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# **Is Regionalism Inherently Preferable to Multilateralism as a Means of Pursuing Trade Liberalisation in Services in Developing Countries? Evidence from Africa's RTAs**

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# Is Regionalism Inherently Preferable to Multilateralism as a Means of Pursuing Trade Liberalisation in Services in Developing Countries?

Evidence from Africa's RTAs

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## Abstract

This paper assessed the effectiveness of regional agreements (RTAs) in tackling many of the hurdles that potentially impede access to and presence in services markets. From the approaches and disciplines within the services trade frameworks and framework of the GATS, most major RTAs are at the same pace with GATS in securing the rule making interface between domestic regulation and trade in services, the necessity test, cross border trade in services, and mutual recognition and emergency safeguards and subsidies issues, but lag behind GATS in areas of policy sensitivities and handling of critical sectors such as telecommunication and financial services. As such, regionalism may not be a preferred means of pursuing trade liberalisation in sectors where policy sensitivities are high. Second, effective access to services markets and services exports performance involve interplay of a large number of policies measures, including those not typically falling within the scope to the services trade frameworks. Beyond reforms in services trade frameworks such as pursuing regional regulatory harmonization, Africa need to be alert to domestic policies and ensure that proper coordination exists with national officials in related policy areas. Third, entry restrictions and regulatory barriers retards growth of services exports sector as incumbent firms have no incentive to improve productivity to stay ahead of competition.

*JEL Classification:* F13, F15.

*Key words:* Trade in Services, Regionalism and Multilateralism, Developing Countries, Africa and GATs.

*Disclaimer:* This is a working paper, and hence it represents work in progress. The views expressed in this paper are those of the author alone, and do not represent the views of the Institute of Policy Research and Analysis.

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## 1 Introduction

Readiness by a number of governments participating in regional trade agreements (RTAs)<sup>1</sup> seems to suggest that many WTO Members are now realising that preferential treatment may be hard to confer in services trade. This paper compares the achievements by regional trade agreements with regard to liberalising trade in services vis-à-vis liberalisation at multilateral level, using examples in services liberalisation in Africa.

Despite the plethora of studies that analyse the costs and benefits of regional agreements on trade in goods, scant attention has been paid to the understanding of the implications of such agreements in services. This is surprising given that every major regional trade agreement now has a services dimension (Mattoo and Fink, 2002). Recent literature advances three theoretical arguments (which are not necessarily specific to services) in favour of a regional approach to liberalisation—highlighting the circumstances in which a country is more likely to benefit from cooperation in a regional forum than in a multilateral forum (Mattoo and Fink 2002).

These gains are likely to come from (1) improved terms-of trade in competitive markets or, more likely in services, by shifting rents towards participating countries' firms in oligopolistic markets (–unless excluded countries respond by concluding similar agreements); (2) more efficient bargaining which is plausible in a regional arrangement—and helps allay the concern that outsiders will be able to free-ride on the reciprocal exchange of concessions than if there were a general MFN obligation; and (3) ability to secure regulatory cooperation—this is more feasible and in many cases more desirable among a subset of countries than in multilateral forum (Mattoo and Fink (2002).

Besides these arguments, there is a growing recognition that opening services market to foreign competition is no easy task. Perceived weakness in regulatory regimes and regulatory enforcement capacities often underpin the reluctance of many developing countries to schedule bound commitments under the General Agreement on Trade in Services (OECD, 2002). There is, at the same time, increasing awareness that effective access to service markets involve a large interplay of policy measures. The question is how effective regional agreements (RTAs) are, as alternative means of tackling many of the

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<sup>1</sup> Particularly those pursuing negative-list approach to market opening

hurdles that potentially impede access to and presence in services markets. Accordingly, one of the policy questions that has been addressed in this paper is how far the RTAs and schedules of commitments are consistent with the GATS Article XVI (Market Access) and Article XVII (National Treatment). Do the RTAs make it easier or harder to achieve services liberalization and effective access to service markets, or do they deepen the complexity of the cooperation?

The General Agreement on Trade in Services (GATS) approaches the progressive liberalisation of trade in services through the elimination of restrictions to trade. In the Uruguay Round Members identified categories of restrictions, mainly of a quantitative and discriminatory nature, which were made subject to the disciplines of Articles XVI and XVII. In sectors where they have no specific commitments, Members are free to impose market access and national treatment restrictions. However, in sectors where specific commitments have been undertaken, all restriction falling within the scope of Articles XVI and XVII are prohibited, unless they have been inscribed in a Member's schedule. Within Members' right to regulate, that right is not absolute. There are rules in Article VI (Domestic Regulation) allowing for the minimisation of the trade restrictive effects of domestic regulation which did not fall within the scope of Articles XVI and XVII.

Article VI of the GATS contains: (a) some binding provisions; (b) a mandate for the development of multilateral disciplines; and (c) a mechanism for the provisional application of the main principles underlying the future disciplines. Paragraph 1 of Article VI requires Members to administer all measures of general application affecting trade in services in a reasonable, objective and impartial manner in sectors where specific commitments have been undertaken. Paragraph 2 provides for the establishment of mechanisms for the review of administrative decisions affecting trade in services. In this context, Members are required to maintain or institute judicial, arbitral or administrative tribunals or procedures, which if not independent of the agency entrusted with the administrative decision concerned, shall at least provide for an objective and impartial review.

The aim of this paper is to explain how RTAs approaches and disciplines in liberalising trade in services differ from that of liberalization of trade in a multilateral context. We reach three broad conclusions. First, regionalism is not inherently preferable to multilateralism as a means of pursuing trade liberalisation in services especially in sectors where policy sensitivities are high. Second, effective access to services markets and services exports

performance involve interplay of a large number of policies measures, many of which tend to interact with one another. Third, entry restrictions and regulatory barriers retards growth of services exports sector as incumbent firms have no incentive to improve productivity to stay ahead of competition. This is one the reasons why Africa's services exports growth has been weak.

The remainder of the paper is organized as follows. Section 2 contrasts liberalization under multilateral framework (GATS) with that under RTAs. Section 3 of the paper analyses specific commitments under GATS and RTAs and points out via some examples how the effects of trade liberalization cannot be analyzed independently of the domestic regulatory system. Section 4 presents the participation of African countries in world services trade and Section 5 concludes with a discussion of the relative merits of RTAs versus multilateral liberalization of service trade.

## **2 GATS vs. RTAs in liberalizing trade in services**

### **2.1 Overview**

The General Agreement on Trade in Services (GATS) entered into force in January 1995. The GATS offers for services trade the same legal stability that arises from mutually agreed rules, binding market access and non-discriminatory commitments that the GATT has provided for goods trade over the last five and a half decades (Sida, 2004). However, trade in services differs fundamentally from trade in goods. First, many services require proximity between the supplier and the consumer, and hence factor mobility is necessary for a number of services transactions. Secondly, the limited scope for "border" restrictions in the case of services implies that domestic regulations have a much stronger influence on trade in services (Mattoo and Fink, 2002).

This section draws substantially from OECD (2003) particularly Sauvé (2003) in assessing the approaches and disciplines within the framework of the GATS and selected RTAs in Africa in achieving liberalisation of trade in services. Five key areas are set out, the rule making interface between domestic regulation and trade in services, the necessity test, handling of critical sectors such as telecommunication and financial services, as well as



areas of policy sensitivities, cross border trade in services, treatment of mode 4, mutual recognition and emergency safeguards and subsidies issues.

## 2.2 Rule-making interface between domestic regulation and trade in services

With exception of East African Community, Africa RTAs like most others in the developing world have made limited progress compared to GATS in tackling rule-making interface between domestic regulation and trade in services. This was a similar conclusion by Sauvé (2003) for the studied RTAs in Latin America and the Caribbean and it was too early at that time to anticipate the progress in Africa RTAs such as the EAC. Article 20 of the Protocol on the Establishment of the East African Community (EAC) Common Market, paragraph 1 allows the Partner States to regulate their services sectors in accordance with their national policy objectives provided that the measures are consistent with the provisions of this Protocol and do not constitute barriers to trade in services. Paragraph 2 requires the Partner States to “ensure that all measures of general application affecting trade in services are administered in a reasonable, objective and impartial manner”, which is similar to provisions arising under Article VI of the GATS. Most RTAs, however, contain weaker provisions with narrow focus that look mainly on professional services than those arising under Article VI of the GATS.

## 2.3 Necessity test and domestic regulation

Article VI:4 of the GATS adopts “necessity” as the central rule to assess the compatibility with the GATS of trade restrictive domestic regulatory measures.<sup>2</sup> The chapeau of Article VI:4 identifies the main objective of the disciplines on domestic regulation, which the Council for Trade in Services is called upon to develop: to ensure that “measures relating to qualification requirements and procedures, technical standards and licensing procedures do not constitute unnecessary barriers to trade in services.”

The disciplines for the accountancy sector developed by the Working Party on Professional Services (WPPS) contain a binding necessity test, which only applies to non-

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<sup>2</sup> Article VI of the GATS (Domestic Regulation) provides a mandate for negotiating disciplines that would ensure that domestic standards and licensing requirements are not “more burdensome than necessary to ensure the quality of the service.”

discriminatory and non-quantitative measures. Section I, paragraph 2 (*General Provisions*) states that:

“Members shall ensure that measures not subject to scheduling under Articles XVI or XVII of the GATS, relating to licensing requirements and procedures, technical standards and qualification requirements and procedures are not prepared, adopted or applied with a view to or with the effect of creating unnecessary barriers to trade in accountancy services. For this purpose, Members shall ensure that such measures are not more trade-restrictive than necessary to fulfil a legitimate objective. Legitimate objectives are, *inter alia*, the protection of consumers (which includes all users of accounting services and the public generally), the quality of the service, professional competence, and the integrity of the profession.”

The necessity test links the measure with a legitimate policy objective as exists also in other WTO Agreements. For example, the 1994 Panel Report on “United States – Taxes on Automobiles” found that the first step in the analysis under Article XX(g) of the GATT was to determine:

“... whether the *policy* in respect of which these provisions were invoked fell within the range of policies to conserve exhaustible natural resources.”<sup>3</sup>

The 1990 Panel Report on “Thailand – Restrictions on Importation of and Internal Taxes on Cigarettes” focused on the legitimacy of policy objective invoked by the Member, before testing the necessity of the measure to achieve that objective (WTO, *DS10/R - 37S/200*, p.20, para 73)<sup>4</sup>

The determination of whether a policy objective qualifies as a legitimate one is probably simpler in the case of an exception as the policy objectives listed in Article XX of the GATT (and XIV of the GATS) are a closed group. The policy objectives in Article VI:4 disciplines might not be a closed group, but they would have to be related to the broad objective of ensuring the quality of the service, which is stated in indent (b) of VI:4. For instance, objectives such as consumer protection and ensuring professional competence would qualify as legitimate objectives.

By 2003, it was only the EU and agreements reached between the EU countries in central and eastern Europe, that was seen to have made some progress in delineating the possible

<sup>3</sup> DS31/R, (unadopted) 11 October 1994, para. 5.56.

<sup>4</sup> DS10/R, adopted on 7 November 1990: [https://www.wto.org/english/tratop\\_e/dispu\\_e/gatt\\_e/90cigart.pdf](https://www.wto.org/english/tratop_e/dispu_e/gatt_e/90cigart.pdf)

elements of a necessary test as is potentially foreseen under the GATS' Article VI:4 mandate (Sauvé, 2003). The same applies to regulatory harmonisation where RTAs had not generally succeeded (apart from EU and the Australia New Zealand Closer Economic Agreement (ANZCERTA) as observed in Sauvé (2003). This is a problem of timing; most major RTAs now have article on Domestic Regulation. In Africa, the East African Community (EAC) Common Market Protocol has Article 20 devoted to Domestic Regulation. Protocol on Trade in Services of the Southern African Development Community (SADC) also has Article 6, whole devoted to Domestic Regulation. Both articles are cast in similar language and tone as GATS Article VI.

Considering that twenty years ago, most RTAs did not have article on domestic regulation per se in their service chapters, but only narrowly drawn disciplines relating to licensing and certification of professional services, the gap between the GATS and RTAs are closing, and in any case RTAs could in near future overtake GATS in this area. However, it is important to mention that progress in area of domestic regulation has been slow in both regional and multilateral level.

#### 2.4 Key infrastructural areas of basic telecommunication and financial services

GATS had until recently, by far achieved higher level of bound liberalisation in the area of basic telecommunications and financial services, than that on offer in most RTAs. As liberalisation has been in progressive manner across all RTAs the issue of timing is crucial in assessing progress. For example, in the case of NAFTA, it was still too early at the time the NAFTA was completed in 1993 to contemplate far-reaching liberalisation in basic telecommunication services (Sauvé, 2003). The same applies to East African Community and other upcoming RTAs in Africa and the rest of the world, with services component in their liberalisation agenda. It was possible to achieve this with GATS at the time GATS Agreement on Basic Telecommunications was concluded in 1997.

