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Gats And Nigeria: Dealing With Multilateral Services Negotiations Within The Context Of Development Objectives

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EXECUTIVE SUMMARY

The focus of this paper is to review the performance of Nigeria's services sectors and services trade, identify the GATS-compatible reforms that have taken place since the commencement of reforms in 1986, and develop hypothetical offer for Nigeria. In effect, an assessment of the size, structure and performance indicates that many services subsectors that serve as important input into manufacturing and agricultural production do not contribute substantially to services GDP and Nigeria's overall economic growth. The implication of the trend is that whatever comparative advantage that can be deployed to generate services export to other countries in these areas has been lost, and therefore the sectors require substantial sectoral rejuvenation effort through the right policy reforms to regain competitive advantage.

A cursory analysis of the commitments of most developing countries commitments in the Uruguay Round GATS revealed that those commitments were likely made without consciously relating them to their developmental problems and hence their developmental objectives, especially when, in the case of Nigeria, many of the services subsectors that are expected to enhance its competitive advantage have been faced with unimpressive output performance for almost two decades.

A classificatory scheme based on input-type services and final demand services helps to achieve a clearer understanding of the pre-requisites of potential multilateral services liberalization. The scheme enables governments to balance the need to quicken rate of sectoral growth with the need to protect domestic investors in the sense that liberalisation can be used as complementary strategy to increase the efficient production of input-type services. Viewed in this manner, this classification is likely to impact on the new set of commitments that countries will assume in the on-going Doha Development Round and other trade negotiations such as the WTO-compatible West Africa - EU free trade arrangement.

Many African countries including Nigeria have not made requests or offers in the ongoing DDA negotiations. One of the reasons may be lack of capacity to analyse received requests from trading partner countries and offers from the same set of countries. Refusal to engage in the offer – request process has also been linked to lack of human resource capacity to engage as well as to lack of clearly defined export interests and clear agenda for general economic development. There is thus a need for

analysis of Nigeria's comparative advantage in various areas of trade. Presently trade and development take a back seat to power politics, often tribally-based.

In the course of the current DDA negotiations on trade in services, Nigeria has received requests from other countries notably the EU to make further liberalization commitments under GATS. The most comprehensive of these requests has been made by the European Union (EU) which is asking Nigeria to clarify mode 3 horizontal commitments, make explicit and binding commitments in mode 4 horizontal commitment and bind and/or remove restrictions in such areas as professional services, business services, telecommunications services, construction and related engineering services, distribution services, environmental services, financial services, news agency services, transport services, and energy services.

Some points emerge from the analysis of Nigeria's policy environment and GATS commitments. Among these is that Nigeria's unilateral policy reform has generated substantial liberalization of trade in services. Therefore, it is not unlikely that a substantial part of liberalization requests from trading partner countries can be met if Nigeria chooses to more fully reflect its current level of unilateral liberalization of trade in services in its GATS commitments. This is because responding to requests in form of offers would be easily articulated around services sectors and sub-sectors where existing levels of unilateral liberalization permits significant binding commitments in GATS without necessarily having to negotiate new policy reforms with domestic stakeholders.

The discussions in the paper are summarized in terms of services liberalization offer in the form of a hypothetical schedule of commitments for Nigeria. This hypothetical schedule of commitments is generated to mimic conditional initial offer from Nigeria which tends to reflect current unilateral reforms. The implication of this offer is twofold. One, some of these offers are within or equivalent to results of sectoral reforms and as such will not require stakeholders' consultation to commit them multilaterally. Two, some of the offers would give rise to additional domestic policy reforms as ongoing reforms are not adequate to bridge the gap between these commitments and existing regulations. These would have to be considered in detail by relevant government agencies.

1. Introduction

1.1: Preamble

The role of Doha Development Round and the West Africa-EU Economic Partnership Agreement (EPA) negotiations in advancing the development of the services sector is significant. However, for the services sector to reap the maximum benefit from its liberalisation under these two frameworks, appropriate sectoral and sub-sectoral analyses have to be deployed to understanding their status and the costs of adjustment that such liberalisation will entail in order that adequate adjustment alleviation mechanisms are built into the negotiations. The first part of the analyses is the focus of this study, whose main objective is to review the performance of Nigeria's services sectors and services trade, identify the GATS-compatible reforms that have taken place since the commencement of reforms in 1986, and develop hypothetical offers to instigate discussions.

The WTO work programme developed to resuscitate negotiations on the platform of the [DDA], after the failed Fifth Ministerial in Cancun otherwise referred to as the "July Package", affirmed the recommendations of the Services Council that progress in services negotiations was required and revised offers needed to be tabled by May 2005. This Decision of the General Council was based on the recommendations of the Special Session of the Council for Trade in Services which urged members to submit high quality offers especially as these offers relate to sectors and modes of supply of export interest to developing countries and least developed countries which, in turn, deserves special attention. The basic aim of these recommendations constituted the need to be consistent with the achievement of progressively higher levels of liberalisation and effective market access in consonance with Articles IV, XVI and XIX which respectively deal with increasing participation of developing countries, market access and progressive liberalisation.

While progress in GATS negotiations has been slowed down as a result of the number of initial offers received, developing countries in general and African countries in particular have been reluctant to submit initial offers for the negotiations perhaps because despite the encouragement these countries do not have to submit offers especially if they have not made requests and can benefit from the liberalisation of particular sectors through the most-favoured-nation (mfn) principle, the so-called free

rider syndrome. With particular reference to Africa, only three countries had submitted initial offers despite the opportunity that such offers provide for African countries to help lock-in their autonomous liberalisation. This, perhaps, constitutes one of the most significant advantages for African countries in the negotiations, since, with these offers, they are able to send correct signals about the seriousness of maintaining their domestic reform programmes, on the one hand, and ward off undue domestic pressure for reversal of reform, thereby enhancing policy credibility, on the other.

Recent efforts focused on the categorisation of the services sector into input or infrastructure-related and final demand type services have meant a re-examination and re-definition of the consideration and implication of countries' commitments in the General Agreement on Trade in Services (GATS) especially in the specific sectoral commitments that WTO member countries assumed during the Uruguay Round. The immediate import of these categorisations into intermediate and final demand services (Hodge 2002); and infrastructure type services, business-type services, social-type services, and other services (Stephenson 2002) is the suggestion that some of the specific commitments that developing members in particular assumed during the Uruguay Round may not have been appropriately analysed and adequately designed to facilitate the alleviation of the myriad of infrastructure and growth-related problems that their economies are facing. A corollary of this is that these categorizations have the likelihood of influencing the new set of commitments that countries will assume in the on-going Doha Development Round and other trade negotiations such as the WTO-compatible West Africa - EU free trade arrangement.

The on-going negotiations are being affected by these classifications in two ways. One, in the initial and revised services liberalization requests that the European Union communicated to third countries, the EU refrained from making initial requests to least developed and developing countries in the education sector because it believes that this is a social sector that these countries' governments should utilize to nurture their development¹. Two, though Nigeria has not submitted any offer in the on-going

¹ According to the EU revised requests to third countries, "no requests are being made on health services or audiovisual services to any country, and only the US will receive a request on higher education services but strictly limited to privately-funded education services"

negotiations, there are some perceptions at the regional level and among analysts that the DDA GATS negotiations can be used to correct the unfriendly and growth-inhibiting environment of the country's services sector through lock-in of unilateral reforms that would facilitate the realization of its drive for enhanced foreign direct investment. This lock-in mechanism is necessary to give momentum and credibility to the on-going sectoral reforms in the country.

What's more, participation in the request-offer process can help the country decide on aspects of its reforms to pre-commit in the absence of taking full multilateral liberalization commitments. By this act alone, not only will pressure from powerful interests diminish, Nigeria's negotiating leverage is also likely to generally improve especially with the new positive perception of Nigeria's investment environment by the international community while government agencies and ministries will be disciplined against reversals by such pre-commitments.

The need for the additional momentum in services sector reforms is justified by the envisaged positive effects that services sector liberalization would have on Nigeria's economic growth and development. Similar to the anticipated results from conventional macroeconomic policy objectives, a positive contribution of the services sector to the country's economy should induce relative stability in the general price level, help reduce unemployment, assist in achieving economic growth and foster balance of payment equilibrium. It should also contribute, albeit indirectly, to longer life expectancy, low maternal and child mortality, high literacy rate and gender equity. These economic growth and development objectives can be rapidly and enduringly achieved with a strong and dynamic services sector.

1.2 Study Methodology and Organisation

This study benefits from substantial desk review of literature and consultations with major stakeholders in the private and public sectors. In the former, individual operational firms and their corresponding trade association were consulted. The latter includes officials of regulatory agencies in telecommunications, air and maritime

transport, and Ministry of Works in the case of construction work (Appendix 1). Analysis of specific sectors contains developing and developed countries' proposals in the negotiations followed by domestic reforms which then form part of the consideration for the hypothetical offers provided.

The remainder of this report is organised as follows. Section 2 analyses the size, structure and performance of key services sectors and Nigeria's services trade in terms of their aggregates and modes of supply. Section 3, discusses several key elements of services trade liberalization and reviews some of the services trade liberalization requests received by the country. In section 4, services subsectoral market and regulatory structures are described. This is followed by a brief examination of regional liberalization efforts in key services sectors and Nigeria's response options to received requests. Section 5 examines the institutional framework for services negotiations at the national and sub-regional levels. The paper is concluded in section 6.

2. Size, Structure and Performance of Key Services Sectors and Services Trade

2.1 Contribution of Services to Nigeria's Economy

The contribution of the services sector to the Nigerian economy hovered around 25-30% between 1985 and 1999 (Table 1). This contribution is lower than what obtained in some African, Asian and Latin American countries such as Uganda (40%), Zambia (50%), Korea (60%) and Brazil (80%) in the mid-1990s (WTO, 1997). The Nigerian services sector, despite its relatively unimpressive share of GDP, is a potential growth driver for at least three reasons. One, demand for services is highly income elastic and with the current growth trend of the Nigerian economy, services demand as a complementary component of total consumption is expected to be large and diversified in such areas as tourism, education, health, hotels, restaurants, and transportation, demand for which tends to expand somewhat more rapidly than the demand for manufactured and other tangible goods. Two, manufacturing firms depend to a large extent on the services sector to provide it with vital auxiliary inputs such as manufacturing design, finance, communication, transportation, consulting, among others. Related to this is that most modern services are not only used as inputs into the production of many goods but also are final consumption outputs themselves. Three, the services sector is predominantly labour intensive, since in most cases service providers have to personally render the service, and to this extent the sector is

agreeable with the large labour resource endowment of the Nigerian economy. In effect, Nigeria's services sector is a potential largest employer of labour.

Viewed in terms of inputs and final demand, the contribution of services sub-sector to services GDP can be ranked from Table 1, which offers some data on the services share of GDP and the composition of total services GDP. The first five sub-sectors in order of importance are wholesale and retail services, road transport, financial, housing (dwelling) and building and construction services. In other words, many services subsectors that serve as important input into manufacturing and agricultural production do not contribute substantially to services GDP and overall economic growth. Many of these subsectors, e.g. electricity, rail and air transport services, and communication services, have experienced different degrees of market restrictions, dominant government ownership, low investment, use of antiquated technology, regulatory weaknesses, among others, and whose poor management has rendered their service delivery inefficient and ineffective (Bankole, 2004).

Table 1:

Share of GDP at current factor cost by economic activity (%)

YEAR	1985	1990	1995	1999
Total services share	29.6	25.0	21.7	26.5
Composition of Total services GDP:				
Electricity	1.6	1.3	0.3	0.1
Water	0.9	0.5	0.2	0.1
Building construction	7.3	6.8	3.2	3.3
Road transport	14.3	7.2	11.0	12.5
Rail transport	0.6	0.1	0.0	0.0
Ocean transport	1.2	0.4	0.1	0.1
Air transport	0.9	0.4	0.2	0.2
NITEL	0.4	0.2	0.1	0.1

NIPOST	0.5	0.2	0.1	0.0
Radio & TV	0.5	0.2	0.1	0.1
Wholesale and retail trade	43.5	55.6	65.6	57.4
Hotel & restaurant	2.2	0.9	0.6	0.7
Financial institution	11.8	17.5	4.6	4.5
Insurance	1.0	0.6	0.2	0.1
Real estate	0.1	0.1	0.0	0.0
Professional services	1.0	0.6	0.2	0.3
Housing(dwelling)	9.5	6.0	10.9	15.7
Private non-profit institutions	0.0	0.0	0.0	0.0
Repairs & other services	2.8	1.4	2.7	4.8
Total	100	100	100	100

Source: Computed from Federal Office of Statistics, National Accounts of Nigeria, Various issues

Table 2 offers a clearer perspective of the trend of the subsectors. Only three sectors experienced positive growth, as shares of services GDP, between 1985 and 1999. These are wholesale and retail services, housing (dwelling), and repairs and other services. With the exception of repairs and other services that may be thought of in terms of input-related services, the two other growing subsectors are final demand services. This trend is an indirect indication of a stagnant or receding, or import dependent economy. Specifically, the contribution of electricity subsector to total services has dwindled by as much as 91%, rail transport by almost 100%, air transport by 82%, financial services by 62%, and professional services by 72% over about a decade and half. The implication of this trend is that whatever comparative advantage that can be deployed to generate services export to other countries in these areas has been lost, and therefore the sectors require substantial effort aimed at their rejuvenation through the right policy reforms to regain competitive advantage. The

on-going negotiations in the Doha round and in the envisaged Economic Partnership Agreement between West Africa and the European Union present ample opportunities to use trade policy to mainstream particularly the input or infrastructure type services into the countries growth process by ensuring that the negotiations are used to resuscitate ailing sectors that can enhance overall competitiveness and expand the production base of the economy. Liberalisation in these sectors, however, needs a cautious approach and appropriate prioritisation

Table 2:

Growth in services share of GDP (1985=100)

YEAR	1985	1990	1995	1999
Total services share	100	84	73	90
Composition of Total services GDP:				
Electricity	100	80	18	9
Water	100	60	19	12
Building construction	100	93	44	45
Road transport	100	51	77	88
Rail transport	100	15	0	0
Ocean transport	100	36	10	7
Air transport	100	43	22	18
NITEL	100	53	16	13
NIPOST	100	37	13	9
Radio & TV	100	50	14	12
Wholesale and retail trade	100	128	151	132
Hotel & restaurant	100	39	29	31
Financial institution	100	148	39	38
Insurance	100	62	16	15
Real estate	100	49	18	16

Professional services	100	59	25	28
Housing(dwelling)	100	64	115	166
Private non-profit institutions	100	64	78	95
Repairs & other services	100	51	97	175

Source: Same as Table 1

2.2 General Trend of Aggregate Services Trade and modes of supply

Table 3 provides some aggregate indicators of Nigeria's services trade between 1990 and 1999. The first point to make from the table is that Nigeria's services trade as a share of world services trade is little. Nigeria's services trade as a share of Africa's services trade is also relatively little. It peaked at 10.2% in 1995, up from 7% in 1990. It settled at 8.1% in 1999. This inconsistent trend is also characteristic of the share of Nigeria's services trade in Nigeria's total trade. It rose from 11% in 1990 to 18% in 1995 then fell to 14.7% in 1999.

