

***BINDING CONSTRAINTS & COUNTER MECHANISMS;
REGIONAL INTEGRATION & ASCENSION TO WTO;
INDUSTRIALIZATION; AGRICULTURE & AGRO-INDUSTRY***

Liberia Chamber of Commerce Business Forum

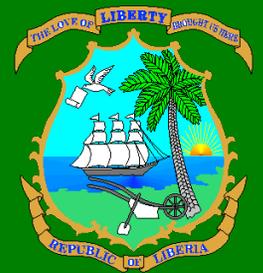
Capitol Hill, Monrovia
5:00PM, May 28, 2015

Hon. Axel M. Addy

MINISTER

MINISTRY OF COMMERCE & INDUSTRY

REPUBLIC OF LIBERIA



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Honorable Colleagues from Government Present
The dynamic leadership of the Liberia Chamber of Commerce
Members of the private sector,
Partners, friends, distinguished ladies and gentlemen.

Opening Remarks

1. I am delighted to be here today as guest of the Liberia Chamber of Commerce to talk on the topics of binding constraints, counter mechanisms, regional integration, Liberia Accession to the WTO, Industrialization, Agriculture and Agro-Industry.
2. Mr. President, colleagues and friends, I must say, when my staff briefed me on what I would speaking about today, I immediately asked whether the Chamber was planning an overnight business forum, but from my entrance I do not see any sleeping cots so I believe we will be here for two hours.
3. Colleagues, partners, friends – it is always an honor to join you for these business forums, which I find quite useful. Let me extend my thanks and appreciation to all of you for being here today. Today marks yet another milestone in our quest to work together as a people and to discuss pertinent issues that is relevant for a enabling business climate for the transformation of Liberia.
4. Mr. President, friends, I kindly ask your indulgence, if I may, I would like to use this opportunity to introduce the members of the Senior Management Team our SMT, the people responsible for running the Ministry of Commerce a major driver of our rebranding Commerce agenda. Will all the SMT members please stand and tell us your name, your title and what you are responsible for at Commerce & Industry. THANK YOU.

5. Distinguished friends, I will also like to use this opportunity to extend my heartfelt thanks and appreciation in your collective response to tackle a health menace that thrived on human kindness. Today, your contribution in human kindness is why we can celebrate the eradication of such a menace from our shores. Last year I sent a letter of a call to action to all of you to join in the response, and responded you did. You prove that collectively when we stand united, we can overcome any challenge in the way of the transformation we desire in Liberia. Thank you.
6. Colleagues, friends, today I have been asked to speak on a number of subject that falls all within our current accessions process in our desire to join the World Trade Organization. As such In my limited time, and given we do not have any mattresses in this room, I will speak on the topic, *Liberia Accession to the World Trade Organization and the Implications for Economic Transformation* and in so doing I will endeavor to cover the various areas highlighted in your request.

The Structure of Our Economy

7. Ladies and gentlemen, in 2014 we saw the crippling of our \$2billion dollar economy with health crisis that brought our economy into a free fall that dropped our GDP to under 1%. In 2014, while struggling with how to tackle the steady drop in two of our major export commodities' prices, rubber and iron ore, we encounter a curve ball that redirected our focus from focusing on interventions to address falling commodity prices to mobilizing resources to address a raging health crisis.
8. At the Ministry we shifted our focus to ensure our major supplies of rice and petroleum were readily available to prevent any additional crises. I am grateful to my team that took this challenge on and to all of you who exercised flexibility and heeded to our calls particularly under such difficult and expensive circumstances. No one can say we had a rice or petroleum shortage during the crisis we did what our mandate required of us. Much of this is due to our collective efforts. Thanks to many of you in this room.
9. Colleague, the recent health crisis has taught us a tough lesson. First it has taught us that an economy driven by two primary commodities is at the mercy of internal and external shocks that can cripple it. Second it taught us that an economy driven by consumption rather than production remains too vulnerable to internal and external variables for which it has no control over. Our trade deficit of over 300 million dollars. But it also forced us to rethink about our transformation approach. As such we embarked on a journey to accede to the World Trade Organization with the aim of undertaking the necessary painful reforms that will lead to a more predictable and transparent environment.

10. Liberia Accession to the World Trade Organization and the Implications for Economic Transformation

Ladies and Gentlemen, in 2007, thanks to the wisdom of my predecessor, the Honorable Olubanke King-Akerele, the Government of Liberia applied for accession to the World Trade Organization (WTO) the rules based multilateral trading system that accounts for 97% of global trade. In the same year the General Council established a Working Party to examine Liberia's application to accede to the WTO. Under the leadership of Honorable Miatta Besolow, much work was carried out bringing Liberia to its first Working Party Meeting in 2012. Since taking over the portfolio as Deputy Minister we continued the work that has lead us to where we are today. In May of last year I delivered a letter from our President, H. E. Mrs. Ellen Johnson Sirleaf to the Director General of the WTO expressing Liberia's commitment to the process and requesting assistance to facilitate the fast tracking of the process to accede in December of this year. Immediately there after, we donor assistance was lined up with SIDA and the Swedish National Board of Trade, the International Trade Center and UNCTAD. Prior to the letter, we had spent the previous three years doing stakeholder engagement and studies that would inform our offer on trade in goods and trade in services. Today we reached a milestone and have complete the Draft Working Party report. What this process means for all of us?

