

WORLD BANK INDICATORS SUGGEST THAT SUB-SAHARAN AFRICAN COUNTRIES ARE OPEN TO SERVICES TRADE

Cynthia Payne, Office of Industries
cynthia.payne@usitc.gov, (202) 205-3410

Despite significant differences in the size, composition, and regulation of their economies, most of the 23 sub-Saharan African (SSA) countries included in the World Bank’s Services Trade Restrictions Database have overall STRI scores similar to those posted by higher income countries (figure 1). Like high-income countries, many SSA countries included in the database have overall and industry-specific STRI scores in the “virtually open” range, suggesting that SSA countries typically maintain low barriers to services trade.

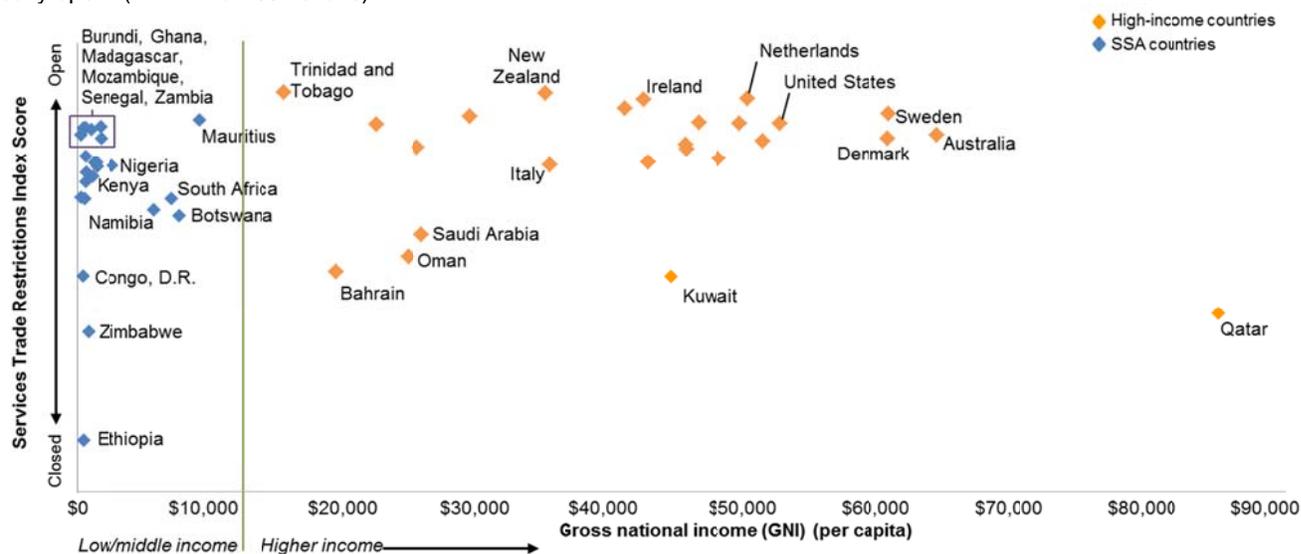
Background

The World Bank’s Services Trade Restrictions Database¹ uses data on the services trade policies of profiled countries to create an index—the Services Trade Restrictions Index, or STRI—that helps to rank them on their relative openness. The database gives information for over 100 countries (including 23 SSA countries),² five specific service sectors (table 1), and an overall country score by mode of supply.³

TABLE 1 Service sectors included in the database

| Service sector | Description |
|-----------------------|--|
| Financial services | Banking (lending by banks, acceptance of deposits by banks) and insurance services (auto insurance, life insurance, reinsurance) |
| Telecommunications | Fixed-line and mobile telecommunications |
| Retail | All aspects of retail services |
| Transportation | Air passenger (domestic and international), maritime international shipping and auxiliary services, domestic road freight, domestic rail freight |
| Professional services | Accounting, auditing, and legal services |

FIGURE 1 Overall⁴ indexes for high-income and sub-Saharan African countries indicate most are “open” (no restrictions) or “virtually open” (with minor restrictions)



Notes: Data GNI data are for 2013 except for Bahrain (2012), Oman (2012), New Zealand (2012) and Kuwait (2011) and are from the World Bank, *Data Indicators*.

¹ Unless otherwise noted, data in this brief come from the World Bank’s Services Trade Restrictiveness Database, as presented in Borchert, Gootiiz, and Mattoo, “Policy Barriers to International Trade in Services,” WPS6109, 2012.

² SSA countries included in the database include almost one-half of all SSA countries: Botswana, Burundi, Cameroon, the Democratic Republic of the Congo (Congo D.R.), Côte d’Ivoire, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe.

³ The overall score for certain sectors and/or modes may be weighted. The World Trade Organization (WTO) defines four modes of supply for services trade. The two used most often are cross-border trade and sales through affiliates in foreign markets. For definitions of these modes, see Borchert, Gootiiz, and Mattoo, 2012, 6.

⁴ The scores reflect the overall restrictiveness of key policy measures applied to a services subsector and mode of supply and not to individual measures.

