Recent Trends in Africa's Services Trade

Ayoki, Milton

Institute of Policy Research and Analysis

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Abstract

This paper offers an assessment of the status of services trade in Africa. It addresses three policy questions: how Africa has fared in trade in services trade over the past decade relative to other regions of the world; who the key players and partners are; and the sectors shaping Africa's services trade. Africa's trade in commercial services remains very concentrated in a few countries. Over the last 11 years (2006–2016) only three countries—Egypt, South Africa and Morocco accounted for 55.5 percent of Africa's exports; and five countries—Nigeria, Angola, South Africa, Egypt and Algeria accounted for 55 percent of Africa's imports). The implication is that conditions facing those countries will continue to influence Africa's services landscape. Second, infrastructural constraints (including low rates of access to the Internet and poor connectivity) has hindered the participation of African economies in the most dynamic segment of services trade leading to high export concentration (in very few sectors such as transport, tourism and travel-related services) heightening its vulnerability to external shocks. Third, with less than 10 percent of the value of services produced in most countries entering into the economy's export basket, growth in services sector will continue to have very limited influence on the world market (share in global service exports). Reforms and programmes aimed at reducing trade barriers and cost of trading across borders (raised by inefficient transport, border management, and logistics, poorly designed technical regulations and standards, licensing requirements and process, among others) 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.

JEL Classification: F13, F15.
Key words: Regionalism, Regional Integration, Multilateralism, Trade in Services, Developing Countries, GATs.

Contents

1 Introduction

> A policeman encounters a drunkard under a streetlight and asks him what he is doing. 'Looking for my house key' is the stuttered and barely audible reply. Ever willing to help, the policeman says – 'I' ll help you look. Now, where exactly do you think you lost the key?' 'Oh, near the pub, a couple of blocks away' . 'Really' , says the policeman, 'in that case, why look here?' 'Oh, the light is much better here – I' d never find it in the dark near the pub' . (Courtesy of IDS, 2007)

This mischievous engagement between the drunk and the policeman is a similitude of the usual engagement in trade in services space. Although services account for over 55 percent of GDP in most African countries and the number is growing, the region's services exports intensity remains one of the lowest in the world and is on a downward trajectory. Policymakers are aware of the need to reignite services export growth, but like the drunk, all seem to look in wrong places. Unlike goods trade, services trade is a complex activity that is emerging rapidly and is difficult to document. This paper offers an assessment of the status of services trade in Africa. It addresses three policy questions: how Africa has fared in trade in services trade over the past decade relative to other regions of the world; who the key players and partners are; and the sectors shaping Africa's services trade.

Policy attention was initially focused on a narrow subset of services usually traditional services such as tourism and travel-related services. This is quickly changing. As Africa's regional trade deepens and services footprints of major economies on the continent grow, the scope of its attentions is broadening to leverage opportunities in non-traditional services, such as business services. However, there are large differences in export performance across these economies. Our aim is to explore to what extent services-related policies help explain these differences. We start with a brief discussion of Africa's global participation in services trade and developments in trade in services (in Section 3) after a description of the data (in Section 2). Section 4 then turns to the participation of African economies (when considered individually). We first present a snapshot of the country-contribution by looking at the top-10 and bottom-10 exporters and importers of services. After which, we proceed to compare performance of different economic blocs and African least developed economies. In section 5, we move to look at the sectoral compostion of services trade and the changes that have occurred over the past decade or so, focusing in particular on the so-called backbone services sectors: transport, tourism and travel-related services, finance and communication. We then investigate the impacts

2 The Data

We combine two key data sets for our empirical analyses: bilateral service flows from World Trade Organization (WTO), and for sector-level bilateral services and partners we use the World Bank 2013-2015 Trade in services database (TSD) since the WTO dataset provides limited coverage of sectors and partners. The TSD v8.9 contains data on bilateral services trade flows for over 200 countries as reporters and partners plus a rest of world, for the period 1985–2011. The data include more than 20 economic activities according to the BOP classification. The limitation of the data is that not all sectors have the same coverage in terms of time and trading countries.[1] Second, even with mirror flows, a substantial share of South-South trade is unreported. Very limited data is available for Africa. The WTO defines services trade to include four modes of supply.[2] Due to data limitations, only data on cross-border services trade in GATS modes 1 and 2 as documented in Francois and Pindyuk (2013) can be collected in the dataset as they are reported in official Balance of Payments statistics.

3 Africa vs. other regions in services trade

Africa's participation in global trade in services has been on a downward trajectory since 2006 (Figure 1). 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.

[1] For detail see Francois and Pindyuk (2013).
[2] Mode 1—Cross-border: services supplied from the territory of one country into the territory of another.
Mode 2—Consumption abroad: services supplied in the territory of a nation to the consumers of another.
Mode 3—Commercial presence: services supplied through any type of business or professional establishment of one country in the territory of another (i.e., FDI).
Mode 4—Presence of natural persons: services supplied by nationals of a country in the territory of another.