#### 2.5 Areas of policy sensitivities

Limited progress has been seen at regional level in sectors such as maritime transport, audio visual services, or energy service. In fact, RTAs have generally made limited progress to open up those sectors that have to date proven particularly difficult to address at the

multilateral level. Most RTAs have tended to exclude the bulk of transportation services from their coverage. On air transport services, only EU has included intra-EU traffic. In the case of the EAC, Article 38 of the Common Market Protocol deferred the making of the regulation applicable to (a) railway transport; (b) maritime transport and port operations; (c) pipeline transport; (d) air transport; (e) non-motorized transport; and (f) multimodal transport and logistics to some later dates within three years upon entry into force the Common Market Protocol. The Protocol came into force on 1 July 2010, but no regulation has since materialized, which shows the level of political sensitivities attached to these issues. In the case of the Southern African Development Community (SADC), Article 3 of the Protocol on Trade in Services paragraph 3 curves out the traffic rights and services directly related to exercise of traffic rights as the area of air transport that are not subject to the Protocol.

## 2.6 Cross-border trade in services

Many RTAs have gone a step further to complement disciplines on cross-border trade in services (modes 1 and 2) with additional set of rules on investment and the temporary movement of business people though in a generic manner. RTAs and GATS both differ in their approaches in regard to the interplay between cross-border trade and investment in services. The GATS for example is silent on matter of investment protection although it incorporates services as one of the four modes of service delivery. Many RTAs have adopted approach similar to GATS, with a few exceptions (e.g. NAFTA). In the case of the EAC, protection of cross border investments appears within the scope of co-operation in Article 5 of the Common Market Protocol, Paragraph 3(b); with Article 29, whole devoted to Protection of Cross-Border Investments. The SADC Protocol on Trade in Services does not have specific provision on matter of investment protection though it recognises commercial presence (Article 3) as one of the four modes of services delivery. The Protocol also incorporates Promotion of Investment in Services in Article 18, but mostly in the context of providing a conducive business environment.

## 2.7 Treatment of mode 4

Under mode 4 (movement of natural persons) RTAs (e.g. NAFTA) are ahead of GATS as regards the broader range of professional categories benefiting from temporary entry

privileges. RTAs have been able to draw much needed policy attention to the essential trade facilitating role that labour mobility provisions can play alongside trade and investment liberalisation. Except that they are also exposed to political sensitivities on display at multilateral level in area of labour mobility. Under mode 4, movement of natural persons, the EAC has bound measures affecting supply, by a limited range of senior professional staff, in engineering, medical, computer, management consulting, hospital, and hotel and catering services.

## 2.8 Mutual recognition

Lack of progress is also associated at regional level with regulatory harmonisation and mutual recognition in services. Only some progress has been made within EU and the Australia New Zealand Closer Economic Agreement (ANZCERTA), although they have had slow progress with regard to the recognition of professional qualifications despite the perceived ‘common labour market policies’ or integrated single markets. North America and East Africa Community have made some progress by concluding mutual recognition agreements (MRAs) in a number of professions such as accountancy, architecture and engineering, though variable levels of disparity in compliance exist among sub-national licensing bodies. Progress in concluding MRAs has proven slow and difficult for most RTAs, particularly where they are pursued between countries with federal systems. One area where RTAs have made speedier headway is in opening up procurement market for services (although this has been made in procurement negotiations).

With regards to financial services, acceptance of home-country rules and supervision, together with harmonization of essential rules, is the basis of the EU single-market program for the financial sector. Outside the European Union, however, few recognition arrangements exist for financial services.

In the case of the EAC, one area where the region has made progress is in mutual recognition of academic and professional qualifications. Annex VI on Mutual Recognition of Academic and Professional Qualifications was adopted and Bilateral Memorandum of Understanding has been concluded by lawyers, medical boards, architects, and accountants in the EAC Partner States. In a bid to facilitate free movement of labour, under Article 11 of the Common Market Protocol, Partner States agreed to harmonize and mutually recognize

academic and professional qualifications granted, experience obtained, requirements met, licences or certification granted, in other Partner States. They also agreed to harmonise curriculum, examinations, standards, certification and accreditation of educational and training institutions. The flip side of the current MRAs is that EAC nationals holding foreign qualifications cannot benefit from the mutual recognition agreement. The underlying intention is to encourage the development of regional qualifications but this is causing some difficulties to individual EAC nationals. Template on mutual recognition was adopted, and the benchmarks for Recognition of Foreign Academic and professional qualifications that have been developed are yet to be adopted. In addition, Partner States are in the process of enacting legislation to regulate professionals that are not regulated. Other challenge that is hampering the implementation of commitments in the Common Market Protocol is slow processing of work permits which has had an impact on the effectiveness of the mutual recognition agreement to promote mobility.

In the SADC region, Article 7 of SADC Protocol on Trade in Services establishes a framework for negotiation of agreement providing for the mutual recognition of requirements, qualifications, licenses and other regulations.

## 2.9 Emergency safeguards and subsidies

Disciplines on emergency safeguards and subsidies for services have eluded both the RTAs and trade liberalisation in services at multilateral level – which shows same technical and political challenges faced at both levels. In the case of the EAC safeguards measures are provided for under Article 26 of the Common Market Protocol (CMP). Paragraph 1 and 2 spells out the circumstances under which such measures can be allowed: to counter the negative consequences of a foreign exchange policy of a Partner State, and in case of balance of payment difficulties. Paragraph 1 allows a Partner State to take safeguard measures in a situation where the movement of capital leads to disturbances in the functioning of the financial markets of the Partner State. However such measure must adhere to the conditions provided under Article 27 of the CM Protocol. Under Paragraph 2, safeguard measures are allowed where a competent authority of a Partner State makes an intervention in the foreign exchange market, which seriously distorts the conditions of competition. Again, such necessary measures to counter the consequences of the intervention must be for a strictly limited period. Paragraph 3 also allows a Partner State to

take safeguard measures, where the Partner State is in difficulties or is seriously threatened with difficulties, as regards its balance of payments position.

In the SADC region, Article 11 of the Protocol on Trade in Services permits State Parties to provide subsidies to their domestic service suppliers, without clear mechanism on how to avoid trade distortive-effect of subsidies. While States agreed to negotiate disciplines to avoid trade distortive effect of subsidies the Protocol does not provide timeline on such negotiation when it should be expected to begin or the framework for the negotiation. As such it would be unlikely that subsidies disciplines might be expected any time in near future.

### **3 Africa's specific commitments under the GATS and RTAs**

#### **3.1 Coverage of sectors under the GATS**

##### **3.1.1 Overview**

The current liberalisation of services and coverage of sectors show wide variations between different regions and different countries and across sub-sectors. The General Agreement on Trade in Services (GATS) covers in principle international trade in all services except those supplied in the exercise of governmental authority (so-called "public services") and, in the air transport sector, traffic rights and all services directly related to the exercise of such rights. These are the range of services covered by the GATS:

- |  |  |
|--|--|
| 1. Business services                           | 7. Financial services                          |
| 2. Communication services                      | 8. Health-related and social services          |
| 3. Construction & related engineering services | 9. Tourism and travel-related services         |
| 4. Distribution services                       | 10. Recreational, cultural & sporting services |
| 5. Educational (& training) services           | 11. Transport services                         |
| 6. Environmental services                      | 12. Other services (energy services)           |

GATS framework features several of the fundamental principles of the GATT – national treatment, most-favoured nation (MFN) treatment, transparency in domestic regulation, and fair application of laws.

### **3.1.2 Specific commitments in the GATS by the EAC countries**

At the community level, the EAC Common Market Protocol identifies financial services, tourism, education, communication, transport, distribution, and business services as sectors to be liberalized by 2015. However, local sales through foreign affiliates remain the main source of international transactions as constraints continue to impede a full and inclusive expansion of international trade in services. These include limited services supply capacity; inadequate regulatory framework; the absence of a national trade in services policy; international trade barriers; and an inability to translate regulatory frameworks into GATS language.<sup>5</sup>

#### **Burundi**

Burundi's commitments under the General Agreement on Trade in Services (GATS) covers business services, construction and related engineering services, distribution services, health-related services and social services.<sup>6</sup> Burundi has bound, without limitations on market access and national treatment, all the measures affecting cross-border supply of all these services, their consumption abroad and commercial presence with a purpose to supplying those services. With the exception of medical specialists, managers and specialized senior management (through horizontal concessions), Burundi has left measures affecting the presence of natural persons unbound. Burundi participated neither in the WTO negotiations on basic telecommunications nor in those on financial services.<sup>7</sup>

#### **Kenya**

Kenya's commitments under the GATS is in five services sectors, namely, communication, financial services, tourism and travel-related services, transport services, and other services (meteorological data information). Kenya also holds horizontal commitments in commercial

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<sup>5</sup> East African Business Council, Trade in Services negotiations, and the Private Sector, 2009, Arusha, Tanzania.

<sup>6</sup> WTO document GATS/SC/116, 15 April 1994.

<sup>7</sup> WTO document WT/TPR/S/271/BDI



presence and movement of natural person. The limitations on market access for commercial presence is that requiring foreign service-providers to incorporate or establish the business locally. Horizontal limitations are also present with regards to the entry and temporary stay of natural persons employed in management and expert jobs. The employment of foreign natural persons must be approved by the Government.<sup>8</sup>

Tourism, transport, and communication are the main services industries in Kenya. The sectors that have been identified as crucial towards realising Kenya's Vision 2030 objectives are tourism, wholesale and retail trade, business process outsourcing, and financial services. Kenya, with relatively well-developed financial system, and transportation services has potential to increase its services exports within East Africa. Moreover, its geographical location offers it a unique opportunity to provide maritime services to its landlocked neighbours.

#### Rwanda

Rwanda has undertaken limited GATS commitments on certain professional services (legal, medical, and dental services); adult education services; sanitation and similar services; hotel and restaurant services; and recreational, cultural, and sporting services in centres promoting eco-tourism. For each of these services, Rwanda has undertaken not to maintain any market access or national treatment restrictions for modes 1 to 3 (cross-border supply, consumption abroad, and commercial presence). Rwanda leaves unbound, measures affecting the presence of natural persons for the supply of medical and dental services, and hotel and restaurant services (specialized personnel and senior executives are the exception).<sup>9</sup> For the other activities mentioned above, Rwanda has undertaken not to maintain any restrictions on the presence of natural persons.<sup>10</sup>

#### Tanzania

Under the General Agreement on Trade in Services, Tanzania scheduled commitments only on four-star hotels and above (Table IV.6). It did not participate in the GATS Fourth and Fifth Protocols, on basic telecommunications and financial services, respectively.

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<sup>8</sup> GATS/SC/47, 15 April 1994.

<sup>9</sup> WTO documents GATS/SC/107 (30 Aug 1995), and S/DCS/W/RWA (24 Jan 2003).

<sup>10</sup> WTO document WT/TPR/S/271/RWA



### 3.1.3 Commitments in the GATS by the SACU countries

#### Lesotho

Lesotho's horizontal commitments on market access in the GATS hold no limitations on cross-border supply, or on consumption abroad, of the 85 sectors or subsectors included in the schedule. However, Lesotho leaves measures affecting one or both of these modes of supply unbound in 33 sectors or subsectors, and with regard to "architectural services" the services of a locally registered architect have to be utilized for building plans of 500 square metres or over. On commercial presence, wholly foreign-owned enterprises must satisfy a minimum equity capital requirement of US\$200,000, joint-venture companies must have a minimum foreign equity capital outlay of US\$50,000 in cash or in kind, and agency establishments must have authority to negotiate and conclude contracts on behalf of their foreign parent companies.

In addition, in reinsurance and retrocession, insurers, whether foreign or domestically controlled, must be incorporated as a public company under the Companies Act. For competition reasons, the acquisition by a resident or non-resident of shares or any other interest in a registered insurer resulting in the holding of 25% or more of the value of shares or other interest in the business, requires the approval of the Registrar of Companies. Some restrictions are also placed on the issuance of shares by banks. Regarding presence of natural persons, the schedule binds the automatic grant of entry and work permits for up to four expatriate senior executives and specialized skill personnel "in accordance with relevant provisions in the laws of Lesotho". Enterprises are also required to provide for training in higher skills for locals to enable them to assume specialized roles. Lesotho holds no limitations on national treatment. However, as with market access, measures affecting the supply of certain services remain wholly or partly unbound.<sup>13</sup>

#### Namibia

Namibia made minimal commitments on services under the GATS. The commitments cover tourism, more specifically hotels and restaurants, as well as travel agencies and tour operators, and scientific and consulting services relating to offshore oil and gas exploration.

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<sup>13</sup> 52 Lesotho's Schedule of Specific Services Commitments under GATS is contained in document GATS/SC/114.

Namibia shows no limitations on market access and national treatment for these services for all four modes of supply. It did not participate in the extended GATS negotiations on basic telecommunications (Fourth Protocol) or financial services (Fifth Protocol).<sup>14</sup>

#### South Africa

South Africa's specific commitments in the Uruguay Round covered almost all services sectors in the GATS. They include business services; communication services (courier services and telecommunication services); construction and related engineering services; distribution services; environment services; financial services (insurance and insurance-related services, and banking and other financial services); tourism and travel-related services; and transport services. The horizontal commitments on market access imposes a limitation on temporary presence for up to three years for those engaged in the supply of certain services, without requiring compliance with an economic needs test. Limitations on national treatment relate to local borrowing; South African registered companies with a non-resident shareholding of 25 percent or more have unspecified limits on local borrowing.<sup>15</sup>

#### Swaziland

Swaziland's horizontal commitments on market access under the GATS cover nine sectors or subsectors (engineering services, integrated engineering services, medical and dental services, consultancy services related to the installation of computer hardware, research and experimental services on natural sciences and engineering, management consulting services, technical testing and analysis services, hospital services, and hotel and restaurant services). Under its sector-specific commitments is scheduled only in some business services, hospital services, and hotels and restaurant services.<sup>16</sup> In all these cases, Swaziland has left measures affecting cross-border supply (mode 1) unbound, and allows market access without limitation on consumption abroad and commercial presence (modes 2 and 3) (WTO, 2003). This reflects the Government's policy of maintaining liberal cross-border supply of services and encouraging commercial presence.

