



Government of Nepal  
Ministry of Commerce and Supplies

## Inside



WTO and Nepal: A high-level interaction



Trade Advisory Committee meeting



Orientation and training programme in Dhangadhi

EIF ED's Nepal Mission concludes	2		
MoCS officials trained in ICT	3		
PETS Project Launched to enhance export competitiveness of Chyangra Pashmina	4		
High-level inter-ministerial dialogue for export trade development	5	NPC asks all Ministries and agencies to accord priority to trade	9
Trade Mainstreaming Workshop	6	3 <sup>rd</sup> Tier 2 Project IN-MAPs launched	9
Regional EIF Workshop on Financial Management, Results Reporting and Communication	8	Industrial and Business Opportunities in the Far West	10
2 <sup>nd</sup> NTIS Review and Update Steering Committee meeting	8	12 <sup>th</sup> AFT Donor Group Meeting	12
		Promoting Precious Stones	12

# EIF NEPAL NECTRADE Newsletter

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

Volume 5  
Issue 1  
January–June 2014

## WTO DG Azevêdo in Kathmandu

“There is need for increasing resources, as well as enhancing resource mobilization in trade through other donor countries and agencies.”

Director General of the World Trade Organization (WTO), Mr Roberto Azevêdo, arrived in Kathmandu on June 4, 2014 on a two-day visit. During his visit, he met Prime Minister Rt. Hon. Sushil Koirala, Minister for Commerce and Supplies (MoCS) Hon. Sunil Bahadur Thapa and State Minister of the same ministry Hon. Giri Bahadur K.C.

At the meeting with Mr Azevêdo, Minister Thapa reiterated Nepal's commitment to an open and liberal economy and said that the Government of Nepal (GoN) has been formulating and implementing its policies and programmes in that

spirit. He further said that the country is enhancing export trade to achieve the aims of poverty alleviation and socio-economic development. Highlighting the role that WTO could play in mobilizing Aid for Trade (AFT) for Least Developed Countries (LDCs) by coordinating with developed countries and other donor agencies, Commerce Minister said that effective implementation of the Bali Package could help achieve the expected results. He added that Enhanced Integrated Framework (EIF) had helped to focus the mobilization of the Aft in LDCs and Nepal has also benefitted from it, but there was still need for increasing

resources, as well as further enhancing resource mobilization in trade through other donor countries and agencies.

Pointing out that LDCs like Nepal needed special concessions, Mr Azevêdo underscored the importance of both production and market for export. It may be recalled that Mr Azevêdo had played a crucial role at the 9<sup>th</sup> Ministerial Conference (MC9) of WTO and showed his concern for LDCs in the areas of services waiver, duty-free quota-free market access and extension of the implementation period of the agreement relating to intellectual property rights. ■



Mr Azevêdo (second from left) with Hon. Sunil Bahadur Thapa, Hon. Giri Bahadur KC and Commerce Secretary Mr Narayan Gopal Malego.

## MESSAGE



Trade can play a crucial role in achieving the government's goal of poverty reduction. The GoN is committed to undertaking policy initiatives, developing infrastructure and providing institutional support for stimulating Nepal's exports. It has undertaken major initiatives at policy, institutional, international cooperation and programme level for trade mainstreaming and providing incentives to support export promotion. MoCS has established a mechanism for coordination among line ministries for export trade development.

EIF activities are focused on enhancing human and institutional capacity of trade sector, coordinating resource mobilization, including strengthening product development, strengthening testing laboratories and SPS and TBT measures.

I heartily congratulate the NIU Team for bringing out yet another issue of the *NECTRADE Newsletter*.

**Narayan Gopal Malego**  
Secretary, MoCS, and  
EIF Nepal Focal Point

## MESSAGE



Tremendous opportunities exist for Nepal to export agro-food, hydro-electricity, herbal and industrial products and tourism. The membership of WTO has offered opportunities for Nepal to have better access to world market. The challenge is to embrace the widening scope of international trade and fulfill the demands of destination markets by supplying products that meet international standards and quality. Trade agenda has been incorporated in the ongoing development plan as a priority area of Nepal's development process. MoCS is currently reviewing and updating Trade Policy 2009 and NTIS 2010.

The current issue of the *NECTRADE Newsletter* highlights some of the important activities that have been carried out for mainstreaming trade and trade sector development in Nepal during January-June 2014. I appreciate the editorial team of the *NECTRADE Newsletter* for putting in so much effort and bringing out the newsletter every six months.

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

## EDITORIAL



EIF Nepal Tier 1 (NECTRADE) project has taken initiatives towards enhancing export competency of the country through various means: orientation and training for trade actors from central to local levels, public-private dialogues in trade policy and strategy matters, coordinating and facilitating development and implementation of projects related to product development and trade infrastructure, providing technical support to MoCS, working with private sector for enhancing institutional capacity, harmonizing aid for trade, among others. NECTRADE is fully committed to a comprehensive review and update of NTIS 2010, a task it has been entrusted by the MoCS.