Table 3:

Nigeria's Services Trade Indicators (%)

YEAR	Nigeria in Total World Services Trade	Nigeria in Africa's services Trade	Nigeria's Services in Nigeria's Total Trade
1990	0.3	7.2	11.8
1995	0.4	10.2	18.0
1999	0.3	8.1	14.7

Source: Computed from International Monetary Fund, Balance of Payment Statistics Yearbook, 1995 and 2003.

Table 4 offers an enumeration and data for the general balance of payment categorisation of trade in services namely, transport, travel, government and other services. The 'Other services' component comprises many services areas including

communications; construction; insurance; financial; computer and information; royalties and license fees; other business services; personal, cultural and recreational services. Perhaps, the large number of subsectors embedded in ‘other services’ is responsible for the sectors’ dominant share in Nigeria’s total services trade. Between 1989 and 1999, this category of services trade ranged between 45% and 63.8%. This sector is followed in ranking by the transport subsector whose contribution to services trade is in the range of between 17% and 31%. The travel sector is the next large contributor to services trade followed by the government services sector. With the exception of government services and ‘other services’, transport and travel services experienced negative growth during 1989 – 1999 period.

Table 4:
Composition and Growth of Services Trade

YEAR	Transport	Travel	Govt services	Other services	Total
1989	30.9	21.9	2.6	45.0	100
1990	23.0	20.4	2.6	54.4	100
1995	20.8	17.7	4.2	57.3	100
1999	17.4	15.1	3.7	63.8	100
Trend 1989=100					
1989	100	100	100	100	
1990	74	93	98	121	
1995	67	81	163	127	
1999	56	69	143	142	

Source: Same as Table 3

Table 5 shows some calculations regarding services and merchandise export growth. Apart from 1999, annual services export growth appears larger than merchandise export growth and, indeed, the period average shows a better performance than that of merchandise export growth. At 14.3% average annual growth, services export is likely to contribute more to the country’s economy than merchandise exports. This supposition is mainly due to the fact that services exports are expectedly more diversified than merchandise exports which basically are crude oil from Nigeria. In

effect, a substantial services export growth implies a more diversified total exports though, as the table shows, the growth rate of GDP appears more responsive to growth rate of merchandise exports.

Table 5:
Merchandise Export, Services Export and Economic Growth (Annual % growth)

Period	GDP ^a	Services Export	Merchandise Export
1990	6.6	74.8	72.6
1995	-30.4	63.9	24.1
1999	4.8	10.9	60.7
Average 1990-1999	2.6	14.3	11.4

Note: a. computation based on dollar value of GDP at current factor cost.

Source: same as Table 3

Table 6 shows the exports and imports of services by modes of supply namely mode 1, cross border supply; mode 2, consumption abroad; mode 3, commercial presence; and mode 4, presence of natural persons. Commercial presence in Nigeria constitutes the largest source of foreign exchange to Nigeria followed by cross border exports and consumption abroad. There is no data to evaluate the magnitude of temporary movement of natural persons abroad. Cross border services imports are larger than exports over 1989 – 1999 period, as well as bigger than foreign consumption in Nigeria which was about half of the cross-border counterpart. There appears to be no record of Nigerian firms trading in services through commercial presence while data also do not exist for temporary movement of natural persons to Nigeria.

Table 6:
Nigeria's Services Import and Export by Modes of Supply, US\$Million

Year	1989	1990	1995	1999
Export				
MODE 1	547	940	591	926

MODE 2	5	25	17	54
MODE 3	1884	588	1079	1005
MODE 4	-	-	-	-
Total	2436	1553	1687	1985
Import				
MODE 1	908	1325	3492	2691
MODE 2	417	576	906	620
MODE 3	-	-	-	-
MODE 4	-	-	-	-
Total	1325.0	1901.0	4398.0	3311.0

Note: Mode 1= Cross Border Supply (BOP Services – Travel – Government Services); Mode 2= Consumption Abroad (Travel); Mode 3= Commercial Presence (Direct Investment); Mode 4 = Presence of Natural Persons (Compensation to Employees)

Source: Computed from International Monetary Fund, *Balance of Payment Statistics Yearbook*, 1995 and 2003.

The relative importance of Nigeria's services exports appears heavily skewed in favour of cross-border exports in 1989 and 1990 and commercial presence in 1995 and 1999 (Table 7). In the case of services imports, cross-border imports constituted between almost 70% and 80% with consumption abroad making up the remainder.

Table 7:
Relative Importance of Services Modes of Supply (%)

Year	1989	1990	1995	1999
Export				
MODE 1	22.5	60.5	35.0	46.7
MODE 2	0.2	1.6	1.0	2.7
MODE 3	77.3	37.9	64.0	50.6
MODE 4	-	-	-	-
Total	100	100	100	100
Import				

MODE 1	68.5	69.7	79.4	81.3
MODE 2	31.5	30.3	20.6	18.7
MODE 3	-	-	-	-
MODE 4	-	-	-	-
Total	100	100	100	100

Note: Mode 1= Cross Border Supply (BOP Services – Travel – Government Services); Mode 2= Consumption Abroad (Travel); Mode 3= Commercial Presence (Direct Investment); Mode 4 = Presence of Natural Persons (Compensation to Employees).

Source: Computed from International Monetary Fund, Balance of Payment Statistics Yearbook, 1995 and 1999.

Nigeria's total trade in mode 1 between 1989 and 1999 amounted to US\$33.1 billion, followed by trade in mode 3 of US\$13.6 billion, and trade in mode 2 of US\$9.9 billion (Table 8); no data was entered for mode 4 trade. The total services trade between 1989 and 1999 added up to US\$56.6 billion out of which mode 1 has a disproportionate share of 58.4%, followed by mode 3 with a share of 24.1% and mode 2 with a share of 17.5%. The share of total services trade in GDP constituted about 16%. The share of mode 1 in GDP amounted to 9.1%, while modes 2, and 3 accounted for 2.7% and 3.7% respectively.

Table 8:
Total services Trade by Modes (1989 - 1998)

	Value (US\$million)	Share of Total	Share in GDP
MODE 1	33095	58.4	9.1
MODE 2	9898	17.5	2.7
MODE 3	13651.8	24.1	3.7
MODE 4	0	0.0	0.0
Total	56644.8	100	15.6

Source: Computed from (a) International Monetary Fund, Balance of Payment Statistics Yearbook, 1995 and 2003.

(b) Federal Office of Statistics, Abuja, National Accounts, 1999-2001.

3. Services Trade Liberalisation Requests and Offers

Although it is widely recognized that developing countries, such as Nigeria, can derive broad gains from developing strong, efficient and competitive services sectors and that this process can be enhanced by carefully structured liberalization programmes whose reforms are locked-in through international commitments (e.g., under GATS or EPA), they have not been very active in participating in the on-going Doha negotiations on trade in services. In particular, many African countries have been reluctant to make requests or offers in the negotiations. This issue is examined, in the specific case of Nigeria, in this section. In doing this, several key elements of services trade liberalization are discussed before the focus is shifted to a review of some of the services trade liberalization requests received by the country. Then, the broad areas of requests are examined in the context of Nigeria's existing GATS commitments, and the country's unilateral policy reforms relating to the services sector. Finally, Nigeria's options are discussed, in terms of responses to these requests, the country's own autonomous requests to other countries as well as its offers.

3.1 Elements of Services Trade Liberalization

The term "services" covers a broad range of economic activities which can be classified in various ways as a means of distinguishing between them in relation to how they are provided and regulated. For instance, Hodge (2002) offers a two-way classification into intermediate and final demand services. The former contains activities which constitute inputs into further production and includes communication, transport and financial services, the supply of electricity, water and gas, as well as distribution, construction and business services. The latter category consists of tourism and travel, recreation, education, health and environmental services. Stephenson (2002) provides an expanded classification of services into four groups; i.e. infrastructure type services (financial, telecoms, energy and transport); business-type services, (distribution, professional services, tourism, construction, construction and engineering); social-type services (education, health); and other services (recreational and cultural). Under this classification scheme, it is possible to make a distinction between infrastructural and business services. The former provides inputs into all economic activities and, in addition, consists of network services whose efficient provision requires large amounts of capital to operate and large economies of scale to

produce. By comparison, few business-type services are not produced on a network basis but their provision responds to commercial criteria as they are increasingly becoming network based.

Given the nature and special features of services as well as the regulatory environment in which they are provided, liberalization of trade in services involves at least three key components; i.e. reduction or elimination of regulatory constraints which restrict market access, including investment, removal or reduction of discrimination against foreign services and foreign services providers, and 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. The most important barriers to trade in services manifest themselves, in most cases, in the restrictive and discriminatory nature of domestic regulations combined with the non-transparent administrative measures and procedures that confront suppliers of services, particularly foreign ones. Hence, in general, the most important policy reforms for reducing or eliminating barriers to trade in services must be made at the national level. It is here that the changes must be made which would permit clear property rights, competition among suppliers and enable foreign services providers not only to enter the domestic market but also to participate on the same footing as domestic suppliers.

The predominant national focus of the required reforms raises important concerns with respect to the liberalization of trade in services in terms of loss of sovereignty in domestic regulation and policy making. However, GATS explicitly recognizes the right of WTO members to regulate and to introduce new regulations with respect to the supply of services to achieve national policy objectives. In particular, countries are not required to make liberalization commitments with respect to governmental services in the social, health, education and other basic needs activities, if such services are not rendered on a commercial basis and/or in competition with other domestic and foreign private suppliers.

The broad characteristics of services and the nature of their regulation place the principles of market access and national treatment at the heart of services trade liberalization. The first of these is concerned with the extent of competition in the market for services; and the second relates to the varying terms of access to the market for services by domestic as compared with foreign suppliers. The access of suppliers to

a specific services market can be limited in various ways, including limits on the number of services suppliers, total value of services transactions, output or number of operations. In addition, market access limitations may take the forms of measures stipulating specific types of legal entity through which a supplier may provide the service, limits on foreign capital participation and shareholding, and limits on the number of foreign natural persons employed in a service sector. National treatment means domestic laws and regulations affecting services apply equally to both domestic and foreign services and service suppliers. The GATS does not prohibit limitations on market access and national treatment. But it does require that for scheduled sectors and sub-sectors, any limitations be inscribed in the schedule and that these restrictions be in principle progressively eliminated. The method for indicating exceptions to market access and national treatment limitations follows a positive listing approach. Thus, it assumes absence of obligations unless a country schedules a positive commitment.

The channel through which negotiations on the liberalization of trade in services at the WTO take place includes the exchange of “requests” and “offers”². This process is essentially bilateral in nature, but the results of the bilateral consultations and exchanges will, at the end, be implemented multilaterally in a most-favoured-nation (mfn) basis.

In this context, requests are submitted in the form of letters asking other countries to implement any or all of several changes; i.e. add new sectors or sub-sectors to their existing schedule of GATS commitments, remove a national treatment limitation or market access exemption, or make additional commitments. Initial requests occur at the start of the negotiating exchange process and tend to be comprehensive and aggressive, since all negotiators know that only a fraction of their demands will be met. In addition, since a request is normally for the removal of constraints to trade in services in the target countries, it is typically articulated against a deep understanding of the domestic regulations and procedures affecting the specific services in the target country to which the request is directed. More specifically, the

² There are also “formula approaches” in the annexes such as the Telecoms Reference Paper or the Accounting Disciplines; and the various proposals of member countries to the Council of Trade in Services (CTS) described below.

request typically focuses on clear commitments to remove the identified constraints; and it generally relates to specific services sectors where the country making the request has good supply and export capacity.

Offers are typically conservative and limited. They are broadly of two types. First, offers can be autonomous in the sense of reflecting sectors and subsectors where the country making the offer wishes to enter into new and additional liberalization commitments in the areas of market access or national treatment or both. Second, offers can constitute responses to some or all the requests that the country has received. In either form (autonomous or responsive), an offer is generally presented in the form of a draft schedule of commitments which are usually described as conditional and hence subject to modification, extension or reduction in whole or in part and at any time, depending on the reactions of other countries.

The request-and-offer process of the liberalization of trade in services under the GATS provides an opportunity for securing external market access in exchange for a country's willingness to open its own market for services. But the gains associated with multilateral reciprocity may not be as important in the liberalization of trade in services as they are assumed to be in relation to liberalization of trade in goods. As Mattoo (2002; 285) argues, "it might well be that reciprocity cannot and will not play a major role in services trade; services liberalization could for the most part be undertaken unilaterally, and the GATS would be important only in preventing the reversal of liberalization – that is, in its credibility role"

3.2: Services Trade Liberalization Requests to Nigeria

In the course of the current DDA negotiations on trade in services, Nigeria has received requests from many countries to make further liberalization commitments under GATS. The most comprehensive of these requests has probably been made by the European Union (EU).

The EU tabled its initial country-specific requests on 1 July 2002. These requests were aimed at 109 countries and covered a wide range of services sectors. As part of these initial requests, Nigeria was asked to schedule more extensive market access and national treatment commitments in such services sectors as professional

services, business services, telecommunications, construction, distribution, environmental, financial, news agency, transport and energy services.

On 24 January 2005, the EU submitted revised requests for improved market access on services. Through these requests, the EU seeks to reduce restrictions and expand market access opportunities for European services and services exports in foreign markets as well as to secure a more transparent and predictable regulatory environment for services in the target countries. The revised requests cover essentially the same sectors as those in the initial requests made in 2002. Additionally, however, the revised requests include further liberalization commitments relating specifically to Mode 4, i.e. provision of services through the temporary presence of foreign nationals. This is aimed at enabling employees of EU companies and self-employed persons based in the EU to travel abroad to provide services.

The EU's revised requests cover a total of 13 services sectors. Grouped in accordance with the classification of Stephenson (2002), most of these sectors (61.5%) fall in the business-type category; while infrastructure-type category accounts for 30.8%. Within the latter category, the EU seeks full competition in telecommunications market, excluding satellite-based services of transmission of broadcasting of radio and TV programmes; elimination of several market access limitations relating to financial services; further market liberalization with respect to maritime transport, air transport and auxiliary transport services (freight forwarding and agency activities); as well as removal of market access and national treatment limitations on a range of energy exploration, production, storage and supply services.

In the area of business-type services, the EU seeks improved market access for professional services (including accounting, legal, architectural, and urban planning); for business services such as computing, real estate, advertising, market research, management consulting, R & D, and maintenance and repair of equipments; as well as more ambitious liberalization commitment on postal and courier services, particularly parcels and packages, express delivery services, press products, non-addressed items and document exchange. In addition, the EU's revised requests on business-type services seek to eliminate the discriminatory treatment faced by its distribution companies in foreign markets especially in wholesale and retail subsectors; seek from its trading partners that they pledge open competition in their construction markets; seek enhanced market access in water collection, purification and distribution services,

waste management and other environmental services; call for national treatment in tourism and travel-related services (including hotels and travel agencies); as well as seek improved market access and national treatment liberalization commitments for news agency services related to the gathering, editing, investigating and distributing information on events, people, companies and public authorities.