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Overall restrictiveness index of SSA countries

STRI scores compiled by the World Bank range from 1 (most open) to 100 (least open) (table 2). Overall most SSA countries included in the database are nearly as open as high-income countries as shown in figure 1. The overall median STRI for SSA is 27.2, a few points above the median STRI of 21.0 for high-income countries. Mauritius was the most open SSA country with an overall STRI of 16.9, while Ethiopia has the most restrictions with an overall STRI of 88.2. There are several countries with particularly low or high overall STRI scores; besides Ethiopia, Zimbabwe and the Congo D.R. have particularly high overall scores, while Ghana, Madagascar, Mozambique, and Senegal all scored below 20. Most of the 23 SSA countries covered by the database had an overall STRI of 38 or less (see figure 1), less open than some high-income countries but still in or very near the “virtually open” range.

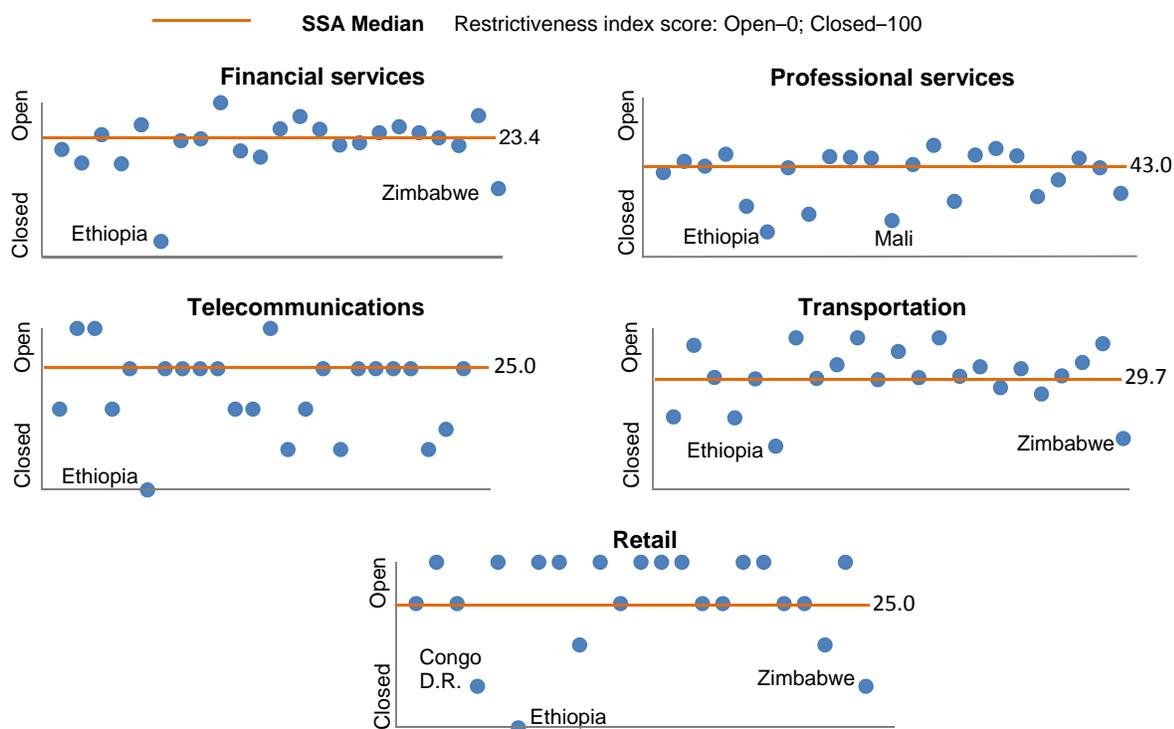
TABLE 2 STRI restrictiveness scale

| Overall policy description | Point scale |
|---|-------------|
| Open without restrictions | 0 |
| Virtually open | 25 |
| Existence of major/ non-trivial restrictions | 50 |
| Virtually closed | 75 |
| Completely closed | 100 |

SSA country STRIs by service sector

As with overall STRI scores, SSA countries’ median STRI scores are at or near the “virtually open” range for the most of the individual service industries covered by the STRI index (figure 2). Retail distribution, telecommunications, and financial services are the most open service sectors among SSA countries.⁵ STRI scores in the retail and telecommunications sectors span the entire index, from completely open (0) to completely closed (100), while financial services and transportation STRIs for SSA countries also cover a wide spectrum, ranging from 0 to 89.7 and 0 to 72.9, respectively. Professional services STRIs among SSA countries have the smallest span, ranging from 30 to 84. Ethiopia was the most restrictive in all five service sectors, posting STRIs of 100 for both retail and telecommunications, 89.7 for financial services, 84 for professional services, and 72.9 for transportation services.

FIGURE 2 Overall STRIs by service sector and SSA countries



⁵ Unlike scores for other sectors, overall scores for retail and telecommunications are not weighted according to the relative importance of different modes of supply. See annex table 5 in Borchert, Gootiiz, and Mattoo, 2012.

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