NECTRADE has been disseminating information through various outreach activities, including a newsletter, to its stakeholders as well as people at large. In this context, we are pleased to share the new issue of the *NECTRADE Newsletter*, which provides information on the major activities carried out by the project during the period of the first half of the year 2014.

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

# EIF ED'S NEPAL Mission concludes

Dr Ratnakar Adhikari, Executive Director of the Enhanced Integrated Framework (EIF) at WTO, visited Nepal from March 10 to 14, 2014. Dr Adhikari was accompanied by Mr R. Manivannan, Regional Portfolio Manager-Asia and the Pacific, EIF Trust Fund, UNOPS, and Mr James Edwin, Coordinator, M&E, EIF-ES, Geneva. The team met Mr Madhav Prasad Regmi, Commerce Secretary, and Mr Toya Narayan Gyawali, Joint Secretary of MoCS and EIF Board Member.

At a briefing meeting, Mr Buddhi Prasad Upadhyaya, EIF NPM, shared the major activities carried out by the NECTRADE Project from the last quarter of 2012 till

early 2014, as well as planned activities for 2014. The team also attended the Pashmina Enhancement and Trade Support (PETS) Project's launching ceremony.

Dr Adhikari held several meetings with high-level GoN officials, including Chief Secretary, Chairperson of EIF Nepal National Steering Committee, Secretary and Chief of Foreign Aid Coordination Division, Ministry of Finance, and key stakeholders and actors related to Nepal's trade and development, including Ms Jacqueline Groth of the German Embassy.

The team also attended Trade Mainstreaming Workshop, held meetings

with Secretary of the National Planning Commission, officials of sectoral agencies (FAO, FNCCI) and projects (PETS, MAPs), and a wrap-up meeting with the National Implementation Unit/MoCS. All these meetings pertained to mainstreaming trade, efficient utilization of Aid for Trade and EIF activities in Nepal. ■

Dr Ratnakar Adhikari and Mr Madhav Prasad Regmi listening to the update on EIF interventions in Nepal.



# WTO and Nepal A high-level interaction

A high-level interaction programme, 'World Trade Organization and Nepal', was organized on June 5, 2014 in Kathmandu.

The interaction programme was chaired by Minister of State for Commerce and Supplies, Hon. Giri Bahadur K.C. Mr Roberto Azevêdo, Director General of the WTO, was the chief guest and keynote speaker at the programme. Mr Toya Narayan Gyawali, Officiating Secretary of MoCS, presenting the programme highlights, said the Bali Resolution had raised new hopes and Nepal, as an EIF beneficiary country, had succeeded in receiving support from EIF in the implementation of three Tier 2 projects.

Hon. Giri Bahadur K.C., chair of the programme, underscored the importance of implementing the Bali Package and of increasing support through the EIF to LDCs like Nepal. Mr Azevêdo recalled that Nepal had supported his cause considerably when she was coordinator of LDCs in 2013. He added that the LDCs should be competitive in receiving benefits from the WTO. He further added that,

since government's role is only to facilitate trade and it is the private sector that really carries out trade, it should take further initiatives in this matter.

Moderating the technical session, Mr Leela Mani Poudyal said that Nepal is yet to achieve the high expectations that it had from joining the WTO.

NRB Governor Dr Yuvaraj Khatiwada said that optimal utilization of available opportunities was the biggest challenge for Nepal. NPC member, Dr Swarnim Wagle, called for paying special attention to capacity development. Former NRB governor, Mr Himalaya Sumsher JBR, stressed the need for an inclusive world. Trade expert, Mr Prachanda Man Shrestha, said that Nepal had got opportunities from WTO membership, but supply-side constraints, lack of adequate infrastructure, lack of knowledge of the opportunities offered by the WTO agreements and technical constraints came in the way of utilizing those opportunities. Former Secretary of MoCS, Mr Purushottam Ojha, highlighted capacity development and

trade-related assistance and need for forecasting ability. Ms Rita Bhandari, President of Women Entrepreneurs Association of Nepal (FWEAN), Mr Dinesh Shrestha of FNCCI, Mr Suresh Kumar Basnet, President of Nepal Chamber of Commerce, Mr Gokarna Awasthi of Kantipur Publications, among others, shared their views.

The interaction programme was attended by about 40 participants, including Governor of Nepal Rastra Bank, members of the National Planning Commission and officials of Ministries concerned, Ambassador of Brazil, and representatives of the private sector, media and trade experts. ■

## MoCS officials trained in ICT



Advanced training in Information and Communication Technology (ICT) was organized to enhance IT-related knowledge and skills of high-level officials of MoCS so that they could apply them in their day-to-day office work more effectively. The eight-day training began on May 26, 2014. The programme was customized to help participants apply what they had learned at work.

