



# *Nepal's Commitment on Telecommunication Services in the WTO*

## **PRESENTED BY**

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## Nepal in WTO

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- 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

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- 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

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## 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.)

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- Value Added Services- *Fully Opened*
  - Internet including e-mail
  - E-mail
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# Nepal Commitment on Telecom

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# Status on Foreign Equity

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## 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.)

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## 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.)

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### 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

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- 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

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# Status on Universal Service

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- 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

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- 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

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- 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.



## Difficulties in fulfilling all the Commitments in General

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- 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.)

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- 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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