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REVIEW ARTICLE

WTO ACCESSION: THE POSSIBLE BENEFITS FOR ETHIOPIA

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ABSTRACT

It has been almost two decades since Ethiopia commenced the cumbersome procedure of accession to the WTO in 2003. However, the procedure being rigorous by its very nature and as revealed from the accession experience of other acceding countries it may not yet be considered as an exemplarily late accession procedure after all. On the other hand, when we consider the GDP of the country and the multitude of its various interests in negotiations and even its power of economic bargaining, it becomes difficult to justify why the process of Ethiopia's accession to the WTO is stretched out this far. Although there were various remarkable years in which a progress was made on the course of the accession process since 2003, it is only in the coming few years that the country is expected to conclude the process of accession and finally join the global trade club. The focal point of Ethiopia's accession to the WTO is the liberalization of its economy and its eventual opening up to foreign investment. It is a known fact that there were various explicit and implicit prohibitions and forfeitures imposed by the Ethiopian government in order to sustainably pursue its closed door economic policy. In this regard, the prohibition of the private sector to engage in important segments of the economy such as telecom, power and high level transportation, the dominant presence and role of state enterprises (even as a notable market actor) in the economy of the country, and the total closure of the financial sector (banking and insurance) to foreign investors, are typical. In 2018, however, the Ethiopian government is showing signs which incriminate that it is finally on the verge of acceding to the WTO in that it has begun taking practical measures that would, in effect, result in the ultimate opening up of the country's economy to the wider world. The recently adopted, eventual, step by step measures seem to achieve two basic economic objectives there by catching up with the requirements of WTO accession. The first is, increasing the participation of the private sector in to the previously prohibited segments of the economy such as telecom and power via the scheme of privatization and the second being, the opening up of the previously entirely prohibited segments of the economy to foreign investors. At the present time, the government is opening up and announcing various national and international bids in order to smoothly transfer crucial sectors of the Ethiopian economy to the private sector of both national and international origin. In addition to these practical measures, the Ethiopian government, under the newly appointed Prime Minister of the country, is pursuing (forging) a tangible economic Policy of Regional Economic Integration, with the wider countries of East Africa. The government has reached on mutual understanding and signed extensive economic, bilateral agreements with Kenya, Rwanda, Djibouti, Somalia, Sudan, and even Eritrea, the former foe. These agreements are very crucial to Ethiopia in creating a port to capital city infrastructure which made the country build coast to coast railway transportation. For example, Ethiopia has forged an understanding with almost all of the East African countries on the shore of the Indian Ocean to use their ports for the meaningful underway of its foreign trade such as Djibouti, Kenya, Greater Somalia, and recently the Assab Port of Eritrea is included to the list. This has already created a substantial economic integration amongst the East African Neighbors. It would not be an exaggeration if one concludes that the new government of Ethiopia has the vision to make the country the economic hub and hegemony of the region in the very near future. Unprecedented in its history, the country is witnessing sustainable influx of foreign interest in the form of bilateral investment agreements with both nation states and multinational corporations. Moreover, the long awaited, extraction and production of the countries untouched Petroleum and Natural Gas reserves is underway and the government has already run an extraction test in 2018. When one seriously considers all the mentioned, recent activities of the Ethiopian government s/he would easily understand that the government is creating the final level economic playing field to safely harbor the consequences of the countries inevitable accession to the WTO. However, one thing should also be understood that even under the WTO negotiation the country would only be required to liberalize its economy in rounds of phases and according to the WTO agreements. This directly refers to the opening up of the financial sector, banking and insurance, to foreign investors, which is expected to be the final phase of the process of accession.

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INTRODUCTION

As a theoretical reason for joining the WTO, economists have theoretically identified the reason why countries join the WTO. Accordingly, they often state the argument that governments

may be in the position to pursue what is known as "beggar-the-neighbor" policies that they will agree to sign international trade agreements as a way of mitigating the incentives to do so. The countries can pursue the "beggar-the-neighbor" policies by imposing externalities on their trade partners in the absence of

