



REPUBLIC OF LIBERIA
MINISTRY OF COMMERCE & INDUSTRY
MONROVIA



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**High Level WTO Team Expected to Visit Liberia Next Week
to Present Liberia's Accession Package to Stakeholders**

Monrovia –Liberia on Friday, 14 August 2015, the Ministry of Commerce and Industry wishes to inform the public that a High Level Delegation from the WTO on Liberia's Accession to the World Trade Organization will be visiting Liberia from Tuesday August 18 through Friday, 21, 2015 to present and answer questions on Liberia's WTO Accession Package. Mr. Joakim Reiter, Deputy Secretary General of the United Nations Conference on Trade and Development (UNCTAD) and Chairman of the Working Party on the Accession of Liberia, along with Dr. Chiedu Osakwe, Director of the Accessions Division of the WTO, will be in Liberia to engage stakeholders on Liberia's accession to the WTO.

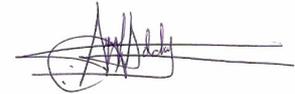
The visit is a part of the standard protocol of accessions to the WTO for acceding countries that have reached a critical period in the process and are close to concluding their accession. While in Monrovia, the team as guest of the country will be hosted by the Minister of Commerce and Industry and Chief Negotiator of Liberia's Accession, Hon. Axel M. Addy. The team during this critical visit in the process will meet with the executive and legislative branches of government and the private sector. They will present and answer questions on the draft accession package to the Cabinet of the Government of Liberia and other members of Government, including heads of state-owned enterprises. The team will also be meeting with members of National Legislature.

On Friday, the team will engage the private sector to review the business opportunities in Liberia's Accession Package, in a public forum at Monrovia City Hall from **10:00AM to 12:00PM** to be followed by a **Press Stakeout at 12:30 at Monrovia City Hall.**

Liberia commenced its accession process in 2007 under the leadership of Honorable Olubanke King-Akerele, the Minister of Commerce and Industry. The process gathered momentum under the leadership of Honorable Miatta Beysolow, the Minister of Commerce and Industry at the time. The government held its first Working Party meeting in 2012. Honorable Axel M. Addy, Liberia's current Minister of Commerce and Industry, working under the former Minister Beysolow inherited the portfolio and since has been facilitating the process and leading the negotiations as Chief Negotiator, in consultation with all Government and private sector stakeholders. Under his leadership, Liberia has tabled its market access offers on Goods (Tariff using ECOWAS CET), Services, and Rules (Legislative Action

Plan). Liberia concluded its 3rd Working Party and all bilateral negotiations in July in accordance with its roadmap to accede in December in Nairobi at the 10th Ministerial Conference (MC10) of the World Trade Organization. This will be the first time a WTO Ministerial Conference will be held in Africa and at which occasion the Organization will conclude the year-long celebration of the 20th Anniversary of the rules-based Multilateral Trading System. Liberia will hold its final Working Party in early October where the final Draft Accession Package will be presented to WTO Members for approval ad referendum. The final formal decision shall be taken at the Tenth WTO Ministerial Conference in Nairobi, Kenya.

Liberia's Accession has been supported by the Swedish National Board of Trade (SIDA/NBT), International Trade Center (ITC), United Nations Conference on Trade and Development (UNCTAD), Advisory Center on WTO Law (ACWL), World Bank, Enhanced Integrated Framework (EIF), and Geneva-based Law Firm of King and Spalding.



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Hon. Axel M. Addy
MINISTER

Background on Liberia's Road to WTO Accession

Liberia submitted its application (Memorandum of Foreign Trade Regime-MFTR) in 2007 under the leadership of H.E. Olubanke King Akerele, then Minister of Commerce and Industry. After seven years of work with technicians across several ministries and agencies and several studies and stakeholder engagements, in May of 2014, President Ellen Johnson-Sirleaf in a letter to the Director General of the WTO, Roberto Azevedo, expressed Liberia need of assistance to fast track its accession's process in time for MC10. She also appointed the Minister of Commerce as the Chief Negotiator. The additional technical work commenced with the support of SIDA/NBT, ITC, UNTAD, ACWL, World Bank, EIF, and King and Spalding Law Firm. Subsequently, Liberia's WTO Market Access Package tabling its offers was submitted in October of 2014.

