

GATS 2000

REQUEST FROM THE EC AND ITS MEMBER STATES (HEREAFTER THE EC)

TO

LESOTHO

GENERAL REMARKS

At the WTO Ministerial Conference in Doha in November 2001, ministers agreed that initial requests for specific commitments should be submitted by 30 June 2002.

In line with this decision, and committed to the objectives and principles stated in Article IV and XIX GATS, the EC encourages Lesotho to participate actively in the negotiations.

The EC considers that the progressive liberalisation of services is of benefit for all members, including developing and least developed countries. In this context, the EC recognises the importance of liberalisation being underpinned by domestic regulatory frameworks designed to ensure the achievement of public policy objectives. Liberalisation of trade in services, in particular infrastructure-related services allows better access to high-quality services which benefit the whole economy by increasing productivity in all sectors. This will contribute to achieving the objectives of Article IV of GATS, through strengthening the domestic services capacity to increase the efficiency and competitiveness of the services sector. This will benefit both domestic producers and consumers, and will help to build up productive and export capacity throughout the economy.

The EC therefore proposes that Lesotho's current GATS commitments are revised so as to improve commitments and reduce scheduled limitations whether these are horizontal or sector specific in nature. In so doing, the EC is not seeking the dismantling of public services nor the privatisation of state owned companies.

The EC suggests that Lesotho undertakes or improves its commitments for market access and national treatment in the following sectors:

- Business services
- Telecommunication services
- Environmental services

For ease of reference, we attach a list of specific requests for these sectors. The EC is ready to discuss these requests with Lesotho's delegation.

The Negotiating Guidelines stipulate that there shall be 'flexibility for individual developing country Members (...) progressively extending market access in line with their development situation and, when making access to their markets available to foreign service suppliers, attaching to such access conditions aimed at achieving the objectives referred to in Article IV'. The EC is prepared to discuss the attachment to market access and national treatment commitments, which will be offered by Lesotho as a result of this request, of such conditions. The EC is also willing, in appropriate cases to consider transitional periods for implementing liberalisation commitments, provided they are clearly recorded in schedules of commitments.

The EC suggests that commitments are entered in accordance with the scheduling guidelines adopted by the Council of Trade in Services on 23 March 2001 (S/L/92). In particular, for each commitment or limitation entered the EC proposes:

- that the sector and sub-sector are clearly identified in accordance with the classification list in Document MTN.GNS/W /120 or other internationally recognised classification (e.g. Financial Services Annex). If this is not possible the schedule should contain a sufficiently detailed definition to avoid any ambiguity as to the scope of the commitment. In that respect the EC would like to recall the classification proposed in its negotiating proposal with regard to environmental services. While discussions on classification in this sector are still ongoing, the EC would like to invite Lesotho to present its offer in accordance with this approach.
- that any remaining limitation on market access (hereafter "MA") or on national treatment (hereafter "NT") are clearly described and only be inscribed in the market access or national treatment columns if the measure is of a nature foreseen by Articles XVI-XVII GATS.

In conformity with the objectives set out in the EC overall approach to services negotiations (document S/CSS/W /15), the EC reiterates its commitment to promote regulatory disciplines in accordance with Article VI:4 of the GATS. The EC, however, reserves its right to address at any time to Haiti specific requests concerning regulatory issues.

The EC remains available to provide any clarification and answer any question on this request. Questions can be addressed to the European Commission via the EC GATS contact point (mailbox address: TRADE-GATS-CONTACT-POINTS@cec.eu.int), via the Delegation of the European Commission in Geneva, or directly to the European Commission (Directorate-

General Trade, Unit D2 (Trade in services, including e-commerce), Brussels, B-1049, Belgium, fax 32-2-299 24 35) .

Note: The EC reserves the right to revise and/or supplement this request. For each service sector, WI20 classification has been followed unless expressly indicated and CPCs refer to the Provisional CPC classification. The precise scope for each sector is without prejudice to the EC's final positions on classification issues and to the EC's classification of their existing commitments.

