

UNLEASHING NEPALI TRADE & INVESTMENT





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UNLEASHING **NEPALI TRADE & INVESTMENT**

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EUROPEAN UNION

EU-Nepal Trade and Investment Programme (TIP)
Investment Support Facility (ISF)

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MESSAGE FROM THE HONOURABLE MINISTER

MINISTRY OF INDUSTRY, COMMERCE AND SUPPLIES



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Message

The European Union (EU) is an important economic, trade and development partner of Nepal since we established our diplomatic relations in 1975. In fact, our diplomatic and economic relations with many European nations began long before the EU was established. The Government of Nepal is keen to further strengthen relations with the EU and its Member States.

I would like to take this opportunity to note the efforts of the European Economic Chamber (EEC Nepal) for working towards strengthening trade and economic relations with the EU as a private sector-led effort. This publication is one example. I hope the issues covered in this publication will serve as a track-two platform for exchanging ideas on diplomacy, trade, investment, and economic relations on issues of contemporary interest to contribute to formal dialogues and negotiations. Such a publication can also assist in showcasing trade and investment opportunities in Nepal and promote Nepali products in the EU market.

As Nepal begins preparing to graduate from a Least Developed to a Developing Country, which is also a time for us to start reviewing our trade and investment partnerships and prepare for continued collaboration with the EU and other countries. I hope this publication can serve as a platform to exchange views and share information and knowledge on efforts we need to expand our trade and investment relations with the EU Member States and the rest of the world.

The Government of Nepal is aware of changes that would be needed in the trade and investment regime following Nepal's graduation to a Developing Country, particularly the impending phaseout of preferential market access under EU's "Everything but Arms" initiative. Nepal is closely analysing the options for post-graduation relations, including compliance with the GSP plus facility and a comprehensive trade and investment framework agreement, among others.

We look forward for continued participation of the private sector in promoting Nepal's economic, trade, investment, and development interests throughout the world. Once again, I congratulate the efforts of the EEC and everyone who have contributed to make this publication possible.

24 May 2022

Dilendra Prasad Badu

Minister

MESSAGE FROM THE EU AMBASSADOR AND HEAD OF DELEGATION

H.E. NONA
DEPREZ



The European Union's political and economic relations with Nepal, along with development cooperation, were established in 1973, and resulted in formal diplomatic relations in 1975. Since then, the EU has become one of the important trade, investment and development partners of Nepal. It remains the third largest export destination for Nepalese products, and among the top 10 investors in Nepal. Our diplomatic relations are further strengthened by many High-Level visits and meetings of top political leaders and diplomats from the EU to Nepal and Nepal to the EU. We established a Joint Consultation Mechanism with the signing of EU-Nepal Cooperation Agreement in 1996, which created a bi-annual Joint Commission between Nepal and EU, that was made annual since 2018. Recent Joint Commission meetings have been instrumental in exchanging substantive views on the latest political situation in Nepal and the EU, development cooperation, Nepal's graduation from Least Developed Country (LDC), air safety issues and also for discussing various ways and means to further strengthen the relationship between the EU and Nepal.

Nepal's new constitution has introduced a federal democratic system, which aims to play a profound role in empowering the disadvantaged and socially

excluded communities and groups of people, including women and youth. However, during the first decade after promulgation of the new constitution in Nepal, the development process was challenged by a devastating earthquake, followed by the global COVID-19 pandemic, and then the recent war in Ukraine. All these events have impeded or slowed down some of our activities planned to deepen our relations. This equally affected the plans and programmes of common people, business community, governments and non-governmental institutions around the world. Another notable upcoming event is that Nepal is scheduled to graduate from LDC status by 2026. The graduation is a proud moment for Nepal, all Nepalese people, as well as its development partners, including EU. We believe that the graduation will bring status and confidence, enabling Nepal for speedy development provided a better investment environment is ensured. However, we must be aware that the graduation may affect Nepal's trade, particularly its exports to the European and other markets.

As we all know, Nepal enjoys many important international support measures such as preferential market access and special and differential treatment, including duty-free market access in the European market under the EU's Everything But Arms (EBA) provisions. The EBA remains an important market access tool for Nepal as more than 90% of the Nepal's exports to EU market use this facility. The EBA scheme will no longer be available to Nepali exporters after graduation and completion of the transition phase of three years. Therefore, we need to work on appropriate measures to harness the opportunities created and overcome challenges that may result from the LDC graduation.

The EU is keen to further deepen economic relations with Nepal. Nepal may apply for the GSP Plus scheme to continue to benefit from preferential market access in the EU market. However, to qualify for GSP+ Nepal must fulfill the Standard GSP conditions, in addition to meeting additional vulnerability and the sustainable development criterion, which requires the applicant country to have ratified and effectively implemented certain international conventions on labour rights, human rights, environmental protection, and good governance, among others.

We look forward to working with the Nepali government in achieving the Sustainable Development Goals (SDGs). In order to achieve those goals, in a historic new federal set up of the country, all stakeholders must effectively join hands: national, provincial and local governments, civil society, development partners and, most importantly, the private sector.

The EU remains strongly committed to enhancing its support to Nepal in pursuit of common objectives and its development goals. The EU supports the Nepal government in preparation of the Nepal Trade Integration Strategy (NTIS 2022) and other policy measures targeting to increase export of priority sectors and attract investment in Nepal, particularly from the EU member states. The EU-Nepal Trade and Investment Programme (TIP) and other cooperation programmes are intended to support the Government of Nepal and the private sector as drivers of employment generation, sustainable growth, and poverty alleviation. As Aid for Trade Donor Coordinator, the EU is providing trade capacity building and harmonization of trade cooperation in Nepal.

The Delegation actively promotes the European Green Deal that provides a roadmap with actions to boost the efficient use of resources by moving to a clean, circular economy and stop climate change, revert biodiversity loss and cut pollution. The EU's Farm to Fork approach contributes to achieving a circular economy – from production to consumption. Hence, we look forward to joining hands with the Nepali stakeholders in creating an effective circular economy, in which products are designed to be more durable, reusable, repairable, recyclable and energy efficient.

We wish to work more closely with the government of Nepal, private sector, civil society, the youth and other stakeholders to harness the trade and investment opportunities between Nepal and member states of the EU.

MESSAGE FROM THE AMBASSADOR OF FINLAND TO NEPAL

H.E. PERTTI
ANTTINEN



Finland firmly supports Nepal's equitable, economically viable and environmentally sustainable transition

In the past 30 years, Nepal has gone through a long and complex political transformation from a monarchy to a federal republic with a three-tier governance and multiparty democratic system. Now, Nepal is at a juncture of a structural transformation as the country aims to graduate from the Least Developed Country (LDC) status in 2026 – shifting from dependence on the LDC-specific international support measures to more self-reliance.

Finland has been Nepal's trusted and long-term partner since the early 1980's, particularly in the field of development cooperation. In recent years, Nepal's development has moved forward in imperative and vigorous ways, encouraged by external, internal, and contextual factors. Nepal has made significant socio-economic progress, despite the challenges caused by the massive earthquake in 2015 and more recently by the COVID-19 pandemic, which adversely affected its development prospects.

In the period 2021-2024, Finland supports the water sector, climate resilient livelihoods, basic education, and gender equality through bilateral and multilateral cooperation in Nepal. Finland's development policy aims at eradicating extreme poverty and at reducing poverty and inequality. Poverty reduction and development requires sustainable economic growth and jobs. This is a central message in the 2030 Agenda for Sustainable Development, too. Finland works in close cooperation with the EU – in the Team Europe framework – in our ongoing programmes, focusing on a variety of sectors.

In view of Nepal's envisaged LDC-graduation, there is a need to diversify and deepen economic cooperation towards a mutually beneficial and more comprehensive partnership. One of the main priorities of Finland's development policy is to strengthen developing countries' own economies so that they can create more jobs, provide opportu-

nities for livelihoods and promote wellbeing. Finland supports Nepal's equitable, economically viable and environmentally sustainable LDC-transition as well as its efforts to strive to achieve the Sustainable Development Goals by 2030 and to become a middle-income country by 2030. Finland has published a transition study to guide our work in this process.

Finland will work together with other development partners and with the Government of Nepal to mobilize the private sector to support Nepal's Green, Resilient and Inclusive Development ambitions, centered on green investment and climate resilient value chains. Finland believes that

women have an active, and a key role, in sustainable development. We consider that to achieve an equitable transition, a society where women, including those with disabilities and those in vulnerable positions, need to be included in the process. Therefore, Finland supports women's economic empowerment as well as skills development in Nepal.

I wish the European Economic Chamber all the success in developing, strengthening and facilitating economic, commercial and trade interactions between Nepal and the European countries – Finland is happy to be part of this collaboration.

MESSAGE FROM GERMAN AMBASSADOR TO NEPAL

H.E.
THOMAS
PRINZ



The Federal Republic of Germany and Nepal share cordial bilateral relations for more than 60 years, not just at the government but also at the people-to-people level. The beginning of development cooperation was in 1966. Since then, Germany has been supporting Nepal in many different fields, inter alia in the area of healthcare systems, green energy, agriculture, town development, preservation of monuments, implementation of Nepal's young constitution and promotion of sustainable economic development.

But also in the testing times of COVID-19 crisis Germany has been a reliable partner for Nepal by vaccines for more than 10% of the population, cold chain equipment for vaccine storage, ventilators, isolation tents, masks, as well as immediate and flexible fund of more than EUR 10 million

Germany and the European Union

Germany does not act alone, but always as a member of the European Union (EU). Together, we are stronger which is why increasingly, have been collaborating as "Team Europe" - not just to stand by Nepal in good and difficult times but also to strengthen the Nepali economy.

On promotion of business in Nepal

Germany is third in the list of countries, after India and the USA, where goods from Nepal is being exported, and Germany is the biggest importer of Nepali goods within the European Union. Nepali products such as carpets, woolen products, handicrafts, felt products, tea, herbs, handmade paper find a good market in Germany. Looking at the other trade direction, Nepal imports industrial raw materials, chemicals, machinery, electro-medical instruments and appliances, electric and electronic goods and vehicles among others from Germany.

In recent years, trade relations between Germany and Nepal have witnessed significant development, with both parties seeking to expand areas of mutual cooperation. Keeping in mind the increased interest of German companies to operate in the Nepali market, in 2019 – shortly before the breakout of the Covid pandemic - the German Embassy in Kathmandu in cooperation with the Nepal-German

Chamber of Commerce and Industry (NGCCI) organized a business forum in Kathmandu with the theme, 'Building Bridges: Nepal - German Business Relations' to allow German firms to explore the Nepali market. The successful completion of the business forum facilitated exchange between German and Nepali firms in various sectors and contributed to improved German- Nepali economic relations. We look forward to being part of similar initiatives in Nepal to allow the German firms to explore the Nepali market.

On tourism in Nepal

Germany has been one of the major sources of tourists for Nepal. Nepal has a lot to offer: wonderful landscape, natural beauty, and a rich cultural heritage. But mass tourism also endangers Nepal's natural and cultural resources. Therefore, Germany has been supporting Nepal's tourism sector in becoming more sustainable. The Import

Promotion Desk, a platform that supports the sustained and structured promotion of products from selected partner countries, cooperates with Nepali tourism companies that put strong focus on high quality as well as social and environmental standards.

Bright future ahead

Nepali people are resilient people and it is my honest wish that Nepal continues moving on the path of peace and prosperity. European Economic Chamber-Nepal (EEC-N) can play a significant role in the promotion of commercial activities between Nepal and Germany and to make Nepal, a lucrative destination for German firms. Germany and Nepal have a long history of good and amicable relations and I hope that together we will bring our trade relations to thrive and flourish.

MESSAGE FROM CHAIRPERSON OF EBO WORLDWIDE NETWORK

JASON
COLLINS



EEC Nepal – An important contributor to the global network of European Chambers

The global network of European Chambers works together across all continents on common challenges including free and fair trade, sustainable transition, and to advancing the principles of responsible business where all parties stand to gain.

EEC is a valued and important contributor to the European Business Organisation Worldwide Network (EBOWWN), whose members have continued to meet during the pandemic and have relaunched our schedule of physical meetings in Brussels. There we will discuss the work we are all engaged in for economic recovery post- COVID19, restoring disrupted trade, rebuilding supply chains, and responding to threats to the international rules-based system which has enabled widespread economic progress over many decades. For many, however, economic advancement has been uneven, and has come with many social and environmental costs. Improving living standards, combating climate change, conserving the environment and reducing waste, improving labour standards and access, are all topics where European businesses can play a positive role with partners across the globe.

I know these topics, and many others, are on the agenda for EEC Nepal, and will be part of member activities and discussions in the months ahead. EEC Nepal has built a strong partnership with the EU Delegation in Kathmandu and continues to effectively promote trade and investment opportunities between Europe and Nepal.

Each year the European Chambers which form the EBO Worldwide Network from across Africa, the Americas, Asia, Europe, and Oceania meet and collaborate through a range of formal meetings (annually in Brussels), as well as in regional and informal groupings. The network provides a framework for collaboration on topics of mutual interest, for specific projects and activities, and the sharing of information.

We look forward to the Chamber's ongoing contribution to the work of the network, and to advancing our mutual interests globally. I close in extending best wishes and greetings on behalf of all the fellow European Chambers around the world within the EBO Worldwide Network to EEC Nepal.

MESSAGE FROM PRESIDENT OF THE EUROPEAN ECONOMIC CHAMBER - NEPAL

**NARAYAN
BAJAJ
-FCA**



We have all lived with the challenges faced by the Nepali economy following multiple waves of the COVID-19 pandemic that resulted in an overall deterioration of the investment climate and raised the cost of doing business due to increasing supply chain and logistic costs. Now to add to that we have new challenges emerging from the unexpected conflict in Europe.

The European Economic Chamber (EEC) will need to work to continuously address new opportunities and challenges that arise and will continue to focus on all areas including the long-standing focus on promoting Nepali exports post-LDC graduation, import management and to bring foreign investment and technology from the European Union (EU) and expand bilateral trade with the EU.

We have learnt that no single institution or sector can work in isolation to drive economic change. We will work together with all stakeholders towards a common vision of a Prosperous Nepal, wherein the prosperity permeates to all levels of society and citizens.

Guided by this vision, the EEC aims to bring together similar private sector associations to work even more closely with the government, diplomatic missions, development partners and other stakeholders focussing on suitable trade policies to stimulate export of Nepali products to EU member countries and beyond. We will also continue working with the government to prepare the ground to maintain a sustainable level of exports to EU countries after LDC graduation when the benefits of duty-free access under the Everything but Arms (EBA) window will cease to be applicable for Nepal.

We anticipate that there will be drastic changes in the way business will be done along with changes in consumer behaviours triggered by technology use by 2030. It is expected that the Fourth Industrial Revolution will see the emergence of trade through technology, and emergence of e-commerce that can help keep borders open for trade.

New opportunities are expected in product innovation due to commitments by governments for Net Zero emission by 2050. The arrival of e-vehicles and increased use of recycled plastics are good examples of a Green and Circular economy. Nepal being rich in hydropower can certainly reap tremendous economic benefit from this sector, gradually reducing its dependence on fossil fuels and contributing to keep greenhouse gases under control.

EEC appreciates the financial support provided by the EUD to the Government of Nepal in developing trade and investment plans and policies, capacity enhancement of the private sector in trade diplomacy, backward integration in the value chain of Pashmina and Coffee, among others. We look forward to continued EU support to Nepal to help the country prepare for the years after graduation and expect increased engagement of EEC in these initiatives.

Every year about 50 Nepali students go for higher study under Erasmus Scholarships and many others travel to Europe for short exchange programs. The education and exposure programmes supported by the EU has contributed towards building a younger talent pool to drive trade, investment, and international relations in the days to come.

Finally, EEC is grateful to the EU-funded TIP-ISF project, implemented by GIZ, for supporting this publication and for its interest in engaging with the EEC in upcoming activities. EEC thanks all the contributors of the articles and companies that have supported the volume with advertising.

ACKNOWLEDGEMENT

This publication of the European Economic Chamber-Nepal (EEC-Nepal) discusses important trade and investment issues for Nepal, particularly in light of the country's planned graduation from LDC status to Developing Country status in 2026. Nepal needs foreign investment and technology transfer to prepare itself for increased trade upon graduation as well as to address some non-tariff barriers. This publication highlights areas requiring urgent attention, while also providing information on the requirements and compliances for doing business with Member Countries of the European Union (EU).

EEC-Nepal publication Committee comprising of following members Ms. Urmila Shrestha, Mr. Siddharth Rajbhandari, Mr. Karan Vaidya, and Mr. Dipendra Pradhananga, Member Secretary, would like to thank all contributors for their papers/ articles. We would also like to thank Mr. Gobinda Bahadur Karkee, Joint Secretary, Ministry of Industry, Commerce and Supplies (MOICS); Dr. Narayan Prasad Regmi, Joint Secretary, MOICS; Mr. Durga Prasad Bhusal, Under Secretary, MOICS and EU-TIP Focal Point; Mr. Mim Hamal, Senior Programme Manager, EUD-Nepal; Dr. Claudius Preville, Team Leader, ISF; Mr. Shiv Raj Bhatt, Key Expert, ISF; Mr. Binod Bhattarai, Senior Communication Expert, ISF; Ms. Deepanjali Shrestha, Communication Specialist, ISF; and Mr. Prakash Pyakurel, Administration and Finance Manager; ISF for their support in making this publication successful.

The articles in this publication have been written by people who are experts in their respective fields. They also vary both in terms of length and overall purpose. Some of the longer submissions are aimed at contributing to a debate, or to draw the attention of policy makers to emerging issues, whilst others

are short commentaries, or provide information to the Nepal business community and foreign investors alike.

