

## **TRAINING WORKSHOP REPORT**

### ***"Strengthening Skills on Commercial and Economic Diplomacy and Trade Policy Issues"***



***15-17 JUNE 2009, Nairobi, Kenya***

## 1.0 Introduction and Opening Remarks

*By Margaret Chemengich, Chief Executive Officer, Institute of Economic Affairs (IEA)-Kenya.*

The inaugural speech was made by Ms. Margaret Chemengich, the Chief Executive Officer of Institute of Economics Affairs, Kenya, on behalf of Prof. Jasper Okelo (CUTS Board member). She began by welcoming all the participants to the CUTS -Commonwealth Training on **“Commercial and Economic Diplomacy”**. She affirmed that the objective of the training was to strengthen the professionals on commercial and economic diplomacy by imparting skills to the government officials from the selected Commonwealth countries in the Sub-Saharan Africa region. She also affirmed that the initiative will have a lot of influence and up scale diplomatic skills in the Sub Saharan region, especially in the regional and International negotiations. The need to enhance the diplomatic skills among the commercial diplomats working in the ministry of trade and those who are engaged in the international trade and investment agreements was mentioned as the main concern in the region as most of the diplomats lack the required excellent public speaking skills to effectively undertake diplomatic missions.

## 1.1 Opening remarks by Dr. Mohammad A. Razzaque, Economic Advisor, Commonwealth Secretariat, U.K

On behalf of the Executives of the Commonwealth Secretariat and the Head of Trade Section at the Commonwealth Secretariat, Dr. Mohammad Razzaque extended a warm welcome to the workshop. He said that in most of the low-income developing countries, commercial diplomacy has become a critical challenge with lack of trained officials, becoming a major impediment for countries' effective participation in trade and investment programmes, hence there is need to develop the capacity of officials with respect to the commercial and economic diplomacy. He summarised by thanking all the participants, resource persons who attended the workshop. He also thanked CUTS Nairobi for organizing the event.



*The Faculty. Left to right Ambassador Love Mtesa (Zambia), Ambassador Nathan Irumba SEATINI (Uganda) and Margaret Chemengich of IEA, Kenya.*



## 2.0: Session 1: International Diplomatic Environment

*By Kishan S. Rana, Former Indian Ambassador and Senior Fellow, DiploFoundation, Geneva*

**Kishan S. Rana** made a presentation on International Diplomatic Environment. The main objective of this session was to give an overview of the international Diplomatic environment in the context of understanding the concept of the commercial and economic diplomacy. The following is a brief summary of the deliberations from the session;

- ***Making foreign missions and embassies accountable.*** Governments should develop a holistic approach that could influence public opinion domestically. Capacity building for commercial attaches to work hand in hand with the domestic ministries should also be enhanced.
- ***Transparency and accountability by foreign missions is needed.*** Foreign ministries should feel a sense of ownership in representing the home governments.
- ***Promoting the image of a country.*** This could be enhanced by Public-Private partnerships (PPPs) through major economic drivers such as tourism. Brand companies are potential beneficiaries of brand imaging so, pooling of resources, making relevant proposals through PPPs for building up the image.
- ***Promotion methods.*** There is need to identify new investors to attract them in developing countries. This could be enhanced by positive media coverage, introducing attractive and conducive conditions through “economic marketing” as well as integrating business with all other country’s work.
- ***Promoting Small and Medium Enterprises (SMEs).*** With all attention drawn to negotiations, it is imperative to consider linking SMEs with global trade initiatives. This could be enhanced through sending SMEs delegation in Global trade fairs, introducing an SME code/ SME policy which favours them.
- ***Information dissemination and sharing.*** This could be vital in the follow-up mechanisms that should be adopted in ensuring that key stakeholders are kept informed and obtain business opportunities.

### 2.1. Trade Policy-Related activities at the Commonwealth Secretariat

*By Dr. Mohammed Razzaque, Economic Advisor, Commonwealth Secretariat*

*The following informs a brief summary of the presentation:*

- Commonwealth is a catalyst for global consensus building and a source of assistance in promoting democracy and eradicating poverty.
- The international Trade and Regional co-operation (ITRC) section of the Economic affairs Division (EAD) of the commonwealth secretariat is entrusted with the responsibilities of undertaking policy-oriented research and analysis on international trade and development issues.