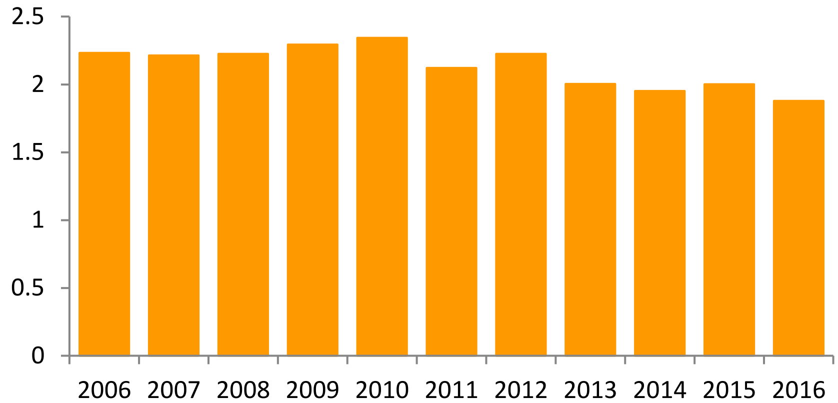


Figure 1. Africa's share in world services trade (PERCENT), 2006 - 2016

Table 1. Exports of commercial services by selected group of economies, 2006-2016 (Billion dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
World	**2931.6**	**3510.4**	**3948.1**	**3521.0**	**3847.0**	**4328.0**	**4451.3**	**4743.1**	**5078.1**	**4789.6**	**4807.7**
North America and Europe											
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
South and Central America											
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
Africa	65.429	77.702	87.820	80.742	90.122	91.869	99.093	94.994	99.166	95.845	90.294
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
Middle East and Asia											
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
Memorandum:											
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

Whereas Africa's services exports had reached US$90,294 million in 2016, from US$ 65,429 million in 2006 (Table 1), 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 billion, from US$85.596 billion in 2006 (Table 2) though its word share of imports declined, from 3.02 percent in 2006 to 2.88 percent in 2016.

Table 2. Imports of commercial services by selected group of economies, 2006-2016 (Billion dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
World	**2831.1**	**3355.3**	**3810.6**	**3376.6**	**3699.3**	**4157.7**	**4321.9**	**4586.6**	**4939.2**	**4642.4**	**4694.1**
North America and Europe											
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
South and Central America											
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
Africa	85.596	108.849	141.589	126.379	140.929	159.708	163.240	163.977	173.056	150.722	135.356
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
Middle East and Asia											
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
Memorandum:											
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

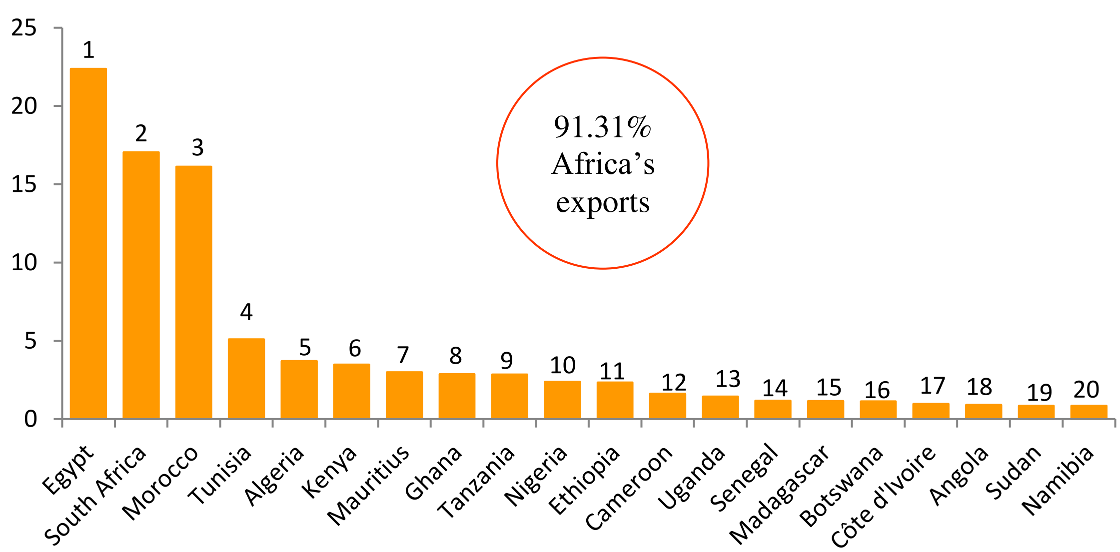
Africa's position in the developing countries' exports improved from 5.3 percent share in 2015 to 6.2 percent in 2016. Overall, developing economies' exports of commercial services reached US$ 1,466 billion in 2016 (down by 1 per cent) against services imports of US$ 1,796 billion (representing 38.3 per cent share in world imports of commercial services in 2015). The Asian economies dominate developing economies' commercial services trade, accounting for over 70 percent of exports.

4 African economies in services trade

4.1 Top African service exporters and importers

There are wide variations across countries in services trade. Figure 2 presents the top 20 African countries in services exports based on their average share of Africa's services exports for the period 2006 - 2016. Table 3 provides in value terms, the trend in Africa's exports of commercial services by selected economies over the period, 2006 – 2016. From Figure 2, Egypt tops Africa's services exports, followed by South Africa and Morocco. Egypt accounted for 22.3 percent of Africa's services exports over the last 11 years, South for 17 percent and Morocco for 16.1 percent over the same period. These three countries account for 55.5 percent of Africa's exports, while the top-10 countries (Egypt, South, Morocco, Tunisia, Algeria, Kenya, Mauritius, Ghana, Tanzania and Nigeria) altogether account for 79 percent of Africa's service exports.