11. This process will:

- a.** Provide an opportunity to broaden FDI investment from traditional extractive industries to other sectors such as tourism, transportation and financial services;
- b.** Broaden and diversify Liberia's export basket in nontraditional areas such as tourism by gaining improved access to a global market;
- c.** Institute internal policy decisions, undertake domestic reforms, and align trade policies with Liberia's broader policies on promoting the domestic private sector, economic transformation and development;
- d.** Ensure the survival of a relatively small market of 4 million people in an ever-growing integrated global trading system.
- e.** Create a more transparent and predictable business environment through the realignment of, and creation of new legislation that ensures security of investment and protection of intellectual property rights;

12. Reforms for Transformation – Trade in Goods

Colleagues and friends the implementation of this process will impact trade in goods in the following ways.

- a. First, as many of you know, Liberia is a member of the ECOWAS and as such is to commence the implementation of the adopted ECOWAS Common External Tariff and the ECOWAS customs union. This means given our offer in Trade in Goods is based on ECOWAS CET, we are going to commence a staging process for the gradual migration of all of our over 5000 tariff lines to align with the applied tariff rates of the CET. This will be beneficial to a lot of manufacturers as the CET aims to promote the African common position of industrialization to enhance local production through value addition.
- b. Second, it will broaden the market access of our manufacturers to the ECOWAS market and foster greater competition that will lead to greater partnership across borders that will enhance our citizens access to quality products.
- c. Third it will streamline and harmonize government taxation of trade in a predictable and transparent manner conducive for private sector growth.
- d. It will also lead to improvements in trade facilitation, the move to automation of custom procedure to reduce the processing time and removal of non-tariff barriers that come at a heavy cost to trade that is passed on to consumer. We are currently working with the LRA to move towards a Single Windows customs clearance regime and a reform process to rationalize the fees we charge on trade based on the cost of the service.
- e. In agriculture, it is also going to enhance agriculture by instituting sanitary and phytosanitary measures to improve agriculture production for export to global markets. The technical assistance is currently being looked at to assist the Ministry of Agriculture to carryout the reforms that will govern the import and export of agriculture goods and services within standards to protect human, animal and plant health.

13. Reforms for Transformation – Trade in Services

Colleagues, friends, Liberia also tabled an offer on Trade in Services. Those areas in the services sector that were either already liberalized or in need of dire investment to meet huge capacity gaps in our country. They includes Professional Services (Legal Services, Accounting Services, Taxation Services, Architectural Services, Engineering Services, Integrated Engineering Services, Medical); Communication Services; Construction and Related Engineering Services; Distribution Services; Educational Services; Environmental Services; Financial Services; Health Related and Social Services; Tourism and Travel Related Services; Recreational, Cultural and Sporting Services, and Transport Services all with local treatment requirements in many areas

where we had current operators. These were sectors identified through several studies and stakeholder meetings over a two-year period with varying degree of restrictions. But all in all, our offer tells the world that Liberia is ready for business and there are immense opportunities for partnerships in various sectors.

In developing the services package many felt that were we to explore greater participation in sectors such as health services, education and tourism, not only could we bridge the capacity gap in these areas, but we could also create huge employment for our over 70% vulnerably employed.

14. Reforms for Transformation – Rules

Colleagues, friends, this process has also forced us to look at our various laws and I must say we see many areas in need of reform as our current legal framework prove challenging for private sector growth. In our commitment, a number of laws and administrative procedures were called into questions by the members who are some of our largest trading partners. Today we have identify many of those laws and have developed a plan to address those challenges. The overall goal is to ensure that we eliminate the many barriers that get in the way of trade to improve everything from cutting down the time it takes to register a business, to get a work permit, to get a resident permit, to clear goods from the port, to putting in place legislation that addresses competition and intellectual property right protection in our country.

Ladies and gentlemen, many of you are seeing the benefits of the many reforms that the process calls for as we at the Ministry are doing our best to streamline the process.

15. New Reforms at the Ministry of Commerce

Mr. President, distinguished colleagues, Commerce under our leadership has witnessed a number of reforms that worth mentioning; I believe by doing this, we create an enabling environment that buzzes investors' confidence and create additional opportunities for our entrepreneurs.

- a. Commerce now has for the first time a customer service center where all IPDs are processed and filing of consumers' complaints.
- b. We now have in place our special project implementation unit (SPIU) which coordinates all donor related projects headed by a national coordinator who serves as chief Economic advisor to the Minister;
- c. Our Program of Assistance to Trade Support Institutions in Liberia (PATASIL) being supported by the African Development Bank is committed to technical, capacity and

logistical support to trade support institutions in Liberia include support to the Chamber of Commerce.

- d.** We have put in place a robust reform in our inspection regime. Commerce now has in place General and Technical Inspectors with clear guidelines and scope of operation during inspections exercises. Our Technical inspections activities have brought changes and improvement to many of our gas station in the Monrovia.
- e.** In our quest to structure the flour market, we have been working with all stakeholders in the flour sector to design and come out with a more efficient way to manage and control the sector through and licensing regime aim at promoting local production. We will launch the EOI on June 1st of this month.
- f.** Additionally, we are tirelessly working to institute a number of legal (IP Law) reforms to compliment the way we do business at Commerce.
- g.** More Importantly, Liberia now has for the first time a law that the gives 25% procurement opportunity for Liberian own businesses.

Colleagues, friends, the transformation of our country will come not only from facilitating investments in our country, but also institutionalizing reforms that will enhance our business climate to make us one of the best places to do business in West Africa. To do so, we must all work together, we must all work within the law, we must all commit to doing our part to make Liberia the best country in West Africa to do business. If we can beat EBOLA, I am sure united we can achieve this goal and transform the Liberia we all can be proud to raise our children.

Thank you.