

Half-day workshop

WTO Services Waiver: Exploring opportunities and challenges for Nepal

Jointly organized by Ministry of Commerce and SAWTEE

9 July 2017, Hotel Soaltee, Kathmandu

Background note

Context

Recent decade has seen growth in services sector throughout the world. This trend is more noticeable in Asia where services' contribution to GDP has risen from 45 per cent in 1990 to more than 48 per cent in recent years. In South Asia, the share has amplified by 15-20 percentage points. In India, Maldives and Sri-Lanka, the services sector contributed to about 60 per cent in overall growth between 2000 and 2010.

Services growth has created employment, increased productivity and has induced technology and innovation across the globe. A strong services sector is a source of competitiveness by modernizing and increasing efficiency in manufacturing and agriculture sectors. It helps diversify the economy and make economies resilient to sector specific external shocks. In many countries, such as India, services sector has emerged as an engine for economic growth.

Services sector in Nepal

Nepal has predominately been an agrarian economy. Services sector started becoming noticeable after the late 90s and has since become an important sector for the economy. Steered by rapid growth in telecommunications, tourism and financial sectors, services sector is now the largest contributor to the GDP. The share of services in the GDP increased from 26 per cent in 1980 to 52 per cent in 2014/15 whereas agriculture and industry contributed 33 per cent and 15 per cent respectively.

At present, Nepal's services sector contributes 67 per cent of domestic value addition, while the manufacturing and agriculture add 25 per cent and eight per cent domestic value in the output. The services sector grew at a higher rate of 3.6 percentages while the industry and agriculture shrunk by 1.5 per cent and 0.8 per cent respectively during 2015 earthquake and blockage of supplies. While the services sector is the biggest contributor to the GDP, it is not the major source of employment. Agriculture still was the dominant employer in 2011 as it hired 68 per cent of the work force, compared to services and industry, which employed 18 per cent and 12 per cent respectively. This shows that there is an ample scope for increasing employment opportunities in the services sector.

In 2015, services exports contributed to 63 per cent of the total exports and reached US\$1.4 billion by value. The services exports are largely driven by travel and telecommunication (80 per cent in 2014), including an informal and rudimentary IT sector. Nepal's export of labour services (Mode

4) in the form of labour migrants is specifically important as the workers' remittances in 2014/15 contributed to 29 per cent of the GDP.

LDC Services Waiver

Taking into account the role of services sector in promoting economic growth and trade, World Trade Organization (WTO) members have adopted General Agreement in Trade in Services (GATS) to create a credible and reliable system of international trade rules on services trade and promote trade and development through progressive liberalization. WTO members adopted a decision to provide preferential treatment for services and services suppliers of least-developed countries (LDCs) members at the Bali Ministerial Conference, and is generally known as the 'Services Waiver'. The preferences are subject to terms, limitations and conditions specified in the schedule of services commitments of the member countries. In response to the collective request of LDCs, the members of the WTO have submitted their services waiver commitment to the WTO Council for Trade in Services.

Workshop

Ministry of Commerce, Government of Nepal, together with South Asia Watch on Trade, Economics and Environment (SAWTEE), proposes to organize a half-day workshop on "WTO Services Waiver: Exploring opportunities and challenges for Nepal". The objectives of the workshop are as follows:

- a) To discuss the status of services sector in the Nepalese economy and its role in export promotion,
- b) To discuss the multilateral rules governing the services sector, including services waiver, and
- c) To explore ways to benefit from the waiver provided to the LDCs by the developed and developing WTO members

Participants

The workshop shall bring together government officials, practitioners, private sector representatives, media personnel, academics and various other stakeholders to share their knowledge and experience in services trade. A total of 40 participants are expected to attend this programme.

Date and venue

The workshop is scheduled to take place on 9 July 2017 at Hotel Soaltee, Kathmandu, Nepal.