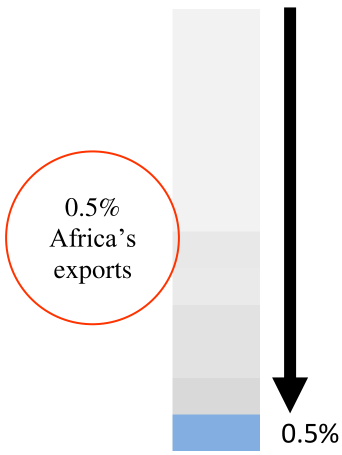
Figure 2. Top–20 exporters of commercial services in Africa, 2006 - 2016



Note: Average share in Africa's total exports (%) and rank
Source: Author's calculation based on WTO database

Over the last 11 years (2006 – 2016), the top 20 countries in Figure 2 have accounted for 91.3 percent of Africa's services exports, while the bottom 10 (in Figure 3) contributed only 0.6 percent.

Figure 3. Bottom 10 Africa's exporters of services

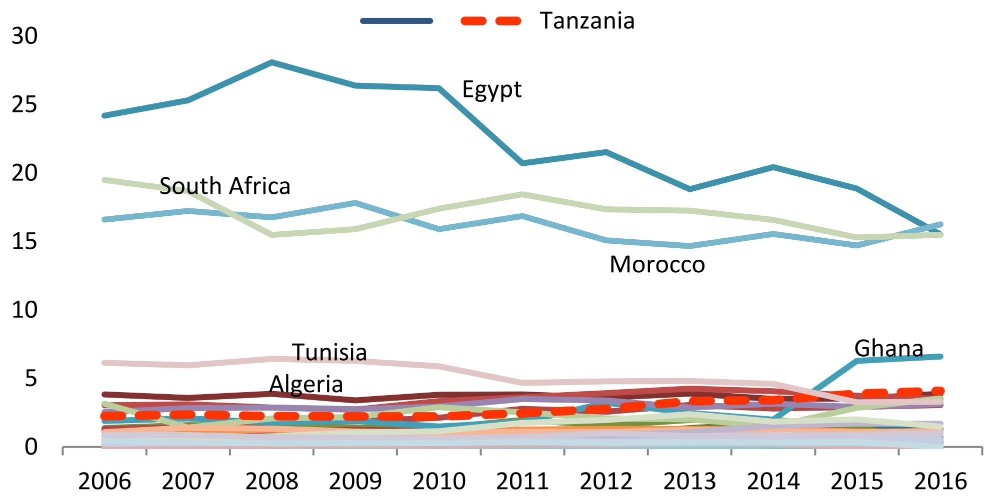


Share (%)	
0.128	Sierra Leone
0.097	Malawi
0.091	Guinea
0.069	Comoros
0.043	Equatorial Guinea
0.043	Lesotho
0.041	Central African Republic
0.037	Guinea-Bissau
0.034	Sao Tome and Principe
0.015	Burundi

Egypt's major bilateral trading partners in commercial services (for which data is available) include Austria, Belgium, Bulgaria, Cyprus, Great Britain, Portugal, Slovenia, and the Czech Republic, among others, and the main services trade include transport services and travel, insurance, professional services, retail trading and other trade related services, research and development, architectural, engineering and other technical services including government services. South Africa's bilateral partners include Austria, Great Britain, the Belgium, Bulgaria, Portugal and the Czech Republic. Major sectors include transport, travel, insurance, financial services; personal, cultural and recreational services. The top 5 consumers of Morocco's services are France, Germany, Britain and Spain; while its main services suppliers also include France, Germany, Italy and Spain.