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<sup>14</sup> WTO document WT/TPR/S/222/NAM/Rev.1

<sup>15</sup> WTO document WT/TPR/S/222/ZAF, 6 November 2009.

<sup>16</sup> WTO document S/DCS/W/SWZ, 24 January 2003.

Under mode 4, movement of natural persons, Swaziland has bound measures affecting supply, by a limited range of senior professional staff, in engineering, medical, computer, management consulting, hospital, and hotel and catering services. Swaziland's MFN exemptions in services relate to financial services, where an exemption is made for the preferential access that members of the CMA enjoy to the Swaziland capital and money markets and the maintenance of exchange controls by the CMA. MFN exemptions also applies to existing or future bilateral agreements relating to international road transport (including road/rail transport) reserving or limiting the provision of a transport service "into, in, across or out of Swaziland" to members of such agreements (e.g. the SADC Protocol on Road Transport).<sup>17</sup>

### **3.1.4 Commitments by the CEMAC countries**

The Central African Economic and Monetary Community (CEMAC) countries—Cameroon, the Republic of the Congo, Gabon, the Central African Republic (CAR), and Chad, and Equatorial Guinea—the first five are Members of the WTO, while Equatorial Guinea has observer status in WTO. All the six countries are all members of the Economic Community of Central African States (ECCAS), a sub-regional organization established on 18 October 1983. In adds to the CEMAC countries, Burundi and the Democratic Republic of the Congo (members of the Economic Community of the Great Lakes Countries), Angola and Sao Tomé and Príncipe (WTO, 2013). None of the CEMAC member States has made specific commitments on telecommunications under the GATS, and none participated in the WTO negotiations on telecommunications services, concluded in 1997. However, the national legislations applicable to this sector do not contain any special restrictions with respect to market access for foreign providers (WTO, 2013).

#### **The Congo**

The Congo has made few commitments under the GATS other than those in tourism. It did not take part in the negotiations on basic telecommunications services or in those on financial services, concluded in 1997.<sup>18</sup>

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<sup>17</sup> WTO Document WT/TPR/S/114/SWZ

<sup>18</sup> WTO Document WT/TPR/S/285 • CONGO

## Gabon

Gabon's specific commitment under the GATS is in tourism; these commitments relate, in particular, to hotel and restaurant services and to travel agencies and tour operator services. The commitments cover both investment and certain categories of personnel (managers, senior executives and specialists). Gabon implements the International Ship and Port Facility Security (ISPS) Code, and is also a member of the Maritime Organization for West and Central Africa (MOWCA), which deals with the implementation of various international conventions relating to security (SOLAS) and marine pollution (MARPOL). Gabon is also a signatory to the recent International Safety Management (ISM) Code and the Convention on Standards of Training, Certification and Watch-keeping for Seafarers (STCW).<sup>19</sup>

### 3.2 Coverage of sectors & commitments under the EAC CM framework

The EAC Common Market Protocol (CMP) provides for free movement of services in the region. Under Article 23 (1), "liberalization shall be progressive and in accordance with the negotiated Schedules of Specific Commitments as provided in Annex V of the Protocol."

Annex V of the East African Community Common Market Protocol (CMP) adopts a positive list (as in the GATS), scheduling commitments on market access and National Treatment according to the 4 modes of supply.

*Table 1. Sector commitment by country under the EAC Common Market framework*

Sectors/sub-sectors	Burundi	Kenya	Rwanda	Tanzania	Uganda
Communication	6	12	21	17	21
Financial	9	12	15	16	11
Business	31	15	32	7	33
Distribution	3	3	4	2	4
Education	4	4	5	4	5
Tourism and travel related	4	3	4	4	4
Transport	17	9	20	9	20
Total number of commitments by sector, out of 160	74	63	101	59	98

*Source:* EAC Secretariat

Negotiations on the remaining sectors and subsectors are ongoing.

<sup>19</sup> WTO Document WT/TPR/S/285 • GABON

The EAC commitments under the CMP cover seven service sectors or subsectors (in first round of commitment): *communication; financial services (banking and insurance); business and professional services (including health related services); distribution; education; tourism and travel-related; and transport* as summarized in Table 1, with sub-sectors in Table 2. As Table 1 shows, commitment varies across countries.

Table 2. Coverage of sectors and modes of supply

Sectors/sub-sectors	Mode 1	Mode 2	Mode 3	Mode 4
<i>Communications</i>				
Courier Services	X	X	X	X
Telecommunication	X	X	X	X
Audio Visual	X	X	X	X
Postal services	X	X	X	X
<i>Banking</i>				
Acceptance of Deposits	X	X	X	X
Lending	X	X	X	X
Financial Leasing	X	X	X	X
Money Transmission	X	X	X	X
Foreign exchange	X	X	X	X
Money market instruments	X	X	X	X
Asset management	X	X	X	X
<i>Insurance</i>				
Life Insurance	X	X	X	X
Non-Life Insurance	X	X	X	X
Insurance Broking	X	X	X	X
Agency Services	X	X	X	X
Reinsurance and Retrocession	X	X	X	X
Accident, Health Insurance	X	X	X	X
<i>Tourism</i>				
Hotels & Restaurants	X	X	X	X
Travel Agencies & Tour Operators	X	X	X	X
Tourist Guides	X	X	X	X
<i>Transport</i>				
Air passenger domestic	X	X	X	X
Air passenger international	X	X	X	X
Maritime transport	X	X	X	X
Road transport	X	X	X	X
Freight transportation	X	X	X	X
Internal waterways	X	X	X	X

Table 1 contd. Coverage of sectors and modes of supply

Sectors/sub-sectors	Mode 1	Mode 2	Mode 3	Mode 4
<i>Professional Services</i>				
Legal services (CPC 861)	X	X	X	X
Accounting, auditing, bookkeeping (CPC862)	X	X	X	X
Taxation (CPC 863)	X	X	X	X
Architectural services (CPC8671)	X	X	X	X
Engineering (CPC8672)	X	X	X	X
Urban planning & landscape architectural services (CPC8674)	X	X	X	X
Integrated engineering (CPC 863)	X	X	X	X
Medical and dental (CPC 9312)	X	X	X	X
Veterinary (CPC 932)	X	X	X	X
Services by midwives, nurses, physiotherapists and para-medical personnel (CPC93191)	X	X	X	X
<i>Computer and related services</i>				
Consultancy Services	X	X	X	X
Software Implementation	X	X	X	X
Data Processing	X	X	X	X
Data Bases	X	X	X	X
<i>Research and development</i>	X	X	X	X
<i>Real estate</i>	X	X	X	X
<i>Other business services</i>				
Advertising, management consulting, etc	X	X	X	X
Leasing or rental services	X	X	X	X
Printing and publishing	X	X	X	X

Source: EAC (2009)

Notes:

CPC refers to the United Nations Central Product Classification Codes for services.

**Mode 1:** the supply of services from the territory of a Partner State into the territory of another Partner State.

**Mode 2:** the supply of services in the territory of a Partner State to service consumers from another partner State.

**Mode 3:** the supply of services by a service supplier of a Partner State, through the commercial presence of the service supplier in the territory of another Partner State.

**Mode 4:** the supply of the services by a supplier of a Partner State, through the presence of a natural person of a Partner State in the territory of another Partner State.

According to schedule of commitment, there is no restriction in market access and national treatment in the sub-sector across the four modes of supply. Commitment to Mode 4 liberalisation is generally in accordance with the Schedule under the East African Community Common Market (Free Movement of Workers) Regulations. The remaining sectors such as *construction and related services; environmental; recreational, culture and sporting services* are not included elsewhere.



### 3.2.1 Financial services

The EAC countries are committed to Acceptance of Deposits and other Repayable Funds from the Public; Lending of all types Including inter alia Consumer Credit, Mortgage Credit, Factoring and Financing of Commercial Transactions; Financial Leasing; All payment and Money Transmission Services; Guarantees and Commitments; Money Market Instruments (Cheques, Bills, Certificates of Deposit); Foreign Exchange; Life, Accident and Health Insurance Services; Non-Life Insurance Services.

Added to these, are Financial Leasing; and Credit Reference Bureau in the case of Uganda; and Asset Management<sup>20</sup>; Advisory and other Auxiliary Financial Services including Credit Reference and Analysis, in the case of Kenya. Also on Kenya's schedule of commitment are Investment and Portfolio Research and Advice on Acquisitions and Corporate Restructuring and Strategy; Insurance Broking Services; Agency Services; Auxiliary Services, Assessors, Intermediaries and Loss Adjustors; Reinsurance and Retrocession.<sup>21</sup>

There is no entry restriction on banking and other financial services in Burundi and Kenya, although the country's commitment is not to fully liberalise its Life, Accident and Health Insurance Services (3 unbound), and Non-Life Insurance Services for mode 3, market access – Burundi Participation to the capital not exceeding 33% per shareholder. The Bank of the Republic of Burundi (BRB) relies on the international standards of the Basel Committee for determining the prudential rules for commercial banks.

Kenya's commitment is not to fully liberalise cross border trade in life insurance services (mode 1) and consumption abroad (mode 2). Kenya is not fully open to foreign direct investment; mode 3 market access – one-third of paid up capital must be owned by Kenyans—Kenya leaves mode 3 national treatment unbound. Kenya's commitment is also not to fully liberalise cross border trade in Agency Services, except for re- insurance, and leaves mode 2 unbound and investment (mode 3) is restricted to Kenyan.

Resident status is important in Rwanda. Rwanda requires that the person managing a bank in Rwanda must have the status of a resident. The insurance sector is supervised by the National Bank of Rwanda. In accordance with Regulation No. 001/2010 of 28 January 2010,

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<sup>20</sup> such as Cash or Portfolio Management, all forms of Collective Investment Management, Pension Fund Management, Custodial Depository and Trust Services

<sup>21</sup> Non-Life Insurance excludes Aviation, Marine and Engineering.

foreign insurers may register and obtain licences from the Central Bank as subsidiaries in Rwanda, and may provide non-compulsory insurance services for risks located in Rwanda. There is also limitation on "consumption abroad" particularly on off-shore purchase of insurance services unless unavailable in Rwanda and with prior authorization. This applies to Life, Accident and Health Insurance Services; as well as Non-Life Insurance Services and Re-Insurance and Retrogression, including Services Auxiliary to Insurance, market access mode. Uganda indicates no entry and investment restriction on banking and insurance services, except Financial Leasing and Credit Reference Bureau.

The Bank of Uganda has the authority to license banks in accordance with the Financial Institutions (Licensing) Regulations, 2005. The required minimum paid-up capital of commercial banks is US\$ 25 billion. The minimum capital requirement for credit institutions and micro-finance institutions remains at US\$ 1 billion and US\$ 500 million, respectively.

Under the Banking and Financial Institutions Act 2006 (BFIA 2006), the minimum core capital requirement for a commercial bank to start operations in Tanzania is T Sh 5 billion; this was increased to T Sh 15 billion in July 2010. Under the Insurance Act of 2009, an insurer must be a resident company registered under Tanzanian law; at least one third of its controlling interest must be held by citizens of Tanzania, and at least one third of the company's board members must be Tanzanian citizens.

### 3.2.2 Communication/telecommunication services

Burundi shows no commitment to fully liberalise telecommunication sector especially investment until 2015. Kenya market access restrictions are in area of courier services, audiovisual services. Investment in Kenya's Courier Services (mode 3) requires for Joint venture with the nationals. It also shows no commitment to fully liberalise the telecommunication and postal services; "consumption abroad" (mode 2) is still restricted and foreign investment is limited to 30% share capital (foreigners cannot hold more than 30% share capital).

On Audiovisual services particularly, Motion Picture and Video Tape Production Services (excluding distribution services), there exists foreign investment requirement for joint venture with the nationals.

Rwanda's market access commitment is also in area of postal services. It leaves mode 1 - 3 unbound. Foreign investment in mobile services is currently restricted to three providers because of the size of the market.

In Uganda's telecommunication sector, foreign Mobile Operators entry is allowed only through acquisition of existing local entities owing to a moratorium on new licenses for the next 10 years. Licences to operate in the postal subsector are granted by the Uganda Communication Commission (UCC). The Uganda Post Limited (trading as Posta Uganda) – a state-owned company, has exclusive rights to provide and issue postage stamps, pre-stamped envelopes, aerogrammes, and international reply coupons; rent and lease post office boxes; and deliver letters weighing up to 350 g (with a few exceptions). UPL has universal service obligations. Its five-year operating licence is valid until 2016. Uganda has undertaken specific GATS commitments on telecommunications and has signed the Telecommunications Reference Paper, but is not a signatory to the WTO Information Technology Agreement.