an agreement, and the main mechanism through which a country can do so is through changes in terms-of-trade. These changes are, of course, only possible due to the countries large size or its monopolistic position in the market. To put it differently, governments can act in their own interest if they are in the position to impose optimal tariffs in order to maximize the country's welfare. However, the problem is, other (large) countries can do the same, which could lead to trade wars and an erosion of national welfare in each country. A related theoretical argument concerns strategic interaction between governments and its private sector. This is virtually never the case in the presence of trade interventions. The failure to pursue the best policies will lead to a search for better alternatives and pressures for policy changes. As a result, the creditability of government policies to the original commitments will be adversely affected. In this regard, an international agreement that locks in the original commitments will boost the government credibility. Having said so, it will be the main concern of this paper to access the possible pragmatic benefits of Accession to the WTO for Ethiopia. The article is divided in to two parts- Part one deals with the possible sector level benefits of Accession and other related benefits (like Market Access, Dispute Settlement, SDT). And part two deals with the possible benefits of Ethiopia from the experience of other already Acceded LDC's, which are selected based on their similarity to Ethiopia regarding their Economic level, Time of launching accession process, Agrarian economy (raw material export based) and so on.

Sector Level Benefits of Ethiopia's Accession to the WTO

The Service Sector: It is one of the key issues of accession due to the very importance of services to the economy at large and the nature of trade in services. The service sector plays an important role for national development by starring the flow of resources within the economy. On the other hand, this sector can also be a source of fragility, especially in countries like Ethiopia, where domestic economic activity is concentrated in particular industries or commodities, making it difficult to diversify risk and absorb shocks to the financial system.¹ It is argued that, services play an increasingly vital role in the economies of all developing countries, accounting for over 40% of GDP in almost all and a much higher proportion in many.² Accordingly, In due course of accession, Ethiopia by committing it's service sector per the principles of Most Favored Nation or National Treatment, could assure: increased domestic competition, which may bring about improved quality of services and a wider choice in the form of access to new services channels; faster access to services; better credit assessment procedures and information gathering techniques; wider choice of products and vendors and easier and more effective diversification of risk; increased competition, better intermediation and the transfer of experience and technology.³ In Ethiopia, the economy relies on commodity exports and cannot reasonably be expected to develop significant exports of services in the near future, however, an efficient service sector is needed in order to market and transport those commodities competitively.

Lack of access to efficient services is one of the main indicators and causes of poverty in the developing world.⁴ Per the examination of LDCs tariff levels and the scope of their GATS commitments, where tariffs are not relevant in the service sector, Ethiopia is expected to generally make far less extensive commitments under the GATS and still protect domestic service providers. Besides, Ethiopia could benefit from article XIX of the GATS and the procedures and guidelines for negotiations and the newly-agreed modalities for special treatment of least-developed countries, which enable her to flexibility open fewer sectors (services are the least controversial issue at Seattle, Doha and now Cancun) and liberalize fewer types of transactions, extending market access in line with her development situation.⁵ Besides, Ethiopia's liberalization of this sector, by only low cost could fit with the country's overall development objectives, for the government has taken a cautious approach towards service sector reform, in a way paving the way, since 1991.⁶

Investment and Foreign Direct Investment: It is frequently lobbied that membership to Ethiopia will, *interalia*, help to attract investment which intern is considered to be a potent tool to achieve economic growth. Obviously, the concessions given and the commitments made as part of the accession package can appeal to investors interests. It is also less arguable that, investor do worry about the level of protection given to their property and the political stability of a country.⁷ Though accession *per se* is less probable to change the political climate of Ethiopia, it would guarantee that Ethiopia maintains an open market with less faltering and more transparent trade policies (would give a legal basis and cement the certainty there after by avoiding the credibility- gap).

Accession also makes Ethiopia beneficiary of MFN and NT (It prohibits arbitrary and discriminatory restrictions on foreign trade and investors and it increases Ethiopia's opportunity to attract foreign investment) with respect to investment.⁸ In fact, to be a typical investor destination, Ethiopia need to adjust its economic policy terms in areas like tariff rates, import restriction and Market access. It is an open secret that, Accession facilitates the political climate in LDC's to be volatile and less credible. Hence, this democratization process, under WTO, could be of immense service in attracting investment to Ethiopia. Besides, it stimulates a stable and open policy environment under which the rules of the game are transparent and reduces un certainty regarding possible future policy changes.⁹ On the other hand, to the extent that our investment involved production for export relies up on access to international markets for imports of intermediate inputs and capital equipment, the WTO's rules and dispute settlement mechanisms can help Ethiopia to assure investors that its policy regime will remain open and will not be subjected to arbitrary reversals for such assurances are particularly important for countries like Ethiopia where the credibility of

⁴Supra note 2.

