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INTERNATIONAL TRADE AND
ECONOMIC DEVELOPMENT DIVISION
SOUTH AFRICA

Liberalising Services: A South African Experience

Directorate: Trade in Services

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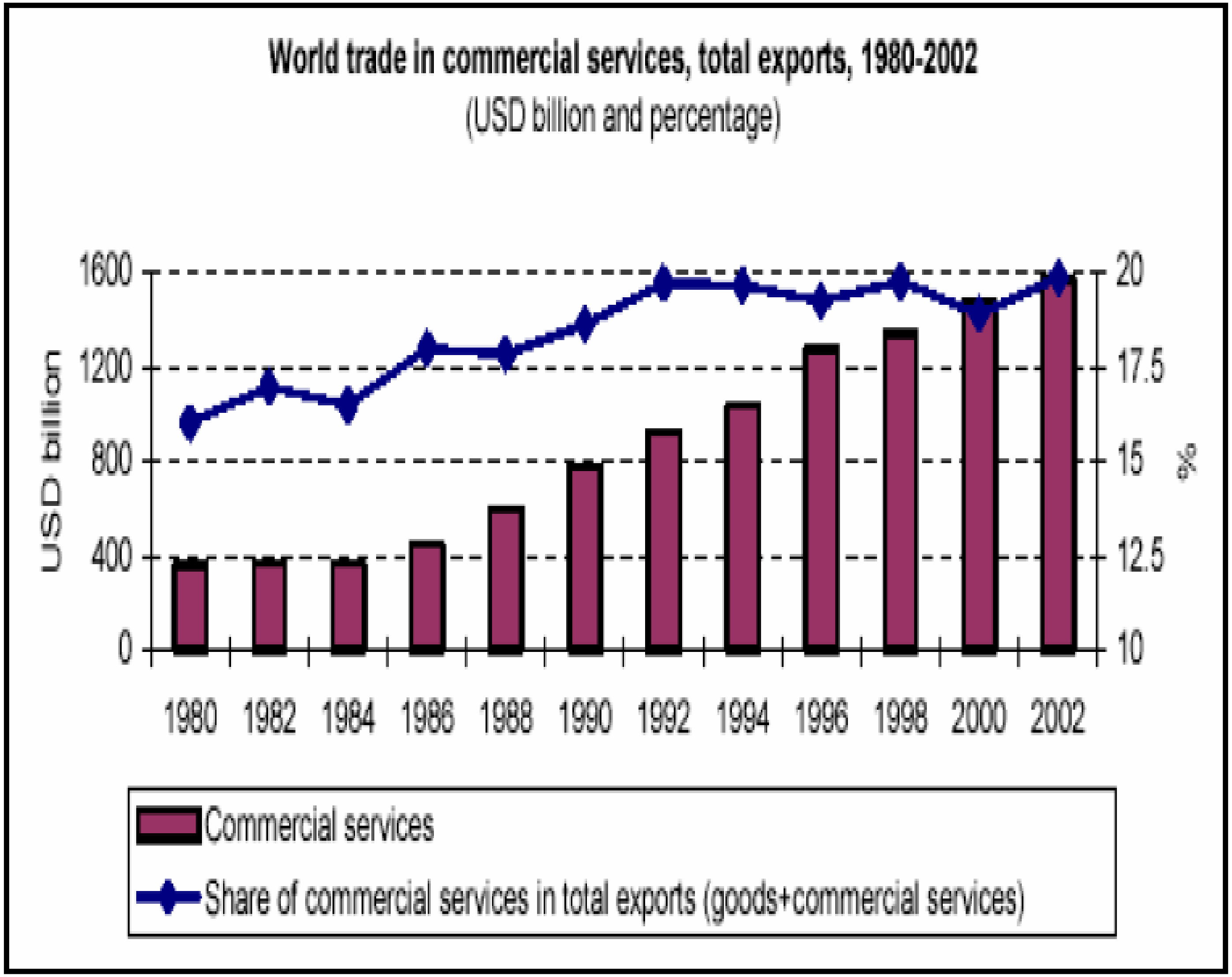
Trade in Services Trends: SA Economy

Increasing proportion of:

