Ladies and Gentlemen,

Thank you for inviting me to address you this morning at the University of Nairobi. This institution is a fundamental cornerstone of one of Kenya's greatest assets: the intellectual capital and know-how of its people.

In 2009, we decided to set up a programme linking 14 universities in developing countries to those in developed countries and to the WTO. We wanted to foster the development of research and knowledge over trade on the ground. Thus, a "WTO Chair" was set up in the University of Nairobi.

Changing trade and economic landscape

The world we live in today is one characterized by profound change. The old theories governing the way that countries produce and trade are being replaced. The pattern of trade is being transformed by increasingly sophisticated technology and innovations in transportation; and the topography of actors is shifting to reflect new poles of growth. This is no longer the clearly delineated North-South order of the 20th century. A large number of developing countries have now emerged. And Africa, both as a continent and as the sum of individual sovereign states, is poised to lead the new patterns of growth for the foreseeable future.

There is no shortage of growth stories on Africa. I have been travelling extensively in Africa in the last 20 years. But what is spectacular about the debate on Africa today is the shift in perception. Africa has changed from the land of pessimism to the land of opportunity. We see this renewed focus in the reporting from the mainstream media which has increasingly widened its traditional narrow reporting to spotlight the innovation and optimism of people on the continent and the growth trajectories of its countries.

Six of the world's ten fastest growing economies over the past decade were in sub-Saharan Africa (SSA). Kenya, in particular, has continued to be a leader on the continent and in the East Africa region, with projected growth this year of around 6 per cent and with recent reports from TradeMark East Africa highlighting the impressive track record of Kenya's investment within East Africa. Five years into the global financial crisis, Africa as a region has shown great resilience, with an average growth rate of over 5 per cent over the last decade. This is in contrast with the advanced economies, most of which are yet to fully recover from the economic downtown.

The WTO recently published the trade figures for 2012 and the outlook for 2013. World trade grew by just 2.0 per cent in 2012. And this slow growth should continue into 2013 where we are projecting trade growth of only 3.3 per cent, which is below the previous 20-year average of around 5 per cent.

With structural flaws in some economies remaining for the foreseeable future, I expect the global economy will unfold at three speeds — flat growth in the euro zone; slightly better outlook in the

United States and Japan; and faster growth in most developing countries, especially in Africa. Prospects for economic growth are thus greater in developing and low-income countries. This creates an environment of opportunity for Africa.

Africa: a continent of opportunity

Several factors have contributed to Africa's rebound in growth. These include higher investment and savings, stronger export growth particularly resulting from the higher commodity prices, an improved legal, regulatory environment and overall macroeconomic stability. Consumer demand by its growing middle class is also an engine for growth. According to a recent World Bank report, consumer spending accounted for more than 60 per cent of sub-Saharan Africa's recent economic growth, which it forecast to accelerate to more than 5 per cent over the next three years, outpacing the global average.

Africa has also made remarkable progress in the area of political stability and governance, all of which are fundamental in enabling growth. Moreover, the peacefully conducted general elections in Kenya and a number of other African countries are a sign of maturity in political democracy in Africa.

But if I had to name one single factor, I would say it is "confidence". Africans today are more confident and hopeful about the future than ever before. This is also the great transformation that I have seen in the attitude of African negotiators in the WTO: confident that trade, if coupled with domestic policies and Aid for Trade, can be an engine for growth.

The real challenge for Africa lies in sustaining the growth process, enabling it to reach its full potential and ensuring the growth is inclusive. Widespread and sustained poverty reduction — which is in effect the ultimate aim of growth and development — is only possible if the domestic policies are in place to ensure that the deliverables from this success story translate into real impact on the ground.

Trade is one of the strategies that can be exploited to solidify and enhance the growth prospects. The recent African Union decision on boosting intra-African trade and moving forward on the Continental Free Trade Area are testaments to the political attention being given to trade as a real engine of growth in the continent.

Africa has a number of regional trade agreements, all of which aim to expand trade among its members. These regional agreements can be complementary to multilateral trade opening, provided they are crafted in a coherent manner. Here, I must specifically applaud the East African Community (EAC) for its progressive regional integration efforts. The creation of a customs union and a common market, and the on-going discussions on a possible monetary union, are smart and economically robust decisions. One only has to look at the 49 per cent increase in intra-regional trade since the launch of the EAC customs union to appreciate the impact.

The EAC continues to be ahead of other integration processes in Africa and one clear reason for this is the continued and sustained political support, guidance and engagement from the leaders in the participating countries. I fully expect that my good friends President Kenyatta and Cabinet Secretary for Foreign Affairs Amina Mohammed, with their solid trade credentials, will continue supporting an agenda of closer regional integration.

