

**REGIONAL MEETING ON PROMOTING SERVICES SECTOR DEVELOPMENT
AND TRADE-LED GROWTH IN AFRICA**

organized by UNCTAD in collaboration with the African Union Commission (AUC) and the UN Economic Commission for Africa (UNECA) and in partnership with the International Organisation of La Francophonie

Addis Ababa, Ethiopia, 12-13 September 2013

**Welcoming Remarks by H.E. Kebede Chane, Minister of Trade of
the Federal Democratic Republic of Ethiopia on the Occasion of the
Opening of the Regional Meeting on Promoting Services Sector
Development and Trade-Led Growth in Africa**

* This statement is made available in the language and form in which it was received. The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

Welcoming Remarks by H.E. Kebede Chane, Minister of Trade of the Federal Democratic Republic of Ethiopia on the Occasion of The Opening of The “Regional Meeting on Promoting Services Sector Development and Trade-Led Growth in Africa”, Which will be held in Addis Ababa, 12-13 September 2013

Excellency

Distinguished Participants,

Ladies and gentlemen,

I am greatly honored and privileged to welcome you all to the beautiful city of Addis Ababa, the seat of the African Union and United Nations Economic Commission for Africa for the “Regional Meeting on Promoting Services Sector Development and Trade-Led Growth in Africa” organized by UNCTAD in collaboration with the African Union Commission (AUC) and the UN Economic Commission for Africa (UNECA). Therefore, allow me to take this opportunity to congratulate the organization and to express my sincere thanks for facilitating this meeting.

Apart your dedication to the sessions that will follow and busy schedule, please take time to enjoy fascinating Addis Ababa with its friendly hospitality, its people and multi-cultural cuisine.

Excellency

Distinguished Participants,

Ladies and gentlemen,

The main objectives of this meeting are two fold:

- to exchange views on the topic of promoting services sector development and trade-led growth and
- to identify elements of an African agenda relating to services policy-making and services trade negotiations.

I recognize the importance of services in the overall economic growth and development of African States. The services economy has over the years gained in importance, contributing a growing share to gross domestic product and employment in all countries. Services have become a fundamental economic activity and play a key role in infrastructure building, competitiveness and trade facilitation. The process of upward development often coincides with a growing role of services in the economy. The role of services as inputs into other sectors of a national economy is crucial, including their contribution to manufacturing output growth and productivity.

Excellencies,

Distinguished Participants,

Services today account for 70% of global output. Employment in the services sector grew by more than 20% in the past decade, while the contribution of the manufacturing sector decreased by the same figure. The recent economic growth in Africa relies as much on services. In Ethiopia, the service sector employ a large number of workers and its contribution to GDP increased from 38% to 46% in the past ten years.

However, there is a general consensus that the Africa countries have not fully exploited their potential in the area of services. This can be attributed to the inherent weaknesses arising from low levels of development; high economic vulnerability and sometimes land-lockedness that isolate them from main markets.

In addition, many African countries endure high vulnerability owing to external economic and natural shocks, as well as weak institutional, regulatory and productive structures. Given such inherent constraints, promoting economic growth and development, particularly in service delivery remains a formidable challenge.

This calls for urgent measures to enable African countries to increase their participation in world trade in services. Concerted efforts should be taken to address the supply-side constraints, particularly in those services where African countries have a comparative advantage.

Excellencies,

Distinguished Participants,

No doubt that developing a sustainable services sector is vital for all countries. Given its resilience, and economic importance, the development of the services sector, particularly infrastructure services, is indispensable for realizing robust economies, higher economic growth and welfare improvement. Infrastructure and other dynamic service sub sectors can contribute to poverty alleviation and human development, thereby furthering the achievement of the Millennium Development Goals (MDGs). Developing and Least developing countries integration into the global service economy, through new export opportunities, needs to be supported and facilitated.

Coherence and consistency among trade and other policies implemented at the national, bilateral, regional and multilateral levels by countries are equally important in maximizing contributions of such policies toward services sector development.

In many respects, liberalizing trade in services are not enough to guarantee African countries broader development objectives for building a competitive domestic supply and trade in services achieved. Benefits are not automatic and there may be a number of burdensome costs associated with trade in services, arising principally from market failures. Therefore, best fit regulatory and institutional frameworks are essential for responding to market failures and mitigating economically and socially undesirable results while promoting development of services sector.

While countries can harness services trade for both economic growth and sustainable development, African countries need to ensure the multiple characteristics of services sectors are taken into account and that adequate regulations, institutions and policies are in place to achieve the desired outcomes.

Excellencies,

Distinguished Participants,

The overall impact of the service sectors on the sustainable development of developing countries in general and African countries in particular will, therefore, largely depend on the underlying characteristics of the markets (i.e. type of services being provided, type of consumers and type of service suppliers) as well as on the regulatory and institutional frameworks in place. Therefore, a better understanding and grasp of these elements is crucial in assessing the potential for services trade as positive contributor to economic growth and sustainable development.

Ladies and Gentlemen, It is my belief that this meeting has come in at an appropriate moment when the Service sector in Africa is looking for solutions to promote service sector development and trade led-growth and to identify areas for consensus-building at regional or continental levels, and technical assistance needs.

All issues you are going to consider are legitimate concerns that I hope the high caliber of delegates at this conference will take them and come up with workable solutions and a decent way forward.

I wish again to welcome you to this country and wish you a nice and enjoyable stay in Addis Ababa as well as fruitful deliberations.

I Thank You.