Commerce Secretary, Mr Narayan Gopal Malego, all three Joint Secretaries, Director General and Deputy Director General of the Department of Commerce and Supply Management and Under Secretaries of the MoCS participated in the training.

NECTRADE had acquired services of Himalayan Institute of Technology, Kathmandu, for conducting the training. ■

Mr Azevêdo (second from left) with Hon. Giri Bahadur KC, Chief Secretary, Mr Leela Mani Poudyal, and officiating Secretary of MoCS, Mr Toya Narayan Gyawali.



# PETS PROJECT LAUNCHED

## ENHANCING EXPORT COMPETITIVENESS OF CHYANGRA PASHMINA

Minister for Finance Hon. Dr Ram Sharan Mahat officially launched the Pashmina Enhancement & Trade Support (PETS) Project on March 10, 2014 in Kathmandu. The launching ceremony was chaired by the Secretary of the MoCS and EIF Nepal Focal Point, Mr Madhav Prasad Regmi. Ms Arancha Gonzalez, Executive Director of the International Trade Centre (ITC), Dr Ratnakar Adhikari, Executive Director of EIF, and Development Counselor of Federal Republic of Germany in Kathmandu, Ms Jacqueline Groth were also present at the programme.



Minister of Finance, Hon. Dr Ram Sharan Mahat, with other guests at the launching ceremony of the PETS Project.

On the occasion, Mr Pushpa Man Shrestha, President of Nepal Pashmina Industry Association (NPIA) expressed his hope that the project would help in the production of quality Pashmina products and in creating a brand in the international market.

The chief guest, Hon. Dr Ram Sharan Mahat, hoped that the project would ultimately benefit the farmers and local stakeholders associated with the industry.

Ms Arancha Gonzalez pointed out the tremendous opportunities for Nepal to

export agricultural, agro-food and forestry products, textiles and handicrafts.

Dr Ratnakar Adhikari said that the PETS project would be instrumental in positioning Nepalese Chyangra Pashmina products as luxury products from the Himalayan country. On the occasion, he also launched the new website of EIF Nepal, [eifnepal.gov.np](http://eifnepal.gov.np), developed by the NECTRADE Project.

Chair of the function, Mr Regmi released 'The EIF Trading Story of Pashmina, Tea and Ginger' in Nepal. He reiterated

MoCS's commitment to effective and well-coordinated mobilization of trade-related technical assistance.

Mr Toya Narayan Gyawali, Joint Secretary of MoCS and Chief of EIF NIU, urged the private sector institutions and entrepreneurs to come forward with more creative and innovative ideas and proposals. He expressed GoN's commitment and readiness to improve policy measures, develop infrastructure and provide institutional support for stimulating Nepal's exports.

Chyangra Pashmina is one of the 19 prioritized products of NTIS 2010. MoCS has initiated the PETS project with support from the EIF and is the result of collaborative efforts of the MoCS, ITC and NPIA. Capacity building of NPIA, support to increase export of Chyangra Pashmina products and creation of awareness and recognition of the Chyangra Pashmina trademark in target markets are the three components of the PETS project. EIF has contributed US\$1,861,603 and GoN has contributed US\$200,000 in kind to the project. The three-year project has been under implementation since June 2013. ■

EIF ED Dr Ratnakar Adhikari (fourth from left), along with other members of his team, with other participants.



# High-level inter-ministerial dialogue for export trade development

A high-level inter-ministerial dialogue on export trade development and strengthening SPS and TBT Measures was held on January 23, 2014. The programme was chaired by Commerce Secretary, Mr Madhav Prasad Regmi. The Secretary of Ministry of Industry (MoI), Mr Krishna Gyawali, Secretary of Ministry of Agricultural Development (MoAD), Mr Jaya Mukund Khanal, and officiating Secretary of Ministry of Forests and Soil Conservation were also present at the programme.

Joint Secretary of MoCS, Mr Toya Narayan Gyawali, stressed the importance of strengthening SPS and TBT measures and export trade development. He said that international trade is not possible without involvement of testing laboratories for standardization, certification, conformity assessment, accreditation and so on.

Mr Buddhi Prasad Upadhyaya, EIF National Programme Manager, briefed about the EIF process in Nepal. He said EIF activities have been focused on enhancing human and institutional capacity of trade sector, coordinating resource mobilization, including strengthening product development, strengthening testing laboratories, and SPS and TBT measures. According to him, in the absence of internationally accepted testing laboratories, products are re-tested and re-verified abroad, which is costly and time-consuming. Therefore, establishing and strengthening testing laboratories can boost trade, particularly export, Mr Upadhyaya stressed.

Mr Jib Raj Koirala, Joint Secretary of MoCS, said export promotion and strengthening laboratories would only be effective when all ministries and departments concerned would work together in a coordinated manner. He said that we need to embrace the

widening scope of international business over the years and fulfill the demands of destination markets by supplying products that meet international standards and quality.

