

DAY 3: Wednesday, 22 March 2017

Role of Chairpersons in mobilizing Support for WTO accessions

My name is Ryosuke KUWANA. I am the DPR of the Mission of Japan in Geneva. I am also the chair for the Sudan's accession working party.

At the outset, I would like to express my sincere gratitude to the host of this event, the Government of Cambodia, for their warm hospitality, as well as to the sponsor, the Government of China, and the Organizer, the WTO Secretariat, for giving me this opportunity.

It is a great honor for me to address such a distinguished audience.

I have been involved in the trade issue for some time, and also involved in the accession process of Russia, Kazakhstan and some other countries.

However, I took up the post of the chair of Sudan's Accession Working Party last year.

So, the job of chair is new to me. And I don't know how much I can contribute to the discussions today.

But I will do my best and I also would like to learn as much as I can from such distinguished and knowledgeable colleagues, many of whom have already participated in the accession process to the WTO.

Today, I would like to talk about

- 1) Japan's experience in the MTS,
- 2) Merit of accession
- 3) State of play of Sudan's accession
- 4) Role of the chair

- 1) Japan's experience in the MTS.

It is widely known that the multilateral trading system under the GATT was created in order not to repeat the failure of global governance after WWI and the Great Depression.

What happened at that time, almost 90 years ago, was a very good example of a vicious cycle.

First, it started with the financial crisis, which caused a downward spiral of the economy, then came a wave of trade protectionism in many countries, which resulted in a severe contraction of global trade and further contraction of the world economy.

This economic downturn and bloc economy was a strong backdrop of WWII.

Japan was literally destroyed during the war and the reconstruction work of post-war Japan started with building back from burnt-out ruins.

Japan joined the GATT in 1955, ten years after the end of WWII. Expanding its exports, the Japanese economy achieved an astounding twenty-fold growth in twenty years.

In 1968, Japan became the second largest economic power in the world in terms of GDP after the United States.

We owe so much to the open and non-discriminatory MTS.

Almost 9 years ago, we had another global financial crisis.

But this time, somehow we managed to control the situation, thanks to the MTS under the WTO together with political coordination among the major countries.

It is our strong conviction that we should preserve the open and non-discriminatory MTS and never repeat the same mistakes again.

(International Assistance)

There was another important element for Japan's post-war development, which is related to today's discussions.

That is international assistance. Japan also benefitted a lot from the international assistance during the period of post-war reconstruction.

For example, the World Bank financed a wide variety of projects such as power plants, steel mills and public transportation systems.

The Tokyo Metropolitan Highway Network and high-speed railroad “Shinkansen” were funded by the World Bank. The Bank contributed not only through financing, but also through its advice on project management.

At that time there wasn’t such a concept as Aid for Trade. But, maybe in effect that was Aid for Trade in its early days.

So, the Multilateral Trading System and International Assistance including Aid for Trade have been essential factors for Japan’s post-war reconstruction. We hugely benefitted from them. That is why we care so much for the MTS and AfT.

2) WTO accession

Needless to say, becoming a WTO member brings you a lot of benefits, such as MFN treatment, better market access etc.

And for LDCs like Sudan, there are additional benefits such as DFQF treatment, which provides market access comparable to the best FTA, at least in terms of tariff rate.

But becoming a member also requires a lot of homework. Domestic reform to make all the related legislations WTO compatible is a huge challenge for any non-member.

These reforms address a whole range of issues such as eliminating trade barriers, improving governance, tackling corruption and enforcing the rule of law.

But these tough and painful reforms themselves give you a big reward.

At the end of this process, you will have a fairly open, transparent, predictable and non-discriminatory trade regime, legally bound under

the WTO, which is a quality stamp for a business environment and a passport to global trade.

This will increase investors and traders confidence in your country, which is essential for the economic development of any country.

We are now living in a time of global value chains. No country can prosper without being a part of a value chain. We must do all we can to make our economic regime value-chains compatible. Joining the WTO is an indispensable first step.