In order of their appearance, the longer submissions are as follows:

First is an insightful piece by Dr. Mona Shrestha Adhikari, CEO of Enterprise for Management, Economic Reform and Gender Equality and an International expert on Gender Equality and Social Inclusion, which discusses ways to unlock the potential of women entrepreneurs in trade, with examples of some project activities during the COVID-19 lockdowns. The article showcases primary data collected by the author to support her analysis of the differential impacts of COVID-19.

The second article is by Mr. Shiv Raj Bhatt, Key Expert at the TIP-ISF with responsibility for investment coordination. It discusses the requirements for trading with Europe after duty-free access to market under the "Everything but Arms" regime comes to an end following Nepal's graduation from LDC status. It also explores the GSP and GSP+ options for trading after graduation, something which Nepal needs to begin preparing for.

The third article is by Mr. Rajendra Singh, Deputy Director at the Trade and Export Promotion Centre. It provides a step-by-step guide to the EU's system of registering exporters (REX system) and how to register for exporting to the EU and other markets. It also provides important information on rules of origin and good examples on how products can qualify as originating under these rules.

The fourth article is by Mr. Sushil Bhatta, Chief Executive Officer at the Investment Board Nepal (IBN) on the country's one-stop window for large investments. He discusses foreign investment in Nepal, including overall

trends, and the measures taken by the IBN to facilitate both investments, as well as Public-Private Partnership projects.

The fifth article is by Dr. Manish Thapa, Founding Managing Partner at Global Equity Fund. He undertakes a discussion of risk to investors as potential deterrents to investment and advocates blended finance as the possible new area of focus for Nepal for future financing of both industrialisation and development.

The publication also has shorter articles that discuss the need to rethink the global supply chain post COVID-19, by Mr. Rameshwar Khanal, former finance secretary; increased engagement of the private sector in trade and investment processes by Mr. Narayan Bajaj, President, EEC-Nepal; the capacity development needs in logistics management by Mr. Rajan Sharma, Vice-President, EEC-Nepal; the role of tourism in post COVID-19 economic recovery, by Mr. Binayak Shah, Senior Vice-president of Hotel Association of Nepal; and the potential use of natural and Ayurvedic healing for wholesome healthcare, by Dr. Vyoma Badri Koirala, Ayurveda Consultant at Ayurveda Health Home Pvt. Ltd., respectively. The remaining content provides information on the European Business Organisation; EEC Nepal; the procedures for exporting to Europe; compliance requirements and important institutions that can provide support on matters related to trade with EU countries.

EEC-Nepal believes that this publication can help showcase Nepal's readiness to do business with the EU and the rest of the world while also making investors and traders about the opportunities that exist in Nepal.

Rajan Sharma,
Chair,
EEC-Nepal Publication Committee.

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साल्ट ट्रेडिङ्ग कर्पोरेशन लिमिटेड

द्वारा प्रवर्द्धित



तौल पूर्ण, सुरक्षा सम्पूर्ण

- ISI स्टान्डर्डको भित्र बाहिर रबर कोट भै बीचमा स्टिलको जालीभएको 3 तहको होजपाइप
- उच्च गुणस्तरको रेगुलेटर
- पुनः प्रयोग गर्न न सकिने प्लास्टिक सिल भएको सिलिण्डर
- कम्प्युटर प्रतिधिबाट चल्ने प्लान्ट, तौलमा सोढै आना टुक्क हुनुहोस्



साल्ट ट्रेडिङ्ग समूहका उत्कृष्ट खाद्य बस्तुहरू



आयो नून खाउँ स्वस्थ रहौं



गाउँसम्म आयो 'आयो नून' यसले लगायो धेरै गुन

आयोडिनको कमीबाट हुने विकृतिहरू

१. गर्भ तुहिने, मृत शिशु जन्मिने, अङ्ग मङ्ग भएको शिशु जन्मिने, जन्मेको शिशु चाँडै मर्न सक्ने ।
२. बच्चाहरू बहिरा, लाटा, लठेउरा, बामपुडुके, डेडो आदि हुन सक्ने ।
३. पढाइमा कमजोर भई पटक पटक फेल हुनुका साथै खेलकुदमा समेत पछाडि पर्नसक्ने ।
४. गलगौंड आउने, सुरतमनस्थिति हुने ।
५. आयोडिनको कमीले I.Q. Level कम हुने ।
६. आयोडिनको कमी भएमा मानिसहरूमा आलस्यपन आउने, काम गर्ने क्षमतामा कमी आउने ।
७. आयोडिनको कमीबाट गाईबस्तुले दुध कम दिने ।

दुई बालबालिका विन्ह अंकित आयोडिनयुक्त पाकेटका नून सधै प्रयोग गर्नुहोस् ।

आयोडिनको कमीबाट हुने विकृतिहरू उपचार गरेर हटाउन सकिंदैन । त्यस्ताविकृति आउन नदिन एकमात्र उपाय आजैदेखि आयोडिनयुक्त दुई बालबालिकाको विन्ह अंकित पाकेटको नून मात्र प्रयोग गरी ।



साल्ट ट्रेडिङ्ग कर्पोरेशन लिमिटेड

केन्द्रीय कार्यालय: पो. व.नं. ४८३, कालिमाटी, काठमाडौं, नेपाल, फोन नं.: ४२७०३९५
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Unlocking women entrepreneurs' potential to trade in Nepal

Introduction

Women and girls face the most significant impacts of any disaster, as it amplifies existing gender inequalities and puts women's lives and livelihoods at risk. COVID-19 has affected our lives and livelihoods, and like any other disasters and pandemics, this is not gender-blind.² Women are doing more domestic chores and family care than men. Women are more likely to lose jobs than their male counterparts, and the crisis has affected sectors that employ a higher share of women. Despite these challenges, both men and women reported that the pandemic provided new business opportunities due to COVID-19, even though women were more likely than men to report business closures.³

Amidst the COVID-19 challenges, women-led (or managed) businesses are increasingly engaged in the digital economy either by choice or compulsion. With the traditional businesses operating in the brick-

and-mortar mode, they have had to adapt to the growth of the digital economy which has enabled access to customers and connection to digital platforms.

The Global Entrepreneurship Monitor (GEM) 2020/2021 Women's Entrepreneurship Report reveals that women's entrepreneurship is a fundamental promoting factor of inclusive economic growth in developing economies. According to the report, one in three growth-oriented entrepreneurs active today are women who are highly involved in both start-up activities and high-growth entrepreneurship. The report also highlights that over half of women in developing countries see entrepreneurship as a path to a better future, compared to only 25 percent in high-income countries.

Given this global scenario, this paper is contextualised in Nepal and will highlight the relationship between gender and trade, followed by the situation of women entrepreneurs, focusing on their challenges amidst the COVID-19 pandemic.

Two initiatives that serve as good practices to build resilient businesses, bridge the digital gap, and scale up and leverage partnerships with

various stakeholders in the entrepreneurial ecosystem will be shared. The paper also points to women's businesses' increasing engagement in the digital economy as the new way of doing business. It concludes with a way forward to unlock women entrepreneurs' potential to trade, which will contribute to both empowering and building resilient women businesses.

Gender and trade nexus

Since the beginning of this century, women in Nepal have seen gradual improvements in the legal and policy framework and their ability to access services and control resources. These include an improved constitutional and legal framework for women's rights; increased access to education and higher educational achievement; improvements in maternal and child health; increased access to economic resources, land, property, and micro-credit; and an improvement in women's representation in the public sphere. However, improvements are small, and significant barriers to women's full economic participation remain.⁴ Socio-economic structures, policies, and practices affect men and women differently and the subgroups within

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² See Grown, C. and C. Sanchez-Paramo (2020).

³ The authors and the Global Entrepreneurship Research Association (GERA) (2021).

⁴ Sahabhazi (2015).

these groups. Macroeconomic and trade policies that ignore structural barriers impact women's ability to enter and compete fairly in the labour market, reinforce unequal outcomes.⁵ Trade policies may appear gender-neutral, but there is considerable evidence that trade affects women and men differently both as a group and within. The impact of global trade on gender equality varies depending on their different roles as workers, producers and business owners, consumers, and decision makers in the economy.

In general, trade improves the lives of women, and the changing nature of trade also creates new opportunities for women. However, better policies can help women overcome trade challenges and maximise their benefits for which collective efforts to promote trade and gender equality are required (IBRD/WB and WTO 2020).

The Government of Nepal's Industrial Policy, 2010 makes it mandatory to include women entrepreneurs in seminars, educational trips, trade fairs, and technology-related training organised by government agencies. It proposes two boards – Industrial Promotion Board, one for larger industries (Industrial Promotion Board) and the other for cottage and small industries (Micro, Cottage, and Small Industry Promotion Board) with provisions for representation for women entrepreneurs.⁶

The Nepal Trade Policy 2015⁷ and the Nepal Trade Integration Strategy

(NTIS) Update 2016 aims to accelerate the country's export competitiveness. While the latter focuses on reducing supply-side constraints to boost production and value addition in the export of goods and services, it has listed 26 products and seven services as potential export sectors. In identifying these sectors, the Government of Nepal undertook a gender impact assessment for the first time that helped identify the medicinal plants, tea, carpets, and pashmina sectors as having a likely high impact on women. In the tourism sector, the impact on women is assessed to be medium.⁸ However, the lack of clear and accurate information on key economic policies, including the Nepal Trade Policy 2015 and the updated NTIS 2016, has implications for women's potential to engage with broad policy issues.

A 2014 study on the state of Public-Private Dialogue (PPD) mechanisms on trade policy issues finds that although PPDs do exist in the country, a formal, institutionalized, and effective mechanism is far from being established. It recommends that it is necessary to invest in building the capacity of a range of "missing" stakeholders such as women entrepreneurs, farmers, small and medium enterprises (SMEs), and economic journalists to make the PPD mechanisms more inclusive.⁹

There are several problems with current policymaking processes: Firstly, while there is interest amongst policymakers to listen to the voices of women on economic policy issues, there is a widespread lack of understanding of what barriers exist for women in the world of work and the business environment and why policies need to be gender responsive. Secondly, it is understood that women face problems mainly around family, security, and livelihood, but there is a lack of a broader understanding of the interlinkages between several policies. Thirdly, information on economic policies, laws, guidelines, and procedures does not reach women, as dissemination is poor. Finally, inclusion has become no more than a box-ticking exercise for policymakers. There is limited commitment and resource allocation to support the implementation of inclusive policies and laws.¹⁰

In the context of empowering women's businesses, despite several policies integrating the inclusion of women's businesses, there are various gaps and challenges in formulating and implementing effective economic empowerment policies and programmes. In practice, men and women as businesspeople face different challenges and constraints, or the same barrier may impact men and women differently. Women face various social and cultural constraints that limit their ability to fully utilise their knowledge and skills in the economy. Unless these constraints are addressed, women's full potential to contribute to the economic development and growth of the country remains untapped.¹¹

⁵ See McGowan, R. L. and C. Waters (2016). Also see: Sahabghagi (2015).

⁶ Sahabghagi (2015:96)

⁷ MoCS/GoN (2015).

⁸ MoC/GoN (2016). Note: NTIS-2016 has identified priority export potential sectors including agro-foods (cardamom; ginger; tea; and medicinal plants), crafts and manufacturing (all fabrics; textiles; yarn and rope; leather; footwear; pashmina; and carpets), services (semi-skilled human resources; information technology and business process outsourcing) and tourism.

⁹ Adhikari, M.S. (2014).

¹⁰ Adhikari, M.S. (2016).

¹¹ LDP (2012).

Status of women entrepreneurs

Women-led (or managed or owned) business, in general, face multiple survival challenges such as getting into business, surviving in the market, and growing/ or expanding. Thus, they are on a survival-oriented stage of the enterprise spectrum, although they aspire to move to a growth-oriented stage. These businesses are micro, small, and medium enterprises with less inventory, small client bases, and low cash reserves that limit their capacity to mitigate challenges faced due to disasters. They mostly employ women workers and are at the bottom of global value chains. They also have limited access to productive resources and face cumbersome custom procedures and legal constraints.¹²

Moreover, due to the absence of gender-disaggregated data, it is difficult to estimate the number of women entrepreneurs in Nepal. Despite the existence of businesses officially registered in the name of women, they are primarily operated by male members of the family (husband or father) – also known as “surrogate entrepreneurship”.¹³

Several studies indicate that women in Nepal face numerous constraints in business. A review of the Government of Nepal’s Women’s Development Programme identified a long list of barriers to women in agricultural businesses: low access to credit and marketing networks, lack of access to land and property, lack of access

to water, technical knowledge, and availability of inputs.¹⁴ Bilgi and Gurung (2011), identified additional constraints, including reduced risk-taking capacity, lack of access to modern technology, personal security and risk of sexual harassment, severe competition both in the domestic as well as the international markets, low levels of self-confidence, social and cultural barriers such as the exclusive responsibility for household work, and social restrictions on mobility.

In a specific study focusing on trade facilitation, SAWTEE and CUTS (2021) highlighted that lack of access to proper infrastructure at central industrial locations and border points (e.g., lack of warehouse and cold storage facilities, transport-related hurdles), limited production capacity and constraints in digital transactions and logistics as the major constraints facing women led/owned businesses. In addition, the study notes that limited knowledge of trade regulations and procedures also limits women’s ability to enter the global market and benefit from the various available subsidies and schemes. Another study (LDP, 2012) highlights that while the processes involved in starting and running a business in Nepal are not seen as a deterrent, it is rather the harassment of women by public officials that presents a significant barrier at this level.

In a 2019 survey of women entrepreneurs and their knowledge on trade in South Asia¹⁵, many

women entrepreneurs from Nepal (and South Asia in general) were not aware of national trade rules and regulations and were doing business within the country. Their small size of business, limited capacity, and very little knowledge of export procedures were some of the key reasons for not exporting. Few who exported, were mostly engaged in regional trade. That said, most Nepali women entrepreneurs showed keen interest in acquiring trade-related skills, such as negotiation with buyers and sellers, import/export procedures and regulations, and tax and customs regulations. Asia and Europe were their priority regions for future exports. Major trading difficulties women entrepreneurs faced included:

- No clear information on customs requirements,
- Delays in processing export permits and customs paperwork,
- Lack of access to trade finance,
- Difficulties in identifying and accessing overseas sales agent, and
- Difficulty in accessing information on international export/import, including tariffs.

Impact of COVID-19 pandemic

The private sector in Nepal faced multiple difficulties, mainly during the stringent lockdowns. According to UNDP (2020), Nepal had seen a fall of 95% in average monthly revenue and could have sustained for only around two months if the lockdown continued. It said that the COVID-19 crisis has not only disproportionately affected wom-

¹²See UNDP (2020).

¹³See Bushell, B. (2008).

¹⁴OUTLIERS Development Services Pvt Ltd. (2016).

¹⁵Adhikari, M.S. (2019).

en and their businesses but also affected their employment. For example, 28% of men lost their jobs during the lockdown, whereas the corresponding figure for women was 41%.

In fact, several challenges faced by women entrepreneurs get magnified during pandemics such as COVID-19. A 2020 rapid assessment survey¹⁶ conducted in Nepal with 363 women entrepreneurs demonstrated that those involved in the service sector were hard hit. The survey results also revealed that despite high vulnerability to disasters, most women entrepreneurs are not aware and prepared for disaster management. Most women entrepreneurs have very little knowledge of different kinds of disasters. Among the few who have some knowledge, it is mostly about earthquakes. Most of them had not prepared any Business Continuity Plan (BCP) to manage the effects of disasters if/when they occur. The closure of business for a long time is the most noticeable impact. Similarly, financial problems, managing salaries and working shifts for workers/staff, lack of raw materials, cancellation of orders, and mental well-being are other main impacts of COVID-19 on businesses owned or managed by women.

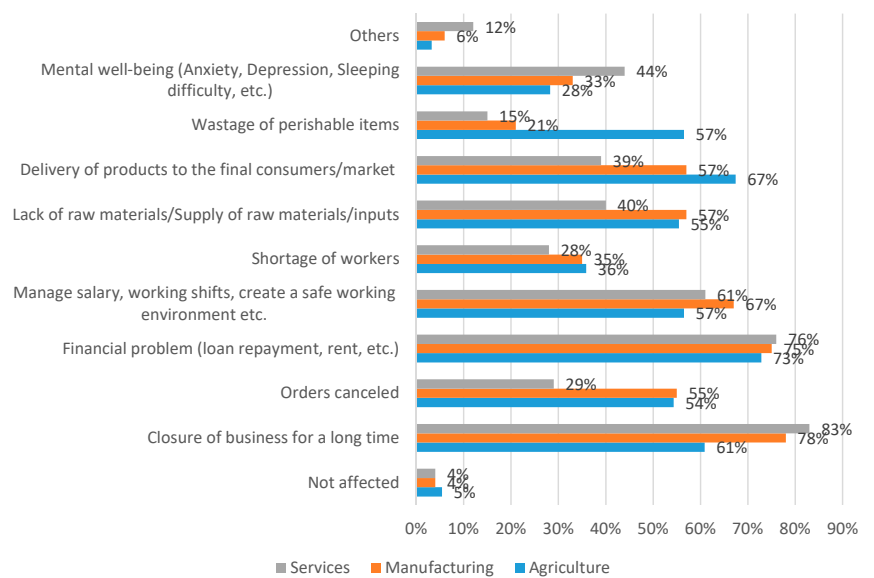
The survey also finds that different sectors of the economy were affected differently by the pandemic. As illustrated in Figure 1 below, apart from the top three impacts (closure of business for a long time, financial problems, and managing of salaries and working shifts for

employees) that affected all sectors almost equally – the agriculture sector faced problems of wastage of perishable items, delivery of products to consumers, cancellation of orders and lack of raw material/inputs. For the manufacturing sector, lack of raw materials/inputs, delivery of products to the final consumers, and cancellation of

orders were more pertinent issues. However, for the services sector, managing mental well-being was more challenging.