⁵ World Economy April 2000, Vol. 23, No. 4, 471-489; AadityaMattoo, Developing Countries in the New Round of GATS Negotiations: Towards a Pro-Active Role, World Bank, (April 2000).

⁶ Martha B., SDT for DCs and LDCs Countries in the WTO, *Ethiopian Business law series*, vol. 2., P. 123, (2000)

⁷Svensson J., Investment, Property rights and Political Instability: Theory and Evidence, 42 (7), EER, (1998).

⁸ Articles 1 and 3 of the GATT, (1994)

⁹Abebe A., Accession to the WTO: Brightening the prospect for Attraction of Investment? A least Developed Country's perspective, *Ethiopian Business law series*, vol. 2, PP. 42 - 45

¹Gebrehiwot A. and Derk B., Ethiopia's accession to the WTO and the Financial service sector, *Ethiopian Business law series*, vol.2, PP, 1- 35.

² Brian Blackstone, Measuring the Elusive Services Sector in the Service Economy, CSI, Volume 11, No. 1, (1997)

³Wendwesson Shewarega, Ethiopia's Accession to the WTO and the Potential Benefits of Membership, a Paper presented on Conference on Law and Economic Development, Addis Ababa, Ethiopia (USAID), (2008).

the policy regime is limited even if government pursue open trade and investment policies.¹⁰ But, Ethiopia should not only accede to remove immediate constraints. Rather, in line with the objective of The TRIMS agreement, it should ultimately target to achieve economic growth. Moreover, if Ethiopia makes a commitment to the TRIPS agreement, it serves as an additional pool factor for the encouragement of investment for it is said that modern and well-functioning intellectual property system is an essential element for countries (developing and least developed) for successful participation in the increasingly globalized economy and there by acquire technology from the advanced nations.¹¹ The other benefit conventionally assumed from WTO accession is that by making the policies and laws of the country more predictable and transparent, accession to the WTO brings more foreign direct investment. Besides, good laws governing labor and investment and infrastructure play in effect to change the attitude of foreign investors (enhance the reputation of the acceding country internationally). WTO accession is important to strengthen domestic policies for the facilitation of international trade by decentralizing trade control of the government which results improvement of the domestic trade system. Moreover, membership can serve as a potent tool to tie the hands of the government from reversing trade related laws and policies arbitrarily.¹² In conclusion, Ethiopia would shape its current regulatory and administrative barriers and policy inconsistency, instability and unpredictability of investment via Gradual opening of domestic markets to international trade, with justifiable exceptions or with adequate flexibilities, which allows the achievement of sustainable development, raising people's welfare, reducing poverty, fostering peace and stability, which enhance the ability of private sector to take advantage of post-accession opportunities and build partnerships and dialogue between government and private sector. Finally, as the world economy pulls itself out of the financial and economic crisis of 2008/2009, there is a risk that LDCs might be left behind. So, Boosting and diversifying export trade can help ensure this does not happen: WTO membership can make a real contribution.¹³

Market Access: Accession is one means of securing predictable and secured marketing access for Ethiopian products. The attainability of this objective depends, in part, on whether and the extent to which import restrictions based on process and production methods aimed at the protection of extraterritorial environment and human rights like labor stands are permissible under the WTO system. WTO membership enables to have transparent, stable and predictable market.¹⁴ I.e., as a result of bilateral market access negotiation which started by Ethiopia's submission of offers on concession and commitments in goods and service sectors. So, WTO accession provides expanded market access for Ethiopia. It also brings improvements in the ease and security of market opportunity to major export markets with respect to market

access conditions.¹⁵ The main rationales provided by the Ethiopian government to shy away from the WTO were; to accelerate economic growth; to attract foreign investment and development and to influence the speed nature and direction of globalization. But this all could be achieved much better via accession which is stable and predictable rather than the unilateral measures which could be time-limited and withdraw able.¹⁶ So, Ethiopia where environment regulation is or perceived to be, lax and enforcement capacity relatively low should expect the possibility of import restrictions aimed at protection of the environment notwithstanding WTO membership.¹⁷ Though in view of the foregoing reality, one cannot absolutely conclude that WTO membership will guarantee Ethiopian products access to foreign markets in order to achieve predictable and secured market access for Ethiopian products, the country need to contextualize its policies of import restrictions based on process and production methods aimed at the protections of extra territorial environment and human rights.¹⁸