BUSINESS SERVICES (OTHER THAN PROFESSIONAL)

EC REQUEST TO LESOTHO

B. COMPUTER AND RELATED SERVICES

Lesotho has partially committed this sector. **EC request:** Extend sectoral coverage to include CPC 849 and schedule commitments at the two-digit level as follows:

Computer and Related Services (CPC 84)

- Modes 1, 2, 3: Take full commitments, i.e. schedule “none” under MA and NT;
- Mode 4: Commit as referred to in the section “Horizontal commitments”.

TELECOMMUNICATION SERVICES

EC REQUEST TO LESOTHO

A competitive telecommunications market reduces costs for industry and private users, and facilitates and improves communication between both businesses and individuals. This enables companies in all sectors to react more quickly and adequately to the needs of consumers, to gain efficiency, raise their productivity and provide more goods and services more efficiently and at a better price. In particular, investments in this sector stimulate the development of electronic commerce, which can spur growth in almost all services sectors, regardless of the level of development of the country.

However, in order to achieve a really competitive telecommunications market in terms of price and supply, an adequate regulatory framework must be put in place, along the lines of the reference paper drafted during the telecommunications negotiations concluded in 1997. Such a regulatory framework is the necessary catalyst, if properly enforced, for competition to bear fruit where it is allowed.

Accordingly the EC suggests that Lesotho, which has partially committed this sector, take further commitments.

- first, by committing to open a number of sub-sectors to full competition and to foreign investment, particularly data-transmission related services which provide the key infrastructure that benefits the rest of the economy. Thus, the schedule should read "None" for market access and national treatment in the following sub-sector: (CPC 7523) data and message transmission services.

As regard voice services, the EC suggests to allow competition (i.e. the schedule should read "None" for market access and national treatment) at least in mobile services.

- second, by committing to the reference paper of the Basic Telecommunications negotiations, as additional commitments.

ENVIRONMENTAL SERVICES

EC REQUEST TO LESOTHO

This request is based on the EC proposal for the classification of environmental services. While discussions on classification in this sector are still ongoing, the EC would like to invite Lesotho to present its offer in accordance with this proposal, without prejudice to the outcome of the discussion on the classification of environmental services:

A. WATER FOR HUMAN USE & WASTEWATER MANAGEMENT

Water collection, purification and distribution services through mains, except steam and hot water.

This sub-sector only concerns the distribution of water ‘through mains’ (i.e. urban sewage systems). This excludes any cross-border transportation either by pipeline or by any other means of transport, nor does it imply access to water resources. .

- Mode 3: The EC invites Lesotho to consider taking commitments for MA and NT
- Mode 4: Commit as referred to in the section “Horizontal commitments”

Wastewater services (CPC 9401)

- Existing commitments are restricted to consultancy services only. **EC request:** Modes 3 and 4, MA and NT: Consider extending commitments to services other than consultancy services.

B. SOLID/HAZARDOUS WASTE MANAGEMENT

Refuse disposal services (CPC 94020)

- Existing commitments are restricted to consultancy services only. **EC request:** Mode 3 and 4, MA and NT: Consider extending commitments to services other than consultancy services.

Sanitation and similar services (CPC 94030)

- Existing commitments are restricted to consultancy services only. **EC request:** Mode 3 and 4, MA and NT: Consider extending commitments to services other than consultancy services.

C. PROTECTION OF AMBIENT AIR AND CLIMATE

Services to reduce exhaust gases and other emissions and improve air quality (CPC 94040)

CPC 94040 is currently covered under 'Other' environmental services. Existing commitments are restricted to consultancy services only. **EC request:** Mode 3 and 4, MA and NT: Consider extending commitments to services other than consultancy services.

D. REMEDIATION AND CLEANUP OF SOIL & WATER

Treatment, remediation of contaminated/polluted soil and water (part of CPC 94060)

CPC 94060 is currently covered under 'Other' environmental services. Existing commitments are restricted to consultancy services only. **EC request:** Mode 3 and 4, MA and NT: Consider extending commitments to services other than consultancy services.