

GPA SYMPOSIUM

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THE GPA AND AFRICA: POSSIBILITIES AND OPPORTUNITIES AHEAD

S1.3

by

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- 1. Drawn from a paper by N. Niggli and K. Osei Lah (2014), WTO Working Paper ERSD 2014/20 (see end)*
- 2. The views expressed in this presentation are those of the authors and should not be ascribed to the WTO, its Members or Secretariat, or to the Swiss Embassy or Government*
- 3. The term 'Africa' as used in this presentation includes 'African countries' where applicable.*

Outline

- A. Relevance of the GPA to Africa's trade and development prospects
- B. Implications and policy considerations for Africa and the world
- C. Takeaways

A1. Africa infrastructure: challenge and opportunity

- o Africa's infrastructure deficit – barrier to region's development
- o Solution includes PIDA, with complementary national elements
 - Overall goal: “promote socio-economic development and poverty reduction in Africa through improved access to integrated regional and continental infrastructure and services” (source: NEPAD)
 - 30 year programme: 2010-2040, Cost: \$360 billion
 - Focus: Energy, Transport, ICT, Trans-Boundary Water
- o Successful delivery of PIDA foster growth & prosperity
 - Deliver extra 2% GDP growth to 6.25% pa
 - Sixfold plus rise in GDP from \$3.3b to \$20.3trillion in one generation
 - Doubling of Africa's share of its regional trade and of world trade
 - Creation of some 15 million jobs
- o Challenges to successful PIDA implementation include
 - Significant financing gap – up to half of annual financing need
 - Absence of uniform governance framework

A2. PIDA Implementation: is there a role for the GPA?

- GPA – should African countries join? Potential benefits
 - Governance instrument: international 'stamp of approval', foster value for money, efficient resource utilisation, inward investment
 - Trade instrument: **\$1.7 trillion** GPA covered procurement market
 - Help liberalise African regional procurement markets
 - Transitional measures: use to limit the entry costs of accession, foster development of productive capacity, strategic sectors, etc.
 - International policy landscape: synergies, complementarities
- GPA – should African countries join? Potential challenges
 - Preparatory, negotiating and implementation costs
 - Adjustment costs for local industry
 - 'Policy space' considerations
 - other policy issues – e.g. Africa's own regional integration agenda
- But note: sunk costs, paid price, opportunity costs
 - Previous/ongoing reforms, opportunity costs of non participation

