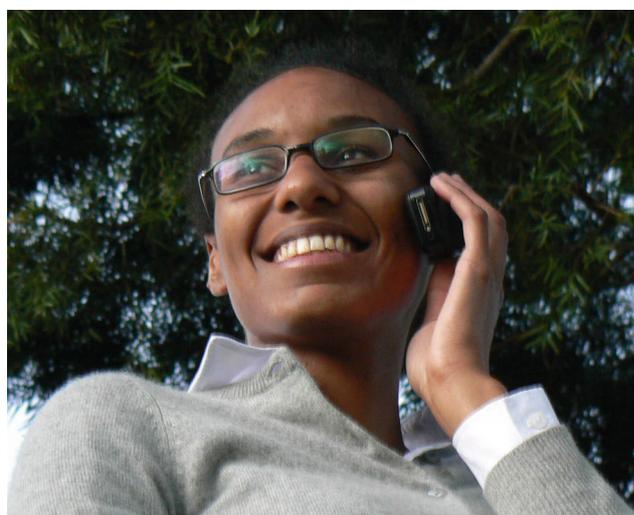


# SERVICES IN COMESA – AN INDUSTRY PERSPECTIVE

## INTEGRATING THE VOICE OF BUSINESS IN POLICY





# SERVICES IN COMESA – AN INDUSTRY PERSPECTIVE

INTEGRATING THE VOICE OF  
BUSINESS IN POLICY

## Abstract for trade information services

ID= 43169

2015

C–16 000 SER

International Trade Centre (ITC), COMESA Business Council (CBC)

**Services in COMESA – An Industry Perspective: Integrating the Voice of Business in Policy**

Geneva: ITC/CBC, 2015. xi, 106 pages.

Doc. No. **OCE–15–359.E**

This joint ITC–CBC paper provides a regional overview of services sectors and services trade for COMESA, drawing attention to opportunities for growth and regional integration - analyses data for four key services subsectors (travel, transport, communication, and financial and insurance services) and provides Services Snapshots for each COMESA member. The paper maps business and professional services associations in COMESA services industries and identifies the major challenges faced by services stakeholders; examines the option of developing a COMESA Regional Services Industries Group (RSIG) as a positive step towards a coordinated platform for overcoming the growth challenges to provide a better business environment for services industries in the COMESA region; includes bibliographical references (pp. 105-106).

Descriptors: **COMESA, Services, Regional Integration**

English

For further information on this technical paper, contact Ms. Marion Jansen ([jansen@intracen.org](mailto:jansen@intracen.org)) or Ms. Kudzai Madzivanyika ([kmadzivanyika@comesa.int](mailto:kmadzivanyika@comesa.int))

---

Citation: International Trade Centre and COMESA Business Council (2015), *Services in COMESA – An Industry Perspective: Integrating the Voice of Business in Policy*, ITC, Geneva.

The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations.

ITC, Palais des Nations, 1211 Geneva 10, Switzerland ([www.intracen.org](http://www.intracen.org))

The COMESA Business Council (CBC) is a Business Member Organization and recognized private sector institution of the Common Market of Eastern and Southern Africa (COMESA).

CBC, Ben Bella Road, P. O. Box 30051, Lusaka, Zambia (<http://www.comesabusinesscouncil.org>)

Copyright © 2015, ITC and CBC

Digital images on the cover: ©Ken Banks/Flickr, ©Samovar Incentive/Flickr, ©The IHub/Flickr, ©Wikimedia

Published by ITC and CBC. Printed by ITC, Geneva. First printing: 2015. All rights reserved.

The designations employed and the presentation of material in this publication do not imply the expression of any opinions whatsoever on the part of the Secretariat of ITC or CBC concerning the legal status of any country, territory, city or area, or of its authorities or concerning the delimitation of its frontiers or boundaries.

All ITC/CBC publications are protected by copyright. Therefore and unless otherwise specified, no part of a ITC/CBC publication may be reproduced, stored in a retrieval system or utilized in any form or by any means, electronic or mechanical, including photocopying, microfilm, scanning, without prior permission in writing. ITC and CBC encourage dissemination of their work and are pleased to consider permissions, licensing and translation requests related to ITC/CBC publications. A copy of the reprinted or translated material should be sent to ITC.

## Foreword

The growth of the services industry provides opportunities for regional economic growth, employment and development. Backbone services such as telecommunications, transport and other infrastructure services are critical importance to making trade happen, and shape the business environment and competitiveness of any economy.

For the majority of the COMESA member countries, services sectors account for a substantial share of domestic output, typically around 50% of GDP. Services outpace traditional manufacturing and agriculture sectors as contributors to growth, income and job creation. Trade in services has also grown exponentially in the COMESA region, offering enormous opportunities for COMESA countries to diversify their exports, increase investment, pursue new opportunities for dynamic and sustainable growth and promote greater efficiency in the domestic economy.

Despite recognition that the private sector has to be an integral part of the discussion around trade policies, there is much room for improvement in ensuring that the business sector – including small and medium sized enterprises (SMEs) – has a seat at the discussion table. As the competitiveness of the services sectors often depends on the policies and regulatory practices that shape the services business environment, growth potential can be accelerated by more inclusive participation of the private sector in national, regional and international policy-making processes.

In 2014 and 2015, the COMESA Business Council carried out extensive private sector consultations to map services industries and services trade in the COMESA region and provide suggestions to promote services growth. Industries expressed the need to have cross-border synergies, such as business support services and direct participation of the private sector in the regional integration process that could contribute to the growth of their businesses

This joint International Trade Centre - COMESA Business Council paper is a response to these consultations. It provides a regional overview of services sectors and services trade for COMESA, and draws attention to growth and regional integration opportunities. It also analyses data for four key services areas: travel, transport, communication, and financial and insurance services. Finally, it provides 'Services Snapshots' for each COMESA country.

The report offers provides practical guidance on how to move towards a more coordinated approach that integrates the voice of business into policymaking. For this purpose, the report maps major business and professional services associations in COMESA services industries, identifies key challenges faced by services stakeholders, and examines the option of a common regional platform for the services industries to channel business voices to policy-making organs.

A COMESA Regional Services Industries Group would facilitate the move towards coordinated action to overcome challenges, and provide a better business environment for services industries. This information in this paper is an initial step to establish measures that engage the services industries in COMESA and ensure their participation in policy processes, while also contributing to regional growth of the industry.

We acknowledge the support of the United States Agency for International Development (USAID) in the preparation of this report.

We look forward to continuing our partnership, including with private sector partners, to ensure that the voice of business fully becomes part of the regional policy-making machinery.

Arancha González  
Executive Director  
International Trade Centre (ITC)

Dr. Amany Asfour  
Chairperson of the Board  
COMESA Business Council (CBC)

## Acknowledgements

This joint ITC–CBC report was undertaken as part of CBC’s activities to promote services growth and services trade in the COMESA region under the Trade in Services Framework. The information used was obtained from various sources, including relevant regional reports, COMESA member states’ policy and regulatory documents and instruments, as well as relevant international reports and legal instruments. In addition, interviews were carried out with key stakeholders from various private sector associations and companies within the COMESA region. These stakeholders are thanked for their time and valuable insights which enabled a more meaningful analysis.

The report was prepared by Sandra Uwera and Kudzai Madzivanyika (CBC) together with Irene Carbone and Trevor Simumba, ITC International Consultants.

Thanks are due to Anders Aeroe, Jane Drake–Brockman and Marion Jansen who provided guidance and comments, as well as Esther Chingoma (CBC), Phoebe Downing, Justine Lan, Josephine Stott, Max Thompson and Quan Zhao who provided inputs and editorial assistance.

We would also like to thank Natalie Domeisen who oversaw production and quality control and Serge Adeagbo and Franco Iacovino who provided graphic and printing support.

## Contents

Foreword	iii
Acknowledgements	iv
Abbreviations	viii
Executive summary	x
<b>Introduction</b>	<b>1</b>
<b>Chapter 1 Regional overview on services</b>	<b>5</b>
1. Key sectors	7
1.1. Travel services	9
1.2. Transport services	9
1.3. Financial services	10
1.4. Communication services	11
<b>Chapter 2 Snapshots of the services industries in COMESA</b>	<b>12</b>
Burundi	13
Comoros (the)	16
Democratic Republic of the Congo (the)	19
Djibouti	22
Egypt	24
Eritrea	27
Ethiopia	29
Kenya	33
Libya	37
Madagascar	40
Malawi	43
Mauritiurs	47
Rwanda	51
Seychelles	54
Sudan	58
Swaziland	62
Uganda	65
Zambia	68
Zimbabwe	72
<b>Chapter 3 Private sector participation: the state of business associations</b>	<b>75</b>
1. Background	75

2.	Sectoral associations: tourism, transporters, bankers, insurers	76
2.1.	National associations	77
2.1.1.	Tourism services sector	77
2.1.2.	Transport services sector	80
2.1.3.	Financial services sector	82
2.2.	Regional associations	86
<b>Chapter 4 Positions of industry in key service sectors in COMESA</b>		<b>88</b>
1.	General constraints	88
2.	Tourism	89
3.	Transporters and Logistics Services	91
4.	Banking services	92
5.	Insurance services	94
<b>Chapter 5 Way forward</b>		<b>96</b>
1.	Development of the Regional Services Industries Group	96
2.	Next steps	96
<b>Appendix</b>		<b>98</b>
<b>Bibliography</b>		<b>105</b>
Figure 1.	World, LDC, SSF, HIC, LIC and COMESA services as % of GDP, in value added terms, 2008 – 2012	5
Figure 2.	COMESA composition of GDP (a) and services as % of GDP per member state and average (b), in value-added terms, 2010	6
Figure 3.	COMESA services trade balance (a) and services exports and imports (b) during 2006 – 2012	7
Figure 4.	Composition of services exports (a) and services imports (b), 2006 – 2012, COMESA	8
Figure 5.	COMESA services exports by subsector, 2006 – 2012, US\$ billion	8
Figure 6.	Travel services trade, COMESA, 2008 – 2012	9
Figure 7.	Transport services exports (a) and imports (b), COMESA member states, 2011 – 2012	10
Figure 8.	Financial services exports and imports, COMESA, 2008 – 2012	10
Figure 9.	Communication Services Exports, COMESA, 2008 – 2012	11
Figure 10.	Four-phase approach for developing RSIG	97
Figure 11 a.	Services Share of Industry Value Added, COMESA, 2006	98
Figure 11 b.	Services Share of Industry Value Added, COMESA, 2007	98
Figure 11 c.	Services Share of Industry Value Added, COMESA, 2008	99
Figure 11 d.	Services Share of Industry Value Added, COMESA, 2009	99
Figure 12.	Services Share of Industry Value Added, COMESA, 2009	100
Figure 13.	Services exports (a) and imports (b), COMESA region, 2006 – 2012	100
Figure 14.	Services export composition, COMESA average, 2006 – 2013	101

Figure 15.	Services import composition, COMESA average, 2006 – 2013	101
Figure 16.	Regional average services subsectors shares of services exports, COMESA, 2006 – 2012	102
Figure 17.	Regional average services subsectors shares of services imports, COMESA, 2006 – 2012	102
Figure 18.	FDI net inflows, World, LDC, SSF, HIC, LIC and total COMESA region, 2008 – 2013	103
Box 1.	Services-based economies within COMESA: Mauritius and Seychelles	6
Table 1.	Tourism industry representation per country	77
Table 2.	Transporters industry representation per country	80
Table 3.	Bankers industry representation per country	82
Table 4.	Insurance industry representation per country	85
Table 5.	Tourism industry regional representation	86
Table 6.	Transporters industry regional representation	86
Table 7.	Bankers industry regional representation	87
Table 8.	Insurers industry regional representation	87
Table 9.	COMESA average services share of total exports	103

## Abbreviations

Unless otherwise specified, all reference to dollars(\$) are to United States dollars.

The following abbreviations are used:

ABADT	Association Burundaise des Agences en Douane et Transitaires
AfDB	African Development Bank
AKI	Association of Kenya Insurers
APT	Professional Association of Freight Forwarders
ASIRC	Association of Sudanese Insurance and Reinsurance Companies
BAM	Bankers' Association of Malawi
BAZ	Bankers' Association of Zambia
BCC	Banque Centrale des Comores (Central Bank of the Comoros)
BOP	Balance of Payments
BPM5	Balance of Payments Manual, Fifth Edition
BPO	Business process outsourcing
BRB	Banque de la république du Burundi (Bank of the Republic of Burundi)
CBC	COMESA Business Council
CBE	Commercial Bank of Ethiopia
CCBG	Committee of Central Bank Governors
CIA	Central Intelligence Agency
COMESA	Common Market for Eastern and Southern Africa
COMESARIA	COMESA Regional Investment Agency
CSI	Coalition of Services Industries
EABC	East African Business Council
EAC	East African Community
EAISA	East African Insurance Supervisors Association
EASSy	Eastern Africa Submarine Cable System
EATP	East Africa Tourism Platform
EFFSAA	Ethiopian Freight Forwarders and Shipping Agents Association
EIFFA	Egyptian International Freight Forwarding Association
FCFASA	Federation of Clearing and Forwarding Associations of Southern Africa
FDI	Foreign Direct Investment
FEAFFA	Federation of East African Freight Forwarders Associations
FESARTA	Federation of East and Southern African Road Transport Associations
FIATA	International Federation of Freight Forwarders Associations
FTA	Free Trade Agreement
GDP	gross domestic product
GVC	global value chain
HIC	high-income countries
IAIS	International Association of Insurance Supervisors
IAM	Insurance Association of Malawi
IAZ	Insurers Association of Zambia
ICT	Information and Communications Technology
IF Egypt	Insurance Federation of Egypt
IISD	International Institute for Sustainable Development
ILO	International Labour Organization
ILOSTAT	ILO database of labour statistics
IMF	International Monetary Fund
ISP	Internet Service Provider
ITC	International Trade Centre
ITU	International Telecommunications Union
IVC	international value chain
KBA	Kenya Bankers Association
KEPSA	Kenya Private Sector Alliance
KILM	Key Indicators of the Labour Market

KTA	Kenya Transporters Association
LDC	least developed countries
LFS	Labour Force Survey
LIC	low-income countries
MBA	Mauritius Bankers Association Limited
MTPA	Mauritius Tourism Promotion Authority
NGO	non-governmental organization
NRTAs	National Road Transport Associations
NTB	non-tariff barriers
OECD	Organization for Economic Co-operation and Development
ONTM	Office National du Tourisme de Madagascar (Madagascar National Tourism Board)
PPD	Public-Private Dialogue
PPP	Public-Private Partnerships
PSF	Rwanda Private Sector Federation
PwC	PricewaterhouseCoopers
RIRF	Office of the Registrar of Insurance and Retirement Funds
ROI	Return on Investment
RSIG	Regional Services Industries Group
RTDA	Rwanda Transport Development Agency
RETOSA	Regional Tourism Organization of Southern Africa
SADC	Southern African Development Community
SADC BA	SADC Banking Association
SARA	Southern African Railways Association
SASTALC	Southern Africa Shippers Transport and Logistics Council
SATSA	Southern African Tourism Services Association
SFAAZ	Shipping and Forwarding Agents' Association of Zimbabwe
SIDS	Small Island Developing States
SMEs	small and medium-sized enterprises
SONAS	Société nationale d'assurances
SSF	Sub-Saharan Africa
TiVA	Trade in Value Added
TLS	Transporters and Logistics Services
TPR	Trade Policy Review
UBA	Uganda Bankers' Association
UIA	Uganda Insurers Association
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNSD	United Nations Statistics Division
UNWTO	World Tourism Organization
USAID	United States Agency for International Development
WB	World Bank
WEF	World Economic Forum
WTO	World Trade Organization
WTTC	World Travel and Tourism Council
ZACCI	Zambia Association of Chambers of Commerce and Industry

## Executive summary

The services sector accounts for an average of 53% of gross domestic product (GDP) in the Common Market for Eastern and Southern Africa (COMESA) countries, outpacing manufacturing and agriculture sectors in terms of generating growth, income and jobs. In the context of the international value chains (IVC), a more robust services sector provides vital inputs to manufacturing and agriculture and can help increase the overall efficiency of the COMESA economy.

Services trade in the COMESA region is also on the rise, offering enormous opportunities for diversifying exports, pursuing new dynamic, innovative and sustainable growth. A COMESA country's average trade in services contribution to GDP is around 21%, higher than the world average of 12%. Egypt is the largest services exporter of the region, but Mauritius and Seychelles both stand out as two export-based services economies, with services contributing 51% and 58% to their respective GDP. As the COMESA economy becomes increasingly integrated into the regional and global market, services trade will play a more important role in the growth strategy of the region.

Success of the services industries often depend on the policies and regulations that shape their business environment. Private sector participation in policy formulation at national or regional level is key to the promotion of business-friendly and effective policies that advance private sector development. The organization of the private sector through services associations at national, regional and sectoral level is therefore imperative to ensure the building of a pro-services policy and regulatory environment.

Various types of services associations operate in the COMESA region, from the umbrella organizations such as Chambers of Commerce, to the services-specific organizations such as transporters' associations, bankers' associations and tourism associations. These services associations voice private sector interests to promote policy actions, execute capacity-building and business development programmes, and promote greater regional integration.

Despite their important role in services development, existing services associations in the COMESA region face some common challenges that impede the effectiveness and sustainability of their operations. These include the small size of specialized sectoral organizations; lack of reliable and stable funding; staff overstretched by onerous demands of members and lack of access to managerial and technical know-how to offer better services to their clients.

To better address these challenges to services growth in the COMESA region, the establishment of a Regional Services Industries Group (RSIG) has been proposed to act in the interest of the private sector. RSIG creates the necessary economy of scale that can help to better advocate the services industry's interests at national and regional levels, to promote more effective policies, greater regional integration, improved access to information and resources and ultimately increased services trade in the region.

COMESA Business Council (CBC) was identified as the most suitable platform to promote regional services trade. It is mandated by the COMESA treaty to represent the private sector as a key policy and advocacy platform, with the objective of influencing policy at the highest level of decision-making within the COMESA region. CBC's strategy for the establishment of the RSIG includes the strengthening of sectoral coalitions in the services sectors which can then feed into a larger RSIG.

Through the examination of four key sectors in the COMESA region (tourism, transport, finance and telecommunications), the report identified key stakeholders and services associations in the region and charted a four-phase roadmap for establishing the RSIG: mapping the direction, launching and strengthening regional sectoral coalitions, convening regional consultative meetings and eventually culminating in the establishment of the RSIG to promote services trade in the region.





## Introduction

Services matter for economic growth and development. In most non-oil-producing Sub-Saharan African countries, the services sector now makes up the largest part of the economy and, as countries develop, the importance of the services sector tends to rise further. Services represent the fastest growing sector of the global economy accounting for about 70% of global GDP, one third of global employment and approximately 20% of global trade measured in gross terms, but 42% of global trade measured in value added terms. The performance of the services sector in developing countries during the past decade has had positive impact on national competitiveness, income growth, employment and poverty reduction in both urban and rural areas.

Trade in services is an increasingly important part of the trade of developing countries and in COMESA countries in particular. The services sector accounts for a substantial share of domestic output (typically around 50% of GDP), thus outpacing the traditional manufacturing and agriculture sectors, in most of the COMESA member countries. Services infrastructure provides vital inputs to manufacturing and agriculture and can help promote growth and development throughout the economy. Tourism and transport are leading export sectors in COMESA. The share of trade in services in total trade of goods and services is conventionally reported as around 20%, but in reality, trade in services is much larger than is suggested by trade statistics. As the COMESA economy becomes increasingly integrated into regional and global value chains, services and services trade will play a more important role in the growth strategy of the region.

### 1. Background: COMESA Business Council

The COMESA Business Council (CBC) is a business member organization, and a private sector institution of COMESA. Established in 2005, under the Treaty of the COMESA – Chapter 23 and 24, the CBC is defined as a consultative committee for the business community at the policy organs level. The CBC began its operations as a Secretariat in 2010.

COMESA is the largest regional economic community in Africa. There are 19 current COMESA member states which comprise: the Republic of Burundi, the Union of the Comoros, the Democratic Republic of the Congo, the Republic of Djibouti, the Arab Republic of Egypt, the State of Eritrea, the Federal Democratic Republic of Ethiopia, the Republic of Kenya, Libya, the Republic of Madagascar, the Republic of Malawi, the Republic of Mauritius, the Republic of Rwanda, the Republic of Seychelles, the Republic of the Sudan, the Kingdom of Swaziland, as well as the Republics of Uganda, Zambia, and Zimbabwe.

Its vision is to drive the attainment of a fully integrated and competitive regional economic community, through a strategy based on cooperation in trade, investment promotion and development. COMESA formally came into being in December 1994 as a successor to the Preferential Trade Area for Eastern and Southern Africa, which was established in 1981. The regional integration strategy for COMESA member states included the following objectives: a Free Trade Area (FTA) in October 2000, a Customs Union by December 2012, a Common Market by 2015 and a Monetary Union by 2018.

The CBC business agenda is based on the key focus areas of:

- Private sector representation through facilitation of business interests from apex and sectoral business association membership to all levels of policy formulation and decision making in the region; and
- Private sector development in growth sectors that contribute to the overall competitiveness of businesses in regional and global markets.

The CBC is the recognized regional apex body of the private sector and business community in the COMESA region. It is constitutionally managed by a Board of nine Directors who are presidents of national apex business associations in the COMESA member states.

The CBC's objectives are to:

- Enforce strategic advocacy platforms for the private sector in at least 70% of the priority sectors within the COMESA region;
- Ensure effective representation of private sector interests in COMESA decision-making processes in at least three priority sectors per year;
- Provide timely and strategic business services to regional and international stakeholders of the business environment in the region;
- Ensure 90% of private sector inclusiveness in the regional integration agenda; and
- CBC to be fully membership-led and driven by 2016.

CBC brings together a diverse group of businesses from the region into a more common platform, in order to influence the regional agenda on the regulatory and practical approaches on creating a more flexible business environment. It seeks to respond to the diversity of challenges and opportunities that come with a large market such as COMESA, through its unique business model. This model is anchored on the pillars of business and policy advocacy, business intelligence and development services, and membership development.

Its implementation mechanism is through seven workgroups, namely:

- Small and medium-sized enterprises (SMEs) and small and medium-sized industries;
- Agro-business and industry manufacturers;
- Tourism;
- Financial services;
- Transport and logistics services;
- Trade facilitation and non-tariff barriers (NTB);
- Cross cutting;
- Coalition of Services Industries (CSI).

The above workgroups feed into technical board committees, which are tasked to ensure that the membership interests and inputs at policy level are extensively covered. These are the:

- Advocacy and Communication Committee;
- Trade and Industry Committee;
- NTB and Trade Facilitation Committee;
- Trade in Services Committee;
- Tripartite FTA Committee.

Thus CBC has a more inclusive, membership-driven and participatory approach towards harmonizing the business agendas and bringing them to the attention of the decision takers and policy makers in the region.

## 2. COMESA Trade in Services Framework

The framework for trade in services in COMESA is governed by the COMESA Treaty, Article 3(b), as read with Article 4(4) (c), which provides for the removal of obstacles to the free movement of services within the Common Market. Furthermore, Article 164 of the Treaty provides for the free movement of services and Articles 148, 151 and 152 provide a mandate for work to be done in the liberalization of trade in services.

In pursuance of the above, the COMESA Council of Ministers agreed on a framework for liberalizing trade in 2009 and further agreed to commence negotiations for services liberalization. The COMESA region started negotiations on the schedule of specific commitments under the sectoral committees on trade in services. The negotiations were in four priority sectors, namely telecommunications, financial (insurance and banking), tourism and transport. During the fifth meeting of the committee on Trade in Services, held from 5 to 7 June 2013 in Kampala, Uganda, member states submitted their schedules of specific commitments in the four priority sectors.

As a follow-up action to this meeting, it was requested that schedules of policy organs be cleaned up and harmonized. Thereafter, the second round of negotiations was conducted in three additional priority sectors: business services, energy services and construction. Related engineering services are to follow.

The Council equally directed that the COMESA Regional Services Industries Group (RSIG) should be established under the CBC as a unit that represents the interests of the services sectors to the policy organs. Following this, the CBC has been working consistently towards strengthening and expanding regional level business cooperation and advocacy through CBC business cluster workgroups in financial services and tourism.

Since 2011, CBC has set up three services workgroups namely tourism, financial services and in September 2015, the Transporters and Logistics Services (TLS) workgroup. Under the TLS workgroup, pipeline projects have included presenting the common industry positions to the infrastructure meetings of the policy organs and also to the authorities at the national level.

Going forward, CBC is to strengthen the existing workgroups through core demand-driven services in advocacy, business support and capacity development, as well as to develop a larger multi-sectoral focus to its work on services by establishing the telecommunications as well as business and professional services workgroups. The expected results of the COMESA RSIG are:

- At least seven strengthened services sector coalitions established at the regional level by 2017;
- The establishment of the RSIG by 2016;
- Increased private sector participation in trade in services negotiations;
- Improved inclusion of services in trade promotion activities;
- Increased contribution of services industries to cross-border linkages and partnerships; and
- Effective representation of private sector interests on policy and regulatory making processes in services at a national and regional level.

To achieve these objectives, CBC, in collaboration with ITC and with the support from the United States Agency for International Development (USAID), commissioned this report to provide an overview of the services sector and services trade development in the COMESA countries, to map out the key services associations operating in the region, identify the main challenges faced by the industries and provide recommendations on the way forward, including suggestions on the actions to be taken towards establishing the COMESA RSIG.

The report contains five main chapters.

Chapter one provides an overview of the services sectors and services trade in the COMESA region. It also provides a close examination of the four key services sectors included in the COMESA negotiation on services trade i.e. travel, transport, finance and communication.

Chapter two is a collection of country by country services snapshots, which provides key data on the services economy and services trade of COMESA countries. These data could serve as useful tools for policy makers and businesses to make better-informed decisions.

Chapter three features information on the COMESA services business associations, reviewing the state of play across the region, studying various models through which business associations engage with the businesses, as well as identifying key business associations in each of the four key sectors in the region.

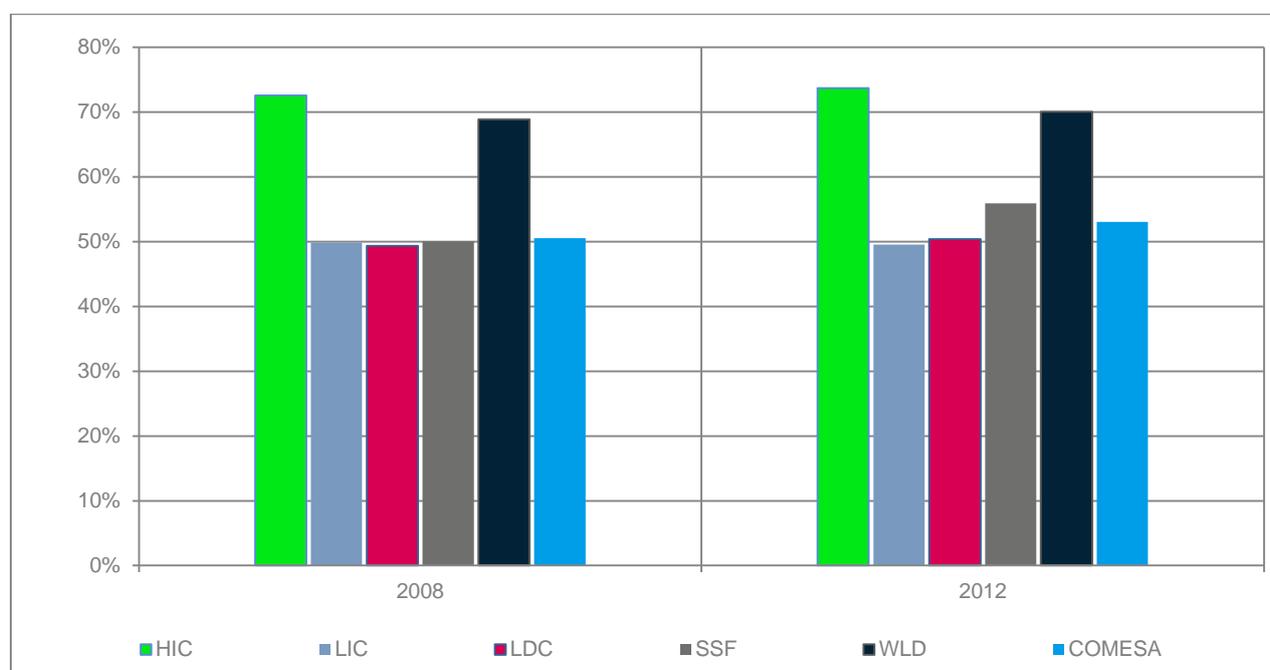
Chapter four identifies the key constraints limiting growth of services businesses in the COMESA region in general and in specific services sectors. They include: lack of financial resources, access to information, capacity constraints and human resource constraints, as well as the absence of formal consultative platforms and the inadequacy of harmonized regulatory frameworks.

Chapter five provides recommendations on addressing these challenges, including suggestions on the way forward for the development of the RSIG and analyses the key issues identified by the business sector in this regard, including sectoral coordination mechanism, development of demand-driven services to RSIG members, sharing experiences and best practices and sustainability of platform and services negotiation in tripartite FTA. It also lays out a specific four-phase action plan for the establishment of the RSIG.

## Chapter 1 Regional overview on services

Services are increasingly recognized as an important link to all other sectors, including goods, since they are key inputs to other areas of the economy like the manufacturing industry. This is also known as 'servicification', an indicator that describes the trend of higher services content in manufacturing, such as infrastructure, transport, financial intermediation, information and technology services. International organizations, like the World Bank (WB), have been collecting data which shows that the services sector accounts for around half or more of the GDP in value-added terms for the following different aggregates: high-income countries (HIC), low-income countries (LIC), least developed countries (LDCs) and the world. COMESA is no different: WB data shows that the services share of GDP in value-added terms in 2012 was 53%. This is, however, low compared with the global average of 70% and the HIC average of 74% in the same year. Figure 1 compares these results over two years, 2008 and 2012. In relative terms, the COMESA share increase was the second fastest with a 4% growth rate, after Sub-Saharan Africa (SSF) with 12%. The similarity in the improvements could be explained by the fact that three quarters of COMESA also fall under the SSF aggregate and those countries that drove SSF share's growth also drove COMESA share's growth. These are: Mauritius, Sudan, Uganda and Zimbabwe.

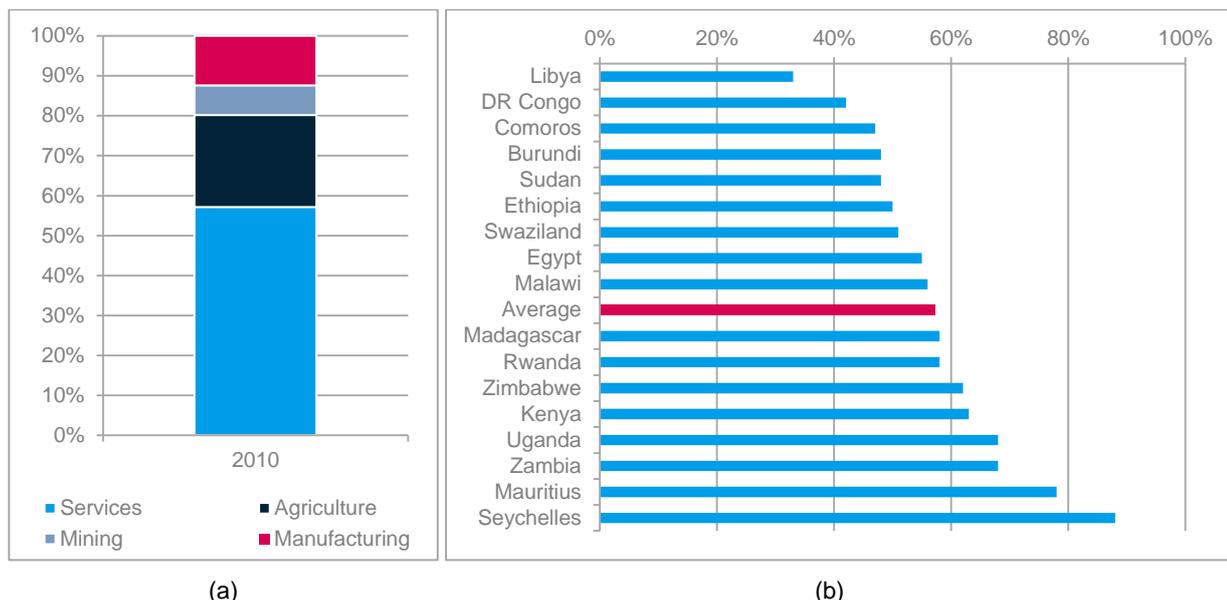
**Figure 1. World, LDC, SSF, HIC, LIC and COMESA services as % of GDP, in value added terms, 2008 and 2012**



Source: WB – World Development Indicators. Djibouti n.a., Eritrea, Libya, Swaziland n.a. 2012

Figure 2 provides further detail and shows the importance of the services sector for each member of COMESA using United Nations Statistics Division (UNSD) data. In 2010, the average country share of domestic output was 57%, which varied between Libya's 33% and Seychelles' 88% (see Figure 2b). In particular, services account for more than half of GDP for eight out of 19 COMESA countries of which four are also LDCs. Over the five-year period 2006 to 2010, the average of COMESA countries has increased from 56% to 57% but the share is also expected to increase given the constantly rising importance of services in some countries' value-added, such as in Zimbabwe.

**Figure 2. COMESA composition of GDP (a) and services as % of GDP per member state and average (b), in value-added terms, 2010**



Source: UNSD – National Accounts Official Country Data, Djibouti and Eritrea n.a. 2010

However, services are not only an increasingly important part of a country’s domestic output, but they are also traded more and more. Trade in services<sup>1</sup> offers enormous opportunities for any country, such as diversifying exports, pursuing new opportunities for dynamic growth, increasing investment and promoting efficiency in the domestic economy. In 2012, COMESA’s average trade in services<sup>2</sup> contribution to GDP was 21%, higher than the world average (12%) by 75% and the LDC average (14%) by 50%. Mauritius and Seychelles stand out from the crowd as two services-based economies (see Box 1), with contributions of 51% and 58% respectively.

**Box 1. Services-based economies within COMESA: Mauritius and Seychelles**

Among the top four services-based economies within COMESA there are Mauritius, whose services exports account for 59% of the country’s total exports (2013), and Seychelles at 48% (2013). Services are also the main employer for both the island economies, with Mauritius services sector employing 75% of the population and Seychelles 87%. The two economies are actually very similar, given also their geographical proximity and cultural affinity. The tourism sector represents one of the key sectors of the economy, given the unique biodiversity and pristine maritime landscape of these groups of islands. For Seychelles particularly, travel services (a proxy of tourism) exports account for around three quarters of Seychelles’ services exports and the share keeps increasing. Both Mauritius and Seychelles are part of the UNWTO-backed Vanilla Islands Tourism Organization that reunites the seven Indian Ocean islands under one tourism brand with the aim of promoting tourism even further. However, it is well known this sector is vulnerable to climate changes and natural disasters. Mauritius is responding well to this risk and recently most of the Foreign Direct Investment (FDI) has been directed to the Information and Communications Technology (ICT) sector, Business Process Outsourcing (BPO) activities, call centres, disaster recovery and business continuity centres and software development.

Source: ITC TradeMap

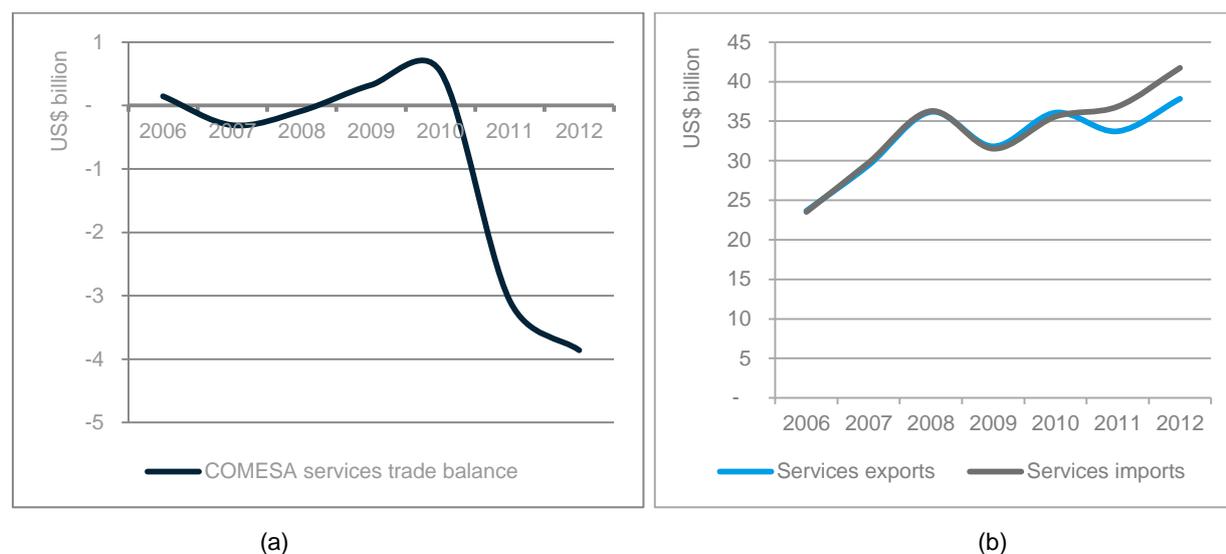
The COMESA region is trading services more and more. Currently, the services trade is in net deficit at US\$ 3.9 billion, since imports are larger than exports. Figure 3 reflects this fact: imports and exports of

<sup>1</sup> All trade data in the document is for commercial services. Source: ITC Trade Map with BPM5 data retrieved in 2014-15.

<sup>2</sup> Trade in services is the sum of service exports and imports divided by the value of GDP, all in current US\$ dollars. The definition is retrieved from the International Monetary Fund Balance of Payments Statistics Yearbook.

services have been increasing overall during the period 2006–2012. Imports have been consistently larger than exports thus generating an increasing net trade deficit (see Figure 3a). This will not slow down, in spite of the negative impacts (see Figure 3b) of the global crisis (2008–2009) and the political unrest of some COMESA members (2011–2012). However, COMESA services exports are increasing less rapidly than goods exports, contrary to global trends for which services are the fastest growing exports. This could be due to the fact that the majority of COMESA members are still heavily dependent on exports of the agriculture, forestry and fishing and mining industries. The largest trade in services surplus of the region is generated by Egypt at US\$ 3 billion in 2013 but it has been decreasing since 2010 when it peaked at US\$ 10.6 billion.

**Figure 3. COMESA services trade balance (a) and services exports and imports (b) during 2006 – 2012**

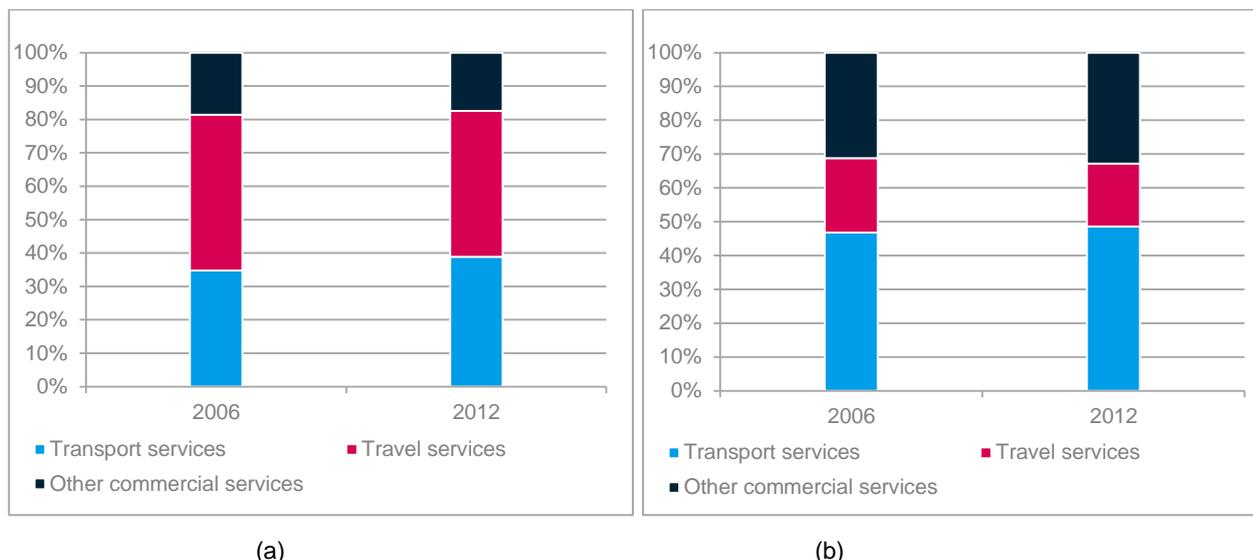


Source: ITC Trade Map, Eritrea n.a 2006 – 2012

## 1. Key sectors

As stated in the introduction, COMESA member states have commenced negotiations in the sectors of travel services, transport services, financial services and communication services. Snapshots data indicates that the four sectors combined accounted for 90% of the COMESA region services exports in 2012, contributing 44%, 39%, 2% and 5% respectively. Egypt is the largest services exporter of the region. In 2012 Egypt alone exported 60% of COMESA travel and transport services and one quarter of the region's total exports.

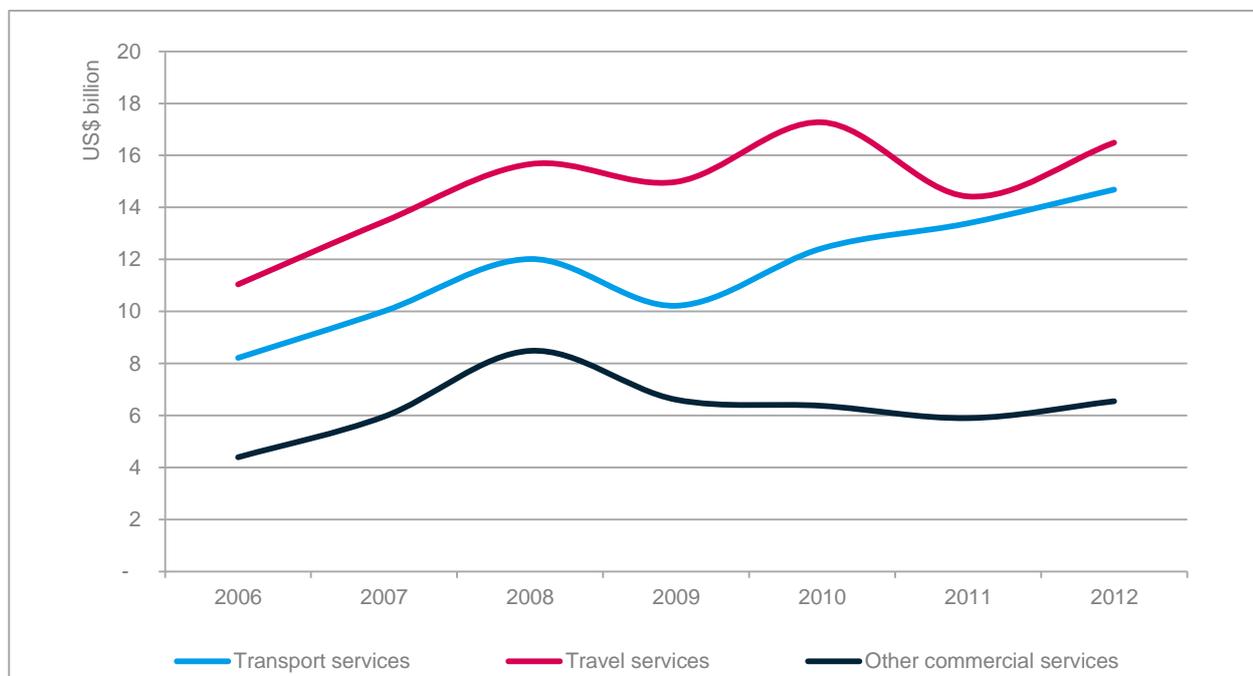
**Figure 4. Composition of services exports (a) and services imports (b), 2006 and 2012, COMESA**



Source: ITC Trade Map, Eritrea n.a 2006 – 2012

Over the period 2006 to 2012, transport services have become more important in the services export composition to the detriment of travel services exports (see Figure 4a), which are the main exports of countries such as Seychelles and Rwanda. Transport services are traditionally dominant in the services imports composition, followed by other commercial services whose contribution has increased from 31% in 2006 to 33% in 2012% (see Figure 4b). Within the other commercial services category, communication services are the most traded services and actually received the largest part of FDI in countries such as Mauritius, Burundi and the Democratic People’s Republic of the Congo.

