

LDCs' Service Export Performance and Utilization of Waiver: Experiences from Nepal

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Service sector:
real brunt of the
COVID pandemic



Genesis of trade in services

- WTO's General Agreement on Trade in Services (GATS).
- The 8th Ministerial Conference of WTO (2011)
 - WTO members adopted a waiver to allow preferential treatment for services and service suppliers from least-developed countries (LDCs).
- Over 50 WTO members have since notified preferential treatment under the waiver.
- The Nairobi Ministerial Conference in 2015
 - Adopted decision to extend the Waiver until 31 December 2030



Global trend of service trade: at a glance

- Ever increasing role of services sector in trade
- Significant role of services in global value chain
- Inclination of value chain at regional level
- Increased mobilization of people across borders
- Growing use of Information & Technology
- 4IR and e-commerce changing the global trade landscape.

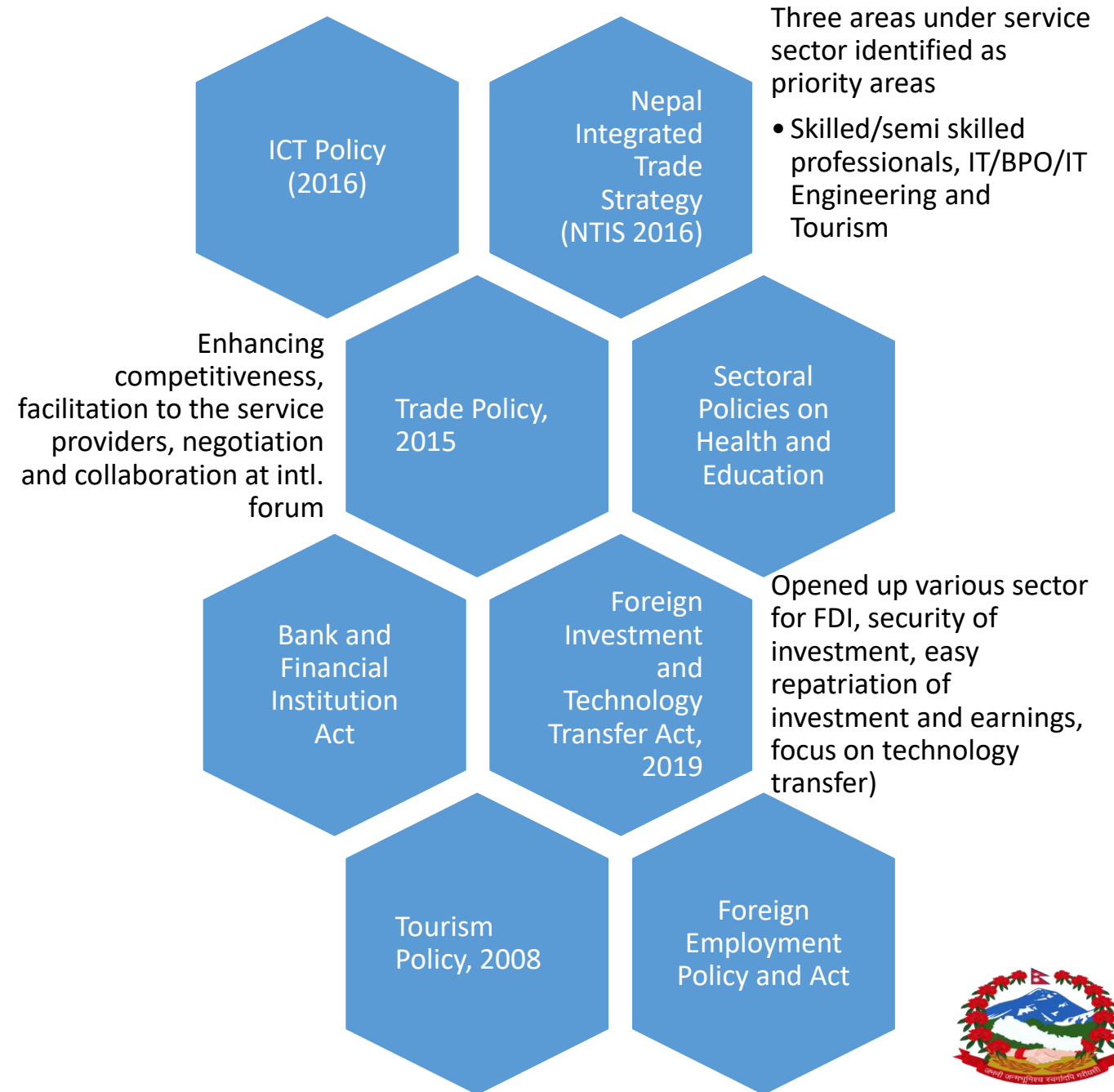


Nepal's comparative advantage in service trade

- Strategic location: between two economic powers of the world
- Abundant natural resources, rich in biodiversity, socio-cultural diversity
- Demographic dividend (youths' population: 40%, productive labor: 57%)
- Conducive business and investment climate
- Significant achievement in ICT sector
- Grooming BFI
- Share of service sector accounts for about 55% of the GDP



Policies promoting service trade



GoN's initiatives

- A strong set of investment incentives in place
 - corporate income tax holiday, 100% ownership and dividend/capital repatriation for foreign investors
- Encouragement to FDI in start ups, and through venture capitals (equity)
- One stop services and other institutional provisions to facilitate FDI
- Decentralization of trainings for aspirant migrant workers
- Incentives for best utilization of knowledge, skills and capital of returnee migrant workers
- Bilateral agreements with destination countries, provision of labour attache's



GoN's initiatives

- Improvement of tourism infrastructures
- Sub-regional collaboration to promote tourism: BBIN, Buddha circuit, Ramayan circuit
- National payment gateway system, e-commerce bill under preparation



GoN's expectations

- Facilitate the granting of visas (in major intl. market) for eligible LDC IT companies
- Inclusion of semi-skilled human resources under mode 4
- Provide an LDC quota for unskilled/semi skilled LDC service providers
- Provide direct support to LDCs and their tourism operators in terms of marketing and information
- Remove restriction for LDC travel agencies
- Grant national treatment
- Capacity building
- Better alignment of LDC service waiver to minimize negative impact on LDG graduation.



Challenges

- Timely, reliable and integrated database system
- Improve competitiveness
- Awareness about the Service Waivers (commitments vs implementations)
- Building coherence among sectoral policies
- Improve connectivity and supply-side constraints.

Future strategy

- Exploit the linkage between FDI inflows and exports
- Technology transfer to LDC services suppliers
- Improved access to finance to innovative service sector (IT)
- Promotion and better regulation of e-commerce
- Capacity building of private sectors
- Increased investment in HRD
- Address supply side constraints
- Regional integration and collaboration with other LDCs



References

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Thank you

For comments and queries

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