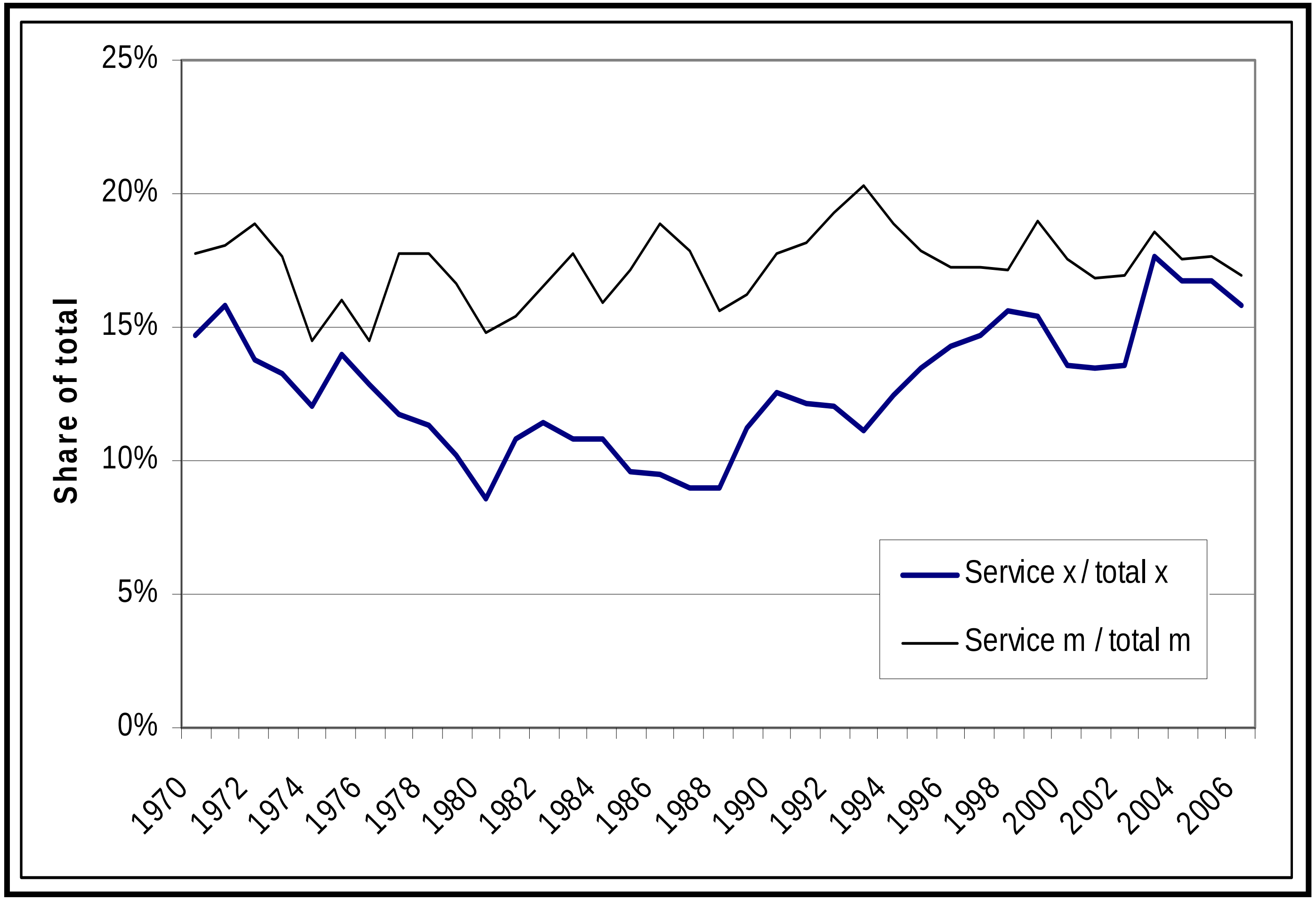
- GDP: 72% (HSRC, 2005)
- Employment: 70% or higher (HSRC, 2005)
- Foreign direct investment: 60%
- Share of world trade: 25%



World trade in commercial services, total exports, 1980-2002
(USD billion and percentage)
USD billion
%
1600
1200
800
400
0
20
17.5
15
12.5
10
1980
1982
1984
1986
1988
1990
1992
1994
1996
1998
2000
2002
Commercial services
Share of commercial services in total exports (goods+commercial services)

Source: WTO

Services trade/exports as a share of total trade (by value)



Source: SARB

Importance of Services to SA Economy

Financial: expansion of credit, lower cost of borrowing, better risk-sharing, adequate capital deployment