Outside the infrastructure-type and business-type categories, the EU's revised requests seek market access in other countries for its providers of privately funded education services. In addition, at the horizontal level, the EU's revised requests on Mode 4 focuses on further market access and national treatment liberalization commitments for intra-corporate transfer staff, contractual services suppliers, and independent professionals.

3.3 Liberalization Status of Areas of Requests

The experience of Nigeria with respect to the liberalization of trade in services spans the main mechanisms of the unilateral approaches. As in the case of trade in goods, however, much of the liberalization of trade in services in Nigeria has been achieved through the unilateral route (Bankole, 2003). Since services trade liberalization is largely effected through reforms of the domestic regulatory system, the predominance of this route is not difficult to understand. Furthermore, it is clear that Nigeria's market access and national treatment liberalization commitments under GATS represent, essentially, a multilateral binding or confirmation of some of the liberalization previously undertaken unilaterally. It is likely that future and further multilateral liberalization commitments with regard to trade in services will reflect achievements obtained through unilateral reform of the domestic regulatory system.

Privatization combined with demonopolization and permission of new entry by both domestic and private investors and suppliers tend to promote competition and enhance efficiency. This combination has played an important role in reforming the domestic regulatory system in Nigeria as far as the liberalization of trade in services is concerned, particularly in the crucial categories of infrastructure-type and business-type of services sector. With particular reference to the telecommunications sector, Nigerian policy reform revolves around changing the domestic regulatory system to permit the opening up of segments of this services sector to private investment through four main

routes; i.e., licensing of a second national operator for the fixed line segment and privatization of state-owned monopoly supplier; liberalization of the fixed wireless and mobile telephone segments through increased number of local and foreign private operators and value-added services; demonopolization aimed at eliminating the sole ownership and control of the sector by public parastatals; and establishment of an autonomous regulatory agency.

A similar process has been at work in re-shaping Nigeria's financial services sector, as liberalization has reduced entry barriers and enhanced market access for foreign ownership and participation.

Investment flows are directly linked to the commercial presence mode of the provision of services under GATS. Restrictions on investment flows are therefore important in any analysis of liberalization of trade in services. In Nigeria, the policy reform programme which was initiated in the mid-1980s eventually generated new laws which removed many of the restrictions on foreign ownership which were imposed during the "indigenization" era of the 1970s. The new laws incorporated an investment code which guarantees national treatment for foreign investors post-establishment, freedom to transfer capital and earning, as well as full compensation in the event of expropriation.

This liberalization process remains incomplete, however. For instance, current regulations grants exclusive rights to a national parastatal for the provision of electricity; and Nigerian majority shareholding is required for companies seeking broadcasting licenses.

Under the GATS, Nigeria made market access and national treatment liberalization commitments in 4 sectors and a total of 28 subsectors, made up of the following communications (3 subsectors), financial services (17), tourism and travel-related services (5), and transport services (3). Thus, Nigeria did not schedule commitments in the following 8 main sectors: business services, construction, distribution, education, environment, health, recreational services and other services.

In addition, Nigeria's sector-specific commitments in GATS share the following significant features: limitations on market access commitments characterize cross-border supply (Mode 1), consumption abroad (Mode 2), and presence of natural persons

(Mode 4); while commercial presence (Mode 3) features no market access limitations for most of the sectors and sub-sectors scheduled.

Several points emerge from the analysis of Nigeria's policy environment and GATS commitments. First, Nigeria's unilateral policy reform has generated substantial liberalization of trade in services. Second, Nigeria's schedule of liberalization commitments under GATS does not fully reflect the breadth and depth of the unilateral liberalization already achieved. Third, the EU's requests to Nigeria requires that the country's GATS commitments be widened in terms of sectors and subsectors covered, and that these commitments be further deepened by removing some market access exceptions and national treatment limitations. Finally, it is not unlikely 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.

4. Liberalisation of Key Services Sectors

As analysed above, two key considerations informed the selection of the key services sectors out of the liberalisation requests from third countries. One, some constitute necessary infrastructure inputs into production of manufactures and primary goods, and a competitive market for those inputs would enhance the overall competitiveness of the economy. Two, the characteristics of some of them as final demand services have the potential to offer varying degrees of benefits to the economy in terms of growth. For instance, professional services, a component of business services, are significant in building up the infrastructure needed for lubricating the growth machinery and in creating ancillary enabling environment for investment and businesses. Such professional services as legal services, accountancy, architecture, engineering, integrated engineering services, urban planning, among others are critical to increasing the pace of economic growth and development if these are available for use in the right quantities. Secondly, appropriately competitive telecommunications and energy services sectors would not only reduce fixed production costs to industry but they would also facilitate the expansion of communications and production possibilities. Particularly, better communication among businesses and private users in the form of improved business-to-business, business-to-private and private-to-private communication leads to enhanced business and cultural development.

Finally, both financial and transport services are key infrastructure that are of great importance to the proper functioning of all economies. A competitive financial sector helps to provide the much-needed financing of production at the appropriate costs as well as offers a wider supply base for financing possibilities and suitable debt-equity mix. The lost trade that inadequate transport infrastructure produces has been recognised to entrench underdevelopment especially in developing and least developed economies. In particular, in order to facilitate trade, boost export competitiveness, increase profit margins and reduce transport costs notably for landlocked areas, developing and least developed countries' producers need to gain increased access to well-developed transport infrastructure and networks.

Many of these sectors in Nigeria have been faced with such daunting challenges as overregulation, inappropriate market structure, dominance of public ownership, and inefficient and ineffective service delivery, among others, that were tackled in the late 80s. Though different degrees of success have been achieved, due to slow speed and reversal of reforms in some areas, some sectors continue to groan under the vestiges of long-term economic mismanagement characteristics of the late 70s and early 80s. This suggests the need for continuous sector reforms and the modernisation of the regulatory framework to expand services supply and facilitate the efficient and effective delivery of services. The DDA GATS has the ability to enhance the effectiveness of these reforms by locking-in the reforms in the GATS.

These considerations have informed both overall policy objective and framework as well as renewed sector specific reforms in Nigeria, since the late 90s. In particular, far-reaching reforms have been conducted with respect to investment regulation as well as sectoral laws regarding financial sector, communication, tourism, energy, among others.

4.1 Market and Regulatory Structures

a. Horizontal Commitments

Investment Promotion and Protection

Nigeria's horizontal GATS commitments stipulate certain market access and national treatment measures across communications, financial services, tourism and travel-related services, and transport services sectors. According to these stipulations, commercial presence (Mode 3) in all these service sectors requires local incorporation; and Mode 4 is subject to measures concerning entry and temporary stay of senior management and expert personnel required for implementing a foreign investment project. The main policy environment for investment was reformed with the Nigerian Investment Promotion Commission (NIPC) Decree No. 16 of 1995 and the Foreign Exchange [Monitoring and Miscellaneous Provisions] (FEMMP) Decree No. 17 of 1995 introduced to eliminate various restrictions generally placed on foreign private investment.

The NIPC Decree authorizes foreign enterprises to establish businesses in Nigeria through foreign direct investment subject to the provision of the Companies and Allied Matters Decree of 1990, and register with the NIPC to which an application is required to be submitted for consideration. The NIPC decree lifted the hitherto 40% limit on foreign equity participation in Nigerian companies and renders irrelevant the required Approval-in-Principle from the Ministry of Finance for same. It, in addition, guarantees any foreign investment against nationalization or expropriation by the government or any individual, by asserting that no person who owns, whether wholly or in part, the capital of any enterprise may be compelled by law to cede his interest to any other person. According to the decree, foreign companies may invest in any sector except those on the "negative list" which features activities in the areas of production of arms and ammunition, narcotic drugs and psychotropic substances; military wear; crude oil or natural gas; and such other areas that the Federal Executive Council may, from time to time, determine. The NIPC is also responsible for assisting foreign businesses to obtain expatriate quotas, business permits etc. The NIPC decree did not affect some services sector-specific laws promulgated in areas dominated by government activities. The National Electric Power Authority Act grants exclusive rights to the Authority for the provision of electricity; and the Nigerian Broadcasting Commission Decree (No. 38) of 1992 that requires ownership by Nigerians of a majority of the shares in a company seeking a broadcasting license.

Conducting Business in Nigeria

Irrespective of ownership, all business firms must be registered with the Registrar-general of the Corporate Affairs Commission (Registrar of Companies). Foreign investors who wish to commence business in Nigeria must locally incorporate the Nigerian branch or subsidiary. Such business may be in form of private or public limited liability company, unlimited liability company or that limited by guarantee. It can also be wholly foreign branch, subsidiary or a representative, a partnership, sole proprietorship, or an incorporated trustee. A representative office cannot engage in business or conclude contracts or open or negotiate letters of credit and can only serve as a promotional and liaison office while its local operational expenses must be derived from the foreign parent company. The locally incorporated branch or subsidiary company then applies to NIPC for Business permit, expatriate quota and other licences.

The Nigerian Enterprises Promotion (Repeal) Decree No 7 of 1995 has abolished any restrictions in respect of the limits on foreign shareholding in Nigeria registered and domiciled enterprises. Only companies in the production of arms and ammunition as well as narcotic drugs and psychotropic substances are exempted from free and unrestrained foreign participation. Where foreign participation is less than 100% equity holding in the proposed company, a joint-venture agreement (JVA) is required between the prospective shareholders. The JVA needs to specify mode of subscription by parties, manner of Board composition, quorum for meetings, specific actions that would require shareholders' approval by special or other resolutions. The spirit and intent of the JVA must be incorporated in the memorandum and articles of association. The JVA is one of the documents submitted along with others to the NIPC when applying for business permit and expatriate quotas and pioneers status and other incentives. In all cases of foreign business registration requirement, approval for expatriate quota is tied to the importation of the foreign equity component of the business.

Movement of Natural Persons

With respect to mobility of labour, laws relating to the flow of people into and out of Nigeria is regulated by the Nigeria Immigration Service. Its immigration laws recognise two types of business visa namely, the STR (Subject to Regularisation) visa for temporary workers employed for 2-3 years subject to provision of certain documents arranged via the importing company; and temporary work permit visas for short-term

contracts (under 3 months) for foreign employees, although such visas are extendable. Normal visas are issued to tourists. Visa application rejections are not common and attributed only to unsuitable documentation when it occurs.

The Nigeria Immigration Service mainly monitors entrants' compliance with minimum qualification requirements, usually specified by the importing company, and ensures that granted visas are within expatriate quota levels allocated by the Ministry of Labour and established for each importing company, though additional quotas can be applied for. Tighter quotas are imposed on categories of workers for which Nigeria can source adequately trained workers domestically. Expatriate quotas also reflect investment patterns (Mode 3), where foreign personnel are provided with permits to work in a foreign-owned company and as such, tied to commercial presence.

The visa arrangements discussed above can be juxtaposed with the nature of restrictions in mode 4 trade generally. Visa formalities, for which most countries have stringent conditions, are under the jurisdiction of immigration legislation and labour market policy and thus are yet amenable to facilitating mode 4 trade. Prohibitions and quotas (implemented through economic needs tests), wage-parity conditions (foreign workers to be paid similar wages as nationals), discriminatory treatment (through residency and citizenship requirements, social security contributions and taxes, preferences in government service procurement), and non-recognition of qualifications, licensing requirements and membership of professional organisations constitute other forms of obstacles to mode 4 trade. Visa arrangements are only a part of the restrictions to mode 4 trade but are linked to those restrictions in the sense that visa arrangements are used to implement many of the restrictions. Nigeria's policy stance towards mode 4 trade is insignificantly different from the above list with the difference only in the area of social security contributions which are yet to take off in the country. In particular, company expatriate quotas are apparently based on economic needs tests in conjunction with minimum qualification requirements.

Liberalisation of Nigeria's mode 4 supply under the GATS depends on domestic employment situations and consideration to protect local employment. The current visa arrangements described above suggest that a liberalised environment for Mode 4 already exists, to an extent, and hence, the need to make more commitments may not presently arise particularly with the existing mode 4 restrictions in developed countries where there have been few commitments limited to business travellers and intra-

corporate transferees. These considerations are embedded in the Mode 4 offers in the hypothetical offer tables below. For the purpose of making requests, an important consideration is the fact that Nigeria has comparative advantage in the movement of natural persons unrelated to commercial presence as a result of its working class population and government and private expenditures in the educational sector over time. This consideration should drive Nigeria's requests for mode 4 liberalisation to developed countries if only to stem brain drain and illegal entry into those countries by its citizens. A peculiar problem for Nigeria is the relationship between highly skilled labour and brain drain as well as unskilled workers and illegal migration. This problem suggests that the country's request to trading partners should cover movement of skilled and unskilled workers. But Nigeria will likely face difficulties if it goes in this direction (requesting for liberalisation of movement of unskilled workers). For example, the coverage of EU's initial offer on contractual service providers in 14 sectors has 'unbound' entries in 83.3% of the sectors. But the EU is offering bound commitments in architectural urban planning and landscape services, translation services, engineering services under professional services; computer and related services; and management consulting and related services; areas where Nigerian professionals can exploit.

Sub-regional movement of natural persons under ECOWAS is liberalised as there is no need for visas for Member country nationals. ECOWAS nationals are free to visit and work in Nigeria for a period of 90 days but extension must be approved by the Nigeria Immigration Service³.

Domestic Regulation

Article VI of the GATS requires Members to develop disciplines on domestic regulation. This is because in this area GATS aims at ensuring that domestic regulations do not create unnecessary barriers to trade despite that GATS grants regulatory autonomy to members. The article covers measures related to qualification requirements and procedures, technical standards, licensing requirements and procedure. It requires that such regulations be based on objective criteria; transparent; not more burdensome than necessary to ensure the quality of the service (the so-called

³ The flows of workers are high but no official data to ascertain these.

necessity test); and, in the case of licensing, not in themselves a restriction on the supply of the service. Disciplines apply to sectors where commitments have been undertaken as well as sectors with or without commitments. Developed countries argue disciplines should not be limited to sectors with specific commitments but should apply to all services⁴.

Current work at the WTO is being done by the Working Party on Domestic Regulation (WPDR) established in 1999 as a replacement to the Working Party on Professional Services which established a set of disciplines for the accounting sector in 1998, which is serving as a model for developing professional disciplines in other services sectors. A necessity test, which would ensure that services regulations are no more trade restrictive than necessary, is often met with criticism for being too weak and for undermining government's ability to pursue objectives. Other requests on Article VI: 4 call for transparency and prior comment before enactment of regulations. For developing countries this implies new obligations.

b. Sector-Specific Commitments

Nigeria's sector-specific commitments in GATS share the following significant features: limitations on market access commitments characterize cross-border supply (Mode 1), consumption abroad (Mode 2), and presence of natural persons (Mode 4); while commercial presence (Mode 3) features no market access limitations for most of the sectors and sub-sectors scheduled. These commitments reflect achieved unilateral liberalizations in the sectors which are presented in detail in what follows, along with the state of play and sectoral proposals made to the Council for Trade in Services of the WTO.