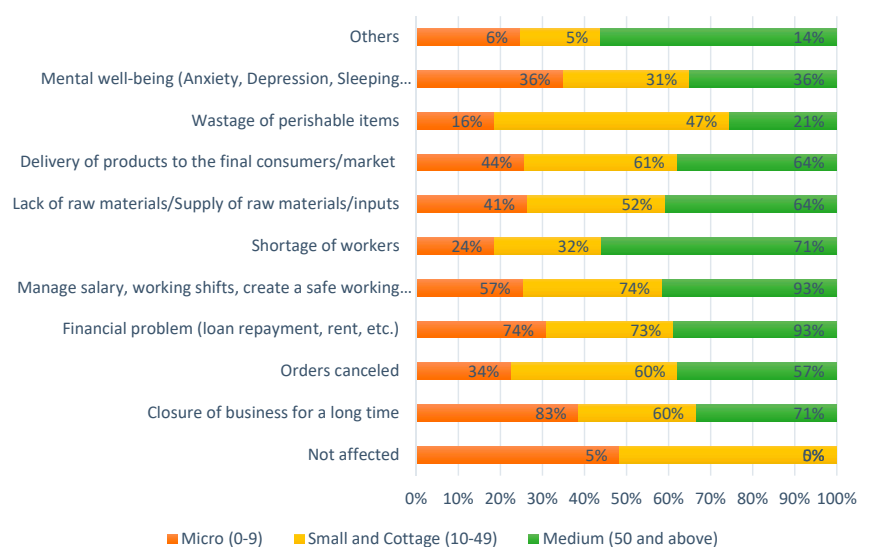
The size of the women-led/owned businesses also mattered, as shown in figure 2 below. The top 3 impacts on all businesses related to financial problems (highest for medi-

Figure 1: COVID-19: Impacts on business, by sector



Source: EMERGE and FWEAN (2020)

Figure 2: COVID-19: Impacts on business, by size



Source: EMERGE and FWEAN (2020)

¹⁶EMERGE and FWEAN (2020).

um-sized enterprises); managing salaries/working shifts and safe working environment (highest for medium-sized enterprises); and closure of business for a long time (highest for micro-enterprises).

Two concrete project examples demonstrate 'good practices' in supporting women run/owned businesses amidst the COVID-19 pandemic.¹⁷ During June – September 2021, the “Revitalizing women’s business amidst COVID-19 pandemic” project trained women entrepreneurs on business management and mindfulness, provided finance counselling, supported women in joining e-commerce platforms, and also assisted to develop an existing e-commerce platform – WinBiz.¹⁸

Following the success of this project, another one, “Fostering resilience of women led businesses (including home-based women producers) and consumers”, was implemented between August 2021 and May 2022.¹⁹ In this project, 129 women run/owned businesses

were trained on building resilient businesses by including topics such as business management skills related to costing, marketing, digital skills (e.g., e-commerce, e-payment systems, social media, websites), mindful management, and leadership, banking, and risk financing. Women were also able to develop business continuity plans as deemed necessary to manage disasters like COVID-19. The project team also mentored and facilitated 48 women who sold over 3000 products on thulo.com.

During the pandemic, the reason for closure of businesses run/owned by women was their unawareness about the presence of digital platforms where they could promote and sell products, and many lacked the digital skills to shift to online platforms (EMERGE and FWEAN,

2020). Of late, businesses involving women are seen actively engaged in the digital economy. Most of them are marketing and selling their products and services through social media such as Facebook, TikTok, Instagram, and various e-commerce platforms: Daraz Nepal, Thulo, Sastodeal, Sabji Land, and WinBiz, to name a few.

Engagement in the digital economy

The digital economy has played a transformative role in the world's response to the challenges faced during COVID-19. Digitisation is the new way of doing business. However, the level of engagement of women entrepreneurs/businesses in the digital economy depends on several factors related to accessibility, affordability, applicability, and adaptability – i.e., 4As.

TABLE 1: The 4As determining level of engagement in the digital economy

S. No.	Factors	Description
1.	<i>Accessibility</i>	Women run/owned businesses need access to technology, Internet with good bandwidth, electronic gadgets, and the availability of good source/quality of energy. They also require access to e-commerce platforms to trade digitally.
2.	<i>Affordability</i>	There are often high prices charged to gain access to limited resources, including, for example, high bandwidth, expert fees to develop business plans and strategies, and hiring skilled human resources for business growth. Being adequately resourced (financially) is key for a business to grow and compete.
3.	<i>Applicability</i>	Policies that support entrepreneurs to take advantage of digital opportunities include digital technology policy or e-commerce policy, which may interact with the national policy on inclusion, such as gender policy. At the same time, application of digital technology is not possible without imparting the necessary knowledge and skills to women entrepreneurs to enable them to apply them to their businesses.
4.	<i>Adaptability</i>	Business needs constant adaptation to changing consumer preferences and the culture and practice of doing business. A few areas are adapting to new digital skills, social media engagement, new payment systems including e-payments, and electronic buyer seller connectivity.

Adapted from: Adhikari (2020).

¹⁷Both projects were supported by USAID/Nepal Tayar-Nepal – Improved Disaster Risk Management Project, implemented by DAI Global LLC (DAI).

¹⁸This project was implemented by Federation of Woman Entrepreneurs’ Associations of Nepal (FWEAN) in partnership with EMERGE and Thulo.com. Participants included registered women’s businesses who are members of FWEAN.

¹⁹This project was implemented by Thulo.com and EMERGE. Participants included women entrepreneurs/producers associated with five Project Partners: SAARC Business Association of Home-Based Workers Nepal (SABAH Nepal), Federation of Business and Professional Women Nepal - (FBPWN), National Indigenous Disabled Women Association Nepal (NIDWAN), Federation of Women with Disability – Nepal (FWDN) and Tayar-Nepal working municipalities – Birendranagar, Gokarwari, Tulsipur and Neelakantha.

The COVID-19 pandemic has been a wake-up call for women-led (or managed or owned) businesses as they struggle to get online, transact on e-commerce platforms, and learn new skills to be digitally empowered.

The importance of digital skills has been ever-increasing, but the pandemic has brought urgency to the fore. Digital skills that were considered additional abilities became a competence that one needed to possess in all facets of life.

While women entrepreneurs have been compelled to shift and/or enter the digital ecosystem, anecdotal evidence suggests that they continue to face challenges to survive in the digital marketplace. They struggle to develop their online and digital skills, especially those concerned with marketing, selling on the Internet, or selling their product on an e-commerce website and reaching a larger clientele. Interacting with customers digitally and adapting to new e-payment systems further add to their exhaustive list of challenges.

As outlined earlier, the two projects discussed earlier were able, to a large extent, to mitigate the digital challenges faced by women in business. However, constrained by financial support and the short duration for implementing the projects, very few women entrepreneurs were able to benefit. Therefore, there is the need for, and the scope to, scale and leverage such programmes that support and promote women's entrepreneurship.

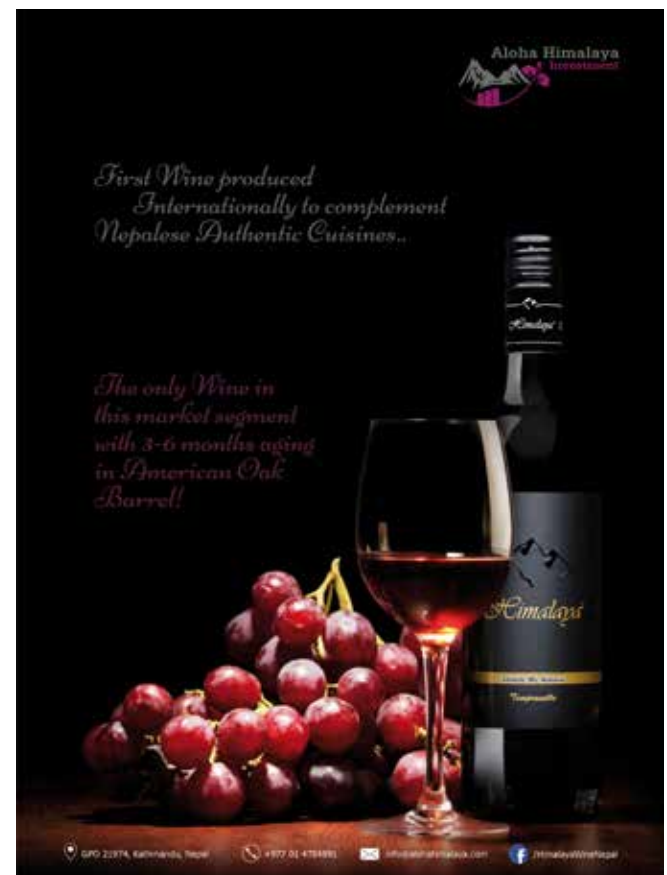
Way forward

Empowering women in business means achieving multiple development outcomes. It includes boosting productivity, promoting inclusive economic growth, and increasing economic diversification. All stakeholders in the socio-economic development ecosystem must play a vital role to empower women in business and boost trade.

Given that businesses run/owned by women are disproportionately affected by the implications of global trade rules and their mechanisms, and global pandemics, unlocking their potential to trade could entail the following 5Cs: Clarity; Capacity; Connectivity; Creativity, and Continuity.

Clarity – Policymakers and businesses need to understand the gendered impacts of trade and other economic policies. This will encourage policymakers to formulate and/or implement gender-responsive trade policies and programmes. It is equally necessary for women entrepreneurs to be aware of and gain clarity on gender and economic policies. Having clarity on business objectives, target markets, marketing approaches, and technical issues such as trade procedures and e-commerce systems can enhance the growth of their businesses. It will also provide a sound base for them to better voice their concerns on trade policies.

Capacity – Targeted programmes and projects to mitigate business challenges women entrepreneurs face must involve capacity-building activities that enhance knowledge and skills. Training, mentoring, and coaching are some of the common tools. Alongside, Government, the private sector also needs some capacity building on formulating and implementing gender-responsive programmes and projects targeting businesses run/ owned by women.



Connectivity – Businesses can grow faster when robust connectivity facilitates trade, which requires both infrastructure (physical and digital) and logistics capabilities. Similarly, connection with financial institutions and investors is key to the growth and expansion of businesses run/owned by women. In addition, connecting with buyers through trade fairs and networking events (both in-person and digital) also play an important role in widening client base and increasing sales and profit.

Creativity – Entering, surviving, and succeeding in business requires creativity and innovation. Women need to be creative in developing and promoting their products and services, keeping abreast with changes in global trade patterns and demands and consumers' preferences. Adapting to new ways of creatively doing business, such as engaging in the digital economy, will further expand their business growth.

Continuity – Policies, programmes, and projects to empower women in business must continue with increased commitment and resources. Women themselves must also continue to engage in policymaking processes actively and find solutions to gendered entrepreneurial challenges by seeking support from Government, private sector, and development agencies who must continue to facilitate for creating a level playing field.

To conclude, should the 5C measures be put in place, besides unlocking the business potential of women, it can also boost economic growth, support socio-economic development, and build inclusive and resilient societies in Nepal. ■

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Shiv Raj Bhatt¹

EU-NEPAL Trade and Investment Cooperation in the Context of Nepal's Graduation to a Middle-Income Country

Background

The European Union (EU) is an important trade and investment partner for Nepal. In 2020, EU's share in Nepal's total exports was 7.3% (third largest export destination after India and the United States) and its share in foreign investment was around 2%².

As a Least Developed Country (LDC), Nepal enjoys many important international support measures (ISMs), including preferential market access and special and differential treatment (S&DT). Through S&DT, many developed and developing countries allow LDCs favourable conditions and flexibilities under various World Trade Organization (WTO), and other regional and multilateral

agreements/arrangements³. In the EU market, as an LDC Nepal receives duty-free market access under the Everything but Arms (EBA) provision, and this extends to all EU member countries and territories as a single market.

Many international pledges for supporting LDCs are not binding, and the implementation has not been effective in many LDCs, including Nepal. However, EU's EBA (preferential market access) remains an important market access tool for Nepal. In 2019 Nepal's exports to the EU market (excluding the UK) was € 61.1 million, and Nepal has a very high utilization rate of EBA GSP facility (approx. 90% of the Nepal's exports to EU markets use the facility).

The triennial review of United Nations Committee for Development Policy (CDP) (22-26 February

2021) had recommended Nepal's graduation from the LDC category after a preparatory period of five years. This means that graduation of Nepal would be effective in 2026. Out of three indices that the CDP considers while deciding on the question of graduation – Gross National Income (GNI) per capita, Human Assets Index (HAI), and Economic and Environmental Vulnerability Index (EVI), Nepal met the thresholds for the latter two, in last three consecutive triennial reviews (2015, 2018 and 2021) and thus became eligible for graduation.

The graduation will have some implications for Nepal's trade and investment. Once Nepal graduates from the LDC category, the preferential tariffs will cease to apply and the next best tariffs as a developing country (DC) will come into effect, after a transition period. Therefore, Nepal's LDC graduation might have a significant impact on exports to the EU market.

In general, FDI is not attached to LDC status. It depends mostly on the investment climate in a country - availability of resources (factor of production), ease of doing business, political stability, tax regime,

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² Some of the EU Member states are big investors globally (Figure 1), but the share of EU member countries in Nepal is comparatively low (Figure 2)

³ Nepal enjoys GSP facility in Armenia, Australia, Belarus, Canada, European Union, Japan, Kazakhstan, Kyrgyzstan, New Zealand, Norway, Russian Federation, Switzerland, Turkey, United Kingdom, and United States. Nepal is also a party of South Asia Free Trade Agreement (SAFTA) and Bay of Bengal Multi-Sectoral Trade and Economic Cooperation (BIMSTEC) and have some bi-lateral trade agreements (India, Bangladesh, etc.). Some of these preferential market access facilities will be affected by LDC graduation.

infrastructure, labour productivity, repatriation facility, and other important factors. This is because FDI decisions are mostly those of private firms, except in some specific cases when state actors influence investment decisions⁴. These factors influence a country's development status and vice versa and therefore the graduation might contribute towards raising the collective self-confidence of the leaders, policymakers, the business community, and citizens of Nepal. The factors mentioned above are associated with a better business environment and might have a positive impact on private sector growth, which in turn could help in attracting foreign investors.

FDI can be an effective means for investment stimulation and increasing exports as it has a prominent role in both expansion and diversification of exports. This was the experience of many developing countries including, Cambodia, China, Malaysia, and Vietnam. With a higher income, and improved human assets and economic structure, foreign investors will have a more positive attitude towards investing in Nepal, which may then result in increased inflow of foreign investment (both public and private) and result in a better trading environment. The spill over effects of FDI can benefit local firms, facilitate industrial upgrading and enhanced participation in global value chains (GVCs).

FDI can be a primary driver of increased participation in the global value chain (GVC). Trade with foreign markets could induce initial FDI inflows, and FDI could stimulate further GVC entry and upgrading through spillovers and agglomeration effects.⁵ Nepal can benefit from comparative advantages in labour costs and proximity to the Indian and Chinese markets, to enhance GVC participation and increase FDI inflows.

In this context, Nepal needs to work on appropriate measures to harness the opportunities that would be created and to overcome challenges that could result from LDC graduation. Opting for the GSP+ facility is one of the options for maintaining exports in the EU market. However, it will require meeting a host of conditions, including the vulnerable and sustainable development criteria (See: next section). Also, one weakness of GSP+ is that it extends to every eligible country, hence its effective value is continuously diluted. Another weakness is that it is unilateral, delivered only by one partner and hence not a secure trading arrangement. The possibility of signing a comprehensive Economic Partnership Agreement (EPA) is another option. The EPA can assist Nepal to sustain and enhance exports to the EU market, and also play an instrumental role in investment promotion and other economic cooperation between

Nepal and EU, as the EPA is more comprehensive in coverage. However, preparing for an EPA will need deliberations, dialogue, and negotiations with the EU. It will also require a better understanding among the people and political parties of Nepal, as such an agreement would need to be ratified by the parliament of Nepal. Therefore, participation of the stakeholders, including political actors and business community for consensus building is very essential.

EU- Nepal trade: Implications of LDC graduation

Historically, the EU has been one of the largest trade partners of Nepal (India, USA and EU are the first, second and third largest export destinations). However, there has been fluctuation in Nepal's exports to the EU during the last decade, when Nepal's EU exports also hit the highest level (See Table 1). In value terms, exports peaked in 2016 and appear to have a declining trend since.

Nepal's major exports to the EU are pashmina (62.3%), garments (61.1%), paper products (49.6%), leather (40.7%), wool products (36.2%), carpets (35%), coffee (30.8%), semi-precious stones/jewellery (23.1%), medicinal and aromatic plants (8.4%), and tea (5.6%)⁶.

Nepal's imports from the EU comprise mainly aircrafts and parts, machineries, beverages, pharmaceuticals, optical and photographic, electrical machineries and equipment, vehicles, etc.

⁴ For example, China and India are the largest investors in Nepal and some of the big investments have come from government owned/public companies.

⁵ Qiang, Christine Zhenwei; Liu, Yan; Steenbergen, Victor. 2021. An Investment Perspective on Global Value Chains. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/35526> License: CC BY 3.0 IGO.

