

Services snapshot

Union of the Comoros



KEY SERVICES DATA¹, 2012

Services² share of industry value added 2009: **42%**
 Trade in services³ contribution to GDP: **29%**
 Services share of total exports: **48%**
 Services export composition 2011: **travel (66%), other commercial services (29%), transportation (5%)**
 Services import composition 2011: **transportation (63%), travel (19%), other commercial services (18%)**
 Services exports: **US\$ 58 million**
 Services imports: **US\$ 104 million**
 Services trade deficit: **US\$ 46 million**

SERVICES AT A GLANCE

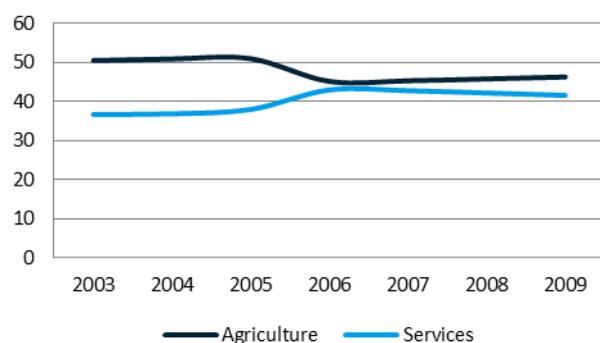
At 3.5% in 2013, the GDP growth was less than the average of Sub-Saharan African developing countries (4.7%).⁴ The medium term growth outlook is expected to decrease gradually to 3% in 2016.⁵

In value added terms, the most recent data from 2009 shows that the services sector accounted for 42% of GDP. However, this share has been declining since 2007 with negative annual growth rates (-2% in 2009). Economic growth is mainly driven by agriculture that accounts for almost half of GDP and grows at 4.5% p.a.⁴

In 2012 Comoros had a services trade deficit of US\$ 46 million. Services exports, at US\$ 58 million, accounted for 48% of total exports.⁶

Travel services accounted for the largest share of services exports in 2011 at 66%, reflecting the importance of tourism. Communication services accounted for 29% of services exports.⁶ The telecommunications sector has driven economic growth in many franc-zone countries.⁷ Transportation services accounted for the largest share of services imports (63%) in 2011.⁶

Figure 1. Trends in share of GDP



SERVICES SUBSECTORS

Financial services

Penetration of the financial services sector is very low regardless of some government initiatives taken in the sector, especially in microfinance and electronic banking. Between 2012 and 2013, many new entities have entered the market such as Exim Bank, Banque fédérale du commerce (BFC) and Banque postale. They join the existing institutions in the country: the commercial bank Banque pour l'industrie et le commerce (BIC-C), the development bank Banque de développement des Comores (BDC) and the decentralised microfinance institutions (the Meck and Sanduck networks). Banking credits to the economy have increased more than fourfold: from US\$ 36 million in 2003 up to US\$ 162.5 million in 2013.⁷ **In 2011, the financial services sector was estimated as contributing as much as 12% to total services exports.**⁷ More detailed data is unavailable.

Communication services

Telecommunications remains a state monopoly. With support from the World Bank, the authorities are expected to sell a second licence in the near future and to open up the capital of Comores Télécom to create a competitive environment and encourage innovation.⁷

Comoros recorded a communication services trade surplus of US\$ 16 million in 2011.⁶ Even though precise data are missing and there are inconsistencies among different data sources, the important contribution of communication services to services exports is overall confirmed. In 2013 the rate of Internet users among the population was only 6.5% only while 47% of Comorians were mobile cellular subscribers. This is a remarkable increase over the last decade, the first subscriptions having been made in 2003.⁴

