

**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

**Presentation by Ms. Carolyne Tumuhimbise
Trade Advisor, Department of Trade and Industry, African Union Commission**

* 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.

AFRICA'S VISION FOR TRADE IN SERVICES

CAROLYNE TUMUHIMBISE
TRADE ADVISER- AUC

AFRICAN ECONOMIC COMMUNITY

Africa's Integration Vision is contained in the Abuja Treaty with the Establishment of African Economic Community over a period of 34 years with RECs as building blocks. 1994-2028

This envisages a Continent where there is free movement of goods and services, right of establishment, free circulation of goods, free movement of capital, free movement of labour among others.

Intra – Regional Trade

- Intra –Europe 72%
 - Intra-Asia 52%
 - Intra- North America 48%
 - Intra-South and Central America 26%
 - Intra-Africa Trade 10-12%
-
- Source WTO 2010

TOWARD ACHIEVING THE ABUJA DREAM

- Programme for Infrastructure Development in Africa **PIDA**
- Migration Policy Framework for Africa
- Action Plan to Boosting intra African Trade (BIAT)
and
- Framework for Fast tracking the Establishment of the Continental Free Trade Area

BIAT and CFTA were endorsed by the African union Summit of Heads of State and Government in 2012

ACTION PLAN FOR BOOSTING INTRA AFRICAN TRADE

- TRADE POLICY
- TRADE FACILITATION
- PRODUCTIVE CAPACITY
- TRADE-RELATED INFRASTRUCTURE
- TRADE FINANCE
- TRADE INFORMATION
- FACTOR MARKET INTEGRATION

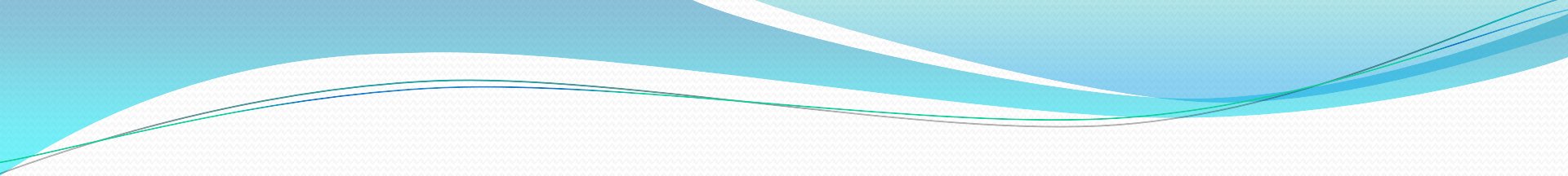
TRADE POLICY CLUSTER

- Member States and RECs are called upon to undertake commitments to liberalize trade-related services sectors: transport, Professional, financial and ICT services
- Mainstream intra-African trade in national trade and development strategies
- Enhance the role of private sector in policy formulation

Services liberalization within the RECs

EAC is in the process of liberalization in 7 broad sectors:
- business and professional, communication, Distribution, education, Financial, Tourism and Travel related and Transport Services.

SADC Protocol on Trade in Services provides a framework for liberalizing trade in the services sectors through market access and national treatment commitments. Some Member States will be negotiating Services under the EPA

- 
- ECOWAS – Regional Framework for Telecomms
 - UEMOA – Advanced integration in Air Transport, banking, tourism and professional regional regimes.
 - COMESA- in the process of Negotiating services

TRADE FINANCE CLUSTER

- Enhance capacity of existing regional and continental financial institutions
- Enabling environment for financial services to supply export credit and guarantees
- Note this cluster doesn't cover the overall Financial service sector development and integration

MARKET INTEGRATION CLUSTER

- RECs and Ms to operationalise existing policies and protocols on the free movement of people and of labour migration – African Policy on Migration
- Encourage and facilitate policies that increase freedom of movement of business people
- Harmonize rules on cross border establishment
- Establish agreements on mutual recognition of qualifications

Migration Policy Framework for Africa

- Human rights
- Border management
- Irregular migration
- Forced displacement
- Internal migration
- Data partnerships among others

Programme for Infrastructure Development in Africa

- Goal is to promote socio economic development and poverty reduction in Africa through improved access to integrated regional and continental networks and Services.
- It covers: energy, transport, ICT and trans-boundary water resources

www.au-pida.org/

Services and CFTA

- The Summit of the AU envisaged establishment of the CFTA by indicative date of 2017 anchored on the Tripartite Negotiations. COMESA-EAC-SADC Tripartite FTA
- The CFTA is to build on the Acquis starting from the current levels of tariff liberalization in the RECs.
- Issues to be negotiated under the CFTA include; rules of origin, tariff reduction schedules, removal and elimination of NTBs, Customs and transit procedures and trade facilitation among others.

