

Lack of infrastructure hits Nepali ICT sector

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Lack of reliable supporting infrastructure has prevented Nepal's information and communication technology (ICT) to take maximum advantage offered by the World Trade Organisation's (WTO) Services Waiver provision accorded to the least-developed countries (LDCs), according to the stakeholders

Speaking at a half-day workshop on "WTO Services Waiver: Exploring opportunities and challenges for Nepal" organised by Ministry of Commerce, together with South Asia Watch on Trade, Economics and Environment (SAWTEE), Dr. Posh Raj Pandey, executive chairman of SAWTEE explained the General Agreement on Trade in Services (GATS) under the WTO and the Services Waiver provision accorded to the LDCs.

Pandey also presented the status and trend of services sector in the Nepali economy.

The workshop organised with an objective to discuss the status of services sector in the Nepali economy and its role in export promotion also discussed the multilateral rules governing the services sector, including Services Waiver, and explored ways to benefit from the waiver provided to the LDCs by the developed and developing WTO members.

WTO members adopted a decision to provide preferential treatment for services and services suppliers of the LDC 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. So far 23 WTO members have submitted their Waiver commitments. The LDCs have 15 years from the day the Waiver is notified to the WTO to benefit from the provision.

Pandey's presentation focused on various Waivers provided by the developed and developing WTO members within the 12 sectors and four different modes of services trade defined under the WTO regime. He highlighted the market access and national treatment provisions in the Waiver notifications of countries that may be possible destination of services export of Nepal, such as the European Union, China, United States, India, and Australia. He explained the Waivers provided in sectors such as Communication services, Construction services, Education services, Financial services and Tourism and travel related services.

Speaking on the occasion, Naindra Prasad Upadhyaya, Secretary at the Ministry of Commerce opined that there is a need for wider consultation with the private sector to understand the nature and direction of the services sector in Nepal to be better prepared to undertake negotiations in the bilateral, regional and multilateral levels.

Likewise, Binod Dhakal, President, Federation of Computer Association of Nepal and Chair, ICT Development Committee, Federation of Nepalese Chambers of Commerce and Industry (FNCCI), commenting on the presentation, highlighted the difficulties faced by the ICT sector in Nepal. There

are difficulties related to the use of forex, visa restrictions while visiting their counterparts in the developed countries, ambiguous national laws, among others, as factors hindering Nepalese ICT sector. Unreliable electricity supply and weak internet connection has further weakened Nepal's capacity, he said. He was of the opinion that there should be a single Ministry to handle the ICT-related matters in Nepal. ICT sector is currently governed by the Ministry of Information and Communication and Ministry of Science and Technology. He also pointed out that there are numerous Business Process Outsourcing (BPO) companies operating from Nepal but they are not in the formal regulatory ambit to avoid regulatory hassles.

Toya Narayan Gyawali, Joint Secretary, Ministry of Commerce, on the occasion, informed the floor that the government puts ICT on the forefront while designing its development strategy, and he also opined that the LDC Services Waiver can also be instrumental in achieving the Sustainable Development Goals in the long term. He also pointed out the lack of reliable data pertaining to service sector as one of the impediments while designing policies.

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. 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.

The workshop brought 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 attended the programme.