based on co-operation rather than competition. Collective action may be locally focused or more institutionalised as happens in the United Nations or the WTO.

African countries' participation in the global trade regime under the WTO should be analysed by taking into account these perspectives of empowerment.

### The Realities

To date, Africa has derived minimal benefits from the multilateral trading system under the auspices of the WTO. Africa's participation in the Uruguay Round of multilateral trade negotiations was very minimal.

A study by the African Economic Research Consortium revealed that the participation of African countries in the rules-making exercises during the WTO ministerial conferences was marginal, largely because these countries lacked the capacity to engage substantively on a wide range of issues on the agenda.

They were overwhelmed by the complexities of negotiations and lacked negotiating experience and expertise in economic policy analyses and international trade law. A case in point was their inability to seek credit during negotiations for measures already undertaken under Structural Adjustment Programmes that included trade reforms.

African countries had seldom chosen to "bind tariffs" even though they could have received negotiation credits for having done so, as some Latin American countries did.

**Table 1: African Trade Missions in Geneva, Switzerland**

S. No.	Country	Number *	Population @	Per Capita GDP #
1	Angola	3	12.1	523
2	Benin	0	5.8	405
3	Botswana	0	1.6	6103
4	Burkina Faso	0	11.3	249
5	Burundi	2	6.5	149
6	Cameron	3	14.3	1474
7	Central African Republic	0	3.5	340
8	Chad	0	7.3	231
9	Congo	2	2.8	995
10	Cot d'Ivoire	2	14.3	1598
11	Democratic Republic of Congo	1	49.1	124
12	Djibouti	1	0.6	757
13	Gabon	2	1.2	6353
14	Gambia	0	1.2	1453
15	Ghana	3	19.2	1735
16	Guinea	2	7.3	573
17	Guinea Bissau	0	1.2	173
18	Kenya	3	29.0	980
19	Lesotho	1	2.1	485
20	Madagascar	3	15.1	231
21	Malawi	0	10.4	169
22	Mali	0	10.7	264
23	Mauritania	1	2.5	478
24	Mauritius	5	1.1	8312
25	Mozambique	0	18.9	169
26	Namibia	0	1.7	5176
27	Niger	0	10.1	216
28	Nigeria	6	106.4	795
29	Rwanda	3	6.6	279
30	Senegal	2	9.0	1307
31	Sierra Leone	0	4.6	160
32	Swaziland	0	1.0	3816
33	Tanzania	5	32.1	173
34	Togo	0	4.4	337
35	Uganda	5	20.6	338
36	Zambia	4	8.8	427
37	Zimbabwe	4	11.4	2669

Note: \* Number of representatives (as of August 2001); @ In million and data for 1998; # In 1995 US dollars and data for 1998

Secondly, the focus of African countries was on preserving or enhancing the generalised system of preferences (GSP) or Lome Convention's Tariff Preference, not fully appreciating that in the long run these provisions would have to be WTO compliant.

A key factor behind the unbalanced nature of the Uruguay Round agreements has been the unequal negotiating power of members. Even today, there is not much change in the situation. Many developing and least developed countries are under-represented, or even totally unrepresented, in the day-to-day activities of the WTO.

The WTO procedures rely on consensus for decision-making but, in practice, smaller countries cannot wield a veto and are therefore effectively disenfranchised. Much is decided in a multitude of committees, where many developing countries even if they could attend, would be outmanoeuvred technically and politically.

There are approximately 50 WTO meetings a week, meaning that even when developing countries are represented in Geneva, they cannot participate in many discussions relevant to their countries' trade interest.

Another appalling situation is regarding trade policy making in Sub-Saharan Africa. For many countries, it is not well defined and, more often than not, several ministries and institutions handle trade policy issues. The situation becomes much more complex when dealing with issues of multilateral negotiations, where both political and commercial diplomacy are involved. This brings in the ministry of foreign affairs and at times in some countries, the process of multilateral negotiation is conducted mainly through the ministry of foreign affairs.

