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Namibia's position on Trade in Services



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NAMIBIA'S POSITION ON TRADE IN SERVICES

INTRODUCTION

Services Sectors and the trade thereof are very important to developing countries like Namibia, as they are the fastest growing components of Gross Domestic Product (GDP) and foreign direct investment (FDI). Services form part in almost every activity in an economy. This is particularly true of what are often referred to as producer services such as transport, communications, finance, distribution and business services. The national variation in the shares of GDP attributable to services, in Namibia is greater than that of the other three components of economic activity combined. According to the Namibian Statistic Agency, in 2015 Services contributed more than 59% to GDP.

WHAT ARE THE EFFECTS OF DOMESTIC REGULATIONS ON SERVICES, PARTICULARLY INFRASTRUCTURE SERVICES, ON INTERNATIONAL TRADE?

For Namibia at the moment is very difficult to determine the obstacles to cross-border Trade in Services as per the domestic regulations. This is simply because Namibia does not have a National Policy Frame on Trade in services or a National position on Trade in Services for that matter. In other word Namibia never negotiated or participated actively in Trade in Services.

Namibia is a member of WTO since 1 January 1995 and has committed and accepted the General Agreement on Trade in Services (GATS) upon its entry into force in 1995. Namibia has liberalised two service sectors under the GATS which are Business Services (only services related to scientific and technical consulting services such as off-shore oil and gas exploration) and Tourism (Hotels & Restaurants and Travel Agencies & Tour Operators Services). The Tourism sector has been fully liberalised in all four modes of supply (cross-border supply, consumption abroad, commercial presence and presence of natural persons). These commitments were made beyond the current Government's control although they can't be revised at this juncture.

Namibia has observing status at the SADC Trade in Services Negotiations because she didn't sign the SADC Protocol on Trade in Service but hoping to sign in August 2016 during the SADC Summit. Namibia is observing the negotiation process by attending the Trade Negotiation Forum (TNF) on Services meetings in order to remain informed of the negotiation process in which the other Member States are engaged. By observing the negotiations it could assist Namibia to build some capacity in preparation for when the country accede to the SADC Protocol on Trade in Services. Namibia has received requests for liberalization from eight (8) SADC Member States in specific sub-sectors as follows.

- **South Africa** (Communication, Construction, Financial, Tourism, Transport, and Health Services);
- **Lesotho** (Communication, Transport Services);
- **Swaziland** (Communication, Financial, Transport Services);

- **Mauritius** (Communication, Financial, Tourism, Transport Services);
- **Seychelles** (Communication, Financial, Tourism, Transport Services);
- **Zambia** (Communication, Financial, Tourism Services);
- **Botswana** (Communication, Tourism Services); and
- **DRC** (Communication, Financial, Transport Services)

Offers were also received from Botswana, Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe in four sectors: Communication, Financial, Tourism, and Transport Services.

The Tripartite Free Trade Area and the African Union Commission's preparations for the commencement of negotiations on trade in services at the Tripartite level as well as under the Continental Free Trade Area are underway and envisaged to start very soon were Namibia is also expected to participate.

HOW BEST CAN COHERENCE BETWEEN REGULATORY APPROACHES AND TRADE LIBERALIZATION AGENDAS BE ESTABLISHED, INCLUDING IN VIEW OF EVOLVING MULTILATERAL, PLURILATERAL AND REGIONAL TRADE AGREEMENTS AND NEGOTIATIONS?

As it was indicated earlier that Namibia have not signed the SADC Protocol on Trade in Services due to a lack of information of the potential implications to the national economy by liberalizing Service sectors and the absent of the National Negotiating Strategy to inform how to engage in Trade in Services negotiations both at regional and multilateral levels.

To that end, the Ministry of Industrialization, Trade and SME Development requested UNCTAD for assistance to conduct a situational analysis and regulatory audits in the services sector for Namibia. The UNCTAD responded positively in November 2015 to provide such assistance to Namibia by undertaking a services policy review, which will form part of the overall trade policy framework that is currently being undertaken. This particular policy will inform Government on how to engage on Trade in Services negotiations both at regional and multilateral forum.

The Policy Frame Work on Trade in Services will unify the concept of Trade in Services nationally by uniting regulatory bodies and all the relevant stakeholders to talk to each other.

WHAT EFFECTIVE COORDINATION MECHANISMS ARE NEEDED BETWEEN REGULATORY AUTHORITIES, SECTORAL MINISTRIES AND TRADE MINISTRIES FOR TRADE LIBERALIZATION TO BECOME PRO-DEVELOPMENTAL?

The Ministry of Industrialisation, Trade and SME Development (MITSMED) in consultation with the Namibia Trade Forum (NTF) constituted a National Consultative Committee on Trade in Services. The Committee members were drawn from different Ministries and regulatory bodies. The Committee is currently in the process of finalizing its Terms of References (TORs) that will guide the conduct of its business. It is expected that once MITSMED provides direction (National Strategy or Policy Frame Work on Trade in

Services) towards a position that Namibia will take on the matter, it will serve as the consultative forum on Trade in Services. It will also be the forum to recommend specific offers and requests to MITSMED for approval and negotiation at SADC, TFTA and CFTA as well as at Multilateral level.

For these coordination mechanisms to be effective there is a need for capacity building to the Committee Members because there is a minimal understanding of Trade in Services concept amongst the members.

Furthermore, MITSMED convened three National Consultations on SADC Trade in Services in November 2012, February 2015 and May 2015. The purpose of the envisaged consultations was to solicit inputs from the private sector on the Trade in Services Agenda.

WHAT LESSONS CAN BE LEARNED FROM COUNTRY AND REGIONAL PRACTICES AND EXPERIENCES, IN BUILDING MUTUALLY SUPPORTIVE REGULATORY AND TRADE STRATEGIES?

There is no concrete lesson or experience to be learned since the country is not as yet participating fully in Trade in Services Negotiations both at regional and multilateral level because of the absence of the National Trade Policy Framework on Trade in Services that will inform the country's position.