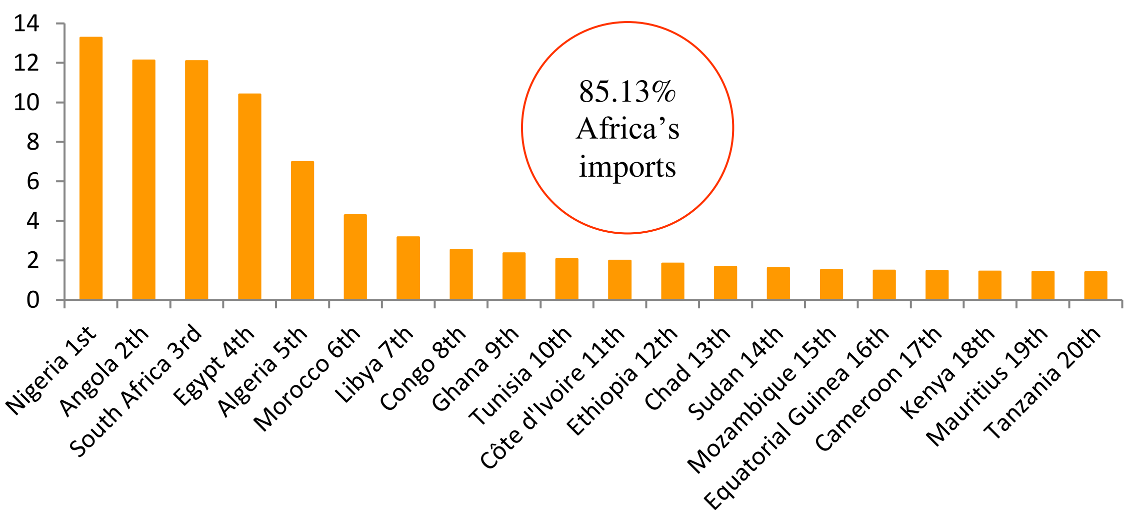
Between 2006 and 2016, all the African countries show positive growth in service exports except Côte d'Ivoire, Swaziland and Tunisia. Among those with positive growth, only Egypt, the Democratic Republic of the Congo and Guinea-Bissau had annual growth of less than 1 percent over this period (2006 – 2016). However, the share in overall exports fell for major trading countries (Egypt, South Africa and Morocco) especially from 2009, which coincides with the global financial crisis. Recovery has been slow for all these countries, now over seven years, aftermath the financial crisis.

Figure 4. Exports of commercial services as share of Africa's total services exports



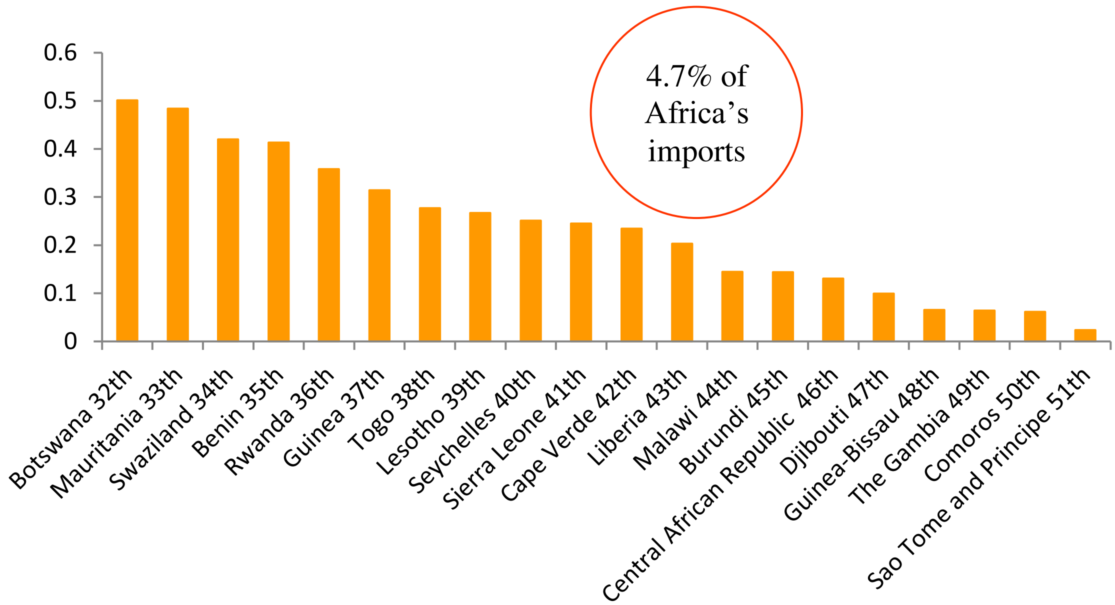
Among the 10 top exporters of services in Africa, Tanzania has remarkable grown its commercial services over the last six years, with share going above that of Algeria and Tunisia in 2016. Another country that has remarkably improved its exports in recent years is Ghana. Figures 5 and 6 on the top – and bottom – 20 importers show much similarity with the previous figures on exports, where services trade are concentred in less than 5 countries: three in the case of exports (Figure 2) and four in the case of imports, i.e., Nigeria, Angola, South Africa and Egypt (Figure 5).

Figure 5. Top-20 importers of commercial services in Africa, 2006 - 2016



The top-10 and - 20 importers account for 69.3 percent and 85.1 percent of Africa's total service imports (commercial services), respectively (Figure 5), while the bottom–20 account for a minute 4.7 percent (Figure 6). The top-10 importers of commercial services, except Angola, Libya, Congo and Ghana are also the top-10 exporters of commercial services in the continent which suggests that some services imports are input in the production of services for exports. In other words, countries that export more tend also to import more services.

Figure 6. Bottom 20 importers of commercial services in Africa, 2006 - 2016



Similarly, out of ten least (the bottom-10) importers of commercial services (Cape Verde, Liberia, Malawi, Burundi, Central African Republic, Djibouti, Guinea-Bissau, the Gambia, Comoros, and the Sao Tome and Principe), six of them are also in the bottom-10 of services exporters. The remaining four countries: Cape Verde is ranked position 23 in services exports, Liberia 39, Djibouti 37 and the Gambia 41. This coincidence (the match between exports and imports) seems to underscore the role of services imports in driving services exports in some sectors (e.g. communications, and professional services).

