



Government of Nepal
Ministry of Commerce and Supplies

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EIF NEPAL NECTRADE Newsletter

Nepal Enhanced Capacities for Trade and Development (NECTRADE)

Volume 4
Issue 1
January–June 2013

Gender mainstreaming in trade through women entrepreneurs

Women entrepreneurs are the main contributors to the national economy and they can greatly help in increasing exports and in adding value to Nepalese products

EIF Tier 1 (NECTRADE) Project of the EMoCS and the Federation of Women Entrepreneurs' Association of Nepal (FWEAN) jointly organized an interaction programme on June 12, 2013. The objective of the programme was to make Nepalese women entrepreneurs aware of the Nepal Trade Integration Strategy (NTIS) 2010 and other trade-related issues, thereby increasing women's participation in the implementation of NTIS 2010 and development of the country's trade sector.

At the interaction programme, Joint Secretary of MoCS, Mr Toya Narayan

Gyawali, highlighted the important role of women entrepreneurs in improving trade performance. He suggested what interventions were required, how the MoCS could play a facilitating role and what additional support was needed to encourage women entrepreneurs.

The National Programme Manager of NECTRADE, Mr Buddhi Prasad Upadhyaya, made a presentation which highlighted the major provisions of the international trading arrangement, EIF initiatives, NTIS 2010 and its implementation status, and the role of

women entrepreneurs for the effective implementation of NTIS 2010.

Vice President of FWEAN, Ms Rita Bhandary, made a presentation focusing on the initiatives taken by FWEAN in Nepal's trade, challenges faced by women entrepreneurs, ways to enhance women's competitiveness and FWEAN's expectations from the government. She stressed the need to encourage small and medium enterprises (SMEs) as they employ a large number of women in developing economies.



Participating women entrepreneurs at the interaction programme

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MESSAGE



EIF Nepal has adopted the three-fold objective of mainstreaming trade in national development efforts, enhancing institutional functioning for

integrated trade sector development and building resource mobilization capacity of the stakeholders and agencies concerned. To meet these objectives, it is actively supported by the WTO, EIF-ES, UNOPS, GIZ, donors, partner agencies, local development partners and other stakeholders.

EIF Nepal has been regularly publishing the *Newsletter* to share and disseminate the main activities and initiatives carried out by us in the period covered.

I would like to thank the entire NECTRADE team and NIU for their inputs and valuable contributions in bringing out this issue of the *Newsletter*. I believe this issue of the *Newsletter* will be an enriched reading for you.

Janardan Nepal

Secretary, MoCS, and
EIF Nepal Focal Point

MESSAGE



As an EIF support recipient LDC, Nepal has been implementing EIF Tier 1 (NECTRADE) project to facilitate trade sector development. Furthermore, it

has been contributing to the development and implementation of Tier 2 Project to implement NTIS 2010 for enhancing export competitiveness of the country.

I firmly believe that the EIF NECTRADE *Newsletter* can be an important outreach material to share the major achievements of the EIF NIA in Nepal's trade sector. In addition, it is hoped, it will raise interest in the trade sector development in Nepal among all concerned.

I am delighted to share the major initiatives and activities carried out in the process of trade mainstreaming and trade sector development of Nepal during the period January to June 2013 through this issue of the *Newsletter*.

Toya Narayan Gyawali

Joint Secretary, MoCS, and
NIU Chief, EIF Nepal

EDITORIAL



EIF Nepal Tier 1 (NECTRADE) project has been working to enhance Nepal's export capacity through various means, such as focused group interactions

and meetings with stakeholders; dialogue and workshops on trade-related issues; orientation and training in trade-related matters; coordinating and facilitating Tier 2 Project development and implementation; technical support to MoCS; support to private sector; and awareness, information dissemination and outreach programmes.

We highly appreciate the continuous support provided by different actors and stakeholders in Nepal's trade sector development and hope for continuation of such support in the future.

I'm pleased to share the new issue of the *Newsletter*, which has become an effective instrument for disseminating information on the major activities of the Project.

Buddhi Prasad Upadhyaya

National Programme Manager
NECTRADE, EIF Nepal

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The Director General of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), Dr Hemant Dawadi, pointed out the major benefits of women entrepreneurship and also briefed about the initiatives taken by the FNCCI for promoting women's participation in the private sector. He further discussed the measures that could help women entrepreneurs, like greater acceptability, easier access to finance, skill development, favourable policy reforms, and state encouragement and support for women.

The floor was then opened for discussion in which women entrepreneurs shared their concerns and grievances and also suggested areas for working together, including tax and other issues. In this regard, officials from Ministry of Finance and other agencies concerned responded to those concerns and clarified their grievances. MoCS assured the women entrepreneurs that all their key suggestions would be heeded.

Joint Secretary of MoCS, Mr Deepak Subedi, calling women entrepreneurs as 'pillars of the Nepalese economy', said that they can significantly contribute towards poverty alleviation and economic growth. At the end, Commerce Secretary, Mr Lal Mani Joshi, who was chairing the programme, describing women entrepreneurs as 'the main contributors towards the national economy', said that they can greatly help in increasing exports and in adding value to Nepalese products. He suggested that, given the huge demand for Nepalese products in the international market, production should be increased and the product base diversified. He also lauded women entrepreneurs for their relentless efforts in trade development.