I also believe that the formation of a tripartite among the EAC, COMESA and SADC should help address the complexity of the tariff regimes imposed by the different regional trade agreements and facilitate freer and less costly trade amongst members. But the fact remains that inter and intra trade in Africa is still constrained by non-tariff barriers and poor connectivity. Cumbersome border procedures increase trade costs and the likelihood of inaccurate documentation and raise the chances of malpractices such as corruption.

According to a recent study by the OECD, reducing global trade costs by 1 per cent would increase worldwide income by more than USD 40 billion, most of which would accrue to developing countries. Furthermore, trimming border procedures could lead to more than a 5 per cent increase in GDP in many African countries.

African countries, in particular, stand to benefit substantially from the on-going negotiations at the WTO for a multilateral Trade Facilitation Agreement which, with its focus on reducing the thickness of borders and removing customs-related red tape, will ease access to markets and boost trade flows including agricultural commodity trade and time-sensitive products such as horticulture and other highly perishable goods. This is why I am convinced that it is in the interest of all WTO members to deliver a Trade Facilitation Agreement at the WTO Ministerial Conference in December. It will not only be an injection of confidence into the multilateral trading system — and to the notion of multilateralism — but it would lead to concrete economic deliverables on the ground.

Connecting to value chains

Trade opening, coupled with advances in technology and transport, has created opportunities for firms to reorganize their production and distribution systems around “value chains”. Through regional and global value chains, developing countries have found avenues to increase the scope and depth of their involvement in international production and distribution links. However, effective participation in these regional and global value chains requires investment in human capital (skills), transparent regulatory and business environments and effective hard and soft infrastructure including a steady source of reliable energy generation, transportation systems and information and communication technologies (ICT).

Aid for Trade, an initiative that we launched in the WTO in 2005 focused on building capacity to trade, is an important element in supporting these efforts. In these eight years, we have managed to mobilize important resources. Commitments reached USD 48 billion in 2010, an increase of 82 per cent from the 2002-05 baselines. And even if the global financial crisis started to take its

toll on resources in 2011, resources are still up by 56 per cent on the 2002-05 baselines, with Africa and Asia accounting for approximately 75 per cent of total Aid for Trade flows.

I note that the Central Corridor, the Northern Corridor and the Lamu-Juba and Addis Ababa corridors have been earmarked by the EAC for Aid for Trade financing. This is a positive development. One only has to look at the interest and pledges shown when the North-South Corridor project was launched to know that Aid for Trade can be a powerful tool to mobilize development resources, and of equal importance, leveraging additional investment from the private sector — both domestic and foreign.

For Africa, and for Kenya, its people are in fact its greatest resources. With a rapidly expanding middle class creating new streams of demand but with the growing challenge of youth unemployment, population growth will remain a double edged sword. But with the right support and domestic policies in place, the changing nature of trade offers Africa a unique opportunity.

Services are a particular part of this story. The WTO-led initiative on measuring trade in value-added has confirmed the rising role of services in total trade, now representing more than 50 per cent of exports. With the right policies in place — development of skills, national and regional regulatory frameworks and electronic and financial infrastructure, such as payment systems and delivery of trade finance — services offer many African countries an untapped potential beyond agriculture and the industrial sector.

A particular challenge for Africa will be to ensure that smaller firms, which make up the vast majority of the private sector in Africa, can also join in value chains. In recognition of the important role that Aid for Trade can play in this respect, the focus of the WTO's 4th Global Review of Aid for Trade, to be held in July, will emphasize ways developing countries can best connect to these value chains. The Review will be an occasion to look at results so far but also an opportunity to anchor this initiative firmly in the WTO.

Building an inclusive growth model

Africa is a diverse continent and this diversity should be harnessed in its development agenda. Learn and build on each other's positive experiences in crafting models of development. Kenya has already distinguished itself in the area of the delivery of financial services, particularly the mobile money transfer and mobile banking. Rwanda has become a learning centre for institution building and public management. The emergence of a robust information technology industry has made Ghana one of the region's attractive investment centres and Angola has made remarkable progress in rebuilding infrastructure to emerge top in the rankings of growth performance in SSA.

When African leaders gather in Addis Ababa later in the week to celebrate the 50th anniversary of the African Union, they will have a lot to celebrate. Poverty is down, opportunities are up and stability has improved. Confidence is back. The challenge ahead is clear: sustaining the poverty reduction efforts and ensuring a more inclusive growth. One that delivers for the African people.

Thank you for your attention.