



# Enhancing Nepal's Trade Related Capacity

ENTReC / GoN/ MoCS/ UNDP



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## Message from Hon'ble Minister Mr Rajendra Mahto

I feel very happy and honored to learn that the Enhancing Nepal's Trade Related Capacity (ENTReC), a UNDP supported project being implemented under the Ministry of Commerce and Supplies, has started publishing newsletter for disseminating information on trade related activities effectively.



We all know that right to information is a key to promote governance, strengthen transparency, participation and the rule of law. It is obvious that dissemination of right information also help in building confidence in government institutions and strengthening their credibility and effectiveness. The current newsletter will provide useful information related to trade, development, trade policy that may support the government efforts towards exploring trade opportunities at home and abroad, get better feedback from the concerned experts such as economists, senior government officials, journalists, development partners and civil society.

There has been an increasing need of strengthening the capacity of government entities through improved administration and human resources to achieve the sustainable growth of trade. As the trade is the thrust area of national economy, I hope that UNDP's assistance for enhancing trade-related capacity of the national entities will be further expanded in the years to come. I feel that the newsletter should cover departmental activities, experts' views on trade and economics, update on bilateral, regional and multilateral trading issues.

In conclusion, I would like to thank the project staff for their dedicated efforts to bring out the trade-related information for the benefit of all stakeholders.

## Minister Mahto participates at Ministerial Conference in Cambodia

Hon'ble Minister for Commerce and Supplies Mr Rajendra Mahto visited Cambodia from November 19 to 20, 2008 to participate at a programme on "Aid for Trade: An Industrial Agenda", a ministerial conference of Least Developed Countries organized by UNIDO and WTO jointly.

At the ministerial conference held in Siem Reap Cambodia, over 40 LDCs countries' ministers and representatives, development partners including the United Nations took part.

Addressing the event, Hon'ble Minister Mr Rajendra Mahto stated that international cooperation through the initiatives under Aid for Trade and EIF can help LDCs like Nepal for realizing the goal of sustainable development.

Minister Mahto also stressed for making trade policies pro-poor at the global level and at the same time highlighted on the need to improve delivery for better results on the progress of Enhanced IF (EIF) for the capacity building of LDCs, and translating promises of assistance to the LDCs into reality. He further underscored that effective and timely use of resources - Aid for Trade, is also crucial for enhancing the capacity of least developed countries like Nepal.

On the sidelines of Ministerial Conference, Hon'ble Minister Mahto also met with Mr Pascal Lamy, Director General of WTO and Dr Kandeh K Yumkella, Director General of UNIDO. During the meeting, issues of mutual interests



were discussed.

Dr Kandeh K Yumkella, Director General of UNIDO at the event said that LDCs could become an important driver of accelerating world economic growth within the framework of South-South cooperation. Dr Yumkella said that there is a need to improve the supply side capacity of LDCs to seize new industrial opportunities, build required capabilities and capacities in terms of human resources and institutions, enhancing the capacity of enterprises to exploit new sources of dynamic industrial growth.

He also advised to utilize "Aid for Trade" as a complement to trade development focusing on overcoming supply side rigidities and incorporating standards and quality challenges. Investment in infrastructure and institutions to diversify LDC exports, and utilization of EIF resources are important in view of improving competitiveness of LDCs, Dr Yumkella stated.

*The conference adopted the Siem Reap Declaration. The text of the declaration is reproduced in page 5 of the Newsletter.*

## PEG meet reviews ENTReC activities

The meeting of Project Executive Group (PEG) of the Enhancing Nepal's Trade Related Capacity (ENTReC) was held on December 29, 2009 under the chairmanship of Mr Purushottam Ojha, Secretary of MoCS. Secretary Mr Ojha is also the chairperson of PEG and responsible for all activities carried out by the ENTReC. He at times reviews and monitors the activities of ENTReC. Welcoming the PEG members and invitees, Secretary Mr Ojha highlighted the major task ahead in a way of advancing the process of Enhanced Integrated Framework (EIF). Thereafter, Mr Shiv Raj Bhatt, National Project Manager (a.i) of ENTReC briefly presented the annual progress report and work plan 2009. Mr Bhatt mentioned that during 2008, various research/studies were carried out on various important subjects such as service trade and feasibility/pre-feasibility studies on transit routes (Rohanpur-Singhabad, Jawaharlal Port -Mumbai and ICD (Tatopani and Rasuwa/Nuwakot), preparation of investment information kit, holding interaction programmes and capacity development trainings on various issues related to export sector. In response to CD of UNDP Ms Anna-Isabelle's query regarding the impact of achievements of diagnostic study and studies on alternative transit routes and ICDs, Secretary Ojha informed that the government has reviewed the reports and taking up actions for better delivery of services to the Nepalese traders.