Ethiopia is characterized by: remoteness (large economic distance from major markets, (even a landlocked state)), relied on a small number of export goods, mostly raw materials, weak administrative capacities, large economic and ecological vulnerability, lack of market-oriented institutional infrastructure, Given such characteristics, the gains from WTO membership seem to be small if they are assessed only in terms of improved market access for the traditional exports of LDCs- Raw materials- mostly enjoy low or zero tariffs in OECD countries and bottlenecks on the LDCs side (including inadequate transport facilities) seem to hamper export expansion more than policy induced barrier on the demand side. However, the attractiveness of WTO is that Ethiopia will be able to obtain an improved access to markets for its exports. Hence, Ethiopia will be able to benefit from all commitments made by signatories of the WTO agreements in the future trade. By staying outside the WTO, Ethiopia could be victim of discriminatory tariffs against non-members by trade partners. In addition, non-member countries would have to negotiate border measures with their partner's bilaterally or regionally and may be exposed to undue negotiating strength of their partners. The multilateral trading system is, therefore, particularly important for LDC countries like Ethiopia which have a limited bargaining power to exploit and improve their terms of trade. In this regard, The WTO is considered to play an important and positive role in its contribution to the predictability, security and transparency of market access.¹⁹

SDT benefits to Ethiopia: By acceding to the WTO, Ethiopia could be beneficiary of the outcome of the Tokyo round, which is the adoption of the 1979 decision on differential and more favorable treatment, reciprocity and fuller participation of developing countries also known as the Enabling clause.²⁰

¹⁵ John H., William J., and Alano S., Legal problem of international Economic relation, (Cambridge University), (1995), P. 336

¹⁶ Melaku G. Desta, Ethiopia's Reluctant move to join the WTO: A Preliminary look at Legal and Institutional Implications of Accession, *Journal of Ethiopian law*, Vol. 22, No.1, (2008), P. 36.

¹⁷ Seyoum Y., Import Restriction Based on Process and Production Methods: Limits to what is in WTO Membership for Ethiopia? *Ethiopian Business law series*, Vol. 2, PP. 92-94

¹⁸ Wolde B. Adugna, Ethiopia's Accession to the WTO with emphasis on foreign market Access, A thesis submitted to the school of Graduate Studies of Addis Ababa University in partial fulfillment of the requirements for the Degree of Master of Science in Economics, (July 2006), PP.9 and 36.

¹⁹ Id. PP., 25-29.

²⁰ *Supra* note 6, P. 98.

¹⁰ Fikremarkos M., Ethiopia's WTO Accession: A strenuous step for a poor nation seeking Economic prosperity, *Action Aid Ethiopia*, (2005), P.32 ; WTO, 10 Benefits of the WTO Trading system, (2003), P. 3.

¹¹ *Supra* note 9, available at http://www.wipo.int/documents/en/document/pcipd/doc1_3

¹² Kenneth Maxell, Evaluating WTO Accession: Legal and Economic perspectives, (2005), P. 31.

¹³ International Trade Center: trade capacity for acceding LDC's, speaking notes for Patricia Francis, Palais des Nations, CH-1211, Geneva 10, Switzerland

¹⁴ *Ibid*

Accordingly, Ethiopia could enjoy various GSP, for SDT provision under GATT agreements for certain aspects of regional or global preferential agreements among developing countries and special treatment for LDC's. Moreover, as it is among issues discussed for agreements under the Doha round for negotiations, where enforceable SDT provisions are agreed up on, Ethiopia by identifying itself as LDC or DC can enjoy the benefits. WTO membership including the process of accession, leads to sizeable technical assistance in the form of training with respect to the legal framework of the multilateral trading system and its economic underpinnings. WTO is institutionally prepared and financially endowed to help LDCs to form human predictability of such benefits, which are by no means guaranteed for outsiders and capital in trade policy formulation and trade diplomacy that can also be used for other legal issues. WTO membership encourages Ethiopia to open its domestic markets even if it can take a free rider under "special and differential treatment" for ascertain period.²¹