**Figure 5. COMESA services exports by subsector, 2006 – 2012, US\$ billion**



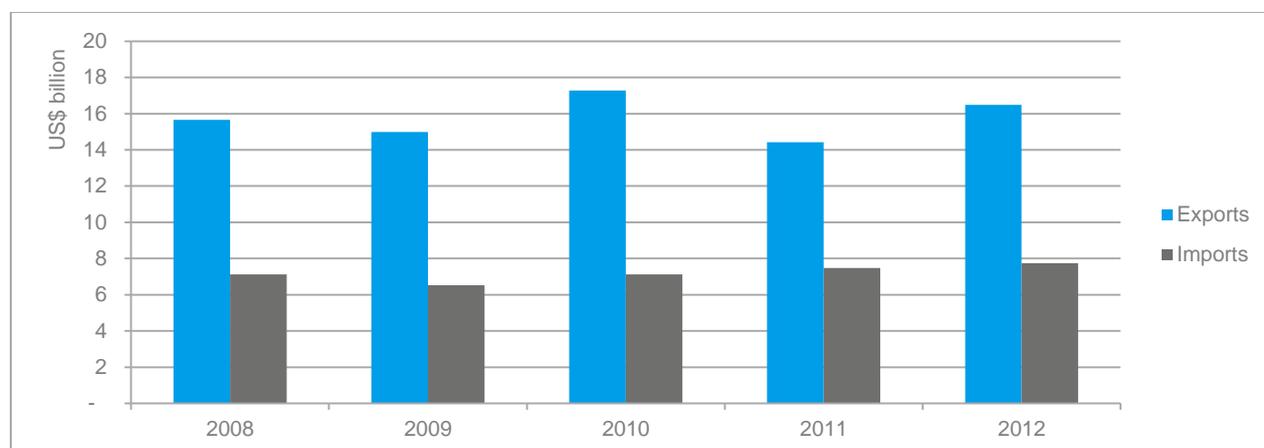
Source: ITC Trade Map, Eritrea n.a., Libya travel and other commercial services n.a. 2011 and 2012

However, some national economies in COMESA excel in exporting services other than the four selected in this study. For example, in 2012, 51% of Swaziland services exports were other than the selected four. Almost all of them (82%) were actually other business services exports, of which the most important was 'legal, accounting, management consulting and public relations services' (alone, it accounted for 27% of Swaziland services exports). The other business services subsector was also relevant in the Democratic Republic of the Congo (23% of services exports).

### 1.1. Travel services

COMESA is a net exporter of travel services (see Figure 6), with total exports of US\$ 16.5 billion. The travel and tourism sector is a key sector for most members of COMESA, in particular for the island countries of Seychelles, Madagascar, Mauritius and Comoros. According to the World Travel and Tourism Council (WTTC), the travel and tourism sector contributed between 6.5% (Comoros) and 56.5% (Seychelles) of GDP, generated more than half of their export earnings in 2013 and is among the main employers.

**Figure 6. Travel services trade, COMESA, 2008 – 2012**

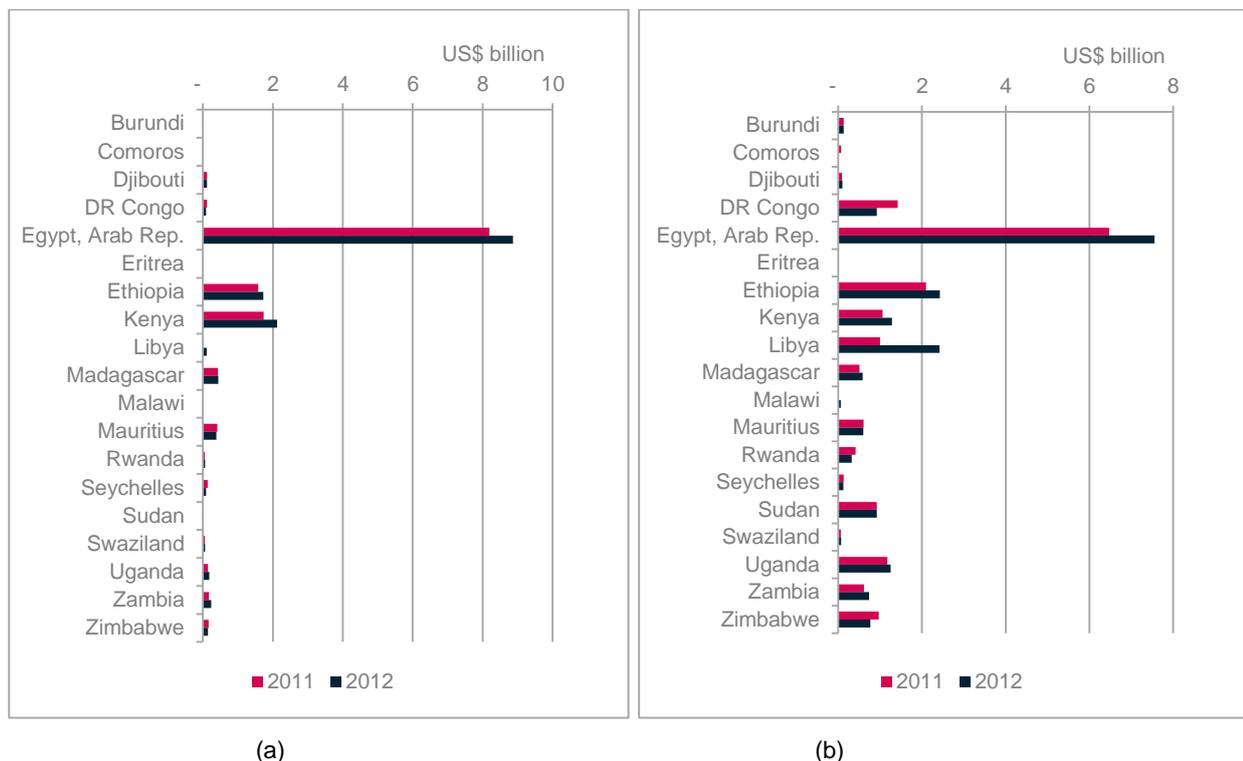


Source: ITC Trade Map. Eritrea n.a., Libya n.a. 2011–2012, Comoros n.a. 2012

### 1.2. Transport services

COMESA is a net importer of transport services, with total exports of US\$ 15 billion. The transport services sector is the second largest exporter for most of COMESA member states and for some it formed the bulk of services exports, such as for Djibouti (75%), Ethiopia (67%) and Kenya (55%). The transportation systems in the COMESA region primarily consist of road and rail, particularly for the landlocked countries. In terms of railway and air, although most countries have rail and air transport systems, the infrastructure is relatively limited. Figure 7 shows the largest traders of transport services. For almost all of them, trade increased between 2011 and 2012.

**Figure 7. Transport services exports (a) and imports (b), COMESA member states, 2011 – 2012**

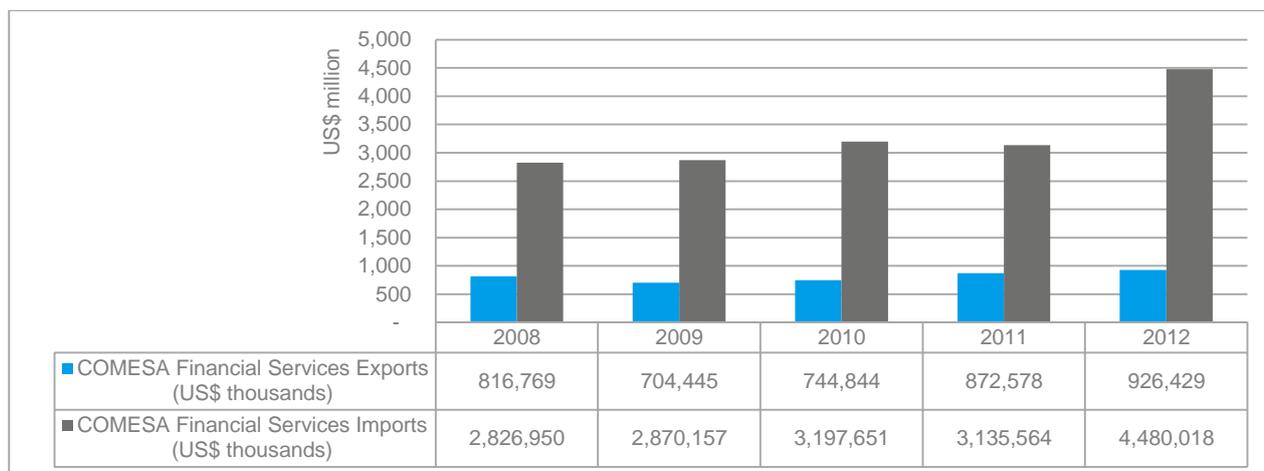


Source: ITC Trade Map, Eritrea n.a 2006 – 2012

### 1.3. Financial services

COMESA is a net importer of financial services (see Figure 8), with total exports of US\$ 926 million. Financial services include banking, micro finance and insurance-related sectors. However, there has been some growth in the sector, particularly companies from Kenya and Zimbabwe, which have managed to grow and extend their operations in the region. As of 2012, Kenya is the largest financial services exporter within COMESA, followed by Egypt and Mauritius.

**Figure 8. Financial services exports and imports, COMESA, 2008 – 2012**

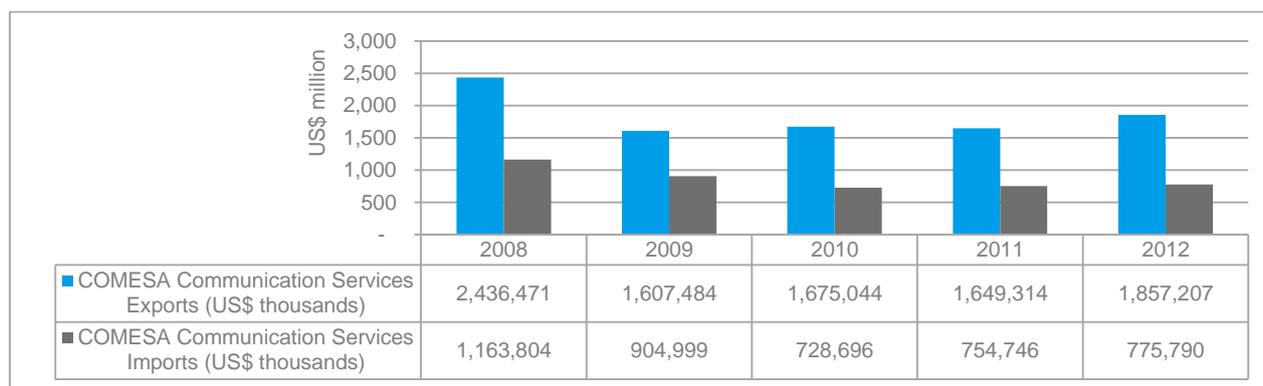


Source: ITC Trade Map. Djibouti, Eritrea n.a., Seychelles n.a. 2011–2012, Comoros n.a. 2012

## 1.4. Communication services

COMESA is a net exporter of communication services (see Figure 9), with total exports of US\$ 2 billion. Globally, communication services are currently the leading exporters and key enablers to the growth of other services and manufacturing industries' sectors. Similarly in COMESA, communication services are among the key growing services sectors. The growth and development of this sector vary across countries, with countries like Egypt, Seychelles, Kenya and Mauritius leading in terms of Internet penetration and mobile density. According to 2013 International Telecommunications Union (ITU) statistics, half of the population in Egypt and Seychelles and 39% in both Kenya and Mauritius had access to the Internet. In addition, in Seychelles, Mauritius and Egypt, all inhabitants had at least one mobile cellular subscription. However, the region needs to develop better infrastructure and regulations if it wants to promote connectivity and upscale its performance compared to global levels.

**Figure 9. Communication Services Exports, COMESA, 2008 – 2012**



Source: ITC Trade Map. Burundi and Eritrea n.a., Djibouti and Rwanda imports n.a., Rwanda exports n.a. 2008, Zimbabwe n.a. 2009–2012, Comoros n.a. 2012.

## Chapter 2 Snapshots of the services industries in COMESA

Chapter two is a collection of country by country services snapshots, which provides key data on COMESA countries' services economy and services trade. They serve as a useful tool for businesses to make better informed decisions and for policymakers to derive implications relevant for policy reforms to boost services sector growth.

These snapshots feature key services statistics including: services share of industry value added, trade in services contribution to GDP, services share of total exports, services export composition, services import composition, services export, services import, services trade balance. This statistical data provides an at-a-glance overview of the countries' services economy and services trade including a description of a country's services sectors' developments and a summary of the services trade performance and services sector competitiveness. They identify the largest services subsectors in the country, analyse the trend of services trade balance and investigate the underpinnings of services trade development among others.

Moreover, they offer detailed analysis of several key services subsectors, including: financial services, travel services, transport services and communication services. They examine the relative importance of each subsector in the country's total services trade and identify basic trends as well as underpinning factors influencing its development. It also looks into the country's FDI, which is often a key driver for services growth.

Key data is derived from the ITC Trade Map and the United Nations Statistics Division (UNSD) – National Accounts Official Country Data, as well as WTO's Trade Profile. Information is also derived from other sources including the WB, Central Intelligence Agency (CIA), the United Nations, International Labour Organization (ILO), International Monetary Fund (IMF), International Institute for Sustainable Development (IISD), United Nations Conference on Trade and Development (UNCTAD), Organization for Economic Cooperation and Development (OECD), United Nations Development Programme (UNDP), United Nations Economic Commission for Africa (UNECA), WTO, African Development Bank (AfDB), ITU, CBC and COMESA Regional Investment Agency (COMESARIA), government agencies, private corporations, the media and research community.

# Burundi

## KEY SERVICES DATA<sup>1</sup>, 2012

Services<sup>2</sup> share of industry value added 2010: **48%**  
 Trade in services<sup>3</sup> contribution to GDP: **12%**  
 Services share of total exports: **5%**  
 Services export composition: **other commercial services (74.5%), transportation (16.5%), travel (9%)**  
 Services import composition: **transportation (67%), other commercial services (20%), travel (13%)**  
 Services exports: **US\$ 16 million**  
 Services imports: **US\$ 188 million**  
 Services trade deficit: **US\$ 172 million**

## SERVICES AT A GLANCE

Burundi is one of the smallest states in Africa and one of the poorest landlocked countries in the world with GDP per capita in 2012 of US\$ 267. Foreign aid represents 42% of the national income, the second highest rate in Sub-Saharan Africa.<sup>4</sup> GDP grew on average 4% annually between 2006 and 2013 to reach an estimated US\$ 2.7 billion.<sup>5</sup> Growth was 4.5% in 2013, better than the other developing Sub-Saharan African countries, but expected to drop to 3% in 2016.<sup>6</sup> In value added terms, the services sector accounted for 48% of GDP in 2010 compared with agriculture at 41%.<sup>7</sup> However, agriculture employs more than 90% of the population and is currently growing faster, at 5% growth per annum (p.a.) than the services sector at 3% p.a.<sup>5</sup>

Figure 1. Goods and services exports

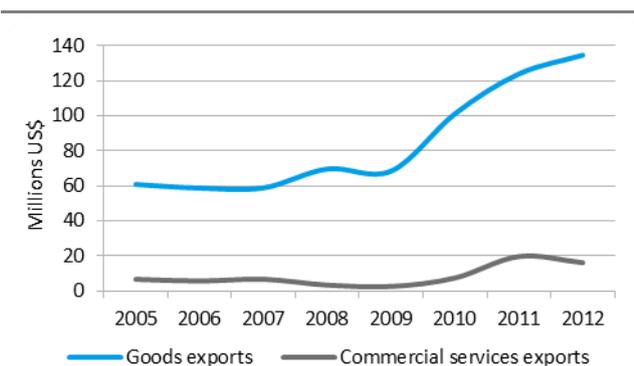
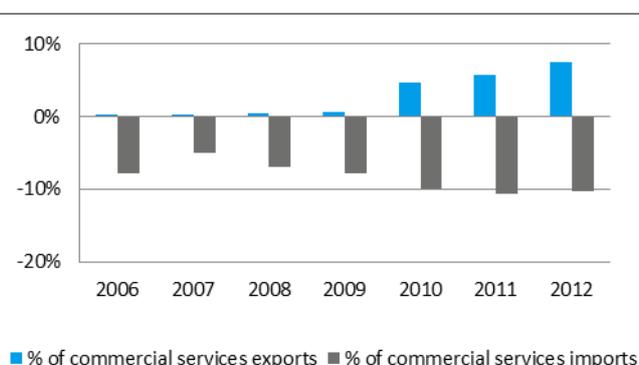


Figure 2. Financial services share in services trade



In 2012 Burundi had an overall trade deficit of US\$ 705 million. Merchandise exports account for 59% of total exports.<sup>5</sup> **Services exports, at US\$ 16 million, account for a mere 5% of total exports.** Over the six years to 2012, transport and travel services became less important in services export composition, respectively accounting for 16% and 9% of services exports in 2012. Over the same period, the import composition has shifted dramatically with travel services becoming less important (13% in 2012) and transport services more important (67% in 2012).<sup>8</sup> Exports of the three primary commodities alone i.e. coffee, gold (non-monetary) and tea, together amounting to US\$ 186 million<sup>9</sup> almost compensate for services imports (US\$ 188 million). Transportation accounts for the largest share of services imports in 2012 (67%), generating an overall services trade deficit of US\$ 172 million. Services exports have been on an upward growth path but less rapidly than goods exports as Figure 1 shows.<sup>8</sup>

## SERVICES SUBSECTORS

### Financial services

The banking sector is dominated by nine banks: six privately owned entities and three State-owned banking institutions (Credit Bank of Bujumbura (BCB), the Commercial Bank of Burundi (BANCOBU) and Interbank Burundi (IBB)), with market share of more than two thirds. The sector is relatively underdeveloped and the share of population with a bank account (170,000 depositors) remains very low at only 2% of the population. There is also under-penetration of mobile money services with only 29,000 subscribers to Ecocash, a money wire transfer service by Burundi mobile operator Econet. In 2012, insurance and financial services accounted for 15% of services exports (see Figure 2). **Burundi is a net importer of financial services**.<sup>8</sup>

### Communication services

Burundi has the lowest fixed telephone density as well as the lowest Internet penetration in the world with only 1.3% of the population having access to Internet. Mobile-cellular phones are more popular with 26% of the population having subscribed in 2012. The share of population with access to telecommunications networks differs heavily between rural and urban areas: about 90% of those having access to telecoms are concentrated around cities, especially the capital Bujumbura. The ICT industries and especially the mobile phone sector, have attracted the largest share of FDI in recent years. In 2012, computer, communication and other services accounted for 60% of services exports (see Figure 3). **Burundi is a net exporter of communication services with a steadily increasing trade surplus**.<sup>5</sup>

### Transport services

Roads are the most important mode of transport as the railway network is not reliable and air transport within the country is very expensive. The road infrastructure is in need of repair and upgrading. There has been some improvement during the implementation of the Road Sector Development Project, but the number of rural

Figure 3. Communication services share in services trade

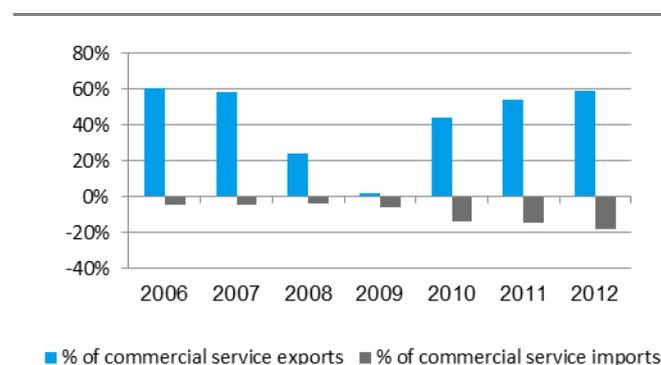


Figure 4. Transport services share in services trade

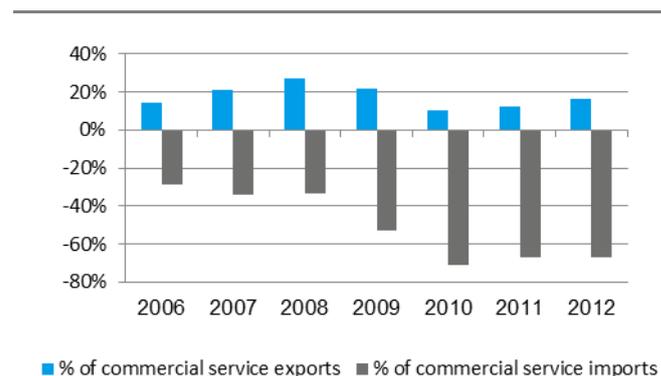
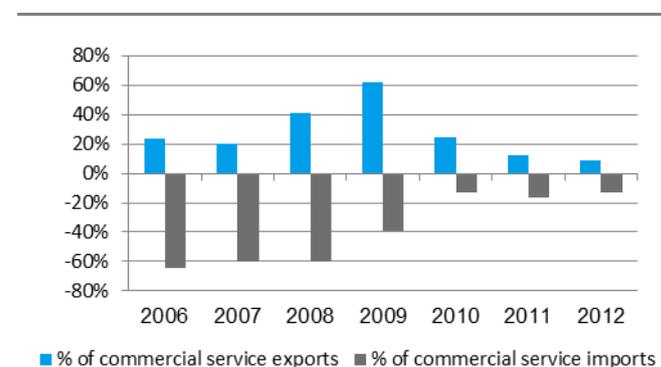


Figure 5. Travel services share in services trade



roads in satisfactory condition is still only around 20%. Burundi depends on its neighbours for access to sea ports in Dar-es-Salaam and Mombasa.<sup>10</sup> In 2012, transport services accounted for 16% of services exports. Burundi is a net importer of transport services with transport services imports having the largest share of services imports (67%) (see Figure 4). **The trade deficit in transport sector has been gradually increasing over the years, reaching US\$ 123 million in 2012, up from US\$ 57 million in 2007.**<sup>8</sup>

### Tourism

Inbound tourism is still hindered by long-standing effects of the past civil war and internal conflicts. The hotel capacity is extremely limited and the sector suffers from under-financing.<sup>11</sup> Burundi is the only country in the region without capacity to host business conferences and without a business hotel. There has been a project under way in cooperation with the IFC World Bank to convert a waterfront hotel in Bujumbura into a four star Double-Tree hotel with 130 rooms by Hilton.<sup>12</sup>

The most recent data on international tourists' arrivals is from 2010, when 142,000 arrivals were recorded. Tourism sector registered a net drain on GDP of -2% in 2012 and international tourism receipts accounted for 1% only of total exports.<sup>13,5</sup> Travel services have declined to only 9% of services exports (see Figure 5) and **Burundi is a net importer of travel services.**<sup>8</sup>

### FOREIGN DIRECT INVESTMENT (FDI)

Burundi faces challenges in attracting FDI due to the lack of a conducive business environment and the internal conflicts that have discouraged international investor confidence. Other major obstacles to inward FDI are the lack of access to financial services as well as Internet. Recently, regional partnership with EAC countries have had a positive effect on Burundi's investment and development.

The country ranks 152nd of 189 economies in the 2014 World Bank Ease of Doing Business index. From 2011 to 2013, the World Bank nevertheless named Burundi as one of the world's top economic reformers in recognition of the country's efforts to improve its business climate, attract FDI and with time graduate from its position among the world's poorest countries.<sup>14</sup>

### ENDNOTES / SOURCES

1. Key data derived from: United Nations Statistics Division – National Accounts Official Country Data, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. CIA – The World Factbook.
5. World Bank – World Development Indicators.
6. World Bank – Global Economic Prospects.
7. United Nations Statistics Division – National Accounts Official Country Data.
8. ITC Trade Map.
9. UN Comtrade and UN ServiceTrade.
10. WTO Secretariat, TPR, Annex 1 Burundi, p. A1-139.
11. WTO Secretariat, TPR, Annex 1 Burundi, p. A1-144.
12. WB, IFC, available online: [http://www.ifc.org/wps/wcm/connect/region\\_ext\\_content/regions/sub-saharan+africa/news/burundi\\_hilton](http://www.ifc.org/wps/wcm/connect/region_ext_content/regions/sub-saharan+africa/news/burundi_hilton).
13. International tourism receipts are expenditures by international inbound visitors, including payments to national carriers for international transport. These receipts include any other prepayment made for goods or services received in the destination country. They also may include receipts from same-day visitors, except when these are important enough to justify separate classification. For some countries they do not include receipts for passenger transport items.
14. World Bank Group – Doing Business Index, June 2014.

# Comoros (the)

## KEY SERVICES DATA<sup>1</sup>, 2012

Services<sup>2</sup> share of industry value added 2009: **42%**  
 Trade in services<sup>3</sup> contribution to GDP: **29%**  
 Services share of total exports: **48%**  
 Services export composition 2011: **travel (66%), other commercial services (29%), transportation (5%)**  
 Services import composition 2011: **transportation (63%), travel (19%), other commercial services (18%)**  
 Services exports: **US\$ 58 million**  
 Services imports: **US\$ 104 million**  
 Services trade deficit: **US\$ 46 million**

## SERVICES AT A GLANCE

At 3.5% in 2013, the GDP growth was less than the average of Sub-Saharan African developing countries (4.7%).<sup>4</sup> The medium-term growth outlook is expected to decrease gradually to 3% in 2016.<sup>5</sup>

In value added terms, the most recent data from 2009 shows that the services sector accounted for 42% of GDP. However, this share has been declining since 2007 with negative annual growth rates (-2% in 2009). Economic growth is mainly driven by agriculture that accounts for almost half of GDP and grows at 4.5% p.a.<sup>4</sup>

**In 2012 Comoros had a services trade deficit of US\$ 46 million. Services exports, at US\$ 58 million, accounted for 48% of total exports.**<sup>6</sup>

Travel services accounted for the largest share of services exports in 2011 at 66%, reflecting the importance of tourism. Communication services accounted for 29% of services exports.<sup>6</sup> The telecommunications sector has driven economic growth in many franc-zone countries.<sup>7</sup> Transportation services accounted for the largest share of services imports (63%) in 2011.<sup>6</sup>

Figure 1. Trends in share of GDP

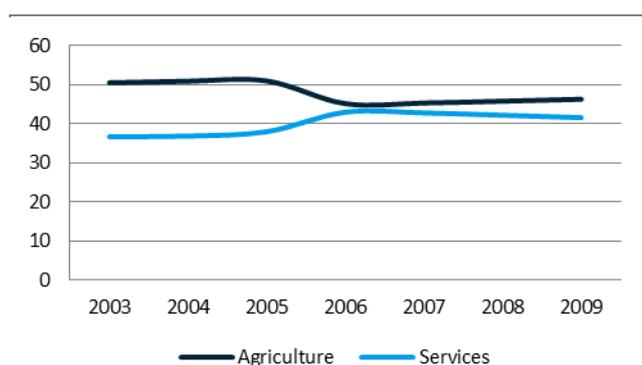
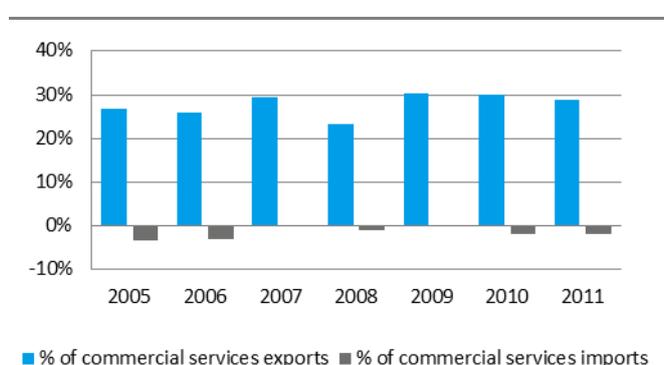


Figure 2. Communication services share in services trade



## SERVICES SUBSECTORS

### Financial services

Penetration of the financial services sector is very low regardless of some government initiatives taken in the sector, especially in microfinance and electronic banking. Between 2012 and 2013, many new entities have entered the market such as Exim Bank, Banque fédérale du commerce (BFC) and Banque postale. They join the existing institutions in the country: the commercial bank Banque pour l'industrie et le commerce (BIC-C), the development bank Banque de développement des Comores (BDC) and the decentralized microfinance institutions (the Meck and Sanduck networks). Banking credits to the economy

have increased more than fourfold: from US\$ 36 million in 2003 up to US\$ 162.5 million in 2013.<sup>7</sup> In 2011, the financial services sector was estimated as contributing as much as 12% to total services exports.<sup>7</sup> More detailed data is unavailable.

### Communication services

Telecommunications remains a state monopoly. With support from the World Bank, the authorities are expected to sell a second licence in the near future and to open up the capital of Comores Télécom to create a competitive environment and encourage innovation.<sup>7</sup>

Comoros recorded a communication services trade surplus of US\$ 16 million in 2011.<sup>6</sup> Even though precise data is missing and there are inconsistencies among different data sources, the important contribution of communication services to services exports is overall confirmed. In 2013 the rate of Internet users among the population was only 6.5% while 47% of Comorians were mobile cellular subscribers. This is a remarkable increase over the last decade, the first subscriptions having been made in 2003.<sup>4</sup>

### Transport services

The country suffers from a severe lack of basic infrastructure such as roads, ports, airports. This hinders the overall economic structure and the development of trade. In recognition of this shortcoming, the Government will focus its 2015-19 economic development programme on road and port infrastructure.<sup>7</sup> In 2011, transport services were in trade deficit (US\$ 64 million).<sup>6</sup>

### Tourism

Tourism is one of the main drivers of economic growth. Nevertheless the sector remains underdeveloped. Its potential to serve as a flourishing tourism destination is severely hindered by infrastructural weaknesses, lack of capacity and provision of a stable and peaceful

Figure 3. Transport services share in services trade

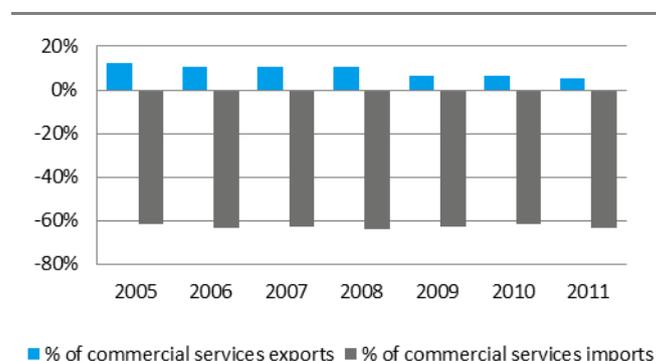


Figure 4. Travel services share in services trade

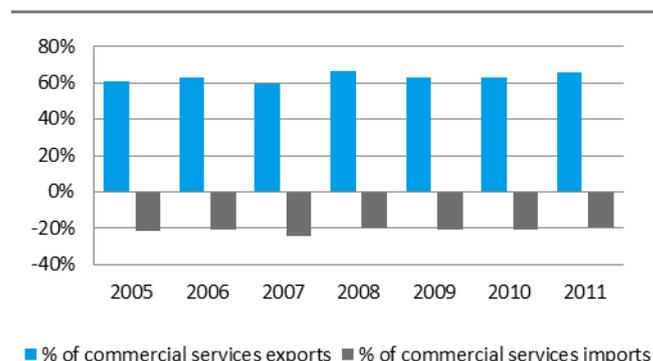
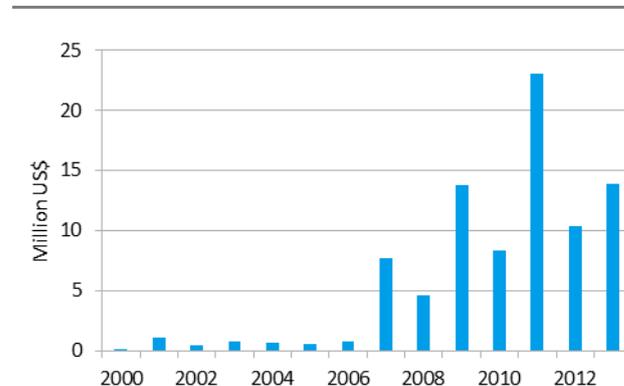


Figure 5. FDI net inflows



internal political environment. In 2011, Comoros recorded 19,000 international tourism arrivals.<sup>4</sup> Two thirds of these arrivals are estimated to be Comorian migrants coming back to visit relatives.<sup>8</sup> **In 2011 there was a trade surplus in travel services of US\$ 21 million.**<sup>6</sup>

## FOREIGN DIRECT INVESTMENT (FDI)

---

Inflows of FDI have increased over the period since 2007 but not consistently (see Figure 5). In 2013 FDI amounted to US\$ 14 million, accounting for 2% of GDP.<sup>4</sup>

Comoros ranks 159th out of 189 countries in the World Bank Ease of Doing Business 2014 Index.<sup>9</sup> However, the country ranking improved in comparison to 2013, thanks mainly to the resumption of activities by the investment promotion agency (Agence nationale de promotion des investissements).<sup>7</sup>

## ENDNOTES / SOURCES

---

1. Key data derived from: World Bank – World Development Indicators, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for figures 1 - 3 derived from Trade Map (ITC, UNCTAD, WTO joint dataset). Data for figure 4 derived from World Bank – World Development Indicators.
4. World Bank – World Development Indicators.
5. World Bank – Global Economic Prospects.
6. ITC Trade Map.
7. African Development Bank, African Economic Outlook, Comoros.
8. Comoros National Investment Promotion Agency, available online: <http://www.invest-comoros.com/en/tourism>.
9. World Bank Group – Doing Business Index, June 2014.

# Democratic Republic of the Congo (the)

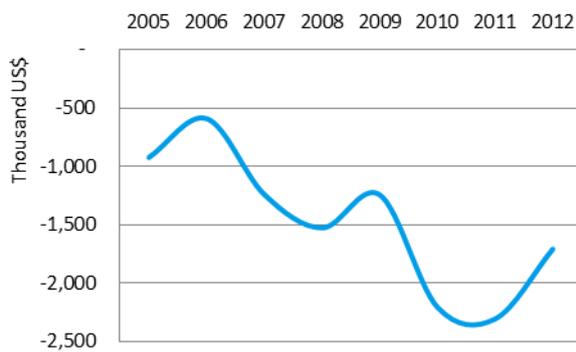
## KEY SERVICES DATA<sup>1</sup>, 2012

Services<sup>2</sup> share of industry value added 2013: **41%**  
 Trade in services<sup>3</sup> contribution to GDP: **9%**  
 Services share of total exports: **4%**  
 Services export composition: **other commercial services (56%), transportation (41%), travel (3%)**  
 Services import composition: **transportation (48%), other commercial services (46%), travel (6%)**  
 Services exports: **US\$ 225 million**  
 Services imports: **US\$ 2 billion**  
 Services trade deficit: **US\$ 1.7 billion**

## SERVICES AT A GLANCE

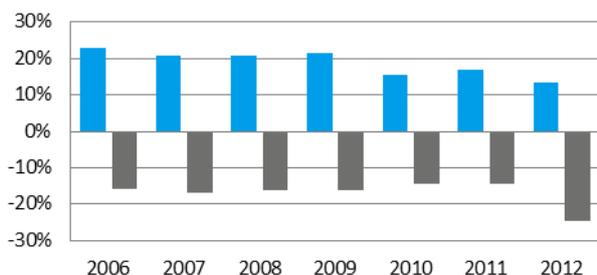
The Democratic Republic of the Congo is a mining resources abundant country embodying a lot of potential for economic development that has been devastated by civil wars and internal unrest. The Second Congo War ended in 2003 which was the first year The Democratic Republic of the Congo recorded a positive GDP growth rate (6% p.a.). It has been recovering ever since with a GDP experiencing a growth rate of 8% p.a. to reach a value of US\$ 31 billion in 2013.<sup>4</sup> Nevertheless, it is expected to decrease to 4% p.a. by 2016.<sup>5</sup> According to the most recent United Nations data for 2013, the services sector was the main contributor to GDP, with value-added at 41%, followed by manufacturing (38%) and agriculture (21%).

Figure 1. Services trade deficit



**The net services trade account is traditionally in trade deficit.** Transport services contributed most to the overall net services trade deficit (US\$ 828 million) while communication services were the only services subsector in net surplus at US\$ 41 million.<sup>6</sup> In 2012 transport services accounted for the largest individual shares of services exports (48%) and services imports (41%). In particular, over the six years to 2012, the export composition has shifted dramatically with communication services becoming less important and transport services more important.

Figure 2. Financial services share in services trade



■ % of commercial services exports ■ % of commercial services imports

The Democratic Republic of the Congo continues to face a number of challenges that undermine the development potential of the services sector. A serious lack of quality infrastructure remains one of the biggest obstacles. Continued political instability and insufficient policy or regulatory frameworks also prevent the development of a conducive business environment.<sup>7</sup>

## SERVICES SUBSECTORS

### Financial services

The financial services sector is underdeveloped. Only 4% of the population is estimated to have access to a

formal financial institution. There are 20 approved banking enterprises. Microfinance institutions as well as savings and loans cooperatives are developing rapidly.<sup>8</sup> Financial services account for 13% of services exports, and 24% of total services imports (see Figure 2). The financial sector is traditionally in net trade deficit. Moreover, the trade deficit has been consistently increasing from US\$ 94 million in 2005 to US\$ 443 million in 2012.<sup>6</sup>

### Communication services

In 2012, communication services accounted for 20% of services exports (see Figure 3).<sup>6</sup> As in other COMESA members, telephony is predominantly mobile rather than fixed line. Whereas there were two internet users only per 100 inhabitants, 44% of the population held a mobile cellular subscription in 2013. The number of mobile cellular subscriptions grew considerably between 2003 and 2013, increasing 24 times from 1 million subscriptions to 29 million.<sup>4</sup> The majority of subscribers are concentrated around the capital Kinshasa.<sup>7</sup>

### Transport services

Net imports of transport services contributed most to the overall services trade deficit, though this has declined by roughly 40% between 2010 (US\$ 1.4 billion) and 2012 (US\$ 828 million) (see Figure 4).<sup>6</sup> The main challenge of transport services is the lack of infrastructure, as a result of armed conflicts and virtually non-existent maintenance. Only 5% of the roads are paved.<sup>9</sup> Many parts of the country remain inaccessible: the country road network is not sufficient to connect all towns, nor even the provincial capitals.

The rail network is disused due to the lack of maintenance and deteriorating conditions of the rails. Some parts of the country remain connected solely via means of air transport, which, however, is very expensive and faces security challenges. The extensive navigable waterways network serves as the main

Figure 3. Communication services share in services trade

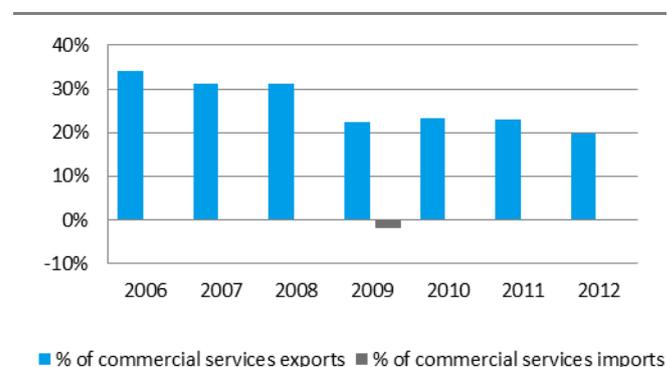


Figure 4. Transport services share in services trade

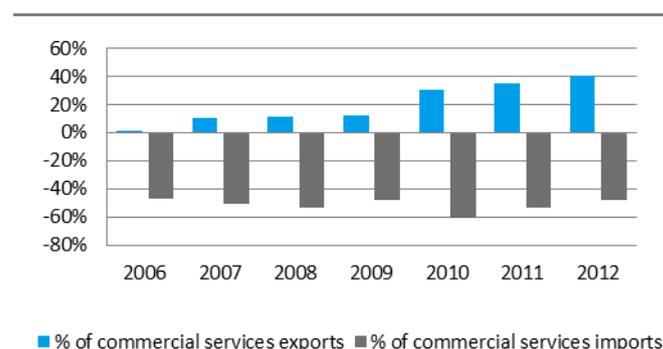
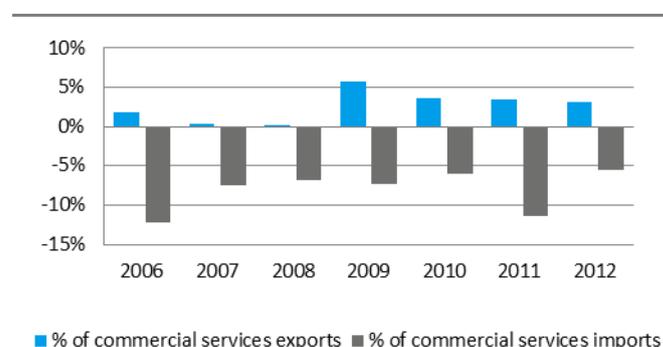


Figure 5. Travel services share in services trade



transport service. However, port infrastructure is still very poor and there is a serious lack of capacity.<sup>10</sup>

### Tourism

There is an enormous potential for a thriving tourism sector. The country ranks among the world's mega-biodiversity countries and has a versatile natural habitat in addition to a rich cultural heritage. The Democratic Republic of the Congo boasts one of the biggest rain forest areas in the world.<sup>11</sup>

Nevertheless, tourism has been hindered by internal armed conflicts and extremely poor infrastructure. The sector's economic significance consequently remains low despite a continuous increase in annual tourist visits. In 2011, 186,000 international tourism arrivals, more than double the previous year, were registered.<sup>4</sup>

**Travel services are also in net trade deficit (US\$ 101 million).** Travel services account for only 3% of total services exports and 6% of total services imports (see Figure 5).<sup>6</sup>

### FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI have been on an overall upward trend since 2006 despite exceptions in 2009, 2011 and 2013.<sup>4</sup> Telecommunications, ICT, transport and energy-related services attract the highest value of total investment.<sup>7</sup> With a ranking of 184th out of 189 countries in the World Bank Ease of Doing Business index 2014, political unrest continues to discourage foreign investment.<sup>12</sup>

### ENDNOTES / SOURCES

1. Key data derived from: UN statistics division – National Accounts Official Country Data, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. World Bank – World Development Indicators.
5. World Bank – Global Economic Prospects.
6. ITC Trade Map.
7. WTO Secretariat, Trade Policy Review, Congo Dem. Rep.
8. InterMedia, Research for Global Development, available online: <http://www.intermedia.org/mobile-money-in-the-drc-market-insights-on-consumer-needs-opportunities-in-payments-financial-services/>.
9. World Bank, Poverty Reduction and Economic management Department, Africa Region, Diagnostic Trade Integration Study.
10. PwC, Democratic Republic of Congo.
11. Regional Tourism Organization of Southern Africa (RETOSA), DRC, available online: <http://www.retosa.co.za/Retosa-Location.aspx?iCountryID=3>.
12. World Bank Group – Doing Business Index, June 2014.

# Djibouti

## KEY SERVICES DATA<sup>1</sup>, 2012

Services<sup>2</sup> share of industry value added 2007: **79%**  
 Trade in services<sup>3</sup> contribution to GDP: **37%**  
 Services share of exports: **37%**  
 Services export composition: **transportation (75%), travel (13%), other commercial services (12%)**  
 Services import composition: **transportation (68%), other commercial services (19%), travel (13%)**  
 Services exports: **US\$ 156 million**  
 Services imports: **US\$ 142 million**  
 Services trade surplus: **US\$ 14 million**

## SERVICES AT A GLANCE

Since 2006, Djibouti GDP growth has been stable at an average rate of 5% p.a. and expected to increase to 6.5% in 2016.<sup>4</sup> The services sector is dominant, accounting for 79% of GDP in value-added terms in 2007 (consistent data on services sector growth is unavailable).

Among the services sub-sectors, transport services, especially port activities, are the main growth source and employ most of the workforce. Other sub-sectors – retail, hotels, communications and banking – continued to expand.<sup>5</sup>

In 2012, services trade contributed 37% to GDP, mainly through transport services and government services.

