



# trade hot topics

## Inclusiveness of Trade Policy-Making: Challenges and Possible Responses for Better Stakeholder Participation

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### Background

The remit of modern day trade policy is no more limited to the so-called ‘border measures’. Also included in the purview of international trade agreements that provide the boundaries and framework for national policies in developing countries are issues related to national industrial, science and technology, investment, competition, education, health, and a host of other policies. And their impact can be felt by diverse stakeholder groups such as businesses, consumers, farmers, industrialists, innovators, labour, and women. Hence the need for multi-stakeholder consultations and inclusive trade policy-making and implementation processes. Inclusive trade policy-making processes can significantly contribute to the empowering of people and persuade governments to develop and implement policies that use trade as a means to pursue economic equity and social justice.

Governments and other groups of stakeholders in developing countries are conscious of the need to improve inclusiveness of trade policy-making. Due to their efforts progress has been made in this regard. However, several formidable challenges remain. Based on research undertaken by CUTS in five Sub-Saharan African countries (namely, Kenya, Malawi, Uganda, United Republic of Tanzania, and

Zambia), this issue of Commonwealth Trade Hot Topics summarises the challenges faced by groups of stakeholders in these countries in their participation in national trade policy-making, and makes some recommendations to address the challenges.

### Groups of stakeholders

Given the scope of trade policy measures and commitments under international trade agreements as alluded to above, the number of relevant stakeholders is quite large. They can be divided into four broad categories based on their mandates and roles. These are: the government ministry with the primary responsibility of developing and monitoring the implementation of national trade policy; other government ministries and agencies that either provide specialised inputs to trade policy-makers and/or are responsible for the implementation of trade policy measures; a private sector that operates within the parameters set by the trade policy; and civil society organisations (CSOs) including NGOs and research institutions that bring interests of other segments of the population to the policy-makers through their grassroots linkages, advocacy and research.

The claim for participation of each of the groups of stakeholders is based either on a formal mandate (government ministries and agencies), direct impact of trade policy measures on the group (private

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sector), or presentation of interests that are not otherwise directly represented (CSOs). Formal nature and direct relevance of this claim has a strong influence on the opportunities for participation in formal consultative mechanisms to each group as is explained in the next section.

### Formal consultative mechanisms

Formal consultative mechanisms are the primary means for stakeholder participation in trade policy-making. More than one formal consultative mechanism has been established in each of the five countries. These consultative mechanisms can be classified in two ways: based on either their mandates or their membership. Classification by mandate leads to three categories: consultative

mechanisms that are limited to a specific trade negotiation forum (for example, negotiations of Economic Partnership Agreements – EPAs – with the European Union), those that cover all issues related to trade policy within a country as well as its various international trade negotiations, and those that provide a forum for consultation on a larger set of issues than only trade. Similarly, the classification by membership also leads to three categories: those with only government ministries/agencies as members, those with only the representatives of the public and private sectors as members, and those that have multi-stakeholder membership (i.e. governmental, private sector, and CSOs). Table 1 presents the picture in the five countries emerging from these classifications.

Table 1: Consultative Mechanisms by Mandates and Membership

Mandate/ Membership	Multi-Stakeholder	Public-Private Sectors	Only governmental
Multiple issues including trade	Zambia Agriculture Consultative Forum (ACF)	Kenya Joint Industrial and Commercial Consultative Committee (JICCC) Malawi Public-Private Sector Dialogue (PPD) Tanzania National Business Council (NBC) Uganda Presidential Economic Council (PEC)	Kenya Inter-Ministerial Committees (IMCs) Malawi Inter-Ministerial Committees (IMCs) Tanzania Inter-Ministerial Technical Committee (IMTC) Zambia Steering Committee of Secretaries (SCS)
All trade issues	Malawi National Working Group on Trade Policy (NWGTP) Uganda Inter-Institutional Trade Committee (IITC) Zambia National Working Group on Trade (NWGT)	Zambia Trade Expansion Working Group (TEWG)	Kenya Cabinet Sub-Committee on Trade
Specific trade negotiation/ forum	Kenya National Committee on the WTO (NCWTO) for WTO negotiations Kenya National Development and Trade Policy Forum (NDTPF) for EPA negotiations with EU Malawi National Development and Trade Policy Forum (NDTPF) for EPA negotiations with EU Tanzania National EPA Technical Committee (NETT) for EPA negotiations with EU Uganda National Development and Trade Policy Forum (NDTPF) for EPA negotiations with EU		

One key observation from the above graphic presentation is that most of the multi-stakeholder consultative mechanisms are on specific trade negotiations/forums. This is mainly due to the establishment of EPA-specific consultative mechanisms with encouragement and funding support from the EU. On the other hand, most

of the consultative mechanisms that have mandates broader than trade issues consist of either only governmental or public-private sector representatives. Whatever the reasons, this situation has led to differential opportunities for participation to different groups of stakeholders.