So far, according to a study by the WTO committee on trade and development the universe of special and differential treatment consists of 145 provisions spread across the different multilateral agreements and various ministerial decisions. So by acceding to the WTO, Ethiopia can be beneficiably of the following different treatments:²² Provisions aimed at increasing the trade opportunities of DC members like reduction and elimination of barriers; Provisions under which WTO members should safe guard the interests of DC members; Provisions which provide for flexibility of action and use of policy instruments; Provisions which give longer transitional time periods; Provisions concerning technical assistance for developing and LDC; and for LCDs there are provision relating to LDCs; Preferential marketing access schemes; GSP (1971); Enabling clause of 1979- exempted LDC's from MFN obligation; AGOA; EBA; The treatment to DCs and LDCs under the AOA. Developed country members would fully take in to account the particular needs and conditions of developing country members; GATS Article IV also talk about increasing the participation of DCs in the trading system; Even the TBT agreement technical Barriers to trade recognize (take account of the special development, financial and trade needs of developing country members; the SPS Agreement (Article 10.1); Anti-dumping agreement; Article 9(1) of the safe guard agreement; The understanding on rules and procedures governing the settlement of disputes(DSU- Article 4.10); LDCs are exempted from the requirement of full reciprocity by virtue of Art xxxvI paragraph 8; AOA given DCs 10 year's period with in which they should comply with their commitments under the agreement while LDCs are exempted totally; SPS also provide for longer- time- frame to comply with such new measures; SCM agreement given longer transition period for developing and LDCs to phase out subsidies; Assistance to integrate LDCs -SPS art 9.1., TBT (11.1 advice to LDCs), Trips Agreement- Article67; IMF, WB, UNCTAO, UNDP, ITC, FAO and so on.²³

Moreover, the Differential Treatment in Doha are already agreed to be reviewed and strengthened to become effective and operational. Finally, a different guideline was adopted for the acceding LDC's with Doha the WTO makes facilitation of LDCs accession its priority.²⁴

Agriculture Goods Sector: By the very act of accession, Ethiopia will be at duty to make its agricultural policies in compliance with the rules and disciplines under the WTO Agreement on Agriculture (AoA). In addition to the negotiations on improvement of market access conditions (e.g. binding and reductions, if necessary, of tariffs), the Ethiopian government's support to agricultural producers and exporters will be put under a scrutiny by WTO member countries.²⁵ Then, if those measures are found to be "trade-distorting" according to the AoA criteria, Ethiopia will be committed to reduction to the level agreed in the course of accession negotiations. This, in due course, may require a substantial "reform" in the agricultural policy, especially in countries like Ethiopia where the government intervention has been playing a vital role in the agricultural sector.²⁶ Thus, if Ethiopia can fulfill these requirements, it, in addition to credibility of its sector in international trade, can benefit from special arrangements, which sheltered Agriculture from the full impact of GATT disciplines. As a dominantly agricultural state, the merit of this special arrangement to Ethiopia would be enormous. Even today, in the WTO, agricultural policies are covered by a separate agreement that, to a degree, still shelters them from generally applicable rules.²⁷

Though the main objective behind it in the WTO is the need to guarantee, over time, stable food supplies in a world of fluctuating harvests and potential famines, its impact on the primitive Ethiopian agricultural sector is substantial.²⁸ As usual however, Ethiopia could still stick to various flexibilities if there emerge a need to look after domestic interests. When one considers the commitments to bind Ethiopia on the agricultural goods, they are Commitments on Market access, on domestic support, and on Export subsidies- which are all by themselves beneficiary to the counties economy- hence, backed by the exceptions, I see no conventional reason to avoid them by avoiding membership when relatively compared with the negative externalities on the sector outside the WTO.

Effective Dispute Settlement: Ethiopia could maximize a lot out of the formal WTO dispute settlement mechanism. It used to resolve international trade dispute between the member countries with a binding decision (Especially, with no sense-full power of retaliation this is the best option) and there by provides security and predictability to the multilateral trading system.²⁹

Experience of Recent LDC'S: Possible Benefits to Ethiopia: Until present, Ethiopia's service sector, especially the financial sector is closed for an international competition. However, from the experience of other LDC's who has recently acceded

²¹ Peter V. Bossche, *The Law and Policy of the World Trade Organization: Text, Cases and Materials*, (Maastricht University), Cambridge University Press, (2005), PP. 692-703 and 225-228.

²² *Supra* note 6, PP.100-122; refer to Articles XxxvII,xxxvII /1/b,1/c and xxvIII of the GATT; Article 15.2 of AoA and Article 9.1 of SPS Agreement.

²³ Program me to Support the Integration of the ACP States into the Multilateral Trading System of the WTO: Technical Assistance to Support Ethiopia in its Accession to the WTO (Contract no. 7 ACP-RPR-753-Project No. 39 b) Impact Assessment of WTO Accession, 10 September 2005.PP. 16-17.

