

Multi-year Expert Meeting on

# **TRADE, SERVICES AND DEVELOPMENT**

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## **SESSION 5:**

**LIBERALIZATION AND REGULATION OF  
INFRASTRUCTURE SERVICES UNDER SOUTH-SOUTH  
REGIONAL TRADE AGREEMENTS**

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# ***Liberalization and regulation of infrastructure services under South-South regional trade agreements***

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United Nations  
Economic Commission for Africa

# Structure

- Review of situation of liberalization and regulation of infrastructure services in Africa's South-South trade agreements
- ECA research on impact of strong infrastructure services on development outcomes



# Infrastructure services frameworks in Africa

- At African continental level, legal frameworks in place to provide for later liberalization of services in African Economic Community
- Provisions remain general
- But implementation remains patchy



# Infrastructure services frameworks in Africa

- At subregional level, more detailed agreements have been made
- Include national treatment for service providers and cover a range of sectors (road transport, multimodal transport, inland waterways, maritime, air transport, postal services)
- BUT ratification is very limited



# Action Plan for Boosting Intra-African Trade (BIAT)

- Moves one step closer than Abuja Treaty to realization of African Economic Community
- Lists more concrete steps that Governments should take to boost intra-African trade, including in services
- Establishment of functional institutions to oversee the process



# BIAT implementation patchy

- Some countries have some way to go on implementation
- ECA working with Governments to coordinate national action plans, bringing together various agencies within Government to establish the plan



# BIAT implementation

- >Build political buy-in and put the issue back on the table





# Transportation services

- Most progress made in regulation/liberalization of transport services
- Continent-wide Yamassoukro decision liberalizes and regulates air traffic across Africa



# Yamassoukro decision

- >Gradually liberalize and deregulate scheduled and nonscheduled intra-African air transport services
- Granting the free exercise of first, second, third, fourth, and fifth freedom rights on both scheduled and non-scheduled passenger and freight (cargo and mail) air services from eligible airlines.
- Aeronautical authorities of state parties do not require approval for tariff increases.



# Air transport

- Air transport in Africa has high potential as a successful industry
- 20 per cent of Africa's tourism jobs supported by passengers arriving by air from within Africa



# Yamassoukro decision

- Slow progress in implementation
- Could be due to lack of implementing regulations on competition, consumer rights and dispute settlement
- But notable successes: increased airline cooperation
  - Code sharing, cross-border investment and initiatives to create regional airlines with private sector involvement



# Yamassoukro decision

- Operationalization of African Air Transport Executive Agency will hopefully give more momentum



# Road transport

- Detailed and extensive cooperation on road transport regulation/liberalization at sub-regional level
  - Axle load limits
  - Regional motor vehicle insurance schemes



# Road transport

- Trans-African Highways
- Construction of several “Transport Corridor” projects spanning the continent
- BUT significant “missing links” remain in the construction projects
- Commitments also taken for
  - standardization of regulations
  - Streamlining border processes
  - Remove duties on transit



# Road transport

- Political economy can also obstruct liberalization e.g. West and Central Africa, transit firms lobbying against liberalization





# Telecommunications

- 12 of 54 African countries have made telecommunications commitments in WTO
- Sector opening to competition
  - Elimination of limits on foreign & private ownership
  - Establishment of strong and independent regulators



# Telecommunications

- Where comprehensive reform has been undertaken, improvements in
  - Quality of service
  - Labour productivity



# Telecommunications

- Continental level initiatives include
  - Broadband infrastructure development projects
  - Establishment of agency for domain name management (AfrinIC)
  - AU/NEPD Unified Numbering Project



# Energy

- Energy sector was formerly dominated by state-owned utilities
- Trend towards liberalization and privatization (especially regarding distribution of energy services)
- Trend towards establishment of regional power pools



# Financial services

- Some commitments taken at subregional level to liberalize financial services, e.g. ECOWAS



# Infrastructure services frameworks in Africa

- Negotiations ongoing to further liberalize services at subregional level
- E.g. Common Market for Eastern and Southern Africa, Southern African Development Community
- Will services be included in African Continental Free Trade Area planned for 2017?



# ECA research

- ECA research on importance of infrastructure services for development outcomes
- Looked separately at:
  - Financial and insurance services
  - Information and communication services
  - Transportation and storage services



# ECA research

- Looks at links between value added by these sectors (per capita) and achievement of development goals
- All three sectors strongly linked to higher GDP (except transportation & storage in landlocked countries)





# ECA research

- ECA also examined infrastructure services trade restrictions and impact on development
- Data taken from World Bank Services Trade Restrictions Database
- Other policy variables including costs of trading in goods also included in regression



# AUC/ECA research

- ECA has also researched impact of various trade in services restrictions using World Bank Services Trade Restrictions Database
- See forthcoming AUC/ECA paper for outcomes of this research (too detailed to summarize here)
- AUC to cover state of regulation and liberalization of infrastructure services in Africa



# Thank you and questions?

Thank you for your attention

Any questions?



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