

# Keynote address by the Secretary General at the 4th Global Review of Aid for Trade: Connecting to Value Chains, 8-10 July 2013, Geneva Switzerland

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**"Opportunities offered by South-South trade for the economic and trade development of ACP states"**

**Statement by the ACP Secretary General H.E Alhaji Muhammad Mumuni at the World Trade Organisation (WTO) 4th Global Review of Aid for Trade: Connecting to Value Chains**

### **Session 7: South-South Value Chains - Tapping into Growth Markets, 8 July 2013**

Mme Valentine Rugwabiza, WTO Deputy-Director General; Excellencies; Distinguished Panelists; Participants:

At the outset, allow me to thank the WTO Director General, Mr Pascal Lamy for inviting and affording me an opportunity to make a key note address at this session of the 4th WTO Global Review of Aid for Trade. The decision to focus on global value chains was most appropriate.

Today I want to share with you a perspective on the opportunities offered by South-south trade for the economic and trade development of ACP States.

It may not be apparent but trading opportunities exist in abundance within the ACP and I would need much more time than is available to me to enumerate them. I will say broadly that within the ACP Group of states we boast of vast quantities of natural resources, and we have the skilled personnel. Although our existing infrastructure calls for upgrades, it is sufficient to facilitate trade.

Excellencies,

Although the ACP Group is probably best known for its cooperation with the European Union, the formation of the Group was driven by the quest to foster trade and investments among its founding Members. Indeed the Georgetown Agreement which is the instrument that established the ACP Group in Georgetown, Guyana, on 6 June 1975, spells out clear objectives of south south cooperation.

There is considerable heterogeneity among the ACP group of countries in terms of country size, location and characteristics including landlocked and island countries, and marked natural resource and climate endowment differences. As a result the trade patterns in terms of volumes, direction and commodity composition of individual ACP countries vary considerably. But a pattern of producing similar goods also exists.

Intra-ACP trade is thus increasingly dominated by trade in primary commodities. The largest traded sector in 2009 is fuels, followed by manufactured goods and food and live animals. The same pattern can be noticed with regard to ACP's trade with other countries in the south. Nevertheless the ACP countries in general remain relatively marginalized in terms of their share of world trade which is less than 3%.

Their ability to integrate fully into the global and benefit from increased trade and specialization is constrained by a range of policy and other barriers to trade associated with various aspects of their geography, institutions and infrastructure.

These structural constraints, policy barriers and other barriers restrict the ACP countries' capacity to trade both with each other and with non-ACP countries in the 'North' and 'South'.

Searching for ways of promoting trade in general and trade among themselves is central to the promotion of growth and development, the creation of employment and the reduction of poverty, especially in the current context of growing populations in the south, and particularly in the ACP grouping, and recession in the industrial countries.

The aid for trade initiative under the WTO provides an important avenue through which ACP States and other countries in the south can channel new and additional funding for trade-related technical assistance into infrastructure development, rehabilitation and upgrading. Infrastructure development is very capital-intensive and hence the need to mobilize adequate and sufficient funding under aid for trade programmes.

South-South development cooperation, especially between emerging economies and ACP States, could be engaged to also focus on financing infrastructure development priorities including those that are intra-regional and span several countries in a

regional grouping.

What we are discussing at this 4th Global Review, how to facilitate the engagement of countries of the south into the global value chain is, needless to say, very important for the ACP Group's trade and development, as well as in the context of South-South cooperation.

As has been pointed out, and as no doubt will continue to be emphasized during this Review, the concept of global value chains is not a new concept. ACP States have been involved in value chains in one form or the other in many different sectors, though unfortunately at the lower end of those chains. The role of the ACP Group has usually been to supply agricultural products and other raw materials.

Excellencies, Distinguished participants,

One cannot, of course, talk about global value chains in isolation from trade in general. Participating in value chains of necessity means taking part in trade. The existing barriers that have limited the trade and economic development of the ACP Group, and other developing countries are well-known: trade-distorting subsidies, high tariffs and tariff escalation, technical barriers to trade and so on.

It seems to me that the only way the ACP Group can effectively participate in any value chain is through the redress of these barriers. It is befitting that the WTO has taken the responsibility to ensure the integration of developing countries into the global value chains because these barriers that act as a hindrance to trade can only be resolved in the WTO context.

It is with this in mind that the ACP Group looks forward to the conclusion of the Doha Round of negotiations with a strong development bias to support our efforts at South-South cooperation. In that context, duty-free, quota-free market access for LDCs will make a big contribution towards their development, while aid-for-trade will accelerate and complement the trade and development efforts of the ACP Group.

The ACP Group faces many challenges to inclusive growth and development. While we in the ACP Group seek to address these through stronger South-South cooperation, we are also looking at developing triangular cooperation by pursuing new partnerships for development.

We are convinced that the principles that guide South-south cooperation, coupled with some of the principles and best practices already developed through North-South cooperation, can provide an impetus for growth.

Although we are seeing the benefits of South-South cooperation as the ACP Group engages with the emerging economies of China, India and Brazil, it is important to note that the ACP Group still requires close and mutually supportive links with the economies of the North. The gap between developed and developing countries remains very large, making North-South cooperation essential.

It is our firm belief therefore, that South-South cooperation does not, and should not, replace ODA. The ACP Group is in the process of concluding Economic Partnership Agreements (EPAs) with the European Union, whose design the ACP Group seeks to ensure supports the Group's trade and development agenda.

The role of the ACP Secretariat, which I head, is to facilitate and promote effective development cooperation by designing and implementing programmes to assist the ACP Group to move to a position where it can mobilize its own resources for sustainable development, create new productive capacities and diversify its economic structure.

In that context, I am happy that I was able to be here today since I am told that we have around 1300 persons participating in this 4th Global Review.

Excellencies,

In conclusion, let me as the Secretary-General of the ACP Group express the hope that this Global Review will make a tangible contribution towards enabling the ACP Group and other developing countries to join the global value chains in a way that is beneficial to their development.

It would be sad if this Review turns out to be just another of the many meetings that we tick off as having taken place, but whose contribution to trade and development remains negligible.

I thank you for your kind attention.

**Alhaji Muhammad Mumuni**  
**ACP Secretary General**

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