- The ITRC work plan is flexible to enable quick response to emerging issues in the international trading environment that impact particularly on two highly vulnerable commonwealth constituencies-least developed countries (LDCs) and small states.
- It supports commonwealth developing members in their negotiations of multilateral and regional trade agreements that promote development friendly outcomes, through expanded trade.
- It also conducts policy research and consultations that increase understanding of the changing of the international trading environment and of policy options for successful adaptation.



*Resource persons following the proceedings. Left to right Dr Mohammed Razzaque (COMSEC), Ambassador Kishan Rana (Diplofound, Geneva) and Brama Lito Kaleve of Ministry of Trade, Kenya*

## **Session 2: Approaches to Negotiations:**

*Presentation by Ambassador Kishan Rana, Former Indian Ambassador and Senior Fellow, DiploFoundation, Geneva*

The main objective of this session was to examine the broad issues in the negotiation and come up with the improvements in external negotiation process. The following informs a brief summary of the deliberations from the floor:

- ***Taking negotiators to task.*** The wide-set in most developing countries is huge because stakeholders do not take negotiators to task. Significant efforts need to be done domestically by building the capacity of these stakeholders.

- ***Principle of equality.*** This should be considered through building mutual trust and an atmosphere of peace between the negotiators and the home governments as well as building some degree of flexibility.
- There is need to develop publications on the lessons learnt during the negotiation exercise to keep stakeholders abreast on their progress.
- LDCs putting more efforts to negotiation. Such efforts could be made through imparting skills and knowledge on negotiators, consulting with stakeholders to know the critical problems which face LDC negotiators.

### **Session 3: Trade Promotion Activities:A Field Perspective.**

***Presentation by Ambassador Kishan Rana, Former Indian Ambassador and Senior Fellow, Diplo Foundation, Geneva***

***Mr.Kishan Rana*** made a presentation on trade promotion activities. The objective of the session was to impart skills to participants on practical methods for trade promotion and methods of market share analysis (for products and target markets) .The following informs a summary of floor deliberations on the session presentation:

- ***Branding of a country's image.*** This is a crucial stage that could be achieved through the media activities, positive coverage of key economic issues to greatly impact on the economic growth and development.
- ***Facilitating the commercial attaches.*** This could up scale the performance in the foreign missions with the technical capacity and outreach activities so as to improve the trade opportunities for their home governments.
- ***There is need for foreign missions to operate more as business units*** to maximize the gains through intensive networking .The government through the political will should inject more money to these missions and fund promotional and outreach activities.



*Participants following the proceedings in one of the training sessions*

#### **Session 4: Trade Policy Issues and Challenges in Sub-Saharan Africa**

***Presentation by Margaret Chemengich, Chief Executive Officer, Institute of Economic Affairs, Kenya***

The main objective of this session was to give an overall direction of trade policies of countries in the Sub-Saharan Africa as well as the changes in the trade policies in the context of bilateral, regional and multilateral agreements/negotiations. The following is a key highlight of the presentations:

- Independent regulatory institutions need to be established to control the effects of liberalization.
- There is need to link up trade policies in the developed countries with those of the less developed countries and help integrate them in the world economy.
- Informing trade positions entails deep research and analysis from other markets to know the competitors well in other RECs. This could be achieved through partnering externally with other research institutions to share information and best practices in the areas like energy sector where commercialisation has been achieved Public-Private Partnerships.
- Trade facilitation and trade promotion activities should up-scaled. There is need to rethink towards trade promotion activities other than the current emphasis on trade negotiations.
- There is also need for linkages between trade and Development by conducting a needs assessment on issues that have been agreed globally by UN, World Bank and EU.