In Tanzania, foreign investment in Courier Services requires 35% local shareholders. In areas of audio visual services especially Radio and Television Transmission Services foreign investment must include 51% local shareholder. Rwanda show no commitment to open up services in areas of commission agent services and as well as wholesale and retail trade services. Uganda shows the same entry restriction in wholesale trade services, and retailing services, while Tanzania leaves franchising services mode 3 unbound, and allows market entry for commission agents services.

Telecommunications is one of the most liberal and fastest growing sectors of the Tanzanian economy, with annual growth rates averaging about 20 percent. The telecommunication sector is governed by the Electronic and Postal Communications Act of 2010. The Act requires all telecom companies to list on the Dar es Salaam Stock Exchange within three years.

### 3.2.3 Tourism

Burundi, Kenya, Rwanda and Uganda's commitments are to fully liberalise their tourism and travel related services, covering Hotels and Restaurants, Travel Agencies and Tour Operators Services, Tourist Guides Services. Uganda's only entry restriction in hotels and

Restaurants (including catering) is in areas where Government has granted concessions, but leaves Travel Agencies and Tour operators mode 3 market access unbound. Foreign investors enjoy the same treatment as nationals, except for Gorilla Permit where Foreign Companies are required to make joint ventures with the local incorporated operators.

Uganda Tourism Act (2008) brings together the hotels laws, the tourists' agents licensing law, and the Uganda Tourism Board (UTB). The Act includes the introduction of a tourism development levy, to be imposed on both visitors and tour operators, and a tourism development fund to further develop the sector. Tourist accommodation, travel agents, tour operators, and tour guides must be licensed. Tour guides must register with the Uganda Tourism Board (UTB), pass an appropriate exam, possess tourist guide qualifications deemed to be relevant, and possess an identity document issued by the UTB. Foreigners may not be licensed as tour guides.

In Tanzania, investment in tourism activities (e.g. hotels and lodges, conference and eco-tourism, and tour operators and transport) is open to local and foreign investors, with a few exceptions, and several investment incentives are available. However, in order to register and benefit from such incentives, higher levels of investment are required from foreign investors. Entry for foreign investors in Hotels and Restaurants is open for 3 stars categories and above (for Islands, National Parks and Game Reserves it is from 4 stars and above). Investment is subject to economic needs test, with higher licensing fee for foreigners. Travel operators (except island), there is higher licensing charges for foreigners; while tourist hunting also carries higher licensing fee for foreigners.

Travel agent services, trekking and tour guides, and car-hire services are reserved for Tanzanian citizens. Neither locals nor foreigners may own land in mainland Tanzania or Zanzibar for hotel construction, but may obtain a lease for up to 99 years. Any investor (local or foreign) who wishes to invest in a wildlife protected area must obtain approval from the Ministry of Natural Resources and Tourism (MNRT). Tanzania Tourism Licensing Board is responsible for issuing licences and advising the Minister on matters related to the Tourism Act.

The tourism sector is subject to numerous taxes and fees, including a Tourist Agency Licensing (TALA) fee. Overall, the hotel subsector attracts 14 types of taxes/fees, while 11 types of taxes/fees apply to the travel and tour subsector. Zanzibar has its own tourism policy, with different tax and incentive regimes. The industry is regulated by the Zanzibar

Commission for Tourism. Policy is guided by the Promotion of Tourism Act (1996), the Zanzibar Tourism Master Plan (2003), and the Zanzibar Tourism Policy (2004).

#### 3.2.4 Transport services

Unlike Kenya, Burundi and Rwanda show no restriction on Internal Waterways Transport, and Air Transport. Rwanda is also committed to fully liberalise Road Transport Services, Rail Transport, but limit foreign investment in Pipeline Transport. Tanzania also shows no entry restriction on maritime transport (Passenger and Freight Transportation, Cargo Handling Services, Cargo Stations/ Depot Services) and on road transport services (International Road Transport)

Kenya's market entry restriction on maritime transport services (Maintenance and Repair of Vessels) and for air transport (Aircraft Repair and Maintenance) is expressed by requiring foreigners to have joint venture with Kenyan nationals. Kenya shows no restriction on all areas of road transport (passenger, and freight transportation, maintenance and repair of road transport equipment, supporting services for road transport services). Uganda shows no restriction in internal waterways transport, rail transport, on road transport and pipeline transport except in areas where Government has granted concessions. Entry restriction in Air Transport exists only in providing international air passenger services for routes agreed under BASA.

Rwanda is a signatory to International Civil Aviation Organisation (ICAO); and adheres to standards and practices recommended by the ICAO on air transport agreements. Rwanda has an open sky agreement with the United States.

Access to the Ugandan aviation market is governed by the Civil Aviation Authority Statute of 1994. The Civil Aviation Authority (CAA), which reports to the MOWT, is responsible for regulating the aviation industry in accordance with the statute and with providing both air traffic and aerodrome services.

Traffic rights are allocated in accordance with relevant international conventions, e.g. the Chicago Convention and the Civil Aviation Authority Statute No. 3, 1994. Traffic rights belong to the State. Air transport operators are free to exercise the first and second freedoms provided they request clearance. Third and fourth freedom traffic rights are exchanged on a reciprocal basis provided a bilateral air services agreement (BASA) has been concluded.

Uganda has signed a number of BASAs; most liberalize air transport up to the fifth freedom.<sup>22</sup>

Tanzania market access entry to international air transport is subject to operational Bermuda type arrangement - a bilateral air services agreement (BASA). On cargo handling services foreign investment is subject to Joint venture requirement (65% foreigner).

Tanzania is a signatory of the Chicago Convention, and abides by the standards and practices of the International Civil Aviation Organization. Tanzania has concluded bilateral air services agreements with 48 countries of Africa, Asia, Europe, and America.<sup>23</sup> As of March 2011, foreign carriers were operating under 21 of these agreements.

In Maritime transport, under the Merchant Shipping Act 2002, in order to be registered and obtain a shipping licence, an applicant must be a citizen of Tanzania or a company incorporated under Tanzanian law in which at least 50% of the share capital is owned directly or indirectly by a Tanzanian citizen. Companies that are wholly owned by Tanzanians must have capital of not less than US\$10,000, while companies jointly owned by Tanzanian and foreigners must have capital of not less than US\$100,000.

### 3.2.5 Professional services

In the professional services sub-sector, the EAC Partner States' specific commitments governing market access and national treatment are primarily in the following areas: (a) legal services, (b) accounting, auditing and bookkeeping services, (c) taxation services, (d) architectural services, (e) engineering services, (f) integrated engineering services, (g) medical and dental services, (h) veterinary services, (i) services provided by midwives, nurses, physiotherapists and para-medical personnel. In Rwanda and Uganda, the list extends to include urban planning and landscape architectural services.

No entry restrictions in market access and national treatment in all these sub-sectors, except for legal services in Burundi, and for lease or rental services, data services, research and development services on social science and human resource. Burundi makes no

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<sup>22</sup> Uganda has concluded BASAs with Tanzania, Sudan, Ethiopia, the United Kingdom, Belgium, DR Congo, Zimbabwe, Rwanda, Libya, Kenya, Bahrain, Oman, South Africa, India, Qatar, Nigeria, United Arab Emirates, the Netherlands, the United States, Ghana, and Turkey.

<sup>23</sup> For the list of countries with which the United Republic of Tanzania has signed air service agreements, see TCAA online information. Viewed at: [http://www.tcaa.go.tz/licensing\\_bilateral.php](http://www.tcaa.go.tz/licensing_bilateral.php).

commitment to fully liberalise legal services until 2015. The area of accounting, auditing and bookkeeping services, requires one-third of the capital to be owned by nationals.

Kenya is more specific in its commitment, for instance, in mode 4 in areas of legal advisory and representation services in Judicial Procedures Concerning other Fields of Law, accounting and auditing services (CPC 862 excluding CPC 86213 and CPC 86211), advisory and consultative engineering services (CPC86721).

Rwanda imposes residency requirements for accountants and architects—this is limited to mode 4 in accordance with the Schedule on the Free Movement of Workers. In order to have a legal recognition of their operations in Uganda, foreign Law firms are required to be in partnership with local firms (since they cannot fall under companies or sole proprietorship). Practitioners trained or coming from Universities/countries that do not practice common law are not recognised in Uganda. Branches not allowed for Legal advice on both host and home country laws and local member of an international network of professional services firms cannot use their network's brand name.

Uganda grants automatic recognition of foreign license granted subject to labour market tests and economic needs test. With respect to accounting and auditing services, branches are not allowed and no limit on ownership by foreign nationals but if all foreign at least one must be resident in Uganda. No limit on ownership by non-locally licensed professionals but all partners must be members of approved accountancy bodies. A local member of an international network of professional services firms cannot use the net work's brand name.

### 3.2.6 Computer and related services

Burundi, Rwanda and Uganda market access commitments are in areas of consultancy services related to the installation of computer hardware; software implementation services; data processing services; data bases services. There are no restrictions in all these areas. However, Uganda does not extent national treatment privileges in data bases services. Kenya's commitment is only in services related to the installation of computer hardware, while Tanzania indicates no offer in any of these areas.

### 3.2.7 Research and development services

Burundi, Rwanda and Uganda's schedule of commitment covers research and development services on natural sciences; social sciences and humanities; interdisciplinary research and

development services. Burundi is committed to fully liberalise services in these areas, but withholds national treatment privileges in interdisciplinary research and development services. Rwanda does not extent national treatment privileges in area of research and development services on social sciences and humanities, and interdisciplinary research and development services. These sub-sectors are not open to foreign investment in Uganda. Kenya's commitment is in area of research and development services on natural Sciences. Tanzania shows no commitment in any of this sub-sector.

### 3.2.8 Other business services

Other commitment in the area of business services include advertising services; market research and public opinion polling services; management consulting services; services related to manufacturing consulting; technical testing and analysis services; services incidental to agriculture, hunting and hunting forestry; services incidental to fishing; services incidental to manufacturing; related scientific and technical consulting services; maintenance and repair of equipment; building-cleaning services; photographic services; packaging services; printing, publishing; and other. Burundi commitment is in all these areas. Uganda and Rwanda's commitment is in all these areas, except services incidental to agriculture, hunting and hunting forestry; services incidental to fishing, while Tanzania's commitment is only in areas of market research and public opinion polling services; placement and supply services of personnel.

### 3.2.9 Distribution services

The commitment by the EAC countries in these areas include commission agents; wholesale trade services; retailing services; and franchising (all except Burundi) no restriction in Burundi and Kenya. Rwanda, however, show no commitment to fully liberalise these services, while Uganda's wholesale trade services and retailing services are areas essentially the preserve for nationals. Non-Ugandans not allowed to trade outside the city, municipality or town or in goods not declared in his/her license. Tanzania on the other hand, shows no commitment to fully liberalise franchising services.



### 3.2.10 Education services

Commitment in the Education sub-sector covers primary, secondary, and higher education services and adult education services. Burundi and Rwanda show no restrictions in any of these areas, while Kenya and Tanzania are unopened to cross border supply of services and establishment by non-Kenyan areas of higher education services requires joint venture with Kenyan nationals. No restriction for adult education services. While Uganda imposes no restrictions for lower education services, the requirements for non Ugandans in providing higher education services may be different in meeting the required standards. The Process for getting a license may take up to three years for foreigners. No restriction for adult education and other education services. Extension of national treatment for foreign establishment in BTVET is subject to BTVET principles, concepts and the established vocational qualification framework. This only covers community polytechnics, vocational training centers and institutes and technical institutions. Tanzania shows no entry or other restrictions on technical and vocational education and training and university education. They remain in primary and secondary education.

## 3.3 Coverage of sectors under the SACU, and CEMAC agreements

### SACU Agreement

The 2002 SACU Agreement, while recognizing the need for the Customs Union to be aligned with developments in international trade, is limited to the liberalization of trade in goods. The Agreement does not establish provisions for trade in services. However, all SACU members are signatories to the SADC Protocol on Trade, which entered into force on 25 January 2000. Article 23 of its Protocol on Trade provides for services liberalization. SADC States have since developed a specific Protocol on Trade in Services. SADC has also concluded and adopted a Protocol on Finance and Investment and Protocol of the Development of Tourism, Botswana, Lesotho, Swaziland and Mozambique have opted to negotiate on trade in services with the EU.

**CEMAC Agreement****Professional services**

Conditions governing a number of professions are harmonised across the region. For natural persons, a handling fee of CFAF 250,000 is charge with respect to the approval dossiers for certain Community-regulated professions and CFAF 1 million for legal persons of Community origin. The rate is twice as much for persons of non-Community origin. The professions described below are subject to Community regulations (WTO, 2013).

Access to the profession by foreign nationals depends on the existence of a reciprocity agreement with the country of origin and the possession of a permit to reside permanently in one of the member States. Under these conditions, foreigners may establish a tax consultancy with CEMAC nationals, provided that the latter represent a two-thirds majority by numbers and capital investment (WTO, 2013).

