

Nepal's WTO commitments in health services trade

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WTO Commitments and Roles of Stakeholders*

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Puspa Sharma
Programme Coordinator



Health services classification

- WTO services classification list
[\(MTN.GNS/W/120\)](#)
- Central Product Classification (CPC) list

The 4 modes of trade in services

- Mode 1: Cross border supply; e.g., tele-medicine
- Mode 2: Consumption abroad; e.g., health tourists
- Mode 3: Commercial presence; e.g., FDI in hospitals
- Mode 4: Movement of natural persons; e.g., movement of doctors from one country to another

Nepal's WTO commitments in health services - I

- Horizontal commitments
 - The first three modes generally unrestricted except for some conditions
 - Mode 4 is restrictive except the following:
 - Sales persons: Entry limited to 90-days with possibility of renewal
 - Persons responsible for setting up a commercial presence: Entry limited to one year with possibility of renewal
 - Intra-corporate transferees: Not to exceed 15% of local employees (committed to further liberalize after 5 years from the date of accession), and can provide service for a max. of 10 years

Nepal's WTO commitments in health services - II

Nepal's specific commitments in health services under GATS		
Sub-sector	Limitations on market access	Limitations on national treatment
Hospital services (CPC 9311) and direct ownership and management by contract of such facilities on a 'for fee' basis.	<ol style="list-style-type: none"> 1) None 2) None 3) None, except only through incorporation in Nepal and with a maximum foreign equity capital of 51 percent. 4) Unbound, except as indicated in the horizontal section. <p>Medical experts can work with the permission of Nepal Medical Council for a maximum of one year.</p>	<ol style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound, except as indicated in the horizontal section.

Status of trade in health services - I

- Cross border supply
 - Indian hospitals providing tele-pathological services to Nepal (Chanda 2001).
 - Samples sent to India for specialized tests.
 - Tele-medicine: Private hospitals on a commercial basis; some NGO hospitals on a non-commercial basis.
 - A few hospitals and some specialized doctors in Nepal have been supplying services through Mode 1. But the mechanism is not systematic and not institutionalized.
 - Lack of advanced technology a major hindrance.

Status of trade in health services - II

- Consumption abroad - I

Nepal's foreign exchange earnings from and expenses on medical treatment (in million US\$)

	2007	2008
Expenses	18.14	18.93
Earnings	0.8	1.6

Source: Nepal Rastra Bank

No. of Nepalese gone abroad for medical treatment in 2009

To	No.	Source
Foreign countries	8,774	Nepal Tourism Stat. 2009
India	1,662	India Tourism Stat. 2009

Status of trade in health services - III

- Consumption abroad - II
 - The figures do not give a true picture for a no. of reasons:
 - Unregulated border between Nepal and India and so much of the data unaccounted for
 - No restrictions in the use of Indian currency in Nepal
 - Withdrawal in India through ATMs
 - Indian patients citing their relatives' addresses in Nepal
 - India Tourism Statistics 2009: 87,487 Nepalese visited India in 2009, of which 98.9% travelled by air and 1.1% by land (This is a gross underestimation)
 - Nepal has comparative advantage in some of the sectors such as eye-care and traditional medicine such as ayurveda.

Status of trade in health services - IV

- Consumption abroad - III

Indian patients receiving ophthalmology services in different hospitals in Nepal (as percentage of total consumers receiving ophthalmology services in that particular hospital)			
Name of the hospital	2005	2006	2007
BP Koirala Institute of Health Sciences, Dharan	52.5	52.9	44.5
Ramlal Golchha Eye Hospital, Biratnagar	61.4	63.78	73.47
Biratnagar Eye Hospital, Biratnagar	NA	NA	75

Source: Survey conducted by SAWTEE

Status of trade in health services - V

- Consumption abroad - IV
 - Ayurveda Health Home, a Nepal-German joint venture, treated 6,981 patients from 2003/04 to 2007/08. The share of consumers by category is given in the table below:

Fiscal Year	Locals	Foreigners (expatriates)	Foreigners (tourists)
2003/04	23.64	6.97	69.39
2004/05	19.81	10.26	69.93
2005/06	34.55	10.15	55.29
2006/07	27.71	8.74	63.55
2007/08	26.22	9.09	64.69
Average	26.38	9.04	64.57

Source: Survey conducted by SAWTEE

Status of trade in health services - VI

- **Commercial presence**

- Until the end of the fiscal year 2009/10, the total authorized capital of ventures such as hospitals, nursing homes, diagnostic centres established with foreign investment was about NRs. 7.9 billion, of which foreign investment was 4.5 billion.

