



Government of Nepal  
Ministry of Commerce and Supplies

## Inside



Nepal-Bangladesh Commerce Secretary-level Meeting Held



Supervision Visit by EIF-ES and UNOPS



Nepal's Active Participation in Trade-related International Events

Interaction with Trade Journalists	3	Trade Mainstreaming Mechanism in Progress	9
Audio-Visual Programme on NTIS Products through Media	4	Interaction and Orientation on Trade-related Affairs	9
Advanced Level English Skill Development Programme	5	Nepal as LDCs' Coordinator in the WTO for 2013	10
Consultation with Development Partners on Trade Sector Development	6	Tier 2 Project on Ginger under Implementation	11
EIF Tier 2 Projects MAPs and PETS Finalized	7	Support to the Private Sector for Capacity Development	11
Enhancing Skills of the Government and Private Sectors	8		

# EIF NEPAL NECTRADE Newsletter

## Nepal Enhanced Capacities for Trade and Development (NECTRADE)

Volume 3  
Issue 1  
July-December 2012

### Larcha Dry Port Construction Begins

Once the road is upgraded, it is expected to speed up and smoothen the flow of vehicles and people in the border areas and enhance the trade flow between the two countries



Commerce Secretary, Mr Lal Mani Joshi, and Chinese Ambassador to Nepal, HE Yang Houlan, laying the foundation stone of the Larcha Dry Port

Construction of the much-awaited inland container depot (dry port) at Larcha, near Tatopani, in Sindhupalchowk District, formally began on December 20, 2012. Commerce Secretary, Mr Lal Mani Joshi, and Chinese Ambassador to Nepal, HE Yang Houlan, jointly laid the foundation stone of the fifth dry port of the country. The port is spread over 34 hectares and can accommodate 158 containers and 35 small vehicles.

On the occasion, Commerce Secretary Mr Joshi said construction of the dry port would add a new dimension to the existing Nepal-China trade through increased import and export activities.

Similarly, Chinese Ambassador said the dry port would be a memento of Nepal-China trade. Since the dry port is the priority of both governments, he expressed his hope that it would be completed in time.

The construction project is expected to ease bottlenecks for surging the Nepal-China trade. According to the project, for which an agreement was sealed in May 2012, the Government of People's Republic of China will fund the construction of a border inspection building and a cargo warehouse. The Chinese side also agreed to upgrade a 6.5 km road connecting the dry port to the border. The 13.8 million USD project,

which is expected to be completed in 26 months, also promises the construction of a 112 m long bridge over the Bhotekoshi River, which intersects the Arniko Highway connecting the border to the capital city.

'Once the road is upgraded, it will speed up and smoothen the flow of vehicles and people in the border areas and enhance the trade flow and volume between the two countries,' said Secretary Mr Joshi. Both governments have attached great importance to the project and done a lot of work to facilitate it over the past few years and now made it a reality. After the construction of the dry port, the customs office would be shifted to Larcha. ■

## MESSAGE



As EIF Focal Point, I am pleased to share major activities carried out under EIF Nepal through this Newsletter.

The EIF Nepal has been contributing to mainstreaming trade in national development efforts, enhancing institutional functioning for integrated trade sector development and also building capacity for effective resource mobilization.

I would like to extend my heartfelt appreciation to the WTO, EIF-ES, partner agencies, donors, UNOPS, GIZ, local development partners and all the stakeholders. I have a firm belief that the Newsletter can be a tool to share the major activities and initiatives carried out in the given period and it would further raise interest among those concerned with trade sector development in Nepal.

Finally, I would like to thank the entire NECTRADE team and NIU for their valuable efforts and contributions to make this issue of EIF Nepal-NECTRADE Newsletter possible.

Lal Mani Joshi  
*Secretary, MoCS, and  
EIF Nepal Focal Point*

## MESSAGE



I am delighted to share major initiatives and activities carried out in the process of trade mainstreaming and trade sector development of Nepal through the Newsletter.

Nepal as an EIF support recipient LDC is implementing EIF Tier 1 (NECTRADE) project to facilitate the process of trade sector development. Similarly, it has been moving towards development and implementation of Tier 2 Project to implement NTIS 2010 for enhancing export competitiveness of the country. In this regard, I highly appreciate the efforts made by the current NECTRADE team to implement Tier 1 project as well as to coordinate the entire process of Tier 2 project management.

I am confident that the Newsletter can be an important outreach material to share major achievements made through the EIF NIA in trade sector of Nepal and hope for continuous support from all development partners, private sectors and stakeholders in the promotion of Nepal's trade.