Accountancy services are harmonised under the Act No. 4/70-UDEAC-133 of 17 November 1970 on the Regulations governing the profession of accountant, last revised on 5 December 2001. The Act governs the exercise of the professions of chartered accountant, statutory auditor, and legal expert in accountancy. To exercise the profession of chartered accountant the Law requires one to secure the approval of the Council of Ministers. When granted the approval is valid for an indeterminate period and in all the Member countries. The exercise of the profession is overseen, at national level, by a national association of chartered accountants and, at Community level, by a higher council of national associations (WTO, 2013).

Foreign nationals are not allowed to exercise the profession individually or join together to set up an accountancy firm. However, they may work as salaried employees in an accountancy firm or set up an accountancy firm with CEMAC nationals, provided that the latter represent a two-thirds majority share holders and capital investment. Only chartered accountants and accountancy firms are allowed to perform the functions of a statutory auditor. The profession of legal expert in accountancy is also reserved for accountants approved by the Council of Ministers. The latter are required to enrol on a list maintained by the ordinary court or court of appeal which seeks their expertise. The profession of approved customs clearing agent is governed by an Act adopted in 1981 and last amended in 2010. It is open to foreigners on condition that nationals of one of the CEMAC States benefit from the same concession in the foreign country (WTO, 2013).

### Air transport

The operating conditions and procedures for air services in the Central African Economic and Monetary Community (CEMAC)—Cameroon, the Republic of the Congo, Gabon, the Central African Republic (CAR), and Chad, and Equatorial Guinea—are established by the Libreville (1999) Agreement (WTO, 2013). The Agreement allows each Member State to designate two companies (and grant these companies the necessary operating permit) to operate approved intra-Community air services. Under this framework, any State is free to grant a designated enterprise of another Member State the right to serve its territory. States agreed to grant the same treatment as that reserved for their national companies with regard to the use of airport infrastructure, equipment and services, and fees (WTO, 2013).

Under the Libreville Agreement—and in line with the International Air Services Transit Agreement (Chicago, 7 December 1944)—member States unconditionally grant each other over flight and non-traffic landing rights (first and second freedoms). They reserve the free exercise of the rights for flights from or to their cities (third and fourth freedoms). As regards the fifth freedom (i.e. flights to another State with traffic being put down and possibly taken on in a third State), the Agreement provides for total liberalization after a two-year transition period during which the fifth freedom would be limited to a given proportion of the traffic (40% of the previous year's traffic). The Libreville Agreement liberalized flight frequencies without restrictions, but the responsibility of coordinating and harmonizing the operating schedules rests with the companies (WTO, 2013).

### Telecommunications and broadcasting

None of the CEMAC member States has made specific commitments on telecommunications under the GATS, and none participated in the WTO negotiations on telecommunications services (after the Uruguay Round), concluded in 1997. However, the domestic legislations applicable to the telecommunications sector do not contain any special restrictions with respect to market access for foreign suppliers. Mobile phone services are generally open to competition, in particular from abroad. However, fixed-line telephone services still remain a public monopoly in most of the States. Efforts at CEMAC level to create a common regulatory framework have not been replicated at the national level.

Most CEMAC Member countries maintain a State monopoly, often with a foreign partner, on the supply of fixed telephone services. The persistence of public monopolies in this sector is engineered by the failure to reform these enterprises; to make them profitable and attractive to private investors than a deliberate policy of public intervention. All the member States have introduced a new number-digit system—a eight-digit system in Cameroon, Gabon, the Central African Republic and Chad, and nine-digit system in the Congo.

#### Maritime transport and port services

Maritime navigation activities are regulated by the Community Merchant Marine Code adopted in 1994 and has since been revised twice, in 2001 and 2012.<sup>24</sup> The purpose of the second revision was to bring it into conformity with international standards, in particular the International Ship and Port Facility Security Code and the Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea (Rotterdam Rules). The Code lays down the rules applicable to the vessel, navigation, pollution, the organization of transport operations, the auxiliary professions and dispute management. It stipulates that national and sub regional cabotage is reserved for vessels flying the flag of a member State.

At ECCAS level, there is a protocol of cooperation in the field of tourism. Within the framework of this protocol, the countries intend, in particular, to harmonize and coordinate their tourism policies and improve transport services and tourism infrastructure and, to the extent possible, telecommunications services with third States (WTO, 2013).

#### CIMA common regulations – insurance services

The CEMAC countries are all members of the Inter-African Conference on Insurance Markets (CIMA). CIMA comprises the 14 CEMAC countries and WAEMU. Since 1995, the CIMA Code (that has undergone several amendments) has been the regulatory framework for all direct terrestrial insurance in the member States (WTO, 2013). The conclusion of marine, river or air insurance and reinsurance contracts is excluded from the scope of the CIMA Code. The establishment of a terrestrial insurance company must first be approved by the Minister in charge of insurance in each of the countries of establishment, subject to the

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<sup>24</sup> Regulation No. 03/01-UEAC-088-CM-06 of 3 August 2001 adopting the revised Community Merchant Marine Code.

favourable opinion of the Regional Commission for the Supervision of Insurance (CRCA). Foreign companies are treated in the same way as domestic companies, apart from having to produce a few additional documents. These concern, in particular, the appointment of a general agent or a natural person able to speak for the company at the local level and the production of a certificate attesting to the fact that the company has been established and is operating in its country of origin in accordance with the laws of that country (Article 328-6). The approval of the Ministry in charge of insurance is required for any operation leading to the transfer of more than 20 percent of the capital, or to the acquisition of a majority of the voting rights (Article 329-7). The same applies to changes in senior management (Article 306), which require the approval of the CRCA.

Apart from the profession of insurance broker (which is free of restrictions), exercise of the profession of general agent (under the CIMA Code) is restricted only to nationals of a member State. The Minister responsible for insurance approves brokers at national level and maintains a list of brokers, which is published and passed on to the CRCA (WTO, 2013).

In 1996, the Member countries introduced a compulsory insurance card, "CEMAC pink card", an international motor vehicle civil liability insurance card – for all motorists. The card provides insurance cover for a driver from one Member country visiting another member country against the civil liability risks that the holder might face as a result of accidents that occur in the country of destination. Although it does not provide supplementary cover, it helps to facilitate rapid processing and a fair settlement in the event of an accident. The cost of the card is determined by the individual national offices where they are managed (WTO, 2013).

#### Financial services

Banking and financial activities are under the general authority of the monetary institute, the Bank of Central African States (BEAC). The activities of the credit institutions are also subject to the common banking regulations stemming from the Convention establishing the Central African Banking Commission (COBAC). COBAC's mission is to monitor the operating conditions of the credit institutions and the soundness of their financial situation. The conditions of establishment are the same for foreign and domestic banks (WTO, 2013).

## 4 Participation of African countries in world trade in services

### 4.1 Overview

Developing economies' exports of commercial services reached US\$ 1,466 billion in 2016 (down by 1 per cent) against services imports of US\$ 1,796 billion (representing 38.3 per cent share in world imports of services). Overall, developing economies' participation in global trade in services actually slowed in 2016 compared to 2015—due to fall in services exports by developing economies in Asia. Asia's share in global exports of services decreased from 30.8 per cent in 2015 to 30.5 per cent in 2016. The declining services trade was driven primarily by lower transport activity. Transport services accounts on average, for about 21 per cent of developing economies' services exports and close to 30 per cent of their imports. In 2016, developing economies' trade in transport services dropped by 5 per cent. In the same year, the developing economies in Asia, the largest traders in transport services among developing economies, lost overall, US\$ 14 billion in transport revenues.

Among developing economies, Africa's participation in global trade in services slowed during the 2006–2016 period. While Africa's trade in commercial services, grew in nominal value by 49.4 percent between 2006 and 2016, that is from US\$151, 025 million in 2006 to 225,650 million in 2016, its overall share of global trade in services actually declined from 2.62 percent in 2006 to 2.37 percent in 2016. While Africa's services exports had reached US\$90,294 million in 2016, from US\$ 65,429 million in 2006 (Table 3), the growth in these trade volumes is not matched with its world share in service exports, which actually declined from 2.23 percent in 2006 to 1.88 percent in 2015. This shows that growth in Africa's exports is happening at much slower pace than it is in other regions of the world. Its imports nearly doubled during this period, to US\$135,356 million, from US\$85,596 in 2006 (Table 4) though its word share of imports declined, from 3.02 percent in 2006 to 2.88 percent in 2016.

Table 3. Africa exports of commercial services by selected economy, 2006-2016 (million dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>World</b>	<b>2931560</b>	<b>3510392</b>	<b>3948147</b>	<b>3520995</b>	<b>3847049</b>	<b>4328013</b>	<b>4451274</b>	<b>4743089</b>	<b>5078140</b>	<b>4789649</b>	<b>4807690</b>
<b>Africa</b>	<b>65429</b>	<b>77702</b>	<b>87820</b>	<b>80742</b>	<b>90122</b>	<b>91869</b>	<b>99093</b>	<b>94994</b>	<b>99166</b>	<b>95845</b>	<b>90294</b>
Algeria	2512	2787	3412	2745	3442	3527	3570	3701	3468	3393	3498
Angola	195	311	329	623	857	732	780	1316	1681	1256	1156
Benin	196	281	328	204	348	391	414	500	456	342	371
Botswana	764	836	645	841	939	1155	1124	1166	1245	1174	1218
Burkina Faso	55	78	115	142	265	394	408	458	427	368	401
Burundi	6	7	3	2	7	20	13	28	30	19	18
Cape Verde	366	474	581	472	487	569	581	634	615	499	573
Cameroon	900	1239	1355	1141	1240	1809	1548	1860	1941	1441	...
Central African Republic	22	26	29	28	34	37	37	51	55	50	...
Chad	80	111	129	234	273	294	161	190	203	187	...
Comoros	43	51	56	51	55	64	61	74	76	80	...
Congo	251	303	352	358	409	562	572	686	729	636	...
Côte d'Ivoire	815	889	987	1010	1026	870	846	790	753	639	657
Dem. Republic of the Congo	219	253	451	522	291	326	225	167	234	113	...
Djibouti	97	92	131	142	149	152	156	178	194	233	...
Egypt	15834	19660	24668	21302	23618	19031	21336	17881	20262	18092	14008
Equatorial Guinea	23	26	32	28	44	48	45	48	49	41	...
Eritrea	...	...	...	...	...	...	...	...	...	...	...
Ethiopia	859	1114	1592	1516	1911	2549	2537	2904	2779	2804	2763
Gabon	121	138	160	142	163	266	346	395	413	347	...
The Gambia	92	128	118	104	131	135	149	132	147	164	...
Ghana	1243	1614	1559	1522	1344	1679	3200	2353	1977	6014	5960
Guinea	38	44	95	67	61	71	156	100	105	...	...
Guinea-Bissau	3	33	44	32	42	43	21	38	45	34	35
Kenya	1987	2418	2531	2198	3016	3326	3880	4042	4027	3574	3160
Lesotho	35	39	45	36	42	41	37	29	27	43	34
Liberia	143	156	182	142	40	365	...	...	71	61	47
Libya	385	109	208	385	410	40	152	180	79	483	...
Madagascar	565	846	1102	736	961	1160	1308	1253	1294	1069	975
Malawi	62	70	72	75	75	81	100	106	104	110	89
Mali	291	360	443	336	356	379	312	372	405	405	407
Mauritania	76	74	121	140	105	185	128	168	255	203	149
Mauritius	1663	2194	2530	2225	2656	3215	3364	2734	3119	2802	2837
Morocco	10857	13390	14725	14388	14329	15486	14947	13935	15423	14102	14682
Mozambique	364	404	489	544	245	366	792	645	725	723	422
Namibia	505	579	538	638	664	723	1059	914	1026	912	651
Niger	84	79	126	100	119	64	69	141	271	219	238
Nigeria	2057	1098	1833	1760	2619	2314	2067	1916	1495	2730	3201
Rwanda	171	203	351	265	244	356	359	387	401	587	597
Sao Tome and Principe	8	6	9	10	13	18	17	36	70	78	83
Senegal	710	1088	1169	905	936	1029	1080	1177	1162	1035	1067
Seychelles	410	456	464	418	440	465	672	818	825	839	879
Sierra Leone	40	43	59	100	56	157	176	219	202	...	...
South Africa	12757	14519	13588	12836	15676	16950	17203	16401	16450	14662	13973
Sudan	246	468	382	283	212	300	861	1019	1525	1639	1526
Swaziland	268	486	252	202	250	296	225	214	269	238	131
Tanzania	1467	1836	1966	1795	2001	2256	2753	3169	3380	3710	3693
Togo	159	197	253	265	289	464	405	437	440	443	481
Tunisia	4020	4620	5649	5076	5298	4286	4754	4577	4555	3124	2965
Uganda	458	503	687	857	1033	1614	1942	2272	1828	1919	1327
Zambia	562	672	619	529	571	665	990	758	851	862	885
Zimbabwe	294	250	222	222	263	316	313	325	333	341	...

Over the period 2006–2016, all the African countries (in Table 1) show positive growth in service exports except Côte d'Ivoire, Swaziland and Tunisia. Among those with positive growth, only Egypt, the Democratic Republic of the Congo and Guinea-Bissau had annual growth of less than 1 percent over this period (2006 – 2016).