Financial services

Proposals were considered from US, EU and other countries. In the case of the US, its proposals for financial services, which include insurance, banking, securities,

⁴ Some paragraphs of Art. VI such as 3, 5(a) and 6 apply only where commitments have been undertaken.

asset management, pension funds, financial information, financial advisory, and other services, rest on two pillars namely, common commitments constituting fundamental liberalization and transparency and other principles of regulation. Under the former, the US advocated the removal of restrictions on suppliers' ability to establish according to their preferred form of commercial presence, to supply financial services on a cross-border basis, removal of quotas, monopolies, exclusive provider and economic needs test as forms of quantitative limitations on number of service suppliers. Other areas of US proposal are in the area of members providing appropriate commitments regarding Mode 4, national treatment and safeguarding investments under commercial presence (i.e. grandfathering). Under regulatory principles, it wants improved rules relating to licensing procedures. The European Communities and their member states' proposals are quite similar to those of the US with respect to removal of restrictions and the need for GATS rules on domestic regulations. The proposals further urged members to schedule commitments in accordance with the Understanding on Commitments in Financial Services while members need to have the right of non-discriminatory access to payment systems, funding and refinancing facilities, and non-discriminatory membership in any self regulatory body.

In addition, the EC implores that mfn exemptions taken for the purpose of reciprocity should be deleted or rigorously justified. This is the view of Korea. Canada's proposal also aimed to remove market access restrictions, to ensure national treatment and to discipline domestic regulations relating to transparency.

While Korea recognizes the positive aspects of financial services liberalization in the form of increased economic growth, adoption of financial practices know-how and market efficiency, it is of the opinion that ill-prepared financial services liberalization could create financial crisis and thus believes that negotiations in the sector should encourage more orderly and sequenced liberalization in accordance with the level of development of financial markets and supervisory systems. In effect it proposed that developing members in particular should not be encouraged to adopt the Understanding on Commitments in Financial Services as this may force members to liberalise beyond the capacity of their financial sector. It further proposed that credit must be given to autonomous liberalization measures while the sector's negotiations should aim at gradual removal of various barriers and obstacles to financial services trade including those that affect commercial presence. To the country, liberalization of

cross border transactions should be limited to those which assist other economic activities and those that are not related to large-scale capital movements, while developing more transparent prudential guidelines should be a subject of future negotiations.

Malaysia's proposals have a general semblance with those of Korea, favouring long-term gradual and progressive liberalization of the financial services sector, whose implementation needs to be in accordance with the country's needs in terms of supporting its economic development agenda. These also constitute Cuba's position which in addition proposed that market access negotiations must be conditional on the existence of a regulatory framework, that negotiations should facilitate developing countries' access to sectors of export interest to them in developed countries and that continued use of such restrictions as economic needs tests for commercial presence by developing countries are legitimate.

Though Nigeria has not contributed proposals to the on-going negotiations, it made its most significant and far-reaching GATS liberalization commitment in the financial services sector and sub-sectors. These include, in particular, bound market access and national treatment in all sub-sectors of core banking, securities and other financial services (but excluding derivatives trading, swap transactions, underwriting, money broking and advisory services; bound market access and national treatment commitments for Mode 1 in the provision and transfer of financial information and advisory services. However, a number of modal constraints remain. For example, Nigeria has made no binding commitments on consumption abroad (Mode 2) except for guarantees and no binding commitments regarding Mode 4 in the sector.

Similarly, Nigeria has scheduled all sub-sectors of insurance and, in this context, made binding market access and national treatment commitments in commercial presence (Mode 3) in both life and non-life insurance services, while market access commitments for Mode 3 in re-insurance and retrocession is subject to the approval of the Minister of Finance. In addition, insurers are required to cede 20% of their business to the Nigeria Reinsurance Corporation on a first-refusal basis.

These commitments were based on reforms started in 1987. Since then, Nigeria's financial sector has experienced unprecedented regulatory dynamics that have impacted positively on the financial market structure and the economy. The money

market has grown from a largely undeveloped to a moderately modern sector both in terms of structure, size and operations. A crisis of widespread insolvency and bankruptcy in the banking sector in the early 1990s led to the formation, on 1 January 1997, of the Financial Services Coordinating Committee (FSCC) aimed at improving the coordination, supervision and regulation of the financial services industry. Another initiative, the Framework for Contingency Planning for Banking System Crisis developed by the Central bank of Nigeria (CBN) and Nigeria Deposit Insurance Commission (NDIC) became effective from 1 July 2002. This was intended to identify early distress signals and find acceptable resolution.

The CBN's Bankers Committee established the Nigeria Inter-Bank Settlement System Plc which has facilitated the use of a single link to the CBN for inter-bank clearing. It aims to transform the cash based economy to electronic based. It is not clear, however, whether the prudential regulations and supervisory mechanism necessary for Nigeria to attract foreign capital exist or are enforced. However, an increment in the minimum paid-up capital requirement for all banks was raised by the CBN from N2 billion to N25 billion to be effective in December 2005. The national Assembly, in a controversial intervention, however, moderated this requirement by categorising banks into three namely mega-banks, medium bank and small banks with minimum paid-up capital of N25 billion, N10 billion and N5 billion respectively.

Nigeria is a significant importer of insurance services by virtue of most imports based on c.i.f. payment while most exports are on f.o.b. The market is dominated by two state-owned companies: National Insurance Corporation (NICON), which earned over 42% of total gross premium income in 1994, and has the sole right to insure government properties. The Nigeria Re-insurance Corporation (NIGERIARE) provides re-insurance cover for insurance companies, which statutorily are required to cede 20% of their total insured sum to the Corporation. Until 2003, the main legislation for the insurance services sector was the Insurance Decree of 1 January 1997, which require insurance companies to invest and hold in Nigeria assets at least equivalent to the amount of insurance business transacted in Nigeria; this decree has been replaced by the Insurance Act 2003 which restructured insurance business into life insurance and general insurance. The Act increased paid-up capital of life insurance to N250 million, general insurance to N200 million, insurance underwriting to N360 million, and reinsurance to N300 million. Hitherto N150 million was required to set up re-insurance

companies. The National Insurance Commission under the authority of the Federal Ministry of Finance remains the supervisory body for all insurance companies.

The Securities and Exchange Commission is the regulatory body of the capital market. Under the authority of the Federal Ministry of Finance, it supervises a market whose capitalisation reached N300 billion (about US\$3 billion) in 1999. The basic regulatory change in the market relates to enhancing the confidence which investors have in the market. The Investment and Securities Tribunal (IST) was set up by the Investment and Securities Act of 1999, to settle disputes relating to the market and inaugurated on 19th December 2002. The counterpart organisation, the Nigeria Stock Exchange has embarked on modernisation of the market, adopting in 1999 the Automated Trading System (ATS) in place of Call-over Trading System to improve the market's liquidity, transparency and price discovery.

Nigeria's WTO commitments in securities trading contain no limitations for commercial presence, while underwriting and other businesses related to issues of securities are excluded.

Telecommunications

Recent communications of some WTO members to the special session of the Council for Trade in Services suggest the current state of play in the telecommunications negotiations. The concerns of developed and developing countries are quite the same regarding the need to liberalise telecommunications trade both having acknowledged the positive contribution that this liberalization portends for sectoral and overall economic growth. However, developing countries (e.g. Cuba and Columbia) are of the view that there are still barriers to access to information and communications technologies in developed countries while they want negotiations to recognize development disparities between various members such that developing countries are granted differential treatment in consonance with Articles IV and XIX.2 (Cuba).

Columbia in particular proposed that members should eliminate exemptions on mfn treatment, and barriers of access to the internet, while certain principles in the Fourth Protocol of the GATS such as competition safeguards, universal service, public availability of the procedures for interconnections negotiation, transparency in

interconnection arrangements, public availability of licensing criteria, should form part of the Annex on Telecommunications. The EC and member states' communication focused on the need for new classification on telecommunications and proposes a modification of countries' schedule of commitments based on document W120 and the new classification sought. The classification in document W120 was not technology-neutral, did not fit today's business models, creates confusion with CPC (UN services sector classification) while the CPC itself is not up-to-date. It however submitted that the application of the proposed classification can be voluntary that members can continue to use the W120 schedule of commitments.

Nigeria's market access and national treatment commitments in the communications services are limited to the sale and installation of terminal equipment, operating payphones, value-added services as well as cellular, paging and other mobile communication services. Thus, the country has not scheduled any market access or national treatment commitments for basic telecommunication services such as public, switched and international services and network infrastructure. The telecommunications sub-sector has been the main beneficiary of restructuring policies after the financial sector. It has moved from public monopoly to a duopoly in fixed line segment and oligopoly in the mobile telephony segment between 1992 and 2001. The fixed line segment also has been augmented by fixed wireless access telephone operators. The current liberalised environment evolved from the provision of few licences to private operators to offer services in 1997, using NITEL's grid. This only helped to marginally reduce the waiting period for a telephone line which was about eight years in 1994, as a result of the difficulty of obtaining lines from NITEL. The private-sector commenced using various technologies including Very Small Aperture Terminal satellite (VSAT) and their own operating hubs, some of which were outside Nigeria, to cope with the inefficient relationship they had with NITEL, though this violated NITEL's position as exclusive supplier of Intelsat satellite services. NITEL's monopoly in basic telecommunications services was finally broken in 1997 when it signed an agreement with Multi-Links Communications Nigeria giving it access to national telephone grid. Before 1997, limited liberalisation, through NCC Decree 75 of 1992, was granted in form of installation of terminal or other equipment; provision and operation of public payphones; provision and operation of private network links employing cable, radio communication or satellite, exclusively within Nigeria; provision and operation of public mobile communication (GSM standard); provision of community telephones;

provision and operation of value-added network services; repair and maintenance of telecommunications facilities; and cabling.

All operators except NITEL were subject to licensing of between 5 and 10 years by the NCC in 1998. NITEL was also in charge of technical management of frequencies as well as compelling private operators to sign inter-connectivity agreements before connecting to the national network. The 1998 Budget announced that NITEL's Memorandum of Association would be amended to reflect the opening of basic telecommunication services to competition. NITEL no longer retains the monopoly of international connections.

The telecommunications sector was further deregulated in 2001 with the licensing of two private operators in addition to NITEL to operate Global System of Mobile (GSM) Telecommunications. A Second national Operator was licensed in 2003 to provide telephone services in the area of fixed line local exchanges, mobile segment, and serve as national and international gateways. Many Fixed Wireless Access operators have been licensed. 25 companies were awarded 50 Fixed Wireless Access licences for 22 regions in the country⁵. After the failure of its first privatisation bid, Pentascope International of the Netherlands was appointed to manage NITEL for 3 years and prepare it for privatization, but the contract has been terminated. These changes were conducted within the ambit of a new National Policy on Telecommunication unveiled in 1999 and amended in 2001 and whose policy thrust emphasised the principles of privatization⁶ and rural telephony. Also, government envisaged that all local government headquarters will have telecommunications services by December 2003.⁷

In terms of the functions of the regulatory agency, the NCC approves the importation, operation, sales or display of all wireless equipment in Nigeria⁸ while the responsibility for the planning, coordination and bulk allocation of radio spectrum for

⁵ The Guardian, June 18 2003 page 45.

⁶ The Guardian May 17, 2003 p49.

⁷ The Guardian May 14, 2003 p14.

⁸ The Guardian Feb.8, 2003 p39.

efficiency, transparency and accountability⁹ lies with the National Frequency Management Council established within the Ministry of Communication. The Nigerian Communication Commission also granted about 180 Internet operating licenses for Internet Services Providers (ISPs) as at July 2002.¹⁰ According to NCC, there were no limitations on private investment in the telecommunications industry except in national security areas since the coming into effect of the amended 2001 telecommunications policy. The National Information Technology Development Agency (NITDA) was established to promote ICT development in the country.¹¹

Energy Services

*Electricity*¹²

In DDA negotiations on energy services, the preoccupation has been the need for appropriate classification (e.g. as contained in the EC and Japan proposals) and to take expanded commitments on Uruguay Round commitments which did not contain a separate division for energy services.

The US identified measures which constitute restrictions to energy services in foreign markets such as lack of right of establishment, inability to provide cross-border service, discriminatory treatment between domestic and foreign energy service providers (these are market access and national treatment); obscure, discriminatory and arbitrary regulatory frameworks; and mode 4 entry barriers. The US sought from members, commitments to market access, national treatment and regulatory disciplines and proposed four principles to ensure energy services liberalization. These are technological neutrality (i.e. market

⁹ The Guardian Nov.13, 2001 p39

¹⁰ The Guardian July 10, 2002 p57

¹¹ The Guardian May 14, 2003 p14

¹² We note that proposals for energy services are driven very much by the need for access to hydrocarbons of which Nigeria has abundant supply but due to political reasons, the country is not inclined to multilaterally commit.

access commitment should not be technology bias), temporary entry of equipment and tools of the trade, business persons and specialists as well as unrestricted movement of electronic information and transactions.

The EC proposed that members should make commitment in Mode 1, 2, and 3 (quite similar to US proposal) and hold further discussions on ways to improve and facilitate the temporary movement of natural persons for the provision of specific services. Just as the US and Japan proposed the exclusion of issue of public ownership of natural resources from negotiations on energy services and also sought an effective framework for domestic regulation. Cuba in addition proposed that negotiations should not only ensure enhance the competitiveness of developing countries' energy service suppliers and improve their access to technologies on favourable commercial terms, but also that the degree of benefit that developing countries derive from increased share in energy services trade should be assessed to ensure compliance with GATS article IV. It also was of the view] that document W120 did not reflect the full range of existing services in the energy sector and proposed a discussion on new classification which nevertheless should not impair bound commitments under the Uruguay round. This new classification was communicated by Venezuela, which grouped energy services into upstream and downstream, in a List of Commercial Reality of Energy Services and Energy Related services (CRL). The CRL defines upstream activities as those which are required to find and produce the resources (oil, gas coal, radioactive minerals, etc) and downstream activities as those necessary to transform, transport and distribute the energy after the resource has been made available.

Electricity generation and distribution have basically been the responsibility of a state-owned company, NEPA, whose tariffs are fixed in conjunction with the Utility Charges Commission under the Presidency. This restrictive market structure has been responsible for the constant power outages that have worked to ruin manufacturing and informal business activities over the past years. The total electricity generated in Nigeria was about 16,200 million kwh in 1996, two-third of which was through thermal power and the rest hydro-power. NEPA produced about 36% of Nigeria's energy needs in 2000 from three major hydro generating infrastructures at Kainji, Jebba and Shiroro. About 15.5 billion KWh

of electricity was produced in Nigeria during the year 2001. Electricity demand during this period was put at around 16.3 billion KWh.

The institutional structure for electricity provision has been changing albeit gradually.

The government monopoly, NEPA is being complemented by few private sector generating plants which received a boost from the recently promulgated power sector Act that allowed private generators either as Independent Power Producers (IPPs) or Emergency Power Producers (EPPs) to own and operate power plants in Nigeria. In addition, the Federal Government of Nigeria (FGN) has administratively unbundled NEPA into several generating companies, one or more transmission company that will still be largely public and six or more power distribution private companies.