**Since 2007 Djibouti has been a net services exporter.**

Its trade surplus had been on an upward trend until 2010 when it reached US\$ 45 million (see Figure 1). In 2011 the trade surplus skydived to US\$ 9 million due to an almost 40% increase of services imports (from US\$ 104 million in 2010 to US\$ 143 million in 2011), compared to the exports increase of 2% only (from US\$ 149 million to US\$ 152 million).<sup>6</sup>

**In 2012 services exports recovered and a trade surplus of US\$ 14 million was recorded.**

In particular, Djibouti is a net exporter of transport services and was a net exporter of travel services, with the exception of 2011 when a trade deficit was recorded at almost US\$ 2 million. Transport services have been dominating both services export and services import composition accounting for more than 60%.<sup>6</sup>

Figure 1. Commercial services trade

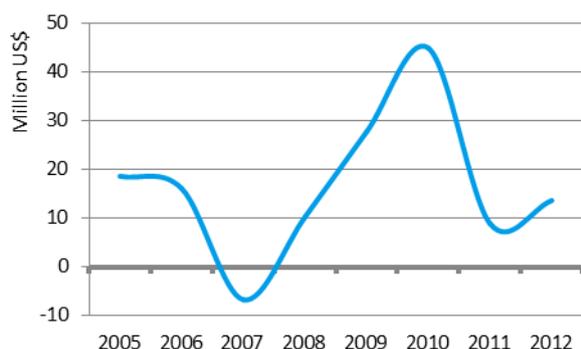
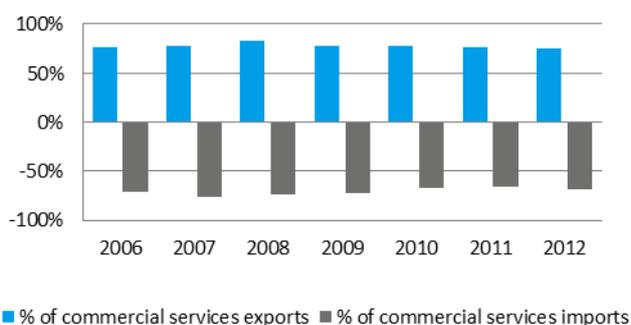


Figure 2. Transport services share in services trade



## SERVICES SUBSECTORS

### Financial services

The financial sector expanded considerably from 2006 to 2010, when the number of banks in the country increased from 2 to 11. However, the sector is very concentrated with 85% of all deposits held by two banks only<sup>5</sup> and just 10% of the population holds bank accounts.<sup>7</sup> Data on financial services trade is

unavailable, except for the financial services imports' share in services imports. **Between 2005 and 2012 the share decreased from 11% down to 8%.**<sup>6</sup>

### Communication services

The telecoms market is dominated by the State-owned Djibouti Telecom. As in other African countries, Internet users are fewer than mobile cellular subscriptions, 9.5% and 28% of the population respectively.<sup>8</sup> Data on communication services trade are unavailable, except for **communication services exports' share in services exports which in 2012 was 6%.**<sup>6</sup>

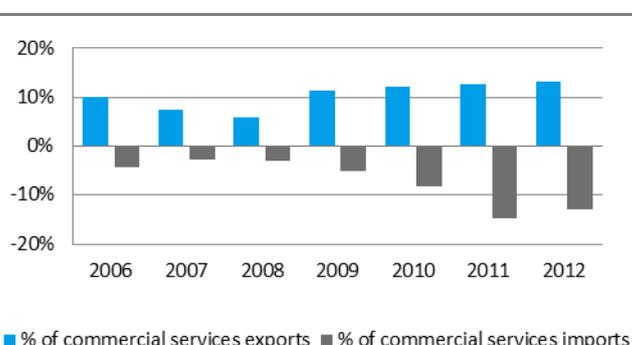
### Transport services

Transport services, especially maritime transport and port activities, are the main growth source and employ most of the workforce. Djibouti economy is focused on maritime transport services given the country's strategic location at the crossroads of major trading routes and busy regional sea lanes. About 80% of goods handled are to or from Ethiopia.<sup>5</sup> **Djibouti is a net exporter of transport services** (see Figure 2). Transport services exports represented 75% of services exports in 2012.<sup>6</sup>

### Tourism

Despite Djibouti's very considerable tourism potential, which it owes, in particular, to its geological heritage and the wealth of its marine environment, its tourism industry suffers from competition with better-known tourist destinations in neighbouring East Africa (Kenya, Tanzania, Ethiopia), as well as from the infrequency of flights to Djibouti and the associated high transport costs.<sup>9</sup> The most recent data on international tourism is from 2008 when Djibouti registered 53,000 arrivals. **Djibouti was a net exporter of travel services until 2011 when the first trade deficit of the sector was recorded (see Figure 3).** Imports of travel services accounted for 13% of services imports in 2012.<sup>6</sup>

Figure 3. Travel services share in services trade



## FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI to Djibouti have been on an upward trend with the exception of 2010, when inflows decelerated due to global volatility. This trend should continue over the next few years, boosted by an ongoing major investment programme, especially in infrastructure.<sup>5</sup> FDI is, together with port activity, the traditional pillar of Djibouti GDP growth, accounting for 20% of GDP in 2013 (US\$ 286 million).<sup>7</sup>

Djibouti ranks 127th out of 189 countries in the World Bank Ease of Doing Business 2014 index.<sup>10</sup> Although the business climate has overall improved, doing business in Djibouti still faces difficulties related to protecting investors, obtaining credit, enforcing contracts and dealing with construction permits.<sup>5</sup> The major investors are United Arab Emirates and China.<sup>11</sup>

## ENDNOTES / SOURCES

1. Key data derived from: World Bank – World Development Indicators, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. World Bank – World Development Indicators, Global Economic Prospects.
5. African Development Bank – African Economic Outlook, Djibouti.
6. ITC Trade Map.
7. World Bank – World Development Indicators.
8. ITU, country profile data for Djibouti.
9. WTO – Trade Policy Review Report, Djibouti.
10. World Bank Group – Doing Business Index, June 2014.
11. UNCTAD, Investment Policy Review, Djibouti (2013).

# Egypt

## KEY SERVICES DATA<sup>1</sup>, 2013

Services<sup>2</sup> share of industry value added 2012: **54%**  
 Services share of employment 2011: **58%**  
 Trade in services<sup>3</sup> contribution to GDP 2013: **13%**  
 Services share of exports : **38%**  
 Services export composition : **transportation (53%), travel (34%), other commercial services (13%)**  
 Services import composition : **transportation (48%), other commercial services (32%), travel (20%)**  
 Services exports : **US\$ 18 billion**  
 Services imports **US\$ 15 billion**  
 Services trade surplus : **US\$ 3 billion**

## SERVICES AT A GLANCE

Throughout the last decade, GDP growth exceeded the Middle East and North African developing country average until 2011, when large-scale anti-regime demonstrations took place. Between 2010 and 2011, GDP growth declined from 5% to 2% p.a. but is expected to recover to 3% in 2016.<sup>4</sup>

Accounting for 54% of value added GDP in 2012, the services sector is dominant.<sup>5</sup> However, since 2000 the sector has been declining in relative importance (see Figure 1) with an annual growth rate of 1.5% in 2013, compared to 2% of manufacturing and 3% of agriculture.<sup>4</sup>

Services generate more than a half of the employment in Egypt. **The sector also contributes a net trade surplus of US\$ 3 billion.** This is the result of the traditional net trade surplus on travel services (a proxy for tourism). The net trade surplus on services trade has been in decline since 2010, largely due to falling revenue from travel-related services since the ‘Arab Spring’ of 2011.<sup>6</sup> In 2013, transport services dominated services exports and services imports. Over the 10 years to 2013, the export composition has shifted dramatically with travel services becoming less important and transport services more important.

Figure 1. Trends in share of GDP

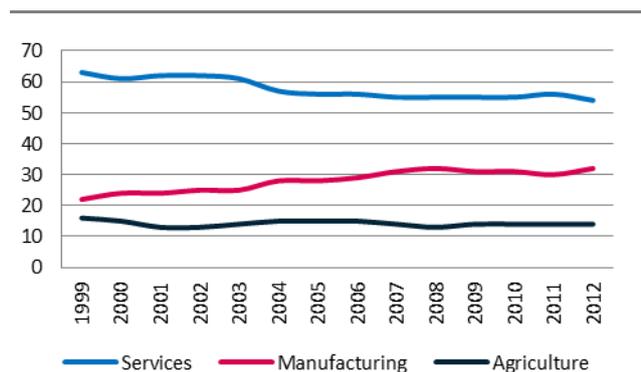
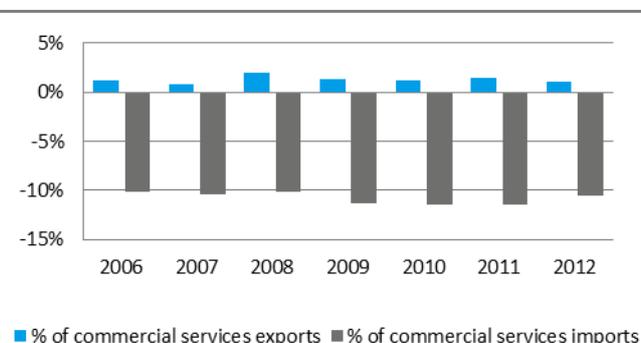


Figure 2. Financial services share in services trade



## SERVICES SUBSECTORS

### Financial services

The banking sector expanded in the mid-1970s spurred by the country’s so called open-door policy. This policy aimed at outward-looking growth with an active role for the private sector to promote economic performance. A new banking law was enacted in 1975 which identified three types of banks to be registered with the Central Bank of Egypt (CBE): commercial banks, business and investment banks, specialized banks.<sup>7</sup>

There are 28 local commercial banks, of which four are publicly owned commercial banks that account for the bulk of banking operations and 24 are private and joint venture banks. All 20 foreign banks (operating only through branches) are registered as business and investment banks, together with another 11 private and joint venture banks. There are three specialized banks: they are state-owned and are assigned the task of providing long-term finance to real estate (Egyptian Arab Land Bank), agriculture (Principal Bank for Development and Agricultural Credit) and industrial development (Industrial Development and Workers Bank). In addition, there are two more banks established under private laws and which are not registered with the Central Bank of Egypt (CBE): namely, Arab International Bank and Nasser Social Bank.<sup>7</sup>

In trade terms, **the financial sector is in significant net trade deficit of US\$ 1.4 billion in 2012.** In 2012, insurance and financial services imports accounted for 10% of services imports, while exports accounted for 1% of services exports (see Figure 2).<sup>6</sup>

### Communication services

In 2013, nearly half the population were Internet users and 20% of the population held at least two mobile cellular subscriptions (2013 total mobile cellular subscriptions amounted to 1 billion). The number of secure Internet servers more than tripled between 2008 and 2013 from 81 to 285.<sup>4</sup>

**Egypt has traditionally had a net surplus on trade in communication services but in 2005 a net trade deficit was recorded.** Exports and imports reached a maximum of US\$ 1.6 billion and US\$ 785 million in 2008. In 2009 both imports and exports decreased. Whereas exports picked up again reaching US\$ 880 million in 2012, imports continued to decline and despite a recent increase in 2011, are now below their 2005 level (see Figure 3). The net trade surplus in 2012 was US\$ 549 million.<sup>6</sup>

Figure 3. Communication services share in services trade

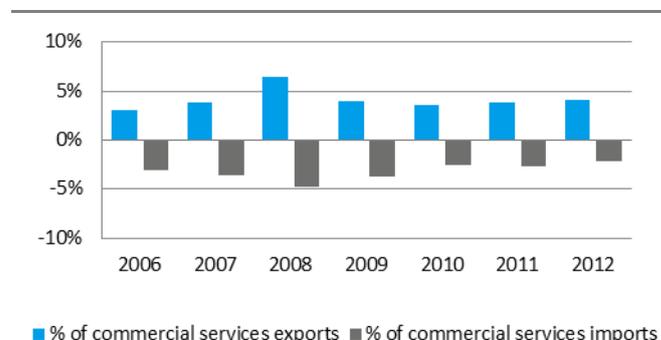


Figure 4. Transport services share in services trade

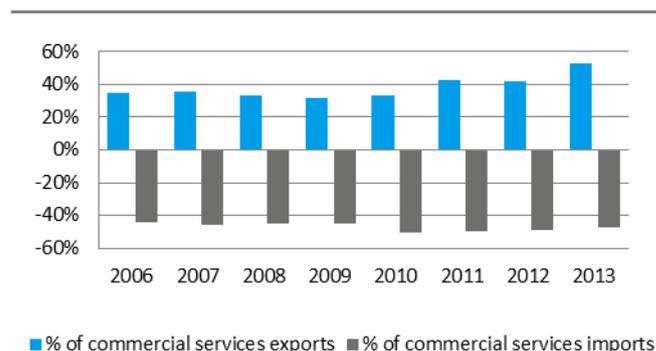
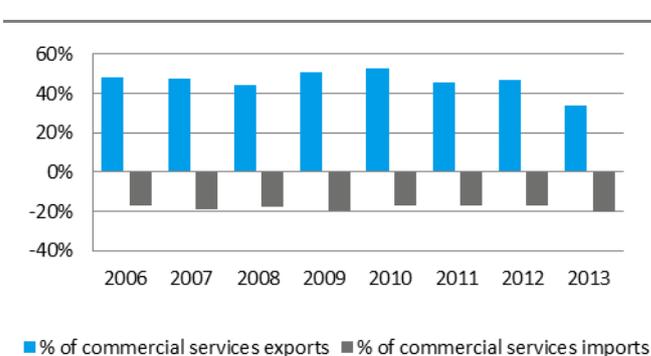


Figure 5. Travel services share in services trade



## Transport services

The logistics and transportation sector is playing an increasingly vital role in international trade. Transport infrastructure includes more than 108,000 km of paved roads, 9,570 km of railways, globally ranked airports in all major urban centres, including an air cargo airport of 5 terminals in Cairo, six seaports on the Mediterranean and 9 on the Red Sea, six dry ports and an extensive network of Nile river transport facilities. In particular, 8% of the world's maritime shipping passes through the Suez Canal each year. The Suez Canal is crucial to both global shipping and to the Egyptian economy, connecting the Red Sea to the Mediterranean and acting as the country's major source of foreign currency.<sup>8</sup>

**Transport services generate a net trade surplus amounting to US\$ 2.3 billion in 2013** (see Figure 4).<sup>6</sup> Egypt's strategic maritime transport location also means that an increasing number of international companies, e.g. from India, China, Turkey and Spain are now using Egypt as a manufacturing base for exports.

## Tourism

Egypt's history, its rich cultural heritage, its warm climate and unique geographic features including pristine beaches make it a popular destination for adventure, ecological, sailing, diving and cultural tourism. Though leisure tourism is the largest market segment, business and conference tourism has generally been on the rise, as is medical tourism, with Cairo as an ascendant healthcare hub within the Middle East and North Africa region.<sup>9</sup> Political instability has impacted negatively on this sector. In 2011, the number of international tourist arrivals fell sharply to 9.5 million, down from 14 million in 2010, causing a 32% drop in the value of international tourism receipts<sup>10</sup>. Tourist arrivals are now recovering, with 11 million arrivals recorded in 2012, generating US\$ 11 billion in international tourism receipts, accounting for 22% of total export earnings.<sup>4</sup>

**Egypt is a net exporter of travel services.** Between 2005 and 2012, the average net trade surplus was US\$ 7 billion, which was also the actual value of the net travel services trade surplus in 2012.<sup>6</sup>

## FOREIGN DIRECT INVESTMENT (FDI)

FDI inflows averaged US\$ 500 million p.a. since the 1980s until 2004, when they reached US\$ 1.2 billion. In 2005 FDI inflows rocketed up to US\$ 5 billion, more than four times the value in 2004, and then doubled in the following year. This upward trend came to a halt in 2009 when a fall of 30% occurred. In 2011, given uncertainty caused by prolonged political turmoil during the Arab Spring, FDI inflows were negative (US\$ -483 million), but recovered two years later, reaching US\$ 5.5 billion.<sup>4</sup> The main investing countries are the United Kingdom of Great Britain and North Ireland, Belgium, the United States of America, the United Arab Emirates, Qatar and France.<sup>11</sup> With a ranking of 112nd out of 189 countries in the World Bank Ease of Doing Business index 2014, Egypt is ranked the 11th easiest place to do business in the Middle East and North Africa region.<sup>12</sup>

## ENDNOTES / SOURCES

1. Key data derived from : United Nations Statistics Division – National Accounts Official Country Data, ILO - Key Indicators of the Labour Market (KILM), WTO Trade Profiles, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint database).
4. World Bank – World Development Indicators.
5. United Nations Statistics Division – National Accounts Official Country Data.
6. ITC Trade Map.
7. Alaa El-Shazly (2000), "Incentive-Based Regulations and Bank Restructuring in Egypt", Cairo University.
8. Egypt General Authority for Investment (2014), "Invest in Egypt. Logistics and Transportation".
9. Egypt General Authority for Investment (2014), "Invest in Egypt. Tourism".
10. International tourism receipts are expenditures by international inbound visitors, including payments to national carriers for international transport. These receipts include any other prepayment made for goods or services received in the destination country. They also may include receipts from same-day visitors, except when these are important enough to justify separate classification. For some countries they do not include receipts for passenger transport items.
11. Ministry of Investment of Egypt.
12. World Bank Group – Doing Business Index, June 2014.

# Eritrea

## KEY SERVICES DATA<sup>1</sup>

Services<sup>2</sup> share of industry value added 2009: **63%**  
 Services<sup>3</sup> share of total exports 2012: **8%**  
 Services export composition 2000: **travel (64%), transportation (18%), other commercial services (18%)**  
 Services import composition 2000: **travel (50%), transportation (27%), other commercial services (23%)**  
 Services exports 2002: **US\$ 118 million**  
 Services imports 2002: **US\$ 25 million**  
 Services trade surplus 2002: **US\$ 93 million**

## SERVICES AT A GLANCE

Economic growth has been irregular. Decades of armed conflict, restrictive economic policies, political isolation, a significant decline in remittances and scarcity of foreign exchange have had devastating effects on the economy.<sup>4</sup> GDP growth fell sharply from 7% p.a. in 2012 to 1% p.a. in 2013, but it is expected to increase over the coming period up to 2% p.a. in 2016.<sup>5</sup>

The most recent data on value added contribution to GDP from 2009 show that services accounted for 63%, followed by agriculture at 15%.<sup>6</sup> This has not translated equally into employment; employment in services is only 16% compared with 79% in agriculture. Moreover, GDP growth is expected to be triggered in the next two years in particular by the copper production at the Bisha mine and gold production at the Zara mining project in 2014.<sup>4</sup>

**Eritrea traditionally runs a significant trade deficit. This is also the case for services,** services export development being similarly hindered by the lack of a conducive business climate, restrictive government policies and very poor infrastructure.<sup>4</sup>

## SERVICES SUBSECTORS

### Financial services

The financial services sector is underdeveloped and only a limited number of people have access to credit. There are six institutions providing financial services: the central bank (Bank of Eritrea), a commercial bank, a housing and commerce bank, a development bank, an insurance company and a foreign-exchange bureau.<sup>4</sup> Detailed up-to-date data on financial services trade are unavailable.

### Communication services

Communication services are underdeveloped: communications sector indicators are among the lowest in the world.<sup>7</sup> In 2013, it was estimated that only 1 out of 100 inhabitants was an internet user and 6 out of 100 inhabitants held a mobile phone subscription.<sup>6</sup> Detailed up-to-date data on communication services trade are unavailable.

### Transport services

Transport services are under developed. The inadequate transportation network is a result of armed conflicts that damaged the infrastructure and prevented maintenance works. The road network is currently being expanded, particularly in the mining sites and in the free-trade zone. In addition, the geo-strategic location of Eritrea on the Red Sea could serve as a bridge between the Middle East and the countries in East and Central Africa.<sup>4</sup> Detailed up-to-date data on transport services trade are unavailable.

### Tourism

In 2008, international tourism receipts<sup>8</sup> accounted, as a percent of total exports, for approximately 35%.

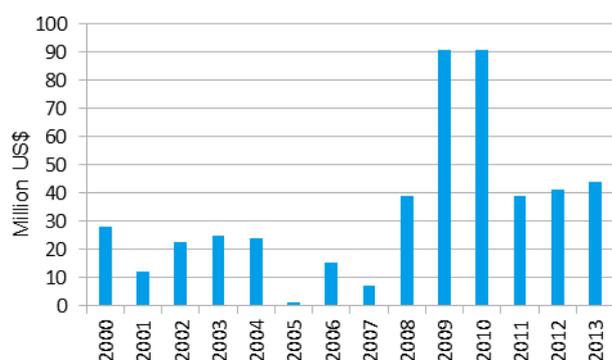
However, tourism is mostly limited to the Eritrean diaspora.<sup>7</sup> International tourism arrivals were recorded at 107,000 in 2011, 27% more than in 2010.<sup>6</sup> The National Tourism Development Strategy 2000-2020 aims at developing the sector.<sup>9</sup> Detailed up-to-date data on travel services trade are unavailable.

### FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI fluctuated significantly over 2008-2013. They reached a record peak in 2009 at US\$ 91 million which was sustained the following year but then dropped to less than half in 2011. FDI inflows subsequently increased consistently to US\$ 44 million in 2013 (see Figure 1). The sector that has attracted most of the investment is mining and other extractive industries.<sup>4</sup>

With a ranking of 184th out of 189 countries in the World Bank Ease of Doing Business index for 2014,<sup>10</sup> Eritrea has one of the world's least conducive environments for business, mainly due to a lack of economic and political stability.

Figure 1. FDI net inflows



### ENDNOTES / SOURCES

1. Key data derived from: World Bank – World Development Indicators, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for figure 1 derived from World Bank – World Development Indicators.
4. African Development Bank - African Economic Outlook 2014, Eritrea.
5. World Bank – World Development Indicators, World Bank - Global Economic Prospects.
6. World Bank – World Development Indicators.
7. World Bank -Trade Brief, Eritrea. Available online: <http://info.worldbank.org/etools/wti/docs/wti2008/brief60.pdf>.
8. International tourism receipts are expenditures by international inbound visitors, including payments to national carriers for international transport. These receipts include any other prepayment made for goods or services received in the destination country. They also may include receipts from same-day visitors, except when these are important enough to justify separate classification. For some countries they do not include receipts for passenger transport items (World Bank – World Development Indicators).
9. United Nations Development Programme, World Tourism Organization, National Tourism Development Strategy for Eritrea 2000-2020.
10. World Bank Group – Doing Business Index, June 2014.

# Ethiopia

## KEY SERVICES DATA<sup>1</sup>, 2013

Services<sup>2</sup> share of industry value added: **49%**  
 Services share of employment: **22%**  
 Trade in services<sup>3</sup> contribution to GDP: **14%**  
 Services share of exports: **51%**  
 Services export composition: **transportation (76%), travel (16%), other commercial services (8%)**  
 Services import composition: **transportation (75%), other commercial services (19%), travel (6%)**  
 Services exports: **US\$ 2.7 billion**  
 Services imports: **US\$ 3.4 billion**  
 Services trade deficit: **US\$ 751 million**

## SERVICES AT A GLANCE

Ethiopia is one of Africa's poorest states, although it has experienced rapid economic growth since the end of the civil war in 1991.<sup>4</sup> Between 2000 and 2013, the GDP growth rate averaged 9% p.a.<sup>5</sup>, well above the regional average of 5%.<sup>4</sup> However, it is expected to drop to 7% by 2016,<sup>6</sup> due to deteriorating terms of trade, and decreasing inflows of remittances and foreign investment.<sup>7</sup>

Services and agriculture account respectively for 49% and 45% of GDP value added in 2013.<sup>8</sup> Employment in services is only 22% however, compared with 73% in agriculture. The services sector is growing faster than agriculture but both growth rates are decreasing, whereas manufacturing value added annual percentage growth is on an upward trend and currently performing better than services and agriculture (see Figure 1).<sup>5</sup>

Services exports have increased in importance; in 2013 services accounted for 51% of total exports, up from 46% the previous year. Transport services traditionally dominate services export and import composition: in 2013 they feature largely in both export and import composition at more than 75% and their importance has increased since 2000. **There is a net services trade deficit which has been increasing since 2000 reaching US\$ 751 million in 2013.** Transport services generated the largest part of the trade deficit although the trade deficit on transport services decreased by 27% between 2012 and 2013 reaching a trade deficit of US\$ 510 million. Travel services recorded instead a trade surplus of US\$ 208 million in 2013, but 51% less than 2012, and it is the largest trade surplus among the services subsectors.<sup>9</sup> Trade in services contributed 14% to GDP in 2013, down from 15% the previous year.

Figure 1. Trends in value added growth rates

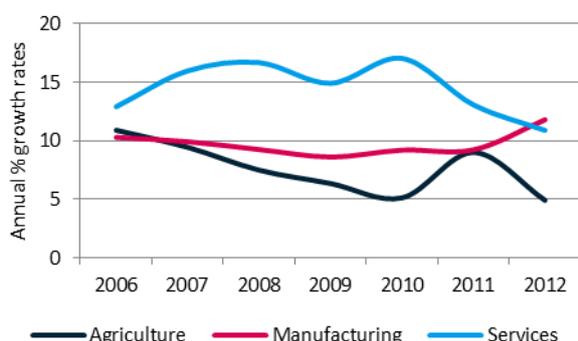
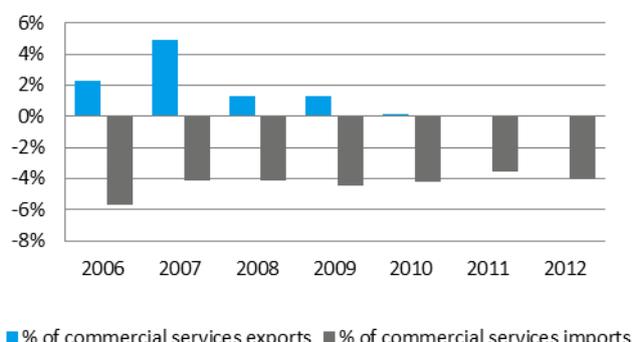


Figure 2. Financial services share in services trade



## SERVICES SUBSECTORS

### Financial services

The financial sector is relatively small and dominated by the state. Government dominates lending, controls interest rates, and owns the largest bank, the Commercial Bank of Ethiopia (CBE) the assets of which represented about 70% of the sector's total assets, as of April 2012. Public banks account for 67% of total deposits and 55% of loans and advances. The state has recently allowed private banks to expand, but foreign ownership and branch operations remain strictly barred. The banking sector included 16 commercial banks in 2012.<sup>7</sup>

The microfinance sector is relatively well developed. About 31 microfinance institutions, reaching 2.4 million people, have become the major providers of financial services to many farmers and businesses. Very low cell phone penetration has prevented the rapid development of mobile banking, which has strong growth potential.<sup>7</sup>

**Ethiopia is a net importer of financial services** (see Figure 2).<sup>9</sup> In 2012, insurance and financial services accounted for 4% of services imports while exports were almost non-existent (0.05% of services exports).

### Communication services

The telecommunications industry is fully owned by the Government. The government-owned operator, the Ethiopian Telecommunication Corporation (ETC), is the sole telecommunications services provider in the country. Currently, ETC has 7 million subscribers, of which 1 million subscribers to fixed line, 6 million to mobile and 0.1 million to Internet. Mobile telephone and Internet services were introduced in 1996 and 1997 respectively. Tele-density is 2% and 8% for fixed line and mobile respectively. The rate of penetration of telecommunication services is among the lowest in Sub-Saharan Africa.<sup>10</sup> In 2013, only 2% of the population were Internet users, while 27% held a mobile phone subscription.<sup>5</sup>

**The communication services trade surplus had been increasing until 2010, after which it dropped by 73% in 2011, due to a large rise in imports** from US\$ 26 million

Figure 3. Communication services share in services trade

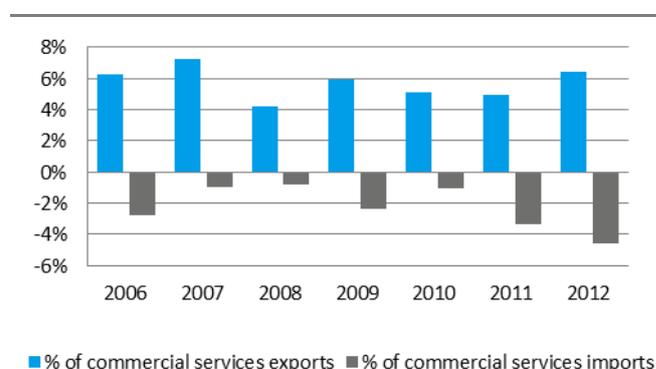


Figure 4. Transport services share in services trade

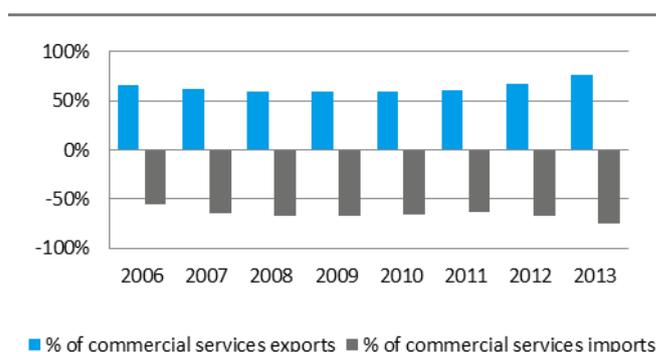
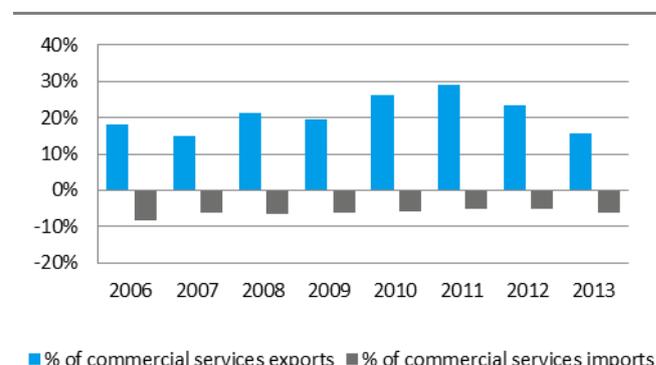


Figure 5. Travel services share in services trade



in 2010 to US\$ 110 million in 2011. Communication services exports accounted for 6% of services exports in 2012, whereas the imports share was 5% (see Figure 3).<sup>9</sup>

### Transport services

Transportation is the main contributor to services trade, accounting for 76% and 75% respectively of services exports and imports in 2013 (see Figure 4). The transport services subsector contributes US\$ 510 million or 68% of the total services trade deficit in 2013.<sup>9</sup>

Roads are the main mode of transport and the state spends yearly a quarter of its infrastructure budget on roads. Under the Road Sector Development Program, the equivalent of US\$ 4 billion has been allocated to build, upgrade and repair roads over the next ten years.<sup>11,12</sup>

New and upgraded airports facilitate the transport of goods and encourage investment. There are two international airports – Addis Ababa and Dire Dawa – and both have seen an encouraging increase in passenger and freight transport over the last few years. New passenger and cargo terminals have been built at Dire Dawa airport and are now fully operational. In order to encourage tourism, five major airports – Arba Minch, Lalibela, Mekele, Axum and Gondar - have been upgraded.<sup>12</sup> In particular, Ethiopian Airlines remains a key driving force for the sustainable development of travel and tourism.<sup>13</sup> Being a landlocked country, Ethiopia has been using the port of Djibouti for nearly all of its merchandise imports since the Eritrean-Ethiopian War.<sup>12</sup>

### Tourism

The tourism sector has expanded over the last decade thanks to increased participation in international travel and tourism exhibitions promoting Ethiopia's natural, cultural and historical attractions. This helped in attracting more international tourists and generating more travel and tourism revenue.<sup>13</sup> Between 2002 and 2012, international tourist arrivals increased almost four

times from 156,000 to 596,000.<sup>5</sup>

Tourism infrastructure in various national parks has been upgraded; in particular national park connection with major roads and accommodation lodges are being improved. Other measures include the protection of animals from illegal hunting in sanctuaries and parks, as well as greater conservation of heritage sites, nine of which are included on the UNESCO World Heritage List. Ethiopian Airlines recently launched a programme to encourage tourism by partnering with journalists and tour operators in helping promoting these tourist attractions.<sup>13</sup>

Figure 5 shows the positive trade performance of travel services. **Although traditionally in net trade surplus, the trade surplus has been decreasing since 2011 down to US\$ 208 million in 2013. In 2013, travel services exports accounted for 16% of services exports.**<sup>9</sup>

### FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI have fluctuated over the past 10 years: in 2013 they reached almost US\$ 1 billion.<sup>5</sup> Among the main investors are China, Turkey and India and investment is directed principally towards light manufacturing.<sup>14</sup> FDI from China increased from virtually zero in 2004 to an annual amount of US\$ 58.5 million in 2010.<sup>15</sup>

With a ranking of 132nd out of 189 countries in the World Bank Ease of Doing Business 2014 index, Ethiopia is ranked 14th out of 47 countries within Sub-Saharan Africa.<sup>16</sup>

## ENDNOTES / SOURCES

---

1. Key data derived from: UN statistics division – National Accounts Official Country Data, ILOSTAT – LFS (National Labor Force Survey), WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. World Bank, Country Profile, Ethiopia.
5. World Bank – World Development Indicators.
6. World Bank – Global Economic Prospects.
7. Making Finance Work for Africa – Ethiopia: Financial Sector Profile. Available online at: <http://www.mfw4a.org/ethiopia/financial-sector-profile.html>
8. UN statistics division – National Accounts Official Country Data.
9. ITC Trade Map.
10. UNCTAD & Ethiopian Telecommunication Agency, Ethiopia – Telecommunication in Ethiopia.
11. The RSDP was launched in 1997 and the intention is to maintain, rehabilitate and upgrade the main trunk roads, link roads and regional roads.
12. Ethiopian Government Portal – Infrastructure.
13. Euromonitor International – Travel and Tourism in Ethiopia, 2013 – Executive Summary.
14. Addis Fortune report - Ethiopia: Africa's Third Largest Recipient of Foreign Direct Investment, 2014.
15. World Bank – Case study: Chinese FDI to Ethiopia: A World Bank Survey, 2012.
16. World Bank Group – Doing Business Index, June 2014.

# Kenya

## KEY SERVICES DATA<sup>1</sup>, 2013

Services<sup>2</sup> share of industry value added: **61%**  
 Services share of employment 2005: **35%**  
 Trade in services<sup>3</sup> contribution to GDP: **17%**  
 Services share of total exports: **39%**  
 Services export composition 2012: **transportation (55%), travel (24%), other commercial services (21%)**  
 Services import composition 2012: **transportation (58%), other commercial services (34%), travel (8%)**  
 Services exports: **US\$ 4 billion**  
 Services imports: **US\$ 2 billion**  
 Services trade surplus: **US\$ 1.7 billion**

## SERVICES AT A GLANCE

Kenya benefits from its geographical position among key markets in East Africa. The economy enters the 5th year of relative stability after a sharp decline in GDP growth in 2008 and 2009 due to post-election violence in 2008, combined with the effects of rising world food and fuel prices, severe droughts and the global economic recession.<sup>4</sup> The current GDP growth rate of 5% p.a. is expected to decrease down to 4% p.a. by 2016.<sup>5</sup>

Services accounted for 61% of value added GDP in 2013 and is the most rapidly growing sector.<sup>6</sup> This has not translated equally into employment; as of 2005 when the latest data is available, employment in services is 35% only compared to 61% in agriculture.<sup>7</sup>

**In 2013, Kenya recorded a net services trade surplus of US\$ 1.7 billion.** This is a result of the traditional trade surplus in transport services and travel services (a proxy for Tourism). The trade surplus has been gradually increasing since 2000 with the exception of a 34% decline between 2008 and 2009 due to the political unrest and the global economic recession.

Since 2009, the average contribution to GDP of services trade was 17%. Both exports and imports have been gradually increasing since 2009, with exports growth rates being slightly higher than imports

growth rates. The share of services in total exports reached 39% in 2013. Among the services subsectors, transport and travel are the largest exporters.<sup>8</sup>

## SERVICES SUBSECTORS

### Financial services

The financial system is relatively well developed and sound.<sup>4</sup> Access to financial services improved, rising from 19% of the population in 2006 to 35% in 2013.<sup>9</sup> As of 2011, 43 commercial banks with over 1,100 branches and 2,200 ATMs operated in the country. Deposit and lending services are also offered by other financial institutions, such as microfinance institutions (MFIs) and the Kenya Post Office Savings Bank. The importance of the microfinance industry in deepening financial markets and enhancing access to financial services and products, particularly in rural areas, is growing.<sup>4</sup> One of the main obstacles to access has been the high cost of financial services and products when a large percentage of the population has low and irregular income.<sup>9</sup> In order to improve the access to financial services, there have been some innovations of delivery channels, such as Mobile phone Financial Services (MFS), Deposit Taking MFIs and the technology-led agency model.<sup>9</sup> In particular, mobile banking is important.

Kenya's landmark M-PESA platform, a service offered through a partnership between Safaricom and Vodafone, allows a range of money transfer, cash-flow management and banking options through mobile phones.<sup>4</sup> Launched in March 2010, M-PESA counted more than 9 million customers in January 2010<sup>4</sup> and created some 79,000 jobs to meet the increased demand.<sup>10</sup>

**Kenya is a net exporter of insurance and financial services** with a trade surplus of US\$ 63 million in 2012. Insurance and financial services accounted for 7% of services exports (see Figure 1).<sup>8</sup>

### Communication services

Kenya is a net exporter of communication services with a trade surplus of US\$ 457 million in 2012. Communication services represented 12% of services exports (see Figure 2).<sup>8</sup>

The market players in the mobile services sub-sector are Safaricom Kenya, Airtel Networks Kenya (formerly Zain), Telkom Kenya (Orange) and the Essar Telkom Kenya (Yu). In the fixed telecommunication services sub-sector, there are two main players, Telkom Kenya and Popote wireless. In Internet and data services, the market players are the four mobile operators, the two fixed network operators and Internet Service Providers (ISPs), Data Networks (KDN), Jamii Telecom, Access Kenya and Wananchi online. The mobile operators have become the largest ISPs since the landing of the undersea cables in 2010 and the subsequent increase of the bandwidth.<sup>11</sup>

By 2012, according to a CCK March-June 2012 quarterly report, 74% of the Kenyan population was covered by the mobile network (and 34% of the land area was reached by a mobile signal). This was a sharp increase from the 51% mobile penetration rate in 2010. Internet is also expanding: between 2009 and 2013, the share of Internet users in the population almost quadrupled from 10% in 2009 to 39% in 2013.<sup>12</sup> As of 2012, 12 million Internet users and 6.5 million Internet subscriptions were recorded. Of these, about 99% accessed Internet/data via mobile broadband.<sup>11</sup>

### Transport services

Kenya serves as the commercial and transportation hub of East Africa, linking the region with North and Southern Africa. Transport contributes 6% of the country's GDP. The regional demand for all transport services is significant and is expected to rise with the growing economic cooperation among the East African and COMESA countries.<sup>13</sup> However, the transport infrastructure is inadequate to meet the country's needs. Infrastructure indicators appear relatively good compared to other low-income countries in Africa, but

Figure 1. Financial services share in services trade

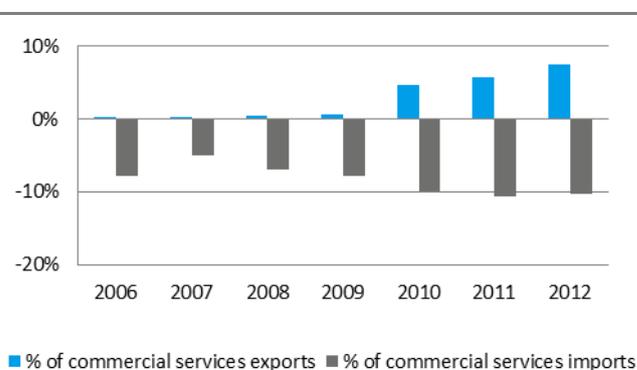


Figure 2. Communication services share in services trade

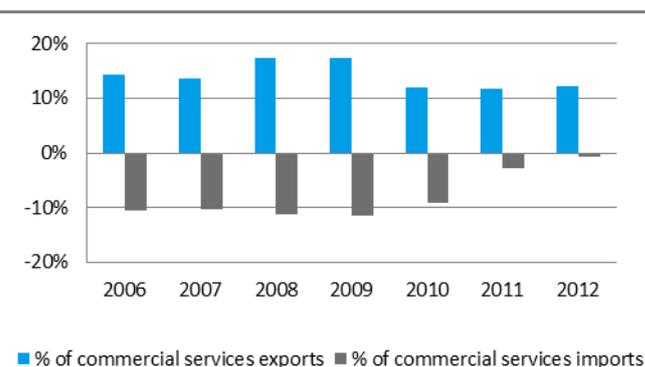
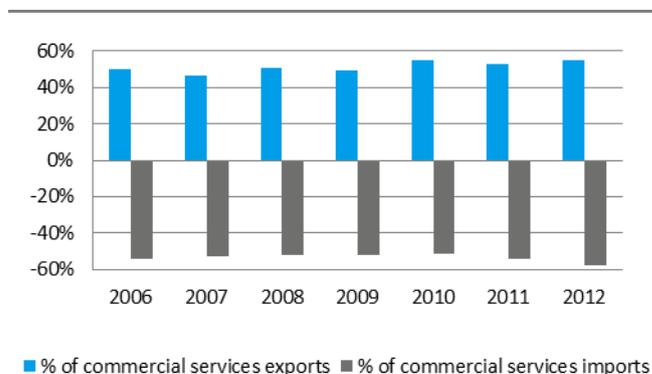


Figure 3. Transport services share in services trade



they remain below the levels found in Africa's middle-income economies, such as Egypt or Nigeria.<sup>14</sup>

Road transport is the most important, particularly for the distribution of goods and raw materials, but it is challenged by the poor quality of roads, overloading and congestion problems. A major role in long distance freight transport is played by rail transport: Kenya's rail corridor, linking the Port of Mombasa to Nairobi and continuing onward into Uganda, is of strategic importance to the region. Air transport remains essential mainly for its link to tourism services. The country is well served from an airport and airline perspective and is a regional leader in air transportation. According to 2007 figures, Kenya has 225 airports, with 15 of these having paved runways. Kenya Airways is one of the top African international carriers: much of its success is attributable to an innovative public-private partnership with a key investor, KLM.<sup>14</sup> On the other hand, maritime transport services suffer from inadequate port management, outdated, complex and lengthy port procedures and lack of capacity to handle increasing container traffic. Congestion is a significant problem for Mombasa as the major port and distribution centre in the region. Kenya-based Trademark East Africa (TMEA) is investing US\$ 53 million in the Port of Mombasa over the 2011-2016 period in order to increase container trade capacity.<sup>14</sup>

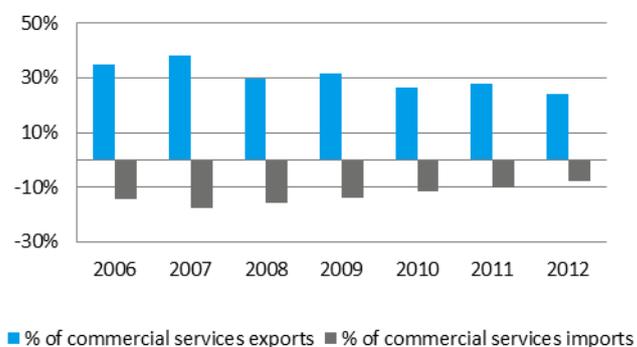
**Kenya is a net exporter of transport services** with a trade surplus of US\$ 843 million in 2012 contributing nearly half of the total net services trade surplus. Transport services represented 55% of services exports (see Figure 3).<sup>8</sup>

### Tourism

**Kenya is a net exporter in travel services** with a trade surplus of US\$ 761 million in 2012. They represented 24% of total services exports (see Figure 4).<sup>8</sup>

In 2011 tourism experienced significant gains with earnings rising by 33% from the previous year, helped by the weakening of the shilling and a 15% increase in tourist arrivals. Since 1995, there has been an upward

Figure 4. Travel services share in services trade



trend with two exceptions in 1998 and 2008 when the arrivals decreased.<sup>12</sup> The main arrivals were from the United Kingdom of Great Britain and Northern Ireland, followed by the United States of America, Italy, Germany and India, but, due to the euro area crisis, the number of tourists coming from Europe was lower than expected. The key drivers to total growth were increased arrivals from Eastern Europe (Poland, Russia and the Czech Republic), the United Arab Emirates and African countries, such as Uganda, South Africa and Tanzania. However, overall growth of the tourism sector is likely to slow down due to ongoing security operations in Somalia, after attacks by al Qaeda-linked Islamist militants.<sup>15</sup>

### FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI have been on an upward trend with an exception for 2007 when FDI net inflows increased from US\$ 51 million in 2006 to US\$ 729 million in 2007, to then steadily fall down to US\$ 96 million in the following year.<sup>12</sup> The main foreign investors are Australia, India, the United Kingdom of Great Britain and Northern Ireland and China.