Several meetings were scheduled as per the comprehensive roadmap to fast track the Accession for 2015 during the MC10 meeting when the WTO will celebrate its 20th Anniversary in Nairobi, Kenya. However, given the health crisis, those working meetings were put off to January. The first of several critical meetings (Pulse Checks, Technical Working Sessions, Bilateral Negotiations) that will lead to conclusion on bilateral negotiations and the drafting of the Factual Summary and Draft Working Party Report is currently underway in Geneva with the Liberian delegation of lawyers, tariff and services professionals from the Ministry of Commerce, the Liberia Revenue Authority and the Law Reform Commission.

Liberia Accessions Package include Offer on Goods (Tariffs) which is based on ECOWAS CET (Common External Tariff and Customs Union) and Offer on Services which is a conservative package that includes **Professional Services (*Legal Services, Accounting Services, Taxation Services, Architectural Services, Engineering Services, Integrated Engineering Services, Medical and Dental Services, Veterinary Services, Services provided by Midwives, Nurses, Physiotherapists, and Paramedical Personnel; Computer and Related Services; Research and Development Services; Real Estate Services*)**; **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.**

These sectors were selected based on several years of consultation with various sectors' stakeholders and research conducted to inform the selection process. They also represent sector for critical job creation opportunities or those in dire need of private sector investments. Sectors already liberalized but in need of major private sector investment were also included.

Q&A

Q. 1 What is the World Trade Organization (WTO)?

International trade for last six decades has been subject to the discipline of multilaterally agreed rules “by which countries are required to abide in their trade relations with one another”. The World Trade Organization (WTO, www.wto.org) established on January 01, 1995 oversees this rules-based system. The WTO presently consists of 151 member countries and is the successor to the General Agreement on Tariffs and Trade (GATT), which had been performing a similar role since January 01, 1948. Pakistan has been a founding member of the GATT as well as that of the WTO.

Q.2 What are the principles of multilateral trading system as embodied in the WTO agreements?

The following principles form the basis of the WTO/GATT system:

- Non-discrimination in trade among nations;
- Protection through tariffs only;
- Maintaining predictability through binding of tariffs;
- Progressive liberalization of trade through negotiations;
- Promoting fair competition in trade in the world market;
- Encouraging development and economic reforms among members

Q.3 What is trade without discrimination and please explain the principles that embody non-discrimination?

This principle of non-discrimination in trade is embodied in provisions relating to:

1. Most Favored Nation (MFN) Treatment;
2. National Treatment

Q.4 What are the benefits of WTO accession/membership?

Trade and investment liberalization stimulate economic growth but careful policy-making by governments is required to distribute the resources among priority areas (e.g. by easing the adjustment of moving away from inefficient activities, by helping companies to become more productive and competitive, by encouraging new technologies and activities).

Among the benefits of WTO membership to consumers and producers are:

- reduced cost of living - reduced trade barriers lower the costs of imports used in production, resulting in lower prices of finished goods and services;
- more choice - more goods and services to choose from and broader range of qualities;
- wider choice of inputs in local production (materials, components, equipment, services);
- additional incomes (national and personal) due to lower trade barriers.

Legislative reforms required as part of the WTO accession process can result in rapid improvements in the domestic business climate, which in turn, could attract domestic and foreign investment. Through better integration into the global economy, trade can be used as an engine of economic growth and development and a tool towards poverty reduction. Recent WTO Secretariat analysis, reflected in Director-General's 2012 Annual Report (document WT/ACC/19, attached), indicates that Members acceding to the WTO in the last 15 years have been more successful in attracting foreign direct investment, have grown faster in terms of trade performance and demonstrated greater resilience to recover from economic crises.

Q.4.a What are the benefits of WTO accession/membership for a small country?

