

Nigeria's Strategic Interests on Trade in Services

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Status of Services trade in Nigeria

- A new area of trade as far as Nigeria is concerned
- Technically novel
- Knowledge of trade in Services very low
- Negotiations in services very broad and higher technical, yet the skills and competence still at a very low ebb
- Nigeria is part of the developing countries that rejected services negotiations at the WTO.
- However, services hold a lot of potential for Nigeria
- In fact, Nigeria has liberalized most of her services without realizing (however, many without commitments)

Services Status...!

- Nigeria like many other developing countries made commitments at the Uruguay Rounds without considering infrastructure and growth related needs
- lock-in should provide credibility to reforms which in turn induces a strong and dynamic services sector that positively contributes
 - to relative stability in the general price level,
 - Reduction of unemployment,
 - Achieve economic growth
 - foster balance of payment equilibrium
 - Contribute to longer life expectancy,
 - low maternal and child mortality,
 - high literacy rate and gender equity.
 - Achieve other MDGs

Nigeria Services Data

- Lack of reliable current data on Nigeria's services trade
- The best available data spans 1990-1999
- Therefore decisions could be difficult, hence the need for adequate, proper sectoral analysis to aid liberalization
 - Nigeria's services trade in world services trade is little (0.3%)
 - Nigeria's services trade in Africa's services trade is little (8.1% in 1999)
 - Nigeria's services trade in Nigeria's total trade (oscillates, 14.7% in 1999)
- Contribution of the services sector to the Nigerian economy 25-30% (1985-1999)
- Average annual growth
 - services export 14.3% > merchandise export 11.4%
- Total services trade US\$56.6 billion (1989-1999)

Nigeria Services Interests by Sector

- Information and Communication Technology
 - Software (need for ICT which today rules the world)
- Financial services
 - Banking (already opened up for foreign investments)
 - Insurance (same with banking)
- Educational Services (knowledge based activities)
- Entertainment (Nollywood is already a good revenue earner for the country, and is competitive)
 - Movies
 - Music
- Professional Services
 - Legal
 - Architectural
 - Medical (many in this category are already making waves outside the country and therefore can be export potentials)

Current Liberalization

- Nigeria has unwittingly been liberalizing the following services sectors:
 - Financial services
 - Education
 - Health
 - Telecommunications
 - Distributive
- These sectors could be locked-in through multilateral commitments under GATS, provided the rights to regulate are essentially taken into cognizance
- Nigeria could also carefully structure her liberalization programme within the context of her reforms agenda

This meeting is essential at three levels

- Nigeria is preparing for services export promotion through the NEPC
- The ongoing EPA negotiations call for serious actions on services to prepare the country for the 2010 negotiations
- The WTO mini-ministerial is coming up at the end of this month (from 27th); and therefore this is important towards preparing Nigerian representatives to the Geneva ministerial incase the issue comes up for discussions under the Doha arrangement

What to do

- Recognition of the right to regulate under the WTO
- Establishment of a domestic regulatory regime which is transparent and non-discriminatory and promotes competition and efficiency without sacrificing other important social and political objectives
- Nigeria's unilateral policy reform has generated substantial liberalization of trade in services.
- Nigeria's schedule of liberalization commitments under GATS does not fully reflect the breadth and depth of the unilateral liberalization already achieved
- EU's requests (and perhaps others?) to Nigeria want wider coverage and deeper commitments by removing some market access exceptions and national treatment limitations
- There is the likelihood that a substantial part of these requests can be met if Nigeria chooses to more fully reflect its current level of unilateral liberalization of trade in services in its GATS commitments.