

# LIBERALISATION OF TRADE IN SERVICES (LESOTHO' S EXPERIENCE)

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# NATURE OF TRADE IN SERVICES IN LESOTHO

- Services sector has become an important contributor to overall development of the countries of the world in terms of its contribution to the foreign exchange earnings, GDP as well as employment generation ultimately poverty alleviation.
- Services sector accounts for 40% to 45% of Lesotho's GDP.

# NATURE OF TRADE IN SERVICES IN LESOTHO

- Significant services– wholesale and retail services, banking and insurance, tourism, transportation and communications.
- There is also a notable growth in business and professional services.
- There is an extensive foreign ownership particularly by South Africa in the key services sector such as communications , air transport, tourism, wholesale, retail and financial.

# NATURE OF SERVICES TRADE IN LESOTHO

- Currently, Lesotho's Government priority is to develop the tourism sector.
- However there are number of factors that have militated the country against achieving her potential in the sector. These include:

# NATURE OF SERVICES TRADE IN LESOTHO

- Poor infrastructure outside major towns and high costs of travelling to Lesotho (roads, electricity and water supply).
- Poor telecommunications facilities.
- Lack of appropriate policy framework which could encourage investment in this regard and create conditions for a sustainable tourism in the long run.

# LESOTHO' S URUGUAY COMMITMENTS

- ✓ In 1995, Ministry of Commerce, the current Ministry of Trade and Industry, as a WTO contact point was charged with a responsibility of coordinating the drawing up of Country' s schedule of commitments.
- ✓ An inter- Ministerial Committee was established to that effect.

## CONT.

- Lesotho made commitments on 85 sub sectors unlike other LDCs that made commitments in less than 20 services sectors.

### PROBLEMS ENCOUNTERED BY LESOTHO DURING THAT PERIOD:

- Lack of services data. Without a comprehensive trade in services data it was difficult to measure sectors of strength and growth potential.

## CONT.

- Lack of understanding of the process by the coordinating Ministry hence difficult to guide and coordinate other stakeholders.
- Only 2 sector were not part of the commitments (Health, & recreational, cultural and sporting services).



# CONT.

- Private sector was poorly organised and not motivated to express its interest on services.
- Difficulty in taking stock of sectoral legislations.
- Lack or unclear policy direction.
- Lack of capacity - the Ministry was in a weak position to provide the required guidance to services actors and relevant line Ministries.

## CONT.

- The Ministry's officials were ill prepared when negotiating services.
- Loss of institutional memory -  
Departure of some officials who were involved in the process left a vacuum.

# CHALLENGES FACING LESOTHO IN THE SERVICES NEGOTIATIONS

- The technical and institutional capacity of the responsible Ministry.
- In some sectors there is lack of legislative and administrative resources to cope with the progressive liberalisation of services sector.
- Lack of reliable services data still persists.

## CONT.

- Shortage of manpower in the International trade section hence only one officer responsible for a trade in services desk.
- Due to the complexity of this area, only few officials understand it.
- Identification of potential sectors.
- How to strengthen domestic supply capacity.

## HOW DO WE ADDRESS THESE CHALLENGES IN THE NEXT SADC–EC EPA NEGOTIATIONS

- The Ministry has established a WTO National Steering Committee which works in collaboration with the Ministry to formulate and develop national negotiating position in all trade related areas. This is a consultative forum through which Lesotho would;
- Develop an informed offer and avoid the mistakes of the Uruguay Round.

## CONT.

- Develop a sectoral plan or a framework which will inform the negotiation process.
- Need for policy reform – Strengthen and develop sectoral policies and regulations where they do not exist.
- Undertake an extensive sensitisation programme for services actors.

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- Increase number of officials in the International trade section so that more officials are involved in trade in services.
- Capacitate the officials with the view to making them comprehend trade in services concept and in turn become better negotiators.
- The Ministry has established a forum where private sector, other line Ministries and itself engage in a dialogue (Inter-ministerial dialogue forum)

THIS IS THE END OF MY PRESENTATION

KE LEBOHA HAHOLO  
THANK VERY MUCH