The programme served as a platform for experience sharing and exploring possibilities for collaboration between the government and the private sector. It encouraged women entrepreneurs to contribute to the trade sector development of Nepal.



Ms Bhandary making her presentation at the programme

The programme was attended by a large number of women entrepreneurs. The Ministry was represented by the Secretary, all three Joint Secretaries and a number of high-level officials of MoCS. Senior officials from the line agencies concerned such as the Ministry of Finance, Ministry of Agricultural Development and the National Planning Commission also attended the programme. ■

A CLOSE FOCUS ON trade in services

A high-level workshop on trade in services with special focus on WTO service waiver and its potential benefits to Nepal was held on March 1, 2013 in Kathmandu.

Joint Secretary of MoCS, Mr Toya Narayan Gyawali, said that the workshop was aimed at orienting the key actors and stakeholders of service sectors identified in NTIS 2010 on major provisions of trade in services and service waiver, as well as getting feedback from them on these issues.

Discussing the conceptual aspects and major provisions of trade in services under the WTO and Nepal's Schedule of Commitment, Mr Jib Raj Koirala, Joint Secretary, MoCS, gave a basic idea of trade in services. Furthermore, he discussed the potential areas of service sector, especially identified in NTIS 2010, which were important export areas for Nepal.

Dr Posh Raj Pandey, President of SAWTEE, delivered a presentation focusing on the major provisions of the WTO service waiver for Least Developed Countries (LDCs), potential benefits to Nepal in different sectors, modes of supply of such

sectors and future course of action for maximizing benefits. He stressed the need for in-depth qualitative and quantitative studies on current as well as potential supplies of service exports from LDCs to identify the modes and sectors of interest and strengthen negotiating capacity at multilateral level. Furthermore, he called for building an enabling environment for service sector development, increasing awareness, developing a master plan, improving the legislative framework for services, developing and using the Diaspora for export promotion and promoting tourism as a national brand.

Thereafter, sector-wise presentations were made by experts from five different service sectors. Senior health expert, Mr Bhupendra Thapa, suggested developing potential areas in the health sector to attract foreign patients, as well as increasing investment and international accreditation of domestic health institutions. Educationist Dr Tirth Khaniya spoke about the potential benefits in the education sector under different modes of supply in various markets and underlined the need for enhancing the quality of education and partnering with

globally reputed education institutions for bringing international students to Nepal. Mr Purna Chandra Bhattarai, Director General of the Department of Foreign Employment, said that Nepal should take the initiative to benefit from special and differential provisions in the area of Mode 4. According to him, the country should strengthen its labour diplomacy and take necessary initiatives towards exporting skilled human resources and link this sector with the provisions of the WTO. Former CEO of Nepal Tourism Board, Mr Prachanda Man Shrestha, shared his experience in the area of tourism sector development, saying that Nepal's tourism sector has the capability to cater relatively high service compared to other LDCs.

Commerce Secretary Mr Joshi expressed his hope that the provision of WTO service waiver would benefit LDCs. He said that the active role of the private sector and experts is essential to maximize the benefits.

The workshop, chaired by Commerce Secretary, Mr Lal Mani Joshi, was attended by the Joint Secretaries of MoCS, Director General of DoCSM, Under Secretaries and Section Officers of MoCS, WTO Focal Points and representatives of private sectors. ■

Refresher on computer skills

Continuing its capacity development efforts, the NECTRADE Project conducted computer skill development training for the officials of the MoCS. The six-day training lasted from March 5 to March 15, 2013.

The training imparted advance-level skills in MS PowerPoint, Excel, Word and other relevant programmes. After the training, the participants said that they had become more confident about their computer skills and hoped that it would increase their efficiency at work.

Two resource persons from the Ministry and one external expert were used for the training. The training was participated in by Secretary, Joint Secretaries and senior-level officials of the MoCS.

Participants at the high-level workshop on trade in services



EIF National Steering Committee meeting held

The ninth meeting of the EIF National Steering Committee (NSC) was held on January 6, 2013 at the Office of Prime Minister and Council of Ministers (OPMCM). It was chaired by the Chief Secretary of GoN, Mr Leela Mani Paudyal. The meeting discussed Tier 2 project proposals on *Pashmina* and medicinal herbs and explored the future course of actions for EIF-Nepal. Commerce Secretary and EIF Focal Point, Mr Lal Mani Joshi, updated the

participants about the ongoing as well as pipeline activities. Joint Secretary and NIU Chief, Mr Toya Narayan Gyawali, outlined the achievements of EIF Nepal Tier 1 Project (NECTRADE) and the other two Tier 2 Project proposals, Implementing NTIS 2010 in the Sector of Medicinal and Aromatic Plants (MAPs) and Pashmina Enhancement and Trade Support Project (PETS), which were developed by the EIF National Implementation Unit (NIU) and approved by Tier 2 Project Appraisal

Committee (TAC2) and were awaiting NSC's approval. The meeting approved, with some revisions, both the proposals and directed the MoCS to forward the request to the EIF Secretariat in Geneva for making necessary financial arrangements for their implementation under EIF Tier 2 fund.

