

**Report on the Training Workshop on Trade in Services Negotiations for African Union
Continental Free Trade Area Negotiations, 24-28 August 2015, Nairobi, Kenya**

Prepared by the UNCTAD Secretariat

UNCTAD and the African Union Commission (AUC), with the support of the Government of Kenya as host, organized a Training Workshop on trade in services negotiations for African services trade negotiators. It was the first such training to be undertaken for African countries following the launching by 25th African Union Summit in June 2015, of negotiations on the African Continental Free Trade Area (CFTA) on goods and on services, to be conducted concurrently, and to be established by the indicative date of 2017. In this respect, the Training was timely.

The Training was attended by 60 participants that included services trade negotiators from 19 Anglophone African countries, 4 African regional economic communities (ECOWAS, EAC, SADC and COMESA), and AUC staff that benefitted from training provided by expert trainers from UNCTAD (headquarters and Africa Regional Office), AUC, ECA, FAO, WTO, ECOWAS, EAC, SADC, COMESA, TRALAC, ILEAP, Kenya, Austria and several independent resource persons (the list of participations is available on UNCTAD website for the event). It was opened by the Ms. Amina Mohamed, Cabinet Secretary of the Ministry of Foreign Affairs and International Trade of Kenya. Opening remarks were provided by Ms. Maria-Threase Keating, UNDP Country Director and UN Resident Representative *a.i.*; Ms. Treasure Maphanga, Director of Trade and Industry of the African Union Commission; and Mr. Bonapas Onguglo, Senior Economic Affairs Officer in the Division of International Trade in Goods and Services of UNCTAD.

The Training comprised on one part of a substantive module on services economy and trade with perspectives on a possible CFTA services regime, and on the other part of a practical module consisting of a services negotiation simulation exercise. The substantive modules, led by experts, comprised an examination of:

1. Services economy and services trade globally and in Africa, as well as services statistics;

2. Services negotiations and agreements including the WTO and GATS, ECOWAS, EAC, SADC and COMESA, EU, TISA and TTIP, as well the specific country experience of Kenya;
3. Selected services sectors including education services and BPO/ICT sectors, as well as approaches to movement of natural persons;
4. Services negotiation approaches and scheduling commitments, regulations and institutional frameworks including GATS, and services statistics; and
5. Options and approaches for CFTA services regime.

The trade in services negotiation simulation exercise was conducted by UNCTAD using a trade negotiations simulation exercise. It involved grouping participations into different services stakeholders of a country and foreign services suppliers (banking firms) in the financial services sector. The country interest groups discussed and presented their positions on liberalization of the banking sector to the Trade Ministry which held discussions with the foreign services providers and finally arrived at a national position on liberalization commitments which it inscribed in the schedule of the country and presented to all stakeholders for endorsement. Following endorsement, this would serve as the country position to be taken into the services negotiations with other countries.

An extensive set of studies, powerpoint presentations and documentation from UNCTAD, AUC, and 19 resource persons were used in the Training. These materials are made available on the UNCTAD website to serve as reference material for use by trade negotiators and policy makers.

The Training enhanced African negotiators knowledge and awareness of the services economy and services trade, services trade negotiations and services trade agreements, and built up and strengthened their negotiations skills. This was expressed by many participants during the meeting. Also an evaluation of the training and of the training materials used was conducted through questionnaires. From the 60 participants, 30 responses, i.e. 50%, were gathered. On the training, 93% of the respondents rated it as excellent or very good (ratings level included excellent, very good, good and poor) with 63% giving a rating of very good and 30% a rating of excellent. Less than 1% rated the meeting as good. On the training materials, 30 responses were received. Most respondents (over 87%) considered the materials to be excellent or good (with rating

indicators of excellent, good, adequate and poor). The ratings were higher in terms of presentation and understandability, wealth of information, recent information, technical accuracy, validity of conclusions and comprehensiveness of coverage.

It also enabled networking among African services trade negotiators that would eventually constitute a pool of services experts to maintain contacts and networks in backstopping CFTA services negotiations. It further facilitated contacts between the services negotiators and international experts and institutions from within and outside Africa that can be sourced for expert, technical and financial support. It also contributed to enhancing the knowledge, awareness and preparedness of African services trade negotiators for CFTA services negotiations.

The following salient points emerged from the discussions:

1. As the highest policy making body, the African Union Assembly launched the negotiations for the CFTA on 15 June 2015, as a step towards the African Economic Community (AEC). Article 6 of the AEC Treaty provides for establishment of the Continental Customs Union, which by definitions incorporates the Continental FTA. The continental negotiations will cover goods and services, and the CFTA will be anchored on the Plan for boosting Intra-African Trade, with the aim of doubling intra-African trade by 2022 and in turn generating development benefits. At the same time, the CFTA has to be a modern agreement reflecting the realities of today and build upon past lessons, including a comprehensive scope that encompasses trade liberalization in tariffs and non-tariff measures, supply side development, and supportive policy and regulatory disciplines and trade-related infrastructure.
2. Extensive discussion, based on a number of studies by the AUC, ECA, and UNCTAD, among others, Africa's trade negotiators, policy makers, Ministers and Heads of State, reached consensus that the CFTA should be established as an catalyst to assist the achievement of key public policy goals such as inclusive growth and job creation and ultimately the AU Vision 2063 for a peaceful and prosperous Africa. The studies have generated analytical findings that the CFTA will result in significant welfare gains. Continuous analysis will be helpful to deal with specific negotiation issues, including in the services sectors.