Toya Narayan Gyawali  
*Joint Secretary, MoCS, and  
NIU Chief, EIF Nepal*

## EDITORIAL



It is our immense pleasure to bring the third volume of EIF Nepal Newsletter and to share major achievements made through the

EIF NIA and NECTRADE. Sharing information through the Newsletter is not only informing our readers but also a way of reflecting accountability towards our major partners and stakeholders in relation to the NECTRADE Project.

We would like to assure all that the Project is fully committed to supporting the entire process of trade sector development of the country, including capacity building and bridging supply-side constraints to trade. As trade is dynamic and cross-cutting, regular interaction and dialogue with line ministries, development partners, private sector, civil societies and other stakeholders is essential to mainstreaming trade in the entire development process and also integrating efforts for synergic results.

Lastly, many thanks to all the development partners for supporting us and many congratulations to each member of my team!

Buddhi Prasad Upadhyaya  
*National Programme Manager  
NECTRADE, EIF Nepal*

## Nepal–Bangladesh Commerce Secretary-level Meeting Held

The fourth Nepal–Bangladesh Commerce Secretary-level talks took place in Kathmandu on July 29-30, 2012 with the objective of enhancing bilateral trade, easing transit relations and increasing bilateral investment. Commerce Secretary of Nepal, Mr Lal Mani Joshi, and Commerce Secretary of Bangladesh, Mr Mohammed Golam Hussain, led their respective sides at the meeting. Secretary Mr Joshi presented opening remarks and welcomed all the delegates in the meeting. Similarly, Commerce Secretary of Bangladesh, Mr Hussain, expressed his deep appreciation to the GoN for organizing the meeting

and extending warm hospitality to the Bangladeshi delegation. The meeting mainly discussed set agendas, including finalization of the operation modalities for the carriage of transit cargo between Nepal and Bangladesh, preferential market access to Nepalese products in Bangladesh, Dhaka–Kathmandu bus service, transport connectivity and other trade facilitation matters and also investment in Nepal's hydropower sector. During the meeting, Bangladeshi side agreed in principle to provide duty-free access to around 100 items, including agriculture and primary products, out of the 146 items requested by Nepal, in the Bangladeshi market.



Commerce Secretary Mr Joshi with Bangladeshi delegation at the interaction programme

Similarly, the meeting decided to explore potentiality of providing preferential access to their products in each other's market. In addition, the Bangladeshi side informed that it would take necessary

actions to ensure availability of customs officials at the port. Finally, the meeting mandated a Joint Secretary-level technical committee to work out an appropriate implementation modality, mainly in preferential market access, transit cargo operation and other related areas.

The meeting decided to hold the next meeting in Dhaka in 2013. The Bangladeshi delegation comprised

eight members from various agencies, including the Ambassador of Bangladesh for Nepal. Similarly, Nepalese delegation included 15 members from different ministries and departments.

Commerce Secretaries of both countries signed and exchanged copies of the agreement and decisions reached at the talks. Talking to the media following the talks, Commerce Secretary Mr Joshi said,

‘we have agreed to take part in the trade fairs held in one another’s country and also hold trade fairs together.’ Likewise, Commerce Secretary of Bangladesh Mr Hussain said both Nepal as the country with the tallest peak and Bangladesh with the largest seashore carry abundant possibilities of tourism and emphasized the need for the countries to work together to utilize their full potentiality in various areas of bilateral cooperation, including trade promotion. ■

## Interaction with Trade Journalists



An interaction programme was organized on December 18, 2012 at the MoCS Conference Hall with the objective of sharing information and progress on trade activities from the government side, building a media-friendly environment at the MoCS and a trade-friendly media in news coverage at the same time. Journalists from all the major media houses and high-level officials from MoCS and department and state-owned enterprises under it were present at the programme. Commerce Secretary Mr Joshi chaired the programme, while Joint Secretary of MoCS, Mr Toya Narayan Gyawali, made an all-inclusive presentation about the progress and issues in Nepal’s Trade Sector development. Likewise, Joint

Secretary of MoCS, Mr Naindra Prasad Upadhyaya, delivered his valuable remarks. Similarly, Mr Suresh Raj Neupane, Secretary, Society of Economic Journalists of Nepal (SEJON) made a presentation, in which he presented facts and figures on trade with necessary measures for Nepal’s trade sector development. He also discussed

the benefits of the transit trade and SEZs. Furthermore, Mr Gokarna Awasthi, Vice-President, SEJON highlighted some of the major trade issues such as the DFQF market access, NAMA, AfT and deriving optimal benefits from the SAFTA arrangement. He put forward his expectations from the Ministry, mainly in the area of providing orientation and training to trade journalists in trade-related matters.