The meeting witnessed active participation of the Finance Secretary, Industry Secretary, Agricultural Secretary, Foreign Secretary, Law Secretary, National Planning Commission Secretary, Secretary of OPMCM, Deputy Governor of Nepal Rastra Bank, and the Presidents of FNCCI, Confederation of Nepalese Industries and Nepal Chamber of Commerce. ■

Facilitating smooth implementation of NTIS 2010

EIF Tier 1 (NECTRADE) Project has been assisting the MoCS and other agencies concerned for effective implementation of NTIS 2010 and Trade Policy 2009. The project supports the Ministry and agencies not only through capacity-building measures but also by providing technical and other necessary support. In this regard, the Project extended its support to

the MoCS for AfT mobilization from the World Bank in the US\$99 million five-year Nepal-India Regional Trade and Transport Project (NIRTTP). The Project played an important role in the finalization of the Project proposal and translation of the proposal into Nepali, and also provided technical support during the negotiation. At the same time, the project coordinated with

the European Commission and held bilateral discussions with the Japanese and British embassies in Kathmandu regarding the same.

Furthermore, the NECTRADE Project coordinated with the MoCS for its second triannual review and facilitated the programme, wherein the Commerce Secretary and other senior officials of the MoCS briefed Hon'ble Minister for Commerce and Supplies Shanker Prasad Koirala regarding the targets, achievements, work in progress, major issues and way forward. The Commerce Minister keenly listened to all the developments in the Ministry within the period of four months and provided his valuable suggestions and guidance to the Ministry. Similarly, the NECTRADE Project was actively involved in revising and setting the mission and vision of the Ministry, meetings and interactions with product associations, meetings with the line ministries concerned, organizing Trade Advisory Committee (TAC) meetings, NTIS 2010 implementation updates and a number of activities like creative and research work for effective implementation of NTIS 2010. ■

Hon'ble Minister for Commerce and Supplies Shanker Prasad Koirala listening to the senior officials of the MoCS regarding NTIS 2010 progress at the review programme



Peering into Trade SWAp IN NEPAL

An interaction programme on Trade SWAp Implementation Modality in Nepal was held in Kathmandu on May 24, 2013 to share the experience and lessons learnt in the health, education and peace sectors in Nepal.

At the interaction, Joint Secretary, Mr Toya Narayan Gyawali, highlighted the relevance of the programme and Trade SWAp.

Mr Buddhi Prasad Upadhyaya, EIF National Programme Manager, made a brief presentation on the draft implementation modality of Trade SWAp in Nepal. According to him, Trade SWAp has become inevitable in Nepal to synchronize the scattered development assistance and other efforts in the trade sector. Trade SWAp or trade trust fund modality has shown positive results in a number of countries and was encouraged

by development partners. He added that it would check duplication of efforts and improve coordination. He also briefed on the proposed modality of Trade SWAp.

Mr Deependra P Dhakal, National Advisor to the Nepal Peace Trust Fund, briefed on the major provisions and mechanisms of the Peace Trust Fund, especially in the area of fund operation and management.

Director General of Department of Education, Mr Laba Dev Awasthi, said that SWAp has positive impact on overall governance, systemic reforms, management and delivery system; so, 'the sooner it is adopted, the better it would be.'

Mr Baburam Marasini, Senior Public Health Administrator, suggested formulating a sound capacity development action plan and building broader consensus with all stakeholders.

Joint Secretary, Mr Jib Raj Koirala, said that Trade SWAp will result in a more coordinated flow of funds in the trade sector development of Nepal and match the priority of donors with national interest. He suggested that the initial draft should be refined on the basis of discussions with the private sector, donors and others concerned.

Commerce Secretary, Mr Lal Mani Joshi, said that Trade SWAp would focus on NTIS 2010 and Trade Policy 2009 in the short to medium terms and sustainable trade sector development in the long run. He urged all participants to work in this direction and forward the final draft for approval from the Council of Ministers so that it could be implemented in Nepal soon.

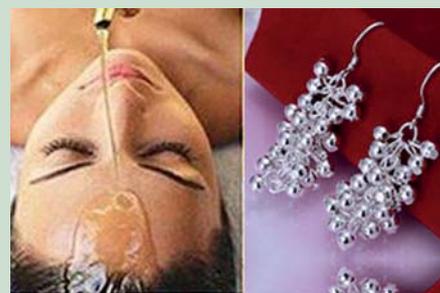
The programme was attended by all Joint Secretaries of MoCS, Director General and Deputy Director General of DoCSM, Under Secretaries and Section Officers of MoCS, experts and officials concerned from other agencies and representatives of the NPC and MoF in the taskforce. ■

Audio-Visual Programme on NTV and Radio Nepal

The NECTRADE Project signed an MoU with the Independent Business News over producing and airing programmes on the additional five items and on continuing the series on the major export items identified by NTIS 2010, viz. Information Technology (IT) and Business Process Outsourcing (BPO), Silver Jewellery, Medicinal Herbs and Essential Oils, Health Services and Wool Products. These programmes, with duration of 10 minutes on each product, are telecast through the popular programme *Arthako Artha* on Nepal Television. Each episode covers an entire value chain, as well as the views and suggestions of product associations, private sector, government officials and others.

Similarly, the Project signed an MoU with Radio Nepal, the national radio with the widest coverage throughout the country, to broadcast a series of 10 episodes immediately after the 7:00 pm news without commercial break twice a month. The programme will focus on trade mainstreaming, NTIS 2010 and major Nepalese exports, and will highlight recent progress and the major issues related to Nepalese trade and development. Each episode will be of 10 minutes duration and will include the value chain process of the product and the voices of agencies and stakeholders.