## Main challenges faced by groups of stakeholders

Research, including through interviews and surveys, shows that all groups of stakeholders in the five countries face substantial challenges in participation in trade policy-making.

## Ministry responsible for trade policy

Ministries responsible for trade policy-making and implementation face two constraints related to their capacity. One is a general lack of capacity and technical human resources to effectively deal with all issues related to trade policy including due to the diversity and evolving nature of the issues. The other – of direct relevance to the inclusiveness issue – is the lack of adequate financial and human resources to ensure regular functioning of consultative mechanisms. These ministries have the primary responsibility to administer the formal consultative mechanisms on trade policy but do not have dedicated human resources or the financial means to do that.

Two other key constraints emerging from the study include: inadequate co-ordination within the ministry (for example, between sections dealing with multilateral, regional, and domestic trade issues) as well as with other relevant government ministries and agencies; and changes in government/restructuring of ministries that does not allow continuity of policies, practices, and processes.

### *Other relevant government ministries and agencies*

General lack of capacity and technical human resources well versed in trade issues is evident in all relevant government ministries and agencies. The problem is further compounded by a lack of interest among the staff in these ministries/agencies assigned to deal with trade issues, which is always in addition to their primary responsibilities. Trade is not the primary mandate of these ministries/agencies and staff performance is normally assessed as against the delivery on issues related to the primary mandate. In addition, the lack of co-ordination among governmental machinery is a problem faced by all. A specific manifestation of that is the lack of regular and timely information flow on trade issues to all concerned.

## Private sector

The private sector often has limited technical understanding of trade issues, and even more

limited advocacy capacities. Moreover, the tight timelines to provide feedback on trade issues as solicited by the government make it very difficult for the private sector to respond with well-thought and concrete suggestions.

In all five countries the representation/participation of the private sector is mostly through their umbrella organisations – for example, chamber of commerce and industry, association of manufacturers, etc. While this is probably the only efficient way to organise consultations with the private sector as the government cannot approach all the individual firms and entrepreneurs, it also requires that the private sector umbrella organisations are able to present suggestions that balance the interests of their members, who include traders, manufacturers and exporters, among others. This is a difficult and time-intensive exercise, and it has been pointed out that the positions as presented by large private sector umbrella organisations are often influenced by their more powerful members. Moreover, smaller business associations have less opportunities and the informal sector is not represented in formal consultative mechanisms.

### *Civil society organisations (CSOs)*

Like all the other groups of stakeholders, CSOs too face the challenge of limited technical and human capacities to deal with complex and evolving issues related to trade. This capacity constraint is even more evident in relation to robust, research-based advocacy. Moreover, CSO dependence on funding from donors who may change their priorities means that civil society organisations are unable to maintain sustained engagement in, and retain the knowledge and expertise gained on trade issues.

There are also some constraints that are specific to the CSOs. First, some CSO positions have been quite at variance with those of their governments. These tensions with government have led to a certain amount of mutual mistrust. Second, other groups of stakeholders also question representativeness and mandate of the CSOs, as unlike any other group of stakeholders CSOs do not have formal mandates from any constituency. Third, and as is clear from Table 1, CSOs – as compared with private sector and governmental actors – have more limited opportunities for participation in consultative mechanisms.

## **Improving stakeholders' participation in trade policy-making: Some suggestions**

Stakeholder participation in trade policy-making has improved over time, and all stakeholders have made efforts towards this end. However, many challenges still remain. These require further and sustained efforts by all concerned. The following suggestions encapsulate the feedback from, and suggestions by, various stakeholders in the five countries.

### ***Building knowledge and expertise of all stakeholders on priority trade issues***

Many stakeholders, often with the help of development partners, have acquired useful knowledge and expertise on many trade-related issues. However, given the complex and evolving nature of the issues involved, important knowledge gaps still exist in all the four groups of stakeholders. Ministries responsible for trade could be provided the resources to build capacity of their own staff and representatives of other stakeholders on selected trade issues deserving priority, for example, those linked with ongoing World Trade Organization and EPA negotiations, national development and poverty reduction plan and strategies, and implementation of trade policies. CSOs and the private sector may also contribute to this effort.