⁶ Source: LDC Graduation: Implication for Nepal, June 2019, a report prepared/submitted to EUD and GON under EU-TPSD Programme.

Table 1: Trade between Nepal and the EU

Figures are in Million €

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Nepal's Export to World	658	652	677	650	678	595	659	652	661	857	749
Nepal's Export to EU (27)	61	64	49	57	59	56	66	65	63	61	49
EU's Share in Nepal's Export	9.28%	9.85%	7.29%	8.75%	8.64%	9.42%	10.00%	9.90%	9.55%	7.14%	6.59%
Nepal's Imports from World	3853	4247	4679	4857	5710	5957	8022	9074	10888	11010	8538
Nepal's Imports from EU (27)	95	76	84	98	126	217	175	281	419	277	179
EU's Share in Nepal's Import	2.48%	1.79%	1.80%	2.02%	2.21%	3.65%	2.19%	3.10%	3.84%	2.51%	2.09%
Nepal's Trade Balance with EU	-46	-17	-45	-55	-90	-179	-121	-245	-420	-241	-129

Source: Trade Map, ITC

Due to constraints related to capacity, market intelligence, supply-side limitations, lack of an exportable surplus, and a proper facilitative institutional framework, Nepal has been unable to derive full benefit from the EBA scheme. In 2020 Nepal's exports to the EU market (excluding the UK) were € 65.6 million (7.33% of the total exports), roughly 90% utilization of the EBA facility.

After graduation, Nepal will continue to enjoy the same access it enjoyed as a LDC for a three-year transition period. Then, it can be entitled to either a standard GSP or GSP Plus, which is generous as shown in the Table 2 below.

The standard GSP provides some duty reduction only for certain pre-defined sensitive products (e.

g. textile and clothing items) within 66 per cent of EU tariff lines while the GSP Plus allows duty-free access in these products. The rules of origin provisions, however, are almost similar for both Standard GSP and GSP+.

ITC estimates that Nepal would stand to lose US\$ 59 million in exports upon graduation from LDC status in 2026 (4.3% of total exports projected for that year)⁷. A substantial part of this loss will be in the EU market. To mitigate the adverse effect, targeted trade promotion and market diversification can be considered for sectors that are not expected to exhaust their export potential in 2026. Moreover, the relevance of pursuing the GSP plus status would significantly limit losses in the most affected markets and sectors.

After graduation, Nepal can apply for the GSP+ scheme. To be eligible for it, the country must fulfil the Standard GSP conditions, and two additional criteria given below:

Table 2: EU GSP arrangements and provisions

	Standard GSP	GSP+	EBA
Indicators	Low- or lower-middle-income countries	Vulnerable (in terms of export diversification, export and import volumes) Standard GSP beneficiaries that have ratified the GSP Plus-relevant international conventions	LDCs
Number of beneficiaries	18	9	49
Non-sensitive goods	Duty reduction for around 66% of all EU tariff lines	Duty suspension for around 66% of all EU tariff lines	Duty suspension for all goods except for arms and ammunition
Sensitive goods: - specific duty - ad valorem duty	Duty reduction: - 30% - up to 3.5 percentage points	Duty suspension	Duty suspension
Rules of origin (important provisions only)	Double transformation for textile and clothing items. For all other products, a minimum local value-added of 50%	Double transformation for textile and clothing items. For all other products, a minimum local value added of 50%	Single transformation for textile and clothing items. For all other products, a minimum local value-added of 30%

Source: Razzaque, M.A., and Rahman, J. (2018). Bangladesh's Apparel Exports to the EU: Adapting to Competitiveness Challenges Facing LDC Graduation. Study prepared for the Commonwealth Secretariat, London.

⁷ Nepal after LDC Graduation | ITC (intracen.org)

- **The vulnerability criteria**, which comprises: (a) *the import share criterion* – requiring that the country's share of GSP-covered import to remain below 6.5% of GSP covered imports of all GSP countries; and (b) *the diversification criterion*, stipulating that the seven largest sections of GSP-covered imports must constitute 75% of imports from the beneficiary country over a period of three years.
- **The sustainable development criterion**, which requires the applicant country to have ratified and effectively implemented certain international conventions on labour rights, human rights, environmental protection, and good governance (See: Annex 1).

Nepal clearly satisfies the first criteria (including the vulnerability and diversification provisions). The sustainable development criterion requires the applicant country to have ratified and effectively implemented 27 international conventions listed in the EU's GSP Regulation⁸ and six new international instruments recently added to the list⁹ (See: Annex 1 for details).

Unfortunately, Nepal fails in the sustainable development criterion, as it has not ratified all the core international conventions listed in the GSP regulation. Particularly, Nepal will have to ratify and implement the Convention concerning Free-

dom of Association and Protection of the Right to Organize, No. 87 (1948) and the Cartagena Protocol on Biosafety (2000) to become eligible for the GSP+ schemes of EU¹⁰.

Further, to become a beneficiary of the GSP+ scheme, Nepal must ratify those conventions without prohibited reservations. In addition, the most recent conclusions of the monitoring bodies under those conventions must not identify any serious failure in their implementation (they must be implemented effectively).

Therefore, there is need for proper planning and dialogue between the EU and Government of Nepal (GON). To seek GSP+ status, Nepal would need to lodge an application and fulfil the standard GSP conditions to benefit from the EU's preferential market access and overcome possible negative consequences of LDC graduation.

If acceded to the GSP+, Nepal can diversify its export basket. However, to maintain GSP+ status Nepal would need to ratify and effectively implement required core international conventions which are closely monitored by the European Commission and remains under a permanent scrutiny by the EU Member States and the European Parliament, as well as civil society.

Nepal's investment opportunities and prospects for EU investment

There are tremendous investment opportunities in Nepal, particularly in energy, light manufacturing, tourism, agro-processing, and the new and emerging services sectors such as new technologies – ICT, Industry 4.0, health services and pharmaceuticals, among others.

More specifically, EU companies, seeking to diversify import bases, could benefit from backward integration of their value chain, especially in the agriculture and agro-processing sectors. Nepal enjoys climate variations due to its unique topography that is favourable to cultivating different aromatic plants, and plants with high medicinal values. Investment can be made in the cultivation of such plants or in the processing sector to extract essential oils. Although, a few small-scale firms are already exporting such products, their production capacity is limited. This is one area, where investors from the EU have an opportunity to make an immediate impact by scaling up the sector and benefiting from it. Further, agriculture in Nepal is mostly traditional and based on organic fertilizers, leaving behind minimal to zero carbon footprint, which could be an essential investment criterion for European investors under the European Green Deal.

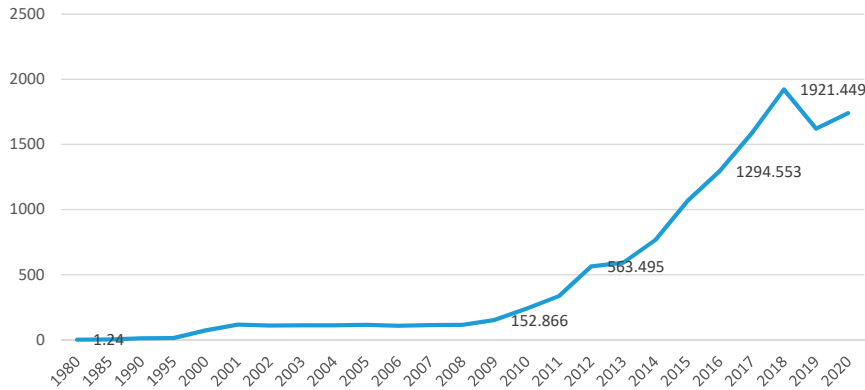
Nepal's continuous reform in investment related policies, regulations and institutional arrangements are evident of its desire to welcome foreign investment. However, despite the efforts in investment promotion, Nepal has not yet been able to establish itself as a favourable investment destination for foreign investors (See Figure 1 and 2).

⁸ Regulation (EU) No. 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of, generalized tariff preferences and repealing Council Regulation (EC) No. 732/2008.

⁹ GSP (europa.eu)

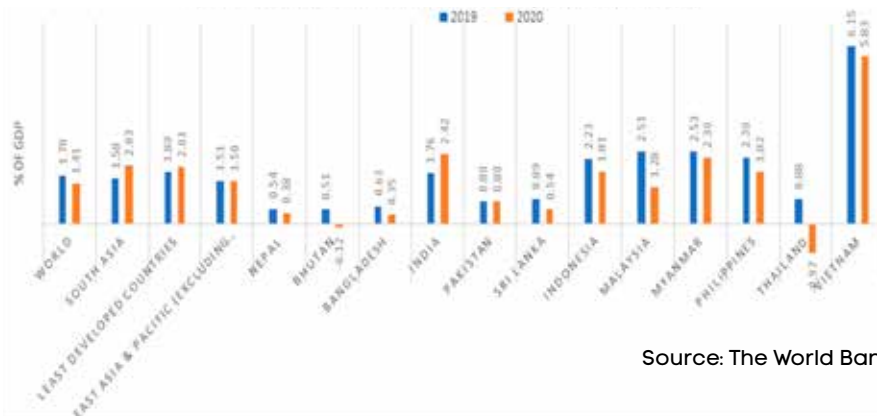
¹⁰ Further assessment and consultations with the relevant GON agencies is needed to know the current status and ongoing efforts towards ratification of those international conventions, which will also help Nepal to meet sustainable development criterion and qualify for EU's GSP+ Scheme.

Figure (1): FDI Inflows, US dollars at current prices in millions



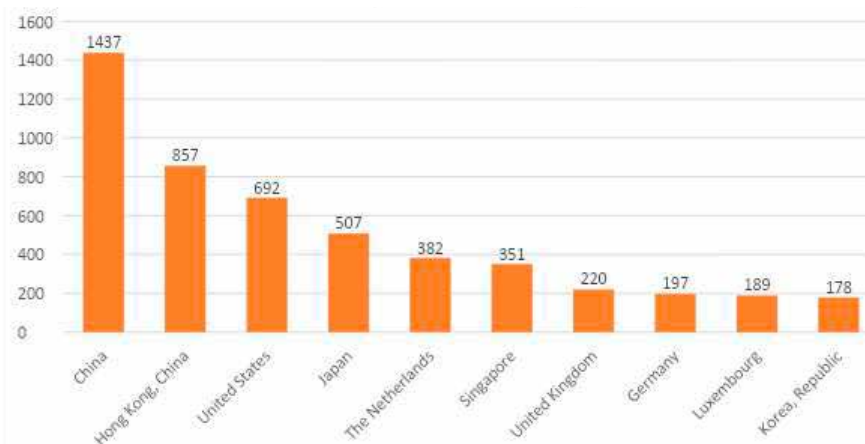
Source: The World Bank

Figure (2): FDI, Net inflow in 2019 and 2020



Source: The World Bank

Figure (3): Top 10 investor Economies Globally by FDI Stock, 2019 (Billions of Dollars)



Source: UNCTAD Global Investment Report 2020.

It is evident from Figure 1 that FDI inflows into Nepal were significantly low before 2009. In 2009, FDI inflows were US\$ 152.9 million, and it increased to US\$ 1921.5 million (more than 10 times that of 2009) in 2018. Though there was remarkable growth in FDI inflows during the last decade, it is still far below the global, South Asian, and LDC averages (Figure 2). Therefore, Nepal may need to focus on the specific sectors of high investment potentials and see which other sectors need FDI to further accelerate growth.

Figure 2 clearly shows that the FDI net inflows are very low in Nepal (0.38% of GDP in 2020) compared to LDC share (2.01%), South Asia (2.03%), World (1.41%), and many other countries in the Asia and East Asia (Figure 2).

EU investment in Nepal

The EU is one of the global leaders in outward foreign investment. The Netherlands, Germany, Luxembourg, France, and Ireland are among the top investors at the global level (Figure 3). Among the top 10 investors, three economies are EU member states.

Strikingly, the share of the EU member states in Nepal's FDI is comparatively very low (Figure 4 and Figure 5). In contrast to the global positioning, none of the EU member states are among the top 10 investors in Nepal.

Figures 3, 4 and 5 clearly show that the EU member states are

global players in outward foreign investment, however, in Nepal, investment from EU member states is comparatively low.

The EU, a prominent global contributor to world FDI outflows, has tremendous investment opportunities in Nepal. EU investors can explore the possibilities of investing in both the existing and emerging investment sectors. The existing investment sectors in Nepal are presented in Table 3.

Nepal can also strategically work with the investors in EU member states to facilitate their investment in these sectors where there are many opportunities and also beyond in the new and emerging services sectors such as new technologies – ICT, Industry 4.0, and health services and pharmaceuticals, among others.

Conclusion

Nepal’s LDC graduation will have some implications for the country’s trade and investment sectors. Generally, the resultant implications might not be profound partly because Nepal has not been able to fully use benefits from trade preferences linked to LDC status. However, after graduation Nepal’s EU exports will face substantial losses. The preferential market access facility – under the EU EBA scheme will no longer be available to Nepali exporters, after the completion of the transition phase. The ITC estimates that Nepal would stand to lose US\$ 59 million in exports upon graduation in 2026 (4% of the total exports projected for that year) and a substantial part of this loss will be in the EU market.

Figure (4): Top 10 countries based on FDI industries in Nepal (Up to FY 2076/77 B.S., 2019-20)

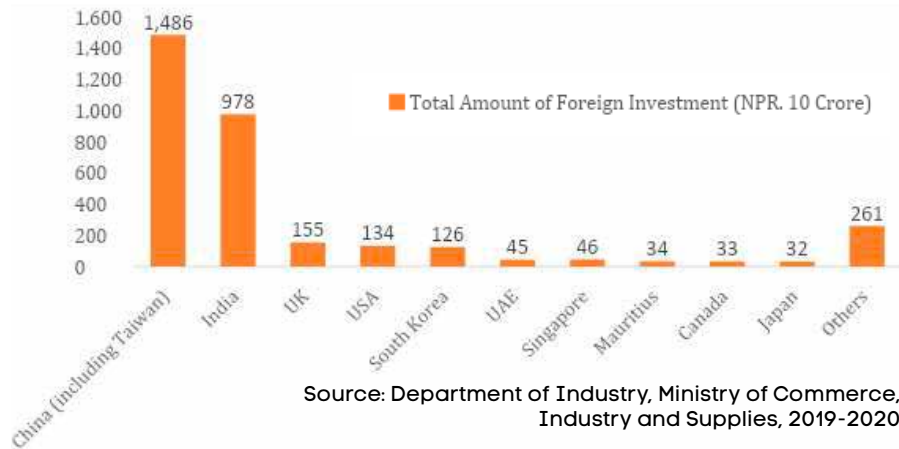


Figure (5): FDI from EU Member States in Nepal (Thousand US Dollars)

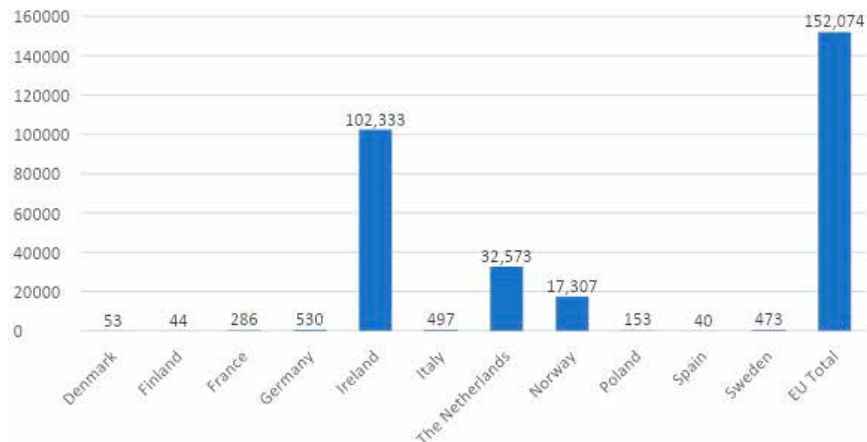


Table 3: FDI in Nepal by sector and employment

Category	No of projects	Total project cost (Rs. Million)	Total FDI (Rs. Million)	Employment
Agro and Forestry based	291	9,409.82	7,588.23	10,524
Energy based	90	222,832.30	130,347.88	11,837
Information technology based	112	14,595.48	11,367.38	5,745
Infrastructure	46	3,842.34	2,983.01	3,226
Manufacturing	1,212	122,548.10	61,063.16	103,091
Mineral	72	10,366.92	7,981.01	8,786
Service	1,722	96,570.98	72,124.03	73,162
Tourism	1,689	89,328.45	71,055.82	58,649
Total	5,234	569,494.39	364,510.52	275,020

Source: Department of Industry, Industrial Statistics, 2021, P.92

While FDI is not attached to LDC status, graduation from LDC can assist in building the collective self-confidence of Nepal's leaders, policymakers, the business community, and citizens. Further, factors like availability of resources (factors of production), ease of doing business, political stability, tax regime, infrastructure, labour productivity, and repatriation facility are associated with a better investment climate and business environment, and these can have a positive impact on influencing private sector growth, including in attracting FDI.

If Nepal signs up for the GSP+, it will be able to diversify its export basket but would also need to remain vigilant for maintaining the GSP+ status, for which it would need to ratify and effectively implement the required international conventions.

For the EU, imports from Nepal may be insignificant but they would be for Nepal because exports under the GSP+ scheme can aid the country in reducing poverty by creating jobs, avoiding trade shocks due to preference termination (EBA), and promoting good governance, human rights, labour, and environment protection.