Such audio-visual programmes have been highly appreciated by the stakeholders, including the private sector and product associations as they increase awareness of export sector development, apart from motivating the stakeholders to work for Nepal's trade promotion. The EIF ES and Trust Fund Manager supervision missions have also found these initiatives of visualizing NTIS 2010 products and services highly impressive. ■



TRAINING FOR TRADE JOURNALISTS

Enhancing quality of trade news

Media is message. Accurate, clear and inspiring trade-related news can significantly contribute to the overall trade sector development of the country. This calls for enhancing the capacity of trade-related journalists, which was also strongly realized at an interaction programme held with media personnel in December 2012. So, a training programme for trade journalists, International Trading System: Contemporary Trade Issues and Role of Media in Trade Sector Development of Nepal, was jointly held with the Society of Economic Journalists–Nepal (SEJON) in Kathmandu on March 29, 2013.

At the training programme, Joint Secretary, Mr Toya Narayan Gyawali, underlined the importance of the media and information sharing for trade sector development. He said 'sharing of information on trade is the duty of both the media and the MoCS.'

President of SEJON, Mr Pradeep Chapagain, said that trade and international business shape the direction of progress and are key indicators of development of any country. He added that training and other programmes could hugely benefit trade journalists,

and ultimately the entire nation, through quality news coverage.

Joint Secretary and spokesperson of MoCS, Mr Deepak Subedi, calling trade journalists 'vital for economic development of a country like Nepal', said that MoCS was keen on continuously communicating with the media and building a media-friendly environment within the Ministry.

The three sessions of the programme were chaired by Commerce Secretary, Mr Lal Mani Joshi, Joint Secretary Mr Gyawali and SEJON President Mr Chapagain, each. In the first session, Mr Gokarna Awasthi, Vice President of SEJON, Dr Ratnakar Adhikari, Chief Executive Director of SAWTEE, and Mr Prachanda Man Shrestha, former CEO of Nepal Tourism Board, presented papers covering the conceptual and theoretical aspects and major provisions of the World Trading System, Major Agreements and Aid for Trade to Support LDCs.

Mr Awasthi shared his opinion that regional trade agreements would provide opportunities for market access and encourage competition and efficiency. He expressed his hope that the country will gain the benefits of positive discrimination, but cautioned 'the gains are not automatic as there is no magic wand.'



Joint Secretary, Mr Toya Narayan Gyawali, addressing the participants

Dr Adhikari highlighted the major provisions and status of Aft, with special focus on increasing the need for addressing the supply-side constraints of LDCs like Nepal, rather than just focusing on market access and software parts while mobilizing Aft. He said there were several challenges, such as competition with 'donor darling' countries. He called for creating vertical funds and funding based on proper need assessment, trade mainstreaming in a substantive sense, and leveraging position as LDC chair to secure more and better Aft for LDCs.

Mr Prachanda Man Shrestha discussed the major WTO agreements, along with the necessity of improving non-tariff barriers to benefit LDCs from global trade. He suggested that Nepal should adopt the strategy of policy reform for competitive trade; mitigate the adverse impacts on cottage and small industries; focus and consolidate on niche products and niche market, adding intangible values based on ethno-culture-heritage-geography; encourage novelty and technology in production; and adopt economic diplomacy whilst strengthening parallel diplomacy.

The second session dwelt on some contemporary trade issues and the role of the media in trade news coverage. Joint Secretary of MoCS, Mr Jib Raj Koirala, dealt with topics such as the major issues in the Multilateral Trading System (MTS), major ongoing negotiations; where MTS is heading; and developmental and technical

Participating trade journalists at the training programme



aspects of MTS. He said that the global trading system had not been able to provide expected benefits to developing countries; and specific concerns of developing countries remained unaddressed, affecting their economic development and integration into the MTS. Discussing the role of the media, he said that the media could create opportunities for businesses to provide inputs into the negotiations and facilitation of trade by sharing lessons from their experience, which could bridge the gap between the government and the business sector and disseminate vital information.

A trade expert, Mr Purushottam Ojha, discussed the major contemporary issues in bilateral trade with India and China, major issues and opportunities in the area of transit and also ongoing negotiations in bilateral trade. He said that bilateral trade agreements are mainly driven by the political and economic factors and sometimes come as political or strategic alliances. Describing the role of journalists, he said media serves as a watchdog to correct the action and behaviour of the authorities concerned. He exhorted journalists to toil harder to get correct information.

Finally, a senior trade journalist, Mr Saroj Kafle, in his presentation, 'Current News Reporting Trend and Role of Trade Journalists for Trade Sector Development of the Country', said that trade-related news get less priority even in the news related to the economy. According to him, in the news on international trade, the emphasis has been more on use of data and less on analysis of impact. He shared his concern over the import of goods and services that could be produced within the country. Furthermore, he said, trade promotion efforts were being made without putting infrastructure in place.

Secretary Mr Joshi, describing economic journalists as 'the assets of a nation', said that trade negotiation skills depended on political relations with a given country, which Nepal needs to strengthen. He also hoped that the training programme would be helpful for journalists in the coverage of quality news.

The training programme was attended by Under Secretaries and Section Officers of the MoCS and several trade journalists of Nepal. ■

EIF Tier 2 Projects on the move!