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
World	**2931560**	**3510392**	**3948147**	**3520995**	**3847049**	**4328013**	**4451274**	**4743089**	**5078140**	**4789649**	**4807690**
Africa	65429	77702	87820	80742	90122	91869	99093	94994	99166	95845	90294
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	...

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

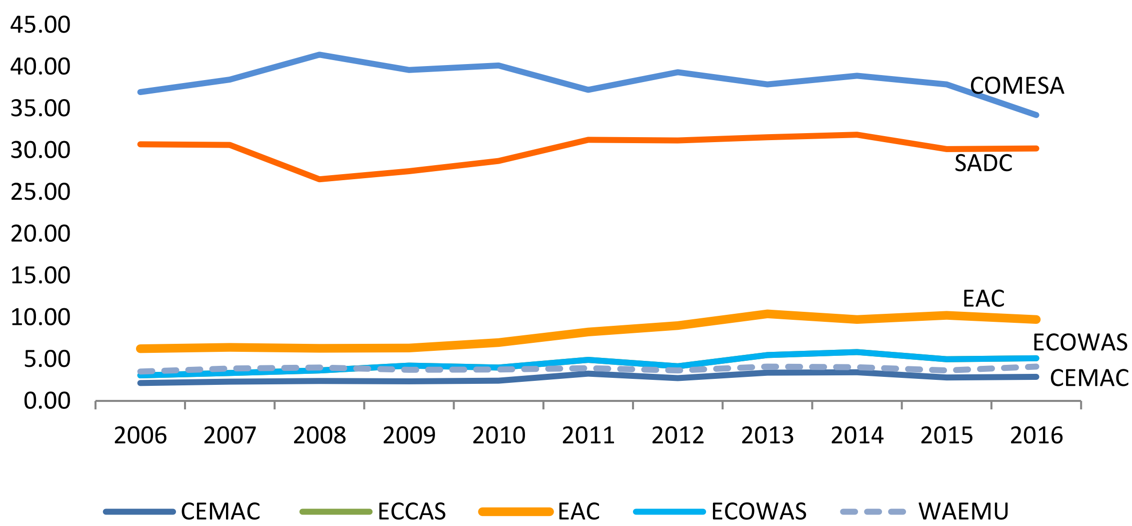
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Africa	85596	108849	141589	126379	140929	159708	163240	163977	173056	150722	135356
Algeria	4533	6358	10484	11159	11489	12034	10470	10276	11243	10559	10317
Angola	6860	11997	20451	18210	16028	22415	21177	21485	24260	16581	12041
Benin	346	491	500	488	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
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 Participation of the different economic blocs

Figures 7 and 8 show wide variations across regions within Africa, in leveraging emerging opportunities in services trade. The Common Market for Eastern and Southern Africa (COMESA) remains the dominant player in Africa services export, followed by 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.

Figure 7. Regional exports of commercial services as share of African services exports

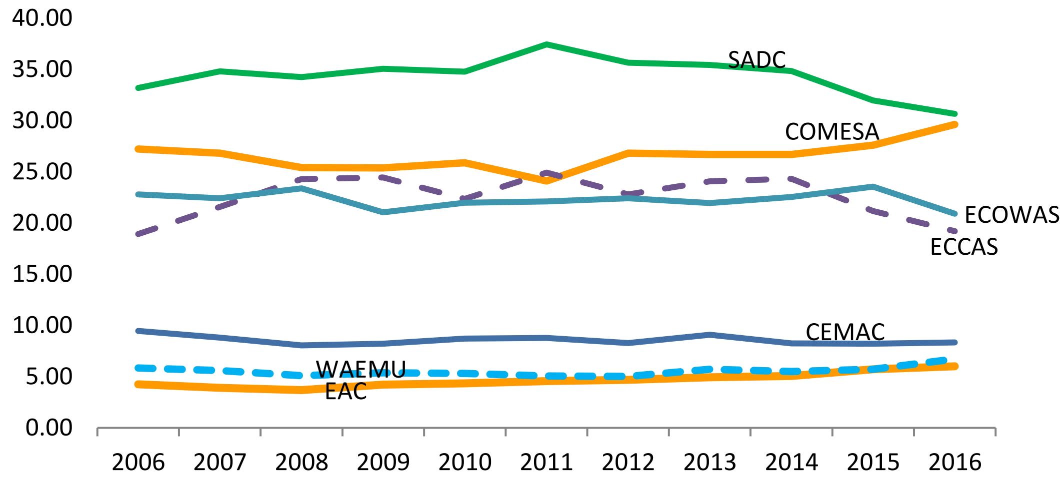


Source: WTO database

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 8 compares the trends in regional share of Africa's services imports over the last eleven years (2006 – 2016). SADC accounts 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.