By joining the WTO, small countries enjoy the benefits that all WTO Members grant to each other, based on principles of non-discrimination and transparency. Small countries can participate fully in the multilateral trading system as decisions are made by consensus and each Member has an equal right to challenge other Member's practices in the WTO dispute settlement procedures. Coalition building can also help small countries increase their bargaining power in negotiations or in creating new trade rules.

Q.4.b What are the benefits of WTO accession/membership to the private sector?

Modernization through domestic reforms undertaken in the process of accession as well as transparency and predictability of the rules-based multilateral trading system can help create a competitive and favourable business environment for all private sector operators, domestic and foreign. Export-oriented operators can also benefit from access to the markets of all WTO Members on a most-favoured nation (MFN) basis. Hence, the greatest benefits of accession arguably go to SMEs and consumers, who are typically not able to lobby/negotiate on their own behalf.

Q.5 Why is the timing of the WTO accession important?

WTO accession can be used to stimulate policy changes in favor of increased trade and investment, which in turn can spur economic growth and development.

The major benefit of the WTO accession process itself is that it provides an acceding government with a powerful instrument for domestic reforms to accelerate growth, modernize, strengthen institutional capacity and enshrine the rule of law. Through accelerated growth and development, government's efforts at reducing poverty can be

strengthened. WTO membership is an investment into future competitiveness - it can serve as a tool to attract domestic and foreign investment to diversify local production base and expand its supply capacity. Legally binding WTO commitments help improve investor confidence and the domestic environment for doing business.

Q.6 How does services trade liberalization help development?

Services are essential for development. Telecommunications are essential for producing and distributing goods and services. Transport services contribute to the efficient distribution of goods within a country and are particularly important for international trade. Efficient business services reduce transaction costs and increase productivity. Education services are necessary to build up the stock of human capital. Distribution services connect producers and consumers and influence the efficiency with which resources are allocated. Tourism is appropriate for increase in consumer spending, job creation and overall economic growth.

However, for many countries these services are often inaccessible, or even when accessible, are prohibitively expensive, of low quality and unsuited to the needs of consumers and producers. Remedying these problems often require large investments to be made to improve the services infrastructure. It also requires some degree of regulatory reform to remove cumbersome red-tape, to make it easier for service suppliers to operate and ultimately to encourage greater investment. What this means is that the economic benefits of liberalizing services accrue predominantly to the liberalizing country itself. Consequently, developing countries, many of whom have higher barriers than developed countries, regardless of the sector under analysis, are expected to be the main long-term beneficiaries of services liberalization.

In short, the development gains from the liberalization of services trade have both internal and external dimensions:

- Improving the domestic services market. Liberalization can help increase the supply of services by offering an environment conducive to attracting foreign investment and by lowering cost through competition. In a competitive environment, firms are forced to innovate, to introduce new products, and to improve quality constantly. Research undertaken for the Indian economy, for example, suggests that trade liberalization has contributed positively to the development of the services sector, which in turn has helped to accelerate industrial output and productivity growth.
- Although experiences may vary considerably across countries and sectors, the introduction of competition has generally led to improvements in performance, increases in infrastructure investment, improvements in service quality and coverage, and prices more closely aligned to underlying costs. The size of such changes, however, depends enormously on the extent to which the market is liberalized, the effectiveness of regulation and on the sequence of reform.

- Stronger domestic markets equals greater export competitiveness. The gains from more investment and greater domestic competition also go hand in hand with building greater export competitiveness. In the past, developed countries amongst themselves mainly conducted services trade. Today, this is changing rapidly. New actors are continually emerging. India's progress from a ranking of 34 in 1995 to 11 in 2005 is impressive but India is not alone. Latin American countries offer low labor costs, proximity to the US and are in the same time zone. Brazil with its large investments in IT, telecom infrastructure and a large skilled labor pool is attracting attention as an outsourcing center. AOL Time Warner serves its Spanish-speaking customers from a call center in Mexico with a reported cost savings of 25-40%. The Philippines has low labor cost, an English speaking population, cultural affinities to the US and familiarity with US standards of service. China and Viet Nam are also tapping into this service export possibility, just as Central European countries are using cultural and linguistic similarities to enter the European market.