Nepal, as an EIF member country, has been implementing EIF Tier 1 (NECTRADE) Project for trade capacity development and is also moving ahead with EIF Tier 2 Projects targeted at implementation of the NTIS 2010 Action Matrix. In this regard, Tier 2 Project, Ginger Competitiveness Project: Enhancing sanitary and phytosanitary (SPS) capacity of Nepalese ginger exports through public-private partnership, has been under implementation since June 2012. The project combines both software part in the form of training and awareness programmes and hardware part in the form of establishing ginger-washing facilities. The implementation of the software part has been smooth and as per the plan, but progress on the hardware part has been slow mainly because of delay in acquisition of land. This has now been resolved on the initiative of the NIU and NECTRADE. The hardware part is also moving ahead now and is expected to achieve the set objectives of the Project within the timeframe.

Another Tier 2 Project proposal, Pashmina Enhancement and Trade Support (PETS) Project, has been approved by the EIF Board and is in the final stage of agreement between the implementing agency, International Trade Centre (ITC), and the executing partner, MoCS. Likewise, the other Tier 2 Project proposal, Implementing NTIS 2010 in the sector of MAPs Project, is under assessment and being jointly worked out by NECTRADE and GIZ, whereas UNOPS-Bangkok is closely overseeing and providing its support to the entire process. The MAPs Project proposal would be sent to the EIF Board once it is finalized by UNOPS and EIF ES. Both the project proposals were submitted to EIF ES in January 2013 after approval from the NSC meeting. Tier 2 projects are aimed at responding to the trade-related development priorities of NTIS 2010, as well as building sustainable local capacities and leverage additional resources from development partners. ■

EIF Focal Point in the local setting

An interaction and awareness programme on Pashmina, one of the high export potentials of Nepal as identified by NTIS 2010, was held in Jomsom, Mustang, on May 27, 2013. The six-member team of the MoCS and NECTRADE Project was led by Commerce Secretary and EIF Focal Point, Mr Lal Mani Joshi. The team interacted with the local farmers and stakeholders, government officials, including the Chief District Officer and Local Development Officer, and the President of Mustang District Chamber of Commerce and Industry. The team comprehensively discussed the value addition in each activity of the value chain of Pashmina products.

Mustang, even though one of the finest places for *Chyangra* (mountain goat) farming in Nepal, has been witnessing a number of problems recently. In their meetings with the team, the local *Chyangra* farmers expressed their concern over the dwindling availability of meadows and grasslands for *Chyangra* grazing. They expected the government to maintain and provide more grassland. They requested the agencies concerned to help them cultivate grasses that are more favourable for *Chyangra* farming. They also demanded animal husbandry training that would help them increase their livestock heads.



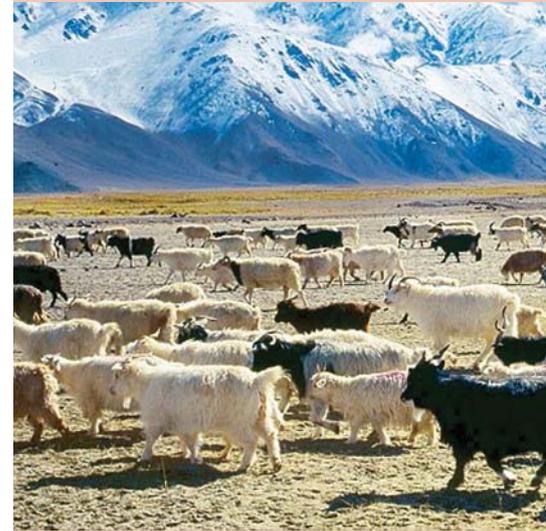
The Ministry assured the local team of every possible support for increasing the productivity of *Chyangra* so that it will lead to increased availability of raw materials required for amplifying Pashmina exports in the coming days. At the meeting, both government and private sector assured them of creating a business favourable environment at local level in order to promote export trade from Mustang.

The team was successful in creating awareness of NTIS 2010 and updating the locals about Nepal's trade sector development and issues related to promotion of Nepalese exports. In addition, it was successful in persuading the local government to work on the implementation of NTIS 2010 by incorporating the NTIS 2010 Action Matrix in the annual work plan and budget of the local body. ■

Local participants interacting with the central-level team at the interaction and awareness programme on Pashmina



Pashmina The fibre of the royals



The origin of Pashmina dates back to centuries when it was renowned as 'the fibre for royals and emperors'. Pashmina is the softest, exotically delicate and weightless natural fibre. Its wool comes from Pashmina goat, more popularly known as *Chyangra*, which is a special breed of goat indigenous to high altitudes of the Himalayas. In the extremely harsh and cold climatic conditions, these mountain goats have been gifted with nature's unique thin short inner coat of hair, which is the best natural insulation on earth. The good quality Pashmina wool is taken from the underbelly of the goat and the Himalayan goats are not harmed while extracting Pashmina fibre. The unique quality of Pashmina wool is that it becomes softer and better with use!