²⁴ *Supra* note 21, PP. 702-706.; The Doha Ministerial Declaration paragraph 35-44. The same holds true in the ministerial declarations of Singapore (1996) and Geneva (1998).

²⁵ *Supra* note 23, PP.30-31.

²⁶ *Ibid*.

²⁷ The Agreement on Agriculture(AoA)

²⁸ *Supra* note 23

²⁹ UNCTAD, *WTO accession and Development Policies*, (2001), PP. 163; WTO, *10 Benefits of the WTO trading system* (2003), P.3.*Supra* note 21, PP.172-304

to the WTO, it is crystal clear that, these countries have committed to opening up trade in services and become beneficiaries of the positive externality there to. This opening up to Ethiopia however, should be made withstanding prior strengthening of the supervisory and regulatory frame work of this sector (here it is relevant to mention policy reviews made by the government since 1991-1992 to liberalize and adjust the market system to free market (as it looks). Hence, Ethiopia is advised to develop good macroeconomic policies and stabilization program besides this sector - reform. Besides 100% opening up is not a duty, so opening up backed by local protection per the WTO flexibilities less liberalization on important sectors and vice versa is advisable.³⁰ With respect to investment and Market Access, Ethiopia could maximize a lot out of the outcome of Vietnam's accession to the WTO followed by tremendous in - flow of large volume of investment and which encouraged foreign investors to develop confidence to invest in Vietnam. Not to mention, safer political risk and predictable and comparable investment environment after accession.³¹ With respect to "investor confidence" Saudi Arabia has maximized a lot which in turn out come rocketing increase in foreign direct investment after accession.³²

In a similar fashion, after accession china's foreign trade, market access, investment volume of GDP has flourished like no other (it becomes the 2nd largest GDP holder next to Germany in 2008/09 and it out weighed Germany by 2010 (though China was also successful in achieving a lot before accession) and now by 2018 it is about to overcome the USA.³³ The same holds true for Azerbaijan and Russia, after accession, as a positive impact of liberalizing barriers to foreign direct investment.³⁴ However, Ethiopia should also take in to consideration the cost of adjusting the existing investment reality to the integration process- adjustment of the platform may often require total rehabilitation. Besides, as one of ongoing LDC to accede, Ethiopia can make accession easy taking advantage of the blessings of the Doha ministerial declaration.³⁵ Regarding Special and Differential treatment, Ethiopia may also learn from the experience of Cambodia (May 1999- June 20003), Nepal and Cape Verde (1999-June 23, 2005) which managed to finish the arduous accession process and joined the WTO. Moreover, with the Doha declaration 2002, on the Guideline for the accession of LDC'S which aimed to facilitate and accelerate accession of LDC'S through simplified and streamlined procedures for the negotiations in the relevant areas.³⁶

³⁰ *Supra* note 1, PP.16-20; Article XxxvII of the GATT, 1994.

³¹ Available at: <http://www.boobinuong.org.vn/detailten.aspx? Item= 39804>

³² Fetched from: <http://www.arabnews.com/?page=6 §ion= 0& article =89879 & d=11&M=12&y=206 & pix= business. jpg & category =business.>

³³ IMF report 2008/9; China's WTO Accession: Commitments and Prospects; Zhao Wei (Professor of Economics and Director of the Institute of International Economics, Hangzhou University, China. He had been a Visiting Professor at the Centre for Economic Research, ETH Zurich, Switzerland from July 1997 to January 1998.) PP. 1-23.

³⁴ Available at: <http://pdc.ceu.hu/archive/00003828/01/WTO recommendation. pdf>.

³⁵ Available at: <http://www.WTO.org., paragraph 42, Doha Ministerial declaration.>

³⁶ Country studies commissioned by Simon J. Evenett, Draft prepared on 22 January 2005 (Prepared for an IDRC-sponsored research project titled Evaluating and Preparing For WTO Accessions. Project Leader: Simon J. Evenett, World Trade Institute, Bern, and the University of Oxford. Comments on this draft document are welcome.): Cambodia (PP. 6-121); Nepal (PP. 239-279); Vietnam (PP. 279-314); Jordan (PP. 172-227). Guideline for Accession of LDC's, WTO document WT/L/508: <http://www.WTO.org>.