Compared with its neighbours, Kenya's performance is weak, mainly due to the lack of favourable business environment which discourages investment.<sup>16</sup> The country ranks 136th out of 189 countries in the World Bank Ease of Doing Business 2014 index and 15th within the Sub-Saharan Africa region.<sup>17</sup>

## ENDNOTES / SOURCES

---

1. Key data derived from: UN statistics division – National Accounts Official Country Data, ILO – Key Indicators of the Labour Market (KILM), World Bank – World Development Indicators, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. Making Finance Work for Africa – Financial Sector Profile, Kenya.
5. World Bank – Global Economic Prospects.
6. United Nations Statistics Division – National Accounts Official Country Data.
7. ILO – Key Indicators of the Labour Market (KILM).
8. ITC Trade Map.
9. Central Bank of Kenya – Kenya's Mobile Phone Financial Services: A Revolution in the Financial Landscape, 2013.
10. Mobile Transaction – Lucy Harris: 'M-PESA: How Kenya took the lead in mobile money', 2014.
11. Research ICT Africa – Evidence for ICT Policy Action, Policy Paper 9, 2012 – 'Understanding what is happening in ICT in Kenya. A supply- and demand-side analysis of the ICT sector'.
12. World Bank – World Development Indicators.
13. Kenya National Forum Group on Transport and Development – Kasuku S., and Macharia L. (2003), 'Links Between Transport and Poverty: A Review Of Transport Policies In Kenya and The Links With Poverty Reduction' A Poverty Watch Publication.
14. PwC – Report 'Africa gearing up', Kenya.
15. AfDB – African Economic Outlook 2012, Kenya.
16. WTO Secretariat, Trade Policy Review, Kenya, p. A2-179.
17. World Bank Group – Doing Business Index, June 2014.

# Libya

## KEY SERVICES DATA<sup>1</sup>, 2012

Services<sup>2</sup> share of industry value added 2011: **52%**  
 Services share of employment 1986: **50%**  
 Trade in services<sup>3</sup> contribution to GDP: **9%**  
 Services share of total exports: **0.26%**  
 Services export breakdown 2010: **transportation (64%), other commercial services (21%), travel (15%)**  
 Services import breakdown: **travel (41%), transportation (39%), other commercial services (20%)**  
 Services exports: **US\$ 152 million**  
 Services imports: **US\$ 6.3 billion**  
 Services trade deficit: **US\$ 6.1 billion**

## SERVICES AT A GLANCE

Libya is dependent on its large reserves of oil and gas. After being stable for a decade, GDP increased between 2002 and 2008 but fell by 54% between 2010 and 2011 due to internal unrest. The country has recovered rapidly since then, reaching the pre-revolution GDP level in 2013 (US\$ 75 billion).<sup>4</sup>

In value added terms, services accounted for 52% of industry value added in 2011.<sup>5</sup>

However, in 2012 services accounted for less than 1% of total exports and this share has been decreasing.<sup>6</sup> Trade in services contributed 9% to GDP, compared to 89% for merchandise trade. Fuel exports dominated merchandise exports at 98% in 2010.<sup>4</sup>

Transportation services contributed 64% of services exports in 2010 and the share has increased reaching 72% in 2012. Over the six years to 2012, the export composition has shifted dramatically with travel services becoming less important and transport services more important. In 2012, travel services accounted for the largest share of imports (41%), followed by transportation, together generating the bulk of the overall services trade deficit of US\$ 6.1 billion in 2012. **The services trade account is traditionally in deficit and the trade deficit is worsening**, after a brief improvement in 2011 (see Figure 1).<sup>6</sup>

Figure 1. Services trade deficit

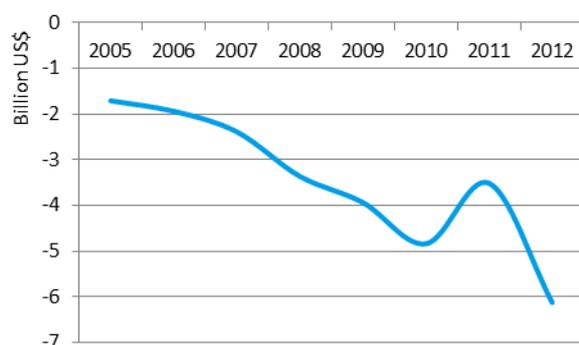
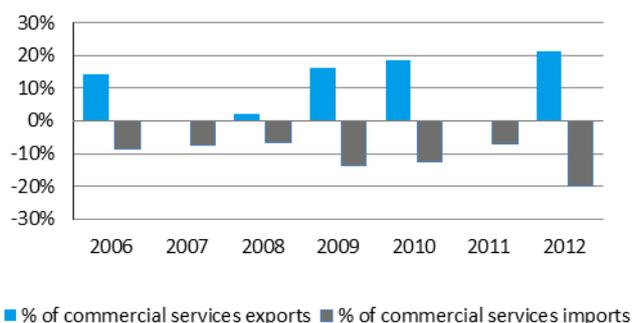


Figure 2. Financial services share in services trade



## SERVICES SUBSECTORS

### Financial services

Before the internal conflict in 2011, the country underwent financial services reforms, resulting in partial privatization and foreign participation in the banking sector. However, the financial sector remains underdeveloped. Proving largely resilient to the global financial crisis, the financial sector was badly hit by the internal conflict in 2011. The already limited

access to financial services was significantly affected. There are fundamental structural problems that hinder formal access to financial services. This is largely attributable to the Special Credit Institutions' (SCIs) practices of zero-cost financing as well as the so-called 'connected lending' system, which involves a system in which loans are given on the basis of personal connections.<sup>7</sup>

The financial sector was in significant net trade deficit of US\$ 1 billion in 2012. In 2012, insurance and financial services imports accounted for around 20% of both services exports and services imports (see Figure 2).<sup>8,6</sup>

### Communication services

Under the previous regime, the sector was controlled by the Government and during the revolution, it was disrupted: more than US\$ 1 billion worth of telecommunications infrastructure is estimated to have been destroyed. Nevertheless, compared to many other African countries, Libya's telecommunications infrastructure performs well. Since before the civil war outburst, Libya has invested in different projects for example, a next generation national fibre optic backbone network.<sup>9</sup> There are 165 mobile cellular subscriptions per 100 people and the indicator has been above 100 since 2008. There are considerably fewer Internet users, though. In 2012, 16.5% of the population used the Internet.<sup>4</sup>

The deficit in trade in communication services had been increasing until 2005 since when it has steadily dropped. In 2012 the net trade deficit was US\$ 31 million. Communication services exports accounted for 7% of services exports, while the share of services imports was less than 1% (see Figure 3).<sup>6</sup>

### Transport services

The largest exports of services are transport services, constituting 72% of services exports in 2012 (see Figure 4). There is nevertheless a large relative net

Figure 3. Communication services share in services trade

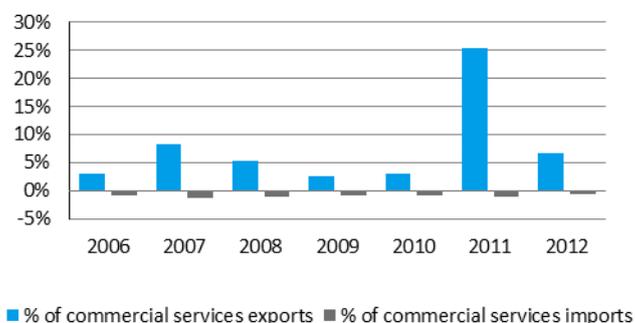


Figure 4. Transport services share in services trade

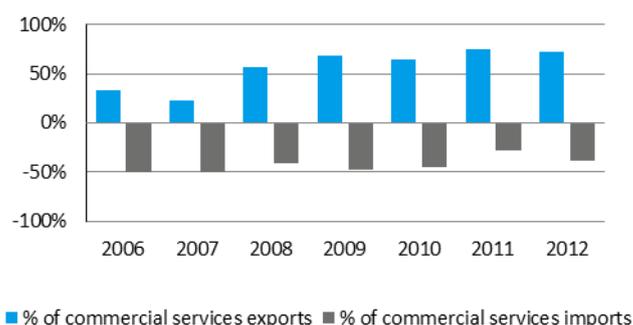
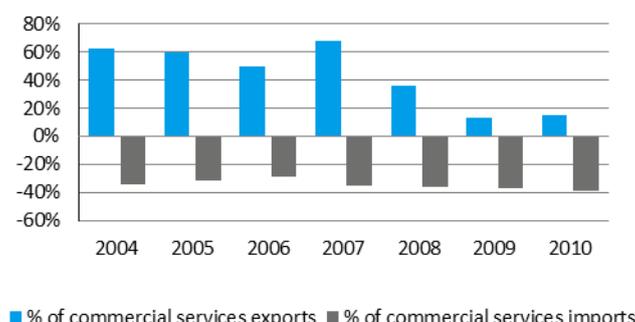


Figure 5. Travel services share in services trade



**trade deficit in transport services** which reached US\$ 2.3 billion in 2012.<sup>6</sup>

As of 2013, the transport infrastructure includes more than 57,000 km of paved roads, 146 airports of which less than a half with paved runways (68), two major seaports (Marsa el Brega, Tripoli) and two oil terminals (Az Zawijah, Ra's Lanuf). The merchant marine consists of 23 vessels, of which 13 are petroleum tankers, four chemical tankers and 3 for liquefied gas transportation.<sup>10</sup>

### Tourism

The traditional trade deficit in travel services has been **increasing**, reaching US\$ 2 billion in 2010. In 2012, travel services accounted for the largest part (41%) of services imports (see Figure 5). On the export side, travel services have been gradually overtaken in relative size by transport services since 2007. In 2007, travel services share of services exports was 68%, diving to 15% in 2010 (data is not available for 2011 and 2012), whereas transport services expanded from a 23% share of services imports in 2007 to a 64% share in 2010.<sup>6</sup>

There is great potential for tourism with Libya's unique natural assets such as pristine beaches and desert and cultural and archaeological sites, five of which are UNESCO World Heritage.<sup>11</sup> However, the sector is considerably underdeveloped. The most recent data on tourism arrivals dates from 2008, when 34,000 international tourist arrivals were registered.<sup>4</sup> This figure is expected to increase.

### FOREIGN DIRECT INVESTMENT (FDI)

FDI inflows reached a peak in 2007 of almost US\$ 5 billion but gradually fell to US\$ 702 million in 2013. Investment inflows contracted during and in the aftermath of the revolution of 2011 that brought about economic and political instability.<sup>4</sup> FDI inflows are expected to remain limited over the short to medium

term. Most FDI will continue to be in the oil and gas sector, with the main investors being Turkey, the Republic of Korea and China.<sup>13</sup>

With a ranking of 188th out of 189 countries in the World Bank Ease of Doing Business index 2014, Libya is ranked the most difficult place to do business in the Middle East and North Africa region.<sup>14</sup>

### ENDNOTES / SOURCES

1. Key data derived from: UN statistics division – National Accounts Official Country Data, ILO – Key Indicators of the Labour Market (KILM), WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. World Bank – World Development Indicators.
5. United Nations Statistics Division – National Accounts Official Country Data.
6. Source: ITC Trade Map.
7. African Development Bank - African Economic Outlook, Libya (2012).
8. Insurance and financial services share of commercial services exports were not available (n.a.) for 2007 and 2011.
9. Research and Markets Brochure : 'Libya – Telecoms Mobile and Broadband – Market Insights and Statistics', 2014.
10. CIA Factbook, Libya.
11. Libya's Tourism Minister Ikram Bash Imam, UNWTO Press Release No. PR13073, Nov.2013.
12. World Travel & Tourism Council – Travel & Tourism Economic Impact 2014, Libya.
13. KPMG – Libya snapshot.
14. World Bank Group – Doing Business Index, June 2014.

# Madagascar

## KEY SERVICES DATA<sup>1</sup>, 2012

Services<sup>2</sup> share of industry value added: **58%**  
 Services share of employment: **18%**  
 Trade in services<sup>3</sup> contribution to GDP: **28%**  
 Services share of exports: **52%**  
 Services export composition: **travel (45%), transportation (33%), other commercial services (22%)**  
 Services import composition: **transportation (47%), other commercial services (44%), travel (9%)**  
 Services exports: **US\$ 1.3 billion**  
 Services imports: **US\$ 1.2 billion**  
 Services trade surplus: **US\$ 109 million**

## SERVICES AT A GLANCE

Political instability since 2009 still hinders economic and social progress.<sup>4</sup> At 2.1% in 2013, GDP growth was less than half the Sub-Saharan African developing country average of 4.7%.<sup>5</sup> However, the medium-term outlook is for GDP growth to increase gradually to 4.5% in 2016<sup>6</sup>, largely driven by agriculture, agribusiness, extractive industries, tourism and construction.<sup>4</sup>

In value added terms, the services sector accounted for 58% of GDP in 2012 compared with agriculture at 27%.<sup>7</sup> However, as in many other African countries, this has not translated equally into employment; employment in services in 2012 was only 18% compared with 75% in agriculture.<sup>8</sup>

The importance of trade in services has increased over the past few years and services now constitute more than a half of total exports, composed of 45% travel services and 33% transportation. Travel services traditionally account for the largest share of services exports. **For the decade from 2000 to 2010, Madagascar ran a net deficit on the services trade account**, reaching a low of US\$ 393 million in 2009. After a strong recovery in 2010, Madagascar achieved its first net trade surplus on the services account and the trade surplus has been sustained into 2012. (see Figure 1).<sup>9</sup>

Figure 1. Services trade

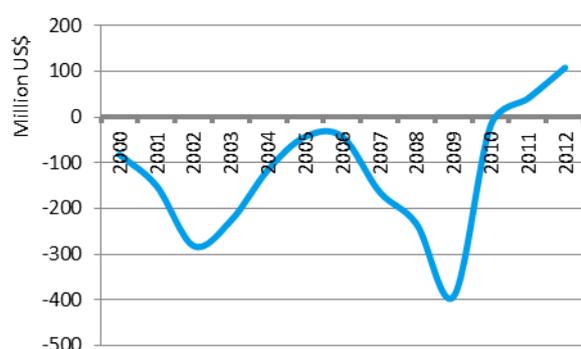
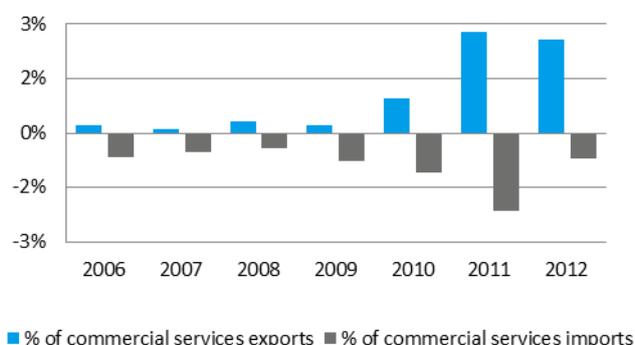


Figure 2. Financial services share in services trade



## SERVICES SUBSECTORS

### Financial services

In 2012, insurance and other financial services accounted for 3% of services exports and little less than 1% of services imports (see Figure 2). **Trade in financial services, traditionally in deficit, recorded the first significant surplus at US\$ 26 million in 2012.**<sup>9</sup>

The political crisis has hampered reform of financial regulations and impeded growth in what is a relatively small financial sector. There are 11 banks, 6 finance establishments and 31 microfinance institutions. Only

about 5% of the population use banks. In a survey of 2013, however, the national statistics institute showed insurance was the only sector to have expanded during the year, despite the political crisis.<sup>4</sup>

### Communication services

In 2013, one fixed-telephone subscription and 36 mobile-cellular subscriptions per 100 inhabitants were recorded. Nearly 4% of households had a computer and similarly nearly 4% had Internet access at home.<sup>10</sup> There were 15 secure Internet servers and two Internet users per 100 inhabitants, putting the country well behind most other COMESA countries.<sup>5</sup>

**Communication services trade has followed an irregular pattern.** Madagascar had trade surpluses until 2009, when both exports and imports dropped sharply. Trade subsequently recovered, but exports have not kept up with imports and in 2012, there was a communication services trade deficit of US\$ 48 million. In the same year, communication services exports accounted for less than 3% of services exports, whereas the imports share was 7% (see Figure 3).<sup>9</sup>

### Transport services

**Trade in transportation is traditionally in net deficit;** in 2012, a deficit of US\$ 141 million was recorded.<sup>9</sup> Transport infrastructure is poor<sup>11</sup> : only 16% of the roads are paved and almost 70% of the airports have unpaved runways.<sup>12</sup> Air transport is very expensive.<sup>11</sup>

Between 2008 and 2009 there was a significant fall in the share of transport services in total services exports - from 32% to 26%, while the import share remained more or less static at 42% (see Figure 4).<sup>9</sup>

### Tourism

Tourism is a key sector of the economy. Tourism directly generated 225,000 jobs in 2013 and this number is expected to rise.<sup>13</sup> Foreign-exchange revenue rose from SDR 90 million (IMF special drawing rights)<sup>14</sup> to SDR 229 million between 2001 and 2013.<sup>4</sup> **Travel services are the largest services exports:** in 2012

Figure 3. Communication services share in services trade

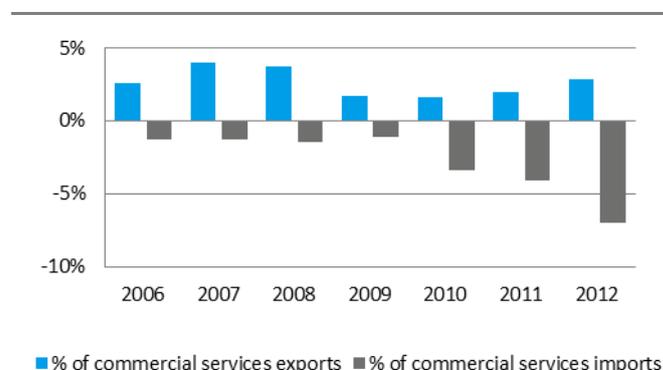


Figure 4. Transport services share in services trade

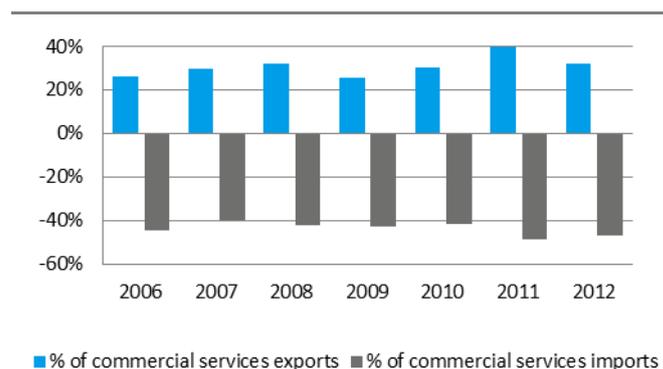
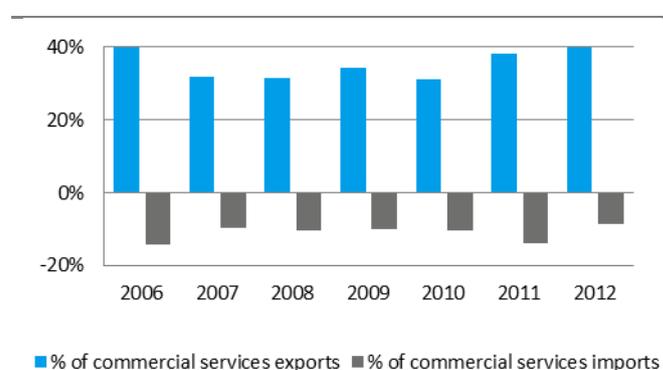


Figure 5. Travel services share in services trade



travel services (a proxy for tourism) accounted for 45% of services exports worth US\$ 494 million (see Figure 5).<sup>9</sup>

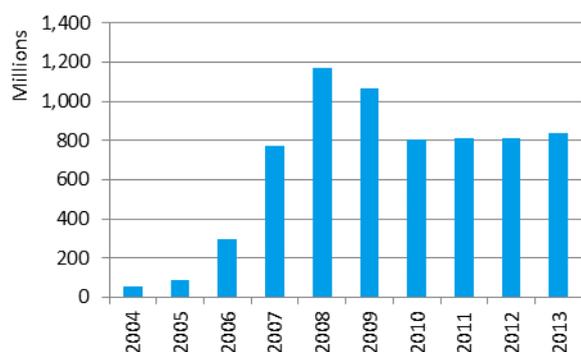
In 2010, the ‘Vanilla Islands initiative’ was born with the idea to unite the seven Indian Ocean islands – Comoros, Réunion, Madagascar, Maldives, Mayotte, Mauritius and Seychelles – under one tourism brand. This led three years later to the formation of the Vanilla Islands Tourism Organization, backed by member governments and supported by the World Tourism Organization (UNWTO).

However, Madagascar’s political crisis slowed tourism development down. International tourist arrivals fell 56% between 2008 and 2009. Tourism is now recovering steadily and 256,000 international tourist arrivals were recorded in 2012.<sup>5</sup>

## FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI were increasing steadily until 2008. But political turmoil and economic crisis threatened investment in 2009. This led to a 31% drop in FDI between 2008 and 2010. Annual inflows have subsequently stabilized at around US\$ 800 million, edging upwards to US\$ 837 million in 2013 (see Figure 6).<sup>5</sup>

Figure 6. FDI net inflows



The major sector receiving FDI is extractive industries, followed by manufacturing, oil distribution, construction and public works, and telecommunications.<sup>11</sup> Among the leading investors are the United Kingdom of Great Britain and Northern Ireland, Canada, France, the United States of America, Germany, Japan, India, Bahrain and Mauritius.<sup>15</sup>

With a ranking of 163rd out of 189 countries in the World Bank Ease of Doing Business index 2014, the business environment acts to discourage foreign investment, as does political unrest and limited infrastructure.<sup>16</sup>

## ENDNOTES / SOURCES

1. The services percentage of industry value added includes construction and utilities.
2. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
3. Key data derived from: UN statistics division – National Accounts Official Country Data, ILOSTAT – LFS (Enquête Nationale sur l’Emploi et le Secteur Informel), WTO Trade Profile, ITC Trade Map.
4. African Development Bank - African Economic Outlook, Madagascar (2014).
5. World Bank - World Development Indicators.
6. World Bank – Global Economic Prospects.
7. UN statistics division – National Accounts Official Country Data.
8. ILOSTAT – LFS (Enquête Nationale sur l’Emploi et le Secteur Informel).
9. ITC Trade Map.
10. ITU, Country Profile, Madagascar (2013).
11. KPMG Africa Region 2012/2013, Country profile, Madagascar (2014).
12. CIA Factbook, Madagascar.
13. World Travel and Tourism Council. Travel and Tourism, Economic Impact, Madagascar (2014).
14. The SDR is an international reserve asset, created by the IMF in 1969 to supplement its member countries’ official reserves. Its value is based on a basket of four key international currencies, and SDRs can be exchanged for freely usable currencies. With a general SDR allocation that took effect on August 28, 2009 and a special allocation on September 9, 2009, the amount of SDRs increased from SDR 21.4 billion to around SDR 204 billion (equivalent to about \$309 billion, converted using the rate of September 4, 2014). Available online at: <http://www.imf.org/external/np/exr/facts/sdr.htm>
15. COMESA Regional Investment Agency.
16. World Bank Group – Doing Business Index, June 2014.

# Malawi

## KEY SERVICES DATA<sup>1</sup>, 2012

Services <sup>2</sup> share of industry value added 2010: **56%**  
 Trade in services <sup>3</sup> contribution to GDP: **8%**  
 Services share of exports: **8%**  
 Services export composition: **other commercial services (49%), travel (33%), transportation (18%)**  
 Services import composition: **other commercial services (39%), travel (34%), transportation (27%)**  
 Services exports: **US\$ 104 million**  
 Services imports: **US\$ 205 million**  
 Services trade deficit: **US\$ 101 million**

## SERVICES AT A GLANCE

The mainstay of the economy is tobacco export earnings.<sup>4</sup> Agriculture is the main employer, accounting for 80% of total employment.<sup>5</sup> However, in value added terms, the services sector is the main contributor to GDP at 56%, followed by agriculture at around 30%.<sup>6</sup> In 2013, the two sectors recorded similar growth rates at about 5% p.a. whereas manufacturing is on a more rapid upward trend (see Figure 1).<sup>7</sup>

Services have contributed over 50% of industry value added since 2007.<sup>6</sup> The trade in services contribution to GDP has been increasing: between 2011 and 2012 it went up from 5% to 8%. One third of services exports was composed of travel services in 2012, followed by communication services at 22%. Over the six years to 2012, the export composition has gradually shifted with transport services becoming less important and communication services more important..<sup>8</sup>

There was a net trade deficit of US\$ 101 million in the services account of the balance of payment (BoP) in 2012. **The trade deficit is largest in transport and travel services** (respectively US\$ 37 million and US\$ 36 million). The communication services sector, traditionally also in net trade deficit, has been recording instead net trade surpluses since 2011.<sup>8</sup>

Figure 1. Trends in value added growth rates

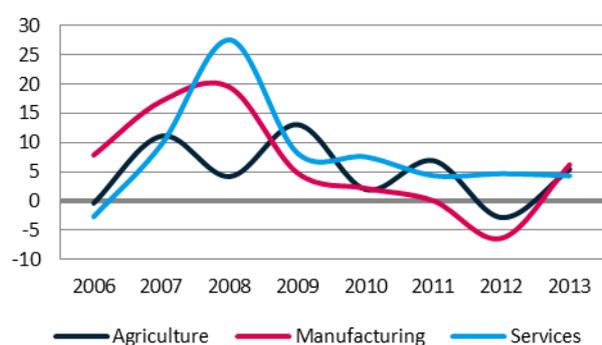
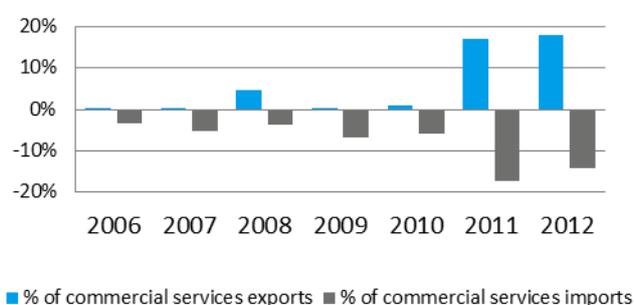


Figure 2. Financial services share in services trade



## SERVICES SUBSECTORS

### Financial services

The financial services sector is concentrated and, regardless of recent reforms undertaken, offers a limited range of services. Reportedly close to 80% of the population does not have access to banking services. In addition, bank service fees remain high.<sup>9</sup> Mobile money services are not fully operational, though Zain, one of the telecom operators, has been testing mobile banking on a pilot basis in cooperation with the National Bank and NBS Bank.<sup>10</sup>

In 2012, insurance and financial services accounted for 18% of services exports and 14% of services imports (see Figure 2). **Malawi is a net importer of financial services with a trade deficit of US\$ 11 million.**<sup>8</sup>

### Communication services

In 2013, there were 32 mobile cellular subscriptions per 100 inhabitants.<sup>7</sup> Four operators provide telephony services. Mobile telephony operators are Zain Malawi, Telekom Network Malawi, Malawi Mobile Ltd and G Mobile. Even though mobile penetration has been rising, it remains one of the lowest in Africa.<sup>10</sup>

In 2013, the Internet use rate was 5% and only 0.02% of the population had fixed broadband connections.<sup>7</sup> Only 4.5% and 6% of households had, respectively, a computer and Internet access.<sup>11</sup> There are 12 operative Internet Services Providers,<sup>10</sup> of which MALAWINET was the first established, in 1997.<sup>12</sup>

**The traditional trade deficit in communication services has gradually been declining.** A first ever trade surplus of US\$ 5 million was recorded in 2011 which more than tripled in 2012 reaching US\$ 16 million. In 2012, communication services accounted for 22% of services exports (see Figure 3).<sup>8</sup>

### Transport services

Malawi National Transport Policy focuses on liberalization, deregulation, privatization and promotion of competition between various modes of transport. Road and rail transport services are the most used modes of merchandise transport.<sup>10</sup> The road network in the country is considered to be in a satisfactory condition, with almost 45% of the roadways being paved.<sup>13</sup>

five foreign airlines fly to Malawi. Cabotage is not allowed for foreign suppliers and Air Malawi is vested with the exclusive right to supply services regionally. The domestic air transport market is subject to competition.

Figure 3. Communication services share in services trade

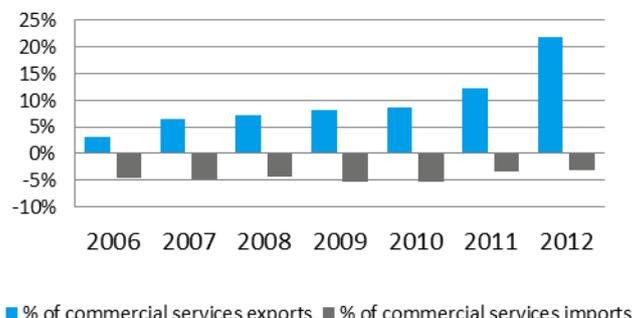


Figure 4. Transport services share in services trade

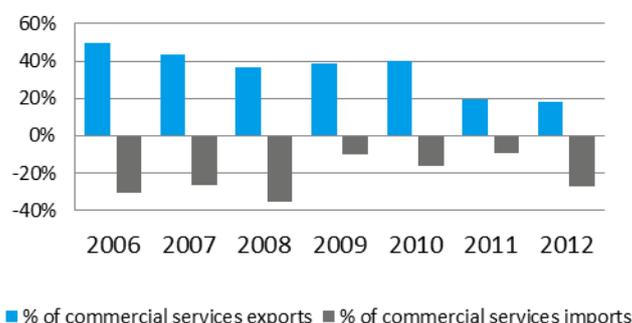
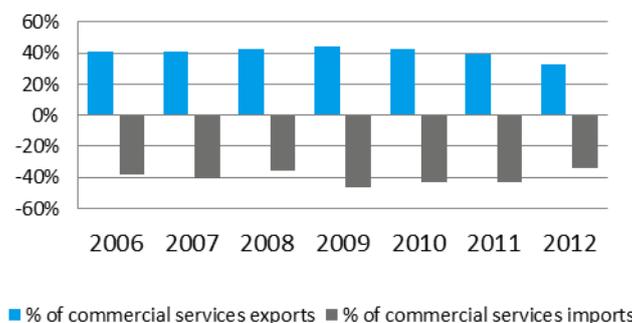


Figure 5. Travel services share in services trade



Regarding water transport, Malawi Services Ltd is the largest operator on the country's largest lake, Lake Malawi. It operates domestically and internationally in contact with Tanzania and Mozambique with which Malawi shares access to the lake.<sup>10</sup>

**Trade in transport services is traditionally in net deficit with an exception for the triennium 2009 – 2011 when surpluses were recorded**, averaging US\$ 8 million. The transport share of services exports has declined over the years reaching 18% in 2012 (see Figure 4).<sup>8</sup>

### Tourism

In 2013, tourism made a direct contribution of 4.5% to Malawi's GDP and supported 4% (135,500 jobs) of total employment. The main source of tourism income came from the business segment, which is expected to grow, followed by leisure travel.<sup>14</sup> In 2011 Malawi registered 767,000 international tourist arrivals. Since 2007 this indicator has been constantly over 700,000 visitors.<sup>7</sup> However, the largest part of tourism income is generated by domestic travel spending: 75% compared to 25% for international tourism receipts<sup>15</sup>.<sup>14</sup>

**Travel services accounted for roughly one third i.e. the largest component of both services exports and imports in 2012 generating a net trade deficit of US\$ 36 million** (see Figure 5).<sup>8</sup>

## FOREIGN DIRECT INVESTMENT (FDI)

Malawi has been attracting a considerable amount of investment. However, it continues to underperform relative to neighbouring countries. In 2008, inward FDI was significantly above average with investments in a large uranium mine.<sup>16, 7</sup>

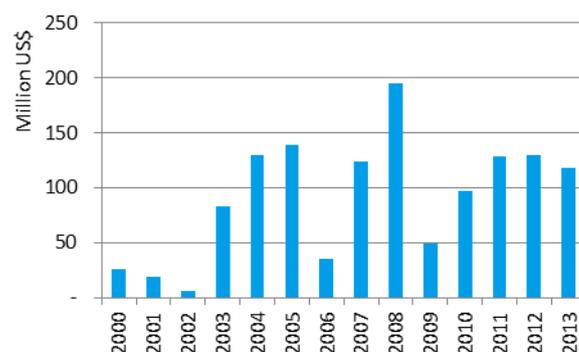
In 2012 and 2013, foreign investment contributed more than 3% to GDP at more than US\$ 100 million (see Figure 6).<sup>7</sup>

The main investors are Brazil, accounting for more than a quarter of total inward flows with its single investor

(Vale Logistic Ltd.), followed by India, South Africa, China, Australia and the United Kingdom of Great Britain and Northern Ireland. Brazil, South Africa, Australia, the United Kingdom of Great Britain and Northern Ireland and the United States of America investors are mainly attracted to natural resources and infrastructure development. Other principal investors (China, India) contributed less than a half of total FDI, mostly in urban area businesses.<sup>18</sup>

Malawi ranks 164<sup>th</sup> of 189 economies in the 2014 World Bank Ease of Doing Business index.<sup>17</sup>

Figure 6. FDI net inflows



## ENDNOTES / SOURCES

---

1. Key data derived from: UN statistics division – National Accounts Official Country Data, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. UN Comtrade and UN ServiceTrade.
5. OECD, UNDP, UNECA, and AFDB, 2012.
6. UN statistics division – National Accounts Official Country Data.
7. World Bank - World Development Indicators.
8. ITC Trade Map.
9. African Development Bank - African Economic Outlook, Malawi (2014).
10. WTO Secretariat, Trade Policy Review (TPR), Malawi (2010).
11. ITU, Country Profile, Malawi (2013).
12. MALAWINET – About us. Available online at: <http://www.malawi.net/aboutus.html>
13. CIA Factbook, Malawi (2011).
14. World Travel and Tourism Council. Travel and Tourism, Economic Impact, Malawi (2014).
15. International tourism receipts are expenditures by international inbound visitors, including payments to national carriers for international transport. These receipts include any other prepayment made for goods or services received in the destination country. They also may include receipts from same-day visitors, except when these are important enough to justify separate classification. For some countries they do not include receipts for passenger transport items (World Bank – World Development Indicators).
16. KPMG Africa Region 2012/2013, Country profile, Malawi (2014).
17. World Bank Group – Doing Business Index, June 2014.
18. International Institute for Sustainable Development (IISD), TKN Policy Brief, Assessing Investment Incentives in Malawi (2012).

# Mauritius

## KEY SERVICES DATA<sup>1</sup>, 2013

Services<sup>2</sup> share of industry value added: **80%**  
 Services share of employment: **75%**  
 Trade in services<sup>3</sup> contribution to GDP: **51%**  
 Services share of exports: **57%**  
 Services export composition: **other commercial services (49%), travel (40%), transportation (11%)**  
 Services import composition: **other commercial services (61%), transportation (22%), travel (17%)**  
 Services exports: **US\$ 3.3 billion**  
 Services imports: **US\$ 2.6 billion**  
 Services trade surplus: **US\$ 667 million**

## SERVICES AT A GLANCE

Mauritius is an island economy classified as upper-middle income country with a gradually increasing GDP per capita of US\$ 9,210 in 2013.<sup>4</sup> In 2013 GDP annual growth was 3%, expected to increase to 4% by 2016<sup>5</sup> driven by strong performance in financial services and a recovery in tourism.<sup>6</sup>

The economy is services based: the services sector is the main contributor to GDP and the main employer (accounting for 75% of employment in 2013).<sup>7</sup> In value added terms, the sector accounted for 80% of GDP in 2013.<sup>8</sup>

Trade in services is very important, accounting for 51% of GDP. Services exports constitute over 55% of total exports, composed of 49% of other commercial services and 40% travel services. Within the category of other commercial services, other business services, in particular miscellaneous business, professional and technical services, feature largely in services export composition at 34% and also in services import composition at 42%. Travel services are becoming less important in export composition.<sup>9</sup>

There is a net services trade surplus which was on an upward path, reaching US\$ 982 million in 2012 before plummeting by 32% in 2013 to US\$ 667 million (see Figure 1). The trade surplus is largely generated by travel services trade surplus (US\$ 886 million) and its drop between 2012 and 2013 was mostly due to a decrease of travel services trade surplus.<sup>9</sup>

Figure 1. Services trade surplus

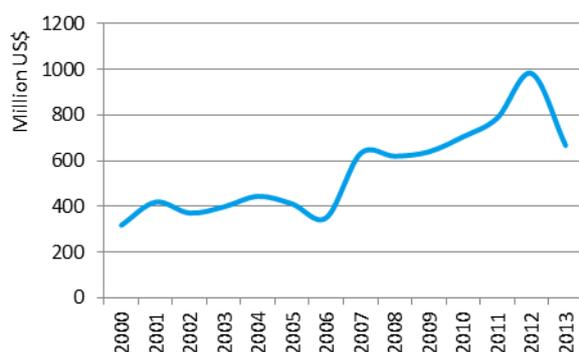
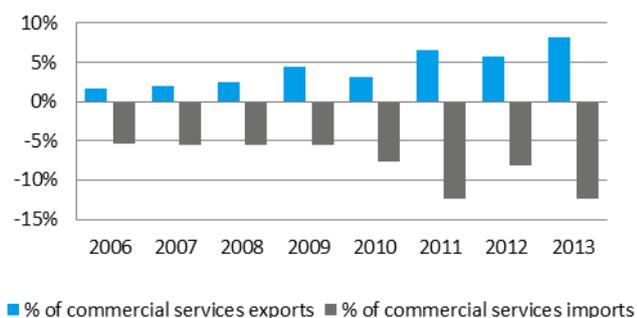


Figure 2. Financial services share in services trade



## SERVICES SUBSECTORS

### Financial services

The financial sector is well-developed and banks are well capitalized. Mauritius' financial sector is ranked first within Sub-Saharan Africa and 39th out of 144 economies in the Global Competitiveness Report 2014-2015.<sup>10,11</sup>

In 2013, insurance and financial services accounted

for 8% of services exports and 12% of services imports. Both shares have been increasing (see Figure 2). The sector is traditionally in trade deficit; in 2013 the trade deficit was US\$ 55 million.<sup>9</sup>

The 20 commercial banks hold almost 33% of total deposits.<sup>12</sup> The two most important local banks, Mauritius Commercial Bank Ltd and the State Bank of Mauritius, have an established presence in the Indian Ocean region.<sup>13</sup> The State Bank of Mauritius set up mobile banking services with Orange and Emtel and these services are increasing in importance. The insurance sector, though becoming more competitive, is nevertheless highly concentrated with the three largest insurance groups accounting for two-thirds of total industry assets. In 2011, Islamic finance products and services were introduced.<sup>12</sup>

### Communication services

Trade in communication services has been solidly in surplus since 2007. The largest trade surplus was reached in 2012 at US\$ 49 million. In 2013, both exports and imports decreased and the trade surplus recorded was US\$ 38 million. Communication services accounted for 3% of services exports and 2% of services imports in 2013 (see Figure 3).<sup>9</sup>

Despite its geographically isolated position, the country is among the leaders in the region with regard to Information and Communications Technology (ICT). In 2013, 29 fixed-telephone subscriptions and 123 mobile-cellular subscriptions per 100 inhabitants were recorded. Almost 50% of households had a computer and 45% had Internet access at home. Also, 39% of the population used Internet, making Mauritius one of the African countries with the highest percentage of individuals using Internet.<sup>14</sup>

### Transport services

Compared to other Sub-Saharan African countries, transport infrastructure in Mauritius is good. The

Figure 3. Communication services share in services trade

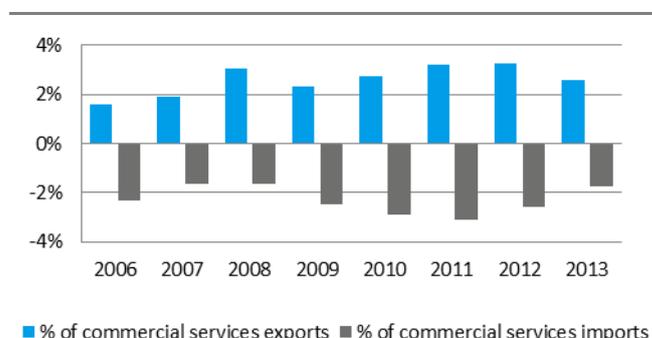


Figure 4. Transport services share in services trade

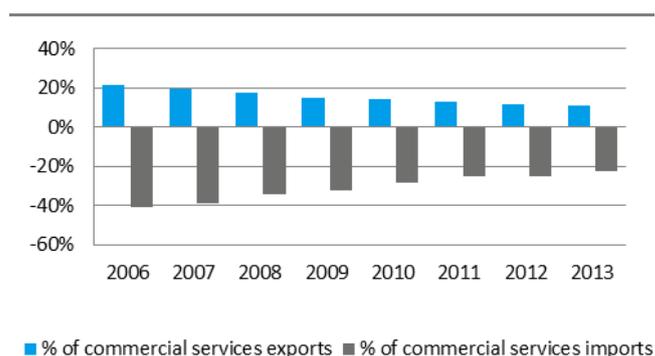
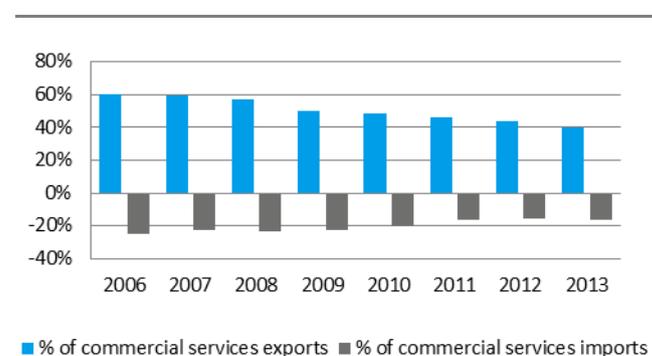


Figure 5. Travel services share in services trade



island state has no railway system although a network linking the major towns has been considered. The 2,000 km of paved roads form a good road system but road congestion is becoming a serious obstacle. The international airport is state owned and served by 16 airlines among which Air France, British Airways and Emirates are the most frequent operators. The position of Port Louis on the main Indian Ocean shipping routes makes it the second largest container port in Sub-Saharan Africa.<sup>13</sup>

Trade in transport services is traditionally in deficit; in 2013 the trade deficit was US\$ 230 million. Both exports and imports have been gradually decreasing since 2003; in 2013 transport services accounted for 11% of services exports and 22% of services imports (see Figure 4).<sup>9</sup>

### Tourism

Tourism is one of the key economic sectors with destination attractions based around the country's unique biodiversity, cultural richness and wide maritime environment. In 2010, the 'Vanilla Islands initiative' was introduced with the idea of uniting the seven Indian Ocean islands – Comoros, Réunion, Madagascar, Maldives, Mayotte, Mauritius and Seychelles – under one tourism brand. This led three years later to the formation of the Vanilla Islands Tourism Organization, backed by the member governments and supported by the World Tourism Organization (UNWTO).