Figure 8. Imports of commercial services as share of African services exports

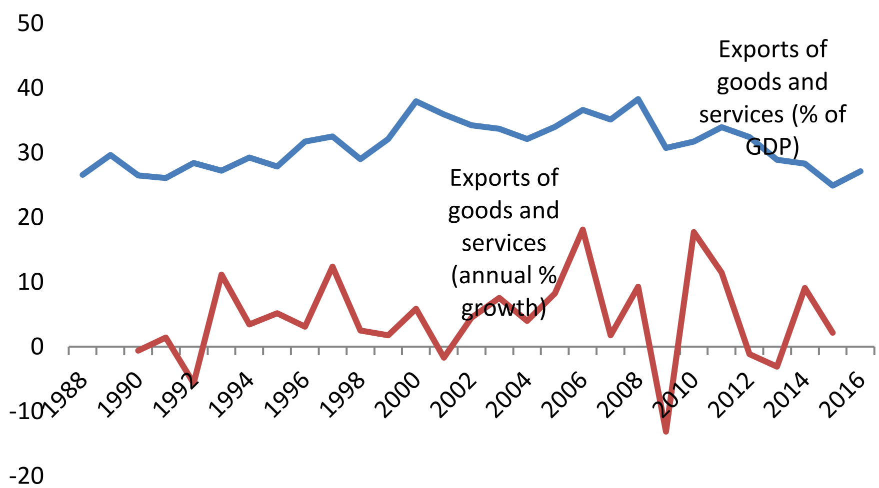


Source: Author's computation based on WTO data

4.3 Participation of African least developed economies

The trend in Figure 9 suggests that over the last two decades, the Sub-Saharan African least developed economies have seen less improvement in their goods and services exports. Exports of goods and services, relative to GDP stagnated around 38 percent for over a decade and is on a downward trajectory, while annual growth displays the most unpredictable trend.

Figure 9. Sub-Saharan Africa goods and services exports, 1988 - 2016



Source: World Bank database

African LDCs account for more than half of LDCs' services exports. Table 5 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 5).

Table 5. Ratio of exports of goods and commercial services to GDP of the least-developed countries, 2016

	Value (Million dollars)				Ratio of export to GDP (percentage)					
Countries	GDP	Goods and commercial services			Goods			Commercial services		
	2016	2010	2015	2016	2010	2015	2016	2010	2015	2016
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
World	**75278049**	**28.5**	**28.3**	**27.3**	**22.7**	**21.9**	**20.9**	**5.8**	**6.5**	**6.4**

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 traditional services such as tourism and travel-related services. 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. In 2016, only 8 out of 23 countries for which data is available recorded positive growth in services exports (Table 6).

Table 6. 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

Between 2010 and 2016, only 3 countries achieve exports growth of over 15 percent: Burundi, Rwanda, and South Sudan. This is expected considering that these are countries that are 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.

Table 7. 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
Exports							
World	**166**	**100.0**	**100.0**	**3**	**2**	**-5**	**3**
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
Imports							
World	**109**	**100.0**	**100.0**	**6**	**0**	**-5**	**0**
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

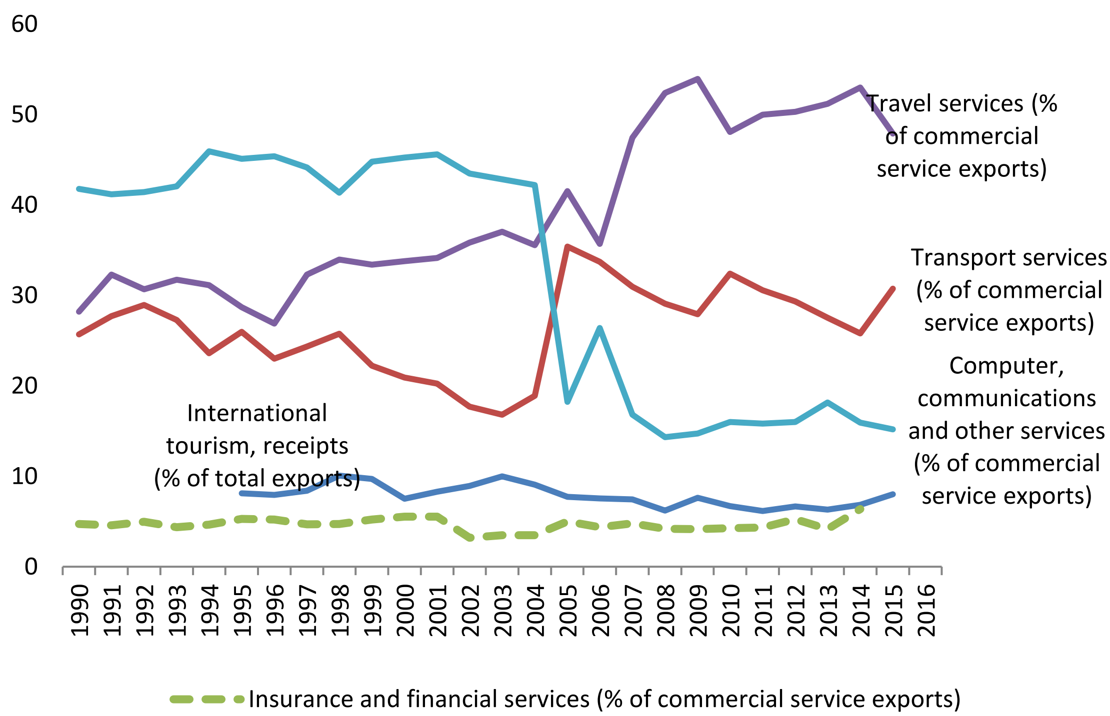
In a majority of countries, market access with respect to medical services remains restricted by the non-portability of insurance policies. In countries such as Tanzania and Uganda the establishment of foreign hospitals are made difficult by domestic restrictions on the legal forms of entry to hospitals. 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.

