

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

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Achieving Sustainable Development and Job Creation Through the Services: East African Community (EAC) Experiences

**Presented during a Regional Meeting on Promoting Services Sector
Development and Trade-Led Growth in Africa**

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Presentation Outline:

- **Introduction and background**
- **Trends Across Services Sector in EAC**
- **Key Transmission Channels of Economic Growth in Services Sectors**
- **Contribution of Services Sector to Poverty Reduction**
- **Role of Services in Agriculture and Manufacturing Sectors**
- **Contribution of Services to Job Creation**



Introduction

- EAC is intergovernmental organization of the 5 countries: Kenya, Uganda, Tanzania, Burundi and Rwanda
- EAC Partner States agreed to ‘establish among themselves



- Cooperation in trade liberalization & development – is one of the fundamental pillars of the EAC.



Introduction-EAC Common Market EAC Common Market

- The EAC Common Market Protocol (CMP) provides for free movement of services in the region. Under Article 23 (1), "liberalization shall be progressive and in accordance with the negotiated Schedules of Specific Commitments as provided in Annex V of the Protocol."
- The first round of service liberalization the EAC Partner States focused on seven core service sectors. These are: communication, business, distribution, education, finance, tourism and transport.
- The Annex on Mutual Recognition of Academic and Professional Qualifications was adopted. Bilateral MoUs have been concluded by lawyers, medical boards, architects, and accountants in EAC countries.
- EAC Partner States recognized in their respective national visions and strategies the important role that services play in achieving economic growth and the Millennium Development Goals (MDGs).