For Nepal, EU is an important export destination for a considerable volume of its exports. Accession to the GSP+ scheme will enable Nepal to maintain its current market share and further enhance exports to the EU.

Policy recommendations

There are several actions Nepal would need to do to prepare itself

for trading with the EU post-graduation. These include,

Lodging an application for the GSP+ scheme and fulfil the standard GSP conditions to continue benefitting from the EU's preferential market access and overcome possible negative consequences of LDC graduation.

Planning and initiating dialogues with the EU to discuss ways to boost EU-Nepal trade and investment cooperation. For this, the government could form a committee to prepare an action plan for GSP+ compliance and to also explore the possibility of signing a Comprehensive Economic Partnership Agreement (EPA) with the EU.

Attracting more FDI can be an effective means for investment stimulation, global value chain participation, and ensuring export success. With a higher income, and improved human assets utilization and economic structure, foreign investors will have more positive attitudes towards investing in Nepal, which may result in increased FDI inflows (both public and private) and a better trading environment. Nepal's trade, industry, and investment policies would also need to be integrated to tap such benefits.

There is limited capacity and understanding among the small and medium enterprises (SMEs) to comprehend the schemes and market entry procedures applicable for exporting to the EU. There is therefore the need to educate and train SMEs for exporting to the EU so that the benefits of the available schemes reach the grassroots level.

There is a need to develop a knowledge repository on exporting to the EU to provide guidance to the Nepali exporters – including laws, regulations, export procedures, forms, custom clearance, etc. in addition to sectoral information, development of new products and market research on the EU market trends, etc. are some areas where further work needs to be done.

Nepal needs to initiate strong outreach efforts on FDI. While Nepal has organized investment summits to attract FDI, international outreach has remained weak compared to neighbouring ASEAN countries that have been very aggressive in outreach. Other strategies to attract investments may be implemented, like attracting anchor investments from big global firms, which can catalyse investments from similar and smaller firms through network effects.

Nepal needs to review its FDI threshold. In May 2019 the Government of Nepal revised the threshold for FDI from NRs. 5 million to NRs. 50 million. This had an almost immediate impact on most forms of FDI. The services sector including hotels/resorts and IT based services where investment levels are lower were mostly affected. Further, since 50% of FDI to Nepal is in the SME sector, this threshold continues to remain as a deterrent.

Private sector, including EEC, need to take initiatives to organise summits and investment conclaves to promote Nepal's investment opportunities in the EU and other countries creating communication channels to complement the government's efforts to attract foreign investment in Nepal.

Annex (1): Status of 27 + 6 Newly added International Conventions/Agreements (GSP+ Compliance)

Convention	Nepal's Status
PART A: Core human and labour rights UN/ILO Conventions	
Convention on the Prevention and Punishment of the Crime of Genocide (1948)	
International Convention on the Elimination of All Forms of Racial Discrimination (1965)	
International Covenant on Civil and Political Rights (1966)	
International Covenant on Economic Social and Cultural Rights (1966)	
Convention on the Elimination of All Forms of Discrimination Against Women (1979)	
Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (1984)	
Convention on the Rights of the Child (1989)	
Convention concerning Forced or Compulsory Labour, No 29 (1930)	
Convention concerning Freedom of Association and Protection of the Right to Organise, No 87 (1948)	Under Consideration
Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, No 98 (1949)	
Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value, No 100 (1951)	
Convention concerning the Abolition of Forced Labour, No 105 (1957)	
Convention concerning Discrimination in Respect of Employment and Occupation, No 111 (1958)	
Convention concerning Minimum Age for Admission to Employment, No 138 (1973)	
Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, No 182 (1999)	
PART B: Conventions related to the environment and to governance principles	
Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973)	
Montreal Protocol on Substances that Deplete the Ozone Layer (1987)	
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (1989)	
Convention on Biological Diversity (1992)	
The United Nations Framework Convention on Climate Change (1992)	
Cartagena Protocol on Biosafety (2000)	Not a party
Stockholm Convention on persistent Organic Pollutants (2001)	
Kyoto Protocol to the United Nations Framework Convention on Climate Change (1998)	
United Nations Single Convention on Narcotic Drugs (1961)	
United Nations Convention on Psychotropic Substances (1971)	
United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)	
United Nations Convention against Corruption (2004)	
6 new International Conventions/Agreements recently added to the GSP list by EU	
The Paris Agreement on climate change (2015) – replacing the Kyoto Protocol	
The Convention on the Rights of Persons with Disabilities (CRPD)	
The Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict (OP-CRC-AC)	
ILO Convention No 81 on Labour Inspection	Not Ratified
ILO Convention No 144 on Tripartite Consultation	
The UN Convention against Transnational Organized Crime	

Sources:

1. EUR-Lex - 32012R0978 - EN - EUR-Lex (europa.eu)
2. GSP (europa.eu), GSP_Factsheet_-_EN
3. LDC Graduation: Implication for Nepal, June 2019, a report prepared/submitted to EUD and GON under EU-TPSD Programme.

Rajendra Singh¹

Step-by-Step guide to the Registered Exporter (REX) System

Registration Procedures and Obligations of Nepali Exporters

The Registered Exporter system (REX system) is a method of certification of origin of goods based on a principle of self-certification. The origin of goods is declared by the economic operator/exporter by means of a statement on origin. To be entitled to make a statement on origin, an economic operator/exporter must be registered in a database of competent authorities in the country of origin. In Nepal, the Trade and Export Promotion Centre (TEPC) is the competent authority for registering in the European Union's REX system database. After registration, the economic operator becomes a "registered exporter".

The REX system is the term used to designate the entire system of certification of origin and not only the underlying Information Technology (IT) system used for registration. The European Commission developed the system and made it available to its Member States, to the Generalised System of Preferences (GSP) beneficiary countries and to the Overseas Countries and Territories (OCTs). The REX is a Web based application accessed with a user-name and a password.

Functions of the REX IT system

The main functions of the REX system are:

- **Registration of exporters:** Exporters apply to become registered exporters by filling in an application form and by returning it to their competent authorities. The competent authorities register exporters who submit complete and correct application forms.
- **Modification of registration data:** Once registered, a registered exporter has the obligation to communicate to competent authorities the changes in the registered data. The competent authorities then perform the modifications in the REX system for the registered exporter.
- **Revocation of exporters:** In some cases, a registered exporter will be revoked from the REX system. This can happen, for instance, if the company ceases to exist or if the registered exporter commits fraud. Depending on the reason, the revocation is done either on request of the registered exporter or on the initiative of the competent authorities.

It is the responsibility of TEPC to always keep, an accurate repository of registered exporters.

Publication of registered exporter's data

The data in the REX system is published and can be searched online at: https://ec.europa.eu/taxation_customs/dds2/eos/rex_home.jsp?Lang=en

Pre-requisites for application for the REX system

For exporters registering in the EU's REX system, a pre-application form needs to be submitted along with the company details. The REX pre-application form is available on the TEPC website (https://www.tepc.gov.np/pages/eu_rex) and can also be found under "important links" in Nepal Trade Information Portal (www.nepaltradeportal.gov.np). The links take the applicant to the pre-application form. (<https://customs.ec.europa.eu/rex-pa-ui/#/create-preapplication/>)

¹ Deputy Director, Trade and Export Promotion Centre, rajendra.singh@tepc.gov.np

Filling the pre-application form

Step 1

In the pre-application form, there is a place to insert the "TIN number". The exporter would need to enter the 13-digit EXIM code with "NP" in the front, which then becomes the TIN number.

The screenshot shows the 'Create Pre Application' form in the REX system. The main section is titled '1. Exporter Information'. It includes the following fields:

- Application Language: English
- TIN number: NP1134567891100
- Name: ABC Company
- Street And Number: 125, Mary, Thamel
- Post Code: 44600
- City: Kathmandu
- Country: Nepal
- E-mail Address: [redacted]@gmail.com
- Fax Number: [redacted]
- Telephone Number: +9779851011000

On the right side, there is a sidebar menu with the following items:

1. Exporter Information
2. Exporter Contact Person
3. Exporter Activities
4. Description Of Goods
5. Undertakings to be given...
6. Prior specific and inform...

Step 2

The second step is to provide the contact person details as shown below.

The screenshot shows the 'Contact Person' form in the REX system. It includes the following fields:

- Name: Ramesh Singh
- Street And Number: PO Box 101, Achhik, Lalpur
- Post Code: 44700
- City: Lalpur
- Country: Nepal
- E-mail address: rameshsingh100@b.com
- Phone: +9779841111111
- Fax: +9779841111111

The 'Save' button is visible at the bottom right of the form.

Step 3

In the third step, "Exporter Activities" can be indicated by checking the right option – manufacturing companies need to select "Production" and traders, "Trading".

The screenshot shows the '3. Exporter Activities' form in the REX system. It includes the following options:

- Production:
- Trading:

Step 4

Similarly, the "Description of Goods" needs to be indicated using the four digit Harmonized System Code description. Scroll and click "Add" in the form. For e.g., the screen shot below shows how this can be filled in for carpet producers.

Steps 5 and 6

Step 5 would require the undertakings to be given by an exporter. It requires confirmation of the place of signature of the authorized signatory. In Step 6, the applicant needs to check to agree indication of consent of exporter to the publication of his/her data on the public website as shown below. This is optional for the exporter who does not want to make the information public.

Finally, the text shown in resulting image should be typed to proceed. The pre-application will ask if you want to print the document. This means that it will save the file on your computer's default folder. The pre-application generated online must be printed and a signed copy with stamps need to be submitted to the TEPC by the exporters or representatives for registration, along with an email copy sent to TEPC's email (info@tepc.gov.np).

Documents required

The following documents are required to be submitted along with REX pre-application form:

- Copy of industry registration certificate
- Copy of company registration
- Copy of document showing the company's objectives (statute of incorporation, certificate)
- Copy of PAN/VAT invoice showing the purchase of local raw materials
- Copy of tax registration
- Recommendation of the technical committee of the Department of Industry for new industries or those that have added capacity.

(In addition to information on the industry, producer, or partner in the local market, trading companies are required to submit all documents above for registration). (See: Annex 1 for details of the requirements in Nepali)

It takes five working days for exporters to receive REX authorization.

Registration of exporters

Exporters apply to become registered exporters by filling in an application form and by returning it to the TEPC that registers the exporters.

Who is a registered exporter?


(a). An exporter established in Nepal and registered at the TEPC for the purpose of exporting products under the scheme, be it to the EU or another beneficiary country with which regional cumulation is possible.

or

(b). An exporter who is established in a Member State of the EU and is registered with the customs authorities of that Member State for the purpose of exporting products originating in the EU to be used as materials in a beneficiary country under bilateral cumulation.

or

(c). A re-consignor of goods who is established in a Member State of the EU and is registered with the customs authorities of that Member State for the purpose of preparing replacement statements on origin in order to re-consign originating products elsewhere within the customs territory of the Union or, where applicable, to Norway, Switzerland or Turkey ('a registered re-consignor')



Prasid Pashmina Industry
Kantipath, Kathmandu, Nepal
Phone No. +977-1-4262356 / 4219302.
Fax No. +977-1-4218419.
Mobile Phone No. : +977-9851024383 / 9801024383
Email : prasid@wlink.com.np

INVOICE

INVOICE #123
DATE: SEPTEMBER 15th, 2018

TO:
Union Timepieces GmbH
Moosstrasse 424
5020 Salzburg, Austria
0043 435 010203

SHIP TO:
Union Timepieces GmbH
Moosstrasse 424
5020 Salzburg, Austria
0043 435 010203

QUANTITY	DESCRIPTION	UNIT PRICE (EUR)	TOTAL (EUR)
5000	6214 shawls	100	500,000
		Sub-total	500,000
		Shipping & handling charge	200
			500,200

STATEMENT ON ORIGIN
The exporter **Prasid Pashmina Industry** NPSEX5000738120151NPTEPC of the products covered by this document declares that, except where otherwise clearly indicated, these products are of Nepalese preferential origin according to rules of origin of the Generalised System of Preferences of the European Union and that the origin criterion met is 'W' 6214.

Make all checks payable to **Prasid Pashmina Industry**
Payment is due within 30 days.
If you have any questions concerning this invoice, contact **Mr. Ajay Singh Karki**,
+9779851024383, prasid@wlink.com.np
Thank you for your business!

Statement on Origin

Statement on Origin is the statement prepared by the exporter indicating that the products covered by it comply with GSP Rules of Origin:

- for the purpose of allowing the person declaring the goods for release for free circulation in the European Union.
- To claim the benefit of preferential tariff treatment, or
- the economic operator in a beneficiary country importing materials for further processing in the context of cumulation rules to prove the originating status of such goods.

However, for consignments of originating goods with a value below EUR 6,000 the statement on origin can be prepared by any exporter, with no obligation to be registered.

Responsibilities of exporters

Before the introduction of the REX System, GSP Form A issued by the TEPC in Nepal should verify that everything is in order and that the goods concerned are originating in Nepal.

The customs authorities in the EU may ask customs authorities in Nepal to carry out further checks on goods which have been exported to the EU under the GSP from time to time.

If the post-export, or subsequent verification checks show that the exported goods do not satisfy the rules of origin, then the customer in the EU will have to pay full customs duty at the non-preferential rate. In the event of such a situation the exporter could be faced with claims for compensation or even with non-payment for the goods supplied. This would be a situation where the exporter could lose future business, as customers will not want to run the risk of unexpected duty demands for goods purchased.

It is therefore important to understand the rules of origin and apply them correctly.

Meeting the condition of EU's Rules of Origin

The REX system does not affect the rules for determining the origin of goods. i.e., the originating product is either:

- a product *which has been “wholly obtained” or,*
- *a product incorporating materials or parts which have not been wholly obtained but which have undergone “sufficient working or processing”.*

The following sections discuss the basic provisions for determining origin for products with imported materials, highlighting the changes made from the previous rules of origin.

Allowance for the use of non-originating inputs for products originating in LDCs.

The current rules of origin contain the origin-determining requirements specific to LDCs to address the problem of capacity constraints.

The two major improvements in this regard are:

- Allowance for the use of non-originating materials has been increased for many manufactured products originating in LDCs.

Use of imported fabric is allowed for apparel products to be considered as originating, that is, there is a single transformation requirement (see: Example 3, below).

Previously, the value-added criteria often required 60% or higher domestic content for LDCs, but under the current rules of origin it has been reduced to 30%. For apparel products to obtain originating status, the products had to be assembled with fabrics that had been woven or knitted domestically, that is, there was a double transformation requirement. The change from double to single transformation requirement is a particularly significant improvement for LDCs, as these countries do not possess the capacity to meet the double transformation requirement for apparel products. For agricultural products the rules of origin are identical for both developing countries and LDCs.

- Allowance for the use of non-originating inputs for products originating in developing countries.

While the increase in the allowance is smaller than that for LDC beneficiaries, the allowance for the use of non-originating materials has also been increased for developing-country beneficiaries for many manufactured products classified under HS Chapters 34, 39, 40, 66, 71, and 84 to 94.

Tolerance level (Article 79)

The term “tolerance level” signifies the allowance for the use of non-originating materials in the manufacture of a given product, which is not permitted by the rule in the Product List. In the previous rules of origin, the tolerance level was up to 10% of the ex-works price of the product. Tolerance levels under the current rules have been modified as follows: (i) For agricultural products except Chapters 1 and 3, and processed fishery products of Chapter 16, tolerance levels have been increased to 15% of the weight of the product; (ii) For manufactured products except Chapters 50 to 63 (textiles and clothing), tolerance levels have been increased to 15% of the ex-works price of the product. For textiles and clothing, refer to the instructions indicated in Notes 6 and 7 of Part I of the Product List.

(d) Use of reference periods in the calculation of non-originating materials.

The current rules of origin allow the use of reference periods to smooth out fluctuations in prices and exchange rates. Values of non-originating materials can be the average of the previous fiscal year, or if that is not available, of a shorter period, but not less than three months.

(e) Examples of origin-determining requirements

Example 1a: Change of tariff heading requirements

The origin-determining requirements included in the Product List are largely change of tariff heading or value addition requirements,

except where specific processing or operations required are indicated. Example 1a illustrates a case where a producer has an option between the two origin-determining methods.

Let us suppose that a producer in a beneficiary country manufactures dolls that are classified under HS heading 9502 from imported plastics and fabrics that are classified under HS headings 3910 and 5208, respectively. The dolls cannot be considered as wholly obtained in one country because the producer has used imported materials. Therefore, it is essential to know if these imported materials can be considered to have undergone sufficient work or processing, according to the conditions laid down in the Product List. In this case, the producer must refer to the requirements indicated in the Product List, as detailed in the example below (see: Table 1). The doll is classified under HS heading 9502, and hence falls under HS Chapter 95.

As shown by the above excerpt, in the case of goods listed under HS Chapter 95 for which a specific rule is not provided, the list provides

for two alternative origin criteria between which the exporter can decide:

- The change of tariff heading rule.
- The percentage-value-addition criterion.

Thus, the doll can obtain originating status under (i). Under the change of tariff heading rules the non-originating materials must be classified under HS headings which differ from HS 9502. Given that the plastic and the cotton used are classified under HS headings 3910 and 5208, we can say that the plastic and cotton have been sufficiently worked upon or processed, and that the doll qualifies as an originating product.

Example 1b: Value addition requirement

Let us suppose that the producer of dolls in example 1a uses imported doll parts of which the HS heading is 9502. In this case, the option (i) change of tariff heading rule cannot be used. The unit ex-price of the doll is US\$ 100, and the value of the imported doll parts is

US\$ 65. The Product List for dolls specifies that the value of imported inputs must not exceed 70% of the ex-works price of the product. Thus, the doll can obtain originating status under (ii), the percentage-value addition criterion, as the imported component of the doll accounts for 65% of the ex-price of the doll.