Table 4. Africa imports of commercial services by selected economy, 2006-2016 (million dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Africa	85596	108849	141589	126379	140929	159708	163240	163977	173056	150722	135356
Algeria	4533	6358	10484	11159	11489	12034	10470	10276	11243	10559	10317
Angola	6860	11997	20451	18210	16028	22415	21177	21485	24260	16581	12041
Benin	346	491	500	488	503	497	575	761	884	662	704
Botswana	580	724	550	633	820	950	800	765	677	534	548
Burkina Faso	346	435	590	546	817	1130	1170	1407	1296	1156	1229
Burundi	193	173	241	160	156	189	191	225	249	209	184
Cape Verde	251	292	357	315	297	326	365	344	369	306	341
Cameroon	1426	1719	2596	1902	1717	1952	2067	2500	2587	2140	...
Central African Republic	120	147	164	156	196	201	216	173	249	215	...
Chad	2124	1702	1838	1851	2376	2390	2214	3053	3133	2717	...
Comoros	54	62	77	83	93	107	103	109	99	82	...
Congo	2422	3523	3565	3209	3678	4368	3594	4490	3201	3073	...
Côte d'Ivoire	2239	2423	2666	2608	2740	2635	2773	3056	3112	2843	2920
Democratic Republic of the Congo	763	1443	1856	1692	2497	2633	1944	2309	2717	1742	...
Djibouti	81	99	121	114	104	143	142	176	198	247	...
Egypt	10288	13088	16335	12765	12991	13129	15557	14808	16800	16672	16131
Equatorial Guinea	845	1128	1657	2058	2564	2603	3068	2473	2744	2407	...
Ethiopia	1154	1733	2361	2187	2534	3308	3581	2222	2850	3186	3579
Gabon	1207	1426	1599	1253	1805	2507	2303	2232	2364	1864	...
The Gambia	94	87	86	83	73	70	68	66	118	123	...
Ghana	1442	1812	2038	2366	2444	3126	3838	4358	3833	6489	5592
Guinea	238	259	400	294	387	530	772	619	586	...	...
Guinea-Bissau	40	68	85	85	101	100	73	87	116	131	135
Kenya	1252	1499	1716	1653	1890	2003	2287	2206	2698	2196	2718
Lesotho	358	354	379	397	410	462	421	348	308	297	257
Liberia	217	219	344	141	234	266	420	437	399	290	196
Libya	2324	2456	3572	4323	5251	3555	6279	7388	6498	4067	...
Madagascar	600	1005	1350	1114	1097	1144	1118	1202	1084	968	909
Malawi	142	141	162	198	205	225	203	220	246	265	223
Mali	674	776	1024	817	1007	1115	1059	1214	1174	1146	1390
Mauritania	387	487	732	607	638	725	968	941	849	599	626
Mauritius	1312	1562	1910	1586	1951	2428	2382	2143	2426	2188	2039
Morocco	3562	4527	5612	5301	5660	6713	6578	6418	7810	6984	7356
Mozambique	720	820	918	987	1176	2209	4448	3857	3624	2983	3174
Namibia	420	504	578	569	723	775	718	928	1122	999	805
Niger	327	369	600	736	845	868	828	978	1038	966	1028
Nigeria	12115	15556	22574	16487	19868	22470	22412	20079	23057	18671	11893
Rwanda	232	270	403	440	442	530	425	472	517	886	958
Sao Tome and Principe	16	15	19	17	22	27	24	43	77	62	55
Senegal	808	1214	1388	1108	1076	1242	1298	1410	1415	1276	1340
Seychelles	274	243	241	235	259	262	383	469	500	496	505
Sierra Leone	76	87	112	123	242	418	518	681	1201	...	...
South Africa	13803	15890	16552	14980	19158	20430	18438	17599	16625	15111	14546
Sudan	2454	2615	2464	2079	2406	2686	1985	1922	1917	1671	1429



Table 4 contd. :Africa imports of commercial services by selected economy, 2006-2016 (million dollars)

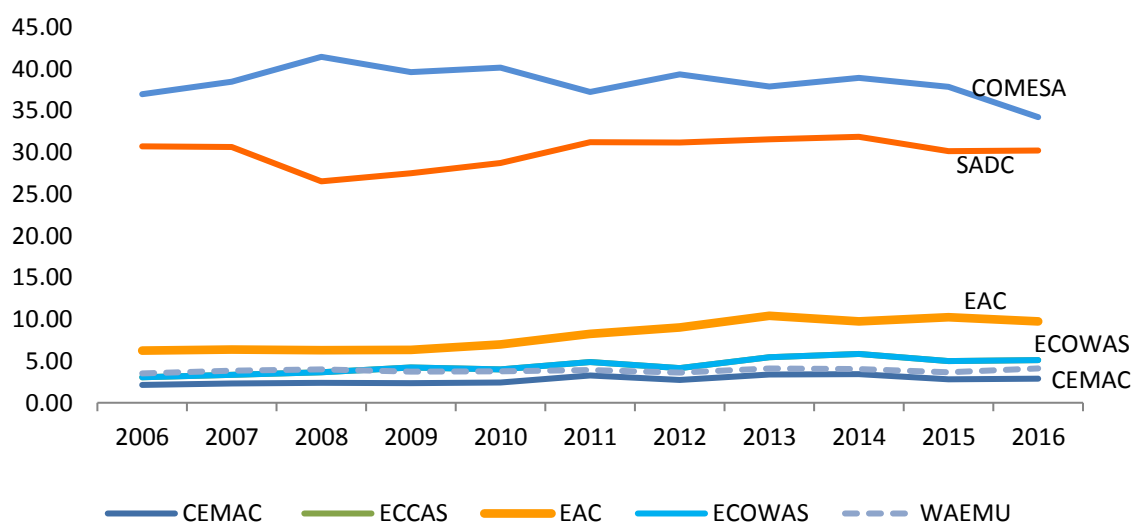
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Swaziland	365	495	629	540	652	867	808	676	620	552	307
Tanzania	1212	1364	1627	1685	1843	2157	2310	2436	2599	2617	2029
Togo	261	303	358	374	395	467	437	471	426	372	396
Tunisia	2245	2570	3109	2710	3054	3002	2989	3139	3112	2769	2668
Uganda	756	958	1234	1377	1774	2413	2459	2739	2685	2713	2248
Zambia	488	807	805	640	849	1052	1290	1770	1596	1381	1340
Zimbabwe	485	502	510	878	1326	1770	1731	1858	1901	1473	...

Source: WTO

## 4.2 Regional participation

The US and EU account for over 60 percent of world services exports (Table 5). As shown in Figure 1 and Table 5, Africa services export is dominated by the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC) countries. The East African Community (EAC), whose members all belong to COMESA except one (Tanzania) account for 10 percent of Africa's services exports. The Economic Community of Western Africa States (ECOWAS), accounted for 5 percent of Africa's services exports in 2016, higher than the West African Economic and Monetary Union (WAEMU) with a 4 percentage share and the Central African Economic and Monetary Community (CEMAC) with 2.9 percent.

Figure 1. Regional exports of commercial services as share of African services exports



Source: WTO database

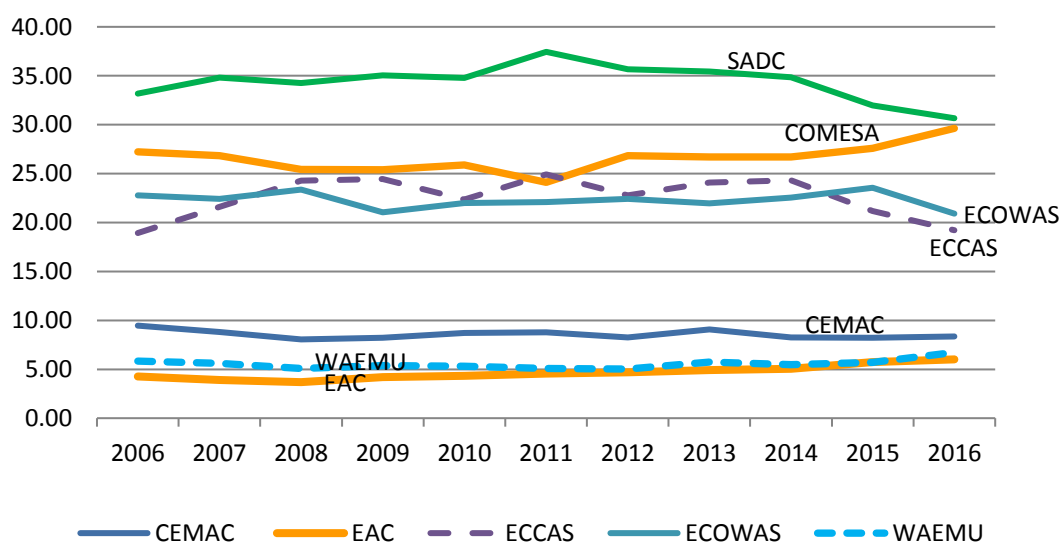
Table 5. Exports of commercial services by selected group of economies, 2006-2016 (Billion dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>World</b>	2931.6	3510.4	3948.1	3521.0	3847.0	4328.0	4451.3	4743.1	5078.1	4789.6	4807.7
<b>North America and Europe</b>											
EFTA	103.9	124.6	140.0	127.8	137.0	150.1	157.3	164.9	172.9	156.0	154.1
European Union (28)	...	...	1877.2	1636.0	1704.7	1923.7	1920.7	2077.1	2238.7	2031.6	2045.0
NAFTA	478.3	554.0	604.9	574.1	634.1	704.8	737.5	787.8	831.1	832.2	836.4
<b>South and Central America</b>											
Andean Community	7.8	8.7	10.1	10.0	10.6	12.1	13.9	15.7	16.3	16.8	17.0
CACM	8.7	9.7	10.9	10.0	11.5	12.7	13.7	14.9	15.7	16.4	17.4
CARICOM	9.6	10.3	10.6	9.7	10.1	10.2	10.7	10.8	11.4	11.5	11.6
MERCOSUR	27.8	36.6	45.2	41.5	47.3	56.3	58.2	56.9	58.3	52.1	50.2
<b>Africa</b>											
CEMAC	1.4	1.8	2.1	1.9	2.2	3.0	2.7	3.2	3.4	2.7	2.6
COMESA	24.2	29.9	36.4	32.0	36.2	34.2	39.0	36.0	38.6	36.3	30.9
ECCAS	2.0	2.6	3.2	3.4	3.6	4.5	4.1	5.2	5.8	4.8	4.6
EAC	4.089	4.967	5.538	5.117	6.301	7.572	8.947	9.898	9.666	9.809	8.795
ECOWAS	6.3	6.6	7.9	7.2	8.1	8.9	10.2	9.5	8.6	13.2	14.0
SADC	20.1	23.8	23.3	22.2	25.9	28.7	30.9	30.0	31.6	28.9	27.3
WAEMU	2.3	3.0	3.5	3.0	3.4	3.6	3.6	3.9	4.0	3.5	3.7
<b>Middle East and Asia</b>											
ASEAN	134.2	167.7	190.9	175.6	213.9	252.1	275.2	303.3	317.7	315.0	325.5
GCC	36.0	41.2	37.5	37.2	38.7	43.9	48.7	53.9	92.6	98.2	103.9
SAFTA	74.9	93.3	114.7	101.8	127.7	151.5	157.8	162.8	172.8	171.8	178.1
<b>Memorandum:</b>											
ACP	56.8	64.5	67.8	62.7	70.6	78.4	85.9	86.9	88.2	88.8	87.6
LDCs	11.3	14.2	18.4	18.5	20.8	25.8	28.1	32.5	34.4	33.3	31.9
WTO Members (164)	2887.6	3457.4	3884.6	3459.4	3787.8	4262.8	4380.5	4666.5	4998.2	4709.2	4730.8

Source: WTO

Figure 2 compares the trends in regional share of Africa's services imports over the last ten years (2006 – 2016).

Figure 2. Imports of commercial services as share of African services exports



SADC account for the bulk of the Africa's service imports, recorded at 30.6 percent in 2016, followed by COMESA with 29.6 percentage share of Africa's services imports; ECOWAS with 20.9 percent, ECCAS 19.2 percent, CEMAC 8.3 percent, WAEMU 6.7 percent and EAC with 6 percentage share.

Recent trend has seen a rise in services import particularly for COMESA and the EAC countries, which is partly attributed to a rise in cross border trade in services and investment especially from more advanced economies such as South Africa.