Secretary of MoAD, Mr Jaya Mukund Khanal, remarked that Nepal needs to strengthen testing laboratories to ensure quality products to foreign markets. AFT should be mobilized for establishing effective and internationally accredited laboratory or testing facilities in Nepal.

Similarly, Secretary of MoI, Mr Krishna Gyawali, lauded the efforts of MoCS for establishing a mechanism for coordination among line ministries for export trade development. He informed that MoI has been providing services to the industries through one-window. Providing cash incentives to industries; reducing the FDI approval process from 22 steps (14-30 days) to 14 steps (5-10 days), providing five-year visa for the investors, among others are some of the developments in this regard, Mr Gyawali shared.

Commerce Secretary, Mr Madhav Prasad Regmi, in his closing remarks, said that each ministry and department has to deliver and fulfill its part by enhancing productivity, facilitating the production and development process, adding value, manufacturing, research and development, promoting investment, enacting trade-friendly laws and policies, etc. so that supply-side constraints can be removed, export of goods can be smooth and assurance of international standards can be made possible through testing laboratories.

At the programme, presentations were made by officials of MoCS, MoAD, MoI, Departments of Commerce and Supply Management, Agriculture, Livestock Services, Food Technology and Quality Control, Forest, Industry, Mining, Cottage and Small Industries, and Plant Resources, Nepal Bureau of Standards and Metrology and major product development projects in order to share the initiatives taken by them and also to bring such efforts towards export sector development in a harmonized manner. ■

Participants at the High-level inter-ministerial Dialogue.



# Trade Mainstreaming Workshop

## “We can overcome challenges with the right kind of approach”

A one-day workshop on trade mainstreaming was held on March 12, 2014 in Kathmandu. The workshop was chaired by Mr Madhav Prasad Regmi, Secretary, MoCS. Dr Ratnakar Adhikari, Executive Director, EIF, Executive Secretariat at WTO, Geneva was the keynote speaker.

Delivering his welcome remarks, Mr Toya Narayan Gyawali, Joint Secretary, MoCS, said that trade cannot be looked in isolation but should be a part and parcel of the national economic policy-making. There is need to have a vision and work with missionary zeal to get to that vision. He said: ‘We have enormous challenges, but we can overcome them with the right kind of approach.’ He added, ‘All of us should realize that we are in the same boat and success is judged by the level of prosperity of the people.’

Mr Buddhi Prasad Upadhyaya, EIF National Programme Manager, presented major efforts and initiatives undertaken by the GoN at policy, institutional, international cooperation and programme level for trade mainstreaming, role of MoCS as well as expected roles of different trade-related stakeholders. Mr Upadhyaya stressed that trade sector development is inevitable for achieving the government’s goal of poverty reduction. He added that the membership of the WTO was an opportunity for LDCs to have better access to world market.

Ms Jacqueline Groth, Counsellor, Head of Development Cooperation, German Embassy—the EIF Donor Facilitator—presented a paper, ‘Mainstreaming Trade into Nepal’s Development Policy: Role of Development Partners’. According to her, despite efforts of development



Mr Toya Narayan Gyawali welcoming the participants at the Trade Mainstreaming Workshop.

partners and EIF for mainstreaming trade, practicable fundable proposals for trade sector development are lacking. She suggested that trade agenda should be incorporated in the development partners’ country strategy papers and in sector-specific programmes.

Dr Hemant Dabadi, Director General of FNCCI, suggested that the GoN should recognize the private sector as a major stakeholder in true sense and work with it. He called for the private sector to invest in branding, packaging, marketing and product development and do not shy away from competition. Furthermore, he asked the private sector to lead the process rather than be led by the government.

President of FNCCI, Mr Pradeep Jung Pandey, requested the government to extend incentives and schemes to exporters. He suggested that the government should give priority to the MoCS in terms of role and budget allocation.

Delivering his keynote speech, Dr Ratnakar Adhikari, Executive Director, EIF Executive Secretariat, spoke on the relevance of trade mainstreaming in national development process, major efforts and initiatives undertaken by the EIF at global level and suggestions from Nepalese perspective. He suggested that NTIS 2010 should be aligned towards trade mainstreaming and budgetary provision should be sufficiently allocated for promoting trade.

Vice-President of CNI, Mr Manoj Kedia, said that effective coordination with government and related agencies can help the private sector perform better in trade. He urged the private sector, government, development partners, media and civil society to invest in physical infrastructure, hydropower, tourism and herbal products.

Similarly, president of Federation of Women Entrepreneurs’ Association of Nepal, Ms Rita Bhandari, requested stakeholders to be more inclusive and gender-friendly right from central to local level. She said NTIS implementation

can be effective only with the active involvement of women.