#### **Session 4.1: Evolution of trade policies in Sub-Saharan African countries since the 1990s in the context of various bilateral regional and multilateral trade negotiations and agreements.**

*Presentation by Ambassador Nathan Irumba, Former Ugandan Ambassador to the WTO/Executive Director, SEATINI*

The main objective of this session was to present the evolution of trade policies in Sub Saharan African countries with the main focus on the rationale behind regional integration within the Sub-Saharan Africa. The following is a brief summary of the presentation;

- Sub-Sahara African Countries have been undertaking the structural adjustment programmes (SAPs) under the auspices of IMF and World Bank since the 1980s.
- The main objective of the SAPs were to dismantle the inward trade policies with the view of having an outward oriented free market driven economy where the state plays only a minimal role.
- The dismantling of inward oriented trade policies has adversely affected Africa's industrial strategy .This has resulted into de-industrialization with the collapse of a number of industries .It is on this premise that the SSA has been participating in the bilateral, regional and multilateral negotiations.
- The regional integration has emerged as a framework to address obstacles to intra African and International Trade within the continent and the rest of the world. It is therefore a means of enlarging the size of the market which could enable manufacturers to produce at a lower cost for a larger domestic unit.

#### **Session 4.2 Overview of current trade policies in Sub-Saharan African countries and their linkages with national development policies on the one hand and the on-going bilateral regional and multilateral negotiations on the other.**

*Presentation by Love Mtesa, Former Zambian Ambassador to the WTO*

The following gives a brief summary of the presentations:

- Diplomacy concerns the formulation and advancing policies relating to production, movement or exchange of goods, labor and services in other countries.
- A unique feature of economic diplomacy is that private sectors are very much involved in the decision making process to influence negotiations that are conducted by governments.
- Economic diplomacy has gained so much relevance in the Globalization era of markets and may therefore be described as the moving away from an economic system in which national markets are distinct entities towards a system in which national markets are merging into one global market.

- It is therefore imperative that in the interest of fair play and humanity, the developed countries and international organizations like the WTO, the United Nations and all its agencies, take deliberate steps to address the economic constraints that developing countries, especially the LDCs, are facing.
- Embassies should do research to enhance trade and foreign investments. They should not shun the private sector or civil society at all. On the other hand, the private sector and civil societies should not feel constrained to deal with Embassies in the promotion of trade and investments.



*Ambassador Nathan Irumba makes a presentation on EPAS. On his right is Ambassador Love Mtesa*

**Session 4.3: Overview of current trade policies in Sub-Saharan African countries and their linkages with national development policies on the one hand and the on-going bilateral regional and multilateral negotiations on the other.**

*Presentation by Margaret Chemengich, CEO, Institute of Economic Affairs, Kenya*

The main Objective of the session was to unravel the current trade policies in Sub-Saharan Africa countries and the challenges current trade policies include *inter alia* inadequate supply capacities, NTBS, limited analytical and negotiation capacities, high transport costs, lack of competitiveness, poor access to information, divergencies /overlaps and mismatch in trade facilitation, technological challenges, institutionalization of trade policies and networks and trade finance opportunities. The following informs the floor deliberations from the session.

- **Trade and investment promotion.** Efforts to harmonize investments should be done jointly by the regional economic blocks. Incentives should be included in the investment codes so as



to counter the challenges of investment. There should also be need to add value to increase the prices of exports.

- **Trade diversion.** In the context of EPA most major trading partners would be excluded in the trading system such as Japan India and China who are trade in volumes with the ACP countries. EAC ought to learn from CARIFORUM model of interim EPA in terms of joint negotiations.
- **Promoting South-South Cooperation.** These efforts among the key RECs should remove the non-tariff barriers to maximize the gains of trading together. This calls for a strong institutional building (independent institutions) to deal with customs implementation.
- **Theory and Practice under the RECs commitments.** There is need for other stakeholder s such as the Private sector, CSOs to come in and influence the implementation of key issues such as the regional corridors. Similarly, North-South corridor is still in paper and should be implemented as promised by World Bank and IMF. At a political level, heads of state met in Lusaka, Zambia and planned a budget that would cost \$1.5 Billion.