In 2013, the total contribution of travel and tourism to GDP was 25% and is expected to rise. Tourism's contribution to employment was 24% and also forecast to rise. This includes employment by hotels, travel agents, airlines and other passenger transportation services and the activities of the restaurant and leisure industries directly supported by tourists. More than half of tourism is leisure travel and more than two thirds of earnings are generated by foreign visitor spending.<sup>15</sup>

The traditional surplus on trade in travel services is one of the main drivers of Mauritius' overall services trade surplus. In 2013, travel services accounted for 40% of services exports and 17% of services imports (see Figure 5). The trade surplus was US\$ 887 million.<sup>9</sup>

### FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI have been steadily increasing since 2006. The upward trend lasted until 2013 when net FDI inflows decreased by 56%, dropping to US\$ 259 million.<sup>16</sup> Mauritius is among the highest per capita FDI recipients, according to a 2010 World Bank report 'Investing Across Borders'. For the 10th consecutive year, the World Bank Ease of Doing Business index ranks Mauritius first among African economies. In 2014, the country was ranked 29th worldwide.<sup>17</sup>

The main leading investors were France, China and South Africa.<sup>6</sup> France and South Africa are investing in the ICT sector, BPO activities, call centres, disaster recovery and business continuity centres, and software development. Chinese investment, partly directed to manufacturing, is also focussed on the services sectors: ICT, tourism, leisure and health.<sup>13</sup>

## ENDNOTES / SOURCES

---

1. Key data derived from: UN statistics division – National Accounts Official Country Data, ILOSTAT – LFS – Continuous Multi-Purpose Household Survey, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. World Bank – Country Overview, Mauritius.
5. World Bank – Global Economic Prospects.
6. African Development Bank - African Economic Outlook, Mauritius (2014).
7. ILOSTAT – LFS – Continuous Multi-Purpose Household Survey.
8. UN Comtrade and UN ServiceTrade.
9. ITC Trade Map.
10. The Global Competitiveness Report defines competitiveness as “the set of institutions, policies and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the level of prosperity that can be earned by an economy.” The Global Competitiveness Index is composed by 12 pillars capturing the different aspects of competitiveness, where the first pillar is the set of institutions, followed by infrastructure (2nd pillar), macroeconomic environment (3rd), health and primary education (4th), higher education and training (5th), goods market efficiency (6th), labour market efficiency (7th), financial market development (8th), technological readiness (9th), market size (10th), business sophistication (11th), innovation (12th).
11. World Economic Forum – The Global Competitiveness Report 2014-2015.
12. Making Finance Work for Africa – Mauritius: Financial Sector Profile. Available online at: <http://www.mfw4a.org/mauritius/financial-sector-profile.html#c11061>
13. KPMG Africa Region 2012/2013, Country profile, Mauritius (2014).
14. ITU, Country Profile, Mauritius (2013).
15. World Travel and Tourism Council. Travel and Tourism, Economic Impact, Mauritius (2014).
16. World Bank – World Development Indicators.
17. World Bank Group – Doing Business Index.

# Rwanda

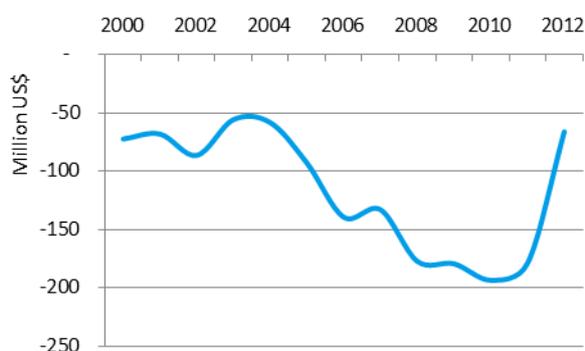
## KEY SERVICES DATA<sup>1</sup>, 2013

Services<sup>2</sup> share of industry value added: **58%**  
 Services share of employment 2012: **20%**  
 Trade in services<sup>3</sup> contribution to GDP: **15%**  
 Services share of total exports: **35%**  
 Services export composition: **travel (76%), transportation (19%), other commercial services (5%)**  
 Services import composition: **transportation (81%), travel (17%), other commercial services (2%)**  
 Services exports: **US\$ 386 million**  
 Services imports: **US\$ 472 million**  
 Services trade deficit: **US\$ 86 million**

## SERVICES AT A GLANCE

Rwanda has achieved impressive development progress. Between 2005 and 2012, real GDP growth averaged 8% p.a.. Accounting for 58% of value added GDP in 2013, services have replaced agriculture as the main contributor to GDP.<sup>4</sup> This has not translated equally into employment; employment in services is only 20% compared with 75% in agriculture.<sup>5</sup> Moreover the rate of growth of the services sector contribution to GDP has recently dropped to 4% compared to 11% for the manufacturing sector.<sup>6</sup> Among the services sub-sectors, wholesale and retail is the largest, followed by transport, storage and communications. These sub-sectors, along with tourism, have been driving services sector growth over the last five years.<sup>7</sup>

Figure 1. Services trade deficit is decreasing



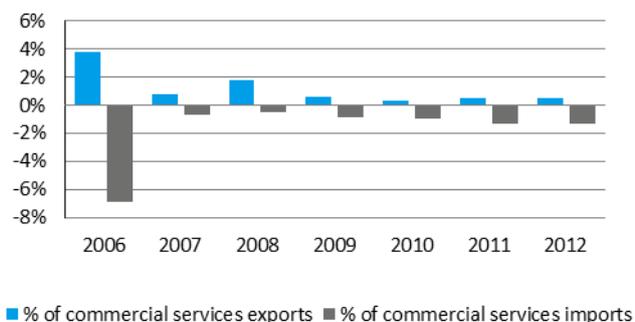
In 2012, services trade contributed 15% to GDP.<sup>6</sup> The most recent data on services trade is from 2013 when Rwanda had a trade deficit of US\$ 86 million. **The country is indeed a net services importer, though the gap between exports and imports has been progressively decreasing over the years (see Figure 1).** In 2012-2013 Rwanda was a net exporter of travel (with a trade surplus of US\$ 214 million), communication (US\$ 4 million) and financial services (US\$ 0.8 million).<sup>8</sup>

## SERVICES SUBSECTORS

### Financial services

The financial sector is relatively small. **Insurance and other financial services account for less than 1% of services exports and slightly above 1% of imports in 2012 (see Figure 2).**<sup>8</sup> The first Financial Sector Development Programme adopted in 2008 helped catalyze a dramatic increase in the share of the population with access to financial services from 47% to 72%. The second Programme is being implemented over 2013-2014. Financial services remains bank-dominated in terms of total assets.<sup>9</sup> There are 16 banking institutions, 7 insurance companies and 66 microfinance institutions.<sup>10</sup>

Figure 2. Financial services share in services trade



### Communication services

The Information and Communications Technology (ICT) sector has been expanding rapidly from a low base. The Government, the private sector and international organizations have financed developments within this sector, as reflected in the Vision 2020 efforts to widen access to ICT. Nevertheless, the ICT sector continues to face a number of challenges. Despite the fall in broadband Internet costs over the past few years, these services are still relatively more expensive in Rwanda than in other EAC countries and they do not yet have sufficient international bandwidth. Being landlocked, the country is dependent on neighbouring countries for under-sea cable access, which greatly increases connectivity costs. Limited access to electricity and high usage costs are also major impediments to the spread of ICT services.

The telecommunications market consists mainly of mobile communication services, with fixed telephony representing only a small portion of the market. There are four private companies in the market, i.e. MTN Rwanda with the largest market share (also providing mobile money services), Rwandatel, Airtel and Tigo, the second mobile money services provider. The four operators have over 5.7 million mobile subscribers and some 44,000 fixed telephony subscribers.<sup>11</sup> **Rwanda is a net exporter of communication and related services.** They represented 5% of services exports in 2012 (see Figure 3).<sup>8</sup>

### Transport services

Rwanda is a net transport services importer; transport services represented 76% of services imports in 2012 (see Figure 4).<sup>8</sup> In 2012, there were 41 companies and cooperatives which operated different types of public transport vehicles. The sector is rather informal and uncoordinated: in terms of total available seat capacity, individual operators provide 70% of the supply.<sup>12</sup> International public transport services are provided by seven registered private companies and ONATRACOM, the only public sector operator. Of the eight companies, three are Rwandan-owned and the

Figure 3. Communication services share in services trade

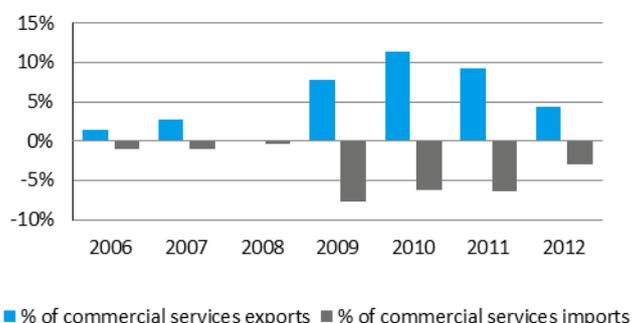


Figure 4. Transport services share in services trade

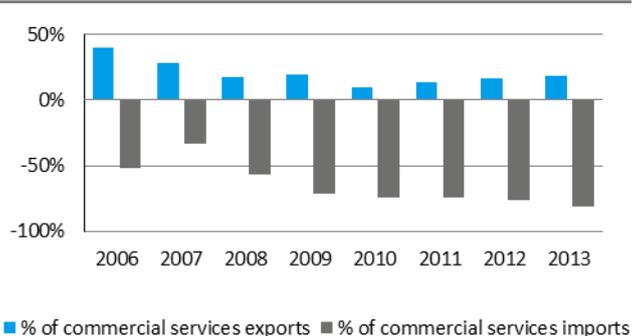
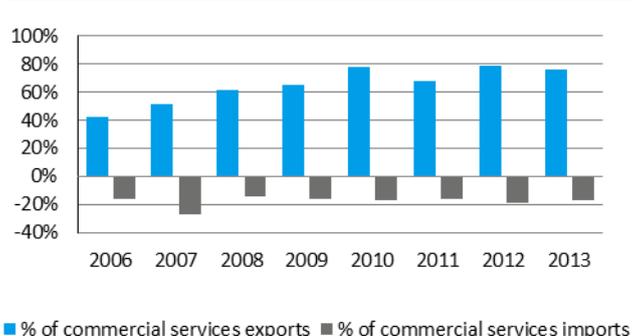


Figure 5. Travel services share in services trade



rest are from different neighbouring countries.

There is no railway network. However, the country is working in partnership with other countries of the region to fund a railway network with connectivity with EAC countries and the Democratic Republic of Congo. Rwandair is the only airline, 99% owned by the Government. Maritime transportation is largely limited to Lake Kivu with minimum informal economic benefits.

### Tourism

The tourism sector constitutes a key driver for future growth and economic diversification. Its export earnings amounted to US\$ 298 million in 2012/2013<sup>11</sup>; Figure 5 shows the positive performance of travel services in particular.<sup>8</sup> The tourism sector is estimated to support 34,000 jobs directly and another 74,000 indirectly. As such, the Government has prioritized it and put in place several strategies, policy measures and incentives that have led to steady growth and early recovery after 2008.

The main source of tourism income came from the leisure segment, which registered US\$ 135 million in 2012, followed by business tourism, diasporic visits to family and friends and transit passengers.<sup>13</sup> In 2008, the tourism and travel sector included 48 tour operators (employing around 200 persons), 163 tourism accommodation units with 3,150 rooms of different types. In all, there are 9 hotels in the upper range category, 38 in the middle range and 116 in the lower rank.<sup>11</sup>

The sector continues to face challenges such as the limited length of stay of tourists and a lack of diversity (an estimated 90% of earnings are driven by mountain gorilla tours). This could explain the slight decrease of tourism receipts' <sup>14</sup> share in total exports since 2009 from 37% to 33% in 2012. Tourist arrivals increased to 815,000 and total receipts to US\$ 337 million in 2012, both double the values in 2006.<sup>6</sup>

### FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI have been on an upward trend with the exception of 2010, when inflows decelerated due to global volatility. In 2012, the sectors that attracted the highest value of investment were all services sectors: tourism, energy and water, construction, real estate and the ICT sector.<sup>15</sup>

With a ranking of 46th out of 189 countries in the World Bank Ease of Doing Business index published in June 2014,<sup>16</sup> Rwanda is now ranked the second easiest place to do business in Sub-Saharan Africa.<sup>17</sup>

### ENDNOTES / SOURCES

1. Key data derived from: UN statistics division – National Accounts Official Country Data, WTO Trade Profile, ITC Trade Map, ILOSTAT Database – Recensements de population (PC).
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. United Nations Statistics Division – National Accounts Official Country Data.
5. ILOSTAT Database – Recensements de population (PC): August 2012 recorded value for individuals older than 16 years old excluding institutional population, employed in the following aggregate economic activities: construction; trade, transportation, accommodation and food and business and administrative services; public administration, community, social and other services and activities.
6. World Bank - World Development Indicators.
7. UNCTAD - Services Policy Review, Rwanda (2013) and AfDB - African Economic Outlook, Rwanda (2012).
8. ITC Trade Map.
9. Finance and Economic Planning of Rwanda - Financial Sector Development Program II (FSDP II), 2012. Available at: [http://www.minecofin.gov.rw/fileadmin/user\\_upload/Rwanda\\_FSDP\\_II\\_October\\_11\\_2012.pdf](http://www.minecofin.gov.rw/fileadmin/user_upload/Rwanda_FSDP_II_October_11_2012.pdf).
10. Rwanda Development Board. Available at: [www.rdv.rw](http://www.rdv.rw).
11. UNCTAD - Services Policy Review: Rwanda (2013).
12. Rwanda Ministry of Infrastructure – Transport Sector Strategic Plan for EDPRS2 (2013). Available at: [http://minecofin.gov.rw/edprs2/uploads/media/Final\\_Transport\\_Sector\\_SSP.pdf](http://minecofin.gov.rw/edprs2/uploads/media/Final_Transport_Sector_SSP.pdf).
13. Rwanda Ministry of Trade and Industry – Annual Report 2012.
14. International tourism receipts are expenditures by international inbound visitors, including payments to national carriers for international transport. These receipts include any other prepayment made for goods or services received in the destination country. They also may include receipts from same-day visitors, except when these are important enough to justify separate classification. For some countries they do not include receipts for passenger transport items.
15. Rwanda Development Board Achievement Report (2012).
16. World Bank Group – Doing Business Index, June 2014.
17. World Bank – Country profile: Rwanda. Available at <http://www.worldbank.org/en/country/rwanda>.

# Seychelles

## KEY SERVICES DATA<sup>1</sup>, 2013

Services <sup>2</sup> share of industry value added 2012: <b>88%</b>
Services share of employment: <b>87%</b>
Trade in services <sup>3</sup> contribution to GDP: <b>58%</b>
Services share of total exports: <b>47.5%</b>
Services export composition 2012: <b>travel (72%), transportation (21%), other commercial services (7%)</b>
Services import composition 2012: <b>transportation (58%), other commercial services (25%), travel (17%)</b>
Services exports: <b>US\$ 502 million</b>
Services imports: <b>US\$ 221 million</b>
Services trade surplus: <b>US\$ 281 million</b>

## SERVICES AT A GLANCE

Seychelles is an island-state economy classified as a high middle income country with a GDP per capita of US\$ 14,220 in 2013.<sup>4</sup> Since the 2008 global financial crisis, Seychelles has recovered remarkably, recording a GDP growth rate of 5% in 2011. However, as large investment projects were completed, the economy grew slower in 2013 at 3.5%.<sup>5</sup> The medium-term growth outlook is for growth to stabilize around 3% in 2016.<sup>6</sup>

The economy is services based: the services sector is traditionally the main contributor to GDP and the main employer (contributing 87% to employment in 2013).<sup>7</sup> In value-added terms, the sector accounted for 88% of GDP in 2012.<sup>8</sup>

The following year, services trade contributed 58% to GDP which is a decrease from the previous years. **The country runs a surplus in commercial services trade of US\$ 281 million**, which exceeds the deficit in goods trade (US\$ 248 million in 2013). The net surplus on services trade results from a large trade surplus in travel services (US\$ 276 million in 2012) combined an increasing net trade surplus in communication services to US\$ 9 million and a declining net trade deficit in financial services down to US\$ 5 million in 2012. Over the six years to 2011, the

export composition has shifted dramatically with transport services becoming much less important and travel services more important.<sup>9</sup>

## SERVICES SUBSECTORS

### Financial services

Despite the recent economic downturn and global economic crisis, the financial sector is adequately capitalized though quite small. In 2011, insurance and other financial services accounted for 8% of services exports (see Figure 1) and **a net trade deficit of US\$ 5 million was recorded**.<sup>9</sup>

Banking sector is dominated by state and foreign institutions, as plans to privatize state-owned financial institutions have tended to be delayed. There are eight commercial banks operating in the country holding almost 83% of outstanding government securities and dominating the market. Commercial banks also operate in housing finance, dominated by semi-public institutions. Six of the commercial banks are foreign owned: Barclays Bank, Mauritius Commercial Bank (Seychelles), Habib Bank Ltd., Bank of Baroda, Bank Al Habib Ltd., Bank of Ceylon. The remaining two are previously state-owned banks that are being restructured: Seychelles Commercial Bank (formerly Seychelles Savings Bank) and Seychelles International Mercantile Banking Corporation (SIMBC) 'Nouvobanq'.<sup>10</sup>

The number of depositors with commercial banks per 1,000 adults has almost doubled between 2008 and 2012, from 590 to 1,025, while, over the same period, the number of borrowers from commercial banks per 1,000 adults increased by 34% from 116 to 155.<sup>5</sup>

Two pension funds and four licensed domestic insurance companies currently operate in the country; the latter rely heavily on re-insurance from overseas companies.<sup>10</sup>

### Communication services

Despite its geographically isolated position, Seychelles has a well-developed communications system placing the country among the leaders in the region with regard to Information and Communications Technology (ICT) deployment.<sup>11</sup> In 2013, 23 fixed-telephone subscriptions and 147 mobile-cellular subscriptions per 100 inhabitants were recorded.<sup>12</sup> Almost 60% of households had a computer, increasing from only 25% in 2010, and 51% had Internet access at home. Half of the population used Internet (50%), making Seychelles the African country with the highest percentage of individuals using Internet. There were 13 fixed (wired)-broadband subscriptions per 100 inhabitants whose prices were below 5% of Gross National Income (GNI) per capita, whereas the average African fixed broadband price is 64% of GNI.<sup>13</sup>

There are two telecommunications providers, Airtel Seychelles and Cable & Wireless Seychelles, and two local Internet services providers: Kokonet and Intelvision.<sup>14</sup> Between 2008 and 2012, Cable and Wireless and Airtel, together with the Government, funded the construction of the Seychelles East Africa System (SEAS) cable. The SEAS is an almost 2,000 km long submarine fibre-optic cable, linking the country from its landing site in the main island, Mahé, into the existing SEACOM and Eastern Africa Submarine Cable System (EASSy) systems on the African coast.<sup>17</sup> With the SEAS cable landing, the international bandwidth almost tripled in 2012.<sup>13</sup>

**Seychelles is a net exporter of communication services.** The subsector recorded a trade surplus of US\$ 9 million in 2012. In the same year, communication services imports accounted for less than 1% of services imports, whereas the exports share was 2% (see Figure 2).<sup>9</sup>

### Transport services

Figure 1. Financial services share in services trade

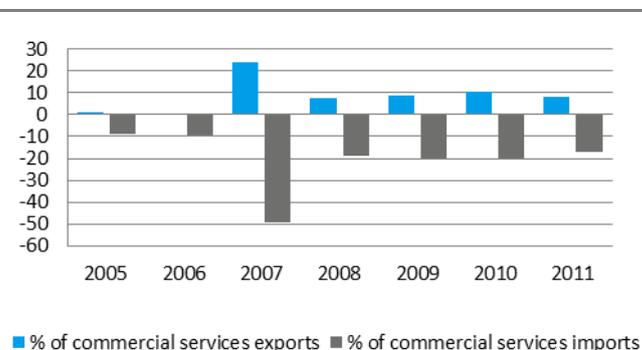


Figure 2. Communication services share in services trade

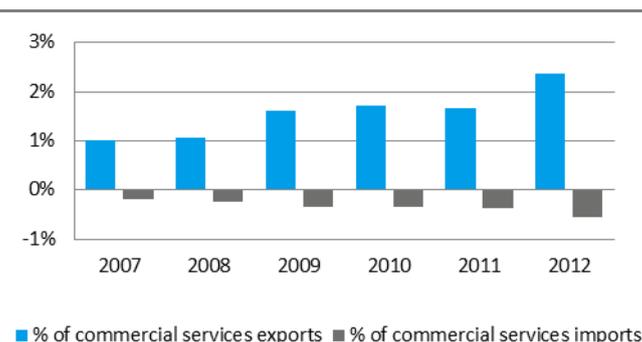
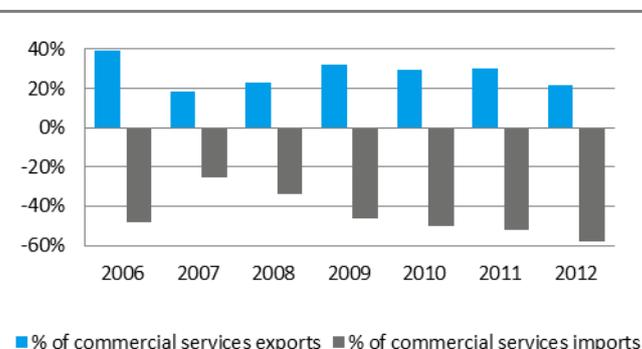


Figure 3. Transport services share in services trade



In 2012, transport services recorded a trade deficit (US\$ 24 million) for the first time in nearly a decade. Between 2011 and 2012 there was a sharp decrease in the transport services share of total services exports from 30% to 22%. On the other hand, the transport services share of total services imports increased from 52% to 58% (see Figure 3). This made transport services the largest services import subsector.<sup>9</sup>

The country has 14 airports.<sup>16</sup> The national airline Air Seychelles operates international services. Helicopter (Seychelles) Ltd. provides an inter-island shuttle service and scenic charter flights.<sup>17</sup>

There are no railways. There are 508km of roads of which, 490 km are paved<sup>16</sup>; elsewhere the roads are sandy tracks. Public transport means to move around and between islands includes buses, taxis and ferries (CatCoco and Inter Island Ferry).<sup>18</sup> Water Cruise and cargo ships call at Mahé but there are no scheduled international passenger services. Privately-owned schooners provide regular inter-island connections between Mahé, Praslin and La Digue. Private charter boats operate to the other islands.<sup>17</sup>

### Tourism

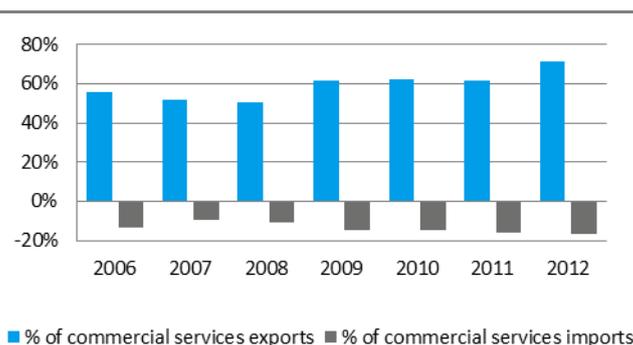
The tourism sector represents one of the economy key sectors based on the country's unique biodiversity, cultural richness and wide maritime environment. In 2010, the 'Vanilla Islands initiative' was born with the idea to unite the seven Indian Ocean islands – Comoros, Réunion, Madagascar, Maldives, Mayotte, Mauritius and Seychelles – under one tourism brand. This led three years later to the formation of the Vanilla Islands Tourism Organization, backed by the member governments and supported by the World Tourism Organization (UNWTO).

In 2013, travel and tourism contributed 56.5% to GDP and this is expected to rise.<sup>19</sup> According to AfDB African Economic Outlook 2014, an increase in tourism's contribution to GDP between 2012 and

2013 was due to a 10% increase in tourist arrivals as Seychelles diversified its markets beyond Europe to new markets in Asia, Eastern Europe and Africa, along with the easing of the global financial crisis. Construction of additional resorts and hotels is also a factor anticipating further growth in the short term.<sup>20</sup> In 2012, 208,000 international tourism arrivals were recorded. The number of international tourists has been on an upward trend since the establishment of the international airport in 1971.<sup>4</sup> The average length of stay per visitor has been consistently recorded at around 10 nights. Approximately 80% of arrivals are international tourists coming from Europe.<sup>21</sup> Tourism activities are, after fisheries, the second main source of foreign exchange earnings.<sup>19</sup>

Tourism is the main employer in Seychelles: according to the WTTC, in 2013, the total contribution of travel and tourism to employment, including jobs indirectly supported by the industry, was 56.5% or 24,100 jobs.<sup>19</sup> Travel services are the largest service exporters: in 2012 travel services (a proxy for tourism) accounted for 72% of services exports (see Figure 4). **The net surplus on trade in travel services has increased every year since 2009.**<sup>9</sup>

Figure 4. Travel services share in services trade



### FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI have been on an upward trend since the 70s but rocketed up in particular between 2004 and 2008 from US\$ 38 million to US\$ 180 million.<sup>5</sup> To reduce the red tape burden in the realisation of

projects, in July 2004 the Seychelles Investment Bureau was created.<sup>22</sup> In 2013, FDI inflows increased especially in the construction sector.<sup>20</sup> The leading investors are from Bermuda, Bahrain, Canada, Germany, Hungary, India, the United Arab Emirates and the United Kingdom of Great Britain and Northern Ireland.<sup>22</sup>

The 2014 UNCTAD report on FDI to 29 of the Small Island Developing States (SIDS) - among which the COMESA countries Seychelles, Comoros, Mauritius – suggests that FDI is high relative to the size of their economies due to the fiscal advantages they offer. Several SIDS have become hosts of offshore financial centres as a result of favourable tax regimes. In the case of Seychelles, foreign investor interest centres on hotels and restaurants, construction, transport and communications.<sup>23</sup>

## ENDNOTES / SOURCES

1. Key data derived from: UN statistics division – National Accounts Official Country Data, ILOSTAT Database – Labour Force Survey, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. World Bank – Country Overview, Seychelles.
5. World Bank - World Development Indicators.
6. World Bank – Global Economic Prospects.
7. ILOSTAT Database – Labour Force Survey : annual average for individuals older than 15 years old, employed in the following aggregate economic activities: construction, trade, transportation, accommodation and food and business and administrative services, public administration, community, social and other services and activities.
8. United Nations Statistics Division – National Accounts Official Country Data.
9. ITC Trade Map.
10. Making Finance Work for Africa – Seychelles : Financial Sector Profile. Available online at: <http://www.mfw4a.org/seychelles/financial-sector-profile.html>
11. International Telecommunication Union (ITU) – ITU News – Country focus: Seychelles leads Africa in ICT development, May 2010.
12. ITU – Country profile, Seychelles (2013).
13. Africa Tracking Internet Progress - African internet and broadband facts from 'Measuring the Information Society 2013' report (2013).
14. Seychelles News Agency, 2014, 'World Economic Forum ranks Seychelles as 2nd best IT centre in Africa'.
15. IX Survey, 2010, 'Environment and Social Impact Assessment Study (ESIAS)', AXIOM, African Development Bank, Seychelles Ministry of Environment, Natural Resources and Transport.
16. KPMG Africa Region 2012/2013 – Country Profile, Seychelles.
17. ProInvest, Profit 2007 – Regional Investment Conference Tourism East Africa and the Indian Ocean – Country profile: Seychelles.
18. Seychelles government.
19. World Travel & Tourism Council – Travel & Tourism – Economic Impact 2014: Seychelles.
20. African Development Bank – African Economic Outlook 2014 : Seychelles.
21. Focus : Africa – Country profile : Seychelles.
22. COMESA Regional Investment Agency.
23. UNCTAD, 2014, ' Global Investment Trends Monitor – FDI in Small Island Developing States : its Limitations and Potential '.

# Sudan

## KEY SERVICES DATA<sup>1</sup>, 2013

Services<sup>2</sup> share of industry value added 2010: **48%**  
 Services share of employment 2009: **60%**  
 Trade in services<sup>3</sup> contribution to GDP: **5%**  
 Services share of exports: **14%**  
 Services export composition: **travel (75%), transportation (14%), other commercial services (11%)**  
 Services import composition: **transportation (58%), travel (27%), other commercial services (15%)**  
 Services exports: **US\$ 1 billion**  
 Services imports: **US\$ 1.7 billion**  
 Services trade deficit: **US\$ 674 million**

## SERVICES AT A GLANCE

Secession of South Sudan in 2011 left Sudan in a challenging economic situation, given the associated loss of the majority of oil fields as the oil production had been the driving force of the economy. Since 2011, Sudan GDP growth has been negative and in 2012 reached the lowest level ever recorded at -10%.<sup>4</sup> GDP growth is expected to recover in the short term and increase to 3% p.a. by 2016.<sup>5</sup> The contribution to real growth from services sector has decreased, in particular of transport, storage and communications as well as finance, insurance, real estate and business services. While improvements in oil extraction are projected to boost oil production, the growth of the tertiary sector is predicted to continue to decline due to private investment slowdown and limited credit growth.<sup>6</sup>

In 2010, services accounted for 48% of GDP in value added terms.<sup>7</sup> Overall, since 2000, services have replaced agriculture as the main contributor to gross value added and as the main employer.<sup>8</sup> Data on sectorial contribution to gross value added is not available after 2011.

The evolution of the trade data since 2011 is difficult to determine accurately as fully disaggregated official data on Sudan and South Sudan is not yet available. Before 2011, the services share of exports averaged 3%. After 2011, the share of services jumped temporarily to 18% in 2012 but subsequently returned to a downward path. The reason for this jump between 2011 and 2012 might reflect statistical phenomena as the share of oil exports was reallocated post secession, given that around 75% of pre-secession Sudanese oilfields<sup>6</sup> were located in what is now South Sudan.

Since 2009, trade in services contribution to GDP has averaged 4%. **Sudan is a net importer of services with transportation traditionally accounting for more than 50% of services imports.** Over the 10 years to 2013, the export composition has shifted dramatically with

Figure 1. Services trade deficit and GDP

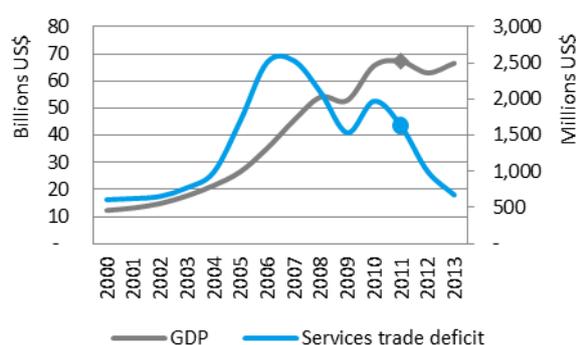
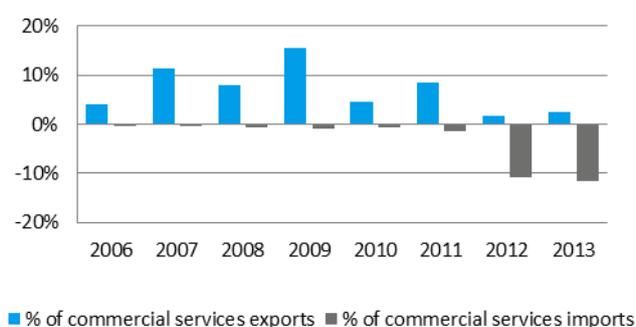


Figure 2. Financial services share in services trade



transport services becoming less important and travel services more important. Since 2010 the services trade deficit has been decreasing, thanks to an increase in both transport services and travel services exports. In 2013 the services trade deficit dropped back to the 2002 level (see Figure 1).<sup>9</sup>

## SERVICES SUBSECTORS

### Financial services

The financial services market is dominated by commercial banks, which make up as much as 97% of total assets. The microfinance sub-sector remains small. Sudan is making an effort to encourage private investment and facilitate financial intermediation with the aim of achieving better access to financial services in the country.<sup>6</sup> Second only to Kenya in Sub-Saharan Africa, Sudan reports 52% of adults using a mobile phone for money transactions.<sup>10</sup>

**Sudan has become a net importer of financial services.** Financial services export and import paths are diverging. Between 2009 and 2013, financial services share in services exports has decreased from 15% to 3% whereas financial services share in services imports has increased from 1% up to 12% (see Figure 2).<sup>9</sup>

### Communication services

Port Sudan is a landing point of the Eastern Africa Submarine Cable System (EASSy). The number of Internet users has increased considerably. Whereas in 2010 there were eight Internet users per 100 inhabitants, by 2013 the number had reached 23. The number of mobile telephone subscriptions has similarly increased. In 2010, only 8 per 100 inhabitants had subscribed while, by 2013, 73 inhabitants out of 100 were subscribers. In 2013, 15% of households were recorded as owning a computer and 29% had Internet access at home.<sup>11</sup>

Figure 3. Communication services share in services trade

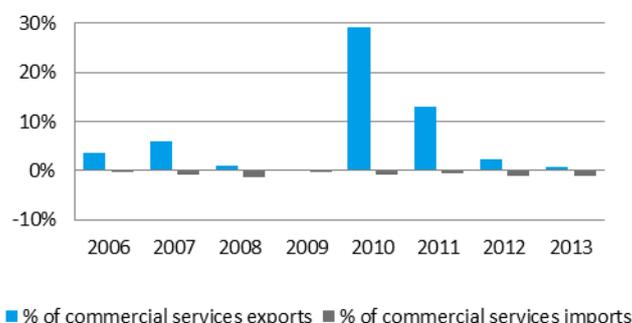


Figure 4. Transport services share in services trade

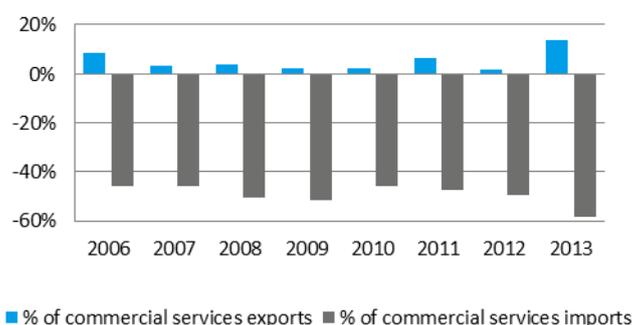
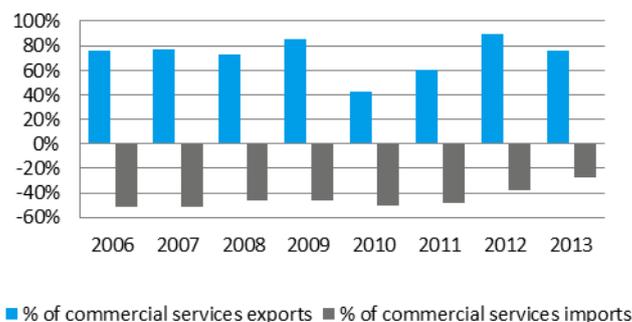


Figure 5. Travel services share in services trade



**Trade in communication services is traditionally in deficit** with the exception of 2010 and 2011 when an average trade surplus of US\$ 39 million was recorded.<sup>9</sup>

### Transport services

Lack of transportation is a major infrastructural shortcoming. Of the 72 existing airports only 15 have paved runways.<sup>12</sup> Continuous efforts to improve the rail network have been made, but due to delays in financial injections as well as security issues around Darfur, the progress has been slow. The government-owned Sudan Railway Corporation (SRC) operates in most of the country and population centres. Rail transport services dominated commercial transport, but road transport is increasing in importance. Road density is estimated to rank among the lowest in Africa and in the world; the road network mainly serves the cities, whereas rural areas lack connectivity.<sup>13</sup> More than a half of the roads are unpaved.<sup>14</sup> Port Sudan is considered the most inefficient port in Africa on the basis of the very low productivity level (three times lower than other African countries), slow container dwell time (four times slower than international benchmarks), high truck cycle receipt and delivery (24 times higher than the benchmark), management problems, congestion tendency and high prices.<sup>13</sup>

**Trade in transport services is in deficit with imports traditionally accounting for more than 50% of services imports** while the average share of transportation in services exports between 2006 and 2013 was 5% (see Figure 4).<sup>9</sup>

### Tourism

Travel services account for the largest part of services exports averaging 72% between 2006 and 2013. Travel services are the second largest contributor to services imports after transportation but their importance has decreased from 52% in 2006 to 27% in 2013 (see Figure 5). **Traditionally in deficit, travel services started recording trade surpluses in 2012.** In 2013, the trade surplus was US\$ 313 million.<sup>9</sup>

International tourist arrivals gradually increased since the 90s at an average annual growth rate of 30% with an exceptional increase between 2004 and 2005 when the figure tripled from 61,000 arrivals to 246,000. In 2011 536,000 tourist arrivals were registered.<sup>4</sup>

However, according to the World Travel and Tourism Council<sup>15</sup>, the majority of spending comes from domestic travel (59%). Tourism supported 3% of total employment in 2013 but is expected to fall in the short term. Regarding the motive of travelling, it is reported that leisure spending generated three quarters of direct travel and tourism GDP in 2013.<sup>16</sup>

### FOREIGN DIRECT INVESTMENT (FDI)

---

FDI net inflows had been on an upward trend peaking in 2011 at US\$ 2.3 billion before decreasing to US\$ 2.2 billion in 2013. Whereas FDI net inflows have increased, their share of GDP has been stable around 3% since 2007.<sup>4</sup> World Bank ranks Sudan 160<sup>th</sup> out of 189 economies in the Ease of Doing Business Index 2014.<sup>18</sup>

The major sources of investment originate from the Arabian Gulf, in particular Saudi Arabia, Kuwait, Qatar and the United Arab Emirates,<sup>6</sup> as with sanctions against Sudan still active, western country FDI remains hindered.<sup>12</sup> FDI targets agriculture, oil production and infrastructure projects.<sup>17</sup>

---

## ENDNOTES / SOURCES

---

1. Key data derived from: UN statistics division – National Accounts Official Country Data, ILOSTAT Database – Labour Force Survey, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities. Data available only up to 2011.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset). Data from Trade Map are for Sudan (North + South).
4. World Bank - World Development Indicators.
5. World Bank – Global Economic Prospects.
6. African Development Bank - African Economic Outlook, Sudan (2014).
7. UN statistics division – National Accounts Official Country Data.
8. ILOSTAT - LFS - Labour Force Survey.
9. ITC Trade Map.
10. Demircuc-Kunt, Asli and Leora Klapper, 2012. 'Measuring Financial Inclusion: The Global Findex Database.' World Bank Policy Research Working Paper 6025.
11. ITU, Country Profile, Sudan, 2013.
12. KPMG Africa Region 2012/2013, Country profile, Sudan (2014)
13. The World Bank Africa Region Sustainable Development Unit, Policy Research Working Paper 5815, Sudan's Infrastructure 2011.
14. CIA Factbook Sudan (2014).
15. The World Travel and Tourism Council 2014 report on Sudan considers Sudan and South Sudan together.
16. World Travel and Tourism Council - Travel and Tourism, Economic Impact, Sudan (2014).
17. Republic of Sudan, Ministry of Investment.
18. World Bank Group – Doing Business Index, June 2014.

