

MAINSTREAMING THE SERVICES SECTOR FOR SUSTAINABLE EXPORT AND ECONOMIC GROWTH

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INTRODUCTION



- **The services sector is an important component of any country's economy. It makes a direct and significant contribution to Gross Domestic Product (GDP), job creation, and provides crucial inputs for the economy.**
- **Services are now commonly traded across borders, helped by technologically enabled innovation and the increased mobility of persons. Services Export are the fastest growing sector in the global economy.**
- **In recent years, a number of developing countries have looked at trade in services as a means to both respond to domestic supply to diversify and boost exports.**

DEFINITION OF SERVICES EXPORT

- Service export simply means, any service provided by a person in one nation to people or companies from another Country.
- Service exports are intangible, meaning they are not physical; however they are experienced by those served.

“A service is something that you experience at a certain time and it cannot be repeated, whether it’s a telephone call or working with a professional like an accountant or a lawyer”.

Therefore almost everyone is a potential service exporter.

DIFFERENCE BETWEEN SERVICE AND GOODS

BASIS FOR COMPARISON	GOODS	SERVICES
Meaning	Goods are the material items that can be seen, touched or felt and are ready for sale to the customers.	Services are amenities, facilities, benefits or help provided by other people.
Nature	Tangible	Intangible
Transfer of ownership	Yes	No
Evaluation	Very simple and easy	Complicated
Return	Goods can be returned.	Services cannot be returned back once they are provided.
Separable	Yes, goods can be separated from the seller.	No, services cannot be separated from the service provider.
Variability	Identical	Diversified
Storage	Goods can be stored for use in future or multiple use.	Services cannot be stored.
Production and Consumption	There is a time lag between production and consumption of goods.	Production and Consumption of services occurs simultaneously.

MODES OF SERVICES EXPORT

A mode is a means by which service is being transferred from the service providers to end users.

Mode 1: Cross-border Trade

When country A exports services abroad through telecommunications or postal infrastructure. For example: consultancy or market research reports, tele-medical advice, distance learning, BPO services.

Mode 2: Consumption Abroad

When nationals of country B moved to country A to avail services. For example: tourists, students, or patients coming abroad.

Mode 3: Commercial presence

When service can be supplied by a service supplier of country A through commercial presence in the territory of country B. For example: establishment of bank, hotel group, construction company, etc. in other territory.