Private sector representative Mr Govind Dev Pandey of FNCCI appreciated the initiatives taken by the project in organizing training activities, establishment of Business Consultative Round Table (BCRT) at FNCCI, investment and trade promotional materials and policies including export-related activities. Meanwhile, Ms Anne-Isabelle also stressed on the need to expedite the dissemination of the activities carried out by the ENTReC project in the days to come. The meeting was attended by Dr Badri Pokharel, Chief of NIU/Joint Secretary, MoCS; Mr Jib Raj Koirala, Under Secretary at MoCs; Mr Govind Dev Pandey of FNCCI; Lazima Onta Bhatta, ARR at UNDP; Mr Deepak Shrestha, Programme Officer at UNDP, including other persons.

## High Level Delegation Visits USA to revive export

**K**ATHMANDU - A high level 5-member delegation led by Chief Secretary Dr Bhoj Raj Ghimire paid an official visit to USA beginning from August 13 to 26, 2008. The main objective of the visit was to lobby for special preference to the Nepalese garments in the US market, and participate at a Garment's Fair (Magic Show) to be held in Los Vegas from 25-26 August in a bid to promote export of Nepal to US markets.

Members included in the entourage of Chief Secretary to USA were Mr Purushottam Ojha, Secretary of the Ministry of Commerce and Supplies including other senior business leaders of Garment Association of Nepal (GAN), Federation of Nepalese Chambers of Commerce and Industry (FNCCI), Export Council of Nepal (ECON) and Senior Official at the Trade and Export Promotion Centre (TEPC). During the visit of the delegation, meetings with USTR, US Chamber of Commerce, US Department of State, Non-Resident Nepalese in USA and other trade related institutions were held with a view to explore the areas of economic and trade cooperation between Nepal and USA, including duty free market access for readymade garment and other trade promotion activities.

The delegation discussed about the areas and modalities of trade and economic cooperation between Nepal and USA/free trade area (FTA) agreement of existing bilateral trade treaty for

advanced and expanded trade and economic activities between the two countries. The areas discussed during the meeting were amendments of the existing trade treaty/signing of new trade treaty; ways and strategies to enhance bilateral trade cooperation and better market access for Nepali products particularly textile and garments; and explore appropriate mechanism for bilateral consultation.

Market access to some of the textile and garment products have always remained a great concern for Nepal. Hence, efforts were being done since the beginning of 2001-02 in order to sustain and maintain its volume of trade in the US market. Some visits were organized in the past with a view to identify ways and means in consultation with US authorities but no visible progress was realized. However, there is a need of maintaining constant persuasion and contact, particularly from the Nepalese side for achieving progress in the export sector in a changed trading environment. Nepal

is in dire need of facilitated market access to some of the textile and garment products. These, among others, comprises of Men's shirt (Category-340), Ladies blouse (341), Men's shirts (347), Ladies shirts or trousers (348), Man made fibre men's shirt (640), Man made fibre women's shirt (641), Shop towel (Category no-369S), Terry towel (363), and Other towels (3690).



*Chief Secretary Dr Bhoj Raj Ghimire and Mr Purushottam Ojha, Secretary at the Ministry of Commerce and Supplies*



## UNDP-Nepal unanimously chosen as Donor Facilitator

**K**ATHMANDU: With a view to assist the Government of Nepal in its journey towards effective mobilization of trade related technical assistance, including implementation of Enhanced Integrated Framework (EIF), the donors' meeting organized by the Ministry of Commerce and Supplies on 17 December has unanimously designated UNDP-Nepal as a Donor Facilitator. The meeting was attended by the representatives of the World Bank, Asian Development Bank, Embassy of Finland, UNDP, European Union, USAID and GTZ including senior level government officials and private sector representatives.