# Swaziland

## KEY SERVICES DATA<sup>1</sup>, 2013

Services<sup>2</sup> share of industry value added 2012: **52%**  
 Trade in services<sup>3</sup> contribution to GDP: **26%**  
 Services share of total exports: **11%**  
 Services export composition 2012: **other commercial services (61%), transportation (26%), travel (13%)**  
 Services import composition 2012: **other commercial services (83%), travel (9%), transportation (8%)**  
 Services exports: **US\$ 242 million**  
 Services imports: **US\$ 715 million**  
 Services trade deficit: **US\$ 473 million**

## SERVICES AT A GLANCE

Swaziland is one of the smallest states in Africa. Average growth in the last decade was 2% p.a.<sup>4</sup> and expected to be sustained over the next two years.<sup>5</sup>

Services amounted to just over 50% of GDP in value added terms in 2012.<sup>6</sup> Public administration, education, health and social work, community, social and personal services are the main segments (19% of total GDP), followed by wholesale and retail trade, hotels and restaurants (10%), finance, real estate and business services (8%) and transport, storage and communication (7%).<sup>8</sup> Since 2003, services have been the fastest growing sector at an average growth rate of 4% p.a. between 2003 and 2013.<sup>4</sup>

Services exports have grown slowly from US\$ 191 million in 2009 to US\$ 242 million in 2013 and the share of services in total exports has been declining, from 17% in 2009 to 11% in 2013. Both exports and imports are predominantly composed of commercial services other than travel and transport accounting respectively for 61% of services exports and 83% of services imports in 2012. Over the six years to 2012, the export composition has shifted dramatically with travel services becoming more important and other business services less important.<sup>7</sup>

Trade in services contributed a steady 26% to GDP in 2013. Swaziland is a net importer of services. **The services trade deficit increased between 2007 and 2012 but is now recovering** (see Figure 1) and stands at US\$ 473 million. Since 2005 Swaziland has tended to be a net exporter of communication services; the largest trade surplus was recorded in 2010 at US\$ 16 million.<sup>7</sup>

Figure 1. Services trade deficit

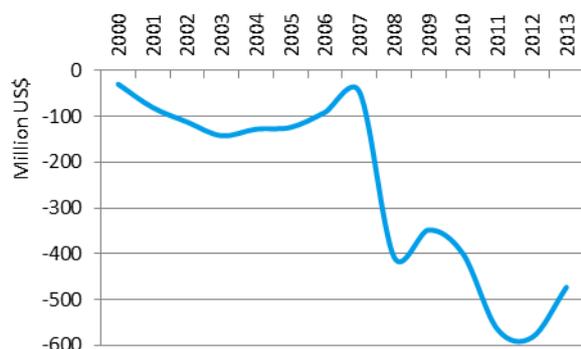
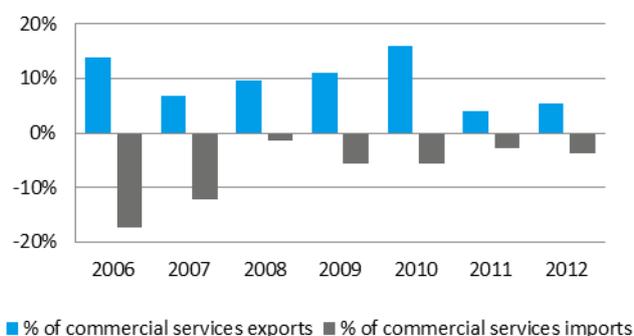


Figure 2. Financial services share in services trade



## SERVICES SUBSECTORS

### Financial services

Insurance and financial services accounted for 5% of services exports and under 4% of services imports in 2012. The evolution of trade in this sector has been

somewhat erratic but since 2003 has been more often in deficit than surplus (see Figure 2). **In 2013 Swaziland was a net importer of financial and insurance services.**<sup>7</sup>

There are four commercial banks, of which three are South African subsidiaries. The government-owned SwaziBank is in the process of being privatized. Of the remaining three, the First National Bank of Swaziland is 100% foreign-owned whereas Nedbank Swaziland and Standard Bank Swaziland are partly foreign owned (more than 60%), partly government owned and 10% public. 265 non-banking institutions (NBIs), including 200 pension funds, 56 savings and credit cooperatives (SCCOs), and five insurance companies in operation.<sup>9</sup>

There is a gap in financial services access between rural and urban areas and between youth and adults with 44% of the rural population and 78% of 18-19 year-olds lacking access to any form of financial services. Overall, 37.5% of the population has no access.<sup>8</sup>

### Communication services

Communications is one of the services subsectors in which Swaziland has a trade surplus. In 2012 the subsector accounted for 4% of services exports and 1% of services imports. The shares of communication services in services exports and imports decreased between 2009 and 2013 (see Figure 3).<sup>7</sup>

The telecommunications network has been growing, in particular for mobile phone services<sup>9</sup>, whereas fixed telephone density was only 4% in 2013.<sup>10</sup> Between 2003 and 2013 the number of mobile cellular subscribers increased almost tenfold from 8% of the population in 2003 to 71% in 2013. The number of Internet users per 100 people similarly increased from 2 in 2003 to 25 in 2013.<sup>4</sup> At the end of 2013, 12.5% of households were recorded as owning a computer and 13% had Internet access at home.<sup>10</sup> The fixed network is 100% digital.<sup>9</sup>

### Transport services

Figure 3. Communication services share in services trade

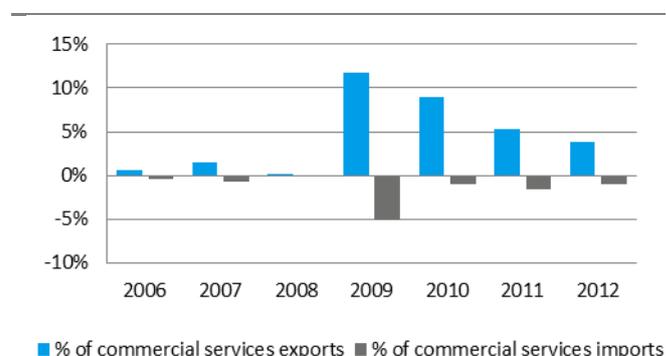


Figure 4. Transport services share in services trade

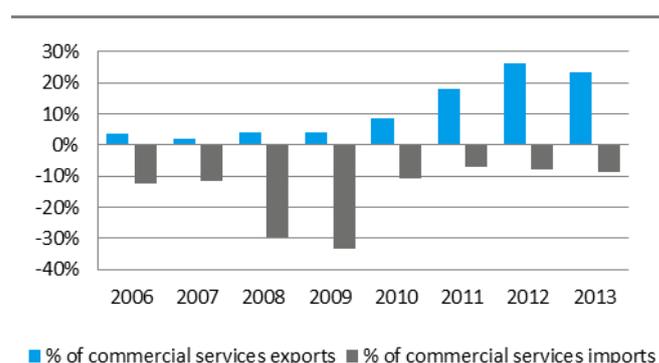
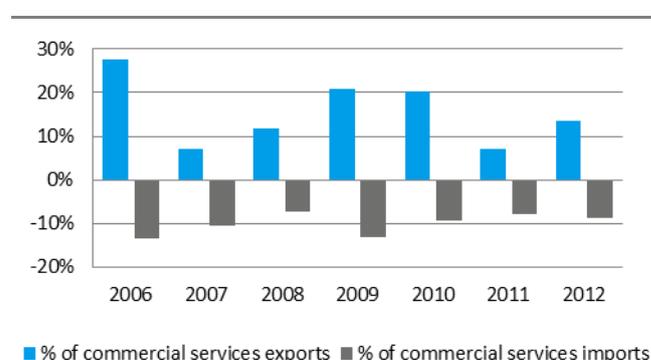


Figure 5. Travel services share in services trade



**Trade in transport services is traditionally in net deficit:** in 2013 the net trade deficit was US\$ 5 million. The trade deficit has decreased significantly since 2009, given a gradual increase in exports and decrease in imports. Between 2009 and 2010: transport services exports almost tripled while imports more than halved. In the same period, the share of transport services in total services exports more than doubled from 4% to 8.5%, while the transport share of services imports plummeted from 33% to 11% (see Figure 4).<sup>7</sup>

Swaziland is landlocked but new rail lines have been built to connect the country with the nearest port, Maputo, in Mozambique. The road network is the largest and most used for trade, there being about 4,000 km of roads compared with only 300 km of railways. The roads that connect urban areas are paved. Air transport is for passenger flights only. There is one international airport, two state-owned and nine private airports. Overall, the infrastructure is in need of maintenance.<sup>9</sup>

### Tourism

Travel services account for 13% of services exports and 9% of services imports in 2012 (see Figure 5). **Traditionally in net surplus, trade in travel services started recording deficits in 2007.** Between 2007 and 2012, the trade deficit increased from US\$ 20 million up to US\$ 41 million.<sup>7</sup>

The rich cultural heritage and diverse landscape in spite of the small size of the country have attracted increasing tourist arrivals. Tourism has been promoted particularly through membership of the Regional Tourism Organization of Southern Africa (RETOSA).<sup>9</sup> International tourist arrivals were 1 million in both 2010 and 2012, although there was an 18% decrease between 2010 and 2011.<sup>4</sup> Tourists mostly come from South Africa, Mozambique and Europe.<sup>9</sup>

According to the World Travel and Tourism Council, the majority of spending comes from domestic travel (86%). Tourism supported only 2% of total

employment in 2013 but is expected to rise in the long term. Business-related tourist spending accounts for nearly 3/4 of direct travel and tourism income in 2013.<sup>11</sup>

### FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI have fallen dramatically from US\$ 136 million in 2010 down to US\$ 67 million in 2013.<sup>4</sup> South Africa is one of the main investors and is particularly attracted into the insurance industry.<sup>12</sup> Swaziland is ranked 110th out of 189 economies in the World Bank's Ease of Doing Business Index 2014 and ranks at 8th position within the Sub-Saharan Africa region.<sup>13</sup>

### ENDNOTES / SOURCES

1. Key data derived from: UN statistics division – National Accounts Official Country Data, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. World Bank – World Development Indicators.
5. World Bank – Global Economic Prospects.
6. UN statistics division – National Accounts Official Country Data.
7. ITC Trade Map.
8. African Development Bank – African Economic Outlook, Swaziland (2014).
9. WTO, Trade Policy Review, Kingdom of Swaziland (2009).
10. ITU, Country Profile, Swaziland
11. World Travel and Tourism Council - Travel and Tourism, Economic Impact, Swaziland (2014).
12. KPMG Africa Region 2012/2013, Country profile, Swaziland (2014)
13. World Bank Group – Doing Business Index, June 2014.

# Uganda

## KEY SERVICES DATA<sup>1</sup>, 2013

Services<sup>2</sup> share of industry value added 2012: **68%**  
 Services share of employment 2009: **28%**  
 Trade in services<sup>3</sup> contribution to GDP: **23%**  
 Services share of total exports: **45%**  
 Services export composition: **travel (55%), other commercial services (33%), transportation (12%)**  
 Services import composition: **transportation (46%), other commercial services (37%), travel (17%)**  
 Services exports: **US\$ 2.2 billion**  
 Services imports: **US\$ 2.6 billion**  
 Services trade deficit: **US\$ 434 million**

## SERVICES AT A GLANCE

During and after implementation of the Poverty Eradication Action Plan 1997-2007, Uganda experienced impressive growth. Average GDP growth over the last decade was around 7% p.a.<sup>4</sup> and this is expected to be sustained over the next two years.<sup>5</sup> Services accounted for 68% of GDP in value added terms in 2012, followed by agriculture at 23%.<sup>6</sup> Services are also the fastest growing sector with an average annual growth rate of its value added of 8% over the last decade, whereas agriculture value added growth rate was 2% between 2012 and 2013.<sup>4</sup> This has not translated equally into employment. In 2013, less than 16% of the population was employed in services, compared with 72% in agriculture.<sup>7</sup>

In 2013, services trade contributed as much as 23% to GDP, a 13% decrease from 2011.<sup>4</sup>

**Uganda traditionally runs a net services trade deficit, though the deficit has been shrinking since 2011** thanks to an increase in the net trade surplus on travel services and a decrease in the net trade deficit on transport services and financial services. In 2013, Uganda had a trade deficit of US\$ 434 million (see Figure 1).<sup>8</sup>

Travel services accounted for the largest share of services exports in 2013 at 55%, reflecting the importance of tourism. This share is gradually decreasing, as transportation exports pick up. Transport services accounted for the largest share of services imports in 2013 at 46%.<sup>8</sup>

Figure 1. Services trade deficit

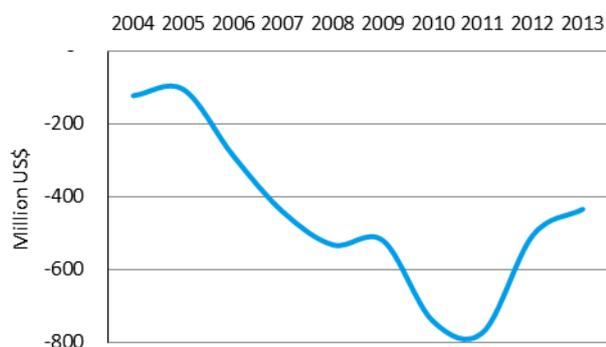
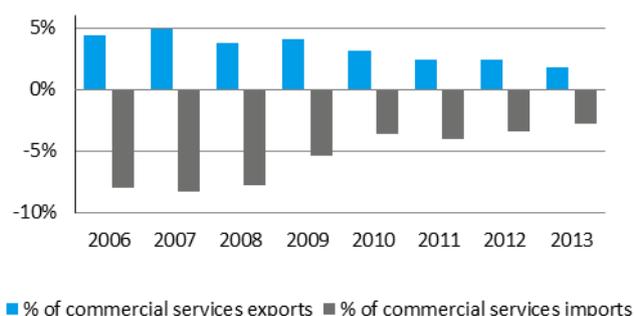


Figure 2. Financial services share in services trade



## SERVICES SUBSECTORS

### Financial services

The sector is relatively well developed and has witnessed exponential growth, especially as a result of the success of services provided via mobile phones since 2009. This success has witnessed a close collaboration between the banking and telecommunications sectors.<sup>9</sup> However, 62% of the

population remains without access to financial services and only 33% of potential bank clients hold bank accounts (this corresponds to 10% of the population).<sup>10</sup> Uganda’s Ministry of Finance, Planning and Economic Development commented in 2014 that ‘there are now more people registered on mobile money in three years than Ugandans with bank accounts in over five decades’.<sup>9</sup>

In 2013, insurance and financial services accounted for 2% of services exports and 3% of services imports (see Figure 2). **Uganda is a net importer of financial services** with a trade deficit of US\$ 35 million.<sup>8</sup>

### Communication services

The average annual growth rate of the communications sector was 26% over the period of 2006 to 2010. The positive performance of the sector can be explained by the increase in FDI inflows to communication services and the increase in the access to ICT services, leading to a rise in consumption and a consequent rise in tax revenues.<sup>11</sup> Mobile phones are more popular than Internet with 44% of the population having subscribed in 2013, compared to only 16 Internet users per 100 inhabitants.<sup>4</sup> Moreover, only 5% of households own a computer and have Internet access at home.<sup>12</sup> Airtel, Orange, I-Tel, MTN Uganda, Warid are the main providers in the mobile market.<sup>11</sup>

**Since 2012, trade in communication services has recorded an increasing net trade deficit, compared with trade surpluses recorded in previous years.** Between 2012 and 2013, the communication services trade deficit almost tripled from US\$ 3 million to US\$ 11.8 million. In 2013, communication services accounted for 1.5% of services exports (see Figure 3).<sup>8</sup>

### Transport services

**Trade in transport services is traditionally in net trade deficit:** in 2013 the trade deficit was US\$ 930 million.<sup>8</sup> The sector is characterized by poor transport infrastructure. Only 33% of roads are paved. However, the sector has been growing gradually. Road, rail and

Figure 3. Communication services share in services trade

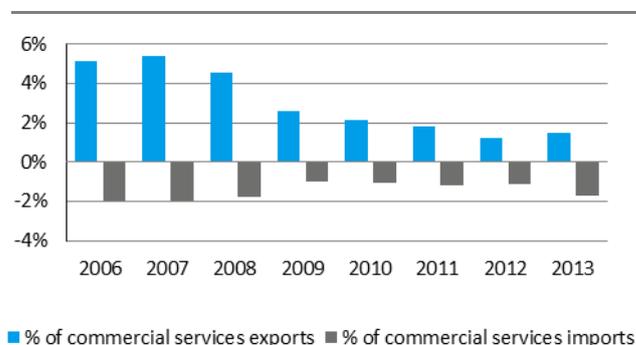


Figure 4. Transport services share in services trade

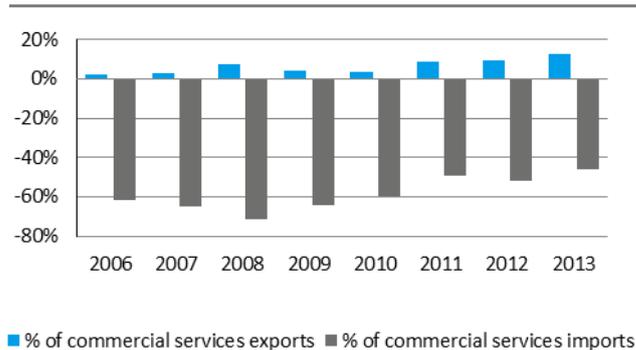
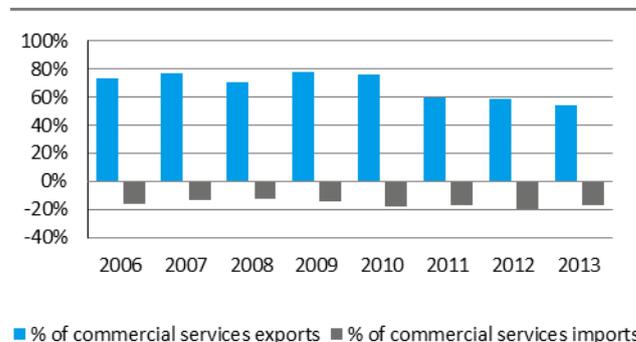


Figure 5. Travel services share in services trade



water transport recorded annual average growth of 6% over 2006-2011 and air transport and auxiliary services grew by 7% over the same period.<sup>11</sup>

Transport services share of services exports has increased to reach 12.5% in 2013. Transport services accounted for the largest share of services imports in 2013 at 46% (see Figure 4).<sup>8</sup>

### Tourism

Tourism is the major foreign exchange earner.<sup>11</sup> In 2012, visitor expenditure generated 22.3% of total export earnings. The number of tourist arrivals has been increasing progressively. In 2012, the country welcomed over 1.2 billion international arrivals, up from 536 million in 2008.<sup>4</sup> The biggest number of tourists, as many as 70%, came from Africa (mainly from Kenya, Rwanda and Tanzania). European tourists accounted for 12%, followed by Americans and Asians.<sup>11</sup>

Travel services accounted for the largest part of services exports in 2013 at US\$ 1.2 billion (55% of services exports). **Trade in travel services is traditionally in surplus: in 2013, Uganda had a travel services trade surplus of US\$ 747 million** (see Figure 5).<sup>8</sup>

### FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI have been increasing since the 90s. In 2013 FDI amounted to US\$ 1.1 billion, accounting for 5% of GDP.<sup>4</sup>

The sectors receiving the most investment are mining, manufacturing and financial services. The main sources of FDI are Australia (34.5%) and the the United Kingdom of Great Britain and Northern Ireland (17%). Additional inflows of FDI come from African countries, Mauritius (9%) and Kenya (15%) being at the top of the list.<sup>9</sup>

Uganda ranks 150<sup>th</sup> out of 189 economies in the 2014 World Bank Ease of Doing Business index.<sup>13</sup>

### ENDNOTES / SOURCES

1. The services percentage of industry value added includes construction and utilities.
2. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
3. Key data derived from: UN statistics division – National Accounts Official Country Data, ILO - Key Indicators of the Labour Market (KILM), WTO Trade Profile, ITC Trade Map.
4. World Bank - World Development Indicators.
5. World Bank – Global Economic Prospects.
6. UN statistics division – National Accounts Official Country Data.
7. International Labour Organization - ILOSTAT - Uganda National Household Survey (2013).
8. ITC Trade Map.
9. UNCTAD Services Policy Review, Uganda (2014).
10. African Development Bank - African Economic Outlook, Uganda (2014).
11. WTO Secretariat, Trade Policy Review (TPR), Uganda (2012).
12. ITU, Country Profile, Uganda (2013).
13. World Bank Group – Doing Business Index (June 2014).

# Zambia

## KEY SERVICES DATA<sup>1</sup>, 2012

Services<sup>2</sup> share of industry value added 2013: **72%**  
 Services share of employment: **37.5%**  
 Trade in services<sup>3</sup> contribution to GDP: **8%**  
 Services share of exports: **5%**  
 Services export breakdown: **transportation (52%), travel (33%), other commercial services (15%)**  
 Services import breakdown: **transportation (61%), other commercial services (32%), travel (7%)**  
 Services exports: **US\$ 467 million**  
 Services imports: **US\$ 1.2 billion**  
 Services trade deficit: **US\$ 739 million**

## SERVICES AT A GLANCE

Since 2000, GDP growth has been stable at an average rate of 5.7% p.a.<sup>4</sup> and is expected to increase to 6.5% for 2016.<sup>5</sup> Although the economy has been based historically on the copper mining industry<sup>6</sup>, the services sector is dominant, accounting for 69% of the gross value added in 2013.<sup>7</sup> However, agriculture employs the majority of workforce (56%) followed by services at 37.5%.<sup>8</sup>

Services exports, at US\$ 467 million in 2012, have accounted for roughly 5% of total exports in the past few years. Transportation accounts for the largest share of both services exports (52% in 2012) and imports (61%) and these shares are increasing. In particular, over the 10 years to 2013, the export composition has shifted dramatically towards transport services with travel services becoming less important.<sup>9</sup>

The services trade deficit has been increasing since 2009 to reach US\$ 739 million in 2012 (see Figure 1). It is mostly generated by a net transport services trade deficit, which in 2012 accounted for 67% of the services trade deficit and by a net trade deficit on financial services which has also been increasing.<sup>9</sup>

## SERVICES SUBSECTORS

### Financial services

The financial sector is among the fastest growing in the economy at a growth rate of 12% p.a.. and in the short term it is expected to expand further although at a slower pace. There remains a gap in financial services access between rural and urban areas. The former is characterized by limited financial intermediation whereas the latter is witnessing an expansion of the banking network with increasing availability of ATMs.<sup>10</sup> There are some mobile money services providers such as Celpay and Mobile Transactions (MT). An AudienceScapes<sup>11</sup> survey conducted in April 2010 showed that the majority of mobile money users already have bank accounts, have at least some

Figure 1. Services trade deficit

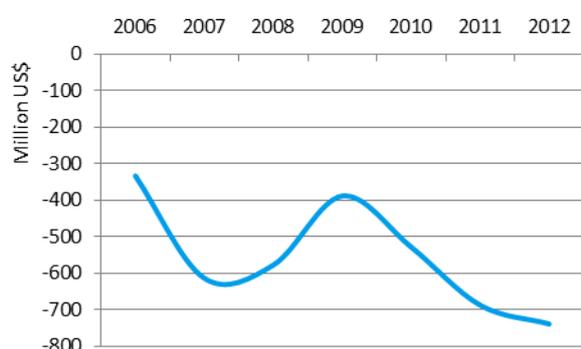
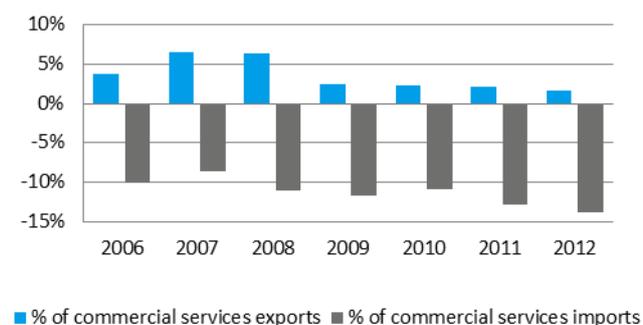


Figure 2. Financial services share in services trade



secondary education and live in urban areas in high-income households.<sup>12</sup>

**There is a small net trade deficit in financial services which has been increasing** to reach US\$159 million in 2012. Insurance and financial services share in services imports has been increasing, accounting for 14% in 2012 (see Figure 2).<sup>9</sup>

### Communication services

Communications have been among the most significant GDP growth drivers and they are expected to remain robust in the medium term.<sup>10</sup> Within the communications industry, mobile communication services is the leading subsector. In 2013 there were 71.5 mobile-cellular subscriptions per 100 inhabitants compared with only 0.8 fixed-telephone subscriptions.<sup>13</sup> This was a substantial increase from the 41 mobile phone subscriptions per 100 inhabitants in 2010.<sup>4</sup> Slightly less than half of the market is dominated by the mobile network operator Bharti Airtel, whereas the South African MTN provider (with a similarly high market share of 40%) is the fastest growing. Zambia recently accessed the international submarine fibre optic cables, thus gaining significant benefits including an increase in broadband penetration.<sup>14</sup> In 2012, there were 33 secure Internet servers, up from 21 in 2011 (a 57% increase) and 15 Internet users per 100 inhabitants.<sup>4</sup>

**Trade in communication services is traditionally in net surplus.** In 2012, communication services accounted for 6% of services exports and the share is decreasing (see Figure 3).<sup>9</sup>

### Transport services

Although the transport sector is characterized by poor infrastructure and high transport costs, transportation is nevertheless central to Zambia's economic performance.<sup>10</sup> Through the railway network, the landlocked country is connected to regional ports in Mozambique, Zimbabwe and South Africa. The rail network is operated by Tanzania Zambia Railway

Figure 3. Communication services share in services trade

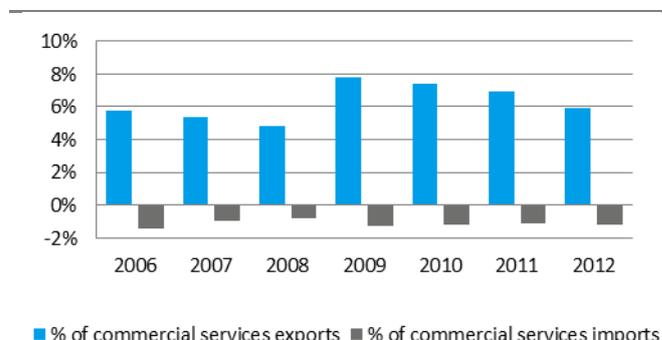


Figure 4. Transport services share in services trade

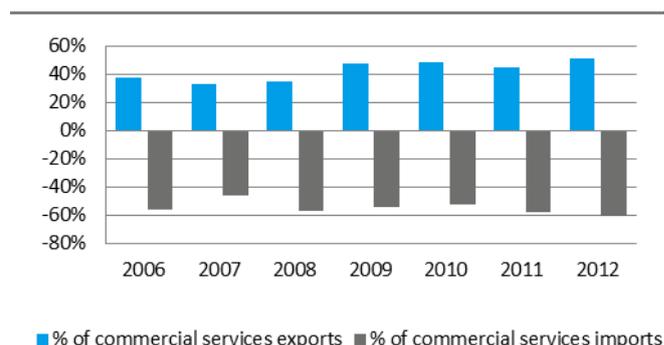
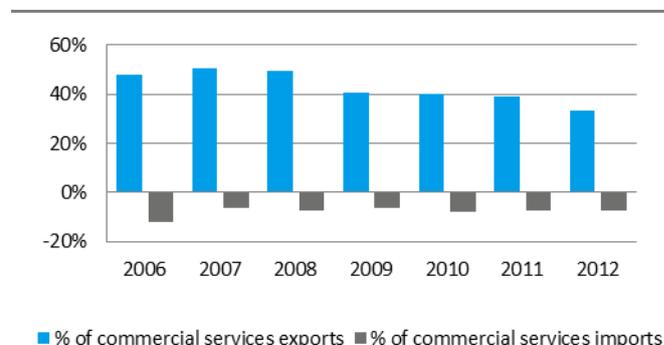


Figure 5. Travel services share in services trade



(Tazara) and Zambia Railways Limited. The road network was badly damaged by the strong rain season in 2006 and 2007 but is slowly rebuilding thanks to investments from donors and the National Roads Board. There are currently 15 private airlines in operation since Zambia Airways collapsed in 1994.<sup>14</sup>

Transportation accounts for the largest share of both services imports (US\$ 735 million or 61%) and exports (US\$ 241 million or 52%) (see Figure 4). Freight transport is the main transportation mode that Zambia exports. **Trade is traditionally in net deficit** (US\$ 494 million in 2012, generating 67% of the overall services trade deficit).<sup>9</sup>

### Tourism

Zambia is a unique tourism destination. The country benefits from a warm climate and offers wilderness experiences such as a bath on top of the renowned Victoria Falls. In general international tourist arrivals have been increasing over the last decade although between 2011 and 2012 there was a 7% decline to 859,000 international tourists.<sup>4</sup> The industry directly supported 23,300 jobs and this figure is expected to rise. The market is almost equally divided between leisure travel (51%) and business travel (49%).<sup>15</sup> The largest share of travel spending is still generated by domestic travellers (72%).

**Zambia is traditionally a net exporter of travel services,** with a trade surplus of US\$ 69 million. Travel services accounted for 33% of services exports, the second largest share of services exports after transportation (see Figure 5).<sup>9</sup>

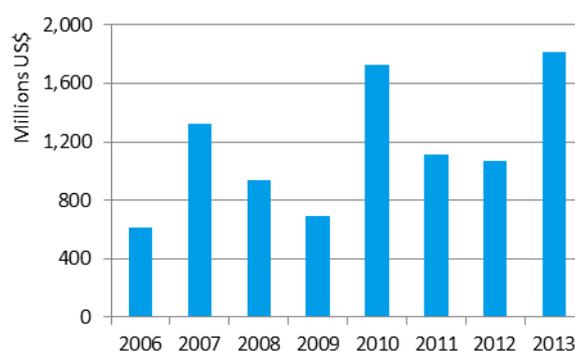
### FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI have seen an increase since 2006 but have taken an irregular path (see Figure 6). FDI almost doubled between 2012 and 2013 hitting US\$ 1.8 billion in 2013.<sup>4</sup>

In 2013, there was a rise in capital expenditure and in the number of recorded projects, but the number of investing companies remained the same as 2012, at 18.<sup>16</sup> The leading investors are non-African (China, Canada, Switzerland, India, Australia, the United Kingdom of Great Britain and Northern Ireland and others).<sup>17</sup> The mining sector is still the single most important recipient of FDI although growth of FDI directed to the sector is slowing down compared to services.<sup>10</sup>

Zambia ranks 111<sup>th</sup> of 189 economies in the World Bank Ease of Doing Business index of June 2014.<sup>18</sup>

Figure 6. FDI net inflows



---

## ENDNOTES / SOURCES

---

1. Key data derived from: UN statistics division – National Accounts Official Country Data, ILOSTAT - LFS - Labour Force Survey, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. World Bank - World Development Indicators.
5. World Bank – Global Economic Prospects.
6. UN Comtrade and UN ServiceTrade.
7. UN statistics division – National Accounts Official Country Data.
8. ILOSTAT - LFS - Labour Force Survey.
9. ITC Trade Map.
10. African Development Bank - African Economic Outlook, Zambia (2014).
11. AudienceScapes is an online tool and research program providing essential media use and communication information on developing countries from a bottom-up perspective, based on in-depth analysis by the AudienceScapes research team. AudienceScapes Project was conceived by InterMedia, a non-profit research, evaluation, and consulting organization, specializing in transitional and developing societies. InterMedia serves a variety of government, NGO and private sector clients in more than 80 countries.
12. InterMedia Knowledge Center – AudienceScapes - Development Research Series, 'Mobile Communications in Zambia. A demand-side analysis based on the AudienceScapes Survey' (2010).
13. ITU, Country Profile, Zambia (2013).
14. KPMG Africa Region 2012/2013, Country profile, Zambia (2014).
15. World Travel and Tourism Council - Travel and Tourism, Economic Impact, Zambia (2014).
16. Jonathan Porter (2014), 'Zambian FDI inflows increase in 2013', fDi Intelligence Magazine. Available online: <http://www.fdiintelligence.com/Trend-Tracker/Zambian-FDI-inflows-increase-in-2013>
17. COMESA Regional Investment Agency.
18. World Bank Group – Doing Business Index, June 2014.

# Zimbabwe

## KEY SERVICES DATA<sup>1</sup>, 2012

Services<sup>2</sup> share of industry value added 2013: **65%**  
 Employment in services 2011: **29%**  
 Trade in services<sup>3</sup> contribution to GDP: **11%**  
 Services share of total exports: **8%**  
 Services export breakdown: **travel (50%), transportation (41%), other commercial services (9%)**  
 Services import breakdown: **transportation (79%), other commercial services (15%), travel (6%)**  
 Services exports: **US\$ 963 million**  
 Services imports: **US\$ 359 million**  
 Services trade deficit: **US\$ 604 million**

## SERVICES AT A GLANCE

Between 2000 and 2009, negative GDP growth rates were registered, driven by, among others, the involvement in the Democratic Republic of the Congo war between 1998 and 2002. After 2009, GDP growth rates averaged 9% p.a. before dropping sharply again to 2% p.a. in 2013, seven times less than the 2011 growth rate.<sup>4</sup>

In value-added terms, services are the main contributor to GDP. The sector traditionally accounts for more than 50% of GDP and in 2013 it accounted for 65%. Since 2006, services value added annual growth rate has been higher than manufacturing and agriculture (see Figure 1).<sup>4</sup> However, agriculture is the main employer: the latest registered agriculture sector share of the employment was 66% in 2011.<sup>5</sup>

The evolution of services imports and exports tended to be irregular until 2009 when a more definite path can be identified. Between 2009 and 2011 both services imports and exports steadily increased with imports being larger and growing faster than exports thus generating an increasing **services trade deficit**. The average annual growth rate was 31% for services imports and 17% for services exports. Thereafter, between 2011 and 2012, imports decreased and the services trade deficit started decreasing since exports remained steady. The services share of exports is following a downward path: between 2009 and 2013 it decreased from 10% to 8%.<sup>6</sup>

The main services exports are travel services (a proxy for tourism) accounting for around 50% of services exports since 2004, followed by transportation. On the import side, transportation is dominant at 79% of services imports in 2012. The transport services share of services imports have been over 65% since 2002.<sup>6</sup>

## SERVICES SUBSECTORS

### Financial services

Given the underperforming economy and declining

Figure 1. Trends in value added growth rates

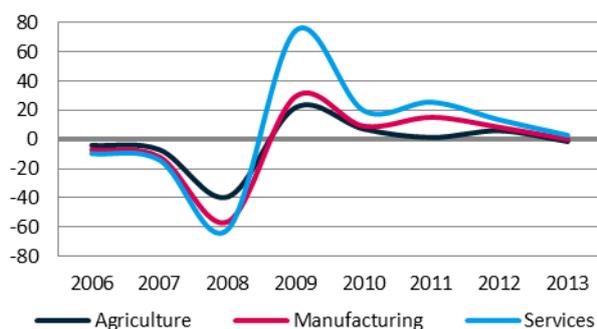
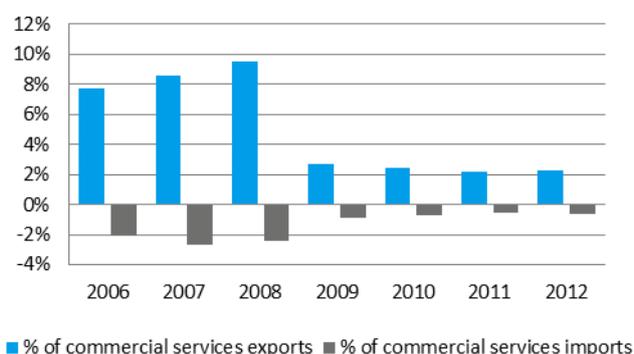


Figure 2. Financial services share in services trade



economic indicators over the past decade, the financial sector situation was regarded as grave by the IMF in 2009. Since 2010, the sector has been recovering. Zimbabwe boasts a rather developed infrastructure for financial and banking services, following South Africa with respect to financial services skills in the region. The Stock Exchange is one of the leading stock markets in Africa.<sup>7</sup>

**Trade in insurance and financial services is in surplus.** Before 2008, the trade surplus averaged US\$ 10 million. After 2008 only data on insurance services are available. Figure 2 shows the insurance and financial services trade surplus until 2008 and the insurance services trade surplus from 2009 onwards. The latter was US\$ 1.5 million in 2009 and has hovered around this level thereafter.<sup>6</sup>

### Communication services

Since 2000 there has been a dramatic increase in mobile cellular subscriptions. Between 2007 and 2012 the number grew almost tenfold from 10 mobile cellular subscriptions per 100 inhabitants in 2007 to 96 in 2012. The rate of telephone lines per 100 inhabitants has averaged 2% since the end of the 1990s.<sup>4</sup> There are currently three main mobile operators in the market, namely Econet, Net One and Telecel. All of them provide for 2G, 3G, GPRS and Enhanced Data GSM Environment (EDGE) services. All providers use their own network, resulting in a fragmented market and increased price of services.<sup>7</sup>

Internet penetration is considerably less than for mobile phones. In 2013 there were 19 Internet users per 100 inhabitants: this was already a 60% increase from 2009. Less than one fixed broadband Internet subscriber per 100 inhabitants and three secure Internet servers per 1 million people were recorded in 2013.<sup>4</sup> In the same year, 7% of households were recorded as owning a computer and 5% had Internet access at home.<sup>8</sup>

**Trade in communication services is in deficit.** Communication services have accounted for 1% of

Figure 3. Communication services share in services trade

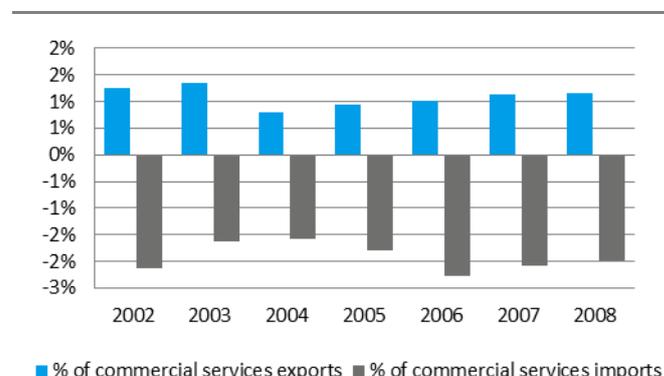


Figure 4. Transport services share in services trade

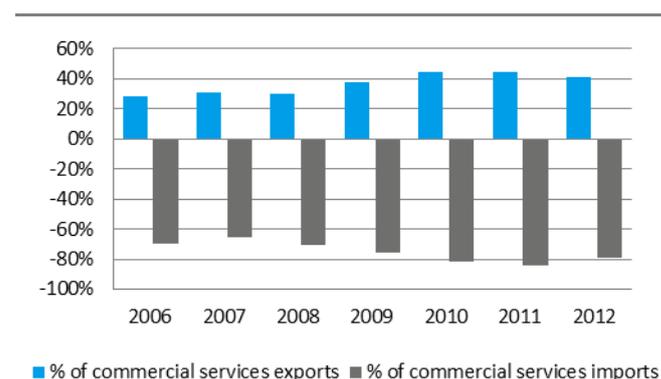
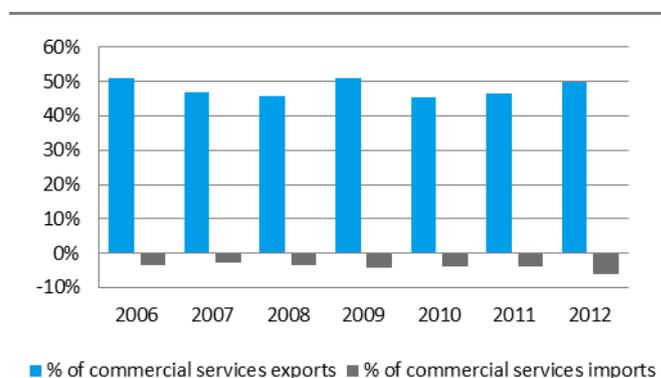


Figure 5. Travel services share in services trade



services exports and 2% of services imports since 2000.<sup>6</sup>

### Transport services

Transportation dominates services imports with a share of services imports over 65% since 2002. In 2012 the share was 79%.<sup>6</sup>

Infrastructure remains underdeveloped. The Government's indigenization policy as well as the Fast Track Land Reform Programme undermine the business environment and discourage international investment. However, more private participation in the sector has been increasingly enabled. This has had a positive effect on development and the quality of infrastructure for transport services.<sup>7</sup>

Road transport plays an important role in distribution of imports and exports as well as transit of freight, especially along the Pan-Africa Highway. National Railways of Zimbabwe (NRZ), however, also has a central role in regional trade as Zimbabwe serves as a transit hub thanks to its favourable location between Zambia, Botswana, South Africa and Mozambique. Moreover, Zimbabwe ranks among the leading countries in the region for usage of computerized customs clearance systems.<sup>7</sup>

**Zimbabwe is a net importer of transport services.** The trade deficit gradually increased until 2011 reaching US\$ 808 million. In 2012 it fell to US\$ 618 million, given a decrease in imports and a progressive increase in exports (see Figure 4).<sup>6</sup>

### Tourism

Tourism is not only one of the most important economic drivers, but also an essential source of employment, embodying much potential for poverty reduction. Travel services have been around 50% of total services exports since 2004 whereas travel services share in services imports is traditionally less than 5% (see Figure 5). In 2012 the **trade surplus on travel services** was US\$ 119 million.<sup>6</sup>

In 2013, the tourism industry generated 8% of total employment and contributed 11% of GDP.<sup>9</sup> The sector's contribution to GDP has been on the rise since 2009, and is forecast to contribute 15% to GDP in 2015.<sup>7</sup>

### FOREIGN DIRECT INVESTMENT (FDI)

Despite the devastating effect of political and economic struggles on investment inflows just over a decade ago, in more recent years FDI inflows have been increasing. In particular, FDI net inflows more than doubled from US\$ 166 million to US\$ 400 million between 2010 and 2011.<sup>4</sup>

The main inflows of FDI originate from China, South Africa and Mauritius<sup>10</sup>, with China constituting more than 50% of the proposed projects.<sup>11</sup> The sectors attracting most investment have been mining, construction and manufacturing. Inflows to tourism, transport and other commercial services sectors have also been significant.<sup>7</sup>

Zimbabwe has potential for successfully attracting FDI but the high cost of doing business is a major deterrent.<sup>11</sup> The World Bank ranked Zimbabwe 171st out of 189 economies in the Ease of Doing Business Index 2014.<sup>12</sup>

### ENDNOTES / SOURCES

1. Key data derived from: UN statistics division – National Accounts Official Country Data, ILOSTAT – LFS – Labour Force Survey, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. World Bank - World Development Indicators.
5. ILOSTAT – LFS – Labour Force Survey.
6. ITC Trade Map.
7. WTO Secretariat, Trade Policy Review, Zimbabwe.
8. ITU, Country Profile, Zimbabwe (2013).
9. World Travel and Tourism Council. Travel and Tourism, Economic Impact, Zimbabwe (2014).
10. Zimbabwe Investment Authority, FDI in Zimbabwe.
11. African Development Bank - African Economic Outlook, Zimbabwe (2014).
12. World Bank Group – Doing Business Index, June 2014.

## Chapter 3 Private sector participation: the state of business associations

Across the region, the state of COMESA business associations is varied and complex as there are significant differences in membership models, financial models and activities. Each country hosts a prominent business member's organization or Chamber of Commerce that acts as an umbrella organization, consisting of goods and services industries, from both associations and companies. However, in some countries like Uganda and Kenya, sectoral services associations do exist (for example, Uganda Bankers Association (UBA), Uganda Transporters Association, Kenya Bankers Association (KBA), and Kenya Tourism Board, depending on their relative demand and the set-up by the membership themselves. In view of the above, most of these umbrella associations or chambers will also cater for other sectors.

For the purpose of this paper, we shall focus on sectoral associations within tourism, transport and financial services (bankers and insurers).

### 1. Background

Recognized as the implementer and driver behind integration processes, the private sector plays an interesting role within the SSF region, not only insofar as their contribution to financial capital, or business and entrepreneurial know-how. Therefore, it should be accorded a central role in regional integration processes.

Business associations engage in a broad range of activities, fulfilling several functions: from acting as the voice of the private sector to advocating increased action, or being a facilitator of capacity-building and business development programmes. Most of them, however, spend the largest proportion of their time and effort supporting member companies to lobby and advocating for a more favourable policy environment. The form of this support ranges from developing country-specific toolkits to implementing tailored employee training programmes.

In terms of how private sector associations are choosing to engage businesses, we observe two schools of thought:

- Sector-based models, which serve any business within the sector which pays membership fees and usually have statutory backing like the bankers' associations; and
- National non-sector-specific membership-based models, which charge membership fees, either as a flat fee or based on company size/service provision.

While the 'serve-all businesses' associations typically reach more firms, the degree of support provided remains unclear, compared to the support provided to businesses that belong to a sector-based membership association. Linked to this question is the financial sustainability of coalitions. One of the most important challenges reported by coalitions, membership-based or not, is the heavy reliance on unpredictable funding. While membership fees – and in some cases income generating activities – typically bring in some revenue, all associations remain quite dependent on donor funding to cover the majority of their programme costs. This funding is typically short-term and difficult to renew, which makes it difficult for associations to engage in long-term planning or implement programmes with longer time horizons with any degree of certainty.

In addition, associations typically struggle to meet member services demand, meaning that their staff is overstretched. Established sector business associations typically have between 30 and 200 members. Membership could be larger in countries like Sudan, Kenya and Ethiopia, where business associations often represent mostly large multinationals or parastatals, which typically are responsible for between 20% and 50% of the total formal economy. However, most associations only employ between three and seven people, making it entirely unrealistic to consider serving the full private sector. Linked to these capacity

challenges is the lack of key skills in associations, of which programme management and strategic marketing skills were most consistently identified.

Business associations in COMESA require better programme management skills in order to help them plan and execute their activities efficiently and enable them to bring more value to the private sector. Better strategic marketing skills are required, both to help attract new members and to help them sell themselves better to international partners and secure donor funding. With respect to scaling up the private sector capacity development programmes, associations face a particularly difficult challenge in engaging SMEs. While large companies have the resources to invest in comprehensive regional integration programmes – and tend to be the most active – SMEs remain largely unresponsive to regional integration. For regional cooperation, SMEs are harder to convince and require greater support than large companies when they do become active. They are, however, a critical sector to activate, particularly in SSF, where some countries report that SMEs employ up to 80% of the formal economy's workers.

Due to the history of most national apex associations or chambers of commerce, the membership strength mostly focuses on the traditional manufacturing and agriculture sectors with limited focus on services industries.

Furthermore, private sector associations often operate in complex political environments, sometimes involving multiple business coalitions in one country. Such situations have led to duplication of work and inefficiencies.

Business associations in the services sector have a greater role to play in fostering regional integration through representing their member's interests, especially as the COMESA integration continues to deepen. Moreover, from the survey it is perceived that the CBC is the most legitimate platform to represent the interests of the private sector in the context of trade in services. However, other organizations with a sectoral focus such as East African Bankers Association or the East African Communications Organization are well placed to play a significant role in developing regional services coalitions within the region.

The COMESA Business Council is a member-based private sector institution of the COMESA. Established in 2003, the CBC has the key role and mandate, as per the COMESA treaty, to represent the private sector as a key policy and advocacy platform, with the purpose of influencing policy at the highest level of decision making within the COMESA region.

The CBC represents the Consultative Committee of the Business Community and other interested parties as authorized by the COMESA Treaty. Chapters 23 and 24 of the COMESA Treaty mandated member states to develop their private sectors by enhancing the visibility and participation of women in business and policy dialogue. CBC's advocacy position is further solidified as per the constitutional agreements to take part in the meetings of the Technical Committees and make recommendations to the Intergovernmental Committee.

At the national level, it has been recognized that every country has a different experience of organized business. There has been a proliferation of organized bodies in every country and a broad range of various business organizations. National business organizations often do not come together due to different competing agendas. In some countries a strong apex body has evolved at the national level e.g. Zambia Association of Chambers of Commerce and Industry (ZACCI), Kenya Private Sector Alliance (KEPSA) and Rwanda Private Sector Federation (PSF). Every business organization has problems of sustainability and resources. The membership often seeks value-driven services. Ultimately, there is need for a balance to ensure adequate representation of both smaller and larger enterprises, irrespective of monetary contributions.

## **2. Sectoral associations: tourism, transporters, bankers, insurers**

What follows an in-depth analysis of private sector associations which represent the stakeholders in the four sectors of tourism, transport, banking and insurance. Tables 1 to 4 provide a list of business associations in each sector per COMESA country.

## 2.1. National associations

### 2.1.1. Tourism services sector

The tourism sector is one of the priority sectors identified by the COMESA Treaty. Similarly, there are a number of private sector associations representing the tourism stakeholders at national and regional levels in COMESA. These include: tour operator's associations, tourism associations, hotel associations and others. One key factor to note in the case of tourism associations and councils is that some of the associations are public–private institutions. At the regional level, associations include the East Africa Tourism Platform, Southern Africa Tourism Services Association and Regional Tourism Organization of Southern Africa.