The term “value” in the list means the customs value [defined as the customs value determined in accordance with the 1994 Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade (GATT)] at the time of the import of the non-originating materials used or, if this is not known and cannot be ascertained, the first ascertainable price for the materials in the territory concerned.

The term ex-works price in the Product List means the price paid for the product which was obtained from the manufacturer where the final working or processing was carried out. Ex-works price includes the value of all the materials used and all other costs related to its production and profit, minus any internal taxes which are, or may be, payable when the product obtained is exported.

Example 2: Tolerance level

The same producer discussed in example 1 now wants to use imported eyes for the dolls as they are cheaper than the domestic ones. Also, this producer must apply the change of tariff heading criterion, as the non-originating materials used exceed 70% of the ex-works price of the product. The use of imported doll eyes is not allowed under the change of tariff heading criterion,

Table 1. An excerpt from the Product List relevant to dolls manufactured from imported plastics and fabrics

HS HEADING NO.	DESCRIPTION OF PRODUCT	WORKING OR PROCESSING CARRIED OUT ON NON-ORIGINATING MATERIALS THAT CONFERS ORIGINATING STATUS
(1)	(2)	(3)
Ex Chapter 95*	Toys, games and sports requisites; parts and accessories thereof, except for:	Manufacture from materials of any heading, except that of the product or Manufacture in which the value of all the materials used does not exceed 70 per cent of the ex-works price of the product
Ex 9506	Golf clubs and parts thereof	Manufacture from materials of any heading, except that of the product. However, roughly shaped blocks for making golf-club heads may be used.

* The term “ex” denotes that the rule does not apply to the whole chapter, but only to those parts of it for which a specific rule is not provided. In the case of Chapter 95 there is a specific rule for product ex 9506 (that is, parts of this heading only).

as doll eyes are classified under the same heading (HS 9502) as dolls. The tolerance rule, however, allows the use of doll eyes if the amount is not more than 15% of the ex-works price of the doll.

Example 3: Single and double transformation requirements for apparel products

For apparel products (HS Chapters 61 and 62), the requirements are single transformation for LDCs, and double transformation or specific processing together with value-added criterion for developing countries. Table 2 shows an excerpt from the Product List for HS Chapter 62.

Table 2. An excerpt from the Product List for HS Chapter 62

HS HEADING NO. (1)	DESCRIPTION OF PRODUCT (2)	WORKING OR PROCESSING CARRIED OUT ON NON-ORIGINATING MATERIALS THAT CONFERS ORIGINATING STATUS (3)	
		(a)	(b)
Ex Chapter 62	Articles of apparel and clothing accessories, not knitted or crocheted; except for:	LDCs Manufacture from fabric	Other beneficiary countries Weaving accompanied by making-up (including cutting) or Making-up preceded by printing accompanied by at least two preparatory or finishing operations (such as scouring, bleaching, mercerizing, heat setting, raising, calendaring, shrink resistance processing, permanent finishing, decatizing, impregnating, mending and burling), provided that the value of the unprinted fabric used does not exceed 47.5 per cent of the ex-works price of the products.*

* In the Product List contained in Commission Regulation (EU) No. 1063/2010, the alternative requirements for developing countries have footnotes instructing that the exporter should consult the introductory notes 6 and 7 for the List. In this example, however, they are omitted for simplification.



- For LDCs, apparel products assembled in a beneficiary country using imported fabric can obtain originating status.
- For developing countries, to obtain originating status yarns must be woven to make fabrics, and apparel products must be made from these fabrics. Yarns can be imported. Alternatively, imported unprinted fabrics could be used if printing and at least two operations indicated are performed, provided that the value of the unprinted fabric does not exceed 47.5% of the ex-works price of the apparel product.

Keeping the repository of exporters up to date

There is an obligation for TEPC to keep at all-times an accurate repository of registered exporters. Once registered, a registered exporter has the obligation to communicate to TEPC all changes in the registered data. The TEPC will then make the modifications in the REX system. In some cases, a registered exporter will be revoked from the REX system. This can happen if the company ceases to exist or if the registered exporter commits fraud. Depending on the reason, the revocation will be done either on request of the registered exporter or at the initiative of the TEPC.

Annex-1: Nepali rules for applying for a REX number

निकासीकर्ताले रेक्स (REX) नम्बर प्राप्तिका लागि आवेदन दिन सक्ने :

(१) निकासीकर्ताले रेक्स (REX) नम्बर प्राप्तिका लागि व्यापार तथा निकासी प्रवर्द्धन केन्द्रमा आवेदन दिनुपर्नेछ ।

(क) प्रणालीबाट जारी हुने **Pre-Application** फारामको विद्युतीय प्रति ।

(ख) रेक्स (REX) नम्बर उपलब्ध गराइ पाउं भनी फर्म वा कम्पनी वा उद्योगको छाप र हस्ताक्षर सहितको निवेदन पत्र ।

(ग) निकासी पैठारी संकेत नम्बर (**EXIM CODE**) प्रमाणपत्रको प्रमाणित प्रतिलिपि ।

(घ) उद्योग दर्ताको प्रमाणपत्रको प्रतिलिपि ।

(ङ) कम्पनी रजिष्टारको कार्यालयको प्रमाणपत्रको प्रतिलिपि ।

(च) संस्थाको उद्देश्य खुलाउने कागजात (प्रबन्धपत्र) प्रमाणपत्रको प्रतिलिपि ।

(छ) स्थानीय बजारबाट कच्चा पदार्थ खरीद गरेको भए **VAT/PAN Bill** ।

(ज) कर दर्ताको प्रमाणपत्रको प्रतिलिपि ।

(झ) स्थायी लेखा नम्बर (**PAN**) दर्ताको प्रमाणपत्रको प्रतिलिपि ।

(ञ) कर चुक्ताको प्रमाणपत्रको प्रतिलिपि ।

(ट) नयाँ वा क्षमता अभिवृद्धि गरेको उद्योगको हकमा उद्योग विभागको प्राविधिक समितिको सिफारिस ।

(ठ) ट्रेडिङ कम्पनीको हकमा वस्तु निर्यातको लागि स्थानीय बजारमा खरीदमा खरीद गरेको उद्योग, उत्पादक वा संकलनकर्ता समेतको माथि (घ) देखि (ट) सम्म उल्लेखित संपूर्ण विवरण उल्लेख गरिनु पर्ने ।

माथिका सम्पूर्ण एक/एक प्रति व्यापार तथा निकासी प्रवर्द्धन केन्द्र, पुल्चोक पेश गर्नुपर्ने ।

निकासीकर्ताले रेक्स (REX) नम्बर प्राप्त गरी निकासी गरेको विवरण बुझाउनु पर्ने

(क) निकासीकर्ताले **EU** मुलुकमा वस्तुको निकासी गरे पश्चात यस केन्द्रमा **Invoice (Statement on Origin)** एक प्रति प्रतिलिपि पेश गर्नुपर्ने ।

रेक्स (REX) नम्बर उपलब्ध गराउने:

१. निकासीकर्ताले केन्द्रमा रेक्स नम्बरको लागि निवेदन दिएको मितिको आधारमा प्राप्त हुन आएको आवेदन रुजु गरी आवश्यकता अनुसार उद्योग वा निकासीकर्ताले उल्लेख गरेको उद्योगहरूको निरीक्षण गरी रेक्स नम्बर उपलब्ध गराइने छ ।

Sushil Bhatta¹

Foreign Direct Investment in Nepal

Introduction

Nepal is aspiring to become a high-income country by 2043 and the 15th Periodic Plan has the target to graduate Nepal from a least developed country (LDC) to an upper-middle-income country by attaining the Sustainable Development Goals (SDGs) by 2030. Substantial investment is required on infrastructure development for realising these objectives. Developing modern, sustainable, and reliable infrastructure is essential for socio-economic development as it provides access, mobility, and market integration, and creates new economic opportunities and facilitates enhancements in the quality of life of people and of public services. The private sector must play a crucial role in leveraging government resources to deliver more quality infrastructure and industrial development in the country, which requires significant Foreign Direct Investment (FDI) to complement the national resources. The National Planning Commission's (NPC) report "Need Assessment, Costing and Financ-

ing Strategy for Sustainable Development" states that the public sector is expected to contribute 55% of the total SDG requirement and rest is expected to come from the private sector.

The Constitution of Nepal 2015 envisions strengthening of the nation's economy through participation and development of the private sector with maximum use of means and resources available. Furthermore, it focuses on encouraging and utilizing foreign investment and modern technology for infrastructure development. As a part of Nepal's journey towards economic prosperity, Investment Board Nepal (IBN) came into existence in 2011 as the first reference point for investing in Nepal for attracting large-scale investment in infrastructure for promoting rapid economic growth and development.

IBN mandate and responsibilities

IBN is a high-level institution under the chairmanship of the Rt. Hon. Prime Minister and the Hon. Minister of Finance functions as its Vice Chairperson. Other members are ministers from Ministry of Industry, Commerce and Supplies; Ministry of

Forest and Environment; Ministry of Energy, Water Resources and Irrigation; minister representing the relevant project (sector), Governor of the Nepal Rastra Bank, the central bank; Vice Chairperson of NPC; Chief Secretary of the Government of Nepal and three sectorial experts, including a woman. The Chief Executive Officer (CEO) is the Board's Member-Secretary appointed through a competitive process for a period of four years. IBN functions as a central fast track, one window government agency established to facilitate economic development by creating an investment-friendly environment by mobilising and managing domestic as well as foreign investment, and managing Public Private Partnership (PPP) in Nepal.

IBN was established in accordance with the Investment Board Act 2011. Its mandate was revised and strengthened later after the introduction of the Public Private Partnership and Investment Act (PPPIA) in 2019. As per the PPPIA 2019, IBN is mandated to approve projects with an estimated project cost of NRs. 6 billion (approx. US\$ 48 million; 1 US\$ = 123.89) or above, is responsible for im-

¹ Chief Executive Officer, Investment Board Nepal

plementing PPP projects with an estimated project cost of NRs. 6 billion (approx. US\$ 48 million) or above, and hydropower and energy projects above 200 MW.

With a vision to develop Nepal as an attractive investment destination, IBN has developed strategies that ensure mutual prosperity of both the country and investors and aims at accelerating private investment, including FDI, in the key transformative infrastructures and mobilizing investments through PPP and direct investment to attain the stated vision. IBN envisions its development as a professional, transparent, and result-oriented agency with a focus on fast-track service delivery and has identified professionalism, innovation, integrity, transparency, team spirit, accountability, collaboration, and excellence as its core values.

In view of the global competition for FDI and the economic challenges induced by the COVID-19 pandemic, the need of the hour is to effectively implement the policies, laws and regulations and garner the much-needed private sector investment, including FDI, for large infrastructure development. In that regard, the government has undertaken various reforms to translate such challenges into opportunities by adopting innovative solutions. The government has been pursuing a liberal foreign investment policy and has been striving to create an investment-friendly environment to attract FDI. It has also taken significant steps to improve the legal environment by enacting PPPIA 2019 and its regulations, amend-

ing the Foreign Investment and Technology Transfer Act (FITTA), Special Economic Zones (SEZ) Act and other related legal and regulatory arrangements.

However, 2020 brought several challenges as well as opportunities for investment-related activities worldwide. UNCTAD's World Investment Report (2021) stated that the COVID-19 pandemic induced a sharp fall in global FDI to the level witnessed during 2005. It was estimated to have decreased by 35%. The adverse impact of the pandemic was mainly on greenfield investment in industrial and infrastructure projects. The pandemic has thus posed a unique challenge to Nepal's efforts at achieving its economic development goals. Yet, for least developed countries like Nepal, it is also an opportunity to attract FDI as business enterprises globally are looking for new opportunities to diversify their component production and assembly because of the rising labour costs and growing uncertainty about market access due to trading tensions.

Strategic approach

In such a changing scenario, IBN has institutionalised a strategic plan that will serve as a blueprint to drive the agency toward achieving the goals. The IBN strategic plan provides a roadmap for developing Nepal as an attractive investment destination. As per the mandate of PPPIA 2019, IBN is mandated to function as a PPP Centre of Excellence (COE), for developing and managing PPP project lifecycle.

A pragmatic framework is inbuilt in its Plan to align the strategic

objectives towards attaining the goals through four strategic pillars, namely Project Development and Management, Investment Promotion, Institutional Development and Coordination and Collaboration and Partnership. It aims at bringing in significant changes in doing business in a transparent manner with a strong and effective system in place for the outcomes desired. These strategic pillars represent the priority areas for the next five years and each strategic pillar has its own strategies objectives.

For instance, the first pillar, Project Development and Management, is associated with development of bankable and credible projects, strengthening the existing procurement system, and effective facilitation and monitoring.

The second pillar, Investment Promotion, is concerned with undertaking promotion initiatives and providing high-quality services in all phases of the investment cycle. A 3R – Reach, Retain and Regain – approach has been adopted for effective investment promotion. The strategies are to establish Nepal as an attractive investment destination; position IBN as a first reference point for investment in Nepal and identify and target strong leads, including development of partnerships with Nepal's diplomatic missions abroad.

Similarly, the third pillar, Institutional Development, holds critical significance in service delivery, institutional sustainability, and enhancement of human resource competency to further develop IBN as a result-oriented agency by adopting the best PPP practices, and devising

a robust institutional framework securing institutional and financial autonomy, and operational independence, to allow it to outperform on the functions of project development, management and investment promotion. The focus is to develop and implement systems such as IB-NPBMS, Knowledge Management Portal (KMP), the web based One Stop Services (OSS) and Investors Information System while strengthening institutional memory, service automation and generating investment leads.

And, pertaining to the fourth pillar, Coordination, Collaboration and Partnership, an important consideration for all investors doing business in other countries is the ease and efficiency with which they can negotiate viable projects, register a new business in the destination country, and the ease with which they can deliver the project. Hence, IBN shall enhance strategic relationships with national and international organizations, including development partners, government agencies and the private sector for fostering effective partnerships.

With this strategic plan IBN aims to enhance Nepal's investment competitiveness in regional and global markets to become a preferred destination of choice for investment. Along with the flourishing investment climate of Nepal, the Ease of Doing Business Index of Nepal has been improving since 2015. As per the Doing Business Report 2020, Nepal has leapt to the 94th position out of 190 economies across the world scoring 63.2 points. As per the report, Nepal has improved on indicators such as securing construction permits, accessing

electricity and credit, trading across borders, and securing contract enforcement. Even though the Global Competitive Report 2019 ranked Nepal in the 108th position out of 141 economies in terms of investment competitiveness, Nepal has performed better in indicators such as macro-economic stability, road connectivity, and electricity access and supply. To address and improve the competitive rank, IBN has been undertaking initiatives that include investment promotion, facilitation of private investment, and management of PPP projects.

FDI in Nepal

Private investments, domestic as well as foreign, have emerged as a reliable alternative in emerging and developing financing and have contributed significantly as facilitators of economic development. Their contribution is vital for accessing new technologies, finances, business practices and markets. With increased global integration and liberalization, FDI flows are now in an increasing trend. The country experienced, on average, an increasing trend in its FDI inflows from fiscal year (FY) 2010/11 to FY 2019/20.

FDI rose steadily from FY 2013/14 to FY 2017/18, decreased slightly in FY 2018/19 and picked up again in FY 2019/20. Nepal had an inflow of NRs. 16.28 billion (approx. US\$ 131 million) in foreign investments in the first seven months of current fiscal year, which was an increase by 81.5% compared to the same period of the last fiscal year. Statistics from the Department of Industry reveal that China has been the top source of FDI followed by India, UK, South Korea, USA, and other countries, respectively.

Along with the safe and lucrative Nepali FDI environment where the rules and regulations are compatible with the spirit of globalization and liberalization, cost competitive and young labour force, access to a market of growing and strong economy in India and other neighbours, it provides tremendous opportunities to potential and serious investors for profitable investment in different areas such as energy, transport, agriculture, tourism, ICT, mining, health and education, manufacturing and financial institutions. However, with economic diversification as a strategy for economic robustness, Nepal encourages diversification of FDI in other sectors such as transport, tourism, ICT, agri-business, urban infrastructure, and management. Likewise, risk and return being the major concerns of investors, the government is working on developing PPP modalities and instruments for managing the risks to de-risk investors to the maximum possible extent. The government is focusing on improving efficiency in terms of time, cost, and quality in project delivery to enhance the quality, duration, and reasonable returns to investors.

At present, Nepal has been receiving a lot of interest from foreign investors in the sectors of energy, logistics parks, and transportation. Viewing, IBN's achievement in the past 10 years, it has approved FDI of 31 projects amounting to US\$ 8.5 billion and currently holds a portfolio of US\$ 2.5 billion.

In the next five years, the goal is to develop IBN as a PPP centre of excellence, approve at least US\$ 10 billion, manage PPP projects of at least US\$ 6 billion, contribute to

generating employment opportunities to at least 100,000 people and contribute to improving the investment environment through effective investment promotion.

Some of the major accomplishments of IBN are Hongshi Shivam Cement worth US\$ 360 million and Huaxin Cement Narayani worth US\$ 140 million. Some of the IBN's projects now under construction by SJVN Ltd., India are Arun-3 Hydropower project worth US\$ 1.4 billion and Lower Arun HEP worth US\$ 640 billion; the Upper Karnali HEP worth US\$ 1.10 billion is being built by the GMR group. An IBN project in the pipeline is West Seti Storage HEP worth US\$ 1.6 billion. Further, energy projects such as the 679 MW Lower Arun HEP, 756 MW Tamor Storage HEP, 327 MW Upper Marsyangdi 2 HEP and 250 MWp Grid Connected Solar Project are in the various stages of development.