In Nepal, Pashmina products, due to their value addition to fashion and being luxury items, are traditionally regarded ideal for export rather than domestic consumption. However, with the changing lifestyle of urban Nepalese, the demand for Pashmina products such as shawls, stoles, scarves, sweaters, gloves and caps, is growing domestically. The use of *Chyangra* Pashmina logo has been promoted for customers' reassurance of quality that is made in Nepal from the luxurious inner wool of the unique mountain goat. ■

Trade mainstreaming

through training institutions, commitments made

As trade is becoming an integral and powerful engine of economic growth in today's world, it has become imperative for all training institutes to include at least one trade-related course or the other in their curricula. So, an interaction programme was organized with the chiefs of major national training institutions on February 4, 2013. The programme was organized as part of the trade mainstreaming programme in the MoCS to sensitize the officials of the training institutes concerned with trade matters and to draw their attention towards incorporating trade agenda in their training syllabi.

At the interaction programme, Joint Secretary, Mr Toya Narayan Gyawali, made an insightful presentation on why trade is important for Nepal and why it should be one of the significant matters of discourse. Joint Secretary, Mr Naindra Prasad Upadhyaya, highlighted the importance and potential benefits of trade inclusion in training courses.

Sharing their views, representatives of a few training institutes, namely Nepal Administrative Staff College, Revenue Administration Training Centre and Foreign Affairs Study Academy, said that, although they had trade topics in their training courses under economic diplomacy, they were not sufficient. All of them echoed that either they didn't have any training material on trade or the available content needed to be revised or completely replaced. Similarly, almost all of them

pointed out the non-availability of appropriate resource persons for trade and economic diplomacy. The representatives of the Civil Aviation Training Centre, National Health Training Centre and Topography Training Centre said that they needed to do exercise before including trade in their training courses. Nevertheless, all of them found the interaction programme highly relevant from the perspective of internalizing trade. At the end of the programme, most of them expressed their commitment to take this issue positively and to incorporate trade topics in their training courses.

Commerce Secretary Mr Joshi assured the training institutions that the Ministry would initially provide a liaison officer for coordinating the designing of a training syllabus and a resource person on the request of the institutes.

The representatives of the participating training institutions said that the interaction had helped them to better understand the importance of trade. Since all officials undergo training at these institutions, incorporation of the trade agenda in the training programme is expected to enhance their understanding of the importance of trade and mainstreaming trade across the country.

The meeting was chaired by Mr Lal Mani Joshi, Secretary of MoCS. Apart from all three Joint Secretaries and other senior officials of the Ministry, was attended by representatives of around one and a half dozen government training institutes. ■

Donor Group meeting and consultation with DPs

The 10th Aid for Trade Donor Group meeting was held on February 12, 2013 in Kathmandu.

At the meeting, Mr Udo Weber of the German Embassy made opening remarks, which was followed by endorsement of minutes of previous meeting. A presentation on the PACT Project, which was supported by the World Bank, was made by Mr YK Karki, who explained the value chain process. Mr Arjun Thapa of FAO stressed creating awareness of SPS issues among value chain farmers. Subsequently, Mr Buddhi P Upadhyaya, National

Programme Manager of NECTRADE, expressed his hope that the establishment of the National Accreditation Board would address all SPS-related issues.

Mr Bill Gain of the International Finance Corporation/World Bank informed that Nepal Regional Trade Facilitation project was in the designing phase and, with three core components, would be budgeted at around US\$100 million.

Joint Secretary of MoCS, Mr Toya Narayan Gyawali, made a presentation on NTIS implementation and informed that Nepal, the incumbent coordinator of the LDC Group, is the leading country

in the EIF process for Tier 2 Projects. Ms Ellen Kallinowsky of GIZ remarked that the NIU could be the centre for coordinating the entire activities and the process for effective implementation of NTIS 2010.

Finally, Mr Weber suggested that a clear step for the future course of action be defined for the Aft Donor Group for the next one year.

The meeting was attended by representatives of MoCS, World Bank, EU, DANIDA, FAO, GIZ, PACT Project and the German Embassy. ■

Coordinators of EIF Technical Committees and NIU MEET, REVIEW PERFORMANCE

The NECTRADE Project organized an interaction and orientation programme on NTIS 2010 with the coordinators of the EIF Technical Committees (TCs) on March 1–2, 2013.

In his introductory presentation, Mr Buddhi Prasad Upadhyaya, National Programme Manager of NECTRADE, highlighted the world trading system, EIF and AfT, the background and features of NTIS 2010 and its implementation arrangement, role and expectations from the six TCs, implementation updates and initiation of NTIS review. Mr Upadhyaya's presentation gave the participants a holistic picture of the programme and EIF mechanism.

Dr Pradyumna R Pandey, representing TC3, set up in the Ministry of Agricultural Development for facilitating agriculture and SPS measures, discussed the efforts and achievements made on NTIS implementation in agriculture and sanitary

and phytosanitary measures, problems faced and possible course of action.

Commerce Secretary Mr Joshi said that mainstreaming trade in sectoral policy and programmes and incorporating NTIS 2010 Action Matrix in the annual budgets, programmes and activities of the line ministries were the keys to effective implementation of NTIS 2010.

Joint Secretary and Coordinator of TC1, Mr Toya Narayan Gyawali, in his presentation, covered the background and context of AfT and trade in services, with special focus on major efforts and achievements, current issues and interventions required for effective mobilization of AfT and service sector development. He further stressed benefitting from the provision of service waiver and the need for implementing the Trade SWAp modality for resource mobilization.

Ms Yam Kumari Khatiwada, Joint Secretary of the Ministry of Industry and Coordinator

of TC4, discussed the major efforts and achievements of NTIS implementation in the area of manufacturing, investment, technical barriers to trade (TBT) and intellectual property rights.