Another important development feature of services trade is the labor-intensive nature of many traditional services, including distribution, construction, education, health and other social services. With large labor markets, developing countries are typically well suited to take advantage of this. Productivity gains in services can in turn be vitally important for job creation. Developing countries stand to make huge gains if other countries open up their markets to allow foreign natural persons to provide services in their market. It has been estimated, for example, that an increase in industrial countries' quotas on the inward movement of skilled and unskilled temporary workers to 3% of their work force would generate an increase in world welfare of more than US\$150 billion each year.

Developing countries have witnessed particularly rapid growth in services and have much to gain from further liberalization of world services markets. However, it is vital not to forget that better access to foreign markets is only one part of the development equation. The more that a country liberalizes, the more that it also potentially stands to benefit. This stands to reason since protection often acts as a tax on domestic consumers and producers. Economic gains thus flow from lifting the implicit tax of protectionist policies. Whatever additional market access is obtained to foreign services markets is an important bonus but it does not replace the major benefits from liberalizing the domestic service sector. While there may be differences in the estimated size of the gains, the various studies on services liberalization all share the same conclusion that countries with the highest barriers to trade in services stand to benefit the most from liberalization.

Q.7 What are the gains from liberalization in sectors such as finance, telecommunications and transport?

In some sectors, such as finance, telecommunications and transport, the benefits of liberalization can have widespread effects. There is substantial evidence that policies that reduce competition in these services can be very costly. Conversely, the removal of restrictions can lead to big gains.

Financial services are the lifeblood of commercial activity. Product innovation, international regulatory cooperation, and new communication technologies have multiplied the opportunities for financial innovation. There is strong evidence in this sector that competition helps to improve the quality and efficiency of the products offered, and the resilience of markets to external shocks. The presence of foreign banks, for example, tends

to discipline local banks, reducing the scope for internal inefficiencies and ineffective market behavior. Overhead costs have thus tended to decline significantly in the wake of foreign entry. A study using a sample of 60 countries found that between 1990 and 1999 those with fully liberalized financial services grew, on average, about one percentage point faster than other countries.

Telecommunications are the new fast-speed highways of modern commerce. Studies concur on the beneficial impact of a packet of measures that includes privatization of state-owned monopolies, introduction of competition, and establishment of independent regulators. Countries that embarked on comprehensive reforms in this sector did systematically better than others that confined themselves to partial change. The study quoted above, for instance, found that countries, which fully liberalized financial, and telecommunication services performed better with 1.5 percentage points stronger economic growth than those that did not. Competition has proven a crucial factor in restructuring and modernizing the sector, with trade liberalization and the subsequent entry of foreign operators as core elements.

Transport is ultimately what makes trade possible. Over centuries, transport service hubs have been the major centers of trade. Transport costs can also be a major factor determining a country's comparative advantage and competitiveness. For instance, an economy with relatively low airfares has a competitive edge in supplying perishable goods such as flowers or vegetables while for producers of bulk non-perishable goods, the availability of reliable, efficient and low-cost port services can be the key factor in their logistics and distribution chain. Overall, the experience of many countries has been that the liberalization of transport services has a positive impact on their overall trade. Elimination of barriers to competition in the provision of port services in Chile, for instance, led to 50% reductions in operating costs over two years. The same occurred in Mexico. By reducing the costs of shipping dramatically, small and medium sized firms that would otherwise be marginal have been able to expand their export activities. A study on the likely economic effects of the Doha Round negotiations also found that with a 50% reduction of barriers to services trade; a 12% increase in transport and logistics trade can be expected.

Q.8 Does the WTO accession equal a "sell-out" to foreign producers and investors?