Commerce Secretary Mr Joshi, in his remarks, stressed prioritizing exports, establishing laboratories and trade infrastructure, innovation, branding and quality control of domestic products. He expressed his hope that this kind of interaction programmes would be continued in the future. ■



# Supervision Visit

## by EIF-ES and UNOPS

Both Executive Secretariat of the Enhanced Integrated Framework (EIF) and United Nations Office for Project Services (UNOPS), the Trust Fund Manager, completed their supervision mission in 2012, with major focus on programmatic and fiduciary parts of the NECTRADE Project.

Ms Christiane Kraus, Coordinator, Executive Secretariat for the EIF, was accompanied by Mr James Edwin, Coordinator, M&E, Executive Secretariat of EIF, from November 19 to 23, 2012. They provided their valuable support and guidance in the form of feedback and suggestions. Ms Kraus oversaw the programmatic part, as well as overall progress of the project, and discussed no-cost extension of Tier 1 Project, its mid-term evaluation, Tier 2 Projects, and way forward for achieving the planned activities



Ms Christiane Kraus and Mr James Edwin at the NECTRADE Office in MoCS

comprehensively. Similarly, the Project made maximum utilization of the expertise of Mr Edwin, who immensely supported the review and finalization of the log frame and work plan of the Project for 2013. The Mission also had a meeting with the Donor Facilitator and an interaction programme with stakeholders, mainly from ginger and pashmina products.

Prior to the EIF Supervision Mission, Mr Ratnasabapathy Manivannan, Regional Portfolio Manager, EIF TFM (UNOPS), APO, Bangkok, Thailand, visited the Project Office in Kathmandu from October 12 to 16, 2012 and performed

fiduciary supervision and provided his valuable suggestions and feedback to the Project. He also met representatives of Nepal Pashmina Industries Association, Himali Project and Ginger Project and had discussion on Tier 2 Project.

It is through these missions that the Project will evaluate its performance, which will further help it to shape the direction and contribute to Nepal's Trade Sector Development. The current initiatives of the Project were lauded by the Mission, which also highly praised the performance of the NECTRADE Project team led by the EIF National Programme Manager. ■

## Audio-Visual Programme on NTIS Products through Media



The NECTRADE Project has started to promote the NTIS products on television. It has concluded an MoU with Independent Business News (IBN) for developing and broadcasting a series of audio-visual programmes on three export items of NTIS, namely honey, handmade paper and paper products, and large cardamom, through a popular programme on Nepal Television, Artha Ko Artha, to begin with. The 10-minute programme for each product per episode was developed by incorporating the entire value chain process, along with views, comments and suggestions of government officials concerned, private sector and related stakeholders. The programme was highly appreciated by the stakeholders and, therefore, the NECTRADE Project has planned to continue its efforts for other NTIS-identified products in this direction. ■

# Nepal's Active Participation in Trade-related International Events

The continuous participation of officials of the MoCS has supported to enhance its position and voice at different trade-related international events and forums. For example, participation of Commerce Secretary Mr Joshi in the fourth meeting of Trade Ministers of Land Locked Developing Countries (LLDCs) and the High-level Global Thematic Meeting on International Trade Facilitation and AFT on September 12-14, 2012 at Almaty, Kazakhstan, has been instrumental in putting forward various problems that Nepal has been facing by virtue of being an LLDC and work out similar issues with other LLDCs. Similarly, participation of Joint Secretary of MoCS and NIU Chief, Mr Toya Narayan Gyawali, in the EIF

Board meeting on behalf of LDCs has further improved Nepal's image among LDCs, as well as succinctly raise Nepal's concerns in the international scenario. Likewise, Under Secretary and Trade SWAp Coordinator, Mr Jib Raj Koirala, participated in a meeting of the Negotiating Group on Trade Facilitation (NGTF) from December 3 to 7, in Geneva, Switzerland, which is expected to strengthen Nepal's position in global trade. In addition, regular participation by the officials of the Ministry in various international programmes such as training, workshops, seminars, retreats, etc has helped to enhance the capacity of the officials and also share cross-country experience in the trade sector development. These types of participation



Joint Secretary of MoCS and NIU Chief, Mr TN Gyawali, at the EIF Board Meeting in Geneva

at the international level help in lobbying for national interest, maintaining cordial relationships with other development partners and governments, as well as promoting trade back home. ■