Figure 2. Communication services share in services trade

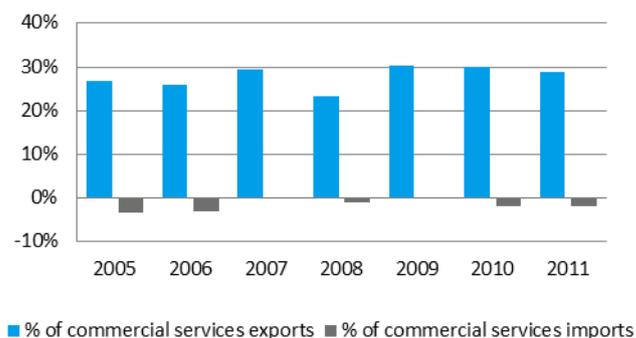


Figure 3. Transport services share in services trade

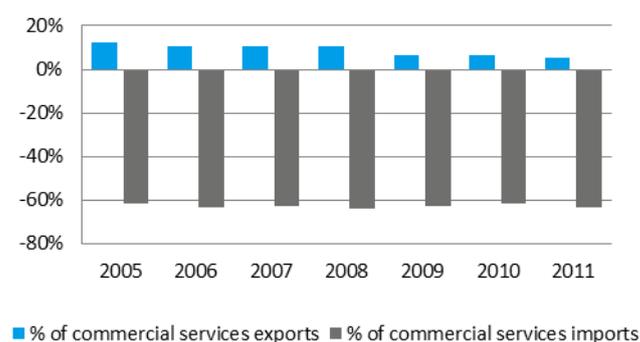
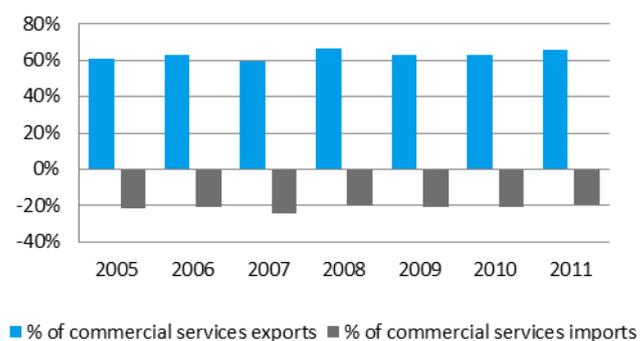


Figure 4. Travel services share in services trade



Transport services

The country suffers from a severe lack of basic infrastructure such as roads, ports, airports. This hinders the overall economic structure and the development of trade. In recognition of this shortcoming, the government will focus its 2015-19 economic development programme on road and port infrastructure.⁷ In 2011, transport services were in trade deficit (US\$ 64 million).⁶

Tourism

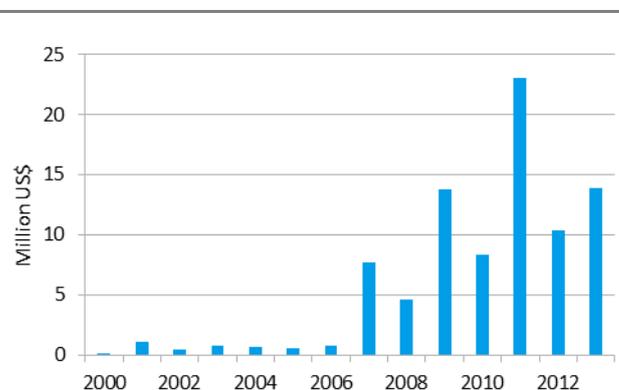
Tourism is one of the main drivers of economic growth. Nevertheless the sector remains underdeveloped. Its potential to serve as a flourishing tourism destination is severely hindered by infrastructural weaknesses, lack of capacity and provision of a stable and peaceful internal political environment. In 2011, Comoros recorded 19,000 international tourism arrivals.⁴ Two thirds of these arrivals are estimated to be Comorian migrants coming back to visit relatives.⁸ In 2011 there was a trade surplus in travel services of US\$ 21 million.⁶

FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI have increased over the period since 2007 but not consistently (see Figure 5). In 2013 FDI amounted to US\$ 14 million, accounting for 2% of GDP.⁴

Comoros ranks 159th out of 189 countries in the World Bank Ease of Doing Business 2014 Index.⁹ However, the country ranking improved in comparison to 2013, thanks mainly to the resumption of activities by the investment promotion agency (Agence nationale de promotion des investissements).⁷

Figure 5. FDI net inflows



FOOTNOTES / SOURCES

1. Key data derived from: World Bank – World Development Indicators, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for figures 1 - 3 derived from Trade Map (ITC, UNCTAD, WTO joint dataset). Data for figure 4 derived from World Bank – World Development Indicators.
4. World Bank – World Development Indicators.
5. World Bank – Global Economic Prospects.
6. ITC Trade Map.
7. African Development Bank, African Economic Outlook, Comoros.
8. Comoros National Investment Promotion Agency, available online: <http://www.invest-comoros.com/en/tourism>.
9. World Bank Group – Doing Business Index, June 2014.



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