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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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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?