



Nepal's Commitment on Telecommunication Services in the WTO

PRESENTED BY

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Nepal in WTO

May 1989- Nepal, formally applied for General Agreement on Tariffs and Trade (GATT) membership.

Sept 2003- Protocol of Accession of Nepal was adopted in the 5th WTO Ministerial Conference held at Cancun, Mexico.

April 2004- Nepal, formally ratified the WTO Membership and entered the WTO.

Liberalization of Telecom Sector in Nepal

- Telecom Act enacted in 1997 to make telecom service reliable and easily available throughout the country by involving private sector and to regularize and systematize telecom services.
- Nepal Telecom Authority (NTA) established as a regulatory body in accordance with Telecom Act, 1997.
- Telecom Policy 2004 formulated to fully liberalize the sector and open up the new opportunities to the private investors.

Nepal Commitment on Telecom Services in the WTO

- Telecom Services proposed by Nepal to WTO
 - Basic Telephone Service- *Partially Opened*
 - Local telephone service
 - Domestic telephone service
 - International telephone service
 - Telex service
 - Domestic and international telegraph services
 - Mobile Telephone Service- *Partially Opened*

Nepal Commitment on Telecom Services in the WTO (Contd.)

- Value Added Services- *Fully Opened*
 - Internet including e-mail
 - E-mail
 - Voice Mail
 - Video text
 - Fax Mail
 - VSAT
 - Audio Conference
 - Pay Phone
 - Pre-paid Calling Card
 - Local, Long Distance and International Data Communication
 - Radio Paging
 - Trunk Mobile.

Nepal Commitment on Telecom Services in the WTO (Contd.)

- Commitments

- No limitation on number of service providers will exist by January 2009- *Committed,*
- Foreign participation permitted through a joint venture with up to 80% equity participation- *Status on Next Slide.*

Status on Foreign Equity

- **Basic Telephone Services**

- United Telecom Ltd.- Private Operator with 80% foreign equity of Indian Investors-
<http://www.utlnepal.com/>
- Nepal Satellite Telecom Ltd.- Private Operator with 80% foreign equity of Bangladeshi and Pakistani Investors- Prospective Operator.

- **Mobile Telephone Services**

- Spice Nepal Pvt. Ltd.- Private GSM Operator with 80% foreign equity of Russian Investors-
<http://www.spicenepal.com/>

Status on Foreign Equity (Contd.)

- Rural Telecommunications Service
 - STM Telecom Sanchar Pvt. Ltd.- Private Rural Operator with 80% foreign equity of American Investors- <http://www.stmi.com/>
 - Lal Sahu Distribution Pvt. Ltd.- Private Rural Operator with 80% foreign equity of Israeli Investors- Prospective Operator.

Nepal Commitment on Telecom Services in the WTO (Contd.)

- Additional Commitments as contained in the Telecommunication Reference Paper
 - Competitive safeguards,
 - Interconnection,
 - Universal service,
 - Public availability of licensing criteria,
 - Independent Regulators, and
 - Allocation and use of scarce resources.

Status on Competitive Safeguards

- Nepal Telecom is 85% government share holding public company having three separate Licenses i.e. Basic, Mobile and ISP,
- NT provides its backbone to its ISP without having financial agreement,
- There may be cross subsidy from ILD Telephone service to local phone service and may be from basic to ISP,
- Regulator is trying to take measures to prevent such anti-competitive practices,
- Some provisions are stipulated in Promotion of Market and Competition Act to forbid cross-subsidy.

Status on Interconnection

- Interconnection Rules still pending due to the lack of new Act/Regulations,
- Regulator already instructed the operators for publishing their Reference Interconnection Offer in this regard and in the process to comply.

Status on Universal Service

- Universal Service for Nepal is at least one Public Call Office within shouting distance (due to a very difficult terrain) of in any inhabitants is defined by the Telecommunication Policy 2004,
- NTA collects annually 2% Rural Telecom Development Fee (RTDF) from all licensees in their total adjusted gross revenue,
- RTDF would be utilised to install such PCOs in Rural areas,
- Every Basic telecom operator must invests 15% of their total investment to expand their network outside the urban areas.

Status on Public Availability of Licensing Criteria

- NTA has maintain the website to give information in this regards at <http://www.nta.gov.np/index.html>
- Licensing Criteria available for the Value Added Services on the Guidelines; also, available on the website of NTA.

Status on Independent Regulator

- NTA is fully independent in terms of financial and functional. But, appointment of all of the Members including Chairperson is through Government and NTA Board is accountable to the Government.

Status on Allocation & Use of Scarce Resources

- Use of Radio Frequency is governed by Radio Act and Regulation. After allocation of Spectrum NTA assigns to the operators,
- Use of Numbering is as decided by the NTA,
- Use of Right of Way is dependent on the Government's policy and availability.

Difficulties in fulfilling all the Commitments in General

- Delays in implementation of the Telecom policy, 2004, due to the lack of proper legislations such as Act and Regulations -*Telecom First Amendment Bill is under discussion in the Cabinet,*
- New Licensing Regime, Tariff and Interconnection Rules still pending due to the lack of new Act/Regulations,

Difficulties in fulfilling all the Commitments in General (Contd.)

- Court Cases on licensing, opening up of new services and the use of technology,
- Delays in developing Universal Fund Disbursement Guidelines as well as the Fund Disbursement & Management Committee,
- Delays in providing interconnection facilities to the new Service Providers.



THANK YOU!

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