In order to resuscitate the power sector, the federal government expended a capital sum of N126.6 million between 2000 and 2001 with a view to reducing the rate of power outages throughout the country by 50%. That objective has not been achieved as power supply remains epileptic. The authorities in Nigeria continue to deploy policies to impact the electricity sub-sector. The Federal Government is proposing to establish a regulatory body, National Electricity Commission (NEC) that will set standards for private firms that will generate and distribute electricity nationwide.¹³

Transport

Nigeria's transport sector is regulated by different Ministries and administrative units with no clear inter-modal co-ordination. The National Policy on transport which incorporated aviation and shipping policies and which was approved in 1993 remained un-implemented. It has been replaced by individual sector laws such as the Cabotage Act. A master plan for the transport industry to be drawn up by two foreign firms, Julius Berger and Albert Spear both from Germany, has not been released. Thus, the sector remained quite unorganised in terms of inter-modal coordination and

¹³ Dr. Julius Bala, Director General of the Bureau for Public Enterprises, in a paper titled, "Privatisation in Nigeria: Issues, Opportunities and Challenges", The Guardian March 4, 2005, p. 15

operationally chaotic. Nigeria's transport sector is dominated by the private sector, without major restrictions on foreign participation.

Land Transport

Road Transport

Private sector participation in road transport is dominant with a combination of company-operated fleets and one-man operations. The last time the Federal Government invested in road transportation was in 1991 in form of its Urban Mass Transit Scheme which deployed over 3,000 buses for the next five years¹⁴. Most of the plans to integrate the different modes of transportation have not been successful. Indeed, road networks have been badly managed while the country still has a total of 3,500 kilometres, for over 30 years, of single gauge track managed by the State-owned Nigerian Railway Corporation which has grounded its railway system since 1992.

As at 2001, out of the total 10,586,000 tonnes of goods conveyed to Nigerian seaports, 993,000 tonnes were by road, 24,000 by water, 0 tonne by rail, and 8,637,000 by other modes such as pipelines, conveyor belts and suction pipes. In relation to rail transport, however, Nigeria has made extensive market access and national treatment commitments with respect to Mode 3 and 4 for the maintenance and repair of rail transport equipment.

The authorities banned importation of vehicles above 5 years of age with effect from May 1, 2002¹⁵ but exempted trucks. Government's involvement in urban mass transit buses has weakened with private sector becoming predominantly conspicuous in the sector.

Rail Transport

Railway transport has completely collapsed depending more on inadequate revenues from properties rather than freighting passengers and cargoes. Only

¹⁴ UNCTAD (1994).

¹⁵ The Guardian June 12, 2002, pg. 43

arrangements in the form of creating a master plan for the rail system and a 25-year plan to rehabilitate the Nigerian Railways are conspicuous after 28 years of neglect. New locomotive engines received from the China Civil Engineering and Construction Company have not been put to use. Many other locomotive engines and wagons are in a state of disrepair. The NRC has been proposed for partial privatisation, and Canadian techno-managerial consultants from CANAC, subsidiary of Canadian Railway, have been engaged to draw up a business plan for the corporation. Nigeria and other African countries plan an intra-African rail system that would enhance trans-border trade and movement of people.

Maritime transport

Nigeria was one of the forty-two countries that made a joint statement on negotiations on maritime transport services. The statement called for active participation of all members in the on-going negotiations with the aim of achieving meaningful liberalisation of the sector. Columbia proposed that negotiations should abolish market access barriers including limitation of foreign equity, nationality requirements for the ownership of national flag vessels, cargo reservation and restriction on international transit between national ports. It wants members to schedule market access commitments in international maritime transport (freight and passengers, excluding cabotage), maritime auxiliary services and access to the use of port facilities, the three pillars defined by the Negotiating Group on Maritime Transport Services (NGMTS). Australia proposed that multimodal transport (the carriage of goods by two different modes of transport) be added to the three pillars whose scope would be examined in the course of negotiations.

With respect to transport services, Nigeria has only included maritime and rail transport in its schedule of commitments but these offer binding national treatment for maintenance and repair of vessels. Moreover, no binding market access and national treatment commitments for Modes 1 and 4 in other maritime service sub-sectors or for Mode 3 in rental of vessels with crew have been scheduled.

The maritime transport market, composed of inland waterways, coastal shipping and ocean shipping, is dominated by ocean shipping accounting for 90% of inward and outward cargo traffic. Foreign shipping lines are mainly responsible for the largest share

of the shipping services market. Maritime transport is regulated by four agencies, the Federal Ministry of Transport; the National Maritime Authority (NMA); the Nigerian Ports Plc; and the Nigerian Shippers' Council. The NMA is in charge of allocating cargo to shipping companies whose "Form-C" serves as cargo tracer and loading authorization to allottees.

Since 1987, the authorities had the objective of increasing the participation of Nigerians in maritime business. This objective was embedded in the 1987 Nigerian Shipping Policy Decree which stipulated a number of restrictions on foreign participation. First, 100% of the crew, and at least 75% of the shipboard officers and, whenever possible, the chief engineers, must be Nigerians. Second, there was a 40% limit on foreign capital investment in shipping companies (superseded by the 1995 Nigerian Investment Promotion Commission Decree, which abolished most restrictions on investments by foreigners in Nigeria). Third, indigenous shipping lines should exclusively carry at least 40% of Nigeria's sea-borne trade, in line with the UNCTAD Code of Conduct for Liner Conferences. Fourth, at least 50% of Nigeria's oil exports should be lifted by vessels carrying the Nigerian flag. There were proposals for the exclusive right of Nigerian shipping companies to the transportation of petroleum products within the country's coastal areas, as well as for a guarantee of 30% carriage of ocean borne government crude and other wet cargoes. The first proposal appears to have been given teeth by the Coastal and Inland Shipping (Cabotage) Act, 2003 which reserves all shipping operations within the country's coastal waters and waterways to Nigerians who must use Nigeria-owned, built and crewed vessels. Because local shipping lines are few, national carriers have been allowed to enter into charter-party agreements with international shipping lines with the notification of such conference agreements mandatory to the NMA and the Nigerian Shippers' Council. Issues of freight rates tariffs are included in the notification.

Though it appears that no preferential treatment is granted to national shipping enterprises over foreign ones in terms of discriminatory port or auxiliary services fees, taxes on freight or shipping services, etc, there are somewhat indirect preferential treatments in form of providing exclusive grants of soft loans to national shipping enterprises for ship acquisition and shipbuilding by the National Maritime Authority from its Ship Acquisition and Ship Building Fund. This fund has metamorphosed into the of National maritime Authority's Fleet Expansion and Maritime Infrastructure

Programme (FEMIP) whose resources come from a compulsory levy of 2% of annual gross earnings of shipping companies imposed by the Cabotage Act. This sub-sector is not covered by Nigeria's commitments in the GATS.

Port services

Nigerian ports have been recognised for their high costs. These were as high as 45% of the total cost of clearance (TPR, 1998) and have been attributed to the unmanageable number of security and regulatory agencies operating at the ports namely, state security services; officials of Nigerian Ports Plc; authorized designated customs officials; Nigeria Drug Law Enforcement Agency; Nigeria Navy (in case of sea ports); Nigerian Air Force (in case of airports); authorized clearing agents; the Ports Police; and designated officials of the Immigration Service. Recent studies show that task forces from the same security outfit have also multiplied; most of the security agents have returned to the ports with many of them having duplicated work schedules. More than ten port charges are paid at different locations while container deposit and demurrage charges are the highest in Nigerian ports.

Currently NPA is reforming the ports by embarking on streamlining the functions and placements of security agents at the ports¹⁶. The source maintained that in compliance with IMO's new port security regulation, NPA has embarked on three phases of enforcement namely, access and vulnerability studies to determine areas of risks, mapping out a security plan, and determining equipment requirements and their installation

In order to reduce delays in clearance of goods from the ports and correct many discrepancies with the scheme, such as over-invoicing false declaration, and ineffectiveness, destination inspection was recommended in place of pre-shipment inspection. However, 100% inspection of goods at the ports as a temporary measure before the full implementation of DI has been adopted. In view of the problems of Nigerian ports, which has been traced to the overbearing influence of government through port security agents, the delayed adoption of ASYCUDA++, unnecessary port

¹⁶ Mallam Aminu Dabo, Managing Director and Chief Executive of Nigerian Ports Authority in The Guardian, July 14 2003, page 62-63.

charges, congestion, lengthy and cumbersome procedures and non-compliance with international laws; the Federal government started the construction of 8 Inland Container Depots (ICDs) in the eight geo-economic zones of the country based on the 'landlord' model in which the state government provides land, the federal government provides infrastructure and the private operator runs the depot.

Prior to the current reform programmes, ports and auxiliary services such as container station and depot services, maritime freight forwarding, maritime cargo handling, and repair of vessels may be carried out by foreign suppliers (WTO, 1998). Under the Ports Act 1999, private persons are allowed to undertake auxiliary services activities in port areas. The Minister of Transport grants licences to private citizens or foreigners to utilize the water front for commercial purposes. The use of certain port services is mandatory, including pilotage, garbage collecting and ballast waste disposal, and navigation aids. One of the far-reaching reform elements under consideration with 2005 being the implementation year is port concessioning which would deepen the cession of terminal operations to private sector participants.

Air transport

The depth of commitments that members should undertake with respect to air transport services constitutes a quite contentious issue among members in the on-going negotiations. The EC, Australia, Chile, New Zealand, Norway and Switzerland proposed that members should take commitments in ground handling services during the current negotiations which Canada, Japan and the US objected on the ground that ground handling services are services directly related to air traffic rights dealt with by bilateral air services agreements (BASAs) contrary to the EC and its cohorts. Canada, Japan and the US were of the view that ground handling services should be subject of the next Air Annex Review. Columbia's proposal appears in support of this as it urged members to examine alternative ways of liberalising services directly related to air traffic rights such as ground handling, rental and leasing, catering and cleaning and disinfecting services. Both groups however agree that WTO members should exercise the option of taking specific commitments in all the three areas not carved out of the GATS by the Annex on Air Transport Services namely, aircraft repair and maintenance, the selling and marketing of air transport services and computer reservation system (CRS) services.

Prior to its insolvency and eventual liquidation in 2003, the Nigerian Airways Corporation was the national carrier that operated both domestic and international flights. Its liquidation was caused by long-term service deterioration, excessive debt, depletion of aircraft and competition from other domestic airlines. The monopoly of the Nigeria Airways Ltd was broken in 1985 when private operators were licensed to fly domestic routes, and between 1985 and 1994, about 25 airlines were licensed to operate scheduled cargo and passenger air charter services within and outside Nigeria. Before this time, Nigeria Airways and foreign airlines served international air routes under bilateral air services agreements of a single designation type, allowing for one carrier per signatory, and were based on capacity sharing. Since 1991, a number of bilateral air services agreements have been modified, negotiated, re-negotiated or concluded with many countries in Asia, Southern Africa and West Africa. The demise of Nigeria Airways has meant that local airlines cannot fly international routes and their application to embark on the routes have not been approved due to alleged reservations of the routes for newly incorporated national carrier. Domestic airline operators estimated the non-participation of indigenous airlines in foreign operations at a monthly loss of \$29.6m in foreign exchange. Non-participation of indigenous airlines in foreign operations coexists with the approval of multiple landing points for foreign airlines which operate directly into Abuja and Port Harcourt, in addition to Murtala Mohammed International Airport. This arrangement has led to a loss of load factor, according to the Aviation Round Table, an association of local aviation stakeholders.¹⁷ The denial of indigenous participation in foreign operations cannot be due to the lack of technical capability because some Nigerian airlines serve as other countries' national carriers (The Gambia and Liberia) to fly international routes. Despite the non-approval of domestic airlines on international routes, the Nigerian government signed a dual designation agreement with UK that allows two airlines from each side to operate on the Lagos-London route which had virtually been monopolized by the British Airways.¹⁸

¹⁷ The Guardian, June 1 2003 page 1

¹⁸ The Guardian May 29, 2001, pg. 79

The plan to revive Nigeria Airways through another national carrier has not materialised, as the aviation ministry has not successfully launched NigerianGlobal formed through collaboration between a Swiss aviation consulting firm, Triton AG. It has entered into a pact with Virgin Atlantic Airlines of UK to form VirginNigeria for the same purpose, and whose first flight to UK took place on 28 June 2005.

The Federal Airports Authority of Nigeria (FAAN) is a parastatal in charge of airport services, while the Nigeria Civil Aviation Authority is the regulatory agency of air transport. Like other inefficient government agencies, FAAN has not lived up to expectations, allowing equipment to deteriorate before replacement, with its inefficiency sometimes leading to decertification by developed WTO members. For instance, navigation aids were said to be "critically deficient" at Kano, and Lagos in 1997¹⁹ while the direct air-link between Nigeria and US, suspended in 1993 after the de-certification of the Murtala Muhammed airport, Lagos for security reasons by the USA, was only restored in 2001.²⁰ The agency's revenue also dropped by N1.185b in 2000 compared with that of 1999.²¹ The Bureau for Public Enterprises (BPE) has however issued preliminary guidelines for the full privatization of the Federal Airports Authority of Nigeria (FAAN) after which 20 airports under the management of FAAN would be put up for sale.²²

The government, through the NCAA, issued a ban on the use of aircrafts that are more than 22 years of age by commercial airline but excluded private aircraft owners. A Civil Aviation Draft Bill under consideration provides, among others, for private participation in the establishment and operation of aerodrome under the country's integrated National Airport System; aircraft noise levels; mandatory licences for all aviation and allied service providers; private-sector driven national flag carrier; domesticating aviation training through the Nigerian College of Aviation Technology. The bill is considered necessary to cater for the burgeoning of passenger traffic which

¹⁹ Nigeria.Com, 11 January 1998.

²⁰ The Guardian May. 29, 2001, pg. 79

²¹ The Guardian Sept. 27, 2001. pg. 23

²² The Guardian Mar. 24, 2003, pg.1

peaked at 2.3million between October and December 2004, 72.8% of which was accounted for by domestic passenger movement.²³

Tourism

Developed countries that have submitted proposals in the on-going negotiations on tourism include Canada, United States and the EC. The US proposed to members that have not made commitments on hotels to base their commitments on the list of obstacles it has identified, and wants all members to consider taking additional commitments relating to travelers and international conferences. The obstacles include burdensome exit fees and taxes on outbound passengers, limitations on participation of foreign capital and purchase or rental of real estate, specific type of corporate organisation, entry into and exit from joint ventures; economic needs tests; denial of or long delays in granting government approval without explanation; discrimination against foreign partners, and restrictions pertaining to mode 4 involving international conferences and conventions, hotel managers and other skilled personnel.