## ADVANCED LEVEL English Skill Development Programme

An advanced-level English skill development programme for executive-level officials of the MoCS was organized by the NECTRADE Project to enhance the English language skill of the participants. It used to take place from 16:30 to 18:00 hrs on each working day, starting September 17 and lasted for 20 days till October 9, 2012. The programme had observed participation of 21 officials, including Commerce Secretary, all three Joint Secretaries of MoCS, Director General, along with three Directors of the Department of Commerce and Supply Management and other high-level officials of the Ministry. The programme mainly focused on professional writing skills, presentation skills, communication skills, meetings and negotiations, and it was expected to enhance the capacity of the participants in the given areas. The training was facilitated by Ms Susan Deith, Ms Laura Burgess, Ms Jade Matos Carew and Ms Adele Pennington, all of them being experienced trainers and CELTA/DELTA Cambridge qualified. ■



## GIZ's Continuous Support to Nepal

As the EIF Donor Facilitator in Nepal, the Government of Germany, through its Embassy in Kathmandu and its technical wing, GIZ, has been providing its relentless support in the area of trade sector development of Nepal. It has been a close partner and a keen actor in Nepal's trade-related capacity building, as well as in fulfilling Nepal's commitment to the WTO. GIZ has been closely working with the Nepalese Focal Point and the NIU at the MoCS, thereby facilitating donor coordination and donor-partner dialogue on trade and Aid for Trade (AFT) issues. The Government of Germany assumed the role of EIF-Nepal Donor Facilitator in November 2010 and has been contributing significantly towards enhancing export competitiveness of the country. ■

## CONSULTATION WITH DEVELOPMENT PARTNERS ON TRADE SECTOR DEVELOPMENT

The NECTRADE Project is facilitating the entire process of mobilizing Aid for Trade (AfT) through various measures. Organizing consultation meetings with development partners, along with line ministries concerned and private sector at wider level, and also holding specific and strategic meetings with development partners on bilateral basis are some of the major efforts in this direction.

In this regard, NECTRADE Project/MoCS organized a meeting of the Donor Groups on October 8, 2012 under the chairpersonship of Commerce Secretary, Mr Lal Mani Joshi, at Hotel Radisson. Commerce Secretary Mr Joshi gave opening remarks, in which he highlighted the major objectives of the programme and welcomed the participants on behalf of the Ministry. He expressed his hope that the meeting would be instrumental in reviewing the trade sector development strategy of Nepal and praised the importance of the recent 'Aid for Trade Initiative', which is designed to help developing countries build supply-side capacity in the world market. He ended his opening remarks by thanking the Government of Germany in its role as the Donor Facilitator (DF) and all development partners in joining hands with the GoN in taking the trade agenda forward and hoped to translate the 'global aid for trade initiatives' into reality. Similarly, Janak Raj Shah, Hon'ble Member of the National Planning Commission and Chief Guest at the programme, graced the occasion with his presence. Joint Secretary of MoCS, Mr Toya Narayan Gyawali, made a presentation, 'Nepal's Trade Sector Development and Review of NTIS 2010' and presented key trade statistics, along with cross-cutting issues in Nepal's trade. It was followed by a presentation by Mr Udo Weber,

Counsellor, German Embassy, current Donor Facilitator. Mr Weber said that the roles of the DF are to ensure coordination and periodic review of bilateral and multilateral AfT projects in Nepal, to discuss and facilitate the implementation of the Nepal Trade Integration Strategy (NTIS) 2010, to foster information exchange and cooperation between development partners on new developments in the area of AfT in Nepal, to recommend changes and updates to the 'NTIS 2010 Action Matrix'. Similarly, Ms Diep Nguyen-Van Houtee, Senior Operations Officer, the World Bank, said that the three factors that impede growth are energy shortage, corruption and political instability. She further added that the World Bank interventions were being planned with a special focus on energy and trade facilitation. Likewise, Joint Secretary of MoCS, Mr Naindra Prasad

Upadhyaya, in his remarks, highlighted the trade facilitation reform initiatives, saying that trade facilitation is a second generation reform agenda. He said that simplification, standardization and harmonization of customs are priorities of the GoN and that the GoN gives great importance to international trade.