### ***Improving regular information flow on trade issues to key stakeholders***

To improve general understanding and the quality of participation by stakeholders in consultations on trade issues, regular information flow to main groups of stakeholders on important trade issues and international trade negotiations should be ensured. The primary responsibility for this lies with the ministries responsible for trade, which should institute mechanisms including those based on information technology for this purpose.

### ***Rationalisation and strengthening of consultative mechanisms***

Governments, through the ministries responsible for trade and in consultation with other groups of stakeholders, should consider rationalising the mandates and number of consultative mechanisms so that while the number is reduced where possible, their mandates are broadened to cover all trade issues. It is also desirable to vest the consultative mechanisms with legal powers to advise the government on selected trade issues. This will go a long way in establishing the credibility of the consultative mechanisms. Moreover, ministries responsible for

trade need to be provided with adequate human and financial resources to ensure regular functioning of the consultative mechanisms.

### ***Improving co-ordination among relevant government ministries and agencies including through clear mandates and assigning of responsibilities***

Governments, through the ministries responsible for trade as well as ministries/agencies responsible for overall development planning, could take steps to improve regular two-way information flow and feedback between the ministries responsible for trade, on the one hand, and other relevant ministries and agencies, on the other hand. This may require improving the rules of procedure, current inter-ministerial co-ordination mechanisms, and provision of human and financial resources. It will also be important to assign clear responsibilities with accountability mechanisms on trade-related issues in ministries/agencies whose primary mandate is not trade.

### ***Improving the participation opportunities for CSOs***

It will be fair to accord as much as possible similar opportunities to all groups of stakeholders. For example, CSOs should be accorded similar access to various consultative mechanisms as is given to the private sector.

### ***Balanced representation of members' interests by private sector umbrella organisations***

The private sector umbrella organisations need to make more effort to ensure that there is better two-way information and feedback flow between them on the one hand and the constituencies they represent on the other. Moreover, the apex umbrella organisations need to strengthen their relationship with other smaller private sector and business associations, particularly those dealing with or representing small and medium enterprises (SMEs) and the informal sector. Governments, too, could consider enlarging the membership of consultative mechanisms by bringing in representatives of SMEs and smaller business organisations.

### ***Strengthening the culture of dialogue and inclusiveness***

Finally, no improvement in capacity, co-ordination, mandates or procedures will have a lasting impact in the absence of a culture of dialogue and inclusiveness. It is inevitable in a market-based,

democratic society that different stakeholders will more often than not have different agendas and interests. But this should not hinder their working together to better understand each other and find common ground where possible. For example, the private sector and CSOs can attempt to identify issues where they share common concerns. Similarly, the governmental and non-governmental stakeholders, despite the differences in their roles and perceptions, need not view each other as adversaries. Consultative mechanisms can work much better when there is a spirit of constructive dialogue among all stakeholders. A culture that is based on a sense of common destiny and importance of inclusiveness is taking roots in all the five countries as evidenced by the frequency and maturity of interaction among various groups of stakeholders (for example, in meetings, workshops and seminars where participants representing the government, private sector, and civil society get together and debate various policy issues). This needs to be nurtured by all groups of stakeholders. Such a culture of dialogue and inclusiveness will be the best guarantee for long-term success and sustainability of inclusive and participatory trade policy-making processes. This will also ensure that trade plays its positive role for development and poverty reduction.

# International Trade & Regional Co-operation Section at the Commonwealth Secretariat

This Trade Hot Topic is brought out by the International Trade and Regional Co-operation (ITRC) Section of the Economic Affairs Division (EAD) of the Commonwealth Secretariat, which is the main intergovernmental agency of the Commonwealth – an association of 54 independent states, comprising large and small, developed and developing, landlocked and island economies – facilitating consultation and co-operation among member governments and countries in the common interest of their peoples and in the promotion of international consensus-building.

ITRC is entrusted with the responsibilities of undertaking policy-oriented research and analysis on trade and development issues and providing informed inputs into the related discourses involving Commonwealth members. The ITRC approach is to scan the trade and development landscape for areas where orthodox approaches are ineffective or where there are public policy failures or gaps, and to seek heterodox approaches to address those. Its 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.

## Scope of ITRC Work

ITRC undertakes activities principally in three broad areas:

- It supports Commonwealth developing members in their negotiation of multilateral and regional trade agreements that promote development-friendly outcomes, notably their economic growth through expanded trade.
- It conducts policy research and consultations that increase understanding of the changing of the international trading environment and of policy options for successful adaptation.
- It contributes to the processes involving the multilateral and bilateral trade regimes that advance the more beneficial participation of Commonwealth developing country members, particularly small states and LDCs.