The EC and member states proposed implementation of existing commitments and elimination of all remaining restrictions (e.g. unspecified approval and licensing requirements, economic needs tests, limitations on equity holdings, forms of business residency and nationality and mode 4 requirements) in the sector. The EC's proposal demarcates tourism services into core tourism (those sectors currently described in W120) and tourism related services (such as those which relate to business services, construction and related engineering services, educational services, financial services, recreational and cultural and sporting services and transport services). The tourism-related services in these sectors, it proposed in response to the initiative taken by Dominican Republic, El Salvador and Honduras, should be considered a checklist to core tourism and used to facilitate liberalization in tourism related sectors. This position is supported by Canada which also proposed that all remaining restrictions in tourism sector be eliminated. In view of the potential negative impact of tourism on the environment, the EC proposed paying particular attention to ecological balance. It

²³ The Guardian, March 4, 2005

considered the proposal for competitive safeguard by the same set of countries and asked for an examination of the necessity of such safeguards in the tourism sector.

Among the group of developing countries with joint proposal are Brazil, Columbia, Dominican Republic, India, Indonesia, and Thailand. They proposed facilitation of movement of natural persons supplying services in tourism and recognition of their qualifications and elimination of such anti-competitive practices as exclusive use or abuse of Global Distribution System (GDS) and Computer Reservation System (CRS), detracking, and price-fixing through monopoly access; elimination of requirements for commercial presence; and elimination of nationality or residency requirement. The countries proposed that developed countries should remove these restrictions from their initial offers. Cuba's concern basically is the need to use liberalization in tourism services to increase developing countries participation in the GATS pursuant to Article XIX. While proposing that negotiations should be in accordance with national policy objectives and different levels of development, the country emphasis that negotiations should promote the elimination of anti-competitive practices (warnings of bans on tourism for certain destinations, lack of transparency of information and discriminatory use of information networks and related services).

In its tourism services commitments, Nigeria has scheduled binding market access and national treatment commitments for modes 1, 2 and 3 but not Mode 4. Nigeria's tourism sector remains largely undeveloped and has not succeeded in providing the type of services that would attract large numbers of tourists. The country realized about \$12million from tourism between 1999 and 2001 according to NTDC²⁴. Since the early 1990s, government planned programmes to increase investor's interest in the sector using instruments such as preferential credit and tax allowances, measures to ensure the protection of tourist attractions, and the development of a tourism bank, among others. In addition, government policy delineated roles for the three levels of government, while functions were allocated within intra-government agencies. For instance, at the federal level, the Federal Ministry of Tourism (FMCT) formulates policies and embarks on monitoring, planning and funding of nationally-oriented tourism infrastructure,

²⁴ This amount is grossly lower than the \$54million entered for 1999 alone in the IMF Balance of payments Statistics. Perhaps, NTDC data do not include travel data.

represents the country in international tourism events, as well as maintains links with state governments on all tourism matters. The Nigerian Tourism Development Corporation (NTDC), also a federal agency responsible to the Ministry, and established by Decree No. 81 of 1992, regulates and supervises the registration and grading of tourism enterprises among others. The National Council on Commerce and Tourism, comprising the Minister, Commissioners, and representatives of travel agents, hoteliers and catering associations, tour operators and boards of airlines coordinates the planning and development of tourism in Nigeria.

State ministries have the responsibility to implement FMCT policies and directives, initiate tourism projects, controls land allocation and development of tourism in states, and regulates operations of hotels and catering institutions in line with federal government policy. Responsible to the state ministries are the State tourism boards (STBs) which identify, preserve, protect and develop tourism assets and resources within the States, and coordinate the activities of tourism agencies. Local government tourism committees identify potential tourist attractions, serve information centres and preserve and maintain monuments and museums. Both NTDC and STBs have the mandate to tax hotels, travel agents, tour operators and other commercial activities for tourism.

More recent reforms in the tourism sector have centred on privatisation with the government committed to privatising a number of tourism infrastructure such as the National Theatre, Tafawa Balewa square, and the Lagos Trade Fair Complex. Because of Nigeria's failure to attract international tourists despite its refurbished eight national parks and GATS bound commitments in tourism, government's agencies have organised conferences and fairs, both at home and abroad, to interest tourists as a way of promotion and marketing policy to encourage a national travel and tourism fair. Government also plans four new museums in Enugu, Ibadan, Lagos and Abuja to further promote cultural tourism and protect the country's artefacts.²⁵ New strategies developed in 2002 to develop the tourism sector include a National Tourism Policy (NTP), National Tourism Development Master Plan and the Tourism Satellite Account (TSA) projects, to adequately enhance and contribute to the economic growth of the

²⁵ The Guardian, February 27 2002

nation.²⁶ The Federal government also has a plan to declare the harmattan period (November to February) a holiday period to boost tourism.

According to tourism stakeholders, the NTDC Decree No. 81 of 1997 requires a review and a promulgation of a comprehensive hotel and tourism establishments Act that would include detailed provisions on registration and licenses, collection, payment of hotel taxes and penalties in default of payment of taxes, offences and penalties, suspension or cancellation of licenses, proof of offence and appeals.

Construction and Related Services

Developing countries' proposal on this sector notes significant limitations on market access in developed countries especially restrictions on commercial presence and movement of natural persons with occasional allowance of entry for specialists and advisors. Obstacles to mode 3 include restrictions on the level of percentage of foreign equity ownership, limitations on the type of legal entity; limitations on ownership of land; economic needs tests; exclusive rights for construction, management and maintenance; discriminatory bidding; licensing and qualifications requirements and procedures and technical standards. Direct government subsidy and indirect subsidy such as financial aid, subsidy on R & D, bid preparation subsidy, feasibility studies, government guarantee for bank loans, tax exemptions public risk sharing. Mode 4 has such barriers as non-recognition of professional qualifications, and residency and citizenship requirements. For developing countries to reap significant benefit from liberalisation in this sector, developed countries, it is argued, need to permit commercial entry and movement of natural persons in design and architectural services, engineering services, urban planning and landscape architectural services and other related consulting services. Mode 4 in particular should admit middle and lower level professionals and specialists with recognised skills while the negotiations should help the realisation of mutual recognition of professional qualifications. Building and construction services in Nigeria include those embedded in road, air, rail and seaport

²⁶ The Guardian, June 10 2002

development as well as in the building of dwellings. Both the public and the private sector engage in building and construction activities.

The government has a dominant role in the building and construction of roads and bridges, airports, seaports and railways though the private sector actively participates as contractors and consultants. Nigeria's rules and procedures for public procurement are currently compatible with what is expected from a multilateral framework, since, in principle, all public purchasing above a threshold of N100,000 is published in the official gazette. Currently, invitations to tender for large public purchases are issued on the internet and there is no restriction on nationality of supplier, while selection of the winning tender is based on value for money criteria. Nevertheless, preference is given to Nigerian suppliers.

Other Sectors

Outsourcing and Electronic Commerce

IT-enabled services which are a significant component of cross-border trade in business services are currently booming especially for such developing countries as India, Israel and Brazil. These services comprise two main sub-services areas namely information technology services, and business process outsourcing (BPO) services which in turn are sub-divided into customer interaction services, back-office operations and independent business services. According to Mattoo and Wunsch (2004), the bulk of the increased trade involving developing countries is in information technology and BPO services defined as a contractual service to completely manage, deliver, and operate one or more (typically IT-intensive) business processes or functions. IT services include software development, data processing, IT support, business intelligence and data warehousing, content management, enterprise security, systems integration, package implementation and web services (English, 2005). Customer interaction services are made up of sales support, claims, hotel/airline reservations, credit/billing problems, telemarketing; while back-office operations are comprised of medical transcription, payment services, financial processing, payroll, inventory, mortgage processing. Auditing, taxation, marketing and product design make up the independent business services category. While GATS W/120 on services classification does not

cover many of these outsourced services, their magnitude and growth have drawn attention to them with protectionist tendency evolving (Matto and Wunsch, 2004).

Because restrictions on these services are just emerging, the sector is a candidate where Nigeria can make request to developed trading partner countries to bind commitments at current levels. Nigeria currently is not a net exporter of IT and BPO services but on-going government efforts in terms of regulatory framework and development strategies could make Nigeria reap benefits from an open, non-discriminatory IT-related trade in the future.

c) Stakeholders' Perception of GATS Negotiations

The Association of Professional Bodies of Nigeria (APBN) has information that trading partners are requesting the Nigerian government to allow them to operate in the economy as different professionals, they are not involved in the considering the requests of foreign countries. The respondents cited restrictive measures in place for accessing Nigeria's market one of which is the registration requirements of relevant professional body as well as APBN in Nigeria. Existing domestic laws and regulations of each professional body apply to foreign professionals offering the same service. The disposition of APBN towards liberalizing the professional services sectors is unfavourable. The Association believes that liberalisation will hinder the growth and development of the sectors while it will intensify Nigeria's dependence on external forces for development. Despite this, it opined that an export market for professionals exists and access to foreign market is constrained by registration requirements.

Stakeholders in telecommunications are also aware of foreigners asking the Nigerian government to allow them to operate in the telecommunications sub-sector of the service sector though they are not involved in responding to the requests. Further liberalisation is welcome as this will cater for existing inadequacies of operating networks while furthering the improvement of service at reduced costs to consumers coupled with huge inflow of capital and training of Nigerians. All areas of telecommunications services except manufacturing of credit cards (which is not a service) are open to foreign services providers. All companies operating in this sub-sector do so as domestic companies and hence there are no restrictions set in place that discriminate between domestic and foreign services providers in this sector. In terms of

export market for telecommunications, respondents affirm their consciousness of export market.

The perception of insurance and stock market stakeholders was not quite different from those in telecommunications with respect to knowledge of liberalisation request made to Nigeria, conditions of establishing and operating foreign firms in Nigeria, involvement in responding to requests, perception about liberalisation, and discriminatory treatment unlike professionals in legal and real estate sectors who seem not to be aware of on-going negotiations. However, domestic operators can only export their services by becoming an affiliate of a foreign operator in the foreign country. Since existing domestic capital base is considered insufficient to accommodate the risk of insuring oil and gas activities, this sector was cited as a good candidate for liberalisation. Foreign stockbrokers can only operate through existing domestic operators hence, rather than national treatment discrimination, it is market access restrictions that characterise this sector. The disposition of stock market stakeholders towards liberalisation was mixed. It is perceived as increasing competition for domestic investment advisers while from the perspective of foreign investment; it could lead to increased inflow of foreign capital though the volatility can be a significant risk for the economy.

Practitioners in advertising are concerned with increasing competence and quality of service that the sectors exposure to international competition can elicit and are thus well disposed to liberalisation of the sector even when they are not being consulted about on-going services negotiations and offers the country would table. Currently, a foreign professional cannot operate in Nigeria without commercial presence through a branch of the foreign company or as a registered domestic company with foreign shareholding. Some mode 1 export supply exists in the sector as Nigerians have been employed to work on advertising projects by foreign companies.

Stakeholders in shipping confirmed the pre-dominance of foreign-owned shipping lines in ocean-shipping in Nigeria and the restrictions and discriminatory treatment described earlier. However, neither are they consulted for their inputs into the offer that Nigeria may want to table for maritime services or on the restrictions the few Nigeria ocean shipping lines face in foreign countries.

Interactions with government ministries and agencies in telecommunications, finance and construction suggest ineffective operation of the National Focal Point on Multilateral Trade as these institutions which should be part of the focal point failed to demonstrate any knowledge of on-going GATS negotiations.

d. Institutional Framework for Services Negotiation

The institutional framework for services negotiation is not in any respect different from the existing framework for all trade-related issues at the multilateral and regional levels. An in-depth review of this framework attributes ineffective participation to many factors (Agbaje and Jerome 2003). One is the [[inadequate number of delegates – i.e., Human Resource constraints]] in Geneva who are required to attend, most often, concurrent trade meetings. Two, there is often insufficient information flow between the capital, Abuja, and Geneva due to the unidirectional nature of the information flow which is mainly from Geneva to Abuja with little or no feedback from Abuja. Three, there is a critical dearth of negotiating capacity in terms the required knowledge-base to deal with many of the issues being negotiated. Four, too frequent changes occur to the officials in Geneva who face redeployment between negotiation issues as well as between Geneva and Abuja, thereby eroding their capability and self-confidence. Finally, insufficient exposure to training and retraining of staff on trade and trade-related issues has been one of the problems that the Ministry of Commerce which coordinates all trade related activities in Geneva and Brussels face.

The Ambassador of the Trade Office in Geneva is accountable to the Minister of Commerce who is the Chief Negotiator²⁷ that represents the country at Ministerial Conferences. The Ambassador is the Head of Delegation to WTO and Deputy Chief Negotiator. The Trade Office works directly with the External Trade Department of the Ministry whose head of unit is the Director, External Trade. The Ministry of Commerce is the lead agency charged with the responsibility of coordinating commercial relations between Nigeria and foreign countries as well as managing the institutional framework

²⁷ Usually the chief negotiator is a senior capital-based official or the ambassador in Geneva who negotiates under policy and political guidance of the Minister who, in turn, reports to Cabinet.

for trade policy. This framework has as its heart, the National Focal Point (NFP) on Multilateral Trade Matters. The NFP, in turn, is composed of three Committees on Goods, Services and Trade-Related Intellectual Property Rights (TRIPS), with fifteen sub-committees. Its main function is to serve as the forum for systematic consultation and collaboration among relevant government ministries, agencies and the private sector for effective management of trade matters. On the basis of its deliberations, it is expected to provide policy advice on matters regarding trade negotiations, agreements and other trade relations. The NFP (enlarged in 2001 to include other trade stakeholders such as civil society, Organised Private Sector, and the academia) remains the standing inter-ministerial body charged with trade matters. NFP's Secretariat is the Ministry of Commerce through which it communicates its decisions to the Trade Office in Geneva.

The institutional framework for services negotiation at the regional level is just evolving with the setting up of technical working groups at the ECOWAS Secretariat in February 2005 for the purpose of providing analytical support for the West Africa-EU EPA negotiations. The main objectives of the Technical Working Group on Services are broadly in two areas. One, the Group will propose the type of reform (privatisation, liberalisation, deregulation, etc) that should be carried out in the various service sub-sectors in the West African sub-region after a due examination of the status of each sector; and, two, the Group will define West Africa's negotiation positions in the services sector taking cognisance of the level of development of the different sub-sectors in the region. Since the Group is time-constrained, it has scheduled a series of meetings that will help the Secretariat able to define a reference framework in services negotiation in Brussels between May and July 2005.

Comparing the national and regional frameworks, both are bedevilled with the problem of funding for its meetings as well as lack of timely studies that need to be conducted to provide the requisite knowledge-base for determining the form, speed, and magnitude of services liberalisation under the WTO and EPA platforms. Coupled with this problem are the time-related constraints faced at the two levels. At the time the regional technical working groups were formed, there was little time left to conduct detailed studies even if the funding could have been found. At the national level, funding is usually provided (often from donor agencies) at a time when it would be difficult to provide requisite rigorous analytical support for trade negotiations. In effect,

funding of trade policy making and design is critical to the problems and symptoms of ineffective participation in multilateral and regional trade negotiations. Suggestions on how to alleviate some of the funding problem were robustly offered in Blackhurst, Lyakurwa and Oyejide (1998).