An acceding government has the right to decide which sectors it wants to open to foreign companies and to what extent, including any restrictions on foreign ownership. The Schedule of Specific Commitments on Services is a result of bilateral market access negotiations between the acceding government and interested WTO Members. See for example limitations on land ownership inscribed under horizontal commitments in Samoa's or Vanuatu's Schedule, or limits on foreign equity ownership when establishing commercial presence (see details under Professional Services such as accounting, auditing and bookkeeping services or architectural services in Cape Verde's or Nepal's Schedule). If commitments are made, they can be subject to the six types of limitations specified in the GATS which include, besides quantitative limits, restrictions on the share of foreign capital and on the type of legal entity (e.g. a branch or a representative office) permitted. In addition, any type of national treatment limitation, i.e. conditions applying only to foreign suppliers, can be scheduled. And governments can impose on foreign service providers any conditions they wish, including those pertaining to local employment or technology transfer and training. See for example limitations included under horizontal commitments in Lao PDR's or Samoa's Schedule.

Q.9 Is there a negative impact on local business and employment?

Local businesses will likely benefit from access to foreign capital, technology and managerial skills.

When a service supplier establishes commercial presence, it is also likely to have to recruit employees locally. Some such requirements may be included in the Schedule, see for example under International Maritime Transport and Maritime Services in Cape Verde's Schedule.

The GATS applies only to services, not manufacturing. Under the GATS, mode 4 (movement of natural persons) commitments have mainly been taken for intra-corporate transferees involved in the management of the company or specialists. These are usually senior positions and are unlikely to result in the displacement of workers. See for example horizontal commitments in Cambodia's or Cape Verde's Schedule.

Transparency, consultation and stakeholder participation aimed at establishing a negotiating position, which reflects local needs and priorities, are crucial elements of best practices by an acceding government in the accession process.

Q.10 Do governments lose their ability to support/subsidize sectors?

Negotiations were launched on subsidies "with a view to developing the necessary multilateral disciplines" to avoid distortive effects on trade. But there has been no progress on these negotiations. Thus, the GATS currently contains no specific rules on the use of subsidies, apart from national treatment. But the latter only applies in cases where the sector has been committed in the schedule. In such a case, if a country is providing a subsidy to national service supplier but does not wish to extend it to foreign service suppliers, it must enter a national treatment limitation to that effect (see for example commitments under Educational Services in Vanuatu's Schedule). National treatment limitations for support programs funded by the government to preserve and promote cultural identity also exist under Audio-visual Services in Cape Verde's or Vanuatu's Schedule. Also, the GATS has no implications for the funding or subsidy of services provided in the exercise of governmental authority since they are simply outside the scope of the GATS

Q.11 Do governments lose their ability to apply restrictions on foreign service suppliers operating in the market?

If commitments are made, they can be subject to the six types of limitations specified in the GATS which include, besides quantitative limits, restrictions on the share of foreign capital and on the type of legal entity (e.g. a branch or a representative office) permitted. In addition, any type of national treatment limitation, i.e. conditions applying only to foreign suppliers, can be scheduled. And governments can impose on foreign service providers any conditions they wish, including those pertaining to local employment or technology transfer and training. See for example horizontal commitments in Lao PDR's or Samoa's Schedule.



WTO Mission Team

Mr. Joakim Reiter
Deputy Secretary-General
Chair, Working Party of Liberia Accession to WTO
Former Ambassador/Permanent Representative of Sweden to the WTO

Joakim Reiter (Sweden) took up the position of Deputy Secretary-General on 1 April 2015.

Mr. Reiter, who has held high-level diplomatic positions as a representative of his country, has extensive experience in trade negotiations and wide-ranging expertise in trade and development and in dealing with multilateral organizations.

Immediately prior to joining UNCTAD, Mr. Reiter was the Deputy Director General at the Ministry of Foreign Affairs of Sweden, heading the Department for International Trade Policy. In that role, he oversaw the formulation of Sweden's policies and priorities with respect to, inter alia, trade and investment issues, trade related technical assistance and corporate social responsibility, as well as the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD), UNCTAD and the European Union's bilateral and regional trade negotiations. He also represented Sweden on the OECD Trade Committee.