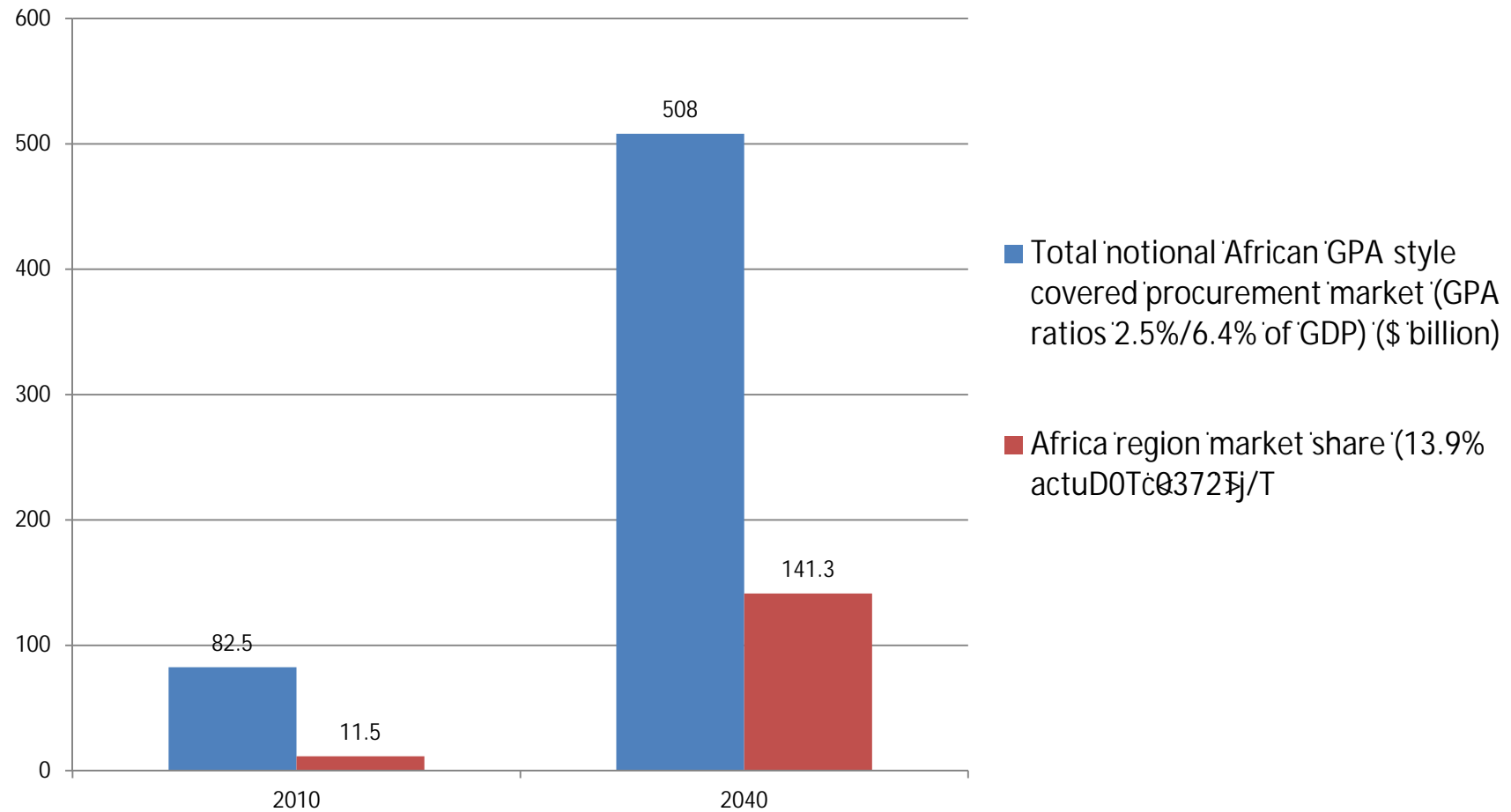
A3. The GPA & PIDA: trade dimension in numbers (2)

Size of African regional govt proc market @

A4. The GPA and PIDA: trade dimension in numbers

- The trade dimension of PIDA: African regional dimension
 - potential size of African regional govt proc market (15-20% of GDP):
\$495.660 bn at start (2010), rising to \$3.05-4.07 trn at end (2040)
- Liberalisation of African regional govt proc market to GPA standards (2.5-6.4% of GDP*)
 - \$82.5-\$211.2 bn at start, rising to \$508bn-\$1.3 trn at end
- Notional African countries'

A5. The GPA & PIDA: trade dimension in numbers (3)



B1. African GPA accession: benefits & challenges for other stakeholders

- GPA Parties – potential benefits
 - Boost in membership numbers plus potentially significant regional market access growth at minimal cost to Parties
 - Foster more competitive accessions
- GPA Parties – potential challenge
 - Cost of transitional measures package; other costs?
- WTO system benefits: foster GPA multilateralisation
 - GPA a 'tool of global economic integration and good governance' (Anderson 2010)
- Global welfare gains from African economic growth
 - Africa another growth engine for global economy

B2. Government procurement as a strategic function for trade and development

○ “Strategic development procurement” / “strategic trade development”:

- “leveraging the combined power of trade and government procurement, in a manner respectful of the WTO principles of transparency and non-discrimination, to deliver enhanced development outcomes consistent with the principles of socially inclusive sustainable growth, and common but differentiated responsibilities,

differentiated

C. Reflection: Takeaways

- Africa: potential long term global trade/growth engine
- Essential pre requisite: infrastructure development
 - Aid for Trade, trade facilitation dimension
- PIDA: a key implementation tool
 - Jobs creation, trade, development dimension
- Consistent government procurement sub text
- GPA: potential integrating, implementing policy tool
- The GPA and PIDA: a post 2015 agenda item?
 - transformational; helpful for Africa, good for the world

Thank you

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Resources: Nicholas C. Niggli and Kodjo Osei Lah, 'Infrastructure Provision and Africa's Trade and Development Prospects: Potential Role and Relevance of the WTO'