Chairing the meeting, Mr Purushottam Ojha, Secretary of the MoCS highlighted about Enhanced Integrated Framework (EIF) in Nepal and its progress so far. Mr Ojha took stock of DTIS 2004 and technical assistance received by Nepal in the area of trade. However, Secretary Mr Ojha clearly mentioned about limited resources from IF trust Fund to implement actions recommended in DTIS 2003. He also emphasized on the need to update DTIS. Mentioning about the job of DF, Mr Ojha said that the DF has to help GoN in mainstreaming trade into Government as well as donor programming to ensure timely implementation of the Action Matrix and assist the government, and coordinate donor responses to the Action Matrix produced, including liaison with donors to ensure effectiveness, explore of pool funding for effective implementation. Not only that, the DF has to work as a link between the government and the donors that will ensure effective dissemination of information regarding EIF and its implementation, and assist the local authorities in creating knowledge and

understanding of the IF process. Mr Ojha informed that the national mechanism such as National Steering Committee (NSC headed by Chief Secretary), Focal Point (headed by Secretary-MoCS) and National Implementation Unit (NIU-headed by Joint Secretary) are put in place in a way of implementing EIF in Nepal. Welcoming the participants, Dr Badri Pokharel, Joint Secretary/Chief of NIU, Planning and International Trade Division at MoCS highlighted the objectives of the donors' meeting.



Similarly, Ms Anne-Isabelle Degryse-Blateau, Country Director of UNDP appreciated the efforts of Nepal government in the area of trade and expressed her willingness to support Nepal in trade sector and EIF process. The DF would also help the Government in identifying and formulating priority projects from the Action Matrix that could be assessed by NSC headed by the Chief Secretary of the Government of Nepal. The national mechanisms created by the government such as NSC, FP and NIU would remain instrumentals in achieving productive results from the EIF. The appointment of DF will ultimately pave ways for facilitating the initiatives taken by the Government of Nepal in the area of trade. Most of the donor representatives such as World Bank, Asian Development Bank and others also expressed solidarity and commitments to support Government of Nepal in various ways for EIF process.

## Trade SWAp: A resource mobilization strategy for trade capacity building

**K**ATHMANDU - At a time when Nepal is in the process of updating DTIS and implementation of Enhanced Integrated Framework (EIF), a global initiative for trade related capacity building of Least Developed Countries (LDCs), a team of Nepal Government and private sector visited Cambodia from November 30 to December 4, 2008 to explore workable trade sector strategy through mobilizing resources to exploit opportunities brought about by country's globally integrated status.

Enhancing Nepal's Trade Related Capacity (ENTReC), a UNDP supported project under the Ministry of Commerce and Supplies coordinated the visit to attend a workshop on: Experience Sharing between Cambodia, Laos and Nepal on "Trade Sector Wide Approach" (SWAp), in Phnom Penh, Cambodia.

The team acquainted with SWAp concept in trade sector, functions of National Steering Committee (NSC), inter-ministerial coordination mechanisms in trade related capacity building, coordination between donors, trust fund, multilateral and bilateral support and government - dialogue mechanisms for trade SWAp.

Cambodia's three pillars - namely - reforms and cross cutting issues, sector specific issues - product and services, and institutional and human capacity were discussed during the visit.

The Nepalese delegation found that the trade sector was considered as an important priority agenda in Cambodia from which Trade SWAp mechanism was adopted as an effective tool to coordinate between the government, donor partners and private sector to maximize resources for trade sector reforms. Cambodia also identified 19 potential exportable products to boost export sector, and enhance international trading opportunities which can also be



replicated in Nepal if clear vision and policies are in place. If effective proposal and mechanisms are developed, LDCs like Nepal can attract more aid for trade to reap benefits from international trade, says the Nepalese delegation report. More crucial is that trade should be a priority agenda in national development plans and policies with its deeper integration into Poverty Reduction Strategy (PRSP).

Similarly, some of the recommendations made by Nepalese delegation to boost trade sector were: strong political commitment to integrate and mainstreaming trade sector in national development strategy, prepare long-term need assessment for trade including action plan, replicate Trade SWAp, activate Nepalese diplomatic missions, set up an effective

coordination mechanisms at central level, among others. Mr Hari Datta Pandey, Joint Secretary at the National Planning Commission (NPC) led the Nepalese delegation. Other members in the delegation were Mr Jib Raj Koirala and Mr Bishnu Prasad Pandey, Under Secretaries at the Ministry of Commerce and Supplies, Mr Mohan Babu Adhikary, Under Secretary at the Ministry of Finance, Mr Upendra Mahato, Office of Minister of

Commerce and Supplies, Mr Anup Bahadur Malla, Executive Member of FNCCI and Mr Shiv Raj Bhatt, National Programme Manager (a.i), ENTReC.