5 Sectoral composition of Africa's services trade

5.1 Transport services

Transport, distribution and trade (wholesale and retail) are among the main service exports of Africa. Transport and travel account for more than half of SSA countries' services trade. Transport and travel has supported the export-led growth in these countries, facilitating connectivity to regional and global value chains. With transport services representing a significant proportion 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.

Figure 10. Sub-Saharan Africa export trends in selected services sector



Source: World Bank database

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 9).

Table 8. World trade in transport services by region, 2016

	Value US$ Billion	Share		Annual percentage change			
	2016	2010	2016	2010-16	2014	2015	2016
Export							
World	**853**	**100.0**	**100.0**	**1**	**5**	**-10**	**-4**
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
Imports							
World	**1025**	**100.0**	**100.0**	**1**	**0**	**-10**	**-4**
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

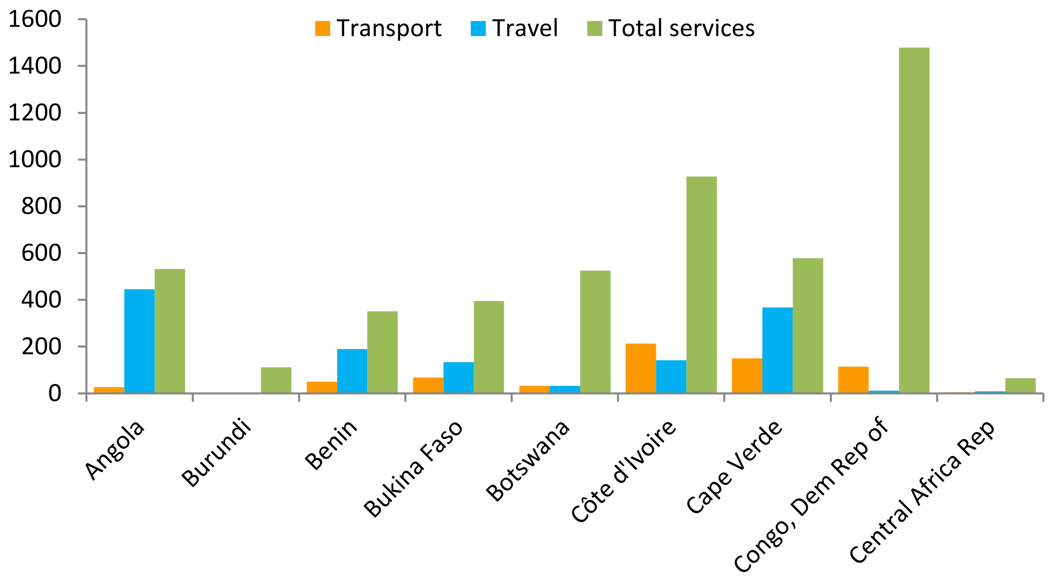
Notes: /1 including associate and former member States

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. 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.

5.2 Tourism and travel–related services

Intra-regional trade makes up the bulk of international tourism in LDCs in Africa, with close to 65 per cent of travelers 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 likely to be a driving force of international tourism in LDCs in the near future. However, LDCs have a lot to do in terms of policies if they are to attract tourists from other regions, including emerging economies and tap into the huge growth opportunities for the tourism sector in LDCs. Figure 11 shows that even within the LDCs, there exists wide disparities in transport and travel services; some economies are thriving whilst others are not.

Figure 11. Exports of transport and travel services in million US dollar, 2011



Source: Author's calculation based on World Bank data

Table 9. World trade in travel by region, 2016

	Value US$ billion	Share		Annual percentage change			
	2016	**2010**	**2016**	**2010-16**	**2014**	**2015**	**2016**
Exports							
World	**1205**	**100.0**	**100.0**	**4**	**4**	**-5**	**2**
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
Imports							
World	**1199**	**100.0**	**100.0**	**...**	**...**	**-5**	**2**
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

5.3 Financial services

Tables 10 and 11 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 10. 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							
World	**437**	**420**	**100.0**	**100.0**	**4**	**-4**	**-4**
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

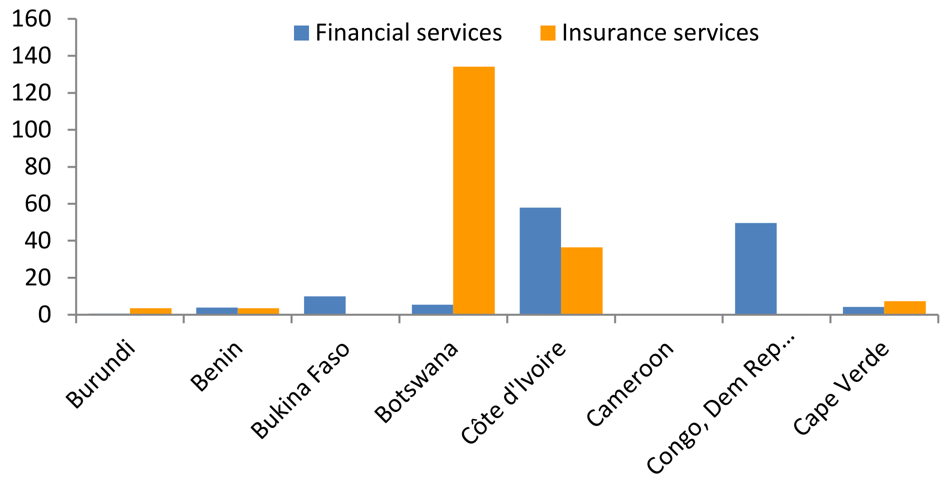
Table 11. World exports of insurance and pension services by region, 2010 – 2016