Additionally, remarks were also made by Director General of FNCCI, Mr Hemant Dabadi, Vice-President of CNI, Mr Hari Bhakta Sharma, and Executive Secretary of NCC, Mr Kishore Kumar Agrawal. All of them suggested that industries are very important for economic transformation and that donors are catalysts in the process of trade sector development and that the GoN, donors and the private sector have to work together to reduce the various problems faced in this sector and to look for possible solutions. Valuable comments were made by the

## NTIS Review Process Initiated

With its insistent efforts and commitment towards sustainable export-led growth, the MoCS with support from the NECTRADE Project has initiated the process for NTIS Review; the discussions and presentations of the Donor Groups' meeting are the concrete start in this direction. In fact, this very consultation meeting has laid the milestone for the review process which NECTRADE intends to achieve in the year 2013 and would put forward an updated trade strategy adjusted to the changed dimensions and context. The review process is aimed at incorporating four main areas, viz developing an M&E matrix of NTIS 2010, review of preparatory phase of NTIS 2010, review of implementation process of NTIS 2010 and updating the NTIS by adjusting new dimensions and demands from stakeholders. In the meantime, a consultation meeting—NTIS 2010: Status and Way Forward—was organized under the chairpersonship of Commerce Secretary, Mr Lal Mani Joshi, on December 5, 2012 in which stakeholders also provided their updates and put forward their suggestions. Furthermore, NTIS Review was one of the major agendas in the interaction programme with Economic Journalists on December 18, 2012. Additionally, Terms of Reference (ToR) for the consultant to carry out the NTIS review has also been developed and has been discussed within the Ministry and would be finalized by incorporating necessary feedback and suggestions through NTIS review consultation workshop to be held in near future. ■

representatives of WB, ADB, CNI, EU and JICA, wherein they expressed their interest in providing further support for the successful implementation of the NTIS in the trade sector of Nepal. Also, former Commerce Secretary, Mr Purushottam Ojha, said that the four areas that need to be focused in the area of trade are 1) trade facilitation, 2) enhancing product development,

3) transit and transport issue and 4) deriving benefits out of multilateral and regional trading systems.

Mr Janak Raj Shah highlighted that the meeting was a wonderful opportunity to come together and discuss the pertinent issues related to trade. He gave an insight into the current scenario of the Nepalese trade sector and touched upon issues

like the Trade Policy 2009, the Three-Year Interim Plan (2010–13), NTIS 2010, currency reserve, infrastructure, petroleum products, BoP, trade deficit, labour relations and so forth. Lastly, Mr Shah thanked all and encouraged the GoN, private sector as well as the donors to re-think their courses of action in this sector, keeping in mind, all the insights gained from this consultation meeting. ■

## EIF Tier 2 Projects MAPs and PETS Finalized

EIF—the global initiative for helping ELDCs tackle supply-side constraints on trade—has a provision of Tier 1 Project focused on capacity building and Tier 2 Projects targeted towards effective implementation of DTIS. Currently, Nepal is implementing Tier 1 Project (NECTRADE) and, at the same time, developing Tier 2 Projects for efficient implementation of NTIS 2010. In this context, a Tier 2 Project, Ginger Competitiveness Project: Enhancing Sanitary and Phytosanitary Capacity in the Nepalese Ginger Subsector through Public–Private Partnerships, is already in implementation phase as an EIF Tier 2 Project for supporting product development in ginger. Similarly, two other

projects, Medicinal and Aromatic Plants (MAPs) and Pashmina Enhancement and Trade Support (PETS) Projects—have been approved by the TAC 2 Meeting, held on December 24, 2012, and forwarded to the National Steering Committee (NSC) for final approval. GIZ is the main implementing agency for the MAPs Project, with a total project cost of Euro 3,300,000, while International Trade Centre (ITC) is responsible for the implementation of the PETS Project, with a total project cost of USD 2,000,000. These project proposals were developed through wide stakeholder consultation process, including rigorous discussions and interactions in different stages. The



NECTRADE Project facilitated the entire project development process by organizing meetings and interactions, reviewing and refining project documents and coordinating with line ministries, EIF-ES, TFM, ITC, GIZ, private sector and other agencies concerned to bring the diverse interest of various groups in the same direction. ■





Under Secretary, Mr Jib Raj Koirala, welcoming the participants of the training

## Enhancing Skills of the Government and Private Sectors

An intensive training programme, Advanced Effective Writing Skills and Project Proposal Development, was organized by NECTRADE Project/MoCS on December 13–15, 2012 in Kathmandu. The training was facilitated by Ms Swarnim Gurung, who is the Cambridge Examination Team Leader and CELTA trainer for the University of Cambridge CELTA award. The objective of the training was to enhance writing skills and developing proposals to help the participants in designing effective Tier 2 project proposals.

