

ONE STOP BUSINESS FACILITATION CENTER (MINISTRY OF TRADE AND INDUSTRY, COOPERATIVES AND MARKETING)

NEWS RELEASE

FOR IMMEDIATE RELEASE

CONTACT: 'Malempe Mokoma (22326647/57527270)

Communication and Advocacy Officer

LAUNCH OF ONLINE REGISTRATION OF COMPANIES

ON 15 -DECEMBER, 2014.

Maseru 08 December, 2014: The Ministry of Trade and Industry, Marketing and Cooperatives will launch on the 15th of December, 2014 its online Company registration system, established to ease start-up phase of business for local and international Entrepreneurs.

This reform is building on efforts to improve OBFC's efficiency and ensuring that the Ministry remains responsive to the needs of the business community. The web based system would make Lesotho more attractive to investors and eventually improves its regional and global competitiveness rankings in doing business. Currently Lesotho is rated as number 136 out of 189 Global economies according to the World Bank survey of 2013.

The online platform is an interactive application that is meant to simplify the registration processes of companies and will allow local and international Entrepreneurs to register online, from anywhere in the world, at any time, saving them time and trouble of having to visit OBFC offices in person. However, there would still be a provision of service in the office to assist the walk-ins who do not have access to internet.

This new application will provide online services faster (same day, same time), while also respecting the existing business laws of Lesotho. Entrepreneurs simply fill the details of their companies online at www.companies.org.ls and make payment using their deposit pre-paid account.

The system is established through the assistance of the government of New Zealand and it is expected that in the near future, more additional features will be added to OBFC online platform including services such as issuing of licenses, work and resident permits.

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Launch of online registration of companies

Representatives of the media are hereby invited to cover the above captioned event to be held at Lehakoe Recreational Club on 15th December, 2014 at 9:00 am.

Your cooperation will highly be appreciated.

Regards

OBFC: Communications Officer

'Malempe Mokoma

TRADE REMEDY SYSTEM IN LESOTHO

INTRODUCTION

This publication is designed to introduce Lesotho Trade Administration Division and provides our stakeholders with an overview of all the services offered by the Division. The Division is under One Stop Business Facilitation Centre (OBFC). Its fundamental aim is to foster economic growth and development in order to raise

incomes and promote investment and employment in the country. The Division comprises of the following sections:

- a. Trade Remedies
- b. Customs Tariff Investigation
- c. Import and Export Control

I. TRADE REMEDIES

This section is responsible for administering trade remedies in the country.

Its responsibilities entail the following:

- Carry out investigations on alleged dumping cases, possible introduction of countervailing duties to offset subsidization in foreign countries and introduce safeguard measures when there is a surge of imports threatening to overwhelm domestic producers in accordance with domestic legislation and consistent with the WTO rules;
- Give recommendations on cases based on the evidence of the findings including verified financial information;
- Ensure compliance with relevant domestic regulations and the WTO rules;
- Give input in preparation of country's position in regard to trade remedies at Tripartite Free Trade negotiations and on Unfair Trade Practices at SACU Task Team meetings;
- Provide guidance to the manufacturers, producers and exporters on procedures and regulations relating to trade remedies.
- With the assistance of the MITCM Legal section enact trade remedies related legislations.
- Study and scrutinise International Trade Administration Commission (ITAC) reports on trade remedies for internal consultation with the domestic industry.

TRADE REMEDIES EXPLAINED

Trade Remedies are legal instruments that governments use to safeguard domestic industry against unfair trade practices. The fundamental purpose is to retain jobs and promote investments in the country. These unfair trade practices are:

Dumping Occurs when foreigners are selling their goods in your country at prices (export price) lower than what they charge for the same product in their country called (normal value). If the export price is lower than normal value, then dumping has occurred.

Subsidy Is considered as the provision of specific assistance either directly or indirectly by governments. Such assistance may take the form of a financial contribution. Subsidization relates to the goods that have been subsidized.

Surge of imports Increased quantities of imports

The government utilizes the following mechanism to offset unfair trade practices:

Anti-Dumping duties: This is a measure that typically tariffs in addition to ordinary customs duties imposed to counteract unfair pricing (undercut) by foreign companies that injure or threaten to injure the domestic products of the like or competitive products.

Countervailing or anti-subsidy duties: Tariffs in addition to ordinary customs duties levied in so as to offset unfair advantages gained by foreign exporters through subsidies bestowed on them by their government in which they cause or threaten to cause injury to the domestic competing industry.

Safeguards measures: These are temporary trade restrictions, typically tariffs or quotas which are imposed in response to overwhelming imports surge that causes serious injury or a threat thereof to the competing domestic producers.

Both Anti-Dumping and Countervailing measures level the playing field to ensure that foreign firms compete fairly with domestic firms. Safeguard measures are used as safety valves; they do not address unfair trade practice as such. It is a direct response to enhance conditions of competition for imported goods.

WHO CAN SEEK TRADE REMEDY PROTECTION?

The domestic industry can seek trade remedy protection from dumped imports, subsidized imports and surge of imports.

WHAT MUST THE DOMESTIC INDUSTRY DO?