Table 6. Imports of commercial services by selected group of economies, 2006-2016 (Billion dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>World</b>	<b>2831.1</b>	<b>3355.3</b>	<b>3810.6</b>	<b>3376.6</b>	<b>3699.3</b>	<b>4157.7</b>	<b>4321.9</b>	<b>4586.6</b>	<b>4939.2</b>	<b>4642.4</b>	<b>4694.1</b>
<b>North America and Europe</b>											
EFTA	82.7	100.4	113.7	104.0	116.3	133.0	141.1	151.2	160.1	144.5	145.2
European Union (28)	...	...	1686.1	1470.5	1484.2	1639.5	1629.2	1762.7	1897.4	1764.4	1807.5
NAFTA	409.1	449.7	493.6	460.2	497.0	536.5	561.0	575.9	596.6	594.8	607.9
<b>South and Central America</b>											
Andean Community	12.3	14.3	17.4	16.2	19.2	21.8	24.3	26.0	27.8	25.5	24.3
CACM	6.2	6.9	7.2	6.2	7.1	7.8	8.6	9.2	9.7	10.1	10.5
CARICOM	6.4	6.7	6.9	5.9	6.2	8.1	9.1	9.0	9.7	9.3	9.1
MERCOSUR	41.4	57.3	72.1	70.5	88.1	107.2	115.0	121.8	122.6	103.8	96.3
<b>Africa</b>											
CEMAC	8.1	9.6	11.4	10.4	12.3	14.0	13.5	14.9	14.3	12.4	11.3
COMESA	23.3	29.2	36.0	32.1	36.5	38.5	43.8	43.8	46.2	41.6	40.1
EAC	3645	4264	5221	5315	6105	7292	7672	8078	8748	8621	8137
ECCAS	16.2	23.5	34.4	30.9	31.5	39.8	37.2	39.5	42.1	31.9	26.0
ECOWAS	19.5	24.4	33.1	26.6	31.0	35.3	36.6	36.0	39.0	35.5	28.3
SADC	28.4	37.9	48.5	44.3	49.0	59.8	58.2	58.1	60.3	48.2	41.5
WAEMU	5.0	6.1	7.2	6.8	7.5	8.1	8.2	9.4	9.5	8.6	9.1
<b>Middle East and Asia</b>											
ASEAN	157.3	184.0	216.5	188.0	225.0	261.2	283.3	309.9	324.0	312.8	317.2
GCC	75.0	104.3	122.1	109.6	122.6	153.3	164.6	169.0	209.3	197.7	198.2
SAFTA	89.4	106.9	106.8	94.6	132.0	146.1	150.4	148.3	152.3	147.4	158.3
<b>Memorandum:</b>											
ACP	74.3	92.5	116.4	102.5	117.2	139.4	141.0	141.3	146.0	126.8	111.7
LDCs	30.0	39.5	54.5	50.7	55.2	69.0	72.2	75.8	82.0	68.7	64.8
WTO Members (164)	2775.7	3288.5	3726.3	3291.1	3619.6	4066.9	4213.1	4467.6	4819.3	4537.5	4594.2

### 4.3 Participation of African least developed economies

African LDCs account for more than half of LDCs' services exports. Table 7 shows the recent trends in commercial services exports by 32 African LDCs. Although the services sector accounts for over 40 percent of GDP (and the figure continues to rise) in most LDCs (e.g. from 42% in 2006 to 47% in 2010 in the case of Rwanda), its share of exports to GDP remains dismally low (below 10 percent) in most countries (Table 7).

**Table 7. Ratio of exports of goods and commercial services to GDP of the least-developed countries, 2016**

Countries	Value (Million dollars)				Ratio of export to GDP (percentage)					
	GDP	Goods and commercial services			Goods			Commercial services		
		2016	2010	2015	2016	2010	2015	2016	2010	2015
Least-developed countries	964406	28.0	20.7	19.4	24.9	17.2	16.1	3.1	3.5	3.3
Angola	95821	62.4	33.4	29.9	61.3	32.2	28.7	1.0	1.2	1.2
Benin	8577	23.3	24.4	25.6	18.4	20.3	21.3	5.0	4.1	4.3
Burkina Faso	11895	20.3	24.6	24.9	17.4	21.3	21.6	2.9	3.3	3.4
Burundi	3133	5.3	4.7	4.2	5.0	4.0	3.7	0.4	0.6	0.6
Central African Republic	1780	9.5	8.5	8.2	7.8	5.4	5.2	1.7	3.1	3.0
Chad	10103	37.5	25.7	17.6	34.9	24.0	16.0	2.5	1.7	1.6
Comoros	620	14.3	16.3	15.9	4.1	2.7	2.2	10.2	13.6	13.8
Democratic Republic of the Congo	41615	42.5	27.0	23.2	41.1	26.7	23.0	1.4	0.3	0.2
Djibouti	1894	21.3	21.2	21.7	7.7	7.7	7.4	13.5	13.5	14.3
Equatorial Guinea	11636	82.1	51.5	45.1	81.8	51.2	44.9	0.3	0.3	0.2
Eritrea	5352	4.8	16.7	13.1	1.9	7.7	4.6	2.9	9.0	8.5
Ethiopia	72523	14.7	8.8	7.7	8.3	4.5	3.9	6.4	4.3	3.8
The Gambia	965	28.4	31.3	30.3	14.7	12.9	12.1	13.7	18.4	18.2
Guinea	6512	32.3	23.5	31.6	31.0	21.7	28.7	1.3	1.8	2.9
Guinea-Bissau	1155	19.9	27.5	25.2	14.9	24.2	22.2	5.0	3.3	3.0
Lesotho	2267	35.3	37.5	40.9	33.7	35.7	39.4	1.6	1.8	1.5
Liberia	2111	21.7	16.6	10.8	18.7	13.6	8.6	3.1	3.0	2.2
Madagascar	9740	24.4	32.0	31.0	13.4	21.0	20.9	11.0	11.0	10.0
Malawi	5492	17.5	24.0	26.1	16.4	22.3	24.5	1.1	1.7	1.6
Mali	13960	22.5	23.8	22.6	19.2	20.7	19.7	3.3	3.1	2.9
Mauritania	4714	50.5	32.8	31.2	48.1	28.7	28.1	2.4	4.2	3.2
Mozambique	11283	24.7	27.9	33.5	22.3	23.1	29.7	2.3	4.9	3.7
Niger	7479	22.2	18.2	19.0	20.1	15.2	15.8	2.1	3.0	3.2
Rwanda	8406	9.4	15.4	16.0	5.1	8.3	8.9	4.2	7.1	7.1
Senegal	14785	23.9	28.2	27.9	16.7	20.6	20.6	7.2	7.6	7.2
Sierra Leone	3981	16.2	13.1	17.7	14.0	9.3	13.2	2.2	3.8	4.5
South Sudan	2914	...	21.7	90.5	...	21.4	89.5	...	0.3	1.0
Sudan	94421	17.8	5.9	4.9	17.5	3.9	3.3	0.3	2.0	1.6
Tanzania	47184	20.3	20.6	20.3	13.9	12.5	12.5	6.4	8.1	7.8
Togo	4434	39.8	34.9	35.6	30.7	24.3	24.7	9.1	10.6	10.9
Uganda	26195	15.8	18.3	16.2	10.7	10.6	11.2	5.1	7.6	5.1
Zambia	21310	39.7	38.7	34.7	36.9	34.7	30.5	2.8	4.1	4.2
<b>World</b>	<b>75278049</b>	<b>28.5</b>	<b>28.3</b>	<b>27.3</b>	<b>22.7</b>	<b>21.9</b>	<b>20.9</b>	<b>5.8</b>	<b>6.5</b>	<b>6.4</b>

Note: Most 2016 data are preliminary Secretariat estimates. Trade in goods is derived from balance of payments statistics and does not correspond to the merchandise trade statistics given elsewhere in this report. See the Metadata.

Less than 10 percent of the services produced in LDCs enter into the economy's export basket, and the average contribution of services exports to total exports is about 28 percent, with as much as half this figure attributed to in traditional services such as tourism. There are many obstacles to trading in services among African countries that are making it not only difficult for them to expand exports of non-traditional services, such as business services but has slowed down growth of overall services trade (Table 8).

**Table 8.** Exports and imports of commercial services of least-developed countries, 2016

	Exports					Imports				
	Value (\$million)	Annual percentage change				Value	Annual percentage change			
	2016	2010-16	2014	2015	2016	2016	2010-16	2014	2015	2016
Least-developed countries	31878	7	6	-3	-4	64759	3	8	-16	-6
Angola	1156	5	28	-25	-8	12041	-5	13	-32	-27
Benin	371	1	-9	-25	9	704	6	16	-25	6
Burkina Faso	401	7	-7	-14	9	1229	7	-8	-11	6
Burundi	18	16	8	-37	-6	184	3	11	-16	-12
Central African Republic	...	...	8	-9	...	...	...	44	-14	...
Chad	...	...	7	-8	...	...	...	3	-13	...
Comoros	...	...	2	6	...	...	...	-9	-17	...
Dem. Rep. of the Congo	...	...	40	-51	...	...	...	18	-36	...
Djibouti	...	...	9	21	...	...	...	12	25	...
Equatorial Guinea	...	...	3	-15	...	...	...	11	-12	...
Ethiopia	2763	6	-4	1	-1	3579	6	28	12	12
The Gambia	...	...	12	12	...	...	...	78	5	...
Guinea	...	...	5	...	...	...	...	-5	...	...
Guinea-Bissau	35	-3	19	-25	3	135	5	33	13	3
Lesotho	34	-3	-9	61	-21	257	-7	-12	-4	-13
Liberia	47	3	...	-14	-23	196	-3	-9	-27	-32
Madagascar	975	0	3	-17	-9	909	-3	-10	-11	-6
Malawi	89	3	-2	6	-19	223	1	11	8	-16
Mali	407	2	9	0	0	1390	6	-3	-2	21
Mauritania	149	6	52	-21	-27	626	0	-10	-29	5
Mozambique	422	9	12	0	-42	3174	18	-6	-18	6
Niger	238	12	92	-19	9	1028	3	6	-7	6
Rwanda	597	16	4	47	2	958	14	9	72	8
Senegal	1067	2	-1	-11	3	1340	4	0	-10	5
Sierra Leone	...	...	-8	...	...	...	...	76	...	...
South Sudan	30	...	...	13	-8	362	...	...	-12	-14
Sudan	1526	39	50	7	-7	1429	-8	0	-13	-14
Tanzania	3693	11	7	10	0	2029	2	7	1	-22
Togo	481	9	1	1	9	396	0	-10	-13	6
Uganda	1327	4	-20	5	-31	2248	4	-2	1	-17
Zambia	885	8	12	1	3	1340	8	-10	-13	-3
World	4807689.9604	4	7	-6	0	4694086.068	4	8	-6	1

Source: WTO

In 2016, only 8 out of 23 countries for which data is available recorded positive growth in services exports; and between 2010 and 2016, only 3 countries achieve exports growth of over 15 percent: Burundi, Rwanda, and South Sudan. These are countries growing from low base after years of conflict. Many services in LDCs are delivered on a very limited scale and are not of an advanced commercial type.

Entry restrictions and regulatory barriers (such as education and professional qualification requirements, restrictions on business structure, national content and restrictions on foreign presence, and restrictive policies on the labour mobility of skilled workers) may explain why Africa's services export share and growth has been weak.

#### 4.4 Sector participation

Africa's share of exports in goods-related services has declined over the last six years, while its imports share has increased over the same period (Table 9). Overall, Africa lags far behind all other regions in goods-related services, except Middle East.

Table 9. World trade in goods-related services by region, 2016

	Value in US\$ billion		Share		Annual percentage change			
	2016	2010	2016	2010-16	2014	2015	2016	
<b>Exports</b>								
<b>World</b>	<b>166</b>	<b>100.0</b>	<b>100.0</b>	<b>3</b>	<b>2</b>	<b>-5</b>	<b>3</b>	
North America	28	11.6	16.9	10	18	9	9	
South and Central America and the Caribbean	4	2.1	2.5	7	5	0	1	
Europe	83	51.3	50.1	3	3	-9	0	
European Union (28)	76	46.7	45.5	3	3	-10	0	
Commonwealth of Independent States (CIS) /1	5	5.1	3.1	-5	-23	-17	14	
Africa	2	1.8	1.1	-5	27	-13	9	
Middle East	1	0.2	0.6	19	15	3	8	
Asia	43	27.8	25.7	2	-4	0	3	
<b>Imports</b>								
<b>World</b>	<b>109</b>	<b>100.0</b>	<b>100.0</b>	<b>6</b>	<b>0</b>	<b>-5</b>	<b>0</b>	
North America	10	9.5	8.9	5	2	19	-4	
South and Central America and the Caribbean	1	...	0.8	-	-	1	-1	
Europe	56	39.8	51.3	11	2	-5	0	
European Union (28)	52	35.7	47.9	11	4	-5	0	
Commonwealth of Independent States (CIS) /1	2	1.5	2.2	12	2	-13	8	
Africa	1	0.5	0.7	13	-2	7	16	
Middle East	0	0.2	0.4	15	106	-58	25	
Asia	39	...	35.7	-	-5	-9	1	

Notes: /1 including associate and former member States

In a majority of countries, market access with respect to medical services remains restricted by the non-portability of insurance policies. In countries such as Tanzania and Uganda the establishment of foreign hospitals are made difficult by domestic restrictions on the legal forms of entry to hospitals. Moreover, the high cost of visa and work permits in many countries limit the movement of health and education professionals to provide services in foreign markets. Services trade in LDCs is essentially intra-regional, reducing cross border costs and intra-Africa trade barriers would give African firms, with their relative proximity and local knowledge, an edge over international firms. The cost of trading across borders in Africa (due to inefficient transport, border management, and logistics; poorly designed technical regulations and standards; licensing requirements and process) exacerbate the problem. Reducing trade costs would not only create opportunities to directly expand services exports, but would also promote the development of competitive value chains of production across the region.