CFTA implications for Trade in Services

- In the first state of integration Service Liberalization is not prioritized
- Basing on the Acquis principle. Services integrated at the REC level, the Tripartite initiative has not began negotiations on Trade in Services
- Services development and liberalisation at the national and REC level is still in infancy/slow for some sectors. This slow progress will be reflected at the Continental level when it comes to services

African Business Council

- A continental platform for private sector views in continental policy formulation process.
- Services Coalitions – National – Regional Business council and hopefully a body would articulate Private sector perspective on services

AUC EFFORTS TO FACILITATE INTRA AFRICAN TRADE IN SERVICES

Services Case Study Project

Technical Working Group on Services

Case Studies on Service

- To promote the knowledge and understanding of services trade so as to provide a basis for service sector development and enhanced regional integration in Africa.
- Provide information on service sectors and on services exports, to be used for building a repository of 'best practices' on services in Africa and for creating a data base on services in the African Trade Observatory.
- To provide information on how services trade is actually being carried out in specific sectors in Africa and what policies have contributed to the success of services exports.

Phase I of the studies

- Business Processing Services in Senegal -with support of ILEAP/GIZ
- Banking Services in Nigeria - EU/JAES Mechanism
- Air Transport Services in Ethiopia-UNDP
- Cultural Services in Burkina Faso-UNDP
- Education Services in Uganda- USAID

Technical Working Group on Services

- The Working Group shall be a body charged with the main responsibility of coordinating and sharing information on service sector development and services trade within Africa. The Working Group will support and advise AU Ministers of Trade on this area.

Composition of the TWG

Trade in Services Experts from:

- Regional Economic Communities;
- Designated representatives from various AUC Departments in charge of work on various services-related issues;
- representative of the UNECA Africa Trade Policy Center,
- Representatives of private sector at the continental and regional level.

Service Sector experts and development partners will be where necessary participate in the TWGS sessions.

Functions of the TWG

- Over see the overall Service Sector development on the Continent
- Review and disseminate any relevant studies on services and services trade in Africa, foster the exchange of experiences and best practices in the development of services policy and services trade within and between the RECs and the AU Member States, drawing government attention to lessons to be drawn from these experiences.
- Assist AU Member States in mainstreaming services into their national planning strategies and economic development priorities.
- Make recommendations to AU Ministers of Trade on Service Sector Policy considerations.

- 
- Recommend methods to promote understanding and effective implementation of Trade in Services Policies.

Future for services Sector development in Africa

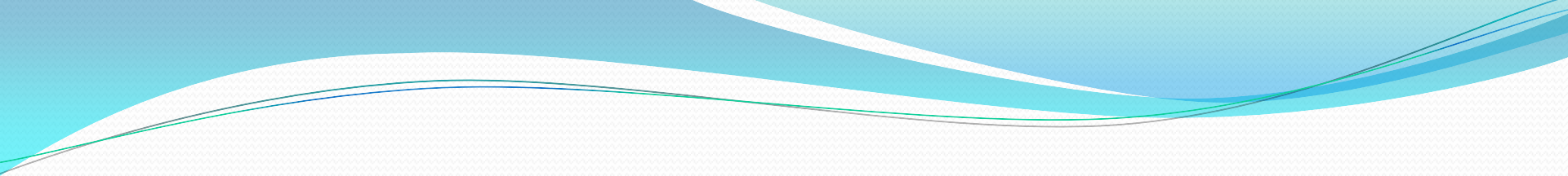
- Service Sector Prioritization :

Member states and RECs have to identify Priority Service Sectors for development where they have comparative advantage

Include these sectors in national Policies and development plans and export strategies. Currently traditional service Sectors like Telecomms, Tourism and Financial Services are covered in most export strategies.

- A service Sector Development Strategy is key at MS, REC and Continental Level.



- 
- Service Liberalisation within RECs has to be fast tracked
 - National Service Focal Points
 - Achieving movement of persons within the continent is key to increased trade in services
 - The Private Sector is key to service sector development. Currently there are a few Service Coalitions on the continent: Hence the regional Business Council are key in assisting Member States in establishing these coalitions.

- 
- Thank you