Likewise, Mr Gopal Tiwari from Nepal Business Forum, former Commerce Secretary and trade expert, Mr Purushottam Ojha, Joint Secretary of Ministry of Industry, Ms Yam Kumari Khatiwada and trade expert, Mr Prachanda Man Shrestha, shared their views.

In his closing remarks, the chair of the programme, Mr Madhav Prasad

Regmi, said the new ideas offered at the workshop could help address the widening trade deficit and mainstream trade. He informed the gathering that the National Steering Committee under the chairpersonship of the Chief Secretary of GoN, Trade Advisory Committee, six Technical Committees in different line ministries, as well as WTO focal points, have been providing regular support to the MoCS for trade sector development. Finally, he articulated MoCS’s commitment to consider the valuable

suggestions forwarded by the participants in its upcoming policies and programmes.

The workshop was attended by about 105 participants, including Joint Secretaries and other officials from MoCS, Coordinators of EIF TCs from other line ministries, Joint Secretaries of Planning Divisions of the line ministries, representatives from WTO Focal Points, private sectors, trade experts, representatives from Economic Department of TU, KU, and University Grant Commission. ■

# TAC suggests timely adjustments in Trade Policy and Export Strategy

A Trade Advisory Committee (TAC) meeting was organized by the MoCS on May 29, 2014. At the meeting, progress of implementation of NTIS 2010 and the Export Incentive Mechanism was reviewed. Similarly, the meeting discussed the measures that should be taken for ensuring smooth supply of petroleum products.

All the participants of the meeting were of unanimous view that wider stakeholder consultation and research, such as SWOT and market analysis, were needed before updating NTIS 2010. Also, equally echoed was that the MoCS should play the role of the lead coordinating agency.

Regarding the progress on the implementation of NTIS, export of eight NTIS goods has increased but that of four has decreased. Furthermore, there were mixed results in the implementation of NTIS 2010: encouraging in the crosscutting sectors but poor in product development areas.

Since four years have been completed after NTIS launch, the GoN has decided to review and update NTIS 2010. EIF NSC entrusted the MoCS to conduct this task. For this purpose, Review and Update Steering Committee and Technical Committee have been formed and activated.



Participants in the Trade Advisory Committee meeting.

There were four Indicators in NTIS 2010: export performance, world market condition, domestic supply condition and socio-economic impact. Additional indicators may be required while updating the NTIS such as: use of new technology and its suitability; product uniqueness; export volume and value addition; employment generation; regional potential product; an integration in regional and global value chain process.

Regarding the review of Export Incentive System, the GoN has been providing incentive to support export promotion since BS 2067/68. As for area of coverage of products, industrial and agriculture sectors have been covered but there is high demand from service sector also.

Similarly, regarding smooth supply of petroleum products, it was pointed out that automatic price adjustment mechanism has yet to be implemented. ■

## Regional EIF Workshop on Financial Management, Results Reporting and Communication



Participants attending one of the sessions of the Regional EIF Workshop.

On the invitation of EIF-Executive Secretariat (EIF-ES)-Geneva, a team of five members from Nepal participated in the Regional EIF Workshop in Financial Management, Results Reporting and Communication from May 19 and 23, 2014 in Bangkok, Thailand. The workshop was designed to enhance financial, reporting and communication parts in the EIF-supported country projects within the

Asia-Pacific Region. It was aimed at enabling the building of a productive dialogue among EIF-ES, EIF-TFM and member countries.

The participants of the workshop mainly learned about UN ESCAP's trade and investment division; trade agreements and negotiations; procurement and best practices in procuring goods and services; monitoring and evaluation of EIF results

through results chain; understanding EIF outcomes and indicators, sources and means of objective verification; developing a work plan based on log-frame; legal aspects of EIF; no cost and cost extensions, budget revisions, work plan revisions, audit obligations, audit guidance; defining communication objectives at different stages of the project cycle; developing powerful messages for trade mainstreaming, identifying best approaches to engage key stakeholders; identifying messages and channels by developing an outreach plan, among others.

The workshop was jointly organized by EIF-ES and UNESCAP. It was attended by representatives of 12 different countries from Asia and the Pacific Region, including Nepal. The Nepalese team was led by Joint Secretary of MoCS and EIF Board Member, Mr Toya Narayan Gyawali, and comprised Mr Chhabindra Parajuli, Mr Buddhi Prasad Upadhyaya, Mr Pankaj Giri and Mr Saroj Acharya. ■

## 2<sup>nd</sup> NTIS Review and Update Steering Committee meeting calls for expediting the review process

The second meeting of the NTIS Review and Updates Steering Committee was held on April 11, 2014. The meeting was chaired by Commerce Secretary, Mr Madhav Prasad Regmi. Mr Buddhi Prasad Upadhyaya, NPM, briefed the meeting about the decisions of the first meeting and agendas of the second meeting. He also briefed about the progress on NTIS Review and Update. Also, the ToR of the International Consultant for the NTIS Review and Update was discussed and finalized at the meeting. The meeting decided to constitute six thematic working groups under the leadership of the coordinators of