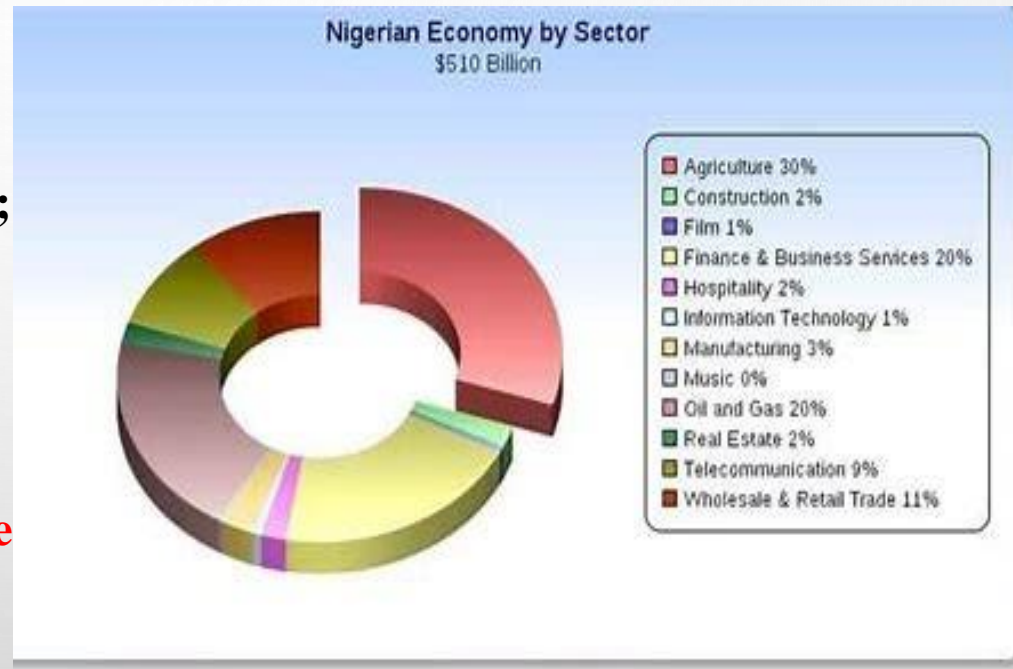
Mode 4: Movement of Natural Persons

When a national of country A provides service in B as an independent supplier. For example: consultant, health worker, etc.

TYPES OF SERVICES EXPORT

Under the General Agreement on Trade in Services (GATS), services are divided into 12 sectors as follows:

- 1) Business services (including professional services, information-technology-related services, research, and development);
- 2) Communication services;
- 3) Construction and related engineering;
- 4) Distribution services;
- 5) Educational services;
- 6) Environmental services;
- 7) Financial services (banking, insurance and all services related to securities);
- 8) Health-related and social services
- 9) Tourism and travel-related services;
- 10) Recreational, cultural and sporting services;
- 11) Transport services;
- 12) Other services not included elsewhere.



NIGERIAN SERVICES EXPORT POTENTIALS



- Nigeria has high potential for services export because of her population endowment out of which, about 100 million of the total population are Youths and are the key players in the Services Export Sector.
“Nollywood and Kannywood ” are now popular, acceptable and sought after world over because of their unique story lines.
- Recognized Professional bodies such as Lawyers, Academics, Doctors, Footballers, etc. can encourage members to explore opportunities in the sector for a sustainable economic prosperity.
- Information Communication Technology (ICT) has made communication and by extension services export seamless across the globe.
- Labour cost is much cheaper in Nigeria and other developing countries especially with the inception of AfCFTA .

WHY SERVICES EXPORT?

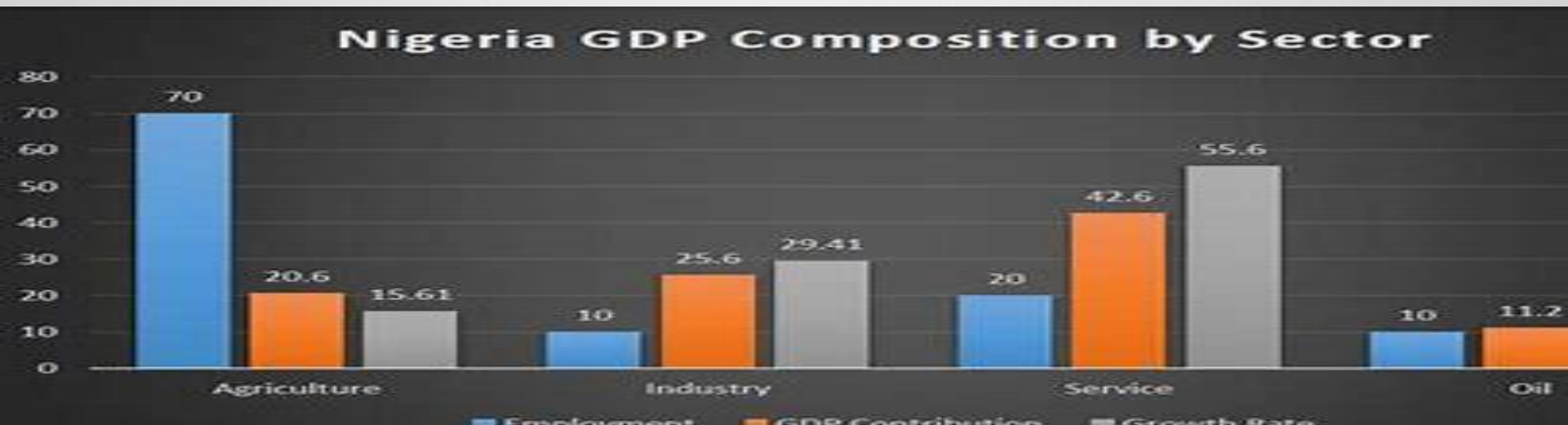
1. They are facilitators of gross domestic growth (GDP);
2. They anchor and support the entire goods production process;
3. They are increasing as a percentage of world trade and Foreign Direct Investment (FDI);
4. They contribute to job & wealth creation, poverty alleviation and national economic prosperity.
5. Apart from the obvious benefit of generating income and foreign exchange, it helps in developing an internationally competitive services export sector.
6. it reduces the need of having to import these services from elsewhere, and correspondingly lower import expenses. The availability of local high quality services is an attraction in securing Foreign Direct Investment (FDI).