(Source: Calculation based on raw data available from DoI)

- These include projects that are in operation, approved, under construction, etc. Separate data for each category is not available.
- There have also been FDI inflows in areas of traditional medicine such as ayurveda and acupuncture.

Status of trade in health services - VII

- Movement of natural persons

Medical doctors registered with Nepal Medical Council

Registration on Probation	Temporary Registration	Permanent Registration	Consultant Registration	Registration of Foreign National
Number of Doctors Registered with the Council in FY 2009/10				
1,579 persons	1121 persons	776 persons	357 persons	NA
Total Number Registered till date				
10,986 persons	10,194 person (temporary & permanent) Female: 3,522 & Male: 6,672		2,000 persons	4,752 persons

Source: Economic Survey 2010/11

- No data on the movement of Nepali health professionals abroad. A few Nepali doctors have been providing their services in foreign lands on a temporary basis.

Nepal Trade Integration Strategy 2010

- Overall export potential and socio-economic impact of the health sector as of now is low
- But given the fact that health services are a fast-growing business worldwide, Nepal has potential to export health services in the longer term.

WOT analysis of health services	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Enjoyable and suitable climatic condition • Low costs in some areas • Availability of unique traditional Ayurvedic medicines • Well-equipped operating rooms and laboratories in some hospitals, some of which are ISO 9001 certified • Significant FDI from Indian healthcare providers 	<ul style="list-style-type: none"> • Overall health system is underdeveloped • Lack of a clear strategy supported by a clear policy • Shortage of doctors and nurses in the country, also due to out-migration • Unreliable energy supply and other infrastructural constraints • Lack of air ambulance • No international recognition of healthcare facilities as assurance of quality healthcare
Opportunities	Threats
<ul style="list-style-type: none"> • Establishment of more medical colleges, including for foreign students • Linking tourism to health tourism • Potential to attract patients towards Ayurvedic medicines 	<ul style="list-style-type: none"> • Political instability • Brain drain of skilled human resources
Actions to be taken	
<ul style="list-style-type: none"> • Improve statistical data through surveys of foreigners that received, or are receiving medical services in the country • Undertake detailed study of export potential and attractive markets • Revise existing health-related laws and introduce new ones required to promote health services in Nepal, including the export of this service • Strengthen training of medical personnel in Nepal, including easing entry of foreign medical practitioners to support improved medical education • Encourage procurement of new technology, equipment and medicines for Ayurvedic medical services 	

Way forward - I

- Putting in place mechanisms to have adequate and reliable data
- Extending adequate support, mainly to traditional medicine.
 - A survey conducted among participants of the National Conference of Ayurveda Doctors' Association of Nepal, in which 70 doctors responded to open-ended questionnaires, there is lack of, among others:
 - resources and budget in government-owned health institutions
 - medicines and equipment
 - programme as per the need
 - malpractices at the local level
 - training/workshops/seminars for doctors
 - Pathology and Radiology Services at District Ayurveda Health Centres

Way forward - II

- awareness among people of available Ayurveda services
- team spirit among health workers and doctors
- adequate qualified human resource
- teaching hospital(s) and research activities
- linkage with modern medicine/technology

(Source: http://www.ayurnepal.com/en/articles/333_present-status-of-ayurveda-system-in-nepal.html)

- Making available adequate and quality infrastructure
- Providing conducive environment to attract FDI
- Setting high ethical standards and checking malpractices
- Ensuring improvements in access to health services by the poor

Comments and suggestions are welcome

puspa.sharma@sawtee.org

www.sawtee.org

THANK YOU