#### **Developing holistic approaches to trade policy making and trade-related negotiations *Presentation by Margaret Chemengich, CEO, Institute of Economic Affairs, Kenya .***

Margaret Chemengich made a presentation on the mechanism of developing an holistic trade policy in the Subsaharan Africa. The following are some of the outstanding issues in the context of developing holistic trade policy;

- One of the most critical challenge in the trade policy making is the different levels of development among the Regional Economic Cooperations as well as multiple memberships.
- Exclusion of some key players in policy making processes has been due to lack of technical capacity to handle legal issues hence misleading legal instruments.
- Harmonization of policy and regulatory framework should take into account commitments at all levels global/multilateral, regional and bilateral to help institutions larry together to leverage common issues, build bridges among RECS in Africa so as Trade and investment should be handled together.
- Use of modern technology is important if information access will facilitate the growth of trade policy. This sort of trade facilitation and capacity enforcement should have a continuous assessment and evaluation of impact of trade policies with a view to taking on board the most beneficial.
- There is need to establish linkages between trade agreements and related issues on environment, labor, governance and identify current trade patterns to identify niches at national, regional or contitnental level

**The following informs informs the session deliberations:**

- ***The replication of belonging to many RECs.*** The contribution hereby made was a case of Zambia which belongs to both COMESA and SADC. Zambia hosts the secretariat while it is

one of the pioneers of SADC. This slows growth of trade within most African RECS so, countries should know which customs union to belong to.

- ***Trade law in Africa is overlooked.*** Most experts handling trade law are lawyers without trade background. There is need to introduce trade law in the educational curriculum to mainstream them in the trade field.
- ***Developing domestic market to integrate them into the international market.*** This linkage could be facilitated by developing standards, certification rules and appreciating international markets through value addition.
- ***Introducing Co-operate social responsibility program.*** This could be fitted in the investment promotion to streamline it in international trade so as to promote local investment. Also, a policy framework/regulatory framework should lay a foundation to which value could be added to the lower levels.
- ***ICT is a platform for trade and development activities.*** There is need to facilitate players regionally, helping them access policies and implement them so as to drive the economy.
- ***Innovative policies in aid management.*** For this case, LDCS challenges lies on the innovations which calls for the need to adopt policies that support sound industries. They should also be careful in replicating success stories by being more innovative.

### **EPAs – Negotiating objectives and strategies of and outcomes for Sub-Saharan African countries.**

***Presentation by Nathan Irumba, CEO SEATINI and Former Ugandan Ambassador to the WTO***

***The following informs a brief summary of the session deliberations:***

- ***COMSEC Efforts on EPAs:*** The commonwealth has an initiative of bringing EPA negotiations for the ACP countries. It has undertaken analytical work on a range of trade policy and development issues, supporting workshops/dialogues for facilitating consensus-building on issues of commonwealth members' interests, exchange of ideas, and disseminating results from informed analysis.
- ***Liberalization and regional Cooperation:*** In the assessments on potential implications on EPAs welfare gains might be positive. Gains are got from what you get from negotiations on DFQF market access. For EPA-ACP nothing will be gained from that trade basis so the gains could be negative
- ***Special safeguard Mechanism.*** This were to protect the LDCs from import surges such as raw materials and this has been precluded through preference erosion

### **Session 5: Simulation Exercise on Bilateral Trade Negotiations.**

***By Ambassador Kishan Rana, Former Indian Ambassador and Senior Fellow, Diplo Foundation, Geneva***

This Session was facilitated by Mr. Kishan Rana. It was a practical negotiation simulation exercise, involving a free trade agreement, aimed at exploring the manner in which a bilateral negotiation unfolds, and the possibilities of trade-offs, based on the mutual and shared interests of the two sides. Participants were taken through the practical negotiation process.

## Closing Remarks and Vote of Thanks

### *By Professor Jasper Okelo, CUTS Africa Resource Centre Board Member*

Prof. Jasper Okelo made closing remarks by making an emphasis on the importance of commercial and economic diplomacy training. Ambassador Love Mtesa expressed a great honor to thank Dr. Mohammad Razzaque on behalf of the Commonwealth Secretariat in supporting the initiative to build the negotiation capacity in Sub-Saharan Africa commonwealth countries. He also passed a vote of thanks to the Resource persons, participants and CUTS ARC, Nairobi for organising the event. In his closing remarks, Love Mtesa made a suggestion that CUTS Nairobi should organise more of such trainings and consider bringing on board other international organisations like UNCTAD, WTO, ITC, UNIDO experts to participate and contribute to the work of achieving the MDGS. The training workshop was concluded by award of certificates to all the participants facilitated by Mr. Clement Onyango and Prof. Jasper Okello.

## List of Participants

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