EIF Technical Committees. The thematic groups will facilitate and coordinate the process of NTIS Review and Update at sectoral level and provide technical feedback and suggestions in related areas. The meeting also discussed indicators for selection of the potential products to be considered while updating the NTIS and number of products to be included in NTIS. Additional indicators, such as use of new technology and its sustainability, product uniqueness and value addition, integration into global and regional value chain process and employment generation were discussed as some of the important additional indicators. ■

### Thematic Working Groups and Coordinators

1. *Aid for Trade and Trade in Services:* Joint Secretary of Planning and International Trade Cooperation Division of MoCS;
2. *Trade Negotiation Capacity Development and Trade Support Institutions:* Joint Secretary of Export Promotion, Trade and Transit Division of MoCS;
3. *Agriculture and SPS Measures:* Ministry of Agricultural Development;
4. *Manufacturing, TBT, Investment and IPR:* Ministry of Industry;
5. *Customs and Trade Facilitation:* Ministry of Finance; and
6. *Legal Reforms:* Office of the Prime Minister and Council of Ministers.

## NPC asks all Ministries and agencies TO ACCORD PRIORITY TO TRADE

The NECTRADE Project organized a meeting at the National Planning Commission (NPC) on January 2, 2014. The meeting was chaired by Dr Rabindra Kumar Shakya, Vice Chairman of the NPC. Chiefs of Planning Divisions of different line ministries attended the meeting.

At the meeting, the decision and report of the National Steering Committee on NTIS 2010 and the task force constituted by that committee was presented. The presentation also covered the activities to be carried out by the MoCS in line with the recommendations of the report.

Joint Secretaries, who are the chiefs of Planning Divisions of their respective ministries, briefed how implementation of NTIS 2010 could be made more coordinated and effective through line ministries. The chiefs of many divisions of Industry, Finance, Home Affairs, Labour and Employment, Energy, Agricultural Development, Physical Planning, Works and Transport Management, and Culture, Tourism and Civil Aviation Ministries, Department of Customs, NPC Secretariat, TEPC, among others, presented their programmes and estimated budgets for carrying out recommended activities after adding to the budget ceiling for the forthcoming fiscal year in accordance with the recommendation of the report of the task force constituted as per the decision of the EIF Nepal National Steering Committee.

Furthermore, it was decided, each Ministry and agency will accord priority to trade from their own sectors and make necessary provision for development of the export sector, including annual budget and programme. The meeting also decided that, for implementing the activities recommended in the report of the task force on export trade development, the responsible ministry and agency will formulate programmes and budget and request the NPC and Ministry of Finance for provision of necessary budget. ■

## 3<sup>rd</sup> Tier 2 Project 'IN-MAPs' launched

The Officiating Secretary of the Ministry of Forests and Soil Conservation, Dr Annapurna Nand Das, launched the "Implementation of the NTIS in the sector of Medicinal and Aromatic Plants (IN-MAPs) Project" on June 26, 2014. The GoN, Ministry of Forests and Soil Conservation (MoFSC) is responsible for overall execution of the project, while the MoCS facilitates project implementation through EIF implementation arrangements. The project aims to upgrade the MAPs value chain by introducing new marketing strategies like organic certification, trademarks and qualifying local products into international markets. Furthermore, it aims at improving production and manufacturing practices with focus on sustainability and marketability of products. The EIF has provided US\$3.9 million and the GoN has provided counterpart funding of US\$125,400, whereas the German Federal Enterprise for International Cooperation (GIZ) has contributed US\$174,600.

The project will assist private sector stakeholders, including business service providers, as well as stakeholders from relevant government entities, in the MAPs value chain. The project interventions include strengthening

capacities of related government offices, private associations and local bodies for coordinating MAPs-related activities and for providing services to the private sector and community. Furthermore, IN-MAPs project would improve market access of value added products to the priority export destinations through collective marketing and branding.

The MAPs sector represents an important export product for Nepal in terms of revenue generation, employment, social impact and poverty alleviation. More than 95 per cent of commercially used herbs from the country are wild, organic and natural. About 1,800 species are currently being used for the production of Ayurvedic, Unani and Siddha medicines and for essential oils. Most of the processed essential oils are exported to overseas markets for manufacturing cosmetics, perfumeries and pharmaceuticals. Local production of such items for export is very limited.

MAPs have been recognized by the NTIS 2010 as an important export sector. The IN-MAPs Project is the result of continuous efforts and role played by the MoCS and the NECTRADE Project. ■

Participants at the launching ceremony of the 3<sup>rd</sup> Tier 2 Project IN-MAPs.