HOW NIGERIA SERVICES BUSINESS CONTRIBUTE TO GDP

The services sector is an important component of any economy, and its contribution to Gross Domestic Product (GDP) can be felt by:

- **Providing sustainable jobs**, wealth creation, inputs and public services for the economy, with the overall aim of earning foreign exchange;
- **Investing and trading** in digital marketing platform, POS centers, online export consultancy services, fin-techs start-ups (micro-investment, wealth management, peer-to-peer transfers and insurance) thereby earning foreign exchange for the economy;
- **Furthermore, services sector** can be harnessed to diversify exports. This is particularly important because services is less reliant on physical infrastructure.

Sources: Nigerian Bureau of Statistics, 2020 report



SOME CHALLENGES OF SERVICE EXPORT



- Nigeria is yet to have articulated National Export Strategy which Service Export Strategy is inculcated;
- Devoid of proper structure(adequate legislation, database, monitoring, regulatory bodies)
- Lack of Awareness (Product is been overrated);
- Services providers are not exposed to best practices;
- Poor Infrastructure (Power, Internet bandwidth among others);
- Most Export Incentives do not cover Service Export (e.g. NEPC Incentive Act).

NEPC ACTIVITIES / ROLES TO DEVELOP THE SERVICES SECTOR

- **Strengthening the Services Division** in the Product Development Department to reposition the Council in the fore-front of developing and harnessing benefits of the Nigerian Services Sector;
- **Developed strategic road map** for the export of professional services from Nigeria through the assistance of the Commonwealth Secretariat . The document was launched in 2010;
- **Embarked on a pilot training** programme on Information Technology/Business Process Outsourcing (IT/BPO) in collaboration with Tathya Dot Com to advance Nigeria's capability towards becoming a key offshore outsourcing destination.
- **Collaboration with the ITC** (UNCTAD/WTO) to organize the “Bridges Across Borders” forum (maiden edition held in 2008)
- **Series of capacity building** and training programs undertaken by the Council has help developed skilled professionals and lead to the formation of associations in the services sector: Nigerian Network of Women Exporters of Services NNWES, Association of Outsourcing Practitioners of Nigeria (AOPN) etc.

HOW NEPC CAN PROMOTE THE SECTOR



- Continue to partner with relevant organizations / institutions with the aim of addressing challenges in the sector and put in place necessary machinery to develop the sector to international standards and best practices;
- Support & welcome initiatives to promote a culture of services export and its effective service delivery in Nigeria.
- Identification & formalization of key players in the sector.
- Knowledge and skill enhancement to harness opportunities in the sector.
- Encouraging practitioners in the sector via grants and incentives
- Establishment of one-stop-shop for enquiries and information access
- Inculcation of services export into One- State-One-Product Initiative
- The Zero-oil plan should be reviewed to accommodate the sector.

CONCLUSION

- It is almost impossible to drive economic growth without taking into account numerous contribution of services export sector and its opportunities;
- Building productive capacities & capabilities require a comprehensive, integrated and coherent strategy;
- Regulatory and institutional frameworks tailored to local conditions are extremely critical;
- Skill enhancement included within the existing workforce in services sectors, is important in promoting the sector;
- Efforts and collaborations are needed to advance the development-led services in trade agenda.
- Digitalization, E-commerce and Block chain Technology platforms should be leveraged upon.

References

All materials are collected and sourced from the product development department: Services Unit

THANK YOU