## Training for farmers held in Jumla and Rolpa

**J**UMLA - Enhancing Nepal's Trade Related Capacity (ENTReC), a UNDP- supported project for the Government of Nepal, implemented by the Ministry of Commerce and Supplies, conducted a day long training on "Sheep and Wool Production Potential in the Context of WTO" for the farmers of Jumla, a poor and undeveloped district of the country. The programme was organized on June 17, 2008. Fifteen participating farmers were trained on the issues such as potentials for commercial sheep farming, marketing networks, wool production and processing and pasture development, sheep husbandry, sheep health (major disease and parasites) and find better prices of wool. Trainers emphasized on quality wool production to meet national requirements in a changed global market context, especially following Nepal's accession to WTO to sustain national economy by exporting quality carpets in the global markets. Majority of participants were women engaged in sheep farming for more than 10 years.



**R**OLPA — Enhancing Nepal's Trade Related Capacity (ENTReC), implemented under Ministry of Commerce and Supplies with the financial assistance of UNDP, conducted a day-long training programme for the farmers involved in vegetable seeds production in Rolpa on June 13, 2008, a remote and disadvantaged district of the country. The main theme of the training was to promote vegetable seeds farming through community-based quality seed production program and develop market linkages between the buyers and sellers for vegetable seeds covering Rolpa, Pyuthan, Salyan, Rukum and Dang. The training program was conducted in joint collaboration with the Trade and Export Promotion Centre (TEPC), Seed Entrepreneurs Association (SEAN), District Agriculture Development Office of Rolpa and ENTReC/MoCS/UNDP. The issues discussed at the training were seed technology and marketing management of vegetable seeds. Vegetable seeds is one of the major potential products of Rolpa, Rukum, Pyuthan, Dang and Salyan.



## Dr Pokhrel heads PITC Division at MoCS

**D**r Badri Pokhrel, born on May 18, 1956 in Kathmandu district has been designated as Head of Planning and International Trade Cooperation Division (PITCD) at the Ministry of Commerce and Supplies beginning from November, 2008. His main duties and responsibilities at the ministry mostly are to **1.** Make annual plan for the Ministry **2.** Prepare and report the monthly, bi-monthly, quarterly and ultimately annual progress to the National Planning Commission (NPC), Ministry of Finance (MoF) and other concerned agencies, **3.** Make effective and compatible the membership obligations in WTO **4.** Urge to amend, draft and enact the existing and new Rules and Acts to meet the commitment in WTO **5.** Work with Integrated Framework for Trade Related Technical Assistance **6.** Coordinate and work with WIPO, UNCTAD, ITC, ITU, WB, IMF, DFID and other related international organizations relating to WTO **7.** Work as a WTO focal point in Nepal and help to promote trade activities in, and from the country **8.** Maintain close relations with Nepalese Mission based in Geneva. He is a long time senior bureaucrat of Nepal

Government who spent much of his term at the Ministry of Finance including other ministries in different positions. He is an academic talent who has worked as Lecturer and possesses in-depth knowledge on Nepalese economy, privatization, expenditure management, trade sector, etc. He is also known as literary figure of Nepal who has published renowned books named *Ma Bhitra Arkai Chha*, *DashPoka Bhitra Pandra Anjuli*, *Property Tax in Nepal: Theory and Practice*, *Land Revenue Administration in Nepal*, among others. He has



written 500+ articles related to foreign aid, poverty, tax reform, privatization, management, trade, literature among others, which are already published in different journals and newspapers. He has attended national and international seminars/workshops related to project management, expenditure management, economic issues and other subjects representing Nepal government. He is also honoured with various awards such as *Prabal Gorkha Dakshin Babu*, *Mahendra Vidya Bhusan Gold Medal A and B*, etc.

## **SIEM REAP MINISTERIAL DECLARATION**

*We, the Ministers and Heads of Delegations* of the Least Developed Countries (LDCs) participating in the Ministerial Conference on “Aid for Trade: An Industrial Agenda for LDCs” held in Siem Reap, Cambodia from 19 to 20 November 2008;

*Mindful* of the global financial crisis and its impact on world economies and especially those of LDCs;

*Being conscious* of the urgency to ascertain balanced and expeditious development and transformation of the economies of our countries;

*Recognizing* that while our countries have the primary responsibility for our own development, the development partners can play a vital role by providing us with timely, adequate, complementary and properly coordinated support;

*Being aware* that trade provides an essential channel for integration of LDCs into the global economy and that the building of internationally competitive productive capacities is a key to achieve this;

*Re-emphasizing* the Vienna Ministerial Declaration of LDCs made on 30 November 2007 at the conclusion of the Ministerial Conference on “How Aid for Trade Can Transform LDCs” hosted by United Nations Industrial Development organization (UNIDO) and the Group of 77 and China, held in Vienna Austria from 29 to 30 November 2007;