From 2011 to 2014, Mr. Reiter held the position of Ambassador and Permanent Representative of Sweden to the WTO in Switzerland, where he also served as chair of the WTO bodies on services (2012), goods (2014) and trade policy reviews (2013), as well as the Working Party on the accession of Liberia. Mr. Reiter was Minister Counsellor and Head of the Trade Section at the Representation of Sweden to the European Union in Belgium from 2008 to 2011. In this capacity he represented Sweden in the Trade Policy Committee of the Council of the European Union, which he chaired during the Swedish Presidency in 2009.

From 2004 to 2008, he served at the European Union Directorate General for Trade in the European Commission, where he was involved in a number of multilateral, regional and bilateral negotiations with countries at different levels of development. In 2006, he served as Vice-Chair of the OECD Working Party of the Trade Committee. During the Swedish Presidency of the European Union in 2001, Mr. Reiter represented Sweden at UNCTAD and in the European Union's negotiations with the Southern Common Market (Mercosur) and Chile.

Before that, Mr. Reiter held various positions within the Swedish National Board of Trade, the Ministry for Foreign Affairs and the Ministry of Industry. During this time he was Special Adviser to the Minister for Industry and Trade and responsible for drafting the Government of Sweden's strategies and communications on equitable globalization and global financial stability. Mr. Reiter also took part in the formulation of the Government's policy coherence for development.

Mr. Reiter was born in Sweden in 1974 and is a graduate of the London School of Economics (Master of Science, Economics), United Kingdom of Great Britain and Northern Ireland, and Lund University (Master of Arts, Political Science), Sweden. He has authored academic articles, as well as a book on different trade, investment and financial issues. He is married and has two children.



Dr. Cheidu Osakwe
Director
Accessions Division
World Trade Organization

Dr. Chiedu Osakwe (born 1955) from Nigeria is WTO Director of the Accessions Division. His previous WTO positions include Special Coordinator for LDCs and Head of the Secretariat Working Group on the Integrated Framework for LDCs, Office of the Director-General (1999-2001). In this position he was Chairman of the Inter Agency Working Group (IAWG) for the Integrated Framework. He has also served as Director of the Technical Cooperation Division (2001-2002); Director, Textiles Division (2003-2005), Director, Doha Development Agenda –

DDA Special Duties Division, Office of the Director-General (2005-2008).

Prior to joining the WTO Secretariat, Dr. Osakwe was a Nigerian Foreign Service Officer (1979-1998). In this period, he served at the Permanent Missions of Nigeria to the United Nations in New York (1983-1986) and to the GATT/WTO (1993 to 1998). As Nigerian Delegate to the WTO, he was Chairman of the Committee on Rules of Origin (1995 and 1996) and Chairman of the Committee on Pre-Shipment Inspection (1997/98). He coordinated the WTO African Group in 1995. In recognition of his contributions to the Foreign Service, Nigerian President Goodluck Jonathan appointed him Ambassador *in situ* in 2010.

Dr. Osakwe was educated at the Universities of Ibadan, Oxford and New York University (NYU), from where he obtained his PhD. He has published in several areas, including trade policy, the rule of law and nation. His most recent publications include: “Developing Countries and GATT/WTO Rules: Dynamic Transformations in Trade Policy Behaviour and Performance, Minnesota Journal of International Law, Summer 2011, Volume 20, Issue 2; Agreeing and Implementing the Doha Round of the WTO, edited by Harald Hohman, October, 2008; Are WTO Members Wrestling an Octopus. Did they set their Sights too High?, OECD/Development Assistance Committee News, Nov-Dec, 2005; Poverty Reduction and Development: The Contribution of Trade, Macroeconomic and Regulatory Policies, Distinguished Speaker, 10th Joseph Mubiru Memorial Lecture, Bank of Uganda, 2001; Nigeria: Half a Century of Progress and Challenges, 2011, edited Ikokwu Chiogu Constance; “Finding New Packages of Acceptable Combinations of Trade and Positive Measures to Improve the Effectiveness of Multilateral Environmental Agreements: A General Framework”, in Trade and Environment: Bridging the Gap, 1998, edited by Fijalkowski, A and Cameron J, Cameron May.

