

TRADE IN SERVICES: A SMALL BUT GROWING PART OF SUB-SAHARAN AFRICAN TRADE

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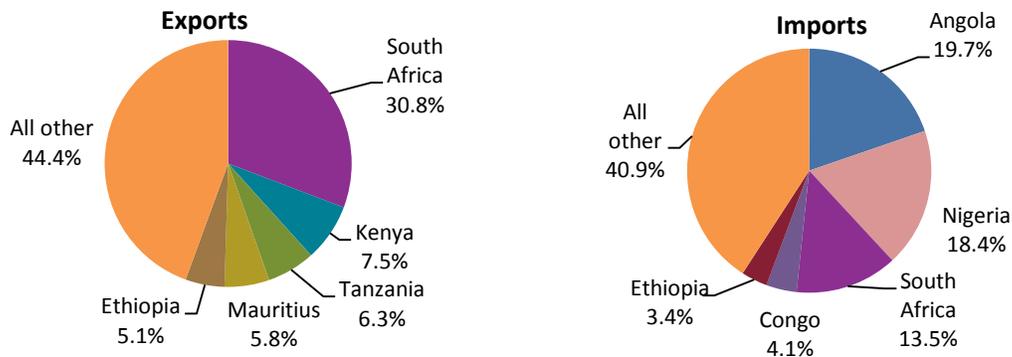
While sub-Saharan Africa (SSA) accounts for a small share (1.8%) of global commercial services trade volume, SSA services trade volume has grown rapidly in recent years, accounting for 18% of total SSA trade in 2014.¹ U.S. services trade with the African continent has also grown rapidly in recent years.

SSA services trade with the world: South African trade flows dominate, and travel services are the most important component

Commercial services account for a small but growing share of total SSA trade. In 2014, these services accounted for almost 11% of total SSA goods and services exports and 22% of imports. Between 2005 and 2014,² SSA commercial services exports nearly doubled, increasing by 92% to \$53.5 billion. At the same time, imports rose to two and one-half times their 2005 level, increasing 147% to \$122.8 billion.

South Africa is SSA’s largest commercial services exporter by a wide margin, with exports of \$16.5 billion in 2014. South African commercial services exports fell in 2014 from the previous year, with insurance and pension services accounting for the largest share (10%) of this decline. By contrast, exports of maintenance and repair of services n.i.e. grew strongly in the year, by 54% to \$88.6 million.

Figure 1 South Africa was the leading exporter, while Angola was top importer of commercial services



With its large resource sector, Angola is the largest SSA importer of commercial services, totaling \$24.2 billion of imports in 2014. Computer services was the fastest-growing component of Angolan services imports during 2013–14, jumping from \$51.6 million to \$108.3 million (up 109%). Yet despite this rapid growth, computer services continued to account for a very small share (0.4%) of total Angolan services imports in the year. Angolan imports of insurance and pension services, charges for the use of intellectual property, and travel services all decreased during 2013–14.

By industry, travel services accounted for the largest share (46%) of total SSA commercial services exports in 2014. South Africa was by far the largest exporter of travel services in 2014, with 38% of

¹ The WTO term “commercial services” is roughly equivalent to the total services minus government services (or private services). Total trade volume includes exports and imports of merchandise and service industry trade.