The domestic industry must lodge an application to the Ministry of Trade and Industry, Cooperatives and Marketing (MTICM) if there is evidence of dumped imports, subsidized imports and surge of imports that cause material injury to the domestic industry.

INDICATORS OF INJURY

1. Actual and potential decline in sales
2. Profits
3. Output
4. Market share
5. Productivity
6. Return on investment
7. Utilization of capacity
8. Factors affecting domestic prices
9. Magnitude of margin of dumping
10. Inventories
11. Employment
12. Wages
13. Growth
14. Ability to raise capital

This list is not exhaustive.

INVESTIGATION PROCESS

Once the application by domestic industry is lodged to the MITCM, Trade Remedies section starts the investigation. This investigation process should be in line with the processes underlined by the WTO Agreements on Dumping, Subsidies and Countervailing measures.

Enquiries or further clarifications must be directed to:

Mrs. Sekone Masia
Trade Remedies Manager
Ministry of Trade and Industry, Cooperatives and Marketing
One Stop Business Facilitation Centre
P.O BOX 747
MASERU, 100
E-mail: masiasekone@ymail.com/masiasekone@gmail.com
Tel: 22317474

Mr. Ramaele Phatsisi
Trade Remedies Officer
Ministry of Trade and Industry, Cooperatives and Marketing
One Stop Business Facilitation Centre
P.O BOX 747
MASERU, 100
E-mail: rlmphatsisi@aol.com
Tel: 22317454

II. CUSTOMS TARIFF INVESTIGATIONS

The principal objective of the section is to investigate and propose tariff amendments which are used as trade and industrial policy instruments with the aim to promote domestic production, creation and retention of jobs, as well as international competitiveness.

The criteria for reviewing tariff applications are applied in a manner that is sensitive to employment as unemployment is one the major

problems that are facing Lesotho currently. Tariff support is tied to conditions related to economic performance over time and is reviewed after a specified period. This means that tariff amendments are conditional on a commitment by beneficiaries on how they will perform against government's set policy objectives.

The types of tariff amendments

There are three types of tariff amendments, which are administered by the Tariff Investigations Unit. These are investigations of increases in ordinary customs duties; reductions in ordinary customs duties; and the creation of rebate and drawback provisions.

Increase in customs duty

An increase in the rate of customs duties is considered for the purpose of protecting domestic producers from threatening import pressures to adjust and restructure so that in the medium to long term they could become internationally competitive without any support in the form of customs duty protection.

Reduction in the customs duty

A reduction or removal of duties is considered, in cases where goods; consumption goods, intermediate or capital goods are not manufactured domestically or unlikely to be manufactured domestically.

A customs duty usually serves as protection to an existing industry and in the absence of such an industry, and if there are no plans or potential to have that type of industry then a reduction is considered, as the duty will otherwise only have a price raising effect.

Rebates and Drawbacks of the customs duty

Linked to customs duties as a trade policy instrument are duty rebate and drawback provisions for products which detailed separate tariff lines are impracticable for tariff administration purposes. The primary aim of these provisions is to provide a customs duty waiver and therefore availability at world competitive prices of products that attract duties but are not produced or are insufficiently produced domestically.

Industry may also apply for a rebate or refund of duty on inputs used in goods destined for the export market. The rebate or refund of the duty levied on inputs used in exports is an incentive for allowing manufacturers to source their intermediate material and component inputs at world prices.

Criteria for adjudicating customs duty applications

Comprehensive criteria for adjudicating tariff applications have been set and these are consistently applied across all sectors based on information obtained through comprehensive questionnaires and on-site verifications. The adjudication process is rigorous and evidence-based, and is carried out on a case-by-case basis considering the implication for the full value chain. In light of the pressing challenge of unemployment, the criteria are applied in a manner that is sensitive to employment and investment outcomes.

The following assessment criteria are central although each application is evaluated on its own merits and specific circumstances to generate the desired results from a policy perspective:

- a) The domestic industry's production capacity and potential;
- b) Employment;
- c) Investment;
- d) Price differentials between the domestic manufactured product and the imported product
- e) Market shares;
- f) Import and export data;
- g) Demand and supply conditions;

- h) The financial state of the domestic industry, including profitability and return on investment ratios;
- i) Price and cost structures; and,
- j) The rate of effective protection.

The list of factors is not comprehensive, nor can one or several of these factors necessarily give decisive guidance.

How to Apply

Different Application forms for the three types of customs duty amendments can be obtained at OBFC/ Tariff Investigations section.

For more information, please contact:

Ms. Kekeletso Tsumane
The tariff Investigations Manager
Ministry of Trade and Industry, Cooperatives and Marketing
One Stop Business Facilitation Centre
P.O Box 747
MASERU 100

E-mail: keki_tsumane@yahoo.com

Ms. Nthabiseng Ts'ehlo
Senior Tariff Investigation Officer
Ministry of Trade and Industry, Cooperatives and Marketing
One Stop Business Facilitation Centre
P.O Box 747
MASERU, 100

E-mail: sentha.rams@gmail.com

III. IMPORT AND EXPORT CONTROL

