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**EXPORT OF SERVICES: HYPE OF HIGH POTENTIAL?
IMPLICATIONS FOR STRATEGY- MAKERS**

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Exporting Professional Services – Lesotho’s Case

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EXPORTING PROFESSIONAL SERVICES – LESOTHO’S CASE

Trade in services has acquired a vital role and dynamism in the global economy as a catalyst for job creation, economic growth, poverty alleviation and human resource development of countries of the world. Service economy is a key to competitiveness. Currently, the developing countries are moving away from excessive dependence on export of primary commodities and natural resources towards developing their human resources to spur economic growth. In this case, Lesotho has also joined the rally.

Lesotho's exports of services applied under mode 4,' for instance, natural movement of natural persons', has been apparently high arising from miners remittances and on a minimal scale for professional services such as doctors, teachers and nurses who are providing services in countries such as United Kingdom, United States and the Middle East countries particularly, in Egypt. For instance, according to Central Bank of Lesotho annual Report 2003, miners' remittances in 2001 amounted to 42.19 million Maloti, in 2002 were 43.19 million Maloti and in 2003 were 44.19 million Maloti respectively. Unfortunately, due to the absence of service data, it is difficult to come up with figures for the employment of professionals in those countries. Mode 4 has proved to be the mode of interest to the developing countries in the current round of negotiations. In the similar manner Lesotho, feels that she stands to benefit in this mode as long as unnecessary technical barriers to trade in the professional services are completely eliminated, hence the General Agreement in Trade in Services (GATS) could prove its relevance in affording a meaningful progress in the negotiations of specific commitments in the professional services of export interest to the developing countries.

The impact of mode 4 varies considerably between countries and services sector and it differs accordingly with the type and skill levels of the workers involved as well. Indeed it is difficult to establish the actual impact of exporting professional services due to a limited and problematic data. According to GATS service sector classification list, professional services are a sub-category of business services which include; legal, accounting, auditing, architectural, engineering, integrated engineering, urban planning and landscape architectural, medical and dental, veterinary services and services provided by midwives, nurses, physiotherapists and Para-medical personnel and some other services that are not explicitly defined.

As markets for skilled become globalized, Lesotho has paid heavily for losses such as loss of scarce skilled personnel and loss of public investment in education since the returns gained from such employment are not accrued by the country (unfavourable brain drain). In another vein, this employment can be perceived as a way of reducing pressure on the domestic labour market that is already saturated and would not have otherwise absorbed all the professionals had they not sought employment else where in the world.

One way in which Lesotho can accrue the benefits of her professionals could be by exporting such service through international partnership. This could assist in the expansion of export markets through the establishment of credible local and international channels. The multiplier effect would be strengthening competitiveness of the domestic markets, transfer of technology and expertise.

Furthermore, 'advances in the information technology have facilitated the tradability of services and provided enterprises in some countries with competitive advantage of the world market'. Through these advances, Lesotho can tap opportunities available to develop new competitive strength by international outsourcing. The utilisation of electronic commerce will permit the country's professionals to offer their skills in the world markets without having to leave the country. The internet will also allow them to advertise their services. However, in order for Lesotho to benefit more meaningfully from liberalisation of business and professional services, she needs to put in place a regulatory framework that will respond to the growing complexities of the markets and provide for domestic capacity development and competitive export.

There are some trade related problems that the developing countries including Lesotho encountered in endeavours to export their services. There is a perception by the developed countries that educational degree or qualifications of the developing countries' professionals do not technically or procedurally meet the criteria for entrance into the developed countries' markets. However, when the very same countries face staff shortages in certain professionals or occupations, they adopt an expedited and facilitated process and recognise qualifications obtained in the developing countries. This is an obstacle that Lesotho can encounter in her efforts to export other categories of professional services.

Lesotho has over sometime enjoyed the benefits of exporting unskilled labour to South Africa, but such benefits have drastically ceased due the miner's retrenchments. Recent analysis on the economic impact of remittances has demonstrated their substantial effects on savings and investment on the recipient countries as well as a stimulus from growth. It should be emphasised that remittances are in themselves insufficient to spur a long-term economic development. Regardless, of the steadily increase in the movement of professionals, in particular nurses, teachers and doctors, Lesotho is confronted with a challenge of identifying services in which she could benefit for further liberalisation commitment. Commercially meaningful multilateral commitment in this area would serve as a basis for Lesotho's increased participation in trade in services.