4.2 Regional Liberalisation of Services

Article V concerns the recognition of regional and sub-regional Economic Integration Agreements (EIA) liberalizing services trade if they have substantial coverage, and provide for the absence, or elimination, of substantially all discrimination in the sectors covered. Under the ECOWAS protocol on the free movement of natural persons and property, individual countries have abolished the need for visas for Member country nationals. For instance, ECOWAS nationals are free to visit and work in Nigeria for a period of 90 days, after which an extension must be sought from the Nigeria Immigration Service. The ECOWAS Revised Treaty (ERT) of 1993 neither has a framework agreement nor a chapter devoted to services liberalization among the West African States. There are, however, articles in chapters dealing with sectors such as transport, communication and tourism (Articles 32-34), trade, customs, taxation, statistics, money and payments (Articles 35-53), political, judicial and legal affairs (articles 56-59), and human resources, information, social and cultural affairs (articles 60 – 66). In all the articles, there are no issues concerning market access and national treatment obligations in services. The fact that the treaty was not negotiated in the sense of a regional trade agreement accounts for this inadequacy. The services-related articles are indeed a set of cooperation in many sectors in contrast to articulate measures established in Article 43 on MFN treatment that focused on tariff on goods.

Specifically in the areas of transport and communications, members are to evolve a common transport and communications policy, improve and integrate railway networks, coordinate negotiating positions in maritime transport, cooperate in flight schedules, aircraft lease, and grant and jointly use fifth freedom rights to airlines in the region, standardize transport and communications equipment, encourage the participation of private sector in postal and telecommunications services, and develop, modernize, coordinate and standardize national telecommunications networks to provide reliable interconnection among members. Thus, in 2001, a further impetus

given to the efforts to promote a regional airline (ECOAIR) and coastal shipping line (ECOMARINE). In contrast, the African Union (AU) policy of liberalizing the continent's airspace has not been implemented. This has been traced to the need to protect the country's market for the national airlines.

Perhaps the most recent effort related to regional services liberalisation initiative consists of the preparation for services negotiations under the West Africa-EU Economic Partnership Agreement (EPA). Already, eight sectors have been initially identified as probable sectors of interest to West Africa, according to the Roadmap on EPA. These include business services, telecommunication, tourism, health, education, transport, financial services. Prior to the negotiations, offers have to be prepared and requests have to be submitted to the EU. These would be facilitated by adequate analysis of the state of each service sector, extent of unilateral liberalisation and the costs and gains of regional liberalisation through a free trade area.

There have been complementary reform programmes comprised of non-trade-specific measures that have direct bearing on the ability of some services sub sectors to be compatible to the multilateral rules for international exchange. These measures are usually found in telecommunications and financial sub sectors. For example, the federal government is committed to its on-going National Rural Telephony Programme (NRTP) expected to beginning in about 218 Local Government Areas. The objective was to provide telecommunications services to rural communities in fulfilment of the Universal Access service obligations.

4.3 Nigeria's Services Trade Liberalization Requests and Offer Options

As suggested in section 3, offers in the context of GATS negotiations can be autonomous or responsive. Thus, Nigeria may choose to make offers with respect to particular services sectors where it wishes to "lock-in" its current level of unilateral liberalization. In other words, autonomous offers are typically based upon liberalization already achieved through unilateral policy reform. With respect to responsive offers, Nigeria may clearly need to respond to, at least, some of the requests that it has received (or may eventually receive) from other countries so as to secure concessions in other areas of the DDA negotiations. Responsive offers are also most easily articulated around services sectors and sub-sectors where existing levels of unilateral liberalization

permits significant binding commitments in GATS without necessarily having to negotiate new policy reforms with domestic stakeholders. Thus, based on the current level of unilateral liberalization of Nigeria's services sectors, it is feasible for the country to offer fresh market access and national treatment liberalization commitments with respect to many of the services sectors that are not covered by its current GATS commitment. The currently excluded services sectors which could be feasible candidates for coverage of new commitments include business services, construction, environmental, and recreational services. Second, deeper liberalization commitments may also be feasible with respect to some of the four sectors already covered under existing GATS commitments, particularly telecommunications, tourism and travel-related services, as well as transport services. Third, as a means of attracting foreign investment, Nigeria may wish to consider offering some market access and national treatment liberalization commitments with respect to commercial presence (Mode 3) for a range of services sectors including business services, construction, environmental services, recreational services, education and health services, as well as utility services (primarily water and electricity). Offers in some of these sectors may involve additional domestic policy reform and, if this cannot be immediately accommodated such offers may have to be quite limited.

With respect to requests, a country's decision is generally influenced more by its export interests as mediated by its production and export supply capacity. As a labour-abundant country, Nigeria could seek to increase its exports of both skilled and unskilled labour by requesting developed countries to make Mode 4 liberalization commitments in sectors such as professional and business services, recreational, cultural and sporting services. In articulating such requests, however, Nigeria may need to balance the possible loss arising from brain drain in key social sectors such as education and health against the repatriated earnings of the skilled professionals who take advantage of opportunities provided by more liberal Mode 4 commitments in the developed countries.

The foregoing discussion is summarized in terms of services liberalization offer in the appendix table, which shows a hypothetical schedule of commitments for Nigeria. This hypothetical schedule of commitments is generated to mimic conditional initial offer from Nigeria which tends to reflect current unilateral reforms shown in the analysis above. The implication of this offer is twofold. One, some of these offers are

are within or equivalent to results of sectoral reforms and as such will not require stakeholders consultation to commit them multilaterally. Two, some of the offers would give rise to additional domestic policy reforms as ongoing reforms are not adequate to bridge the gap between these commitments and existing regulations. These would have to be considered in detail by relevant government agencies.

5. Conclusion

A classificatory scheme based on input-type services and final demand services helps to achieve a clearer understanding of the pre-requisites of potential multilateral services liberalization. The scheme enables governments to balance the need to speed sectoral growth with the need to protect domestic investors in the sense that liberalisation can be used as complementary strategy to increase the efficient production of input-type services. Viewed in this manner, this classification is likely to impact on the new set of commitments that countries will assume in the on-going Doha Development Round and other trade negotiations such as the WTO-compatible West Africa - EU free trade arrangement. It raises the hope, at least that, the on-going DDA GATS negotiations can be used to correct the unfriendly and growth-inhibiting environment of Nigeria's services sector through lock-in of reforms that would not only facilitate the realization of its drive for enhanced foreign direct investment but also would provide the required momentum and credibility to the on-going unilateral sectoral reforms in the country. This is because it is widely recognized that developing countries can obtain broad gains from developing strong, efficient and competitive services sectors and that this process can be enhanced by carefully structured liberalization programme whose reforms are locked-in through multilateral commitments under GATS. Despite these potential positive benefits, many African countries have not made requests or offers in the ongoing DDA negotiations. One of the reasons is the lack of capacity to analyse received requests from trading partner countries and offers from the same set of countries in addition to the problem of funding bottom-up approach required to generate national positions on most of the issues that culminate into services offer. This paper constitutes an attempt in the direction of providing the type of analysis needed to draw up an offer table; by categorizing services sectors into infrastructure and business types, identifying requests from the EU and drawing up a broad hypothetical offer for Nigeria.

In the course of the current DDA negotiations on trade in services, Nigeria has received requests from other countries to make further liberalization commitments under GATS. The most comprehensive of these requests has probably been made by the European Union (EU). The country has also embarked on a series of far reaching unilateral reforms spanning privatization coupled with demonopolization and permission of new entry by both domestic and private investors in many of its services subsector the results of which could be locked-in through the multilateral framework. Combining both with envisaged future sectoral restructuring, this paper developed a hypothetical offer table in the form of a schedule of services commitment for Nigeria. Thus, the schedule shows horizontal and sector specific commitments in relevant areas of business services, construction, distribution, environmental, and recreational services, telecommunications, tourism and travel-related services, as well as transport services. These are aimed at helping to make real initial offer in the on-going negotiations.

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Appendix 1: Service Institutions/Firms Consulted

<u>BUSINESS SERVICES</u>
Association of Professional Bodies of Nigeria
Advertising Practitioners Council of Nigeria
Nigerian Institute of Estate Surveyors and Valuers
Nigerian Bar Association
Accenture
<u>COMMUNICATION SERVICES</u>
Nigeria Postal Service
Nigeria Communication Commission
<u>MULTILINKS</u>
V-Mobile Networks
<u>CONSTRUCTION AND RELATED ENGINEERING SERVICES</u>
Ministry of Work
<u>DISTRIBUTION SERVICES</u>
Integrated Wireless Technologies Nigeria Ltd
<u>FINANCIAL SERVICES</u>
Central Bank of Nigeria
Chartered institute of Bankers of Nigeria
NMB Bank
Nigeria Insurers Association (NIA)
Nigeria Institute of Insurance Association (NIIA)
Nigeria Stock Exchange
Interstate Securities Ltd
<u>TRANSPORT SERVICES</u>
Nigerian Shippers Council

APPENDIX 2 : HYPOTHETICAL INITIAL CONDITIONAL OFFER ON SERVICES FOR NIGERIA

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
I. HORIZONTAL COMMITMENTS			
<p>Cross-Border and Consumption Abroad (1) and (2)</p> <p>Commercial Presence</p>	<p>Transfer of information containing personal data, business secrets, bank secrets and/or securities secrets is not allowed</p> <p>3) None, other than,</p> <p>Commercial Presence requires that foreign service providers incorporate or establish the business locally in accordance with the relevant provisions of Nigerian Laws and, where applicable, regulations particularly with respect to land and building acquisition, lease rental, etc. This requirement operates on a non-discriminatory basis.</p>	<p>None, other than</p> <p>Conditions referred to in the market access column</p> <p>3)</p> <p>None, other than,</p> <p>Tax measures that result in differences of treatment with respect to expenditures made on tax administration, scientific research and experimental services may be employed</p>	

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
Movement of natural persons	<p>4) Unbound, except for measures concerning entry and temporary stay of personnel employed in senior management and experts jobs for the implementation of foreign investment. Their employment shall be agreed upon by the service providers and approved by the NIPC.</p> <p>The first category shall include Executives, Managers, specialists, and Professionals.</p> <p>Entry and temporary stay of professionals shall be granted for a single period of not more than 3 months or the period necessary to complete the contract. Such persons may be granted multiple entries within the period of authorised entry. They may not engage in secondary employment while in Nigeria.</p>	<p>4) Unbound, except for measures concerning the categories of natural persons referred to in the market access column.</p> <p>Unbound, except for measures concerning the categories of professionals referred to in the market access column.</p>	

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
1. BUSINESS SERVICES			
D. Real Estate Services²⁸	1) None	1) None	
a) Involving Own or Leased Property CPC 821	2) None	2) None	
	3) None	3) None, other than as specified in the horizontal commitment	
b) On a Fee or Contract Basis (e.g. Property Evaluation, Estate Management, etc.) CPC 822.	4) unbound	4) unbound	
	1) None	1) None	
	2) None	2) None	
	3) None	3) None, other than as specified in the horizontal commitment	
	4) unbound	4) unbound	

²⁸ The Service involved relates to the profession of real estate agents and does not affect any rights and/or restrictions on natural and juridical persons purchasing real estate.

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

E. Rental/Leasing Services without Operators	a) Relating to ships (CPC 83103)	1)	None	1)	None
		2)	None	2)	None
		3)	None	3)	None, other than as specified in the horizontal commitment
		4)	unbound	4)	unbound
b) Relating to Aircraft (CPC 83104)		1)	None	1)	None
		2)	None	2)	None
		3)	None	3)	None, other than as specified in the horizontal commitment
		4)	unbound	4)	unbound
c) Relating to Other Transport Equipment (CPC 83101, 83102, 83105)		1)	None	1)	None
		2)	None	2)	None
		3)	None	3)	None, other than as specified in the horizontal commitment
		4)	unbound	4)	unbound
d) Relating to Other Machinery and Equipment(CPC 83106, 83107, 83108, 83109)		1)	None	1)	None
		2)	None	2)	None
		3)	None	3)	None, other than as specified in the horizontal commitment
		4)	unbound	4)	unbound

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Rental Services with Operators	1) None	1) None
Rental of Vessels with Crew	2) None	2) None
CPC 7213 and 7223 CPC 7213	3) None	3) None, other than as specified in the horizontal commitment
	4) unbound	4) unbound
Rental of Commercial Road Vehicles with Operator (CPC 7124)	1) None	1) None
	2) None	2) None
	3) None	3) None, other than as specified in the horizontal commitment
	4) unbound	4) unbound
2.COMMUNICATION SERVICES		
2.B. Courier Services²⁹	1) 2) 3) None	1) 2) 3) None
(ex 7512; special delivery services only)	4) Unbound except as indicated in the horizontal section	4) Unbound except as indicated in the horizontal section
C. Telecommunications Services		

²⁹ In practice, there is need to specify the areas that are reserved to the postal monopoly

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Domestic and international

Domestic and international services provided using any network technology, on a facilities based or resale basis, for public and non-public use, in the following market segments (these correspond to the following CPC numbers: 7521, 7522, 7523, 7524**, 7525, 7526 and 7529**, broadcasting is excluded):

Nigeria has not adopted the Reference Paper in its entirety

** The (**) indicates the service specified constitutes only a part of the total range of activities covered by the CPC concordance.

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>2. Communication Services</p>			
<p>C. Telecommunication</p>			
<p>Services#2</p>	<p>1) None</p>		<p>#2 The National Carrier,</p>
<p>a. Voice telephone services</p>	<p>2) None</p>	<p>1) 2) 3) None</p>	<p>NITEL, has monopoly of all</p>
<p>b. Packet switched data transmission services</p>	<p>3) None</p>		<p>public switched and</p>
<p>c. Circuit-switched data transmissions services</p>			<p>international services; and</p>
<p>d. Telex services</p>			<p>is charged with the</p>
<p>e. Telegraph services</p>			<p>responsibility of network</p>
<p>f. Facsimile services</p>			<p>infrastructure expansion.</p>
<p>g. Leased circuit services</p>			<p>There is a progressive move</p>
			<p>by Government through the</p>
			<p>National Communications</p>
			<p>Commission to introduce</p>
			<p>some element of</p>
			<p>privatisation and</p>
			<p>competition in the areas</p>
			<p>listed under this offer.</p>
	<p>4) Unbound</p>	<p>4) Unbound</p>	

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

h. Electronic mail	1) None	1) None
i. Voice mail	2) None	2) None
j. On-line information and database retrieval;	3) None	3) None
k. electronic data interchange EDI;	4) Unbound except as indicated in the horizontal section	4) Unbound except as indicated in the horizontal section
l. enhanced/value-added facsimile services, incl. Store and forward, store and retrieve		None
m. Code and protocol conversion		
n. on-line information and/or data processing (including transaction processing)		

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

e) Other Telecommunication Services	1),2),3),4)	1),2),3),4)	#3 The provision of any
Sale/installation of terminal equipment	None	None	service across the border
(CPC 7521, CPC 7522, CPC 7523)	1),2) Not applicable	1),2) Not applicable	(International Services) by
Operating pay phones	3),4) None	3),4) None	passing the network or
(CPC 7521)	1),2) Unbound	1),2) Unbound	diverting international
e) Other Telecommunication Services	3),4)	3),4)	traffic from NITEL is not
Mobile communications— cellular, paging, etc. (voice and data)#3	None	None	permitted, and such
(CPC 7521, CPC 7523)	1),2),3),4)	1),2),3),4)	measures can only be done
Value added services#3	None	None	in co-operation with NITEL.
(CPC 7523)	1) None	1) None	
	2) None	2) None	
o. Other services:	3) None	3) None	
Mobile and personal communications services and systems	4) Unbound except as indicated in the horizontal section	4) Unbound except as indicated in the horizontal section	

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>3. CONSTRUCTION AND RELATED ENGINEERING SERVICES</p> <p>CPC 511, 512, 513, 514, 515, 516, 517, 518. FIN: CPC 512, 513, 514, 516. S: CPC 511, 512, 513, 514, 516 and 517)</p>	<p>1) Unbound³⁰</p> <p>2) Unbound</p> <p>3) None</p> <p>4) unbound, commercial presence required</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section</p>
<p>5. EDUCATIONAL SERVICES (only privately funded services)</p> <p>A. Primary Education Services</p>	<p>1) Unbound</p>	<p>1) Unbound</p>

³⁰ Commitment not technically feasible under this mode.