Participation is likely to be weaker if foreign ministry officials are not aware of the issues. For example, the participation of Kenya in the Uruguay Round has been described by local policymakers as lacking in commitment and displaying an apathetic attitude towards the negotiations.

They further note that representation at the ambassadorial level did not provide the needed technical competence and the specialisation required for negotiations.

A civil servant from Ghana's Ministry of Trade and Industry represented the country at the WTO meetings. In other countries, trade policy matters are dealt through the ministry of trade but decisions are cleared through the cabinet. Since implementation of trade policies is through various ministries, co-ordination is often problematic.

There are significant differences between Sub-Saharan African countries regarding the location of real, as compared to nominal, authority with respect to articulation and implementation of trade policy.

Also, there are differences in terms of which institution has the responsibility for trade policy and which government agency has the power to negotiate and sign international agreements.

For example, in Zimbabwe, the Ministry of Industry and Commerce has a role in trade policy matters but does

## Africa's Plight in the International Economic System

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*According to a report of the World Bank, Africa's share of world commodity trade has fallen as a result of wrong-headed policies. For example, high tariff barriers made inputs expensive and added to production costs. That path proved an expensive failure.*

*If Africa had maintained its share of world trade from the late 1960s, its exports and income would be some \$70bn higher today. But another statistic stands out from the report. Agricultural subsidies in the developed industrial member states of the OECD (Organisation for Economic Co-operation and Development) total \$300bn a year, which is equal to Africa's entire annual income.*

*No single measure to assist Africa's battle to recover would provide a greater incentive, and have a greater impact, than reducing this support and opening up this market for African products. Lower tariffs on processed agricultural products would be an important benefit, making it easier for African countries to add value to their natural products, and improving prospects for agro-industry.*

*Change is under way. There is recognition of the need for greater transparency in government, and general acceptance of market-driven prices and exchange rates. But it is also critical to help Africa to negotiate WTO regulations, and then to apply them. Rules seen to be imposed by an alien organisation will never be enacted with enthusiasm.*

*Africa's recovery is a two-way process. The biggest challenge is at home. Good governance is critical. Giving them better access to the developed world's markets is an urgent and essential step.*

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Source: Financial Times, London, UK; 1.6.2000

not appear to have the eminence. It is the Industrial Tariff Committee, which advises the Ministry of Finance in setting tariffs and other import surcharges as well as the granting of tariff exemptions.

In Senegal, trade measures are generally the subject of consultation among a host of ministries and departments and the Ministry of Trade, in principle, serves as the co-ordinator. In reality, however, the Ministry of Finance assumes control with respect to tax-related matters.

Since trade taxes constitute a major component of the national budget, the Ministry of Finance in effect assumes a major role in trade policy formulation and implementation. In countries such as Benin, Cot d'Ivoire, Ghana, Tanzania, Uganda and Zambia the same pattern prevails.

Figures in Table 1 show the situation in African trade missions in Geneva. It is important to keep in mind that these figures give a rough approximation of the number of officials actually available to work directly on WTO issues.

The vast majority of them have to spend some of their time with other international organisations in Geneva and thus cannot spend more time on activities in the WTO.

Several delegations have people whose principal functions involve support activities (communication, accounting etc) but are occasionally called upon to cover WTO meetings during busy periods with perhaps just a listening brief.

Many African countries (15 in total) do not have a resident delegate in Geneva and four maintain one-person offices. For example, in one mission, four people spent 100 percent of their time on WTO work, and in two others there were two delegates who spent 95 to 100 percent of

their time on WTO work. In five missions, the figures were 40 and 80 percent, with the number of full time equivalent officials ranging from 0.75 to 2.1 (compared to two or three officials as mentioned in the directory). Finally, in two delegations the range was from 10 to 25 percent, i.e. each of them was giving only one quarter of the full time equivalent person working on WTO matters.