For example, the Trade Facilitation Agreement, recently entered into force, helps us build efficient custom systems, which are a crucial element in value chains for manufacturing or trade in goods.

3) State of play of Sudan's Accession

Sudan is a big and important country with a long history and rich culture and tradition.

Due to its size and location, Sudan has always been one of the key players in the region. It was the largest in the African continent until the secession of South Sudan and now is the third largest in the continent. Its location is strategically important too.

Sudan's accession process started in 1994. After a slow start, it registered good progress in 2003 and 2004, when the first and second working party meetings were held.

Following the Secession of South Sudan in 2011, the new situation in Sudan required technical updates to the documentation, including the Memorandum on the Foreign Trade Regime.

After the 10th Ministerial conference in Nairobi, Sudan domestically mobilized political support for the reactivation of its accession process. The process has been revitalized and picked up a lot of momentum. We had the third accession working party meeting in January this year.

This reactivation has been possible thanks to the dedication and hard work of the Sudan's technical team under the overall guidance by the chief negotiator Dr. TAHA and Team S of the WTO Secretariat. I would like to commend their efforts.

I should admit the challenge ahead of us is huge. But I think that Sudan has several advantages or necessary elements for an early conclusion of the process.

The first element is collective understanding and conviction that WTO accession is indispensable for the development of its economy. I am sure that Dr. Taha and his team have a strong conviction in the merits of WTO accession.

The second element is Sudan's political will and engagement based on that conviction. Sudan has demonstrated its political will and engagement by forming a high level national committee chaired by the Vice-President.

The third element is the broad acceptance by the stakeholders of, and public support for, the WTO accession. In my contact with the Sudanese delegation, composed of people from the different sectors, I could perceive that there is fairly wide support from different stakeholders for Sudan's accession.

The fourth element is technocrats who understand WTO rules and domestic legislation. Technical work for the WTO accession is quite complex and hectic. But I have been observing that good responses are coming from Khartoum to the requests made by the secretariat as well as to the questions submitted by the members. I think that it is a proof of the high capability of the Sudan's Government

The fifth element is technical assistance. The WTO Secretariat has almost all the necessary expertise for the WTO accession and has been providing substantial support to Sudan. ITC has been supporting Sudan too. China as always is a good supporter for LDCs and is providing generous support to Sudan too. And Japan also has decided to contribute to this process by funding through ITC. There is still a lot of work to be done

and a great need for technical assistance. There are many potential donors such as the World Bank, Regional Development Banks, EIF, or bilateral donors. I would like to call for additional support for LDCs, especially for Sudan.

The sixth element is a good communication and coordination among the parties concerned. Especially good communication and coordination between the capital and Geneva are essential. I think Sudan is doing well in this area, too.

So Sudan has a lot of advantages in its favor. Although the target is ambitious and time and resources are limited, we will make our utmost effort to advance in this challenge.

4) Role of the Chair.

Formally, the function of the chair is to preside over working party meetings.

But that is just a part of the work. Even with my short experience as the chair, I have found out that the chair's function is much more than that.

I think that the chair is expected to facilitate the accession process in many different ways.

This would involve; listening carefully to the acceding government, the members and the secretariat;

helping to promote mutual understanding and identify problems, if any, and helping them to find a landing zone to solve those issues.

Sometimes it may be necessary to apply some pressure or to defuse tensions, depending on the situation.

Another important function of the chair, I think, is being a good communicator.

This skill would be especially important while the chair is visiting an acceding country on an official visit.

As I will be visiting Sudan in two weeks, this would be my next big challenge, sending out a positive message that helps the people of Sudan understand the merit of WTO membership and encourages different stakeholders to push forward necessary domestic reforms.

These are the major tasks ahead of me. I will address them to the best of my ability with the able help of the secretariat as well as that of the members and the acceding government.

Thank you