Intensive training sessions were conducted each day from 9:00 to

17:00 hrs so that participants could benefit as much as possible from Ms Gurung's knowledge and experience. There were 24 participants from various government agencies and private sectors like OPMCM, NPC, MoE, MoCS, MoAD, MoI, DoCSM, FNCCI, NCC and NECTRADE. The participants were confident about developing project proposals after developing advanced writing skills after the completion of the training. According to Mr Ravi Bhattarai, Under Secretary, MoCS, 'the programme was thoroughly interesting and learning English was fun!' That is the reason it received marvelous feedback from all the participants. ■



## Trade SWAp Initiated Right from the Ministry

MoCS has taken initiative to develop a modality for effective trade SWAp implementation in Nepal and it is about to be finalized soon. A task force has been formed to finalize the implementation modality by following stakeholder consultations and other necessary procedures. Effective implementation of Trade SWAp will support trade mainstreaming in national development efforts by bringing all actors together and work in a harmonized manner with effective utilization of resources. It will also support harmonized resource mobilization, including development assistance, as well as domestic resources, by synchronizing efforts. Programmes and projects need to be properly managed by both GoN and DPs, where successful projects can have positive multiplier effects in the entire development process through Trade SWAp. ■

## Working Meeting with Chinese Delegation in Kathmandu

The NECTRADE Project organized a working meeting with a Chinese delegation on December 25, 2012 at the Everest Hotel. The four-member delegation, led by Deputy Director General, Mr Liu Shaobin, had also attended a meeting at the MoCS on December 24, 2012. Commerce Secretary, Mr Lal Mani Joshi, Joint Secretary, Mr Naindra Prasad Upadhyaya, Joint Secretary, Mr Toya Narayan Gyawali, along with other high-level officials of the MoCS, including NPM of NECTRADE, participated in the meeting. The major agendas of the meeting were Nepal–PR China bilateral trade, trade facilitation for promotion of mutual trade and technical and economic assistance to Nepal in infrastructure building at border customs points. The meeting also discussed various issues and opportunities in the areas of Nepal–China trade relationship like DFQF treatment by China to Nepal, upcoming Nepal–China Trade Fair in Lhasa and technical assistance in the field of SPS and TBT. ■



## Trade MAINSTREAMING MECHANISM in Progress

Trade mainstreaming is a process of assessing any policy and programme from the perspective of trade in the national development efforts. Trade mainstreaming in Nepal can be highlighted from four main perspectives: policy, institution, international cooperation and programme level. Nepal's Three-Year Interim Plan, the main national development policy, has already incorporated export trade development as a key strategy for achieving the objective of poverty eradication and socio-economic development. At institution level, trade mainstreaming process is overseen, guided and ensured by the National Steering Committee (NSC), chaired by the Chief Secretary of GoN and consisting of Secretaries from key line ministries, representatives of NPC, NRB, Donor Facilitator (DF) and

Presidents of FNCCI, NCC and CNI. Similarly, mainstreaming trade in the area of international cooperation has also taken gradual steps by incorporating trade as a priority area of DPs from Nepalese perspective. EIF mechanism has been supportive towards mainstreaming trade in national development process in Nepal.

Likewise, at the programme level, GoN has been allocating budget under separate heads for effective implementation of the NTIS since FY 2010/11. Furthermore, the NECTRADE Project within MoCS has been quite active in mainstreaming trade. Regular meetings with product associations for adjusting their suggestions and feedback in policy and programmes, organizing interaction and awareness programmes at central and

local levels for making people think from the trade perspective, broadcasting audio-visual programmes on NTIS products on television, conducting training and interaction on various aspects and issues of trade and development for the officials working in trade-related areas and also regular interactions and orientation with trade journalists are some of the major activities carried out by the Ministry with support from NECTRADE. In addition, capacity development and institutional strengthening programmes have been carried out on continuous basis. MoCS also supports private sector to organize and participate in trade fairs, promote trade, product development and capacity development through the Trade and Export Promotion Centre (TEPC) as well as NECTRADE. In this way, the process of trade mainstreaming in Nepal has been carried out and accelerated not only by the government sector but also by the private sector, development partners as well as civil society. ■

## Interaction and Orientation on TRADE-RELATED AFFAIRS

MoCS, with support from the NECTRADE Project, has organized a number of meetings, interactions and review programmes to expedite and fulfill its commitment towards trade sector development of the country. MoCS, in association with NECTRADE, has conducted consultation meetings on Trade SWAp, NTIS 2010 status and updates with different stakeholders, organized Trade Advisory Committee meetings, orientation programme on Integrated Data Base (IDB) and CTS with support from WTO official, Mr Thakur Parajuli. Likewise, on the occasion of the 18<sup>th</sup> Nepal Cargo Day, a programme, 'Committed to Logistics Development', was organized by NEFFA with support from the NECTRADE Project, on July 29, 2012, at Hotel Everest, Kathmandu. Similarly, Nepal–Korea Joint Workshop on Innovation Policy for Development was organized in collaboration with the NECTRADE Project on November 6-7, 2012 in Kathmandu. In addition, NECTRADE has been supporting the MoCS to organize various consultations, interactions and meetings with trade-related stakeholders within the Ministry and in other locations as well regularly. ■