# Industrial and Business Opportunities in the Far West

On the occasion of 'Nepal Trade, Agriculture and Tourism Fair 2070 BS', an interaction programme was organized in Mahendranagar, Kanchanpur, on March 1, 2014. The programme was organized in collaboration with FNCCI and Kanchanpur Chamber of Commerce and Industries. Commerce Secretary, Mr Madhav Prasad Regmi, was the chief guest at the programme.

Mr Toya Narayan Gyawali, Joint Secretary of MoCS, delivering a presentation, 'Industrial and Business Opportunities of Far-Western Development Region', said that the construction of a dry port in this region is expected to facilitate trade and increase exports. Furthermore, establishment of manufacturing and agro-processing industries will add value to Medicinal and Aromatic Plants (MAPs) products. He added that upgrading Dhangadi airport as a regional international airport could promote the region as an educational hub and an important tourist destination. He further said that modernization of quarantine and other laboratories and trade facilitation are urgent needs of this region.

Deputy Executive Director of Trade and Export Promotion Centre, Mr Tej

Singh Bista, discussed the opportunities that this region offers for trade. MAPs, with hundreds of species of medicinal herbs and more than 1.6 million kg of annual production, along with enormous hydropower of this region, make it highly potential for generating electricity and herbal products.

Joint Secretary of MoCS, Mr Jib Raj Koirala, said that setting up of Special Economic Zones and establishment of herbal processing plants and trade-related infrastructure like road, dry port, ICP and warehouse would help this region to harness potential benefits from the huge market of the neighbouring country. He added the prosperity of the region can be ensured by focusing on hydroelectricity, tourism and herbal products.

Local entrepreneurs and representatives from Kanchanpur Chamber of Commerce and Industries raised issues like extension of incentives and fresh schemes for this region, setting up of a dry port and cold storage, strengthening Belaury customs point, building trade-related infrastructure, among others.

Mr Ganesh Dutta Joshi, President of Kanchanpur Chamber of Commerce,

Commerce Secretary Mr Madhav P Regmi speaking at the programme.



MoCS delegation at the construction site of the dry port in Dodhara-Chandani.

said that the government has not been able to exploit what this region can offer. The region remains in low priority of the government and the budget disbursement is very low. He requested the MoCS delegation to raise the issue of construction of a bridge over the Mahakali River in Kathmandu.

Presenting his closing remarks, Mr Madhav Prasad Regmi, said that the economy of this region can be substantially raised within a short period of time through the joint efforts of the private sector and the government. He urged local traders and entrepreneurs to invest in tourism, hydropower, health, education and agriculture sectors, as these sectors possess huge potentialities in this region.

The MoCS delegation also visited the construction site of the dry port in Dodhara-Chandani VDC of Kanchanpur. The delegation was led by Commerce Secretary and included other local authorities, officials, business leaders and exporters. The visit concluded with a Press Meeting in Mahendranagar wherein Commerce Secretary briefed about the entire Far West visit and trade-related developments in this region. ■

## World trading system, contemporary issues and role of media and local stakeholders

An orientation and training programme for trade journalists and other stakeholders was organized in Dhangadhi on February 28, 2014. The programme was focused on international trading system, contemporary trade issues and role of media and local stakeholders in trade sector development of Nepal.

Mr Toya Narayan Gyawali said that LDCs like Nepal, which are least influential in global trade activities, need to join the WTO to derive optimal benefits from economic liberalization and globalization and to establish their trade rights through the redress mechanism of multilateral trading system. Since the rights of countries are established based on the principle of 'one nation one vote', irrespective of their size and level of development, small and least developed countries like Nepal could assert their standpoints with equal importance.

EIF NPM Mr Buddhi Prasad Upadhyaya informed the participants about the EIF mechanism, its intervention in Nepal and Nepal Trade Integration Strategy 2010. He said that membership of the WTO has posed a host of opportunities as well as challenges for Nepal. The country needs to enhance its skills and capacity to face competition. The country needs to counter non-tariff barriers and translate the commitments it articulated while becoming member in letter and spirit. The government, with support from the EIF mechanism, has been working regarding these issues and carrying out activities like trade negotiations, establishment of testing laboratories and other capacity-building measures.

Mr Dinesh Bhandari, Former President of Kailali Chamber of Commerce, presenting a paper, "Export Potentials in Far West Nepal", said Indian businesses are getting advantage from Nepalese customers, but, despite having resources and zeal to work, Nepalese business is unable to benefit from their comparative



Mr Toya N Gyawali delivering his presentation at the training programme in Dhangadhi.

advantage due to lack of trust and support from stakeholders and prudent policies.

Mr Bigyan Adhikari, President of SEJON, said media should link trade with development. Quality as well as accuracy of the information shared through media should not be compromised. The current trade reporting trend requires high degree of knowledge, analytical capability and good data related skills.