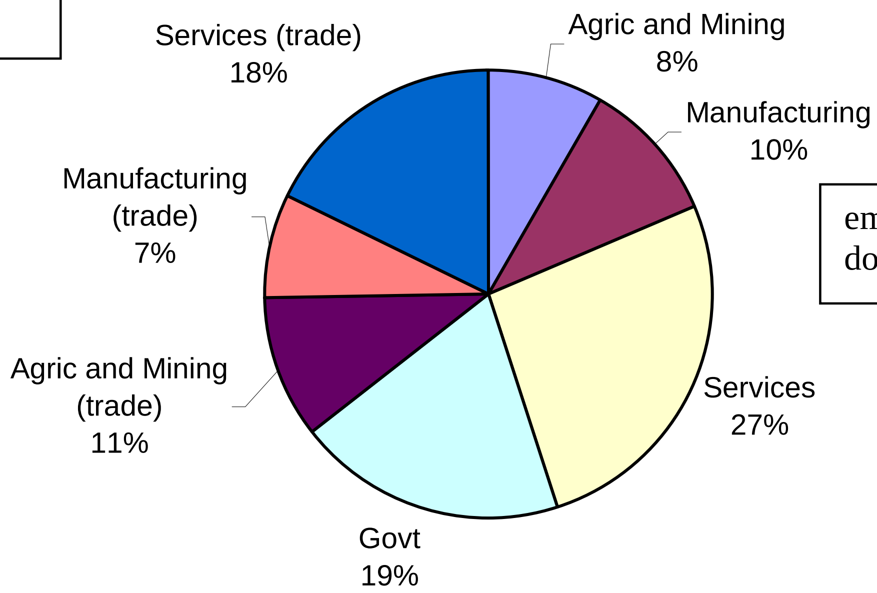
Telecommunications: diffusion of market knowledge & intermediate input to production, facilitate business

Transportation & distribution: movement of goods and services nationally/across borders

Accountancy, legal, computer: lower transaction costs

Sources of Employment

employment from foreign demand = 36%



employment from market-based domestic demand = 45%

Source: calculated from SEE, 2001. Based on van Seventer 2005, HSRC working paper

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Examples of Reform Measures

- Laws
- Regulations
- Administrative Orders
- Legislation
- Monetary Policy & Fiscal Policy
- Transparency

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Key Policy Foundations

- National Industrial Policy Framework
- ASGI-SA
- National Services Sector Framework
- Line Function Department/Ministry Policies
- Legislation establishing NEDLAC

Regulatory Oversight for Services Trade

- ICASA
- Competition Commission
- Competition Tribunal
- Postal Regulator
- Financial Services Board
- Banking Council
- Independent Regulatory Board for Auditors

Addressing Supply-Side Constraints

- Improved and efficient infrastructure
- Regulatory capacity
- Skilled labour
- Public Sector Investment
- R & D

SA's Services Sector: Level of Liberalisation

- Liberalisation Strategy
- Uruguay Round/Initial Offer
- Out of 156 lines under GATS, SA committed on 89
- Binding level in excess of 80%
- Fully Bound on 39
- Partially Bound on 50
- Further liberalisation measures
- Sensitive Sectors/Red Lines

Plurilateral Requests Received

Financial Services
Logistics Services
Maritime Transport
Postal & Courier Services (incl. Express Delivery)
Air Transport Services
Services Related to Agriculture
Energy Services

Environmental Services
Legal Services
Computer & Related Services
Audio Visual Services
Telecommunications
Construction Services
Modes 1 & 2
Distribution Services

Existing Multilateral Commitments

WTO Member	Lines Bound	WTO Member	Lines Bound
Chinese Taipei	119	US	110
EC	115	EC	115
Switzerland	115	Japan	112
Japan	112	South Korea	98
US	110	Canada	105
Canada	105	Australia	103
Australia	103	New Zealand	90
South Korea	98	Chinese Taipei	119
China	93	Switzerland	115
South Africa	91	South Africa	91
New Zealand	90	Brazil	43
Mexico	77	India	37
Thailand	75	Chile	42
Malaysia	73	Argentina	63
Hong Kong	68	Malaysia	73
Argentina	63	China	93
Indonesia	45	Hong Kong	68
Egypt	44	Mexico	77
Brazil	43	Thailand	75
Chile	42	Egypt	44
India	37	Indonesia	45

Trade in Services Negotiating Agenda

- WTO
- EPAs
- SADC Protocol
- Other bilateral engagements

WTO – State of Play

- Market Access Negotiations
- Domestic Regulation
- GATS Rules
- Chairman’s Services Text
- South-South Cooperation

  Africa Group

  LDC Group

  G33

  SVEs

SADC Services Protocol Negotiations

- Mandate to negotiate
- Objectives
- Priority Sectors
- Modalities for liberalisation
- UNCTAD & EC

EPA – Position of SA

- Position of SA on services
- Art. 24 of GATT & Waiver
- What constitutes a “full & comprehensive EPA” ?
- Cooperative arrangement on services
- Other trade related areas/New Generation Trade Issues

EPA – Assessing Possible Implications

- Multilateral vs Bilateral
- Definition of Development
- Implications for LDCs (a round for free??)
- Implications for regional negotiations
- Margin of preference
- Areas of Export Interest to LDCs and DCs
  - Mode 4 and Cariforum
- Notification in terms of Art. 5
- Architecture of the GATS in question?
- Stand-still provision
- Negotiating time-frame
  - Modalities
  - Choice of Sector
  - Framework Agreement

Concluding Remarks

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