Celebrating 18<sup>th</sup> Nepal Cargo Day

# NEPAL

## as LDCs' Coordinator in the WTO for 2013

The category of LDCs was officially established in 1971 by the UN General Assembly with a view to attracting special international support for the most vulnerable and disadvantaged members of the UN family. Currently, there are 49 LDCs on the UN list, 34 of which to date have become WTO members. The LDCs receive extra attention in the WTO. Principally, all the WTO agreements recognize that LDCs must benefit from the greatest possible flexibility and better-off members must make extra efforts to lower import barriers on LDCs' exports.

The LDCs' participation in the work of WTO and in the negotiations has immensely increased since the establishment of the WTO LDC consultative group. Nepal became the coordinator of an advisory group of the LDCs in the WTO on December 14, 2012. This is for a period of six months, but normally renewed for next six months. Only a limited number of LDCs have assumed this role. In the past, Bangladesh, Haiti, Lesotho, Tanzania, Uganda and Zambia have accomplished this role. The LDCs' Consultative Group is the key forum of LDCs and observers

of the WTO to discuss and build a common position on all pertinent issues in the WTO.

Given the context that WTO's 9<sup>th</sup> Ministerial Conference is going to be held in Bali, Indonesia, in December 2013, Nepal's role as LDCs' Consultative Group Coordinator is deemed highly prestigious and challenging. Now, the responsibility of raising LDCs' trade issues and development concerns precisely and consistently at different forums of the WTO and other trade-related organizations has come on Nepal's shoulder. ■

## Major Issues of LDCs

The sixth ministerial conference of the WTO, held in Hong Kong in 2005, has urged all developed and developing members to provide Duty Free Quota Free (DFQF) Market Access, at least for 97 per cent of the tariff lines, for the products of LDCs. Many developed and developing members have already started implementing this decision; however, some are waiting to implement it after the conclusion of Doha Development Agenda only.

Despite sufficient S&D provisions in the WTO agreements, repeated commitments made by developed and developing members for opening market access following ministerial decisions, repeated promise to accelerate financial and technical assistance for LDCs, LDCs

are neither given proper market access nor sufficient technical assistance for capacity building. Hence, due to slow and ineffective implementation of several commitments made earlier under the WTO system, many LDCs still fail to be integrated into the world trading system meaningfully and fail to get proportionate advantages from it.

There are many longstanding agendas of LDCs in the WTO, most of which are included under DDA. Some of the highly important agendas of LDCs in the WTO that require immediate intervention are Trade in Services, Trade Facilitation, Intellectual Property, Market Access for LDCs, Trade in Agricultural Products and Cotton, Enhanced Integrated Framework and LDCs' Accession. Nevertheless, some

other issues that need to be worked on simultaneously are AFT, TRTA, TRIPS, effective implementation of Special and Differential Treatment (S&DT) as provisioned under various WTO agreements, simplifying Rules of Origin (RoO) provisions, improving Dispute Settlement Mechanism (DSM) in favour of LDCs, strengthening and extending coverage of EIF for trade capacity building in LDCs, and so on.

There could be a long list if all relevant issues of the LDCs were included. However, issues mentioned above represent most of the pertinent problems that LDCs are facing at present. So, at this moment, it would be desirable for all LDCs to concentrate their energy and synchronize their efforts towards addressing these issues, as well as garnering support from developed and developing members of the WTO. ■

# TIER 2 PROJECT ON Ginger under Implementation



USD 462,144, out of the total funding of USD 1,173,694, whereas EIF has contributed USD 711,550 towards this project. The private sector has provided land for establishing a processing plant, whereas the GoN is providing other necessary support in kind. FAO/UN is the main executing agency. This project is aimed at increasing income level of ginger farmers, mainly in eastern Nepal, through

improvements in SPS arrangements and value addition for export to India and other countries. The project, unique on its own, is expected to increase market opportunities for Nepalese ginger through a series of SPS-related and value addition interventions. As such, the project would help further improve Nepal's ranking among the top ginger exporters in the world. ■