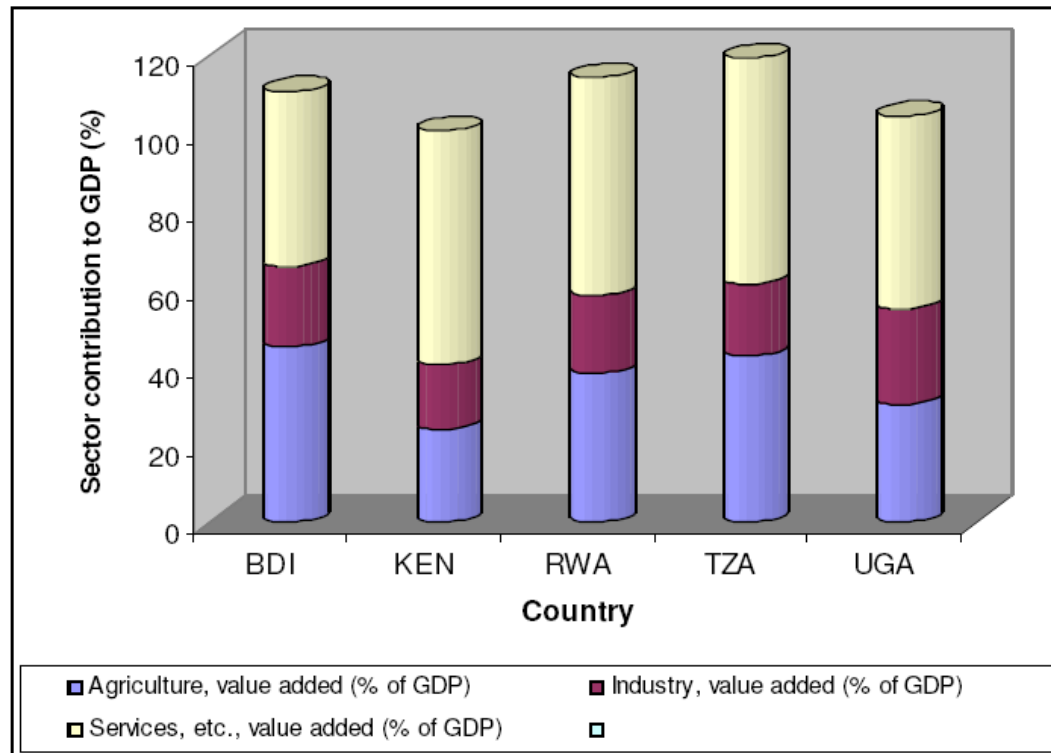


Trends Across the Services Sector

- The service sectors share to GDP in Kenya, Rwanda, Tanzania and Uganda is over 50% while in Burundi is 45%. (2007)
- Value of services exports accounted for over 62% of total exports while the value of services imports accounted for over 16% of the total imports (2007)
- But key EAC Services Sectors are:
 - Tourism, (Tanzania, Kenya Rwanda and Uganda –main exporter earner)
 - Communications and e-commerce, (Telecommunication fast growing sector)
 - distribution, business (BOP-growing in major cities i.e Nairobi) , transport (Mombasa and Dar es Salaam hub of Eastern Africa, financial service Kenya investing to other EAC Countries;
 - Energy and maritime transport services,
 - health, ICT (Nairobi) and education services (Kampala)
 - civil engineering and construction, metrology,



Service Sector Contribution in GDP in EAC



Source: World Fact Book, 2008 and Partner States Statistics' Bureau.



Key Transmission Channels of Economic Growth in Services Sectors

- For Services to perform properly it demands: Good institutional, regulatory and legal framework at the national and regional level
- The existence of high-quality infrastructure, stability of the macroeconomic environment & Higher education and training
- Key transmission channels for Logistic services (transport):
 - Manufacturers
 - Trucks
 - Drivers
 - Importers & exporters
 - Other services sectors: i.e. financial sector, ICT



EAC Legal & Regulatory Framework

Cross-Cutting Laws	EAC Partners States									
	All									
	All									
	Burundi		Kenya		Rwanda		Tanzania		Uganda	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Immigration law and regulations	x		x		x		x		x	
Competition law and regulations				x			x			x
Investment law and regulations	x		x		x		x		x	
Company law and regulations										
Public Procurement law and regulations			x		x		x		x	
Intellectual property rights law and regulations			x				x			
Taxation law and regulations	x		x		x		x		x	
Labour Laws and regulations	x		x		x		x		x	
Land ownership law and regulations	x		x		x		x		x	
Environmental laws and regulations	x		x		x		x		x	

Source: Legal Frame Work of Partner States

There is need to harmonize/enact national laws affecting trade in



Contribution of Services Sector to Poverty Reduction and Welfare

- Trade in service is income earner on its own right but also an important contributor to trade in goods as has enabling effects of goods, banking, marine services etc.
- Make basic services more accessible e.g education, health, water, electricity
- Generate lower prices, improve quality and consumer choice;
- Main foreign exchange earners for many EAC countries e.g Tourism. The earnings are used to finance health services and education.
- Support the development of essential input services like transport, education and health services has improve welfare of East Africans



Role of Services in Agriculture and Manufacturing Sectors

- As the services contribution to GDP surpass agriculture and manufacturing its role as inputs into the agriculture and manufacturing sectors has increased tremendously.
- Services plays an infrastructural role to the other sectors i.e Agriculture and Manufacturing. i.e. Transportation of agricultural inputs (fertilizers) and produces from farm to the market. Transport of raw materials, final goods for manufacturers.
- Services infrastructure provides vital inputs to production and marketing of goods : Financial services, transport, energy, play key role to agriculture and manufacturing.
- Enhance competitiveness of both agriculture and manufacturing. Financial sector: credit access to farmers,



Contribution of Services to Job Creation

- The service sector is an important sector in providing employment in various EAC Partner States.
- In Kenya for example, the sector accounts for about 10% of total wage employment while it is still the same sector (particularly the retail trade sector) which is leading in generation of new jobs.
- In Tanzania, the sector accounts for about 16% of the total employment in the country.
- Skill sets required: Information Communication and Technology (ICT): This required to all sectors i.e Logistic; Professional services , Telecommunication etc.

*THANK YOU
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