*Recognising* the complementarities of the mandates and competencies of the various development actors and partners, which obligate their collaboration in assessing the needs, designing appropriate support programmes, and mobilizing the necessary resources to finance such programmes;

*Appreciating* the efforts undertaken by UNIDO and WTO, together with the Secretariat of the Enhanced Integrated Framework (EIF), pursuant to the Vienna LDCs Ministerial Conference of 2007, to design pilot supply-side support programmes for eight LDCs in collaboration with the concerned countries, International Trade Centre (ITC) and United Nations Conference on Trade and Development (UNCTAD), as were presented and discussed at the Kigali Workshop in September 2008;

*Appreciating* also the efforts undertaken by the Standards and Trade Development Facility (STDF) to identify *priority areas for future Sanitary and Phytosanitary (SPS) capacity building* in eight pilot LDCs and commending the WTO and UNIDO on their signature of a framework agreement covering UNIDO co-operation with the STDF;

*Underlining* the importance of bilateral and multilateral development partners providing predictable and sustainable financial and other resources to support the supply capacity building initiatives in LDCs;

*Stressing* our recognition of the role that can be played by Aid for Trade (Aft) in building the essential supply-side capacity and expediting socio-economically beneficial integration of our countries into the global economy;

*Welcoming* the fact that the EIF is now functional, and being conscious of the potential it holds as one of the mechanisms for the operationalisation of Aft;

*Being aware* that monitoring and evaluation are important elements of the Aft and EIF processes;

### **We the Ministers and Heads of Delegations now herewith declare the following**

1. We reiterate the resolve of our countries to take the lead in designing the relevant transformation programmes, and to seek collaboration from our development partners in realizing such programmes.
  2. We call upon all our development partners to appreciate the need for productive capacities as enabling factors that will make our economies benefit more from the existing opportunities provided by the international trading system and those that will result from future arrangements; and strongly urge them to continue assisting us to use trade as an instrument for development and poverty reduction. To that effect, we commit ourselves to put in place, at the national and regional levels, public-private partnerships (PPP) mechanisms to accelerate development of productive capacities.
  3. We emphasize our determination to nurture strategic and practical partnership with our development partners, in order to sustain our cooperation and improve the impact of that cooperation in effectively pursuing the opportunities that the Aft and EIF provide.
  4. We strongly urge our development partners to implement all internationally agreed measures in favour of LDCs, and to adopt new ones, to enable our economies to benefit more from the existing opportunities provided by the international trading system and those that will result from a successful conclusion of the Doha Round. In this context, we stress that Aft must be a complement to, and not a substitute for the results of the Doha Development Agenda (DDA).
  5. We call upon all involved parties to conclude the DDA negotiations, hoping that this will open new opportunities, especially for the LDCs, and will contribute to the beneficial integration of our countries into the multilateral trading system. In this respect we stress the importance of coming to an agreement on the agricultural and non-agricultural market access modalities by the end of the year, so that the DDA can be concluded expeditiously.
  6. Considering the mandates and competencies of the UN agencies involved in capacity building in LDCs, the EIF, and the trade and productive capacity cluster, we call for the continuation of active inter-agency dialogue, and in this context, for the agencies involved to work closely with the EIF, as a way for furthering the enhancement of aid coherence.
  7. Cognizant of the need to have a suitable blending of nationally- and regionally targeted measures, in order to improve the impact of support to our countries, we call upon all national and regional actors involved in the EIF process and the broader Aft initiative to identify feasible support measures at various levels; and also to ascertain a broad-based participation of development partners.
  8. Considering its role as an industrial development organization, we encourage UNIDO to enhance and expand its efforts towards industrial productive capacity of our countries by participating in designing and implementing specific and well targeted projects in cooperation with ITC and UNCTAD as well as other partners.
  9. In view of the increasing importance of South-South economic interactions through investment flows, trade, and technological innovations and transfers, we urge UNIDO to use the opportunities provided by Aft and EIF to further develop and expand its concept of South-South industrial cooperation.
  10. In view of the urgency and magnitude of the needs of our countries, we urge the EIF secretariat to devise viable strategies for the speedy mobilization of additional resources as well as for an expeditious disbursement of the available funds, and thereby ensure smooth implementation of programmes.
  11. In order to ascertain reliable funding of its trade and productive capacity building activities in our countries, we urge UNIDO to pursue further the establishment of a Trust Fund that will be used to finance the relevant support programmes in LDCs, and urge development partners, including regional banks, to contribute substantially to it.
  12. Cognizant of the need to further elucidate the requirements of our countries, we call upon our development partners to assist our countries in the completion of the Aft partner questionnaires, to the extent possible, which will help the LDCs contribute to the 2nd Global Aft Review in June 2009 by providing their assessment of the progress made in the identification of trade priorities, in the articulation of these priorities in their development plans, and the effectiveness of responses by their development partners.
- The Ministers and Heads of Delegations of the LDCs are deeply grateful to UNIDO, WTO and the Royal Government of Cambodia for organizing and hosting the Ministerial Conference. The Ministers and Heads of Delegations also thank all those who, through their participation or input, have contributed to the success of this Conference.