In 2013, CBC in partnership with COMESA held the first COMESA Sustainable Tourism Forum, which established the CBC Tourism workgroup. The role of the workgroup is to lobby and advocate in the interest of the private sector in the policy–making process at COMESA, at the national level and regional level, and ensure increased policy dialogue between public and private sector. The COMESA Sustainable Tourism Forum also developed a key regional framework and information manual on the status of tourism in COMESA countries, as well as key areas of intervention to improve the competitiveness of the industry at a national and transborder level.

**Table 1. Tourism industry representation per country**

Country	Association	Focus area
Burundi <a href="http://www.burundi-tourism.com/">http://www.burundi-tourism.com/</a>	Burundi National Tourism Office	Burundi National Tourism Office is a national body working with both the public and private sectors in Burundi to help re–brand the country as a favourable tourism and investment destination.
Comoros	The National Directorate of Tourism	The National Directorate of Tourism is a national body, created to improve the tourism sector of Comoros by providing access to information about the country and what it has to offer.
Democratic Republic of the Congo	DRC National Tourism Office	The Ministry of Tourism has been set up to promote tourism in the safe parts of the country. The tourism sector is not so strong, due to the instability of the political scene in the country.
Djibouti <a href="http://www.visitdjibouti.dj/">www.visitdjibouti.dj/</a>	Djibouti National Tourism Office	The Djibouti National Tourism Office provides information on places to visit in Djibouti and activities to get engaged in. It was created to improve the tourism sector in the country.
Egypt <a href="http://www.egypt.travel/">http://www.egypt.travel/</a>	Egypt Tourism Authority	Egypt Tourism Authority is a national body that provides all necessary information about visas, getting around, sites to visit and useful contact details to tourists.
Eritrea <a href="http://www.eritrea.be/MoT.htm">http://www.eritrea.be/MoT.htm</a>	Ministry of Tourism	Eritrea Ministry of Tourism is a national body that provides all necessary information about visas, climate, economy and attractions to visit.
Ethiopia <a href="http://www.moct.gov.et">http://www.moct.gov.et</a>	Ministry of Culture and Tourism	The Ethiopian Ministry of Culture and Tourism is the part of the government of Ethiopia responsible for developing and promoting the tourist products of Ethiopia, both inside the country and internationally. In doing so the Ministry closely works together with different national and international

		<p>stakeholders.</p> <p>It publicizes the country's resources of tourist attractions and encourages the development of tourist facilities. It also licenses and supervises establishments of tourist facilities such as hotels and tour operators, and sets the standards for them.</p>
<p>Kenya</p> <p><a href="http://ktb.go.ke/">http://ktb.go.ke/</a></p>	<p>Kenya Tourism Board</p>	<p>The Kenya Tourism Board presents Kenya at local, national, regional and international levels as a premier tourist destination. It identifies tourism market needs and trends, it advises tourism stakeholders accordingly, and performs any other related functions.</p>
<p>Madagascar</p> <p><a href="http://www.madagascar-tourisme.com">http://www.madagascar-tourisme.com</a></p>	<p>Madagascar National Tourism Board (ONTM)</p>	<p>ONTM is a private organization acknowledged by the State and created in 2003. It includes all professions, regions and tourist operators and also has a representative of the Ministry of Tourism on its board of directors. Since 2008, ONTM represents the private sector and acts as a platform for dialogue between the public and private sphere. Its other functions are mainly to: promote the destination, identify training needs of the tourism sector and seek the necessary funding for development projects.</p>
<p>Malawi</p> <p><a href="http://www.malawi-tourism-association.org.mw">http://www.malawi-tourism-association.org.mw</a></p>	<p>Malawi Tourism Association</p>	<p>The Malawi Tourism Association aims to:</p> <ul style="list-style-type: none"> <li>• Cooperate with and make representation to government departments and any other agency on matters affecting the interests of members.</li> <li>• Encourage and promote the education and training of potential and existing employees in the industry, with the objective of maintaining and improving the standards of service in the industry.</li> <li>• Pursue any other course of action deemed by the Executive Committee to be in the interests of the members.</li> </ul>
<p>Mauritius</p> <p><a href="http://www.tourism-mauritius.mu">www.tourism-mauritius.mu</a></p>	<p>Mauritius Tourism Promotion Authority (MTPA)</p>	<p>MTPA is a statutory board under the Ministry of Tourism and Leisure of Mauritius established in 1996 by the MTPA Act. The task of the MTPA is to:</p> <ul style="list-style-type: none"> <li>• Promote the country's tourism industry; Provide information to tourists on facilities, infrastructures and services;</li> <li>• Initiate action to promote cooperation with other tourism agencies; and</li> <li>• Conduct research into market trends and market opportunities and disseminate such information and other relevant statistical data on Mauritius.</li> </ul>
<p>Rwanda</p> <p><a href="http://www.psf.org.rw/chambers/chamber-of-tourism">http://www.psf.org.rw/chambers/chamber-of-tourism</a></p>	<p>Rwanda Tourism Chamber</p>	<p>Rwanda Tourism Chamber is one of the nine professional chambers that currently exist under the umbrella of the PSF. The Chamber is committed to promote and represent the interests of players in the tourism sector in Rwanda. A programme was developed whereby hotels, restaurants, bars and other entertainment centres are encouraged to promote Rwandan culture. Events and</p>

		activities such as traditional dances, music, poetry and sales of art and crafts are particularly popular.
Seychelles <a href="http://www.seychelles.travel/">www.seychelles.travel/</a>	Seychelles Tourism Board	The Seychelles Tourism Board aims to: <ul style="list-style-type: none"> <li>• Develop and maintain an authentic, dynamic and sustainable tourism product at home, reflecting the importance of Seychelles tourism industry in its economy and in the standard of living of its population.</li> <li>• Promote the gradual expansion and enhancement of existing tourism infrastructure to provide additional activities for visitors with increased revenue potential and appeal across a broader spectrum of markets.</li> </ul>
Sudan <a href="http://www.sudan-tourism.gov.sd/">http://www.sudan-tourism.gov.sd/</a>	Ministry of Tourism, Antiquities and Wildlife	The Ministry of Tourism, Antiquities and Wildlife is a government body that provides all necessary information for tourists. It was created to improve tourism and boost the economy.
Swaziland <a href="http://www.atta.travel/member/2591/swaziland-tourism-authority">http://www.atta.travel/member/2591/swaziland-tourism-authority</a>	Swaziland Tourism Authority	The Swaziland Tourism Authority is a body created to: <ul style="list-style-type: none"> <li>• Advise government and stakeholders on tourism trends, activities and all matters relating to tourism development;</li> <li>• Liaise with government ministries, departments, local authorities, or other statutory bodies in order to achieve the objectives of the National Tourism Policy;</li> <li>• Provide advice and facilitate interaction with any bodies officially mandated with promoting local and foreign investment in Swaziland; and</li> <li>• Identify and encourage expansion and new investment by the existing tourism industry in Swaziland.</li> </ul>
Uganda <a href="http://tourism.go.ug/">http://tourism.go.ug/</a>	Uganda Tourism Board	The Uganda Tourism Board is a statutory organization whose mandate is to: <ul style="list-style-type: none"> <li>• Increase the quality and volume of tourist arrivals and their expenditures;</li> <li>• Improve the marketing and promotion of Uganda as a tourist destination;</li> <li>• Provide accurate and timely information services on the country's tourist attractions and facilities;</li> <li>• Strengthen its capacity for tourism planning, research and marketing;</li> <li>• Improve and diversify in consultation with stakeholders' tourist products; and</li> <li>• Enhance and strengthen competitiveness of the private sector in the tourism industry.</li> </ul>
Zambia <a href="http://www.zambiatourism.com/">http://www.zambiatourism.com/</a>	Zambia Tourism Board	The Zambia Tourism Board was established in 2007 through Parliament Act 24 with a mandate to promote and market Zambia as a tourist destination within and outside Zambia. The Board provides maps and information

		about travel, lodging, tours and safaris, culture and history, wildlife, game reserves and Victoria Falls.
Zimbabwe <a href="http://www.zimbabwetourism.net">http://www.zimbabwetourism.net</a>	Zimbabwe Tourism Authority	The Zimbabwe Tourism Authority provides information on the country and its local attractions, including an events calendar and directory.

### 2.1.2. Transport services sector

Transport and logistics services are a critical component of economic development and the competitiveness of industries. While COMESA has designed and implemented regional and international trade facilitation instruments to ease transport and facilitate trade in the region, with organizations such as COMESA Yellow Card, Regional Customs Bond, Carrier License, Harmonized Axle Load and Virtual Trade Facilitation System, there is still a lot to be done to create a seamless mechanism that can respond to the needs of business in terms of cost, efficiency and reducing time loss in transport logistics. Transport services in most COMESA member states remained highly regulated.

There are various private sector associations in the transport sector covering freight forwarders and logistics, railway associations and transporters' associations in most of the COMESA member countries. Most of the national associations feed into the regional associations:

- The Southern African Railways Association (SARA)

SARA, formed in 1996, is a regional association of railways in the Southern African Development Community (SADC) region together with some of their associates (customers, suppliers and other interested organizations). Its vision is to be the leader in the promotion of trade, movement of goods and passengers, social and economic growth in the SADC region and Africa as a whole.

- The Federation of East and Southern African Road Transport Associations (FESARTA)

FESARTA is a regional road transport association that operates in East and Southern Africa. Its core membership is comprised of National Road Transport Associations (NRTAs). Its vision is to achieve wide recognition of the value of the road transport industry to the East and Southern African region and to enhance its efficiency and competitiveness through the NRTAs.

- Federation of East African Freight Forwarders Associations (FEAFFA)

FEAFFA is a private sector apex body of freight forwarders' associations in the Eastern Africa region that was established in 2006. Its vision is to be the model professional association and authority in freight logistics.

**Table 2. Transporters industry representation per country**

Country	Association	Focus area
Burundi	Association Burundaise des Agences en Douane et Transitaires (ABADT)	ABADT is an association created to provide a voice to the transport sector in Burundi, through advocacy and professional services.
Democratic Republic of the Congo <a href="http://www.gecotrans.com/">http://www.gecotrans.com/</a>	GECOTRANS	GECOTRANS is a transporters company linking the country to the rest of Africa.
Egypt <a href="http://www.eiffa.org">http://www.eiffa.org</a>	Egyptian International Freight Forwarding Association (EIFFA)	EIFFA is the official organization dedicated to enhance, support and lead this field to a successful and prosperous future. EIFFA is the only and the official representative of International Federation of Freight Forwarders Association (FIATA) in Egypt. FIATA is the largest NGO based in Zurich, Switzerland, to

		represent the freight forwarding industry to authorities, governmental organizations, and private international organizations in the field of transport.
Ethiopia <a href="http://www.effsaa.org/">http://www.effsaa.org/</a>	Ethiopian Freight Forwarders and Shipping Agents Association (EFFSAA)	EFFSAA was established with the aim of joining forces between freight forwarders and shipping agents in Ethiopia. It is currently working for better communication among the different stakeholders.
Kenya <a href="http://www.kta.co.ke/">http://www.kta.co.ke/</a>	Kenya Transporters Association (KTA)	KTA is a business association of road transporters whose broad objective is to give a common voice for its members facing business constraints, while also to contribute towards the realization of a safe, reliable, efficient, professional and environmentally friendly road freight industry in Kenya.
Malawi	Road Transport Operators Association	Malawi Road Transport Operators Association is a leading national industry association. It represents road freight operators: from owner-drivers to large fleet operators, general freight, road trains, livestock, tippers, refrigerated and heavy recovery vehicle operators.
Mauritius <a href="http://www.aptmauritius.com">http://www.aptmauritius.com</a>	Professional Association of Freight Forwarders (APT)	APT ensures through the dissemination of information that its members are kept abreast of the latest developments in the industry in a growing number of fields (electronic technology, changes in the import or export rules, regulations in different countries, cargo security controls). Changes in rules and regulations are constant, thus APT constantly updates its members in a timely manner by scanning information from national and international sources.  APT sets up regular training courses targeting not only new recruits but also those already in employment, to further their skills and career opportunities. Courses in management, dangerous goods, and other specialist subjects are run throughout the year.
Rwanda <a href="http://www.rtda.gov.rw/">http://www.rtda.gov.rw/</a>	Rwanda Transport Development Agency (RTDA)	RTDA is a public institution with legal personality, administrative and financial autonomy. It is under the Ministry of Infrastructure which is responsible for managing all day-to-day aspects of the transport sector in Rwanda.
Sudan	Sudanese Chambers of Transport Unions	The Sudanese Chambers of Transport Unions is a body established by the Sudan Government to monitor all aspects of improving the transport sector in the country.
Uganda	Uganda Transport Association	Uganda Transport Association is a transporters' alliance formed to advocate for the transporters community in Uganda.
Zambia <a href="http://www.tazambia.org.zm/">www.tazambia.org.zm/</a>	Truckers Association of Zambia	The Truckers Association of Zambia is a trade association of transporters in the road freight industry. In comparison to other trade associations in the industry, the Association aims at providing the most preferred voice representing interests and needs of members through influencing policy, practice and regulation.

Zimbabwe <a href="http://www.sfaaz.org">www.sfaaz.org</a>	The Shipping and Forwarding Agents Association of Zimbabwe (SFAAZ)	SFAAZ is a voluntary association of shipping lines, freight forwarders, customs clearing agents, bonded warehouse operators and in-house clearing importers and exporters. It was founded around 1955 with a mandate to represent the interests of its member companies. The members are estimated to handle 95% of the country's commercial imports and exports. The customs clearing members of the association play a very significant role in import revenue collection on behalf of the Government. The association also has a mandate to be the vanguard of a very high level of professionalism and to provide competent and relevant training programmes for the industry.
--	--	--

In 2015, CBC held the first COMESA Transporters and Logistics Services (TLS) Industries Dialogue that brought together associations and logistics companies in the region to discuss constraints met in administering the trade facilitation instruments under the COMESA FTA. This was conveyed after businesses asked for direct dialogue with regional trade facilitators, in order to come up with common solutions to impediments to trade in areas of delays in transit time, cargo handling, multiple rules and requirements, cabotage rules and cargo tracking systems among others.<sup>3</sup> The meeting formed a regional workgroup which will implement the recommendations of industry through advocacy, support services at a public-private level and technical capacity development.

### 2.1.3. Financial services sector

The financial sector in COMESA has expanded greatly over the last two decades. The need to have a platform that facilitates cross-border advocacy for a more competitive financial industry is crucial. As a result of strong and continuously refined regulatory systems, the banking sector and insurance sectors are among the most organized sectors in the COMESA region. Most countries have a bankers or insurers association. The strength of the associations also varies per country, for example Kenya, Mauritius and Zimbabwe, which have strong financial sectors, also seem to have stronger associations.

In 2012, CBC conducted a regional workshop that brought together the bankers associations and regulators, to discuss key constraints of banking regulations on the innovations of banks in the region. The meeting also formed the CBC Bankers workgroup, which is composed of the national bankers' associations from the COMESA member states. It was established that a stronger strategy needed to be defined to respond to the demands of the industry in the face of synergies and partnerships between banks and other complimentary industries such as telecommunications and point of sales service lines. The CBC Bankers workgroup aimed to strengthen the relationships between banks in the region, contribute to capacity building of banking institutions through training activities and conduct studies to harmonize banking laws among different members. The association's ultimate objective is to become a leading forum of exchange of information for the banking community in the region.

**Table 3. Bankers' industry representation per country**

Country	Association	Focus area
Burundi <a href="http://www.brb.bi/">www.brb.bi/</a>	Bank of the Republic of Burundi (BRB)	The bank is active in promoting financial inclusion policy and is a member of the Alliance for Financial Inclusion (AFI). It is also one of the original 17 regulatory institutions to make specific national commitments to financial inclusion.

<sup>3</sup> Tralac (2015)

Comoros <a href="http://www.banque-comores.km">www.banque-comores.km</a>	Central Bank of the Comoros (BCC)	The Comorian banking system is constituted of six different banks. One of the roles of BCC is to approve the establishment of new banks on all three islands of the Union of Comoros (Grande-Comore, Anjouan and Mohéli).
Democratic Republic of the Congo	National Commission for Trade and SMEs	No information
Djibouti <a href="http://www.banque-centrale.dj/">www.banque-centrale.dj/</a>	Central Bank of Djibouti	The Central Bank of Djibouti is the monetary authority of Djibouti. It is responsible for managing the country's currency, the Djiboutian franc, as well as the national foreign exchange position and accounting.
Egypt <a href="http://www.febanks.com">http://www.febanks.com</a>	Federation of Egyptian Banks	The Federation aims at enhancing cooperation between banks in Egypt and abroad. It represents the banking profession and supports it. All banks in Egypt are members of this federation.
Eritrea <a href="http://www.boe.gov.er/">http://www.boe.gov.er/</a>	Bank of Eritrea	The Bank of Eritrea is interested in encouraging foreign investment and in importing capital goods such as industrial machinery and agricultural equipment. The Bank, though a government entity, is independent from the Ministry of Finance; its governor and policy committee formulate and implement policy with input from the Ministry of Finance.
Ethiopia <a href="http://www.combanketh.et/">http://www.combanketh.et/</a>	Commercial Bank of Ethiopia (CBE)	CBE is committed to best realize stakeholders' needs through enhanced financial intermediation globally and supporting national development priorities, by deploying highly motivated, skilled and disciplined employees as well as state-of-the-art technology.
Kenya <a href="http://www.kba.co.ke/">http://www.kba.co.ke/</a>	Kenya Bankers Association (KBA)	As the umbrella body of the commercial banks licensed under the Banking Act, with a current membership of 43 banks, KBA (founded in 1962) has endeavoured to reinforce a reputable and professional banking sector in a bid to best support Kenyans, who entrust their ambitions and hard-earned resources with its member banks.  In line with the Government's Policy of Public-Private Partnerships (PPP), KBA works closely with the regulator to ensure that government initiatives and policies are implemented smoothly. Under this partnership, KBA and the Central Bank of Kenya have been able to implement key milestone projects such as the Real Time Gross Settlement System, the Credit Information Sharing Initiative, the Cheque Truncation System, and the Currency Centre projects. These projects are aimed to deliver significant efficiencies across the country.
Madagascar	Association Professionnelle des Banques	No information
Malawi <a href="http://www.iobmalawi.com/">http://www.iobmalawi.com/</a>	Bankers Association of Malawi (BAM)	BAM is a grouping of commercial banks, discount houses and other financial institutions licensed under the Banking Act 1989, established in 1995. BAM was originally established to fulfil a number of objectives including: <ul style="list-style-type: none"> <li>• Provide a forum for consideration of matters of policy and mutual interest concerning the activities of its members;</li> <li>• Act as a medium for communication with the Malawi Government, the Reserve Bank of Malawi, the committee of the Malawi Stock Exchange, other public bodies, authorities and officials, the press, the general public and other private associations and institutions;</li> <li>• Convey the views of members on matters affecting their activities; and</li> <li>• Deal with, advance and promote matters of interest to members and to foster co-operation between them.</li> </ul>

<p>Mauritius</p> <p><a href="http://www.mba.mu/">http://www.mba.mu/</a></p>	<p>Mauritius Bankers Association Limited (MBA)</p>	<p>MBA regroups all banks licensed and authorized to conduct banking business in Mauritius. MBA exists to represent its members, to promote and establish conditions conducive to competitive, sound and responsible banking and finance business.</p> <p>MBA was first established in 1967 as an association of commercial banks that were authorized to conduct banking business in Mauritius. Its founding members consisted of the following five banks: Bank of Baroda, Barclays Bank D.C.O., Habib Bank (Overseas) Limited, The Mauritius Commercial Bank Ltd. and The Mercantile Bank Ltd. Over the years, its membership increased to all banks operating in Mauritius.</p>
<p>Rwanda</p> <p><a href="http://www.rba.rw/">http://www.rba.rw/</a></p>	<p>Rwanda Bankers' Association</p>	<p>The Rwanda Bankers' Association was established and acts as a forum for the banking sector to:</p> <ul style="list-style-type: none"> <li>• Promote standards of professional competence and practice amongst members;</li> <li>• Promote and organize coordination and cooperation on procedural, legal, technical, administrative or professional issues and practices of banks and the banking industry;</li> <li>• Promote and develop in Rwanda sound and progressive banking principles, practices and conventions and to contribute to the development of banking; and</li> <li>• To render assistance and to provide various common services to members and to the banking industry.</li> </ul>
<p>Seychelles</p>	<p>Seychelles Bankers' Association</p>	<p>No information</p>
<p>Sudan</p>	<p>Sudanese Bankers' Association</p>	<p>No information</p>
<p>Uganda</p> <p><a href="http://ugandabankers.org">http://ugandabankers.org</a></p>	<p>Uganda Bankers' Association (UBA)</p>	<p>UBA was formed to develop, promote, protect and represent the professional interest of its members and promote orderly conditions in relation to banking transactions subject to provisions of any law extant at any time in Uganda.</p>
<p>Zambia</p>	<p>Bankers' Association of Zambia (BAZ)</p>	<p>BAZ is an industry body representing the 19 registered commercial banks in Zambia. These include both Zambian and international banks. BAZ is the mandated representative of the commercial banking sector and addresses industry issues such as lobbying, policy influence, and guiding transformation in the sector. BAZ also acts as a catalyst for constructive and sustainable change in the sector, research and development and engages with critical stakeholders like the Government of Zambia, Bank of Zambia as the banks primary regulator, Securities and Exchange Commission, Pensions and Insurance Authority and the Competition and Consumer Protection Commission. BAZ works to ensure the banking industry views are put forward when the Government determines policy or legislation. The association also ensures the banking system can continue to deliver the benefits of competition to the Zambian banking customers.</p>
<p>Zimbabwe</p> <p><a href="http://baz.org.zw/">http://baz.org.zw/</a></p>	<p>Bankers Association of Zimbabwe</p>	<p>The Bankers Association of Zimbabwe was developed to provide a forum for discussing matters of policy and mutual interest concerning member banks. The organization, comprising of banks registered and authorized to conduct banking services in Zimbabwe, provides information, research and operational support services primarily to the banking industry.</p>

**Table 4. Insurance industry representation per country**

Country	Association	Focus area
Democratic Republic of the Congo	Société Nationale d'Assurances (SONAS)	No information
Egypt <a href="http://www.ifegypt.org">http://www.ifegypt.org</a>	Insurance Federation of Egypt (IF Egypt)	IF Egypt is a consortium of insurance companies, reinsurance and insurance associations licensed to operate in the Arab Republic of Egypt. It aims to: <ul style="list-style-type: none"> <li>• Raise the level of the insurance industry and the associated insurance professions, and the organization of competition;</li> <li>• Foster scientific and cultural ties;</li> <li>• Foster social relations between companies, member associations, the general authority for financial control, other government agencies and non-governmental organizations (NGOs) for active insurance at home and abroad; and</li> <li>• Examine the technical basis of price and compensation.</li> </ul>
Ethiopia	Ethiopian Insurance Corporation (EIC)	EIC provides its customers with an efficient and reliable insurance service; engages in investment activities by deploying the right mix of expertise, state-of-the-art technology and a cost-effective strategy. In doing so, EIC contributes to the sustainable development of the national economy and plays a vital role in the industry.
Kenya <a href="http://www.akinsure.com">http://www.akinsure.com</a>	Association of Kenya Insurers (AKI)	AKI is an independent non-profit consultative and advisory body. AKI aims to provide, promote and champion excellence in the Kenyan insurance industry.
Malawi <a href="http://www.insurancemalawi.com">http://www.insurancemalawi.com</a>	Insurance Association of Malawi (IAM)	IAM is an umbrella body embracing all short-term insurance companies in Malawi. It aims to: <ul style="list-style-type: none"> <li>• Enable companies transacting insurance business in Malawi to take joint action in matters affecting the common interest and welfare of such companies;</li> <li>• Adopt tariffs for fire, motor and workman's compensation insurance. Tariffs were abolished over 15 years ago; and</li> <li>• Consult with any insurance or other body on matters of common interest as may be necessary or desirable.</li> </ul>
Mauritius	Insurers' Association of Mauritius	The Insurers' Association of Mauritius is involved in the development of competency standards, corporate governance, risk management, capital adequacy, financial inclusion and captive Insurance.
Rwanda	Rwanda Association of Insurers	The Rwanda Association of Insurers aims at boosting the industry's efforts to reach more people and enhance policy uptake.
Seychelles <a href="http://www.sacos.sc/">http://www.sacos.sc/</a>	Sacos Group Limited	For the first two years of its existence, Sacos Group Limited operated partly as a reinsurer providing support for the insurance companies already operating in Seychelles and partly underwriting direct insurance business. Since then, the company has grown to offer an expansive range of services including: selling life assurance products, handling insurance claims, property management and sale of vehicle spare parts.

Sudan <a href="http://www.asirc.com.sd/">http://www.asirc.com.sd/</a>	Association of Sudanese Insurance and Reinsurance Companies (ASIRC)	ASIRC is a professional association and aims at developing the insurance and reinsurance industry, a pillar of the Sudanese economy. The association provides insurance protection to individuals, private and public property, in addition to adequate compensation in case of accidents.
Swaziland <a href="http://www.rirf.co.sz/">http://www.rirf.co.sz/</a>	Office of the Registrar of Insurance and Retirement Funds (RIRF)	RIRF is an integrated regulator with the mandate to license, regulate and supervise the activities of the insurance and retirement funds' industries.
Uganda <a href="http://uia.co.ug/">http://uia.co.ug/</a>	Uganda Insurers Association (UIA)	UIA was founded in 1965 by insurance companies to promote the development and expansion of sound insurance and reinsurance activities in Uganda.
Zambia <a href="http://www.iaz.org.zm/">http://www.iaz.org.zm/</a>	Insurers Association of Zambia (IAZ)	IAZ has representation from all the insurance and reinsurance companies in the country on its various committees. IAZ is involved in growth promotion and capacity-building activities.
Zimbabwe	Insurance Council of Zimbabwe	The Insurance Council of Zimbabwe is a member-based organization providing direction to its members on types of insurance in Zimbabwe.

## 2.2. Regional associations

**Table 5. Tourism industry regional representation**

Country	Association	Focus area
Southern Africa <a href="http://www.satsa.com">www.satsa.com</a>	Southern African Tourism Services Association (SATSA)	SATSA is a member-driven association that offers inbound tourism services companies the highest level of quality in the tourism industry. They strive to maintain three key qualities in all of the work they do: credibility, value and authority.
East Africa <a href="http://www.ea-tourism-platform.org/">www.ea-tourism-platform.org/</a>	East Africa Tourism Platform (EATP)	EATP is a platform encompassing all that East Africa has to offer when it comes to tourism and the related fields for anyone to enjoy. Kenya, Uganda, Rwanda, Burundi are represented, as well as Tanzania which incorporates Pemba and Zanzibar islands.

**Table 6. Transporters' industry regional representation**

Country	Association	Focus area
East Africa <a href="http://www.feaffa.com/">www.feaffa.com/</a>	Federation of East African Freight Forwarders Associations (FEAFFA)	FEAFFA is a private sector apex body of freight forwarders' associations in the Eastern Africa region that was established in 2006. It is registered and domiciled in the United Republic of Tanzania but its Secretariat is situated in Nairobi, Kenya.
Southern Africa <a href="http://www.fcfasa.org/">http://www.fcfasa.org/</a>	Federation of Clearing and Forwarding Associations of Southern Africa (FCFASA)	FCFASA was formed in April 2010. It was set up as a southern African apex organization for the clearing and forwarding industry. It provides support to its members in meeting industry challenges, ensuring effective advocacy and being the dialogue partner of identified stakeholders in the Southern African supply chain, including the committees of Heads of Customs administrations and such multilateral bodies as COMESA and SADC.

Southern Africa <a href="http://www.sashippers.net/">http://www.sashippers.net/</a>	Southern Africa Shippers Transport and Logistics Council (SASTALC)	SASTALC is in a transformation phase to become a Public-Private Partnership of the cargo owners and their transport and logistics service providers membership organization, with the objective to represent the interests of its members and the industry as a whole, throughout the supply chain and to collaborate with government and other related associations to promote and support a healthy logistics climate throughout the Southern Africa business environment.
--	--	--

**Table 7. Bankers industry regional representation**

Country	Association	Focus area
SADC <a href="http://www.sadcbanking.org/">www.sadcbanking.org/</a>	SADC Banking Association (SADC BA)	Constituted in 1998, the SADC BA finds root in the Committee of Central Bank Governors (CCBG)'s wish to create a federation of banking associations in the SADC region to interface with them on matters relating to regional financial integration in general, and the SADC Finance and Investment Protocol specifically. The SADC BA is therefore a recognized structure of the CCBG.

**Table 8. Insurers' industry regional representation**

Country	Association	Focus area
East Africa	East African Insurance Supervisors Association (EAISA)	In order to spearhead the activities of the insurance sector, EAISA was established in December 2008. EAISA recognizes the need to foster regional and international cooperation amongst Insurance Supervisory Authorities.
Southern Africa <a href="http://www.sadcif.org/">www.sadcif.org/</a>	SADC Insurance Forum	The SADC Insurance Forum is a dynamic, sustainable and credible regional professional business association for insurance practitioners.

The liberalization of these sectors, along with other services sectors and regional harmonization, will alleviate most of the constraints faced in the sectors and facilitate intraregional trade in services. Encouraging investment and sharing information and technical expertise across the COMESA region are also essential to build a robust services sector. Therefore, COMESA will substantially benefit from a mechanism that fosters linkages among services businesses and associations, a Coalition of Services Industry (CSI). Coalitions take a variety of forms, including independent trade associations, networks of services associations, chamber of commerce affiliates and ministry of commerce divisions.

There is a need to bring the existing business associations together under one coordinating umbrella that reflects a regional effort to strengthen the services economies. The membership of the COMESA regional coalition may include services firms from different services sectors, other associations, academia and services users and suppliers. Ministry representatives or export agency representatives may also potentially be members. Grouping businesses and associations across the services sectors will provide constructive dialogue among services providers and also enable policymakers to focus their interventions. While some sectoral services associations organize themselves regionally, for example the COMESA Bankers Association, the COMESA RSIG is the only way to engage domestic services businesses and associations at a wider level and scope of services. This network should principally be formed to advocate services trade and investment reform in the region. World Bank evidence suggests that grouping local business champions together into various different kinds of services business support platforms including whole-of-services RSIGs can help to improve competitiveness and influence change, not only in business networks but also at policy and regulatory level.

## Chapter 4 Positions of industry in key service sectors in COMESA

It is a well-recognized phenomenon that private sector participation in policy formulation at national or regional level is key to the promotion of business friendly and effective policies that advance private sector development. The organization of the private sector through associations at national, sector and regional levels is therefore imperative to ensure that the policy and regulatory environment is competitive to business growth at a national and regional level. Whilst there are some existing sectoral associations and business organizations for the services sector in COMESA, there are also some common key challenges that impede the effectiveness and sustainability of the services sector associations in the region.

There are a number of challenges that affect services associations. These include: fragmentation, poor understanding of trade in services and capacity constraints of the associations. Indeed, this assertion is true for most of the services associations.

It should be noted that the CBC has engaged with key services sectors in the region, namely tourism and financial services, and has drawn on the need to formalize a systematic framework of advocacy, business linkages and capacity strengthening within membership associations, in order to ensure effective engagement in the constraints facing services industries today.

The private services sector had limited participation in trade policy formulations or negotiations at national and regional levels. The establishment of a RSIG creates the necessary economy of scale that can increase trade in services and also the ability of the businesses to effectively advocate their interests at both national and regional levels. The strategy includes the strengthening of sectoral coalitions in the services sector which can then feed into larger regional RSIG. As a starting point, four key sectors have been identified: financial-banking/insurance, tourism, transport and telecommunications.

Despite the vast potential of the services sector, the challenges for harnessing them are numerous, exacerbated by the endemic scarcity of available and of quality services data. The following points illustrate some key challenges, in particular as they relate to areas where service coalitions may be able to assist.

### 1. General constraints

- Multi-stakeholder platform versus lack of coordination

There are various stakeholders and private sector associations in the services sector at sectoral, national and regional level. For instance, in the tourism sector there are associations that deal with tour operators, others that deal with hotels and others that deal with tourism in general. In certain instances these are members of the tourism board or association, as in the case of the Kenya Tourism Board which is a good example of a coordinated and multi-stakeholder platform. However, in general most associations are fragmented and do not necessarily come together under one platform. Other good examples of multi-stakeholder platforms at national level include the KEPSA and the Rwanda PSF. Such platforms encourage and strengthen the voice of the private sector in terms of advocacy or engagement with the public sectors.

It has been noted that transport sector associations are fragmented into subsector associations representing amongst others cross-border transporters, specialized transporters like petroleum transporters, multi-national companies and freight forwarders. This adversely affects the strength of the sector in terms of lobbying and advocacy on certain policy issues.

- Lack of information and data on services

One of the essential challenges impeding the growth of the services sector is limited knowledge and data on the performance of the services sector, and on the trade and policy direction of countries.

Furthermore, knowledge of and participation in other COMESA trade in services negotiations is inadequate. This results in limited input by business at national level in the services negotiations or in the policy direction for services competitiveness both at national and regional levels.

- Capacity constraints

Most of the private sector associations lack the necessary financial and human resources to sustain their operations and enable them to effectively participate in negotiations and policy making processes at national and regional level.

- Financial resources

Financial resources are usually derived from membership fees and donor or partner support initiatives. Because of this, unless the private sector participation is being funded, there is limited participation at the meetings or workshops by the associations. In some cases, there is non-existent sustainability strategy after seed funding support.

- Human resources capacity

This further translates into limited capacity to participate in and engage on issues and constraints in the services sector. In goods trade, key trade policy issues deal with tariffs and non-tariff barriers whereas trade in services deals with domestic regulations. While most trade experts are now conversant with trade in goods issues, there is still limited understanding of the trade in services issues from both a public and private stakeholder perspective. Most national apex associations do not have a dedicated trade in services personnel and for the services' sectoral associations most personnel do not have the expertise to effectively engage in services policy making.

- Absence of formal consultative platforms

It is essential that services associations have a formal platform for engagement with the private sector, specific to services policy making. Whilst some member states have ad hoc platforms for engagement with the private sector, such as pre-budget meetings or when enacting some laws, this is usually central to the manufacturing industries. At a national level there is a systematic Public-Private Dialogue in place in all countries but this varies from the legal, formalized structures (such as the National Services Platform in Rwanda) to more ad hoc, informal consultations (such as those in Zimbabwe and Zambia), reacting to issues as they emerge.

- Lack of harmonized regulatory frameworks

There are policy, regulatory and other barriers to trade in services within the region that inhibit free movement and cross-border investment in key services sectors like financial services, transport and telecommunications. Regional and domestic regulatory hurdles and trade barriers continue to fragment the services markets in the region particularly those related to mutual recognition of qualifications and temporary movement of service providers across borders.

Through extensive consultation with the CBC membership under the workgroups of tourism, financial services and transporters, and logistics industries, below are highlighted common industry positions to some constraints.

## 2. Tourism

The constraints faced in this sector include the high cost of regional travel, dual visa systems and regulations in the form of licensing and anti-competitive practices that dissuade regional marketing efforts and the development of transborder tourism circuits. Recommendations from the industry were as follows:

- Developing a sustainable tourism strategy

- Adopt a common definition of sustainable tourism that includes the key principles of minimizing the negative impacts of tourism on society and the environment and maximizing

tourism's positive and creative contribution to local communities, to conservation and to the quality of life of hosts and visitors.

- Improve competitiveness in the tourism value chain in terms of focusing on poverty reduction at the grassroots level - community tourism, farmers, artisans, informal traders, women and youth.
- Foster the development of policies amongst COMESA member states to encourage sustainable tourism practices.
- Foster collaboration among COMESA member states in terms of transborder agreements and resource management.
- Prioritization of the tourism industry
  - Strengthen capacity in the hospitality of member states at regional and national level.
  - Relax visa requirements.
  - Create and implement a COMESA single visa amongst other options (i.e. bilateral agreements, building on existing steps undertaken by East African Community (EAC) and SADC in pursuing a single visa).
  - Ensure the immigration authorities of each country develop an appropriate framework to facilitate the adoption of a single tourist visa for the region.
  - Integrate flexibility in immigration requirements to allow visa requirements for extensions of legitimate activities in the country (e.g. business, medical, etc.).
- Human resource and skills development
  - Use existing centres of excellence within the COMESA region to train those in the hospitality industry in product knowledge, service offerings and customer service.
  - Implement appropriate policies to ensure skills transfer and provisions for a skilled regional labour force.
  - Implement regional information sharing on materials, training programmes and educational opportunities.
- Standards development and measurement
  - Develop measurable indicators to monitor the implementation of the sustainable tourism framework in member countries.
  - Promote collaboration between the public and private sectors at regional and national level on the development of standards and voluntary certification schemes.
  - Provide necessary training and technical support to member countries to enable them to meet necessary standards, as well as training for regional and international auditors to evaluate standards against measurable indicators.
  - Facilitate PPP, Public-Private Dialogue (PPD) and private sector investment in primary tourism facilities (hotels, accommodation, restaurants, tourism services, airports), secondary tourism facilities (shopping, recreation, entertainment, visitor information services) and tertiary tourism facilities (health, emergency, care and financial services) to initiate joint partnership or cooperation schemes.

- Product development
  - Diversify COMESA tourism offering packages across multiple countries, reflecting the diversity of the COMESA region: create historical tours, religious tours, mountain climbing, birdwatching tours, etc.
- Marketing
  - Create a COMESA sustainable tourism marketing tool to incorporate sustainable tourism elements and promote the COMESA region as a single destination; build on regional and international best practices and develop a COMESA marketing initiative.
  - Develop a tourism database and COMESA web portal, utilize the COMESA website to promote tourism in the region.
  - Develop and promote green vacation packages within the region that meet agreed-upon criteria and which are part of a single or multi-destination package.
  - Participate in trade fairs as a region under the umbrella of COMESA, marketing COMESA as a single destination.
- Resource mobilization
  - Mobilize donor funds from development partners and encourage member states to set aside funds for identified bilateral and regional activities.
  - Develop a small grant scheme as part of a Sustainable Tourism Development Fund to assist community-based tourism and other similar projects, to channel funds and provide necessary technical assistance.
- Air accessibility
  - Enforce the declaration to make member states abide by the Yamoussoukro Declaration.
  - Implement measures to improve intraregional air access.
  - Enforce the improvement of safety and security of airlines and airport security in COMESA.
  - Encourage and facilitate reduced cost of travel within and to the COMESA region.
- Coordination, mechanism monitoring and evaluation
  - Create National Tourism Offices in member states where there is none.

### 3. Transporters and Logistics Services

The most recently established workgroup on the TLS industry provided the following recommendations on constraints faced as an industry:

- On investment in railroad and maritime infrastructure development:
  - A balanced approach should be adopted in allocating investment to both road and railway transport and to explore inclusive innovative financing mechanisms to mobilize funds for railroad and maritime infrastructure and inland waterways.
- On a regional tracking system:
  - The COMESA Virtual Trade Facilitation System should be adopted and implemented. This provides a regional mechanism to cater for a number of key challenges in data management,

strengthens risk management systems and leads to reduction of time and processes through a one-stop shop system.

- On the accelerated implementation of regional customs bond guarantee system:
  - The Regional Customs Transit Guarantee System should be fully implemented across the region as key to reducing costs for business with an agreement to allow the phasing out of national transit bonds.
- On delays due to physical verification and risk management systems:
  - Member states are requested to use technology to improve risk management systems and to explore non-intrusive methods of inspection, i.e. to essentially allow products to remain intact upon delivery to the buyers or consumers.
- On private sector coordination through the CBC TLS Workgroup and representation at the policy organ level:
  - The formation of the CBC TLS workgroup should be recognized as a sectoral committee of businesses which will provide key services on harmonization of industry positions to the policy organs, information intelligence, businesses and partnerships across the COMESA region.
- On port efficiency and cargo handling:
  - Around the clock, seven days a week working systems at the ports should be adopted in order to ensure collaboration across ports, as well as a regional standardized approach to port management. This includes working with the COMESA Secretariat to develop indicators on port collaboration to allow member states to monitor port performance, so as to move towards improved standardized, quality port management.
- On building the capacity of freight forwarders:
  - Member states are requested to work with the private sector to build on human capital through training service providers to improve business model operations and build process requirements for increased efficiency.
- On tackling uncompetitive business practices:
  - Member states are requested to assist the private sector to ensure improved business practices through sound service-level agreements between manufacturers and transport and logistics services providers.

#### 4. Banking services

The stakeholders noted that there are a number of challenges faced by the banks, among which are poor accessibility for non-account holders, increased threshold of capital, a large distinction between foreign and local banks, high interest rates, low lending and non-performing loans.

- Bank collaboration
  - It was agreed that banks should collaborate with each other to reach out to non-account holders and to support the movement of cash.
  - In addition, as an industry, banks should promote alternative tools through promoting debit/credit cards which are supported by the central bank.
  - National bankers' associations should take an example from BAZ, which has collaborated with the banks to find incentives to support their participation in the overall agenda, as opposed to looking for quicker return on investment (ROI).

- Mobile banking and mobile money services should be promoted as a competitive and lucrative business between banks and telecommunications. Regarding the issue of low lending, this has been a challenge, due to high interest rates. Central banks should introduce a cap on interest rates as this would support access to finance for SMEs.
- In order to encourage saving behaviour, should offer appropriate products which would compel customers to sell specific on good interest rates.
- Regarding non-performing loans, credit reference bureaus should be introduced to look at good and bad credit referencing which limits clientele access to finance.
- Foreign exchange regulations: how flexible are they in facilitating cross-border trade and transactions? The stakeholders noted that there are challenges due to different regulations. Some countries have a strict control mechanism which proves a challenge in cross-border trade. Inflated prices and high premiums are charged while converting local currencies within COMESA. There is an absence of regulated exchange rates between member states. There are also delays in payments of local currencies sent abroad, which takes up to five business days. The stakeholders made the following recommendations:
  - Harmonization in the regulatory approaches in different jurisdictions should be undertaken.
  - Establishment of relationships with financial regulators and industry to support sound systems to encourage cross-border trade.
  - Encourage technological innovation. Increase access to information in the development of new delivery systems and the facilitation of cross-border payments.
  - Increased sensitization programmes on foreign exchange operations especially for unsophisticated customers (informal traders).
- Customer-related challenges, such as high interest rates. It was noted that the difference in interest rates between saving and lending is very high and savings deposit rates in many cases reflect a negative return. Within the region the factors that affect the interest rates vary and therefore no common solution can fit all member states. It was noted that small players in the market are required to build up a savings base as a source of funding. The banks within the region are working hard to increase their savings but the interest rates have been a big challenge. The stakeholders made the following recommendations:
  - Removal of ledger fees from savings accounts, to avoid the issue of incurring costs on savings.
  - Basel II implementation with regard to raising additional capital but allowing sufficient time to build up the required capital.
  - Special rates for key groups of persons should be proposed by the associations and negotiated, to resolve the issue of the exclusion of SMEs and the like from the savings culture, due to the focus on the segmented market. This would encourage a savings culture in these groupings.
  - Regarding offers of loans: there is a need for transparency on the regulations on the type of loan provided and the effective borrowing cost to ensure for clarity for the borrower.
  - Reduce the liquidity reserve requirement to improve on the cashflow of the banks.
  - Smaller banks should continue to allow wholesale banking deposits.
- On mobile banking: mobile banking is an innovation that has happened over time and regulation issues are currently under discussion. The stakeholders provided the following recommendations:

- A clear regulatory framework needs to be set up to manage the mobile banking systems in the region to support and protect the customers.
- There is need to establish a more enabling environment for sharing credit information systems. More work needs to be done to implement recently passed regulations and establish licensed and functioning credit reference bureaus before any dedicated attention can be given to alternative data sources.
- A more sophisticated system is required to reduce or eliminate the challenge of losing funds since recovering funds is very difficult once they are sent.
- Bank transparency: how effective is it as a tool for facilitating customers? Bank transparency is part of market conduct regulations and a core principle of Basel II. Market discipline however can only work if customers have access to timely and reliable information that enables them to assess the banks' activities and the risks inherent in those activities. The stakeholders recommended that:
  - Offer letters: request for transparency on the loan provided and the effective borrowing cost for clarity for the borrower. Communication needs to be increased for transparency.
  - Bankers associations should take it upon themselves to increase financial awareness and literacy on the information of borrowing costs.

