

The AfCFTA: Prospects for Africa in the WTO

Africa has been historically marginalized under the global trading regime represented by the World Trade Organization (WTO). This marginalization is not necessarily hatched in the form of a grand conspiracy by wealthier nations against the continent but is often the result of Africa being elbowed out in the ultra-competitive, survival-of-the-wealthiest-and-toughest culture that pervades global trade.

Dr Ngozi Okonjo-Iweala's appointment as the new Director-General of the WTO, if confirmed in the first quarter of 2021, will come into effect at the same time as The African Continental Free Trade Area (AfCFTA) agreement, a curious coincidence that might only portend progress for Africa's trade and economic relations. There are several aspects of global trade negotiations under the WTO where Africa has been severely shortchanged as a result of the absence of the kind of powerful platform that AfCFTA now offers, in addition to the lack of understanding of Africa's intricate trade terrain by previous WTO leaderships.

WTO, Africa and the Green Room Meetings

Africa has remained on the periphery of negotiations and decisions in the WTO proceedings and agreements, often being forced to implement unfavourable decisions reached by wealthier nations. One case in point is the simple fact that Africa does not usually have a single representation in the WTO's Green Room Meetings, which are pivotal in the building of consensus in the organization. The Green Room meetings are mini-gatherings of up to 30 member countries convened at the sole prerogative of the WTO's Director-General to deliberate on items for discussion by the larger body. The Green Room was named after the decor of the personal meeting room of the

Director-General of the WTO. You may refer to the Green Room Meetings as some sort of screening body where the agenda of the WTO are agreed on by the high-income member countries before being presented to the general body.

As the Director-General of the WTO, Okonjo-Iweala has options on the Green Room. She may wish to discontinue such meetings, a move that might not go down well with those who have historically populated the Green Room and ensured that their concerns made it to the top of the agenda. Okonjo-Iweala, who during her role as the Minister of Finance in Nigeria and later as the Coordinating Minister of the Economy showed that she is not one to shrink from confronting the establishment, may wish to stand up to the grouse of such disempowered voices. However, that choice might further weaken the already emasculated global body, which since the Doha Round of trade negotiations in 2001 has found it difficult to sufficiently pull its weight on core matters of global trade and development. Further, disenfranchising the Green Room power blocs to focus more on the wider general body might – as previous negotiation rounds have shown – prove unwieldy. Whatever the case may be, the AfCFTA comes fully into effect in 2021, and Africa's representation in whatever option is decided on by the Director-General is almost a given considering the benefits conferred by the AfCFTA.

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Under the AfCFTA, Africa will assume the position of the world's largest free trade area outside of the WTO itself. Combined, Africa's consumer and business spending is projected to peak at \$6.7 trillion by the year 2030, significantly affecting economic transformation and intra-African cooperation, particularly in manufacturing and tourism.

By 2040, the United Nations Economic Commission for Africa estimates that with AfCFTA intra-African trade could rise to over \$70 billion compared to an Africa without the AfCFTA. The

International Monetary Fund is equally hugely optimistic about the AfCFTA prospects of raising Africa's ranking in the Global Competitiveness Index, through the production and delivery of more quality goods and services.

The World Bank estimates that AfCFTA will "increase Africa's exports by \$560 billion, mostly in manufacturing," and at the same time "boost Africa's income by \$450 billion by 2035 (a gain of 7 per cent) while adding \$76 billion to the income of the rest of the world."

More importantly, at the WTO, Africa, represented by the AfCFTA, will now be able to negotiate as one single trading bloc. The structure of the WTO is such that regional economic integrations such as customs unions, free trade areas and other forms of loose economic-political and geographic arrangements are permitted to present a common front at the WTO by appointing a single spokesperson in meetings and negotiations.

Prior to the AfCFTA, the European Union and its 15 member states was the largest and most all-encompassing regional bloc in the WTO. The EU member states coordinate their position in Brussels and Geneva and is a customs union with a single external trade policy and tariff system. Although the European Commission speaks for the EU at most WTO meetings, individual member states within the EU are all WTO members states and can also speak for themselves if they consider that a necessity. Other regional groupings that speak with a less frequent voice as one bloc include the Association of South-East Asian Nations (ASEAN), comprising Malaysia, Indonesia, Singapore, Philippines, Thailand and Brunei Darussalam. Other looser groupings such as African, Caribbean and Pacific Group (ACP) and the Latin American Economic System (SELA) have occasionally presented one single voice at meetings.

Scholars such as Professor of Economics at Babson College, Kent Jones, have stated that the Green Room has played an

important role in achieving consensus in multilateral trade negotiations, “and if it were officially suppressed, informal negotiations among the largest and most influential countries – both developed and developing – would probably replicate themselves and bring their small-group agreements to the plenary negotiating fora... it is unlikely that multi-lateral negotiations would be able to reach closure in such a fragmented forum.” Whatever the case may be, whether the Green Room stays or goes under Dr Okonjo-Iweala, Africa under the AfCFTA will now negotiate as the largest trading bloc globally and will be assured of a place in the highest level of the highest decision-making body in global trade relations.

Africa’s WTO Participation

Individual African countries are very poorly represented in the WTO. The cost of maintaining permanent representatives, training seasoned trade negotiators and the rest of such responsibilities have been unaffordable for many African countries. For instance, in 15 years of dispute settlement, no African country has acted as a complainant in over 400 cases initiated within the WTO’s complex and expensive legal system; even though Africans are routinely treated unfairly in trade practices and do have a lot to complain about. It is often the norm where developed countries have tens of representatives during trade negotiations on a particular issue, while African countries can barely afford one single knowledgeable negotiating representation on that issue.

Therefore, the coincidence of AfCFTA coming into effect around the same time as the new leadership of the WTO promises a time of highly increased trade engagement between Africa and the rest of the World, translating to a period of unprecedented trade opportunities and economic advancement for Africa. Dr Ngozi Okonjo-Iweala hopefully taking on the reigns of the WTO promises to re-energise the 164 member states in the organization’s drive towards increased trade and heightened equity in the global trading arrangement. Okonjo-Iweala’s

diplomacy may assist the WTO in snapping out of the two-decade long hiatus that has drastically reduced its effectiveness as a rallying platform for trade and prosperity among member states. Whatever the case may be, evidence presented so far clearly shows that Africa's place in international trade stands to be positively transformed in deep and fundamental ways as a result of the AfCFTA.

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