## DTIS Needs Assessment Workshops held in various districts

**ENTReC/MoCS/UNDP** in association with the Dhankuta Chamber of Commerce and Industry (DCCI) conducted an interaction on DTIS Needs Assessment on November 21 in an attempt to get inputs from the related experts, producers, exporters for capacity building who are involved in export sector since long. Economist Mr Keshav Pahadi of Dhankuta Multiple Campus presented a paper on "Export Trade: Opportunities and Responsibilities" at the programme. The programme was organized to know the problems faced by the export sector people and, identify strategies to improve their capacity in exporting quality goods to other parts of the globe. Mr Dinesh Poudel, Under Secretary at the Ministry of Commerce and Supplies responded the queries raised by the participants relating to entrepreneurship development and export sector enhancement. The participants were from Dhankuta including surrounding districts such as Tehrathum and Sankhuwasabha. The main objective of the workshop was to promote the export sector boosting the capacity of the producers/exporters. Potential Exportable products of Dhankuta are tea, khayar and chiraito (herbal products), *alaichi*, orange, ginger, herbs, vegetables, tomatos, dhaka, agro products, raw leather and khukuri. There are more than 100 exportable products in the district, however, the farmers are unable to boost the export due to the problems of market information, lack of marketing knowledge to export products, lack of knowledge on packaging and quality maintenance, lack of training, among others.



**ENTReC/MoCS/UNDP** in association with the Palpa Chamber of Commerce and Industry (PCCI) held an interaction program on November 17 on DTIS Needs Assessment to receive inputs from the related producers and exporters for capacity building in export sector. Mr Pashupati Bhattacharai, former President of PCCI spoke about industrial and agriculture sector promotion in the district. He said that Ginger and coffee are being produced in rural areas that have helped to improve the livelihoods of the people. Similarly, coffee is also being exported to Europe, thanks to its quality production. Mr Lila Bahadur Karki, Executive Director of Rural Economic Development Association (REDA) presented a paper on status of agro-based exportable products and challenges and opportunities, and capacity enhancement of the producers/exporters in today's context.

The major exportable products of Palpa are coffee, ginger, *alaichi*, *dalchini*, orange, herbs fresh vegetables, vegetable seeds, dhaka cloth, *karuwa*, mineral resources/limestone. The district is also emerging as one of the very important locations for cement production due to *Chure Range*, says participating entrepreneurs. Annually, entrepreneurs earn more than Rs 10 million from selling herbs alone. The entrepreneurs face the problems of lack of knowledge on grading, packaging, leveling, technology, certification issue, among others. The producers/exporters have stressed for the establishment of an appropriate institution to look after ginger/herbs development and expansion from government level, manage a revolving fund to boost the small scale entrepreneurs, conduct research and development activities to maintain quality and diversification of exportable products, develop marketing network to boost the production, and for better price, develop related technicians, establish Ginger Processing Centre (GPC) and for easy access to credit to farmers. Mr Janardan Gautam, official at WTO Division at the Ministry of Commerce and Supplies responded the queries raised by the participating entrepreneurs on behalf of the ministry.