Some of the major Indian and foreign companies doing extremely well in the country are Dabur, Surya, Unilever, Everest Bank, SBI Nepal, Ncell Axiata, etc. The rate of return and profitability of some multinational companies operating in Nepal, is indicated by the dividends they distributed in FY 2018/19: Unilever Nepal 700%, Ncell Telecom 1600%, Surya Nepal 350%, and Standard Chartered Bank Nepal 55%. Moreover, IBN recently approved reinvestment of Dabur Nepal company in Nepal valued at NRs. 9.68 billion (approx. US\$ 78 million) for capital increment and product diversification. This shows the market potential of our domestic market.

Way forward

In the days to come, Nepal requires to explore new forms of financing such as green climate funds, cli-

mate bonds, blended finance, focus more on FDI, PPP projects and on making the projects bankable. It also needs to explore and use opportunities from Foreign Venture Capital and Private Equity Investment that have been mainly investing in emerging markets in equity of startups and growth stage companies. Further, more promotional activities must be carried out to showcase what our country has to offer by conveying the message about improved business climate through policy amendments, structural changes and the showcasing of bankable projects. IBN has successfully organized two large national summits in 2017 and 2019 and continues to collaborate with foreign and Nepali diplomatic missions and private sector organizations to organize such activities to sensitize investors and attract potential investors to Nepal. ■

The advertisement features a central image of various vehicles including a truck, a car, a motorcycle, a tractor, a bus, and an auto-rickshaw, all set against a backdrop of a sunset or sunrise. Below the vehicles is a row of engine oil jugs in different colors (blue, green, orange, grey). In the bottom right corner, there is a logo for HP Lubricants with the tagline 'POWER TO PERFORM' and a small figure of a person in a uniform. The M.A.W. logo is visible in the top right corner of the advertisement.

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Manish Thapa¹
-Ph.D.

Blended finance

A model for emerging private equity and venture capital fund in Nepal

It is generally understood and agreed that public resources will not be sufficient to meet the investment quantum required to achieve the Sustainable Development Goals (SDGs) and the goals set by the Paris Agreement, estimated at US\$4.5 trillion per year between 2015 and 2030 in emerging markets alone.² Even if all OECD-DAC countries met their 0.7% development funding to GNI target, there would remain an immense gap to fill. Therefore, achieving the SDGs requires a massive increase in capital flows to developing countries on a scale that requires close coordination between public and private actors.

Luckily, recent years have seen significant increases in private capital flows directed at emerging markets. In 2016, about 40% of the nearly US\$1.75 trillion foreign direct investment (FDI) was directed at developing countries, mainly driven by equity investment flows.³ Yet, the financing required to achieve the SDGs remains largely unmet by current FDI inflows, especially in least developed countries where

FDI has decreased by 13% compared to 2015.⁴

Frontier markets, like Nepal, are high-risk high-return markets for the fund managers such as private equity and venture capital (PEVC) funds. It is estimated that only about 15% of the total capital raised by PEVC funds are invested in frontier markets like Nepal and Bangladesh. The majority of funds are invested in middle income and mature markets such as the Asia-Pacific region, including China, India, and Eastern Europe.

Even though in frontier markets like Nepal or Bangladesh, fund managers can make outsized returns as these markets have a massive potential for growth, and since capital is a scarce resource in these markets any investments can in turn also support creation of much needed employment opportunities which helps these countries to meet the SDGs. But obviously from the perspective of fund managers or investors, risk is often too high for them to consider betting their investment in such markets. They find it difficult to see opportunities due to numerous transactional risks emanating from policy inconsistencies, market volatility, polit-

ical instability, currency risks and illiquid markets, etc. Mature deal pipelines and limited exit options of their investments are particularly of major concern for fund managers as PEVC funds are time bound investments.

Perceived risk for private sector investors in frontier markets

As indicated earlier, one of the main barriers to private sector investment such as PEVC in high development impact projects, sectors and/or geographies is that the ticket size and risk-return profile of those opportunities are seen as unattractive. Understanding the risks factored into their analysis is therefore critical to work towards mobilising private capital. However, before looking into those risks, it is important to remember that stakeholders vary widely in their investment mandates, missions, ticket sizes, risk appetites, and return expectations. While public sector players and philanthropic investors may tolerate additional risk to achieve development objectives, private sector investors have fiduciary duties that may preclude them from taking a similar position (e.g., capital preservation, maximise risk adjusted returns, etc.). Therefore, the analysis of risks and how each of them are considered in the investment deci-

¹ Founding Managing Partner - Global Equity Fund Limited

² Blended finance: How to get investors on-board?; Enclude (2018).

³ Statistics and World Investment Report 2017; United Nations Conference on Trade and Development (2017).

⁴ *ibid.*

sion will also differ. In other words, what may be perceived as a low risk for one may be considered high risk for another.

Specific risks that are considered by private sector investors that may hold them back from allocating more funds towards the achievement of the SDGs in frontier markets like Nepal include:

Geopolitical and security risk:

Private sector investors are typically reluctant to invest in markets that are deemed to have high political instability and where security risk, such as adverse political and/or criminal events – e.g., coups, wars, corruption, terrorism, and civil unrest – could interfere with a business' normal operations. The heightened geopolitical and security risk in fragile states often prohibits private sector investors from investing in such countries and also limits the amount that can be invested.

Macroeconomic and investment climate risk:

Markets with relatively low growth rates compared to peers as well as the lack of transparent regulatory, tax and legal systems, capital controls, tax barriers, and tariffs are significant deterrents of private capital flows because they increase the uncertainty and cost of investing in those countries and, therefore, reduce the attractiveness of the investment.

Currency risk: Investment returns are often realized in the local currency where the investment is made which then needs to be converted to the funder's reference currency, thereby exposing the investor to fluctuations in foreign exchange rates. The currency markets of most frontier markets are such

that mitigation of this risk either cannot be achieved or cannot be achieved in a cost-effective manner through hedging. The ability to repatriate with ease also depends on the policies of countries hosting the FDI.

Liquidity risk: Given the uncertainties and underdeveloped financial sectors, other private sector investors may not be willing to invest in projects, sectors, and/or geographies of the investment opportunity, therefore limiting the ability of the investor to get out of the investment and to realize any gain from the investment.

Business model risk: The business case of the investment often depends on a variety of factors. Often, the cases for business models targeting the SDGs (such as climate) remain to be proven. Private sector investors usually require a history of positive returns to invest. Investing in the SDGs often involves innovative models where the financial viability is yet to be proven. For example, while new models of medical service delivery leveraging mobile technologies have the potential for tremendous development impact, the business model of a for-profit health clinic is more easily validated as it has been demonstrated before. Depending on the investment mandate, it may be difficult to justify investing in unproven models when other proven opportunities exist.

Blending opportunities

What if there was a way to change the risk-reward equation for frontier markets like Nepal for investors? Can litigation provisions entice private capital into tapping opportunities offered by the

frontier markets and in doing so, can such capital help to fight against poverty, climate change and the host of other challenges these market face in terms of achieving the SDGs? That is the hope of those pushing the model of blended finance.

Blending may be one of the most important ways to tip the scales, making assets like sustainable infrastructure in frontier and emerging markets investable by large scale, mainstream capital. While there are multiple ways to structure a blended finance fund, the basic element is that these funds aim to lower the risks for private capital and offer more attractive returns to investors. Through blended finance, public sector and philanthropic investors can use various financial instruments in innovative ways to catalyse private capital and direct it where it will have a development impact. Instruments can be used to address many of the barriers blocking private capital from investing in frontiers and emerging markets. Most importantly, financial instruments can be used to improve the risk-return profile of opportunities by mitigating risks prohibiting private sector investors from investing or to prove new business models or concepts.

So, for PEVC funds operating in frontier markets like Nepal under the blended finance model, development finance institutions or donor bodies provide the initial first-loss capital on below market terms, allowing private sector investors to benefit from higher rates of return. The blended finance model can also unlock investment opportunities linked to issues such as climate change, as building climate resilience

is about a new investment mindset to ensure investment into future-oriented companies. The other aspect of blended finance modality is the provision of technical assistance facilities and capacity building grants structured alongside the investment vehicle that provides additional benefits to the invested portfolios to benefit for technical support.

Example from Nepal

Global Equity Fund (a local Nepal-based private equity fund) has committed to invest US\$ 2 million equity investment in a Bhrikuti grid-tied 10.5 MW solar project which has received the Viability Gap Funding (VGF) from Asian Development Bank (ADB). The VGF grant will be used to finance the difference between private sector cost of producing utility-scale solar power and the minimum price that the Nepal Electricity Authority is willing to pay for the power. This is the first time that Nepal has ever used the viability gap funding.

Nepal has been suffering chronic power shortages, with peak demand of 1,444 MW far outpacing installed capacity of 885 MW. Only 65% of the country's households have access to electricity. Hydropower has so far been the mainstay of the country's clean energy supply, but solar power is an ideal complement, particularly during the low-water season. However, as at the time of preparing this article, private sector investment has largely been in micro- and mini-grid solar power, with utility-scale plants of 4 MW or more attracting little private sector attention. The VGF from the ADB contributes towards financial viability of the project so the project can retain a 14% IRR which makes it a lucrative investment to

private equity funds like Global Equity Fund. More importantly, this project is also expected to provide a business model that can be replicated and scaled up elsewhere in the energy-strapped South Asia.

In a similar way, PEVC players like Dolma Impact Fund (DIF) and Business Oxygen (BO2) raised a lower hurdle rate fund from Development Finance Institutions (DFIs) to provide much needed capital for development of entrepreneurship in Nepal by investing in equities in emerging enterprise. DIF is currently raising US\$ 75 million Dolma Impact Fund II, which aims to provide scarce (growth) capital to small and medium-sized enterprises (SMEs) in Nepal, in the health-care, renewable energy, technology, and other sectors with high growth while creating positive social and environmental impacts. The Development Finance Institutions (DFIs) such as the Dutch bank FMO, SwedFund, British International Investment (BII), U.S. International Development Finance Corporation (DFC) and International Finance Corporation (IFC) have already committed to the fund.

Another example is how blended finance through support of interest payment and technical support can support micro, small and medium enterprises (MSMEs) to cope with harsh economic times. One to Watch, a venture capital fund, with support from Swiss agency for Development and Cooperation (SDC) and FMO, the Dutch entrepreneurial development bank, mobilised private sector capital through three partner banks - Laxmi Bank, NMB Bank and Nabil Bank – and has launched the

COVID-19 MSME Fund Nepal to provide bridge financing for small and medium businesses to cope with the crisis. The fund has supported MSMEs in Nepal to meet working capital needs and business development services to be able to retain employees, preserve business continuity, and build resilience. In addition to this, the fund is also providing business advisory/development service to help beneficiaries improve their managerial and operational capabilities.⁵ One recipient of the COVID-19 MSME Fund Nepal is Doko Recyclers, which provides a complete end-to-end waste management system for all kinds of dry waste including electronic waste. Through the Fund, Doko Recyclers was able to get interest-free and collateral-free loan from Laxmi Bank to cover its short-term working capital needs.⁶

Conclusion

There are already some good examples of blended finance at work. Instruments like guarantees, viability gap funding, insurance, currency hedging, technical assistance grants and first loss capital from development agencies, development banks and forward-leaning foundations are crowding in commercial investment for developing countries. Clean energy, healthcare, urban resilience, and sustainable land-use (sectors which are often critically undercapitalised) can all benefit. We need to see investment in these assets grow. To do so, we need to scale the blended finance market as a matter of urgency. ■

⁵ <https://www.onetowatch.nl/covid-fund/#about-fund>

⁶ <https://www.onetowatch.nl/waste-into-resource/>



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Rajan Sharma¹

Requirement for enhancing capacities of logistic service providers in Nepal

Capacity and competence building to prepare logistics and transport specialists is an important requirement of the Nepali economy. Its importance continues to grow with the concept of regional connectivity in terms of trade with all South Asian countries, Bhutan, Bangladesh, India, and Nepal or BBIN countries and beyond. This is reflected in the various national long-term strategic objectives of economic development. The increase in the number of logistic companies and their capacity is creating favourable prospects for generating specialists who can manage the resources in this field, and the point is further driven home in the context of the government preparing to draft a logistic policy to manage internal and international supply chains.

The Multimodal Transport Act has come into force on which the Freight Forwarders Association has recommended minor changes. Further, the COVID-19 context demanded better management of cargo, be it small parcels, bulk, or containerized. Also, in the public sector, both at the municipal and national levels, there is a need for proper coordination, planning and control of transport and logistic-re-

lated services for managing supply within the country as they lack the personal and professional competencies. Research has indicated a shortage of transport and logistics specialists in the country, and the need for grooming those already in the business by imparting knowledge on new approaches and techniques in supply chain management using technology and the right equipment.

An integrated automated system is something that is in demand right from the origin of freight until it is delivered at the importer's premises. Such an integrated automated system can enable government agencies not only to monitor the flow of goods but also manage financial involvement to ensure right prices which will have a direct relationship to the livelihood of citizens, and facilitate correct taxation.

Transport and logistics are one of the key branches of economics and therefore this sector requires professionals with understanding of the principles of the free market, modern economics, business practices, as well as communication that is needed for cooperation with domestic and international partners. To achieve these goals, it is

necessary to improve one's professional competencies by accepting the principles of life-long learning.

In order to sustain the desired growth rates, Nepal needs to prepare to face the huge challenges, especially environmental ones that need preparation from now, with the right policy and awareness of those involved in these important service sectors.

The rapid development of knowledge and information society provided the prerequisites for accelerating changes but has also increased complexities. Life-long learning therefore becomes a significant requirement for a person who seeks to be recruited in the competitive labour market. The said candidate also needs to be able to adapt to a constantly changing environment by developing personal, civic, social, and professional knowledge, skills, and competencies throughout the careers.

More owners or leaders understand that human resources are important and are sensible enough to consider how they can assist an individual to increase his or her potential. Accepting personnel as important inputs at a company, great attention must be given to

¹ Vice President, EEC-Nepal

learning and training, for ensuring appropriate and professionally managed flow of goods, right information flow, financial expenditure and record keeping.

The use of modern technologies in logistics is becoming more common and the technological changes have a significant impact on the business. The wide application of intermodal and multimodal cargo transportation, implementation of modern applied information technologies, Electronic Data Interchange (EDI), Radio Frequency Identification (RFID) and e-business, can enable logistics service providers to work more closely on a collaborative basis with other supply chain partners like the port, dry port, freight station and integrated check post managements.

Warehouse management, transportation management, distribution centre, courier services, brokerage services, insurance management, quality certification services, cold chain management, fulfilment centre, etc. are some areas for capacity building of the Nepali logistics sector.

Conclusions

The analysis of published material and discussions with related trade associations suggested that it is necessary to develop intercultural competency and personal qualities through capacity building to be able to coordinate, share responsibilities and the liabilities. The logistics providers – both government and in the private sector – lack skills in communication and coordination, which are very

important given the need to interact and collaborate with foreign service providers.

The major issues Nepali logistics operators face include the inability to detect, analyse and resolve problems (predictability), poor knowledge of foreign languages and business behaviours (adaptability), poor coordination logistics from origin to destination all of which result in improper tracking under the automated systems (traceability). These lead to liabilities and their consequences (accountability).

Further, logistic service providers need to maintain quality standards that are mandatory and specific to different commodities. These

include qualification of shipping containers, qualification of temperature-controlled road vehicles, temperature and humidity monitoring systems for transport operations, and transport route profiling qualification, etc., are also areas where logistic service providers lack both the knowledge and skills.

In addition there are many laws and regulations that govern the logistics and transport sectors, which need to be harmonised and simplified. The capacity development effort needs to address to the specific requirements in logistics such as warehouse management, inventory management, environmental management, custom clearance, inbound logistics, outbound logistics, etc.

Land-based logistics

Land-based logistics either through the means of trains or trucks are likely to be used when exporting to the EU. Road-based transport serve mostly as an auxiliary connective part of the supply chain used for delivery to major ports of exchange. Land-based logistics are an important factor if a consignment from Nepal is being sent through ocean freight but in the case of air transport, it may be minimal depending on the final destination's distance to its nearest eligible airport. In the case of air transport, delivery of goods for packaging and delivery to airport customs officials will be the main objective for land-based logistics.

Sea-based shipments

Since Nepal is landlocked, goods for export need to be moved across the border to access the seaport in India. As such, land-based operations become vital. The truck will be responsible for moving the goods through various customs departments, inland container depots (ICDs), Integrated Check Posts (ICPs) and dry ports. Land-based logistics also come into play if the shipment is being moved via rail once cleared at the ICD at Birgunj. Compared to air freights, consignments for sea-based transport require the goods to be in transit by road for a much longer period. Roads and their quality play a major part on the time taken for shipment, which logistics planners need to account for while exporting goods.

Air-based logistics

Sending goods through the air is the fastest and most convenient way to reach EU markets. Goods for export require customs clearance before being stored in a depot. Once the booked flight is ready, the shipment will be loaded onto the aircraft a few hours before take-off and will be delivered if it is a direct flight to that destination. If not, the consignment moves through depots at various airports and is connected to flights heading to its destination. Minor movements of the goods from aircraft to the airport depots are unavoidable for connecting flights. Finally, if the destination is at a significant distance from the nearest airport that is eligible for receiving air freight, then, other modes of transport (road, rail, or ferry) might also need to be employed.

