

**Opening Remarks for Mrs. Treasure Maphanga,
Director, Department of Trade and Industry of the
African Union Commission delivered during the
Training Workshop on Trade in Services Negotiations
for AU-CFTA Negotiators 7-11 December 2015, King
Fahad Hotel, Dakar Senegal.**

I warmly welcome you all to the Training Workshop on Trade in Services Negotiations for AU-CFTA Negotiators here in Dakar, Senegal. On behalf of the Commissioner for Trade and Industry, I also wish to extend the Commission's sincere appreciation to all our collaborating partners who have contributed to this training. Special thanks go to our partners UNCTAD, ITCSD, ILEAP, USAID,

WTO and TRALAC whose support for the work on Trade in Services on the Continent has been tremendous, and without whom, this training would have been a challenge.

I would like to thank the Government of Senegal for the key role played in this event and for your commitment in supporting the private sector in services exports in particular in the areas of ITO and Business Processing Outsourcing. Minister we appreciate your time with us this morning.

I would also like to welcome and thank our esteemed facilitators and moderators for taking time off your busy schedules to share with us your expertise on the different aspects of trade in Services pertinent to Africa. Distinguished participants your presence is evidence that Africa is ready and committed to explore further

opportunities embedded in Trade in Services for the development of our Continent but most importantly the commitment to the successful establishment of the CFTA.

With Trade in Services expertise present today, it is like preaching to the converted when you ask the question: *Why Trade in Services and Why Now?* The urgency of this capacity building initiative, stems from the mandate to negotiate a Continental Free Trade Area for Goods and Services by the indicative date of 2017. The AU Heads of State and Government during their Twenty Fifth Ordinary Session in June in Johannesburg South Africa Adopted the Objectives and Guiding Principles for the CFTA negotiations, wherein Trade in Services and Trade in Goods are to be negotiated concurrently. Beyond the

CFTA Services Negotiations, African Countries are still engaged in Trade in services negotiations at the multilateral level, regional and bi-lateral level which require expertise.

Ladies and Gentlemen,

The capacity building is to explore trade in services potential that lies within our Continent. The UNCTAD report on “Unlocking the Potential of Africa’s Services Trade for Growth and development” confirms once again that Africa’s potential lies in Trade in Services. The Services Sector contributes almost half of the Africa’s output, a third (1/3) of formal employment and its growth has been at more than twice the average rate for the world during 2009–2012. What has also become very clear is the linkage between Services and Industry and the need to prioritize those

services and industries that are relevant for a value chain. We now know that services are almost 50% of the value of goods, and **“reducing supply chain barriers like Customs Administration, Transport, Communication infrastructure and services could increase world GDP over 6 times more than the removal of all tariffs”**. **The evidence is overwhelming to prove that a** competitive manufacturing/industry and Agricultural sector is based on the efficiency of the services sector.

Deficits of infrastructure and infrastructure services have a clear impact on African competitiveness and this has been found to sap growth by as much as 2% a year. The lack of adequate transport infrastructure undoubtedly reduces Africa’s ability to participate in the world economy. Most

African countries also find it hard to compete in the world market owing to inadequate, inefficient and very expensive telecommunication services. Research indicates that high transport costs in West Africa present a greater barrier to trade than regional import tariffs.

Ladies and Gentleman,

The emergence of Global Value Chains reveals the direct link between services and the creation of value in the exchange of intermediary products. The trade in value-added data recently developed by the Organization for Economic Cooperation and Development (OECD) and suggests that the value of trade in services, when taken from a value added perspective, may be approaching half of world trade exports (45%). Services have been termed

the “*glue*” of the value chains without which the chains can’t stick.

What does Services Trade Mean for the African Woman?

With Majority of African population being female; their role in the services sector is paramount. In Africa, the majority of small farmers are women who produce crops such as maize, cassava, cotton, and rice that have enormous potential for increased trade between African countries and with the global market. But most importantly it is the same women providing services across borders, such as education, health, hotels and restaurants, wholesale and retail trade, professional services and ICT among others. For instance, the contribution of women informal traders to

national GDP amounts to 64 % of value added in trade in Benin, 46 % in Mali and 41 % in Chad. The World Bank reports that Africa's share of female services employment is significantly higher than that recorded in the Middle East and North Africa and South Asia regions. Hence any steps to develop the services sector will have an impact on women empowerment.

Where are we in the Services Integration Agenda?

As will be presented in this training, the Regional Economic Communities have embarked on services integration agenda at different levels and using different approaches from which we can draw both positive and negative lessons while designing the CFTA Service Agenda. Beyond regional Approaches, the African Union has taken steps to

integrate the Telecommunications Sector, Education Sector and Air transport Sectors at the continental level. The CFTA seeks to bring the dreams of our fore-leaders as enshrined in the Abuja Treaty to have a single African Market with movement of Goods, Services, Capital and Persons.

Ladies and Gentlemen,

The objective of this the Workshop is to build the capacity of services negotiators in Africa to effectively benefit from trade in services opportunities at bi-lateral, regional and multilateral levels but most importantly to prepare for the CFTA negotiations on Services which were launched in June 2015. The Workshop will also provide a forum to share experiences of successful services exports and

brainstorm on a strategy for CFTA Services Negotiations as well as establish a network of services experts on the continent.

In conclusion, while experts engage on various models and techniques for liberalisation of trade in services, this training will also provide a forum to discuss possible recommendations on the possible modalities for trade in Services for the CFTA. In the research the Commission has undertaken with the support of partners, it has come clear that there's no one size fits all for the continental service liberalisation hence a busy schedule awaits the experts on services on the Continent to design a suitable model for African Services Liberalisation.

I thank you for your kind attention.