An EIF Tier 2 Project, Ginger Competitiveness Project: Enhancing Sanitary and Phytosanitary (SPS) Capacity of Nepalese Ginger Exports through Public–Private Partnerships, has been under implementation as an EIF Tier 2 project. The project has been jointly financed with support from the GoN, EIF, Standards and Trade Development Facility (STDF) and private sector on PPP modality. STDF has contributed



## Support to the Private Sector for CAPACITY DEVELOPMENT

EIF Tier 1 Project, NECTRADE, has been working for capacity development in trade sector and also providing necessary support to the private sector for enhancing their competitiveness. This type of support to the private sector can be extended based

upon demand and assessed through the rationality of the requested proposals. In this context, the NECTRADE Project has extended its support to the Nepal Chamber of Commerce (NCC) and Nepal Tea Planters' Association (NTPA), Bhadrapur, by concluding two

separate MoUs. NTPA is responsible for broadcasting information, interaction programmes and talk shows related to tea on local FM, whereas NCC would be conducting training in Office Management for its staff to enhance their managerial skills, thus increasing efficiency at work. A total of NPR 240,000 would be provided to the NTPA in various phases and likewise NPR 145,000 would be granted to the NCC for conducting the training programme. ■

## Export Potential and Socioeconomic Impact of 19 Products and Services of NTIS 2010

Sector	Nepali exports, 2008 (US\$1,000)	Index 1: Export performance	Index 2: World market conditions	Index 3: Domestic supply conditions	Overall export potential	Socio-economic impact
<b>Agro-Food</b>						
Large cardamom	21,329	high	low	high	high	medium
Ginger	8,130	medium	low	medium	medium	medium
Honey	500	low	medium	medium	medium	medium
Lentils	22,258	medium	high	high	high	medium
Tea	16,805	high	low	medium	medium	high
Instant noodles	10,390	high	medium	high	high	low
Med. herbs/ ess. oils	11,000	low	medium	high	medium	high
<b>Craft and Industrial Goods</b>						
Handmade paper	4,000	low	low	high	low	high
Silver jewellery	9,519	low	high	medium	medium	medium
Iron and steel products	149,394	high	high	high	high	medium
Pashmina products	22,074	medium	medium	high	medium	medium
Wool products	16,450	medium	high	medium	medium	high
<b>Services</b>						
Tourism	352,000	high	high	high	high	high
Labour services	2,448,000	high	high	medium	high	high
IT and BPO services	10,000	medium	medium	medium	medium	medium
Health services	n/a	low	medium	low	low	low
Education services	10,000	medium	low	low	low	low
Engineering services	n/a	low	medium	medium	medium	low
Hydro-electricity	0	low	high	medium	medium	medium

Source: Export Potential Assessment (NTIS Chapter 2)

Note: The 19 products and services are selected on the basis of export potential and their socioeconomic impact.

## ABOUT EIF NEPAL AND NECTRADE

The Enhanced Integrated Framework (EIF) is a global commitment for trade-related capacity building of LDCs, which the Ministry of Commerce and Supplies, Government of Nepal (GoN), has initiated for the development of Nepal's trade sector. Accordingly, NTIS was launched in June 2010 to support EIF implementation

process. The NTIS identifies 19 products and services as having comparative advantage for export.

National Implementation Arrangement, which comprises a National Steering Committee, a Focal Point, a National Implementation Unit (NIU) and other entities are constituted by the GoN as per the guidelines of EIF Executive Secretariat, Geneva. The NIU is responsible for coordinating EIF activities and implementation at national level.

As a Tier 1 Project of EIF Nepal, the Nepal Enhanced Capacities for Trade and Development (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 trade. Initially, the NECTRADE Project's Phase I was approved till March 30, 2013 for three years. But before moving into Phase II, the need for no-cost extension till the end of December 2013 was strongly felt for integrating the efforts made so far. Hence, the process for extension was initiated and has almost been completed with the submission of revised Log Frame, Annual Work Plan for 2013, along with the request for extension to the EIF-ES, Geneva. ■

### PUBLISHED BY

Nepal Enhanced Capacities for Trade and Development (NECTRADE) Project  
Ministry of Commerce and Supplies, Government of Nepal  
4<sup>th</sup> Floor, MoCS Building, Singha Durbar, Kathmandu, Nepal  
Phone: 4233217, Fax: +977-1-4233215, Web: www.eifnepal.mocs.gov.np

For editorial comments and suggestions, please email  
Pankaj Giri at [nctrade@mocs.gov.np](mailto:nctrade@mocs.gov.np)