With a view to consult and get the stakeholders' views on export sector development for better trade sector strategy in the coming years, ENTReC/MOCS/UNDP in association with the Jumla Chamber of Commerce and Industry (DCCI) organized an interaction program on November 7 focusing on DTIS Needs Assessment as per the Work Plan of ENTReC. During the workshop, entrepreneurs' issues related to export potentials of the district, problems faced by the export sector and issues surrounding trade capacity building were discussed. Member of the Constituent Assembly of Jumla Honourable Devi Lal Thapa, who was the chief guest of the programme, suggested the stakeholders to effectively move ahead and develop Karnali zone as a whole to be visible in the global market with better and quality exportable products of the Karnali region. Farmers/producers in Jumla district and in other districts should also think in an innovative way, said Mr Thapa. National Programme Director at ENTReC/MoCS Mr Jib Raj Koirala said that the role of government is to facilitate to enhance the export of the region and build entrepreneurs' capacity. We do support and boost the capacity of exporters/producers through policy reforms, he mentioned adding that research and development activities be also expedited including the management of cold storage, market access of the products, entrepreneurs training/market expansion, said Mr Koirala. A total of 30 entrepreneurs, exporters, producers and related experts took part at the interaction. Participating exporters said that the major exportable items in Jumla and surrounding districts are apple, herbs, *jatamasi* (herbs product), *chiraito* (herbs product), *cilajit*, *yarshagumba*, *guchi* mushroom, among others. However, farmers/producers and exporters have not been able to export potential products due to lack of transportation, lack of cold storage, legal problems, traditional way of farming in apple and herbs production, weak technical know-how, inefficient management in harvesting and packaging of produced apples and lack of apple processing centre. The stakeholders have recommended for their involvement in policy making process and stressed for conducting training for producers/exporters.

## WTO-Focal Point meeting held

A monthly meeting of WTO focal point of the Ministry of Commerce and Supplies (MoCS) was organized on December 24, 2008 (2065-9-9) in the ministry premises under the chairmanship of Dr Badri Pokharel, Joint Secretary/Head of Planning and International Trade Cooperation Division at (MoCS). Dr Pokharel, newly appointed Head of Planning and International Trade Cooperation (PITC) Division at the Ministry, welcomed the focal point members and extended liberal hands to work jointly to generate benefits from the globalization in the area of trade for Nepal.

At the meeting, 11 focal point representatives of various ministries and institutions briefed the progress achieved so far related to WTO notifications including the update as per the WTO commitments made by Nepal. The meeting also unanimously has decided to hold Focal Point meeting during the second week of every month on Wednesday.

## Training on Customs Valuation & Post Clearance Audit held

Centre for Public Policy Dialogue (CPPD) conducted training on Customs Valuation and Post Clearance Audit in different customs offices such as Biratnagar, Birgunj, Bhairahawa, Nepalgunj and Tatopani Customs Office in the month of September, 2008.

The major objectives of the training were: i) To familiarize the customs staff and customs agents with the customs valuation system and post clearance audit system in the context of WTO. ii) To provide orientation on the new system of custom valuation and post clearance. iii) To find out the level of understanding to develop advanced training module in future. The training was organized for two days in each customs point.

The training/workshop was held with the financial support of Enhancing Nepal's Trade Related Capacity (ENTReC) project implemented by the Ministry Commerce and Supplies (MoCS).

A total of 100 participants engaged in customs related institutions took part at the training. In each training, around 20 participants took part including customs staff and customs agents. The Department of Customs (DoC) was also engaged in the training programme due to their expertise in the sector. The issues discussed and taught to the participants were Principles and Practice of Customs Valuation, and Principles and Practice of Post Clearance Audit.



## ENTReC conducts research/studies on various sectors

The project has completed various research/studies on trade sector, investment, customs, CGE modeling, service sectors such as health, education and high-end retail services, feasibility studies on transit routes, regional and bilateral trade, Special and Differential Treatment and Duty Free Quota Free Market Access for the LDCs, market intelligence, public health implications of Nepal's WTO memberships, B2B e-Commerce System, Nepal's Trade potential and negotiation strategy for WTO acceding countries, Changes needed in Service Sector Regulation, Ensuring Food Security in Nepal: Facing Threats and Seizing Opportunities, at WTO accession, among others. All research reports/studies can be accessed from the website [http://www.entrec.org.np/publication2/research\\_report.php](http://www.entrec.org.np/publication2/research_report.php). Not only that various activities of the ministry and project can be found at this website.

## ENTReC establishes Business Consultative Round Table in FNCCI

*Workshops/seminars held involving private sector in policy making issues*

ENTReC project implemented by the Ministry of Commerce and Supplies has established a Business Consultative Round Table-Coordination Unit in the Federation of Nepalese Chambers of Commerce and Industries (FNCCI) in April, 2008 in an attempt to create a 'Discourse Forum' on trade and economic issues, where policymakers, business people, experts and civil society representatives took part and shared their views. In this connection, BCRT Coordination Unit at FNCCI conducted various policy making debates on trade facilitation, export sector, promotion of SMEs and capacity building of entrepreneurs through their involvement in policy making process. Not only that, ENTReC has also joined hands with district chambers in a bid to build the capacities of the grassroot entrepreneurs and make the export sector more competitive. The project in association with government and private agencies also conducted various training activities in the districts such as Jumla, Rolpa, Dhankuta, Palpa, Ilam, among others.