Priority subject areas were: the Committee on Trade and Development, as listed by nine out of 11 delegates; market access and agriculture were mentioned by eight; and the Committee on Trade-Related Aspects of Intellectual Property Rights (TRIPs) and dispute settlement were mentioned by six.

Moreover, virtually all of the Sub-Saharan African missions in Geneva are staffed by officials from the ministry of foreign affairs rather than from the ministry of commerce and trade. That is, they are staffed by people who have little or nothing to do with WTO matters when they are back home. This means not only that they know nothing about WTO work when they arrive, but that the WTO experience they gain while in Geneva is not likely to be used when they return home.

Any meaningful effort to improve the participation of Sub-Saharan African countries in the WTO should deal with this problem. An interesting example comes from the list of officials who were selected by their countries to attend the trade policy course in Geneva, 2001. Togo selected a customs officer, Ghana, a civil servant, Benin a tax officer. These officials play very little role in the implementation of trade policies in their countries and this means that they go home with little to put back into the system.

## Conclusions & Recommendations

The WTO agreements and their operation are and will have a profound impact on the economies of African countries. Hence, it is imperative that they do not remain indifferent and handicapped, but actively participate in the negotiations and other activities in this forum and make themselves effective in its decision-making and operations.

The current process of being pushed into making one-sided concessions or facing a sudden collapse at the end should naturally be changed to one of engaging in a meaningful negotiation of give and take and insisting on commensurate concessions from others before finally agreeing to any concession from one's own side. Opposition and resistance to harmful proposals is legitimate, and whenever a decision is taken to yield, it should be done in a proper and planned manner, after negotiating for commensurate concessions from the beneficiaries of the proposal. Thus, the need for effective regional alliances arises.

All this requires the support of a detailed analytical examination of the issues involved and identification of interests. The African Group should undertake such an

examination, but their capacity is limited. They should build up and strengthen their capacity through empowerment schemes. They could sponsor this work in some of the universities and institutions in their countries. They should also build up a network of institutions in developing countries for this purpose. But considering their limited resources and capacity, it is doubtful if they will be able to undertake studies and analyses on their own on a sustained basis.

Earlier, particularly during the Tokyo Round and Uruguay Round of multilateral trade negotiations, the United Nations Conference on Trade and Development (UNCTAD) undertook technical assistance programmes to help empower the developing countries in the negotiations. UNCTAD is still engaged in studying the subjects and issues relating to the WTO, but its work in this area is mainly centred on the inter-governmental meetings.

By taking into account the political economy of regime and empowerment theories and the situation as described above, the following recommendations are made for effective participation of African countries in the WTO. First, they have to identify specific interests and objectives in respect of the subjects of the WTO. This can be done through a broad-based and in-depth examination of the issues and implications. It requires some institutional changes in the decision-making process. WTO matters are complex with widespread implications and any particular ministry in a government would not be fully equipped to handle them. Almost every issue being taken up in the WTO involves different interests of various wings of the government. They also involve a clash of interests among various industry groups and economic operators. These subjects demand a very comprehensive examination of their implications and the balancing of differing interests. A government ministry working in the traditional manner is hardly equipped to perform this task.

Secondly, it is necessary to have a permanent expert body of high standing, credibility and objectivity to supplement the efforts of the current machinery. This body should examine the issues critically, taking into account all aspects and interests, and should hold wide consultations with the affected groups in trade and industry, consumer fora, various wings of the government and other interested groups and persons.

Thirdly, there should be a change in the African countries' strategy and approach. The current feeling of helplessness that they cannot have their say in the WTO should be replaced by a perception that they can achieve their objectives if a number of them are united and well-prepared. Developing countries make up a very large number in the WTO and even if one does not expect all of them to come together on all the issues, one can at least expect a large number of them to have a common perception and common stand on a number of issues.

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