



# **CBC and TRADE IN SERVICES- Financial Services Workgroup**

**Presented by;  
Chairman of the Board; Mr. Mathews Chikankheni,  
March 29–30, 2012  
Lusaka, Zambia**



**Private Sector. Integrate. Innovate. Compete. Develop.**

# We are;

- ▶ A Private Sector led Institution of COMESA- recognized as a Policy Organ of COMESA as per Chapter 23- 24 of the COMESA Treaty
- ▶ Has the mandate to influence policy on behalf of the business community, at the highest levels of decision makings.
- ▶ **The recognized regional apex body of the private sector in the COMESA region-CBC is- The VOICE of the Private Sector in COMESA.**

# Our Logic to Effecting Transformational Change

- ▶ “an **enabler** and a **catalyst** of necessary change”

## **Enabler-**

- ▶ sharing ideas,
- ▶ networking and learning together;
- ▶ influences the regional integration agenda,

And.....

## **Catalyst-** Working with the Private Sector –

- ▶ A United voice of the Private sector on strategic policy and regulatory issues affecting the way we do business; with a view to enhancing efficacy in business interactions and transactions in the region .

# PRIORITY pillars

- ▶ MEMBERSHIP DEVELOPMENT
- ▶ BUSINESS SERVICES
- ▶ **BUSINESS AND POLICY ADVOCACY**

# OUR ROLE IN ADVOCACY

- ▶ Evidence based delivery of policy advocacy services for Members.
- ▶ Harmonise common positions that ensure a buy in from key decision makers at the policy level;
- ▶ To influence policy through advocacy at the highest offices of decision making- COMESA Authority/ Summit;
- ▶ Ensure a focus on implementation on business led policy instruments that will effectively reduce the cost of doing business ;increase trade and competitiveness;

# Our Approach – Advocacy

- ▶ Each Member of the Board leads a sectoral workgroup that focuses on policy and business advocacy as follows;
  - SMEs and Trade Support Services; **Egypt**
  - Agriculture and food technology : **Malawi**
  - Mining and natural resources; **Burundi**
  - ICT ; **Mauritius**
  - Tourism, Environment and Climate Change; **Uganda**
  - Energy and Infrastructure Development; **Zambia**
  - Financial Services; **Zimbabwe**
- ▶ The workgroups feed into CBC Regional Committees;
- ▶ **Further Submitted to the respective Policy Organs at the COMESA Authority level.**

# Trade in Services;

- ▶ Intra COMESA trade, increased by nearly six-fold from \$3.1 billion in 2000 to \$17.4 billion
- ▶ Cross Border Trade; Additional 10% of total trade level ;
- ▶ Progress in services on the 4 priority sectors; transport, communication, financial and tourism.

## **Services in a Global context;**

- ▶ 1997 to 2007- I - world imports of commercial services rose by 141%;
- ▶ World exports of commercial services rose by 152%.
- ▶ Top exporters; US, United Kingdom and Germany.
- ▶ China and India ranked as the world's seventh and ninth largest services exporters;
- ▶ COMESA; share of world exports of services, 0.99% in 1997 – HAS DROPPED to 0.80% in 2007.

# SERVICES AND REGIONAL INT.

- ▶ Accounts on average for around 50-60% of GDP in COMESA.
- ▶ Financial, telecommunication and transport services sector - vital inputs to manufacturing AND agriculture;



# CBC Focus– Finance Services sector;

- ▶ Formation of the sectoral work groups on Financial Services;
- ▶ Key areas of focus identified are; - Banking; Insurance Sector;
- ▶ The expected outcomes of the above sectoral work group is ;
  - Increased Policy Dialogue with engagement of private sector ;
  - Private Sector policy position paper presented to relevant policy organ meetings for consideration;
  - Effective advocacy;
  - Elimination on barriers to trade/business in the said sector;
  - A database of Key stakeholders of the insurance services sector.

# Challenges – Liberalisation of Financial services sector;

- ▶ Characterized by the dominance of banks, which between them control the bulk of total financial assets- yet market access to financial institutions remains very low.
- ▶ The private sector - cross-border activities as essential prerequisites for profitable investment. The need to access cross-border financial resources and services;- efficient regional payments system;
- ▶ Private sector development in Africa is intrinsically linked to FDI inflows from abroad – and regional financial institutions, with their larger reach and efficiency, are vital in attracting and channeling such inflows.
- ▶ Harmonization of “soft financial infrastructure” within a region will also enhance the funding base for intraregional flows ;

# WHY REGIONAL FINANCIAL INTERGRATION?

- ▶ Powerful stimulus for domestic financial reforms;
- ▶ Rise in scale of operations and competition;
- ▶ it induces foreign direct investment (FDI) inflows;
- ▶ it enables the African systems to grow into regional and ultimately global players in financial markets;
- ▶ Assist improve efficiency and increase benefits of the removal of obstacles to free movement of services in the region.

# Insurance Services

- ▶ The insurance sector in COMESA is still very small, and the life assurance subsector in particular is highly underdeveloped.
- ▶ Of the 19 member countries, Egypt, Mauritius, Uganda, and Zimbabwe have a significant number of insurance companies (20 or more), while others have less than 10 companies each;
- ▶ In Egypt, on the other hand, financial assets controlled by the insurance companies amounted to less than 3 percent of total financial assets and of GDP.

# Recommendations by CBC – Insurance Services

CBC participation in the COMESA Insurance Services meeting held in November ,2011; Recommended;-

- *A need to strengthen the regulatory framework and oversight over insurance companies.*
- *Ensure that the sector can benefit from an opening-up of borders to permit enhanced economies of scale.*
- *In the short run, the focus should likely be on strengthening regulation and supervision in individual countries, where necessary through the establishment of independent regulators.*
- ▶ CBC inclusion in WORKING GROUP ON TRADE IN INSURANCE SERVICES;
- ▶ CBC has requested to BE inclusive of all technical committee meeting of Trade in services ;

# Banking Sector– CBC

## BANKING SECTOR;

### Working with the AITEC BANKING AND MOBILE MONEY COMESA 2011

CBC held a Consultative meeting with the banking sector;

- ▶ Consultative meeting held with the Bankers Association in 2010 on the re-establishment of a **COMESA Bankers' Association**- Brief;
  - Established; April 1993;
  - Obj; Act as a forum for exchange of information for bank practices across the region; enhance promotion and strengthening of links between banks in the sub region; facilitate training in the field of banking; fighting against bank fraud;
  - Lifetime of operation; 1993- 2002. 11 years.

**Outcome:** A taskforce was formed under the CBC financial services workgroup focus- banking sector liberalisation ;

# PROGRESS and WAY FORWARD

- ▶ A CBC Public Private Dialogue on the Financial Services sector will be held in July, 2012 ;
- ▶ July 2012; CBC to present it's positions in the Technical Committee on Trade in Services.

# CROSS CUTTING MATTER ;

***Movement Of Business Persons And Elimination Of Visa Requirements-  
A Trade In Services And Trade Facilitation Issue; CBC Position  
Presented By The CBC Board Director- Zambian Chapter; President of  
the Zambia Association of Manufacturers.***

***Mr. Chance Kabaghe***



**CBC – VOICE OF THE PRIVATE SECTOR in COMESA;**

[www.comesabusinesscouncil.org](http://www.comesabusinesscouncil.org)

[www.comesabusinessforum.org](http://www.comesabusinessforum.org)