	Value US$ billion		Share		Annual percentage change		
	2015	2016	2010	2016	2010-16	2015	2016
Exports							
World	**119**	**122**	**100.0**	**100.0**	**3**	**-13**	**2**
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 players in financial services sector in Africa. South Africa also dominates insurance market. 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 and Mauritius also have sizeable financial services sectors.

Figure 12. Exports of financial and insurance services in selected countries (in million USD), 2011



Source: Based on World Bank database

5.4 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 12).

Table 12. World exports of telecommunications, computer and information services by region, 2010–2016

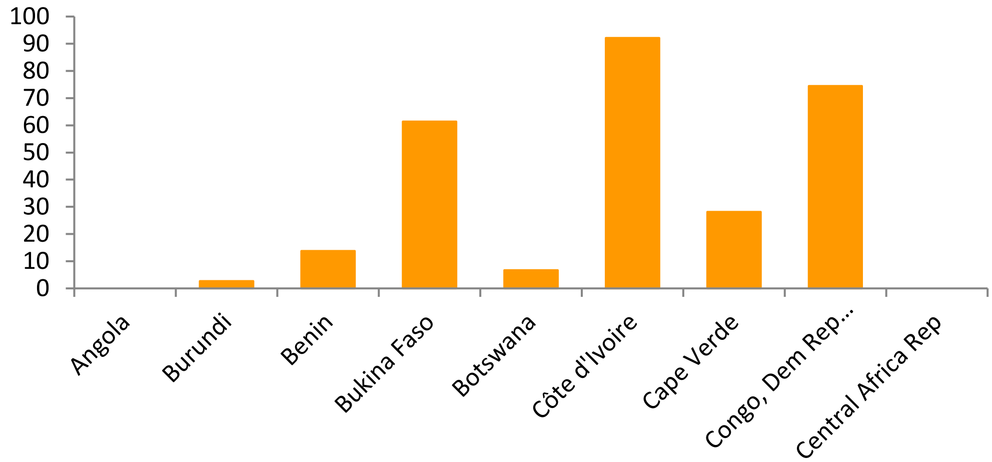
	Value US$ Billion		Share		Annual percentage change		
	2015	2016	2010	2016	2010-16	2015	2016
Exports							
World	**472**	**493**	**100.0**	**100.0**	**7**	**-4**	**5**
North America	43	44	10.2	8.9	5	-2	4
South and Central America and the Caribbean	8	8	1.7	1.6	5	7	-1
Europe	275	288	61.0	58.5	6	-9	5
European 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

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 services exports sector. 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 13). 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 of personal, cultural and recreational services grew at the same rate as Asia (at 9 percent per annum), only second to the Middle East (14 percent).

Figure 13. Exports of communication services (million USD), 2011



Source: World Bank database

Table 13. 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
Exports							
World	**44**	**45**	**100.0**	**100.0**	**2**	**-13**	**3**
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

5.5 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 14).

Table 14. 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
Exports							
World	**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

These results put Africa at the bottom of the list in services exports, relative to the rest of the world. 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 provide good prospects for future growth in services exports.

Table 15. 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

6 Conclusions

Africa's participation in global trade in services has been on a downward trajectory over the past decade due to high export concentration (in very few sectors such as transport, tourism and travel-related services) heightening its vulnerability to external shocks such as recent global economic slowdown. The high sector concentration also underscores the inherent gap in efforts to develop competitive services sectors in terms of scale and quality. This gap is further reflected in weak links between transport and other services sector exports as evidence in the decline in the share of value-added across the value chain. Besides, the concentration of services trade in a handful of countries (for example, between 2006–2016 only three countries—Egypt, South Africa and Morocco accounted for 55.5 percent of Africa's exports; as five countries—Nigeria, Angola, South Africa, Egypt and Algeria accounted for 55 percent of Africa's imports) means that policy, economic, political and external conditions facing those countries will continue to influence Africa's services landscape. Third, with less than 10 percent of the value of services produced in most countries entering into the economy's export basket, growth in services sector will continue to have very limited influence on the world market (share in global service exports).

As such, reforms and programmes aimed at reducing trade barriers and cost of trading across borders (raised by inefficient transport, border management, and logistics, poorly designed technical regulations and standards, licensing requirements and process, among others) 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. Given that significant amount of trade in services in most African countries is intra-regional, reducing cross border costs and barriers would give African firms, with their relative proximity and local knowledge, an edge over international firms in bilateral trade.

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