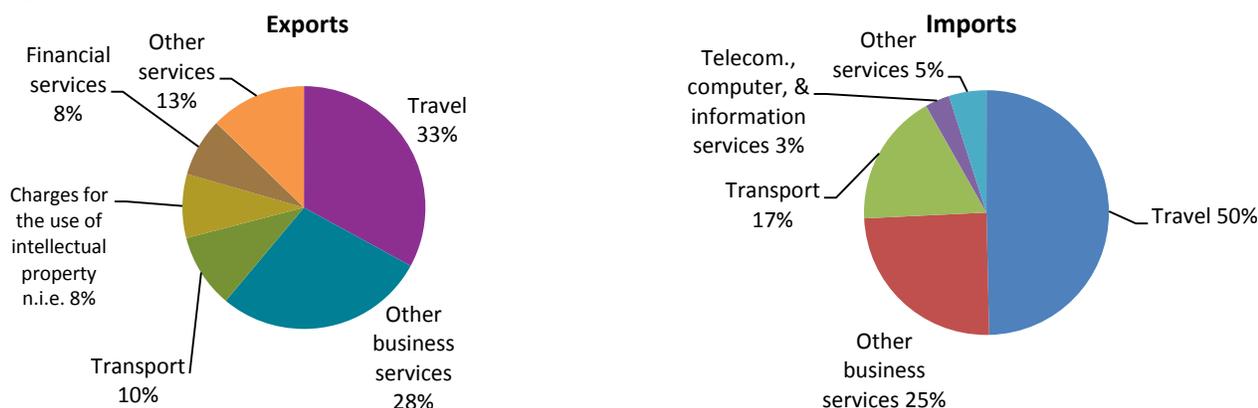
² WTO reclassified data based on its *Balance of Payments Manual 6*, therefore 2005 is the earliest year available.

SSA travel services exports, followed by Tanzania (8%), Angola (7%), and Mauritius (6%). Tourism is a key contributor to the SSA economy, with one source reporting that the travel and tourism industry's direct contribution to total SSA gross domestic product and employment stood at 2.6% and 2.5% respectively in 2014.³ Transport services represented the largest share of SSA imports in 2014 (36%), with Nigeria (20%), South Africa (17%), and Angola (13%) accounting for the largest shares.

U.S.-Africa private services cross-border trade:⁴ Travel services continue to account for the largest share of African services trade

U.S. services trade with all of Africa is growing but remains a small portion of overall U.S. services trade. During 2005–15, U.S. private services exports to Africa⁵ increased by \$7.2 billion to \$13.6 billion, while imports increased by \$3.5 billion to \$8.0 billion. Travel services dominate U.S. services trade with the continent; such services accounted for the largest share of U.S. services exports to Africa and half of U.S. services imports from Africa in 2015. While data on U.S. travel services trade with individual SSA countries are largely unavailable, the U.S. Department of Commerce reports that Nigeria and South Africa were the leading sources of SSA visitors to the United States in 2015. However, both countries accounted for extremely small shares (0.2% each) of total visitors to the United States in that year. With regard to U.S. travel to SSA, the World Bank reports that the United States was the leading source of tourists for five SSA countries.⁶

Figure 2 Africa: Travel services were the leading U.S. private service exports and imports in 2015



Sources: Republic of South Africa, Department: Tourism, Knowledge Portal; World Travel & Tourism Council, "Travel and Tourism, Economic Impact 2015: Sub-Saharan Africa," 2015; SouthAfrica.info, *Doing Business with SA*, "South Africa's Tourism Industry" (accessed March 6, 2017); USDOC, BEA, Interactive data, International Transactions, Services, & IIP, International Services (accessed various dates); USDOC, International Trade Administration, National Travel and Tourism Office, "International Visitation to the United States: A Statistical Summary of U.S. Visitation," 2015; World Bank and AFD, *Tourism in Africa: Harnessing Tourism for Growth and Improved Livelihoods*, 2014; WTO, Statistics Database, Time Series on International Trade, "Trade in Commercial Services, 2005–onward (BPM6)" (accessed various dates).

³ A separate Executive Briefing on Trade discussing the travel service industry can be found [here](#).

⁴ No figures are available for U.S. services trade with individual SSA countries, except for South Africa. South Africa accounted for \$3.0 billion in exports and \$1.7 billion in imports in 2014.

⁵ Data on U.S. services trade with Africa include exports to and imports from both SSA and the countries of North Africa. Discrete data on U.S. trade and affiliate transactions with SSA are not available.

⁶ Four of these countries are Ethiopia, Ghana, Rwanda, and Zimbabwe. Based on the World Bank document from which this information was obtained, it is unclear whether the fifth country is Tanzania or Uganda.

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