According to business sector people, the initiatives taken by the project has helped the private sector bodies to gather in one place and share their views with the policy makers, government officials and civil society for policy reform initiatives in order to maximize the benefits of globalization in a changed trading environment.

### NOTICE

**We welcome any comments and suggestions. Please email at -  
[entrec@moics.gov.np](mailto:entrec@moics.gov.np)**

# ENTReC expedites partnership approach with government and private sector

**E**nhancing Nepal's Trade Related Capacity (ENTReC) project implemented under the Ministry of Commerce and Supplies has been working in close coordination with the government agencies, private sector and civil society in a bid to create trade and investment friendly environment in the country.

To capitalize the benefits of globalization, Nepal wishes to integrate her economy with the global economy and started economic reforms during mid 1980s. Reform process was expedited after the restoration of multiparty democratic system in the 1990s. The Ninth Plan also sets out a long-term goal of integrating the trade sector into the globalization process by making it fully competitive and market-oriented. The Plan identified accession to the WTO and development of required infrastructures to maximize the benefits of WTO membership as one of its major strategies. As per its declared policy of global integration of economy through WTO membership, Nepal had applied for accession to WTO and became 147<sup>th</sup> member of WTO on 23 April 2004. After accession to the WTO, Nepal Government's focus is on building its capacity to translate market access into market opportunities. To support the Government in its initiative, the Enhancing Nepal's Trade Related capacity Programme (ENTReC) was started in June 2006.

## Objectives

The basic objective of the project is to build capabilities of the government, private sector, and citizens in urban and rural areas to take advantage of international trade opportunities – advantages over the medium-to-long term offered by country's globally integrated status. The five intervention areas of the project are: (i) to increase competitiveness of Nepali exporters, (ii) to create a more empowered and engaged private sector, (iii) to enhance the rigor of analysis underpinning Nepali trade policy, (iv) to foster

human development friendly investment, and (v) to explore areas of future promises for Nepal's trade-related economic growth.

In mid 2008, the Government of Nepal requested UNDP to extend the project period with a view to get assistance for the implementation of Enhanced Integrated



Framework (EIF), a global initiative for mobilization of trade-related technical assistance for capacity building (TRTACB) in at least developed countries

(LDCs). Therefore, the project was extended for one year (up-to June 2009), adding new areas of intervention like strengthening EIF national implementation mechanism, update of DTIS Action Matrix, development of Tier 1 and Tier 2 proposals to get EIF fund, and to conduct trade related need assessment activities.

## Work Areas

ENTReC is assisting the Government of Nepal in its activities related to promotion of investment and export, improving business and investment climate, understanding of the dynamic effects of trade liberalization, and analysis of new areas that might offer potential gains for domestic producers and exporters. The project is also assisting the Government in the formulation of Industry, Foreign Investment and Trade policies to make them pro-poor and better serve the need of the country in a changed national and global context.

To enhance the competitive capacities of the Nepalese producers, particularly exporters, the project is working - to identify measures to reduce high transit cost including identification of alternative

transit routes, to address shortcomings in the areas of human resources and technical manual to implement WTO compatible customs regime, and to increase capacity to assure quality agricultural exports. In terms of facilitating private sector's more meaningful engagement in government policy making, this project assists in establishing a Business Consultative Round Table (BCRT) which play a constructive role in dealing with trade and investment issues and strengthening public private sector dialogue mechanism.

To improve the business environment (investment and export), among others, the project prepared: a book on 'Foreign Investment Opportunities in Nepal', a Diagnostic Study on Nepal's Export Potentials in Trade in Educational, Health and High-end Retail Services, handbooks on Customs Valuation System and Post Clearance Audit.

To embark on EIF related activities, the project is assisting government to set-up EIF implementation mechanism (e.g. constitution of National Steering Committee and National Implementation Unit), DTIS updates, need assessments, development of EIF Tier 1 and Tier 2 proposals and formulation of Nepal Trade Sector Strategy 2009.

## Key partnerships

Most of the project activities are conducted through partnership with the concerned Government agencies (e.g. Nepal Copyright Registrar's Office, Department of Customs, Department of Commerce, Nepal Inter-modal Transport Development Board, Trade and Export Promotion Centre, etc.); Business Organizations such as the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), Nepal Chamber of Commerce (NCC), Federation of Nepalese Cottage and Small Industries (FNCSI), Confederation of Nepalese Industries (CNI) including various district chambers, Non-governmental Organizations such as SAWTEE, CPPD, among others.