Accordingly, Ethiopia could enjoy accelerated accession by invoking SDT (N.B. the cost of accession increases time square). Especially, Cape Verde's experience proved that Article 7 of the Doha declaration on the TRIPs agreement and public health was applied and its full compliance with the TRIPs agreement was extended to 2016.³⁷ Besides, by learning from Nepal's experience, Ethiopia so as to enjoy strong bargaining position, may request technical assistance from the WTO or Developed states so.³⁸ Having considered the currently forged good international diplomatic relationships with the countries of the world, I think Ethiopia can cause good use of the SDT provisions better than the already Acceded LDC's. On foreign direct investment, the experience of Cambodia shows that all types of international settlements and capital flows were permitted without restriction provided these were implemented via authorized intermediacy. Moreover, after accession, Cambodia did not require surrender of foreign exchange proceeds from import or exports and committed to full transparency.³⁹ At least the same or better benefits in relation to FDI can be achieved by Ethiopia. Nepal's case also reveal that it committed not to require import licenses to obtain foreign currency for specific goods, which facilitated 100 percent of capital transfer in the form of foreign investment. Besides, Nepal's exchange rate system is presently free of restrictions on the making of payments and transfers for current international transaction.⁴⁰ China's experience also shows that it has removed many of the restrictions on the use of foreign exchange. Per China's commitments, it has subjected its foreign exchange regime to WTO and the related institutions and committed full transparency to that effect.⁴¹ In a nutshell, with respect to foreign exchange, Ethiopia could maximize a lot from the fact that it is sensitive issue, and should adjust its various restrictions per the WTO, IMF-AOA requirements and raise its level of transparency.

Conclusion

It is an open secret that, the benefits a country could gain from accession to WTO more or less depends on its ability to negotiate on the terms of the agreement. That is, a country with strong negotiation capacity (bargaining power) can mold the negotiation to its own favor. This however is withstanding the country's economic status and whether it has effectively prepared to that effect. It is often alleged that- in the WTO states get (achieve) what they negotiate not what they deserve. Irrespective of this however, a rule based multilateral trading system could provide a lot of benefits to its member states. Meanwhile, it would be absolutely erroneous, if one absolutely concludes that Accession *per se* would guarantee for Ethiopia the full maximization of all the benefit of accession and help it achieve all its developmental objectives. This is because, on the one hand, development presupposes both the integration of inter-sectorial and sectorial developments in a state and on the other; it is significantly affected by other factors like transport, communication, reliable energy supply, administrative complexity, availability of skilled man power and infrastructure. Hence, as it is often preponderated, Ethiopia should continue its effort of fixing the conducive platform (in terms of Laws, Authorities and personnel) in line with the

³⁷ See paragraph 246 of the Working party report on the Accession of Cape Verde for the WTO. WT/ACC/CPV/30.1

³⁸ *Supra* note 36; <http://www.oxfaminternational.org>.

³⁹ *Ibid*.

⁴⁰ *Supra* note 36.

⁴¹ *Supra* note 33

WTO rules. Moreover, all the discussion above by no means imply, Ethiopia could not achieve similar development object being un related to the WTO, for those can be achieved via unilateral agreements or still in the form of preferences made from developed countries to Ethiopia (like EBA or AGOA). They could be achieved, sometimes even better. However, comparatively speaking, the WTO unrelated ways are often proved to be time limited, accidental, not credible, unstable, conditional, arbitrary and above all might turn to be remediless due to the politics of international trade which make LDC's vulnerable to Retaliation by the giants of the big-trade club which is presumed to control more than 90 percent of the world population under its ambit. On the other hand, saving those constraints (still plenty exist on related cases too) joining the global trade club, which is rule based multilateral trading system, could provide those mentioned and other benefits to a state like Ethiopia having considered accession to the WTO is a current issue in the club. Moreover, accession could be a better option to Ethiopia for it does not absolutely preclude the country from taking various pro-domestic measures taking advantage of flexibilities, exceptions or preferences, if necessary. Finally, per the Millennium's UN General Assembly Declaration, to ensure that poverty is eradicated, economic globalization and international trade have to be managed and regulated at the international level. The declaration therefore stressed- we are committed to an open, equitable, rule-based, predictable and non-discriminatory, multilateral trading system (United Nations General Assembly, UN Millennium Declaration, Resolution adopted on 8 September and para.13). With the cost of accession increasing over time, I see no convincing reason for Ethiopia to be an exception to this declaration.

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