### International tourism

Intra-regional trade makes up the bulk of international tourism in LDCs in Africa, with close to 65 per cent of travellers from within the LDCs and about 20 per cent from Europe total arrivals in recent years. In 2015, Chinese tourists accounted for 2 per cent of foreign tourists in Tanzania and Zambia and 1 per cent in Uganda. This means that intra-regional travel is remains, at least in the nearby future, a driving force of international tourism in LDCs. However, LDCs have a lot to do in terms of policies if they are to attract tourists from other regions, including China and tap into the huge growth opportunities for the tourism sector in LDCs.

**Table 10. World trade in transport services by region, 2016**

	Value US\$ Billion		Share		Annual percentage change			
	2016	2010	2016	2010-16	2014	2015	2016	
<b>Export</b>								
<b>World</b>	<b>853</b>	<b>100.0</b>	<b>100.0</b>	<b>1</b>	<b>5</b>	<b>-10</b>	<b>-4</b>	
North America	98	10.3	11.5	2	4	-4	-2	
South and Central America and the Caribbean	26	3.0	3.0	0	-2	-11	-4	
Europe	393	48.4	46.2	0	4	-13	-4	
European Union (28)	349	43.4	41.0	0	4	-13	-3	
Commonwealth of Independent States (CIS) /1	35	3.9	4.1	1	-4	-13	-2	
Africa	26	2.9	3.1	1	3	-2	-9	
Middle East	49	...	5.8	...	...	0	3	
Asia	225	28.7	26.3	-1	4	-8	-7	
<b>Imports</b>								
<b>World</b>	<b>1025</b>	<b>100.0</b>	<b>100.0</b>	<b>1</b>	<b>0</b>	<b>-10</b>	<b>-4</b>	
North America	130	10.9	12.7	3	4	-1	0	
South and Central America and the Caribbean	42	4.6	4.1	-1	-5	-14	-8	
Europe	355	36.3	34.6	0	4	-12	-2	
European Union (28)	324	33.0	31.6	0	4	-11	-2	
Commonwealth of Independent States (CIS) /1	21	2.4	2.0	-2	-12	-23	-3	
Africa	55	5.7	5.3	0	4	-14	-10	
Middle East	69	...	6.8	...	...	-8	-9	
Asia	352	32.7	34.4	2	3	-8	-4	

**Notes:** /1 including associate and former member States

Transport, distribution and trade (wholesale and retail) are among the main service exports of Africa. Transport services represent a significant percentage of total service exports in nearly all countries; and a fall in transport tend to drive down overall services trade as it happened in 2016. Africa's share of world trade in travel declined from 4.5 percent in 2010 to 2.9 percent in 2016, which represents annual percentage decline of 3 percent over this period (Table 11).

In 2016, transport services exports declined by 4 per cent for Africa's LDCs—attributed in large part by poor performance of transport sector in Ethiopia and Tanzania, the largest exporters of transport services.

**Table 11. World trade in travel by region, 2016**

	Value US\$ billion	Share		Annual percentage change			
	2016	2010	2016	2010-16	2014	2015	2016
<b>Exports</b>							
<b>World</b>	<b>1205</b>	<b>100.0</b>	<b>100.0</b>	<b>4</b>	<b>4</b>	<b>-5</b>	<b>2</b>
North America	245	17.3	20.3	7	8	6	2
South and Central America and the Caribbean	60	4.6	5.0	5	5	3	4
Europe	424	41.1	35.2	1	4	-12	-1
European Union (28)	376	36.2	31.2	1	4	-13	1
Commonwealth of Independent States (CIS) /1	19	1.8	1.6	2	-14	-17	-1
Africa	35	4.5	2.9	-3	4	-11	-8
Middle East	63	...	5.2	...	...	10	3
Asia	360	...	29.9	...	...	-3	5
<b>Imports</b>							
<b>World</b>	<b>1199</b>	<b>100.0</b>	<b>100.0</b>	...	...	<b>-5</b>	<b>2</b>
North America	161	14.5	13.4	4	5	2	5
South and Central America and the Caribbean	41	4.0	3.4	3	2	-16	-2
Europe	390	41.9	32.5	1	6	-12	4
European Union (28)	349	38.0	29.1	1	6	-13	4
Commonwealth of Independent States (CIS) /1	37	4.1	3.1	1	-5	-26	-23
Africa	21	3.0	1.7	-3	-1	-2	-18
Middle East	83	...	6.9	...	...	-4	0
Asia	465	...	38.8	...	...	4	5

Notes: /1 including associate and former member States

In LDCs and rest of Africa, importance of transport services diminishes when measured in terms of value-added. The decline in the share of value-added signifies weak links between transport and other services sector exports. Distribution and trade services (include hotel and restaurants) and other business services (including ICTs and professional services) tend to have stronger links to other export sectors.

### Financial services

Tables 12 and 13 compare the trend in exports of financial services and insurance services. Africa account for 0.5 percent of world's exports of financial services and 1.3 percent of world exports of insurance and pension services, which is below 10 percent of the share by the Asian countries and less than one half of the Middle East's.



**Table 12. World exports of financial services by region, 2010 – 2016**

	Value US\$ billion		Share		Annual percentage change		
	2015	2016	2010	2016	2010-16	2015	2016
Exports							
<b>World</b>	<b>437</b>	<b>420</b>	<b>100.0</b>	<b>100.0</b>	<b>4</b>	<b>-4</b>	<b>-4</b>
North America	111	105	23.1	25.0	5	-5	-5
South and Central America and the Caribbean	3	3	0.9	0.7	0	10	-4
Europe	245	235	61.4	55.9	2	-6	-4
European Union (28)	222	212	53.9	50.5	3	-6	-4
Commonwealth of Independent States (CIS) /1	2	2	0.5	0.4	-2	-19	-11
Africa	2	2	0.5	0.5	4	13	-3
Middle East	5	5	1.2	1.3	4	2	5
Asia	69	68	12.3	16.2	9	3	-1

Notes: /1 including associate and former member States

**Table 13. World exports of insurance and pension services by region, 2010 – 2016**

	Value US\$ billion		Share		Annual percentage change		
	2015	2016	2010	2016	2010-16	2015	2016
Exports							
<b>World</b>	<b>119</b>	<b>122</b>	<b>100.0</b>	<b>100.0</b>	<b>3</b>	<b>-13</b>	<b>2</b>
North America	22	22	18.1	18.2	3	-3	1
South and Central America and the Caribbean	3	2	1.6	2.0	7	18	-14
Europe	70	73	65.5	60.1	2	-21	5
European Union (28)	61	64	59.1	52.6	1	-23	4
Commonwealth of Independent States (CIS) /1 including associate and former member States	1	1	0.7	0.5	-1	35	-26
Africa	2	2	1.2	1.3	5	15	-5
Middle East	4	4	2.0	3.0	10	-3	-4
Asia	19	18	11.0	14.9	9	6	-2

Notes: /1 including associate and former member States

South Africa and Nigeria are the dominant player in financial sector in Africa, and are net exporter of financial services to the region. Insurance companies are major players in the South African financial sector. From available evidence, South Africa accounts for nearly three-quarters of the insurance market in sub-Saharan Africa, and the highest insurance penetration globally at 16% of GDP. Kenya, Mauritius and Botswana also have sizeable financial sectors.

### Communication services

Africa's exports of telecommunications, computer and information services was estimated at US\$ 6 billion in 2016, representing 1.2 percent of world export of these services, which is less than one-tenth that of Asia and less than one-third that of the Middle East (Table 14).

Table 14. World exports of telecommunications, computer and information services by region, 2010–2016

	Value US\$ Billion		Share		Annual percentage change		
	2015	2016	2010	2016	2010-16	2015	2016
<b>Exports</b>							
<b>World</b>	<b>472</b>	<b>493</b>	<b>100.0</b>	<b>100.0</b>	<b>7</b>	<b>-4</b>	<b>5</b>
North America	43	44	10.2	8.9	5	-2	4
South and Central America and the Caribbean	8	8	1.7	1.6	5	7	-1
Europe	275	288	61.0	58.5	6	-9	5
European Union (28)	258	271	57.4	55.0	6	-9	5
Commonwealth of Independent States (CIS) /1	8	9	1.4	1.7	11	-5	4
Africa	6	6	1.5	1.2	4	-11	1
Middle East	20	23	...	4.6	...	-1	11
Asia	111	116	21.1	23.5	9	7	4

Notes: /1 including associate and former member States

World exports of personal, cultural and recreational services reached US\$44 billion in 2016, with the more than a half of that total coming from the European Union (Table 15). African countries accounted for 1.3 percent, trailing behind the Middle East, Asia, the Americas, and the Caribbean. What is remarkable is that Africa's exports in this sector is growing; between 2010 and 2016, Africa's exports grew at the same rate as Asia (at 9 percent per annum), only second to the Middle East (14 percent).

Table 15. World exports of personal, cultural and recreational services by region, 2010 – 2016

	Value US\$ billion		Share		Annual percentage change		
	2015	2016	2010	2016	2010-16	2015	2016
<b>Exports</b>							
<b>World</b>	<b>44</b>	<b>45</b>	<b>100.0</b>	<b>100.0</b>	<b>2</b>	<b>-13</b>	<b>3</b>
North America	5	4	13.3	9.6	-3	-6	-9
South and Central America and the Caribbean	4	5	15.5	10.0	-5	-19	2
Europe	26	27	56.7	60.0	3	-16	4
European Union (28)	23	24	52.4	53.8	2	-17	5
Commonwealth of Independent States (CIS) /1	1	1	2.0	1.3	-5	-46	13
Africa	1	1	0.9	1.3	9	-11	9
Middle East	1	1	1.3	2.5	14	-21	-14
Asia	6	7	10.4	15.3	9	7	8

Notes: /1 including associate and former member States

### Intellectual property

In 2016, global receipts of charges for the use of intellectual property reached US\$314, with Europe and North America accounting for 80 percent the receipts, Asia 17.8 percent and the remaining 2 percent shared between South and Central America, Africa and the Caribbean countries (Table 16). These results and others discussed before them put Africa at the bottom of the list in services exports, relative to the rest of the world.

Table 16. World receipts of charges for the use of intellectual property by region, 2010 – 2016

	Value US\$ Billion		Share		Annual percentage change		
	2015	2016	2010	2016	2010-16	2015	2016
<b>Exports</b>							
<b>World</b>	311	314	100.0	100.0	5	0	1
North America	129	127	47.1	40.4	2	-4	-2
South and Central America and the Caribbean	1	1	0.2	0.4	14	21	11
Europe	124	126	37.6	40.2	6	1	2
European Union (28)	107	108	31.7	34.4	6	4	1
Commonwealth of Independent States (CIS) /1	1	1	0.2	0.2	4	2	-21
Africa	0	0	0.1	0.1	-3	-14	-1
Middle East	2	3	...	0.8	...	-3	7
Asia	53	56	14.5	17.8	9	4	6

Notes: /1 including associate and former member States

A number of ICT-enabled services lag behind other regions in terms growth rate while the main services exports, transport and travel services have suffered negative growth for the last three consecutive years. However, early 2017 export figures show that growth rates might improve in both in transport and travel services, and the emerging success of exports of personal, cultural and recreational services are changing the exports landscape given their growth rates.

Table 17. Summary of Africa's global trade in services by key sectors, 2016

Sector	Value in US\$ billion	World Share		Annual percentage change			
	2016	2010	2016	2010-16	2014	2015	2016
Trade in goods-related services	2	1.8	1.1	-5	27	-13	9
Trade in transport services	26	2.9	3.1	1	3	-2	-9
Trade in travel	35	4.5	2.9	-3	4	-11	-8
Exports of financial services	2	0.5	0.5	4		13	-3
Insurance and pension	2	1.2	1.3	5		15	-5
Telecommunication, computer & information services	6	1.5	1.2	4		-11	1
Personal, cultural & recreational services	1	0.9	1.3	9		-11	9
Receipts – intellectual property	0	0.1	0.1	-3		-14	-1

Despite its smaller size of the ICT-enabled services sector, Africa stands out as one of the regions with a dynamic personal, cultural and recreation, and financial services exports sector.

## 5 Conclusions

This paper assessed the effectiveness of regional agreements (RTAs) in tackling many of the hurdles that potentially impede access to and presence in services markets. By assessing the approaches and disciplines within the framework of the GATS and selected RTAs in Africa in achieving liberalisation of trade in services, most major RTAs are at the same pace with GATS the rule making interface between domestic regulation and trade in services, the necessity test, cross border trade in services, and mutual recognition and emergency safeguards and subsidies issues, but lag behind GATS in the handling of critical sectors such as telecommunication and financial services, and in areas of policy sensitivities. One area that RTAs have generally done better than GATS is in treatment of mode 4. Despite progress by African countries in achieving trade liberalisation, Africa's services exports growth has been weak. We reach three broad conclusions. First, regionalism may not be a preferred means of pursuing trade liberalisation in services especially in sectors where policy sensitivities are high. Second, effective access to services markets and services exports performance involve interplay of a large number of policies measures, many of which tend to interact with one another. To the extent that other policy measures not typically falling within the scope to the RTAs framework may still affect the value of commitments in the members' schedule, it requires Members of RTAs to be alert to such potential impediments and ensure that proper coordination exists with national officials in related policy areas. Doing so will help ensure that countries secure commercially meaningful and development-promoting commitments from their RTA partners. Third, entry restrictions and regulatory barriers retards growth of services exports sector as incumbent firms have no incentive to improve productivity to stay ahead of competition.

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