Mr Dikar Dev Bhatta of the MoF, representing TC5, updated the status of NTIS implementation in the areas of customs and trade facilitation, along with the issues and necessary measures.

Mr Lal Shankar Ghimire, Joint Secretary of OPMCM and Coordinator of TC6, briefed about the progress in legal reforms. He also shared his views on AfT, sequencing it with the actual requirements of the country, and called for removal of the supply-side constraints.

Mr Naindra Prasad Upadhyaya, Acting Secretary of OPMCM and former Coordinator of TC2 in the MoCS, discussed the major activities undertaken in trade negotiations, including various strategies and approaches adopted at different bilateral and multilateral meetings. He suggested forming a permanent team consisting of key stakeholders and experts, while preparing for trade negotiations to achieve better results.

The participants agreed upon the need for better coordination among all the TCs. Mr Deepak Subedi, Joint Secretary of MoCS, said that the Action Matrix and the recommendations of NTIS 2010 cannot be implemented by the MoCS in isolation and strong commitment of the line ministries and respective TCs is required.

In his closing remarks, Commerce Secretary Mr Joshi expressed his hope that all the TCs should internalize their ToRs, which should be reviewed periodically, and the results should be assessed for further improvement.

The two-day programme saw participation of the Commerce Secretary, all three Joint Secretaries of MoCS, Director General of DoCSM, coordinators of EIF TCs and NIU members. ■

Mission visits

Ms **Christiane Kraus**, Coordinator at the Executive Secretariat for EIF, visited Nepal from April 17 to 19, 2013 to review progress and discuss programmes for the rest of 2013. On April 18, 2013, NECTRADE organized an interaction programme of Ms Kraus with representatives of the FAO and Nepal Ginger Producers and Traders Association (NGPTA). On April 19, she had an intensive meeting with the Project, where she recommended speeding up the process of updating NTIS 2010, preparing for Tier 1 Project extension, linking the plan of action on resource mobilization with NTIS update, and concluding an agreement between NGPTA and the GoN with respect to land as soon as possible.

Similarly, Mr **R Manivannan**, Regional Portfolio Manager at UNOPS (EIF TFM), Bangkok, visited EIF Nepal from June 4 to 7, 2013. Mr Manivannan examined the project accounts and met with MoCS officials. He also met with the representatives of the MoCS, FAO and MoAD regarding ginger project and related issues. Mr Manivannan suggested preparing a revised work plan for the third and fourth quarters of 2013; allocating balance funds for the activities in 2014 and requesting a no-cost extension based on that and taking a decision on installation of accounting software package soon. ■



Ms Kraus interacting with the representatives of the FAO and NGPTA at MoCS

Consultation on SAM and CGE modelling held



Experts sharing their experience on SAM and CGE

The NECTRADE Project organized a high-level consultation programme on Social Accounting Matrix (SAM) and Computable General Equilibrium (CGE) modelling on February 28, 2013. The main objective of the consultation programme was to update the participants on SAM for Nepal, which will form the backbone of the CGE models and can be used in economic impact analyses.

Since SAM can help depict the spending pattern of the economy and provide useful trade information, the MoCS can make the most of it for reviewing its trade policy. On the other hand, the CGE models use actual economic data to estimate how an economy would react to changes in one part upon the rest. The CGE models have been widely used to analyse trade policy in developing economies.

In his opening remarks, Joint Secretary of MoCS, Mr Toya Narayan Gyawali,

pointed out the benefits that SAM and CGE models could bring to an economy. Mr Prakash Sapkota, Team Leader, Trade Policy Analytical Wing of MoCS, presented an overview and threw light on the SAM and CGE models. Mr Sapkota is an expert in one of the well-known and best CGE models, the GTAB model of world trade, and is an internationally reputed economist. Thereafter, Dr Dilli Raj Khanal, a former member of the National Planning Commission (NPC), Team Leader of the Study Team, made a presentation on the initiation of the SAM and CGE modelling and Input and Output Table, the procedures and the findings.

Participants from OPMCM, MoCS, MoF, MoAD, Central Bureau of Statistics, Nepal Rastra Bank, Department of Commerce and Supply Management (DoCSM), Confederation of Nepalese Industries (CNI), Institute of Policy

Research and Development (IPRAD) and South Asia Watch on Trade, Economics and Environment (SAWTEE) discussed their importance and relevance for an economy like Nepal where time series data are scarce or not relevant. Dr Pushpa Raj Rajkarnikar, former member of NPC and Chairperson of IPRAD, stressed the importance of the SAM and CGE models for accuracy, analysis and systematic examination of the Nepalese trade and economy, as well as their impact upon society at large. Mr Prithvi Raj Lital, former Vice Chairperson of NPC and Deputy Chief of Party, NEAT Activity/USAID, threw light on the roadmap for the SAM and CGE models in Nepal.

Commerce Secretary, Mr Lal Mani Joshi, requested the responsible agencies to carry out timely updating of SAM and to apply the CGE models in the Nepalese trade and economy for deriving maximum benefits. ■

Support to trade actors continued

The NECTRADE Project is committed to trade sector development of the country and firmly recognizes the need for a better environment for boosting the confidence of the private sector and stakeholders since their development is the cornerstone of overall development of the country. In line with its objectives, capacity building and support activities of the private sector and trade-related stakeholders are being carried out by the

NECTRADE Project. In this regard, the Project provided Rs 182,000 to the Export Promotion Committee of the FNCCI for preparing an action plan on the five major products identified in NTIS 2010 and Trade Policy 2009, viz Carpet, Handmade Paper, Wool Products, Health Services, and IT and BPO services.