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>B. Secondary Education Services</p>	<p>2) Unbound.</p> <p>3) Unbound.</p> <p>4) Unbound except as indicated in the horizontal section and subject to the following specific limitations: Condition of nationality for teachers.</p> <p>1) Unbound</p> <p>2) Unbound.</p> <p>3) Unbound.</p> <p>4) Unbound except as indicated in the horizontal section and subject to the following specific limitations: Condition of nationality for teachers.</p>	<p>2) Unbound.</p> <p>3) Unbound.</p> <p>4) Unbound except as indicated in the horizontal section and subject to the following specific limitations: Condition of nationality for teachers.</p> <p>1) Unbound</p> <p>2) Unbound.</p> <p>3) Unbound.</p> <p>4) Unbound except as indicated in the horizontal section and subject to the following specific limitations: Condition of nationality for teachers.</p>	
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Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>C. Higher Education Services</p>	<p>1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section</p>	<p>1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section</p>
<p>D. Adult Education Services (CPC 924; for A CPC 9240 except education services for adults by means of radio or television broadcasting)</p>	<p>1), 2) Unbound. 3) Unbound. 4) Unbound except as indicated in the horizontal section and subject to the following specific limitations: Condition of nationality for teachers.</p>	<p>1), 2) Unbound. 3) Unbound. 4) Unbound except as indicated in the horizontal section and subject to the following specific limitations: Condition of nationality for teachers.</p>

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>6. ENVIRONMENTAL SERVICES</p> <p>(the offer does not include public works functions whether owned and operated by municipalities, state or federal governments or contracted out by these governments)</p> <p>A. Water for Human Use and Wastewater Management</p>	<p>2) Unbound.</p> <p>3) Unbound.</p> <p>4) Unbound except as indicated in the horizontal section and subject to the following specific limitations: Condition of nationality for teachers.</p>	<p>2) Unbound.</p> <p>3) Unbound.</p> <p>4) Unbound except as indicated in the horizontal section and subject to the following specific limitations: Condition of nationality for teachers.</p>	
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Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>A. Waste Water services (CPC 9401) corresponds to Sewage Disposal Services</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) unbound, commercial presence required</p> <p>(iii) Unbound</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section</p> <p>(iii) Unbound</p>	
<p>B. Solid/Hazardous Waste Management</p>			

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

B. Refuse Disposal Services (CPC 9402)	1) None	1) None
	2) None	2) None
	3) None	3) None
	4) unbound, commercial presence required	4) Unbound except as indicated in the horizontal section
	1) None	1) None
	2) None	2) None
	3) None	3) None
	4) unbound, commercial presence required	4) Unbound except as indicated in the horizontal section

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

C. Sanitation and Similar Services

- 1) **None**
- 2) **None**
- 3) **None**
- 4) **unbound, commercial presence required**

- 1) **None**
- 2) **None**
- 3) **None**
- 4) **unbound, commercial presence required**

- 1) **None**
- 2) **None**
- 3) **None**
- 4) **Unbound except as indicated in the horizontal section**

- 1) **None**
- 2) **None**
- 3) **None**
- 4) **Unbound except as indicated in the horizontal section**

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>D. Remediation and Clean up of Soil and Waters</p> <p>Treatment, remediation of contaminated/ polluted soil and water (part of CPC 94060) corresponds to parts of Nature and Landscape protection Services</p>	<p>1) Unbound</p> <p>2) 3) None</p> <p>4) Unbound except except as indicated in the horizontal section.</p>	<p>1) Unbound</p> <p>2) 3) None</p> <p>4) None</p>
<p>F. Protection of Biodiversity and Landscape</p> <p>Nature and Landscape Protection Services (part of CPC 9406)</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) unbound, commercial presence required</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section</p>

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

G. Other Environmental and Ancillary Services (CPC 94090)

- 1) None
- 2) None
- 3) None
- 4) unbound, commercial presence required

- 1) None
- 2) None
- 3) None
- 4) Unbound except as indicated in the horizontal section

D. Other Environmental Protection Services(CPC 9409)

- 1) None
- 2) None
- 3) None
- 4) unbound, commercial presence required

- 1) None
- 2) None
- 3) None
- 4) Unbound except as indicated in the horizontal section

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) unbound, commercial presence required</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section</p>	
7. FINANCIAL SERVICES			

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>A. <u>Insurance and Insurance-Related Services</u></p>	<p>1) Unbound 2) Unbound 3) None 4) unbound, commercial presence required</p>	<p>1) Unbound 2) Unbound 3) None 4) unbound, commercial presence required</p>	
<p>Life, accidents and health insurance services</p>			
<p>None-life insurance services</p>			
<p>Note: All government properties are to be insured with the National Insurance Corporation of Nigeria unless the Head of State approves in writing to the contrary. All imports into Nigeria to be insured locally.</p>	<p>1) Bound only for marine, aviation and transport insurance 2) Unbound 3) None 4) unbound, commercial presence required</p>	<p>1) Bound only for marine, aviation and transport insurance 2) Unbound 3) None 4) unbound, commercial presence required</p>	
<p>Reinsurance and retrocession</p>	<p>1) None 2) None 3) Subject to the approval of the Minister of Finance. Insurers are required to cede 20% of their business to Nigeria Reinsurance Corporation, which has the right of First Refusal 4) unbound, commercial presence required</p>	<p>1) None 2) None 3) Subject to the approval of the Minister of Finance. Insurers are required to cede 20% of their business to Nigeria Reinsurance Corporation, which has the right of First Refusal 4) unbound, commercial presence required</p>	
<p>Services auxiliary to insurance, including broking and agency services</p>	<p>1) None Note: An insurance broker has to obtain approval before entering into contract with foreign insurers. 2) None 3) None</p>	<p>1) None 2) None 3) None 4) unbound, commercial presence required</p>	

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>B. <u>Banking and Other Financial Services</u> (excluding insurance)</p> <p>f) Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:</p> <p>a) Acceptance of deposits and other repayable funds from the public (CPC 81115-9)</p> <p>b) Lending of all types including mortgage credit, factoring and financing of commercial transactions (CPC 8113)</p> <p>c) Financial leasing (CPC 8112)</p> <p>d) All payments and money transmission, services, including credit, payment and similar cards. Travellers cheques and cheques. (CPC 81339**)</p> <p>e) Guarantees and commitments (CPC 81199**)</p> <p>f) Trading for account of customers:</p> <ul style="list-style-type: none"> - money market instruments (CPC 81339**) - foreign exchange (CPC 81333**) - transferable security (CPC 81321*) 	<p>1) None, bound only for the provision and transfer of financial information and advisory services.</p> <p>2) Unbound with the exception of (e)</p> <p>3) None</p> <p>4) unbound, commercial presence required</p>	<p>1) None, Bound only for the provision and transfer of financial information and advisory services.</p> <p>2) Unbound with the exception of (e)</p> <p>3) None</p> <p>4) unbound, commercial presence required</p>	<p>#4 Guarantees and Commitments are subject to regulations</p>
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Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>j) Settlement and clearing services for financial assets including securities (CPC 81339** or 81319**)</p> <p>l) Provision and transfer of financial information and financial data (CPC 8131)</p>			
<p>8. HEALTH SERVICES AND SOCIAL SERVICES</p>			
<p>A. Hospital Services (CPC 9311)</p>	<p>1) Unbound</p> <p>2) Unbound</p>	<p>1) Unbound</p> <p>2) Unbound</p>	
	<p>3) None</p>	<p>3) None</p>	
	<p>4) Unbound except as indicated in the horizontal section and subject to the following specific limitations:</p>	<p>4) Unbound except as indicated in the horizontal section and subject to the following specific limitations:</p>	
<p>B. Other human health services provided through residential health facilities like health resort hotels and therapeutic bath services (CPC 93193)</p>	<p>1) Unbound</p> <p>2) 3) Unbound</p> <p>4) unbound except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) 3) Unbound</p> <p>4) unbound except as indicated in the horizontal section</p>	

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

9. TOURISM AND TRAVEL RELATED SERVICES			
A. Hotels, Restaurants and Catering (excluding catering in transport services sector)	1) None 2) None 3) None 4) None	1) None 2) None 3) None 4) None	
B. Travel Agencies and Tour Operators Services (including tour managers) (CPC 7471)	1) None 2) None 3) None 4) None	1) None 2) None 3) None 4) None	
C. Tourist Guides Services (CPC 7472)	1) None 2) None 3) None 4) None	1) None 2) None 3) None 4) None	
11. TRANSPORT SERVICES			

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>A. MARITIME TRANSPORT SERVICES</p>	<p>1) Unbound: Access to Cargo is subject to the provisions of the National Shipping Policy</p>	<p>1) Unbound</p>
<p>b) Foreign transportation#5</p>	<p>Decree No. 10 of 1987</p>	<p>2) None</p>
<p>(CPC 7212) #5 Cabotage is excluded</p>	<p>- at least 40 per cent of Liner Cargo is</p>	<p>3) None</p>
<p>b) Freight transportation CPC 7212 less cabotage transport</p>	<p>reserved for national carriers;</p>	<p>4) Unbound</p>
	<p>- 100 per cent of government cargo is reserved for national carriers;</p>	
	<p>- 50 per cent of bulk trade (dry/wet) is reserved for national carriers#5</p>	
	<p>- 50 per cent of cargo generated through technical assistance or international aid is</p>	
	<p>reserved for ships owned or hired by national carriers</p>	
	<p>2) None</p>	
	<p>3) None (provided ship owner's representative complies with relevant laws of establishing</p>	
	<p>business in Nigeria) except as contained in horizontal commitment</p>	
<p>c) Rental vessels with crew</p>	<p>4) Unbound</p>	
<p>(CPC 7213)</p>	<p>4) (a) Ships' crews: unbound</p>	
	<p>(b) Key personnel employed in relation to a commercial presence</p>	<p>1) Unbound</p>
		<p>2) None</p>
<p>d) Maintenance and repair of vessels</p>	<p>1) Unbound</p>	<p>3) Unbound</p>
<p>(CPC 8868)</p>	<p>2) None</p>	<p>4) Unbound</p>

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>MARITIME AUXILIARY SERVICES</p> <p>Maritime Cargo Handling Services</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Ships' crews: unbound</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section</p>	

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>Storage warehousing CPC 742</p>	<p>and Services</p>	<p>1) Unbound* 2) None 3) None 4) Unbound except as indicated in the horizontal section</p>	<p>1) Unbound* 2) None 3) None 4) Unbound except as indicated in the horizontal section</p>
<p>Customs Services</p>	<p>Clearance</p>	<p>1) Unbound 2) Unbound 3) Unbound 4) Unbound except as in horizontal section</p>	<p>1) Unbound 2) Unbound 3) Unbound 4) Unbound except as in horizontal section</p>

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>Container Station and Depot Services</p>	<p>1) Unbound 2) None 3) None 4) Unbound except as indicated in the horizontal section</p>	<p>1) Unbound 2) None 3) None 4) Unbound except as indicated in the horizontal section</p>	
<p>Maritime Agency Services</p>	<p>1) Unbound 2) None 3) None 4) Unbound except as indicated in the horizontal section</p>	<p>1) Unbound 2) None 3) None 4) Unbound except as indicated in the horizontal section</p>	

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

(Maritime) Freight Forwarding Services)	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Unbound</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>1) None</p> <p>2) Unbound</p> <p>3) Unbound</p> <p>4) Unbound except as indicated in the horizontal section</p>	
C. Air Transport Services			
d) Maintenance and Repair of Aircraft and parts thereof	<p>1) None</p> <p>2) 3) None</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>1) None</p> <p>2) 3) None</p> <p>4) Unbound except as indicated in the horizontal section</p>	

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

<p>Sales and Marketing</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Unbound</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Unbound</p> <p>4) Unbound except as indicated in the horizontal section</p>	
<p>Computer Reservations System</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section</p>	

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Groundhandling	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	
Airport management	1) Unbound 2) Unbound 3) Unbound 4) Unbound	1) Unbound 2) Unbound 3) Unbound 4) Unbound	
E. Rail Transport Services			
d) Maintenance and Repair of Rail Transport Equipment (CPC 8868)	1),2) Unbound* 3),4) None	1),2) Unbound* * Unbound due to lack of technical feasibility. 3),4) None	

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

F. Road Transport Services			
a) Passenger Transportation CPC 71213 and 7122. CPC 71213, 71222 and 71223.	1) Unbound 2) Unbound 3) Unbound 4) Unbound	1) Unbound 2) Unbound 3) Unbound 4) Unbound	
b) Freight Transportation (CPC 7123.)	1) Unbound 2) Unbound 3) None	1) Unbound 2) Unbound 3) None	
	4) Unbound except as indicated in the horizontal section	4) Unbound except as indicated in the horizontal section	
d) Maintenance and Repair of Road Transport Equipment CPC 6112. 6112+8867 6112 and parts of 88)	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

H. Services auxiliary to all modes of transport			
b) Storage and Warehouse Services (CPC 742)	1) Unbound* 2) 3) None 4) Unbound except as indicated in the horizontal section	1) Unbound 2) 3) None 4) Unbound except as indicated in the horizontal section	
c) Freight Transport Agency/Freight Forwarding Services (CPC 748)	1) 2) 3) Unbound 4) Unbound except as indicated in the horizontal section	1) 2) 3) Unbound 4) Unbound except as indicated in the horizontal section	
Pre-Shipment Inspection (CPC 749³¹ CPC 7490 only)	1) 2) 3) None 4) Unbound except as indicated in the horizontal section	1) 2) 3) None 4) Unbound except as indicated in the horizontal section	

* A commitment on this mode of supply is not feasible.

³¹ Indicates that the service specified constitutes only a part of the total range of activities covered by the CPC concordance

Modes of supply: 1) Cross-Border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

I. Other Transport Services (Provision of Combined Transport Service)	1) None	1) None
	2) Unbound	2) Unbound
	3) None	3) None
	4) Unbound except as indicated in the horizontal section	4) Unbound except as indicated in the horizontal section

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