## 5. Insurance services

Based on consultative work of the CBC with national business associations, the following information was gathered. It was noted that there was limited membership of COMESA businesses in the International Association of Insurance Supervisors (IAIS) due to the high cost of membership. It was noted that all insurers are affected by decisions made by IAIS whether a country is a member or not. It was also noted that there was a disruptive impact of new technology on delivery channels so there is a need to provide regulation of cross-border trade insurance services provided over the Internet.

It was further noted that the World Trade Organization (WTO) definitions of modes of supply are becoming increasingly irrelevant. This can only be resolved with multi-pronged regulations in insurance, ICT authorities and consumer protection agencies.

The stakeholders made the following recommendations:

- The industry should note that regulation is a dynamic process that changes as the sector grows and according to the competitiveness of the sector.
- The insurance industry in COMESA should link up with IAIS.
- There should be structured exchanges among COMESA members on insurance services.
- The insurance industry should note the need to balance compliance and performance.
- There should be increased literacy on life and pension insurance to the industry and regulators at the national level.
- The banking industry should be more selective on insurance to cover loans. It recommends for this reason that profiling for creditworthiness should also be adopted.
- There is no proper standard charge for medical insurance. This can cause the problem in some countries of fraudulent claims. The industry should invest in a database for sharing information amongst insurers.
- The industry should consider looking at a regulatory framework for mobile insurance services.

- Because of the complexity of insurance services, there is a need to sensitize customers and also customize the product in simple terms for various target audiences. The industry has proposed putting together micro–insurance products.
- The penetration of insurance services is very low, citing Zambia as 4% and Zimbabwe as less than 3% due to the lack of information. There is a need to accelerate the penetration. There is a need for COMESA to look at the employment of international best practices that can be implemented at the national level.
- In response to the issues of technical capacity in the insurance sector, there is a need to engage international practices to improve the skills of the sector.
- The industry has also recommended having a dedicated insurance association at the regional level, to focus on advocacy and capacity building of the needs of the industry in the COMESA region.

## Chapter 5 Way forward

### 1. Development of the Regional Services Industries Group

Services continue to grow exponentially as technology evolves and communication advances. Therefore, the development of RSIGs is a positive step towards establishing an inclusive participation of services industries in the regional integration agenda. It advocates the services sector especially in relation to the government, addressing issues in areas of policy reforms and trade barriers. Internally, it serves as a platform that facilitates exchange of information on services and increases coordination among members. It perfectly fits in the existing services institutional landscape of the region as it builds linkages and increases coherence between the services businesses, associations and stakeholders. The formation of COMESA regional coalition is a step the business community must take to refocus services business organizations, enhance the private sector involvement in the policy-making decisions and reap the benefits emerging from the dynamic nature of services regionally and internationally.

CBC has defined its position in the regional dynamics as the formally recognized body under the COMESA Treaty to represent private sector interests. In this regard, the new strategic agenda of the institution is to ensure effective private sector participation in the services negotiations and to build the competitiveness of services industries to effectively compete in regional and global markets. This will directly respond to the demand from industry to meet the gaps of limited participation in trade policy making and negotiations and competitiveness agendas at national and regional level.

It is the long-term goal of the CBC to ensure that the services industry engages policy makers and complimentary industrial players on action plans to address supply-side constraints and weak regulatory frameworks, among other key challenges. This will ensure the strengthening of the negotiating capacity of some member states on the ongoing services liberalization negotiations and in turn promote services and private sector development in COMESA.

### 2. Next steps

In order to mobilize stronger and more effective efforts around the emerging services agenda, particularly the increasingly important regional issues in COMESA, there are likely to be considerable advantages from more regular contact among services organizations in the COMESA region and from greater cooperation. This would enable business people themselves to assess the opportunities, challenges and necessities of regulatory reform and more open trade and investment in services, and ultimately enable them to work with their governments from this broader perspective.

Coalitions have several areas of primary focus in their advocacy including:

- Facilitating discussion with government officials on services' firm priorities;
- Assisting public policy officials understand where trade negotiating efforts should be focused;
- Improving cooperation among ministries with trade-related responsibilities;
- Providing testimony and educating public officials about specific services industries and the services economy at large to create a positive climate for growth and trade in services.

The CBC approach to developing the RSIG will have a four-phase approach as shown in Figure 10.

**Figure 10. Four-phase approach for developing RSIG**

From the report, it is noted that four key sectors are paramount to launch sectoral alliances and synergies at a cross-border level. These are financial services, ICT, business services, transport and tourism services.

CBC has already begun substantial work in covering these areas and will continue to expand on these to ensure the expected results of the project.

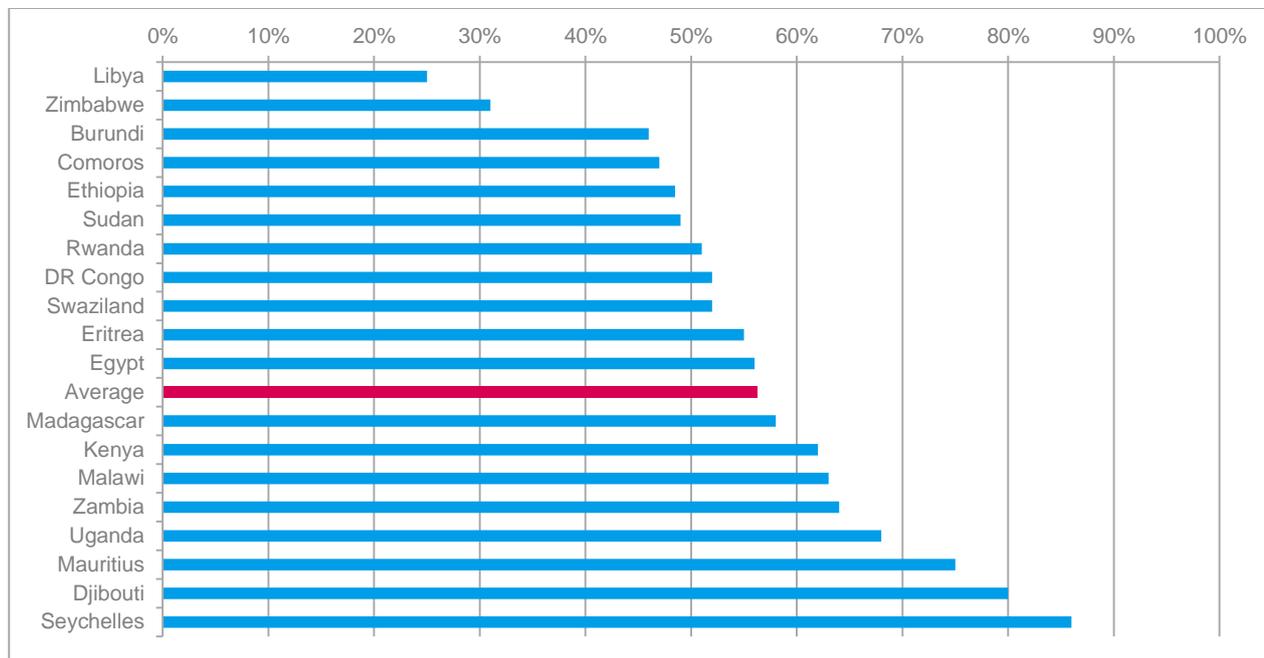
The next phase of the project will be:

- From the identified sectors – have a focus on four key sectors in the services industry and work on developing the sectoral working groups at a regional level.
- The intention is that these fit into a regional coalition. The sectoral approach considers the differences and/or the common ground between various sectors in the services industry whilst bringing them together.

Given the importance of building greater COMESA-wide business understanding of and engagement in services issues and support for a more robust and proactive agenda on services, CBC, with the support of ITC, should facilitate and encourage the development of a COMESA CSI organization which could be a vehicle for greater business cooperation and concerted action on services in COMESA economies and more effective engagement with COMESA governments.

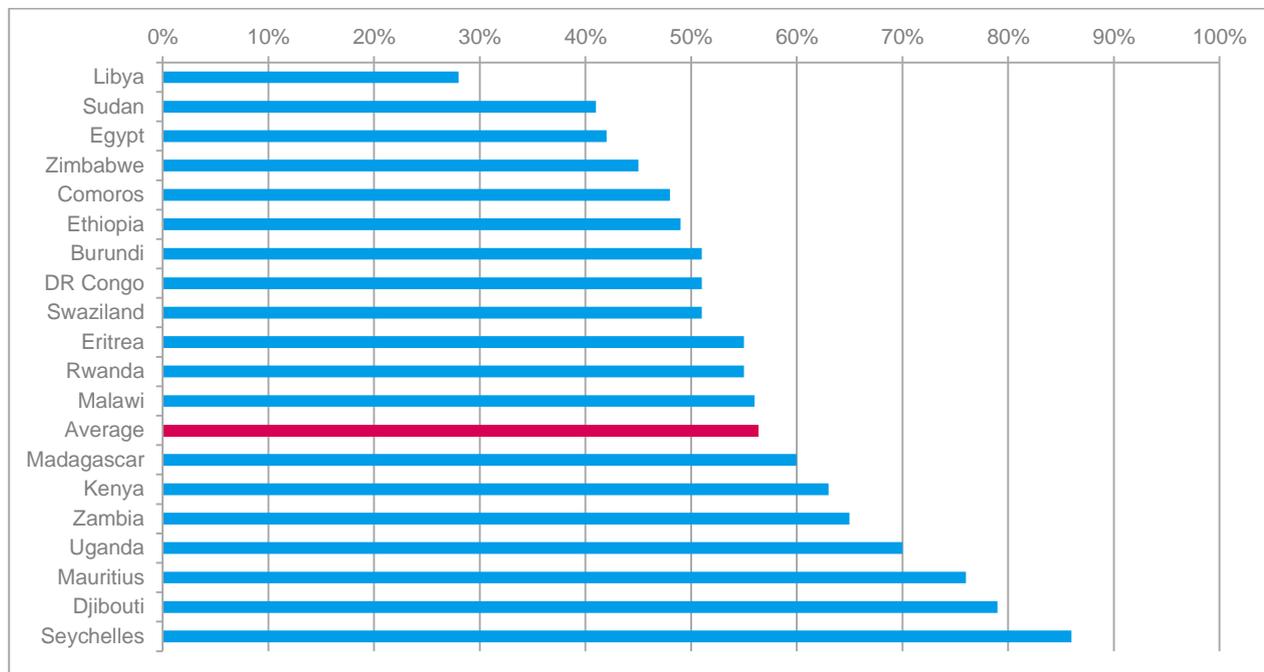
## Appendix

**Figure 11 a. Services share of industry value added, COMESA, 2006**



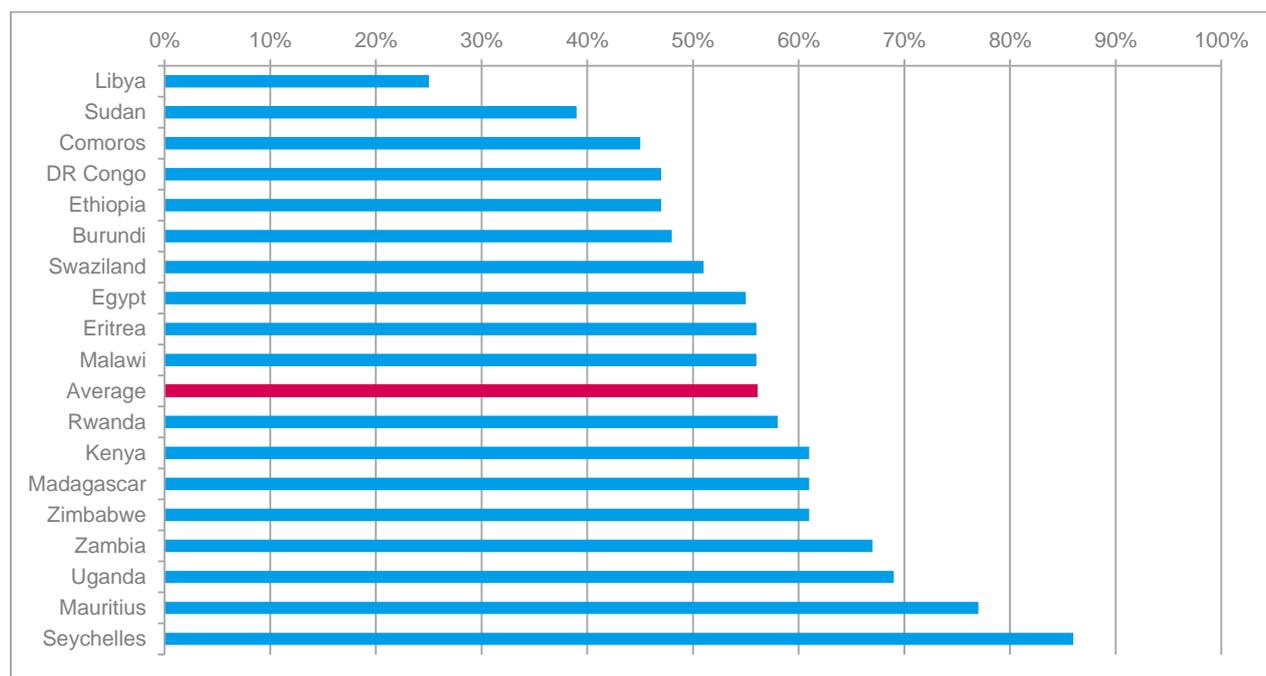
Source: UNSD – National Accounts Official Country Data

**Figure 11 b. Services share of industry value added, COMESA, 2007**



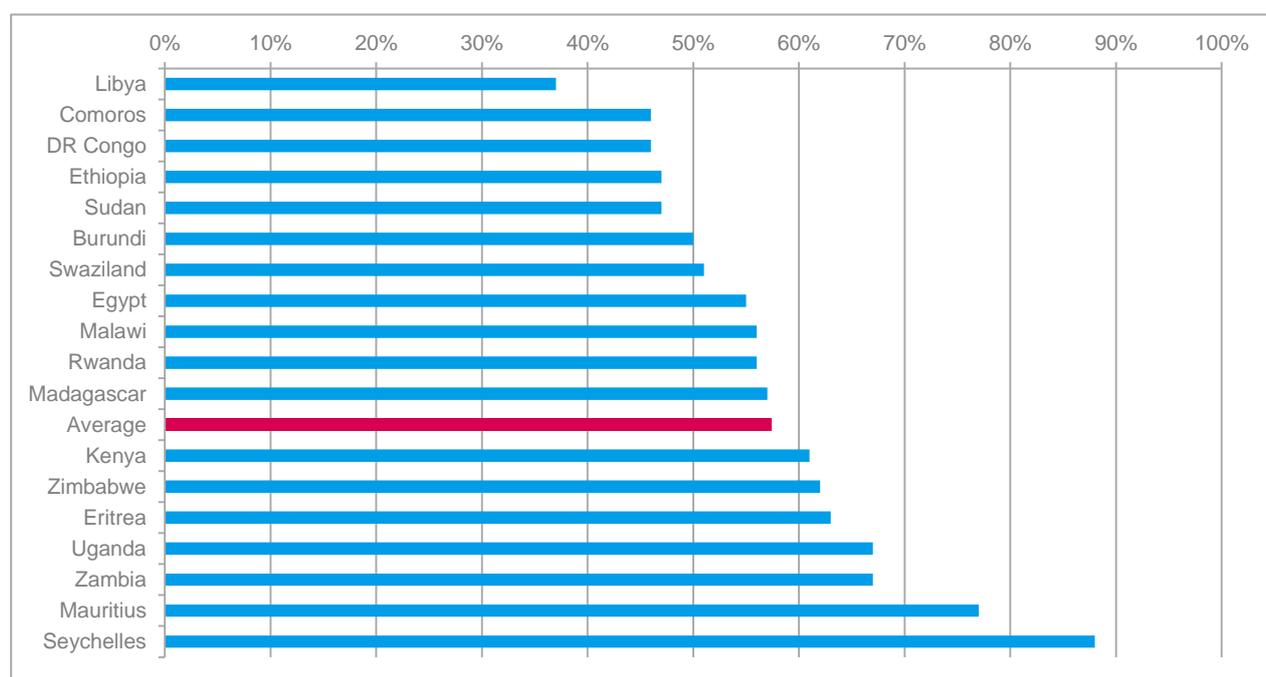
Source: UNSD – National Accounts Official Country Data

**Figure 11 c. Services share of industry value added, COMESA, 2008**



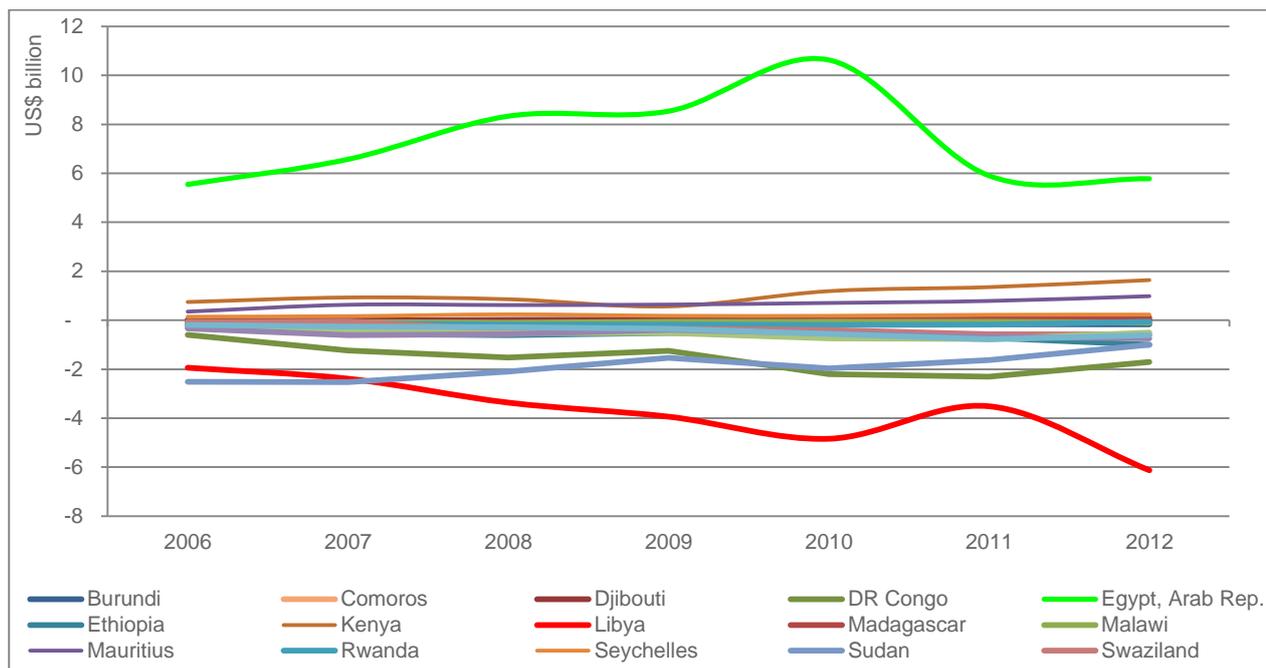
Source: UNSD– National Accounts Official Country Data

**Figure 11 d. Services share of industry value added, COMESA, 2009**



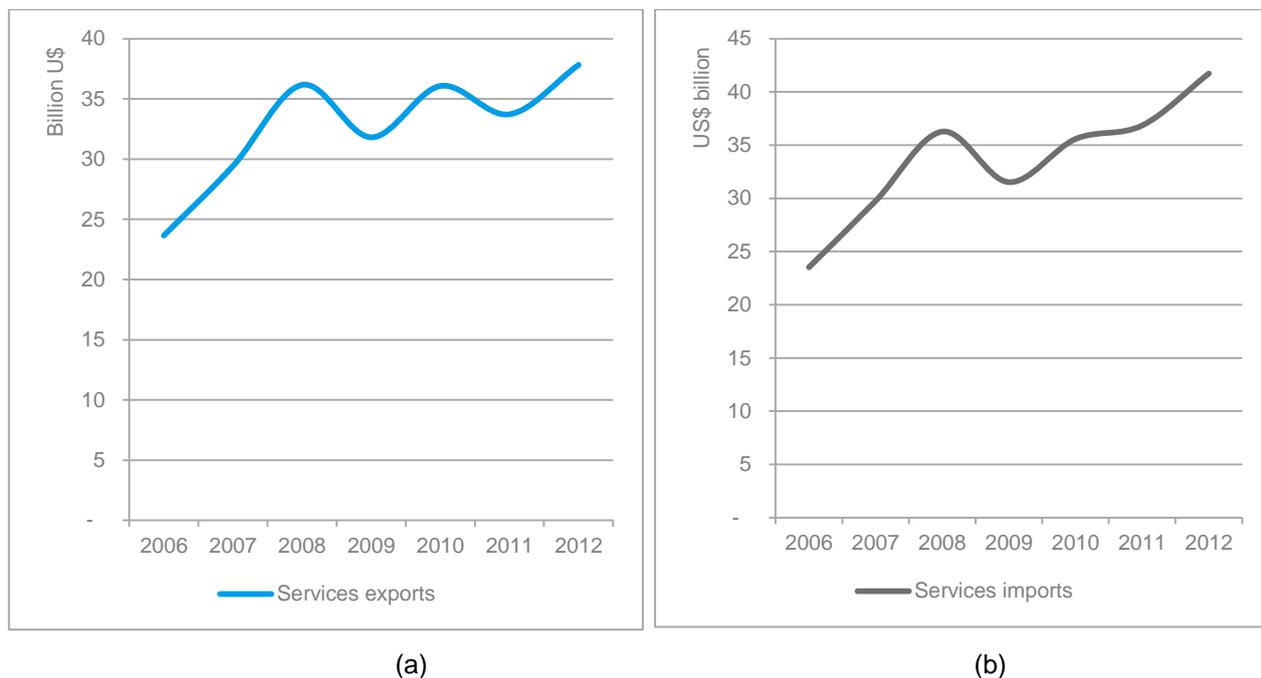
Source: UNSD – National Accounts Official Country Data

**Figure 12. Services share of industry value added, COMESA, 2009**



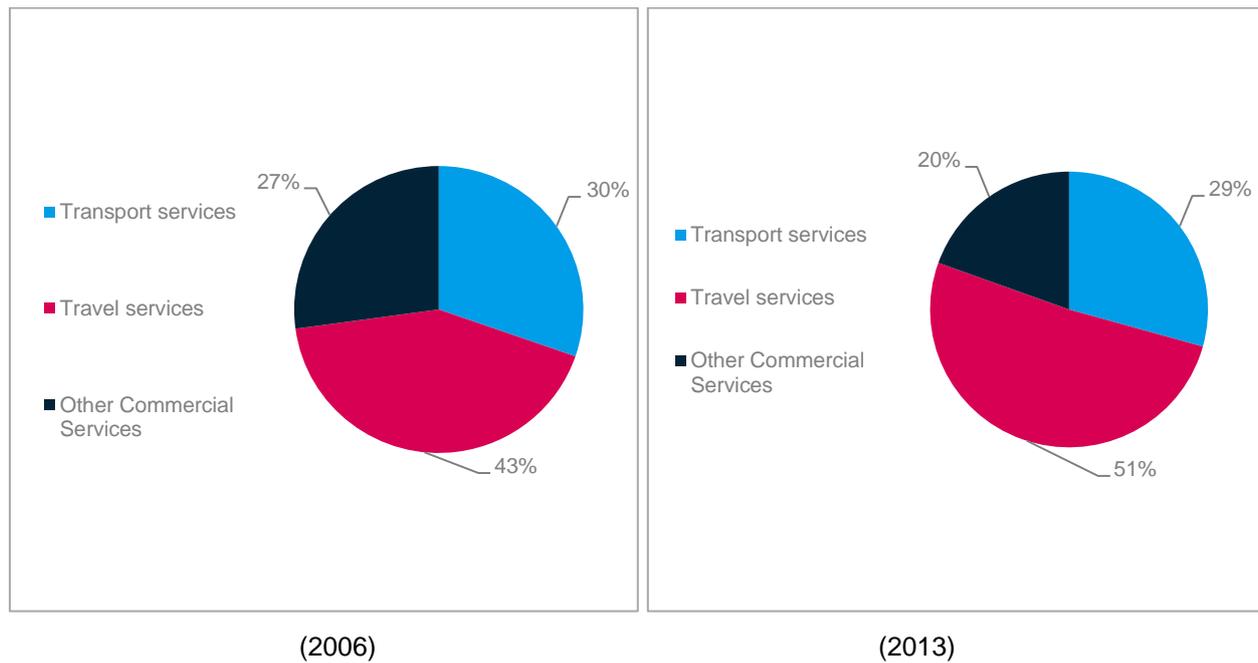
Source: ITC Trade Map, Eritrea n.a 2006 – 2012

**Figure 13. Services exports (a) and imports (b), COMESA region, 2006 – 2012**



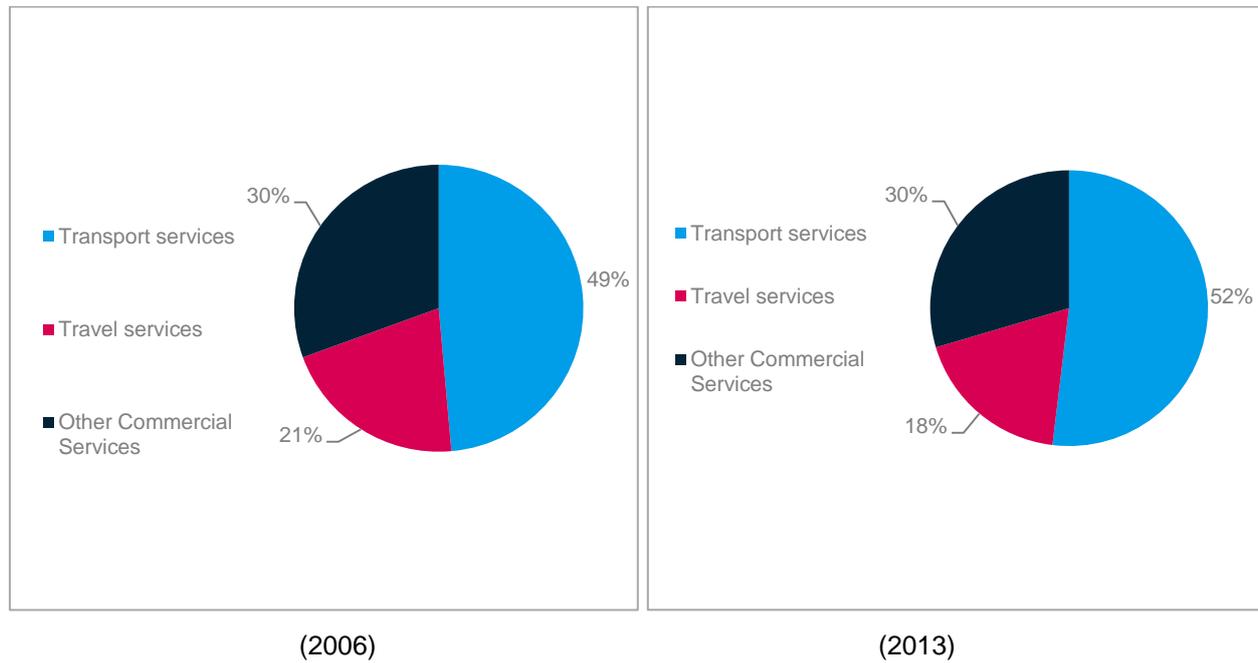
Source: ITC Trade Map, Eritrea n.a 2006 – 2012

**Figure 14. Services export composition, COMESA average, 2006 – 2013**



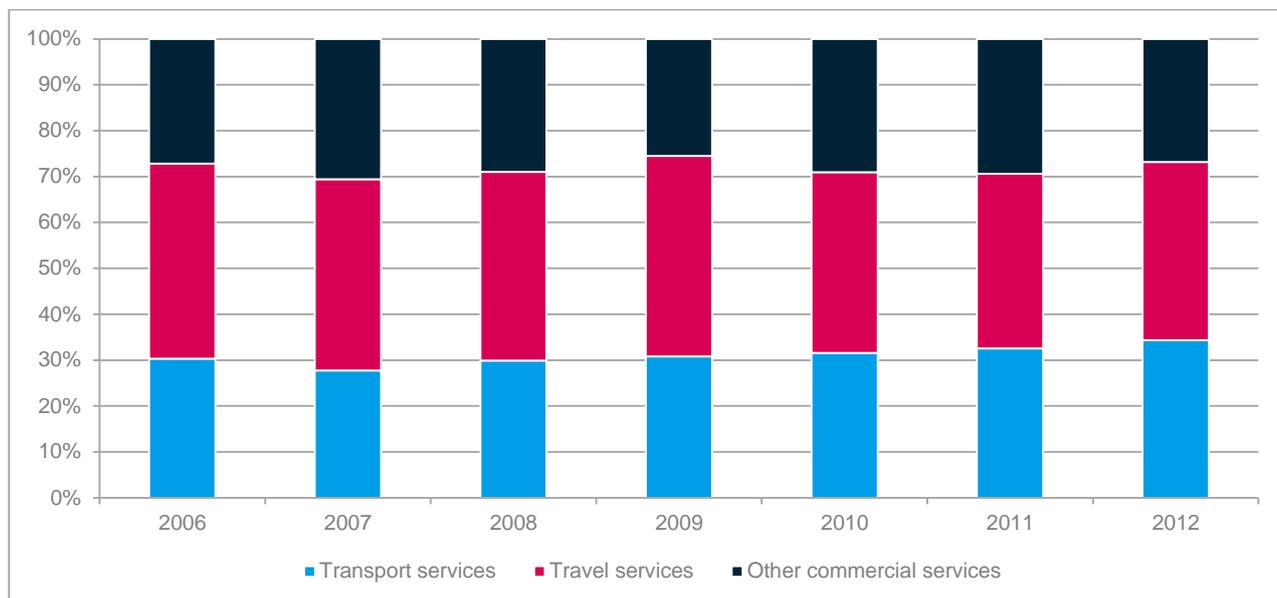
Source: ITC Trade Map

**Figure 15. Services import composition, COMESA average, 2006 – 2013**



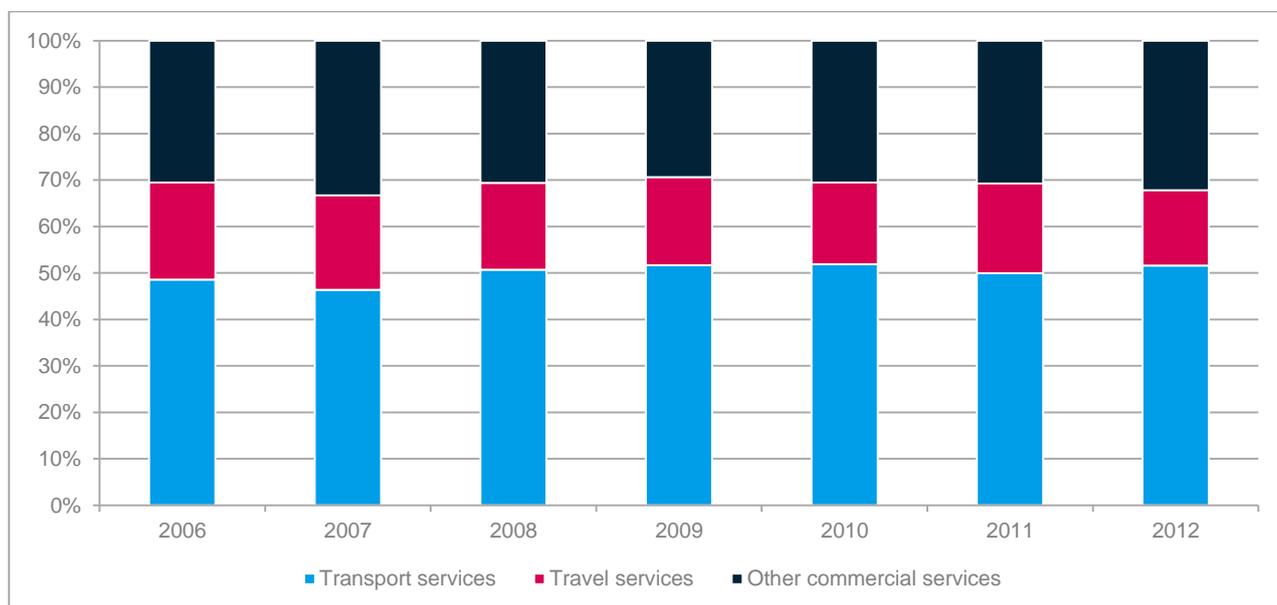
Source: ITC Trade Map

**Figure 16. Regional average services subsectors shares of services exports, COMESA, 2006 – 2012**



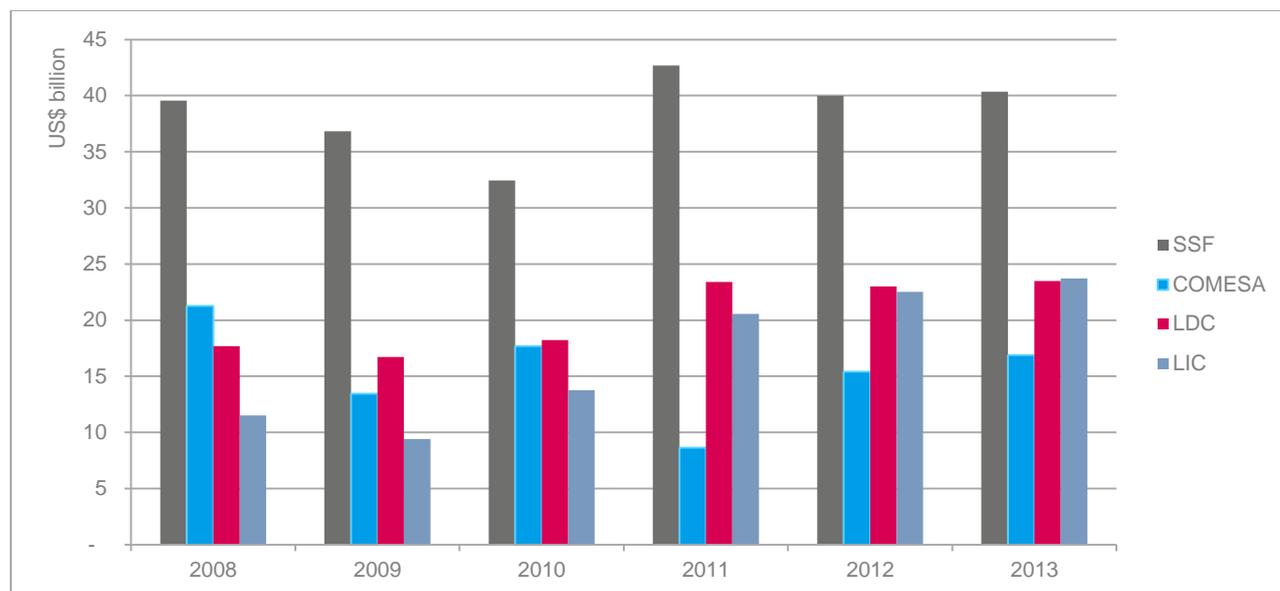
Source: ITC Trade Map, Eritrea n.a 2006 – 2012, Libya travel and other commercial services n.a. 2011, Comoros n.a.2012

**Figure 17. Regional average services subsectors shares of services imports, COMESA, 2006 – 2012**



Source: ITC Trade Map, Eritrea n.a 2006 – 2012, Libya travel and other commercial services n.a. 2011, Comoros n.a.2012

**Figure 18. FDI net inflows, LDC, SSF, LIC and total COMESA region, 2008 – 2013**



Source: World Bank – World Development Indicators. Libya n.a. 2011

The data shows a striking difference between FDI net inflows to the SSF and to the remaining aggregates in the graph (COMESA, LDC, LIC), with FDI to SSF being at least US\$ 20 billion larger than the largest FDI to one of the other aggregates. From 2008 to 2013, FDI to COMESA has overall decreased whereas it has increased for LDCs and LICs. In 2008 FDI to COMESA was the largest among the three aggregates, in 2011 LDC received the largest amount of FDI among the three aggregates and in 2013 LIC as a group received the largest amount.

**Table 9. COMESA average services share of total exports**

Country	2009	2010	2011	2012	2013
Burundi	2%	4%	n.a.	5%	n.a.
Comoros	56%	56%	6%	32%	n.a.
Djibouti	28%	34%	48%	37%	n.a.
DR Congo	12%	5%	4%	4%	n.a.
Egypt, Arab Rep	47%	47%	38%	42%	38%
Eritrea	n.a.	n.a.	n.a.	n.a.	n.a.
Ethiopia	47%	48%	49%	46%	51%
Kenya	32%	37%	35%	38%	39%
Libya	1%	1%	0%	0%	n.a.
Madagascar	38%	47%	42%	52%	n.a.
Malawi	6%	7%	6%	8%	n.a.
Mauritius	56%	58%	58%	59%	57%
Rwanda	43%	46%	43%	39%	35%
Seychelles	54%	52%	55%	48%	47%
Sudan	4%	2%	2%	18%	14%
Swaziland	17%	21%	25%	19%	11%
Uganda	33%	35%	41%	43%	45%
Zambia	5%	4%	4%	5%	n.a.

Zimbabwe	10%	9%	9%	8%	n.a.
<b>COMESA</b>					
AVERAGE	27%	28%	27%	28%	37%
Min	1%	1%	0%	0%	11%
Max	56%	58%	58%	59%	57%
	no ER	no ER	no BU,ER	no ER	

Source: ITC Trade Map, Eritrea n.a.

## Bibliography

- Common Market for Eastern and Southern Africa (2014). International Statistics Bulletin No. 13. Available from <http://comstat.comesa.int/ResourceCenter>
- Common Market for Eastern and Southern Africa (2014). *Report of the Thirty Second Meeting of the Council of Ministers*. Available from [http://www.trademarksa.org/sites/default/files/publications/Adopted%20CM%20Report%2024%20Feb%202014\\_1200hrs\\_clean%20smz.doc](http://www.trademarksa.org/sites/default/files/publications/Adopted%20CM%20Report%2024%20Feb%202014_1200hrs_clean%20smz.doc)
- Drake–Brockman, Jane (2010). *Services Trade: Approaches for the 21st Century*, Paper presented at PECC/ADB Conference on 'A Post–2010 Trade Agenda for Asia Pacific', Tokyo, July 2010
- Drake–Brockman, Jane (2011). *The Importance of Measuring the Delivery of Services via Commercial Presence of Offshore Foreign Affiliates: Some Case Studies from Australian Business Experience*. Available from <http://www.adb.org/sites/default/files/publication/156150/adb-wp295.pdf>
- East Africa Civil Society Organizations' Forum Rwanda and Rwanda Civil Society Platform (2014). *State Of Play in Trade in Services: Leveraging Regional and International Markets, Challenges and Opportunities in Rwanda*. Available from <http://www.cuts-geneva.org/pactecac/images/Documents/EAC%20Forum/Forum16/EAC%20Geneva%20Forum-%20Rwanda%20Note%2016.pdf>
- Goswami, Arti Grover, Aaditya Mattoo and Sebastian Sáez (2012). *Exporting Services: A Developing Country Perspective*. Available from <https://openknowledge.worldbank.org/bitstream/handle/10986/2379/658370EPI188160Box365736B0Exporting.pdf?sequence=1>
- Hustler, Michelle and David Primack (2012). *Harnessing Services Trade for Development: A Background and Guide on Service Coalitions in Africa and the Caribbean*. Available from [http://www.ileap-jeicp.org/downloads/bb22\\_background-guide-service-coalitions-africa-caribbean\\_april12.pdf](http://www.ileap-jeicp.org/downloads/bb22_background-guide-service-coalitions-africa-caribbean_april12.pdf)
- International Lawyers and Economists Against Poverty and East African Business Council (2009) *Final Report: Building Consensus on Services Reforms and Negotiations: the Private Sector and the Role of Services Coalition*. Available from [http://www.ileap-jeicp.org/events/kampala\\_oct09\\_f.html](http://www.ileap-jeicp.org/events/kampala_oct09_f.html)
- International Lawyers and Economists Against Poverty and East African Business Council (2010). *Final Report: Towards an East African Coalition of Service Industries (CSI): First Meeting of the Steering Committee*. Available from [http://www.ileap-jeicp.org/events/nairobi\\_july\\_2010.html](http://www.ileap-jeicp.org/events/nairobi_july_2010.html)
- International Trade Centre (2007). *All About Promoting Trade in Services: A Complete Handbook*.
- International Trade Centre (2012). *Business Association Profiles, East Africa Region: Advocacy For Trade Policy*. Available from [http://www.intracen.org/uploadedFiles/intracenorg/Content/Trade\\_Support\\_Institutions/Articles/Business%20Association%20Profiles%20East%20Africa%20Region%20Advocacy%20for%20Trade%20Policy.pdf](http://www.intracen.org/uploadedFiles/intracenorg/Content/Trade_Support_Institutions/Articles/Business%20Association%20Profiles%20East%20Africa%20Region%20Advocacy%20for%20Trade%20Policy.pdf)
- International Trade Centre (2012). *Business Association Profiles, Indian Ocean Region: Advocacy For Trade Policy*. Available from [http://www.intracen.org/uploadedFiles/intracenorg/Content/Trade\\_Support\\_Institutions/Articles/Business%20Association%20Profiles%20Indian%20Ocean%20Region%20Advocacy%20for%20Trade%20Policy.pdf](http://www.intracen.org/uploadedFiles/intracenorg/Content/Trade_Support_Institutions/Articles/Business%20Association%20Profiles%20Indian%20Ocean%20Region%20Advocacy%20for%20Trade%20Policy.pdf)
- International Trade Centre (2012). *Business Association Profiles, Southern Africa Region: Advocacy For Trade Policy*. Available from [http://www.intracen.org/uploadedFiles/intracenorg/Content/Trade\\_Support\\_Institutions/Articles/Business%20Association%20Profiles%20Southern%20Africa%20Region%20Advocacy%20for%20Trade%20Policy.pdf](http://www.intracen.org/uploadedFiles/intracenorg/Content/Trade_Support_Institutions/Articles/Business%20Association%20Profiles%20Southern%20Africa%20Region%20Advocacy%20for%20Trade%20Policy.pdf)

International Trade Centre (2004). *Creating a Services Coalition: An East African Roadmap*. Available from [http://c-nsc.org/download/coalition\\_resources/Creating%20a%20Services%20Coalition%20an%20East%20African%20Roadmap.pdf](http://c-nsc.org/download/coalition_resources/Creating%20a%20Services%20Coalition%20an%20East%20African%20Roadmap.pdf)

Organization for Economic Co-Operation and Development (2013). *African Economic Outlook 2013: Structural Transformation and Natural Resources*. Available from <http://www.oecd-ilibrary.org/docserver/download/4113021e.pdf?expires=1448537961&id=id&accname=ocid195767&checksum=B35404F0F8C7AF73C2C8FFB7259EE270>

Tralac (2015). *Regional Dialogue for COMESA Transport Industry: 17-18 September 2015, Nairobi*. Retrieved from <http://www.tralac.org/news/article/8084-regional-dialogue-for-comesa-transport-industry-17-18-sept-2015-nairobi-kenya.html>

United Nations Conference on Trade and Development (2010). *National Services Policy Review of Uganda*. Available from [http://unctad.org/en/Docs/ditctncd20101\\_en.pdf](http://unctad.org/en/Docs/ditctncd20101_en.pdf)

United Nations Conference on Trade and Development (2013). *National Services Policy Review of Uganda II*. Available from [http://unctad.org/en/PublicationsLibrary/ditctncd2013d12\\_en.pdf](http://unctad.org/en/PublicationsLibrary/ditctncd2013d12_en.pdf)

United Nations Conference on Trade and Development (2013). *National Services Policy Review of Rwanda*. Available from [http://unctad.org/en/PublicationsLibrary/ditctncd2013d6\\_en.pdf](http://unctad.org/en/PublicationsLibrary/ditctncd2013d6_en.pdf)

World Trade Organization (2015). *Trade Profiles 2015*. Retrieved from <http://stat.wto.org/CountryProfile/WSDBCountryPFHome.aspx?Language=E>



FSC is an independent, non-governmental, not for profit organization established to promote the responsible management of the world's forests.

Printed by ITC Digital Printing Service on FSC paper, which is environmentally-friendly paper (without chlorine) using vegetable-based inks. The printed matter is recyclable.