Similarly, the NECTRADE Project provided Rs 400,000 to the DoCSM to set up a management information

system and enter all manual data into an electronic database. Once completed, this task will increase the efficiency of the Department and help in maintaining systematic records of all transactions related to Nepal's trade and commerce. NECTRADE also supported the MoCS in the preparation of position papers, given that Nepal has taken the role of the LDC Coordinator for 2013 and it needs to put forward its views on different trade-related issues on behalf of the LDCs, as well as from its own perspective. Such support to the private sector and trade-related stakeholders is expected to motivate trade actors and build a positive environment for working together in export trade promotion of the country. ■

Seminar on LDCs coordination

THE KNOW-IT-ALL PROGRAMME

A national seminar on LDCs Coordination was held in Kathmandu on January 15–16, 2013. The seminar disseminated information on the WTO LDC Consultative Group, its coordination and potential role of Nepal as the coordinator in 2013 to trade-related officials.

At the seminar, Ms Maika Oshikawa, Head, Asia and Pacific Desk, ITTC, WTO, delivered presentations: 'LDC Group: History, Institutions and the Working Dynamics, Including Alliance with Other Groups' and 'Understanding the State of Play in the WTO, Including the Preparation for the 9th Ministerial Conference'. Ms Oshikawa suggested that Nepal, as the LDC Coordinator, should focus on agendas that are 'reasonably doable' and 'realistic in demands', and it should stay out of unattainable objectives. She further suggested building consensus around any proposals, avoid being confrontational and be flexible, and focusing on trade-offs.

Mr Manoj Acharya, Under Secretary, MoCS, presenting a paper, 'Nepal's Coordination: Visions, Domestic Preparations and Working with its Geneva Mission', outlined Nepal's expected role as WTO Coordinator as, among others: facilitating intensive deliberations between and among members on pertinent trade issues related to the group; identifying and prioritizing key trade issues of LDCs' interest; developing consensus and common understanding on key issues and building common position papers; and

lobbying for accelerating technical and financial support for capacity building. Furthermore, describing the leadership of the Group as both a challenge and an opportunity for Nepal, he said that Nepal would face challenges in identifying common issues, forging consensus, preparing a common position and convincing other countries in relation to the LDC issues. At the same time, it would have the opportunity to lead and steer the LDC Group and their agenda at different WTO forums, demonstrate national capacity in the international forum and promote national interest through a collective voice.

Mr Taufiqur Rahman, Counsellor, Development Division, WTO, highlighted several LDC issues such as the DFQF market access and rules of origin, LDCs' service waiver, trade facilitation, S&DT, TRIPS transition period, EIF, AfT, LDC accession and so on. According to him, representing LDC interests on behalf of the Group requires both in-depth knowledge of all issues and political sensitivity. Furthermore, it was necessary to maintain the Group members on the same footing, especially in times of intense negotiations, and to safeguard the national interests vis-à-vis the Group's interests. He added that 'coordination is resource-intensive for any delegation' and also 'it is the best opportunity for capacity building!'

The programme was aimed at achieving better coordination and support in playing the role of LDC Coordinator in Geneva. ■

NEWS UPDATES

- Mr Janardan Nepal assumes the role of Commerce Secretary and EIF Nepal Focal Point on June 20, 2013
- GoN launches the World Bank-funded US\$99 million 'Nepal-India Regional Trade and Transport Project'
- Nepal-Bangladesh Commerce Joint-Secretary level talks held in Dhaka on February 17, 2013
- Regional review of Almaty Programme of Action (APoA) held on March 5–7, 2013 in Vientiane, Lao PDR
- New GIZ project 'Trade Promotion Programme' launched
- SAFTA Committee of Experts meet in Kathmandu on July 30 to August 1, 2013
- 4th meeting of Nepal–China's Tibet Trade Facilitation Committee held in Kathmandu on August 11–12, 2013
- Establishment of International Trade Exhibition Centre initiated in Kathmandu and land procured

ABOUT EIF NEPAL AND NECTRADE

The Enhanced Integrated Framework (EIF) is a global commitment for trade-related capacity building of LDCs which the MoCS has been facilitating in Nepal. NTIS 2010 was launched in June 2010 as the main trade strategy of the country and to support the EIF implementation process. The NTIS identifies 19 products and services as having comparative advantage for exports.

PUBLISHED BY

Nepal Enhanced Capacities for Trade and Development (NECTRADE) Project
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National Implementation Arrangement (NIA), which comprises a National Steering Committee (NSC), a Focal Point (FP), a National Implementation Unit (NIU) and other related entities were constituted by the GoN as per the guidelines of the EIF Executive Secretariat, Geneva. The NIU is responsible for coordinating EIF activities and implementing it at national level.

As a Tier 1 Project of EIF Nepal, the NECTRADE Project is further designed to strengthen national arrangements of the EIF to enhance Nepal's ownership of trade-related technical assistance and maximize the benefits that the country can derive from participation in international trading system. At present, it is in the fourth year of its implementation. ■

Designed and printed by PagePerfect, Kathmandu