

Trade in Services

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Introduction

- Importance of service sector growing being the fastest growing sector
- Contributes around 70% of GDP, 40% of employment and 30% of trade
- Defined services inclusive of any service in any sector except services supplied in the exercise of government authority meaning any service which is supplied neither on a commercial basis nor in competition with one or more service suppliers.



Modes

- Cross-border supply
- Consumption abroad
- Commercial presence
- Presence of natural persons



Obligations

- General multilateral principles: MFN and transparency (Does not confer market access)
- Specified negotiated obligations



Coverage

- GATS require publication or making available of relevant measures
- Services should be regulated reasonably
- GATS does not cover services provided by govt.
- Members need not make commitments in the whole universe of services sector
- Does not require services to be deregulated
- Require all members to change regulations to reflect commitments.



Basic principles of GATS

- All services are covered by GATS
- MFN applies to all services except one-off temporary exemptions
- In the areas of commitments, national treatment applies
- Transparency in regulations, enquiry points
- Regulations have to be objective and reasonable
- International payments normally unrestricted
- Individual countries' commitments negotiated and bound
- Progressive liberalisation through further negotiation



Further negotiations

- Bilateral negotiation on market access (2002)
- GATS rules (1995)
- MFN exemptions (2000)
- Assessment in trade in services(1999)
- Review of air transport services (2000)
- Domestic regulations (2000)
- Autonomous liberalisation (2003)
- Special treatment for LDCs (2003)



Nepal's commitment and Regulatory amendments needed

FITTA, 1992

- In annex A, redefine cottage industry or specify sectors opened for FDI
- In annex A, Specify restrictions on personal service business
- Delete movie business
- In annex B, remove retail (radio, television and musical instruments), travel agency, consultancy business (management, accounting, engineering, legal services)



Visa services

- 90 days renewable visa for sales persons for negotiating
- One year renewable visa for persons engaged in commercial presence
- 3 year renewable to next 7 years for managers, executives and specialists
- Intra-corporate transferees limited to 15% of total employees



Labour Act

- Include previous mentioned categories to enable them to operate in Nepal including restrictive clauses (15%)



Some specific sectors

Legal services

- Appropriate incorporation in definitions
- Replace Nepalese citizens with WTO citizens
- Need for incorporation of Supreme court approval and Membership of Nepal Bar Council



Some specific sectors...

- In Accounting, auditing and book keeping services; architectural, engineering, integrated engineering, urban planning and landscape architectural services; veterinary services; computer and related services; R&D services; rental and leasing services without operators; construction and related engineering services; distribution services; environmental services;



Some specific sectors...

- health related and social sector; tourism and travel related service; recreational, cultural and sporting services; transport services; and other business services e.g. advertising, market research and public opinion polling service, management consulting etc. incorporate in definitions, open membership to WTO citizens, and specify conditions for commercial presence as per commitments.

Telecommunications

- May restrict operators including mobile up to a specified period
- Consultants not available in Nepal be provided visa for 90 days.



Financial services

- Branch opening
- Entry conditions
- Deposits and repayable services will be unbound for cross-border supply and consumption abroad
- Commercial presence unbound for derivative product
- BAFIA amendment has taken into account these provisions.



Others

- Changes in Company Act and Black Marketing control and other Acts may have to be revised to make it consistent with commitments, international practices or MFN.



Accomplished tasks

- Enquiry points
- Competition
- Bankruptcy
- BAFIA



Remaining tasks and issues

- Specified acts and regulations
- Delay in legislating, formulation of rules and more importantly in implementing them including creating appropriate institutions
- Time limits often ignored or fail to take advantage
- Market opportunities and prospects not identified
- Developing Institutions, HR, capacity.



THANKS