## ITRC Recent Activities

ITRC's most recent activities focus on assisting member states in the WTO Doha Round and the Economic Partnership Agreement (EPA) negotiations involving the African, Caribbean and Pacific countries (ACP) and the European Union (EU), undertaking analytical work on a range of trade policy and development issues, and supporting workshops/dialogues for facilitating consensus-building on issues of Commonwealth members' interest, exchange of ideas, and disseminating results from informed analysis.

## Selected Recent Meetings/Workshops supported by ITRC

2 November 2009: High-Level Meeting for WTO Representative of ACP Missions, held in Geneva, Switzerland

26 October 2009: Discussion meeting with the WTO's Geneva Week Participants, held in Geneva, Switzerland

30 September 2009: WTO Public Forum 2009 discussion session on "The Old and New Challenges to Inclusiveness in a Recessionary Global Economy", held (jointly with CUTS-International) in Geneva, Switzerland

7-8 July 2009: Conference on Managing Regional Integration in South Asia, held in Dhaka, Bangladesh

24 June 2009: Conference on Political Economy of Competition and Regulation in Developing Countries, held in Jaipur, India

23-24 June 2009: ACP Preparatory Meeting for the WTO Second Global Review of Aid for Trade, held in Geneva, Switzerland

15-17 June 2009: Workshop on Strengthening Skills of Government Officials in Sub-Saharan Africa on Commercial Diplomacy and Trade Policy Issues, held in Nairobi, Kenya

10 June 2009: Prime Ministerial Caribbean Banana Policy Review Meeting, held in Castries, St Lucia

10 June 2009: Discussion meeting on Challenges to Small States in the Multilateral Trading System, organised during the World Trade Week, UK (8-12 July 2009), held in London, UK

9-10 June 2009: Commonwealth Investment Experts' Meeting, held in London, UK

18 May 2009: Seminar on Preference Erosion: How Much and What To Do About It?, held in London, UK

## Selected ITRC Publications

- Grynberg, R and Kabuleeta, P (forthcoming). Investment and Economic Partnership Agreements: Issues for ACP Negotiators. London: Commonwealth Secretariat.
- Milner, C et al. (forthcoming). Policy Response to Trade Preference Erosion: Options for Developing Countries. London: Commonwealth Secretariat.
- Jones, E et al. (2009). Manoeuvring at the Margins: Constraints Faced by Small States in International Trade Negotiations. London: Commonwealth Secretariat.
- Razzaque, M A (ed) (2009). Trade, Migration and Labour Mobility. London: Cameron May.
- Srinivasan, T N (2009). LDCs, Landlocked Developing Countries and Small States in the Global Economic System. London: Commonwealth Secretariat.
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- Winters, L A et al. (2009). An EU-India Free Trade Agreement: Reflections on the Implications for Excluded Countries. London: Commonwealth Secretariat.
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- Milner, Chris (2008). Trading on Commonwealth Ties: A Review of the Structure of Commonwealth Trade and the Scope for Developing Linkages and Trade in the Commonwealth. London: Commonwealth Secretariat.
- Turner, L (2008). 'Quantifying Aid for Trade: A Case Study of Tanzania'. Economic Paper, London: Commonwealth Secretariat.
- Qalo, Veniana (ed) (2008). Bilateralism and Development: Emerging Trade Patterns. London: Cameron May.
- Grynberg, Roman and Bilal, Sanoussi (eds) (2007). Navigating New Waters: A Reader on ACP-EU Trade Negotiations. London: Commonwealth Secretariat.
- Mbirimi, Ivan (ed) (2007). After Hong Kong: Some Key Trade Issues for Developing Countries. London: Commonwealth Secretariat.
- Razzaque, Mohammad A and Laurent, Edwin (eds) (2007). Global Rice and Agricultural Trade Liberalisation: Poverty and Welfare Implications for South Asia. London: Commonwealth Secretariat.
- Grynberg, Roman (ed) (2006). WTO at the Margins: Small States and the Multilateral Trading System. Cambridge: Cambridge University Press.
- Stiglitz, Joseph E (2004). An Agenda for the Development Round of Trade Negotiations in the Aftermath of Cancun. London: Commonwealth Secretariat.

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- Impact of the EC's Fisheries Regulation on Commonwealth developing countries
- Commonwealth Investment Framework Agreement
- Trade effects of Government Procurements on developing countries
- Development issues under EPAs
- Development aspects of trade-related issues and trade in services
- Pre-feasibility study on the Pacific Single Market and Economy
- Implications of the EPAs on Pacific ACP and CARIFORUM
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- The development impact of the Doha Round on least developed countries (LDCs)
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