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African Union/RECs Workshop

On Trade in Services

29-30 March 2012

Lusaka, Zambia

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Aide-Memoire

A. Introduction

1. The services sector has risen to prominence over the last decade, and now accounts for an increasing share of gross domestic product (GDP) and employment in all countries. In 2008, services contributed 70% of global GDP and 39 per cent of world employment. In developing countries as we have in Africa (especially where reliance on natural resource extraction is low), the services sector accounts for at least 50% of GDP and 35% of employment. Between 2000 and 2008, growth in global services trade has averaged 13.5% per annum. Moreover, the services sector has exhibited more robustness and suffered relatively lower levels of decline during the recent and on-going financial and economic crisis as compared to merchandise export.

2. These figures serve to reinforce much of what is already known— that the functioning of a modern economy hinges on the services sector, as an input to all economic activity (ICT, banking, energy, etc.) and itself an essential vehicle for economic diversification, structural transformation and the creation of needed jobs and foreign exchange. Services are, quite simply, inextricably linked to any effort to enhance growth, build competitiveness, promote development and reduce poverty.

Lack of prioritization and coherent approaches hampering services growth in Africa

3. Despite recognition of their increasing importance, some governments and other key stakeholders continue to struggle to accord the services sector a greater and more coherent priority in policy and practice. The general absence of services trade policy frameworks, services export strategies and treatment beyond tourism, ICT and financial services in national development strategies is emblematic. The quality of domestic regulations and institutional capacities is important in developing stable services sectors. Given the level of development of most African countries, to move the services agenda forward, the focus should among other equally important issues be on developing domestic regulations and strengthening regulatory institutions.

4. In part the challenge emanates from the broad and expansive nature of the sector. Touching virtually all parts of the economy, each service sector comes with its own challenges and peculiarities, as well as its own constituency of stakeholders. Enhanced awareness and understanding are needed at all levels, amongst public officials – including regulators, policymakers, and negotiators, alongside the private sector, civil society and the research/academic community. This dearth of awareness and knowledge alone represents a significant obstacle to the holistic and coherent treatment needed. Another often cited contributor in this instance is the lack of inter-governmental interaction between relevant ministries, departments and agencies.

5. Such challenges are exacerbated by the piecemeal approach to strengthening the services sector already undertaken in Africa (and elsewhere in the developing world). Some countries have liberalised various services sub-sectors autonomously or in the context of multilateral or regional agreements. However, progress in

undertaking needed reforms has often been uneven, with some of the crucial services sectors remaining 'closed' and untouched by reforms. At the same time, the agenda to improve the sector is being led in different directions by separate processes – including on-going trade negotiations (e.g. WTO, EPA) and more recently via regional integration. Without a coherent focus on the ultimate objective of services sector development, these disparate liberalisation and integration processes risk jeopardizing Africa's longer-term ability to fully reap the potential rewards.

Regional efforts on trade in services

6. In the context of the African Union, the continent has embarked on a process for the establishment of a continental Free Trade Area and boosting intra-African trade, using the RECs as building blocks. Recalling the importance of the services sector as an input to agriculture, manufacturing and industry, if the share of intra-Africa trade is to increase, services sector development and services trade have to be accorded a higher priority at all levels.

7. Within the Regional Economic Communities (RECs), progress on services sector development, reforms and integration are highly variable (at a cross-cutting level and sectorally). In the EAC, work in this area is taking place largely within the framework of the Common Market Protocol. In the COMESA region, the COMESA Regulations on Trade in Services have been concluded and the region is currently preparing national schedules of specific commitments. A variety of sectoral efforts are also advancing. The SADC region has a Draft Regional Protocol on Trade in Services, which is pending final agreement. In the ECOWAS region, efforts have advanced mostly on a sectoral basis, with some additional progress emanating in the UEMOA sub-region. Similarly in Central Africa, efforts have focussed predominantly on sectoral issues rather than on the preparation of a cross-cutting regional services agreement. Irrespective of the progress achieved, there is widespread recognition amongst the RECs that addressing services issues regionally is a fundamental input for laying the ground on which true integration can be built.

8. A pointed question that remains to be answered is whether the level of ambition demonstrated by these above-mentioned regional processes matches the interests of the private sector and other stakeholders in the regional communities. In this vein, many have argued that policy makers need to engage the African private sector in a way that helps to better infuse the commercial realities they face in the setting up an effective agenda for service sector development and trade in services reforms. Such engagement, which itself requires the building of capacity amongst the private sector, is essential if these various processes are to make a meaningful impact on the ground.

9. In light of the above, and the need to help unlock services trade and development in Africa, the AUC in collaboration with the African Development Bank (AfDB) and the International Lawyers and Economists Against Poverty (ILEAP) are organising a two-day workshop for African RECs. This event will serve as part of a

series of regional events aimed at supporting the African RECs, member governments, the private sector, civil society and academia to re-frame the discussion on trade in services towards more holistic approaches focussed on sector development at the continental, regional and national levels.

B. The Objectives of the Workshop are to:

- i. Create a platform for Regional Economic Communities and relevant stakeholders to share experiences on regional services trade integration, liberalisation and development;
- ii. Explore ways to pursue the objective of harmonisation and convergence of regional policies, laws and regulations on trade in services among RECs;
- iii. Examine ways to strengthen domestic service sectors to underpin enhanced regional and intra-African trade in goods and services;
- iv. Set the stage for the development of enhanced regional services agendas on sector development and integration; and
- v. Identify priority capacity gaps amongst RECs, the AUC, and in the regulatory and institutional frameworks of member countries.

C. Participation

10. The workshop will be attended by the representatives of the eight RECs, ECOWAS, SADC, EAC, UMA, CEN-SAD, IGAD, COMESA and ECCAS, alongside UEMOA. The COMESA Business Council will also be represented. Representatives of the following international institutions: - UNCTAD, UNECA, UNDP, World Bank, ACP-MTS Programme, ACP Secretariat, Commonwealth Secretariat, ECDPM, TWN, South Centre, TRALAC, TRADEMARK SA, GIZ/SADC and USAID Southern Africa Trade Hub are also invited to attend the workshop. Select private sector representatives will also attend.

D. Venue and dates of the Meeting

11. The workshop will be held on 29-30 March 2012 in Lusaka, Zambia. Specific details on the venue of the workshop will be provided upon confirmation of participation.

E. Documentation and working languages

12. The workshop shall be conducted in English and French languages only. Materials will be provided by the AUC, the speakers and collaborating institutions. Working documents for the workshop will be posted on the AU Website www.africa-union.org.

F. Immigration Requirements

13. It is the responsibility of the participant to find out in their home country the visa requirements for their entry to Zambia. Participants requiring an entry visa should obtain visas from the Zambian Diplomatic or Consular Missions in their countries before departure. For those without Zambian Embassies in their countries of origin

(departure), arrangements are being explored for the issuance of visa at the entry point.

G. Workshop Format

14. The two-dayworkshop will be divided into various sessions as detailed in the agenda annexed to this aide memoire. During each session, participants will have the opportunity to exchange views and share experiences.

H. Contact Persons

15. For more information on the organisation of the workshop you are kindly requested to direct all your inquiries to. Ms Tarana Loumabeka e-mail LoumabekaT@africa-union.org and Mr Batanai Chikwene chikweneb@africa-union.org or on Fax number +251 115 510 467.