3. The roadmap, principles governing and the structures for the negotiations have been adopted by the AU Assembly, and the AU Commission through the Trade and Industry Department is proactively mobilizing partnerships to facilitate the negotiations. At the commencement of the negotiations, each structure will adopt its rules of procedure. The technical and financial capacity of the AUC to service the comprehensive negotiations would be challenged and hence development support from partners will be required. In this regard the AUC has secured some funding to strengthen the team supporting the negotiations and to finance aspects of the negotiations.
4. The services economy and services trade is a potential key driver of economic growth and structure transformation for African countries, including in boosting manufacturing capacities. Services are inputs for manufactures and facilitate trade in goods. Infrastructure services promote competitiveness but need to be mainstreamed into the long, medium and short term plans and the budgeting cycles in member states. This is a key message from UNCTAD's Economic Development in Africa Report of 2015 on "“Unlocking the potential of Africa's services trade for growth and development" and UNCTAD services policy reviews undertaken for several African countries.
5. A number of services data bases and analytical tools from the WTO, UNCTAD, ECA and others are available to provide the empirical evidence backing the importance of services. African trade negotiators should be made aware of and use these trade information, such as the WTO/World Bank I-TIP Services database. These would provide the empirical bases needed to conduct examination of services sectors.
6. The formation of a CFTA services regime would be a catalyst for harnessing the potential development impact of services economy and intra-African as well as extra-African services trade. The services negotiations could build on the autonomous liberalization and the acquis in the regional economic communities, which seem to suggest the following priority sectors for the initial round of negotiations: financial, communication, transport, energy, education, sports and cultural, and logistics services.

7. In light of the 8 designated RECs as building blocks for the CFTA and the multiple agreements under them dealing with trade reform and various trade related areas, lessons learnt from various models or best practices that exist for organizing multiple trade agreements could be considered. For example the WTO approach includes an overarching Agreement to which are annexed the sectoral agreements. The pan-African services liberalization regime would set out key obligations and rights as well as general exceptions and safeguards, drawing on best practices in common markets, to be achieved progressively, and providing flexibilities for LDCs. Another approach to services liberalization is provided by the TISA.
8. Given the novelty and complexity of services, support in building up institutional, human and regulatory capacities of African countries to enhance their readiness and preparedness to commence negotiations is necessary. It needs to include inter alia:
 - a. Further training of services trade negotiators, including scheduling of such training back-to-back with official services trade negotiations sessions under relevant AU bodies on CFTA negotiations. The workshops would equip trade negotiators and stakeholders with relevant information and evidence-based policy implications on pertinent issues up for negotiations. In this regards a second training workshop is planned for Francophone African countries by the AUC in Benin at the end of October 2015.
 - b. Conduct regulatory mapping and gap assessment of the existing situation in African countries and RECs, drawing upon information available within countries and RECs.
 - c. Conduct a situational analysis of the services liberalization regimes in RECs, drawing upon material such as the UNECA's Assessing Regional Integration in Africa (ARIA) VI report, or UNCTAD's Economic Development in Africa reports, TRALAC's reports and others.

- d. Request UNCTAD, working together with the AUC, to undertake national services policy reviews for African countries.
 - e. Undertake services studies at African wide level or sectoral studies as being conducted by AUC on education services.
 - f. Seeking improvement on the availability of services economy and trade data in African countries including enhancing awareness and coaching on use of existing databases.
9. The capacity of the AUC to support CTAF negotiations in goods and services was underlined as an important factor. In this regard the participants were informed by the AUC that it has secured financial support to fund further negotiation training and actual negotiations under the CFTA in the period ahead.

UNCTAD and AUC publicised the training workshop with press and social media coverage as follows:

- AUC news item: <http://ti.au.int/en/events/training-workshop-trade-services-negotiations-au-cfta-negotiators-24-28-august-2015-nairobi-k>
- AUC facebook: <https://www.facebook.com/AUTradeindustry>
- AUC twitter: <https://twitter.com/AUTradeindustry>
- UNCTAD news items: http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1067&Sitemap_x0020_Taxonomy=UNCTAD%20Home;#1851;#Services,%20development%20and%20trade;#1392;#Africa,%20LDCs,%20LLDCs%20and%20Special%20Programmes
- UNCTAD social media also covered facebook and twitter.

There was also a radio interview on the workshop by Ubuntu Radio with Ms. Joy Kategekwa, Head of the UNCTAD Regional Office for Africa.

The meeting concluded with presentation of certificates to participants and closing remarks by AUC and UNCTAD.