Mr Dil Bahadur Chhatyal, a local trade journalist, said the region is faced with challenges such as absence of a plant quarantine checkpost; export of goods without value addition; lack of access to market; inability to produce in mass quantity; lack of storage facilities; problems in exporting from the Banbasa point of India, lack of trade-related infrastructure, etc. Furthermore, the local farmers lack knowledge of high-value crops and constantly face shortage of inputs such as seeds, fertilizer, irrigation, electricity, diesel, etc.

Mr Jib Raj Koirala, recalling that the region has high tourism and hydropower potentials, suggested that a dry port should be established in this region and trade-related infrastructure built. A road should be constructed for trekking to Mansarovar to attract Indian pilgrims, Mr Koirala stressed.

In the open discussion, farmers and other participants from the region demanded a range of support from the government. They demanded that Nepal Agricultural Research Council should establish a regional office for conducting agricultural research. Similarly, representatives from the private sector requested that a branch office of the Export Promotion Centre, a seed company, an agricultural training centre, a herb processing centre, a human resource training centre and cold storages be established. They demanded that the concept of "one village, one product" should be implemented in a large-scale manner. Furthermore, provision of subsidy should be made for farmers and investors and an organic certification agency should be provided for.

Mr Rajesh Bhandari, Vice President of Kailali Chamber of Commerce and Industries, said that the inhabitants of the region are highly aware and aspire for development. Special attention needs to be given by the government towards this region.

The orientation and training programme was attended by around 105 participants, including officials from MoCS, local trade journalists, representatives from various government offices, representatives from Kailali Chamber of Commerce and Industries and other business people. ■

## 12<sup>th</sup> Aft Donor Group Meeting

The 12<sup>th</sup> Aid for Trade Donor Group Meeting was held on April 3, 2014. The meeting was organized to receive Development Partners' (DPs) inputs on the review and update of NTIS 2010.

Mr Ravi Bhattarai, Under Secretary of MoCS, informed that the EIF Mission appreciated Nepal's efforts to utilize trade-related technical assistance (TA) and has expressed its willingness to provide support to address supply-side constraints.

Ms Jacqueline Groth, appreciated DPs for their support to trade sector development of Nepal. She pointed out the prevailing gaps in the TA requirements, such as those in improving technical standards, intellectual property and product development.

Mr Aayush Rai from DANIDA shared that UNNATI, a new programme launched by the Embassy of Denmark, will focus on private sector development through intervention in tea, ginger and dairy products. Ms Ellen Kallinowsky from GIZ requested all DPs to look at the gaps on TA needs as identified in the NTIS Action Matrix and extend

cooperation in line with the TA requirements. Ms Maria Castaldi from EU informed that a new trade project, which will start in September 2014, will have three components: support to the MoCS, support to the accreditation and certification laboratories and support to the coffee value chain. Mr Bhupendra Bhatt from ADB informed that ADB has been providing TA on trade facilitation through Sub-Regional Transport Enhancement Project, South Asia Sub-regional Economic Cooperation Trade Facilitation Programme and SASEC Sub-regional Trade Facilitation Project. Ms Anita Mahat Rana from USAID informed that TA from USAID will pursue the 'Feed the Future' programme and consultation with MoCS is underway for future engagement to support trade.

Mr Buddhi Prasad Upadhyaya, NPM-NECTRADE, presenting an outline of the status and process of the NTIS review and update, said necessary adjustments in export strategy are required to match it with global needs. Mr Toya Narayan Gyawali said that there is still a big room for TA intervention from DPs and urged them to expand the level of TA to address the intervention gaps by contributing to NTIS review and update.

Commerce Secretary, Mr Madhav Prasad Regmi, said that supply-side constraints, which have been identified as major barriers to LDCs' exports, could be addressed through the Aft mechanism. He thanked the DPs for their generous support for advancing Nepal's trade development agenda. ■

## PROMOTING PRECIOUS STONES



A meeting on precious stones was organized by MoCS on June 25, 2014. The meeting decided that the Department of Mines and Geology will introduce legal provisions to prevent export of precious stones in raw form. Furthermore, the MoCS, Department of Mines and Geology and Trade and Export Promotion Centre (TEPC) will identify necessary measures for resolving problems related to the export of precious stones and other minerals.

Furthermore, a task force, coordinated by the Joint Secretary of the MoCS, will be constituted to coordinate exploration, identification, processing, promotion, marketing and training programmes on precious stones. Also, all agencies concerned will incorporate programmes for exploration, identification, processing, promotion and marketing of precious stones in their annual plans in order to move forward from the value chain perspective. The meeting requested TEPC to submit a report, in coordination with the Ministry of Law, for amending relevant laws. ■

12<sup>th</sup> Aft Donor Group Meeting in progress.



## 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 has identified 19 products and services as having comparative advantage for exports.

### 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: eifnepal.gov.np

For editorial feedback, please email: Pankaj Giri at [info@eifnepal.gov.com](mailto:info@eifnepal.gov.com)

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 fifth year of its implementation. ■

Designed and printed by PagePerfect, Kathmandu