Sea-based logistics

In the case of Nepal, most consignments go through the Calcutta port and then onboard a sea vessel to be freighted towards its destination. The vessel will hold many other cargo containers and make many stops along the way to load and unload containers as per their route. These containers all have unique identifiers that allow them to be properly identified for delivery purposes. Sea routes are long and complex, and proper tracking initiatives need to be taken to make sure your consignment is on route and on track for timely delivery.

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Rameshore Khanal¹

A Post-COVID-19 Rethink of the Global Supply Chain

In early March 2021,¹ when Nepal had just emerged from the first round of COVID-19 vaccine rollout, there was expectation that the momentum would continue. The Government was expecting delivery of the second tranche of the one million doses of CoviShield COVID-19 vaccines from an Indian company and negotiations for further supply of six million doses from the same company were nearing conclusion of a contract. In addition to the grant aid from China, negotiations for the purchase of China-made vaccines were also beginning.

However, one fine March morning everything fell apart when the Indian company informed the Nepali authorities that they would not be able to meet the contractual obligation of delivering one million doses. Negotiations for six million doses also collapsed because the company hiked the prices and also was non-committal on the timing of the delivery. This happened because India wanted to ensure that supplies outside the country should not be at the expense of its citizens.

Cases in India were rising rapidly in the wake of the second wave of COVID-19. This is protectionism and is not the only example of protectionism. Other countries have also taken similar protective measures in the recent past. Strangely, these are the very countries, and economic powerhouses, which preached free trade and globalization all along. However, when circumstances turned to their disadvantage, they took the direction they themselves resented in the past. Revival of protectionism was threatening the global supply chain.

For over a year, Nepal, just as many other countries, was suffering from global supply chain breakdown because of stringent lockdowns in source countries. Manufacturing establishments were running out of critical supplies, including pharmaceuticals. All shortages were not bad, though. In some category of products, domestic producers with primary raw materials—sourced domestically—found opportunity to expand their markets.

The major consideration of supply chains became efficiency after the opening up of global trade. Borders and domestic protection were

considered inefficient. Globally, customs reform, logistics-chain improvement, multimodal transport with seamless connectivity, lifting of the barriers, reducing tariff, etc., became the norm. As the gains from trade liberalization became evident, the possible risks were downplayed. A few had thought about the possibility of a reversal or going back to the old regime of protectionism. But supply chain networks everywhere became effectively risk blind.

Since 2000, the value of intermediate goods traded globally sharply increased, almost tripled to more than US\$ 10 trillion. Inventory levels declined, just-in-time deliveries improved, and lead times decreased. Nepal was no exception. Cooking oil in a typical Nepali kitchen has origins in an unknown Ukrainian village. Garlic in the recipe came from somewhere in China. Similarly, hand-knitted Nepali rugs with wool sourced from New Zealand and Tibet found place in European homes. All this was made possible by efficient global supply chains.

COVID-19 dramatically exposed the myth surrounding an efficient

¹ Former finance secretary, Government of Nepal.

global supply chain. Even before COVID-19, the global financial crisis, climate change and increasing use of economic sanctions as a non-violent weapon against terrorism or aggression, had proven that the global supply chain was not as efficient as it was made out to be. But in those cases, there were alternative ways and also some forms of flexibility that allowed supplies. The COVID-19 pandemic did not provide any room for flexibility.

The ongoing war in Ukraine, following an unwarranted aggression into the territory of a sovereign nation, is now setting the stage for a multipolar world. Unprecedented economic sanctions have been imposed on Russia. The sanctions have affected Russia but other countries with actually no connection to the developments in that hemisphere have also been affected by food shortages, fuel, and commodity price rise.

With the change in the world order, supply chains should consider the risk factor, and more than efficiency, resilience should be the major consideration. Resilience requires building domestic supply chains that can compete with the global supply chain. It is not easy. All countries are not endowed with natural resources to be able to replace the global supply chain. Regional supply chains could be an alternative, but in many regions, bilateral differences often appear as major impediment to making that possible.

Alliances have been functional for decades in politics and on other critical global agendas. There are strategic alliances for security. A new world economic order could need to be geared towards the direction of economic alliances and supply chains within the members of existing alliances.

For Nepal, the option of alliance may not be a good idea owing to the geo-politics in the region. One option would be to try improving the domestic supply chain. There are serious known bottlenecks in domestic supply chains. Easing these bottlenecks can substantially improve domestic supply chains, increasing resilience against global or regional disruptions. The level of resilience can increase if the domestic supply chain is extended to the sub-regional or regional level with balanced mutual interdependence and building a domestic supply chain does not necessarily need protectionist measures. However, in the interim, with the objective of increasing efficiency, selective protectionism may be a good idea with a clear roadmap for phasing out.

Alternatives can also be found through technological innovation and investment in new technology. Dependence on fossil fuels sourced entirely from outside the country can substantially be reduced with strategic investments in renewable energy. Many other required inputs for manufacturing can also be replaced.

To conclude, a resilient supply chain is more important than an efficient one. ■

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Binayak Shah¹

Tourism for economic recovery

Tourism is one of the booming industries in Nepal which generated NRs. 266.6 billion in and created 1.1 million jobs directly and indirectly. More than NRs. 15 trillion has been invested in the tourism industry making it one of the highest invested industries in Nepal. In 2019, travel and tourism contributed 7.9% of GDP equivalent to US\$ 2.4 billion according to Annual Research Report 2021 of the World Data Atlas. According to the annual Economic Impact Research report, it is forecast that travel and tourism's contribution to GDP will rise to 8.3% in 2027. In 2019, 1.2 million tourists visited Nepal and it is estimated that each tourist created 11 direct and indirect jobs. The tourism industry also has a synergy effect on other sectors such as construction, agriculture, transportation, aviation, banking and insurance, and the rural economy.

The COVID-19 pandemic caused uncertainty and spill over effects in nearly every industry and a crisis in global tourism. It also affected Nepal's tourism industry resulting in huge losses. The pandemic caused many businesses to shut down causing loss of employment

and a financial crisis for people engaged in the sector.

There is hope for recovery of the tourism industry now that the number of COVID-19 cases have been decreasing and most Nepalis have been vaccinated. However, the government has initiated measures to prevent an economic crisis, including imposing a ban on imports until mid-July 2022 and restrictions on bank loans. These measures have affected the industry and added to the existing burdens. Notably, the import ban has made it difficult to get materials required for the industry resulting in a setback to the early hopes of a recovery.

Tourism is one of the fastest ways to inject foreign currency into an economy and therefore the government should avoid taking decisions that could affect tourist flows. The controls and regulations that are being imposed by the government therefore need to be relaxed and be more targeted to the nature of the industry concerned.

The goods that are imported by the tourism industry have a multiplier effect when used and generate huge

taxes for the government. But as things stand now, operations have been restricted even in the very industry which can bring in both foreign currencies and also contribute to income redistribution. It is recommended that the government should allow a limited time-limit to let the industry import goods, observe the situation, and calculate the economic contributions made during that time frame before enforcing such decisions. It is not wise to shut down all doors without prior warning.

The country needs a national integrated economic plan and programme for achieving success in all sectors, including tourism. Each business sector has been managing to survive based on their own efforts without national support. The government had announced a 10-day travel leave for civil servants and 30-day free visas for international tourists in the annual budget of 2021/2022 and there were also some supportive measures announced through the monetary policy. But these have not been implemented so far.

The government has also formed a tourism revival committee that is

¹ Vice President Hotel Association Nepal (HAN)

working towards recommending a national plan and programme for recovery and sustainability for the budget of 2022/2023. This committee is responsible for recommending to the government the way forward for tourism revival. Therefore, the government now needs to seriously consider the recommendations of the committee it had formed and implement them.

Tourism can be the fastest avenue to economic recovery. However, the tourism situation has not yet returned to normality, but its governance is being done as if these were normal times in terms of policies, rules, and work attitudes. The current situation needs extraordinary measures to address it, which would mean taking the private sector in confidence and consulting

their representatives before any policy formulation and changes.

To revive the economy of Nepal, the government must focus on promoting tourism. Nepal is not only rich in cultural diversity but is also rich in nature – mountains, forests, lakes, etc. which are major attractions for tourists. Tourism is also the best tool for regional development in the country and can have favourable impacts on incomes, employment, and output with the increase in the number of travel agencies, tour guides, tour operators, rafting agencies, and trekking agencies.

After the COVID-19 pandemic, many countries will require tourism for economic recovery and as a result, nations will compete to

attract tourists. To generate more revenue, Nepal will require a major promotional event in the next two-three years which can help to bring together all stakeholders in the public and private sectors, strengthen inter-ministerial coordination, and promote Nepal as a desirable tourist destination. Such a promotional event also needs to be backed by proper policy and intricate planning. Events such as Visit Nepal 2020 – which was called off after the outbreak of the pandemic – should be re-launched to promote the beauty of Nepal which can be the lifetime experience for tourists and a boost in the arm to the tourism industry, and now is the right time to promote and create a platform to showcase the beauty of Nepal. ■



Dr. Vyoma Koirala
-M.D. (Ayu.)

Ayurveda the possible answer to COVID and its aftermath

Firstly, there was the Alpha, then came in the Gamma, followed by Delta and then Omicron along with many other variants that the World Health Organisation has not named or deemed it unnecessary. Who is to say that tomorrow there will not be another virus with another name terrorizing the population again? That is not the only issue. We see another danger associated with such viruses – the uncertainty of drugs

used, the efficacy of vaccines. Although the vaccines did turn out to be a boon, they also seem likened to a double-edged sword, as they have been associated with many complications. Then there is the possibility of being infected more than once, and each time a new mutated strain appears. These thoughts linger in our minds making us live in a constant fear, not to mention other problems that come with a new

disease. The only option we have is to increase our immunity to make us capable of overcoming whatever comes our way.

COVID-19 landed another blow when we realized that the variants did not simply come with effects but aftereffects as well. These aftereffects are still haunting many people even after treatment. What we know today as the post COVID syndrome

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is associated with vague symptoms that are different from person to person even though there are some commonalities such as general fatigue, prolonged loss of smell and taste and breathlessness upon the minutest level of exertion.

This forces us to ask a major question: what are we going to do to increase our immunity to stay protected from both existing and new diseases and also, to overcome the aftereffects of the infections among those who were infected?

The answer lies in what is known as Ayurveda, a healing science used to treat people for thousands of years in the South Asian region, which is still a “go to” for many people around the world. Ayurveda treatment can be categorized into two parts – first is preventive, and then curative. There are various methods such as sodhana (detoxification) and shamana (use of various herbs and medications) that help increase immunity and to treat any underlying conditions.

For specific post-covid cases there are other various approaches that can be applied depending on the symptoms. For example, for the loss of smell the treatments available are nasya (medicated nasal drops) and dhoomapana (medicated smoke inhalation); for loss of taste there are kavala and gandoosha (different forms of medicated gargling) and for breathlessness, there is nasya again.

Nasya is steam inhalation using decoctions of various herbs and its application through herbal steam, etc. This has different variations according to the herbs used to formulate the decoction which is done

following an analysis of the person’s condition. This has higher efficacy if administered in multiple sittings after a session of detoxification.

Similarly other symptoms of post-COVID cases also be taken care of include anxiety and depression (which has emerged as one of the main aftereffects of COVID with therapies like sirodhara, sirobasti and other kinds of therapies that relax the mind, although this differs

from person to person, as Ayurveda does not simply believe in treating the disease, it believes in treating the person.

Ayurveda is different from modern medicine and so are its approaches. The goal of Ayurveda is Swasthyasya swastha rakshanam aaturasya vikara prashamanam ca. (Ca. Su. 30/26) or to preserve the health of the healthy and cure the disease of the unhealthy. ■

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Narayan Bajaj¹

Engaging the private sector in trade and investment policy processes

Trade gives people a tangible interest in each other's economic wellbeing and offers a path to fiscally responsible growth. Trade experts are evaluating the impact of the Fourth Industrial Revolution and how, by 2030, trade and investment could help to empower people, in particular women and youth and end poverty.

Trade, investment, and our future

There are four reasons why trade and investment are the most important topics for both global development and human wellbeing. First, in a climate where governments are limited in what they can spend, trade and investment offer a path to mobilise much needed resources to accelerate economic growth.

Second, trade and investment enable companies to specialise and scale, which brings prices down – especially for the poor, much of whose income is spent on goods that are commonly traded. For example, one study found that the gains from trade in terms of cheaper goods and enhanced purchasing power are more than

twice as significant for the poorest decile than the wealthiest.

Third, trade and investment are good for innovation – open economies allow new ideas and technologies to diffuse more quickly from wherever they are created.

Finally, trade and investment give people a tangible interest in each other's economic well being. Look at a map of the world: the countries which do not trade much, or which trade only in oil and gas, tend to be in regions which suffer the most social and political instability and unrest. That is not an accident. If I trade with you, I understand that what happens to you also affects me.

Key trends in trade and investment

There are two trends, both driven by the Fourth Industrial Revolution (commonly known as Industry 4.0), but pulling in opposite directions. The digitalization of economies is hugely empowering for people at the bottom of the pyramid – the Industry 4.0 and further advancements are bringing small, distant, and poorly-connected societies into the global economy

and enabling small and medium enterprises (SMEs) to become “micro-multinationals”.

For all the talk that volumes of trade are slowing down, cross-border trade in digital goods and services is growing hugely. It is just that we have not figured out how to measure it properly yet. Statisticians are struggling to keep pace with services that were never previously tradeable that are now suddenly becoming tradeable, like being able to consult a doctor in another country online.

However, the Industry 4.0 is also creating huge disparities, disruptions, and dislocations. Change is happening so rapidly due to technology that societies struggle to respond and adjust. There's an old phrase that captures the sense of dizziness that a lot of people are feeling: “Stop the world, I want to get off”.

Growing protectionist pressures

It is evident when businesses react negatively to trade and investment, they are really expressing their inability to cope

¹ President of European Economic Chamber Nepal & Honorary Consul of Romania in Nepal

with the pace of technological change and the process of globalisation. They cannot vote to slow down technology and stop the unavoidable phenomenon of globalisation, but they can vote against trade deals, as people are looking for any leverages they can pull in as an attempt to regain some sense of control. Governments have not yet found a way to resolve the tension between the simultaneously empowering and disempowering impacts of technology.

The worry is only in the short term, however. In the medium- to long-term, societies will find a way to adjust to the pressures being created by the increasing speed of technological change.

A recent study in Canada has suggested that trade and investment policy must be placed in the context of a broader domestic policy agenda on education, childcare, infrastructure, taxes and the “growing the middle class”. After all, trade is not an end in itself – it’s a means to growth, and growth in turn is a means to create a better society through policies that shape the distribution and the inclusiveness of that growth.

Bangladesh is another good case study where the government adopted trade policies to suit garment exports for making it competitive on the world stage vis-a-vis China and India, which in the meantime also generated employment for women. Now the proactiveness of the Bangladesh government by working with the private sector in framing its

post LDC progression strategy is another good example worth mentioning.

Cultural diversity can become a real economic asset, but this does not happen automatically – it needs to be worked on – to assure that citizens are more supportive of open trade and investment policies, which can happen if they feel reassured that the country’s borders are secure. If leaders act as if all they care about are open markets being economically beneficial overall, and it is tough luck for marginalised groups who happen to lose out, then that could cause backlashes.

The cultural conservatism discussed above has changed a lot in the last 20 years. In the past trade and investment policies were more about governments talking to each other, which now requires embracing the private sector, non-governmental organisations, and academia in a genuinely multi stakeholder approach. The Government of Nepal needs to factor this important aspect of engaging the private sector in all trade negotiations and policy formulation as they are the first beneficiaries or the benefactors and stakeholders of the consequences if the rights policies and frameworks are not made at the right time and without their engagement in the policy formulation process.

Towards 2030 and beyond

Broadly, let us hope Nepal’s trade and investment policies will

have contributed to attaining the Sustainable Development Goals (SDGs) by 2030, especially to ending poverty and economically empowering women and socially, politically and economically marginalised communities. This could bring positivity in all segments of society, including policy and decision makers by 2030. It is therefore time for the government to begin assessing the possible impact on exports to Europe after it will cease to qualify for preferential duty-free access following Nepal’s graduation to a middle-income country. The stakeholders – exporters – are micro, small and medium enterprises, women entrepreneurs, etc. The policy aim should be to form a framework that would help keep exports at the present levels in the short term, and to devise pathways for growth by diversification and identification of new products, and markets in the medium- to long-term. I believe that the Nepal Trade Integration Strategy (NTIS) now being formulated will be the guiding document for preparing a trade policy for the next five years. Increased and continued involvement and engagement with the private sector in strategy preparation and implementation thereafter is therefore the way forward to make Nepal prosperous.

Some of the forward-looking ideas in the article were discussed at the Annual Meeting of Global Future Council held at Dubai in 2016, which are also still relevant. ■

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Compliance requirements and EU trade standards

This write-up has summarised most important compliance requirements for trading with EU countries in no particular order. The information has been compiled from a number of sources (see: below).

Registered Exporter System (REX)

REX is a system that allows self-certification of origin for registered exporters of Generalized System of Preferences (GSP) beneficiary countries. First used for GSP, it simplifies export formalities by allowing the registered exporter to certify the preferential origin themselves by including a specific declaration. Registration can be achieved by providing a competent customs officer with some basic information. Once the number has been assigned the exporter may use it for all exports under preferential arrangements where the system of certification of origin applied is the REX system. Registration data must be updated by the exporter themselves in case of any changes in their data. An exporter may be revoked from the privilege of having a REX number if they are found to have broken laws, committed fraud or have been shut down.

Import License

Import licenses aim to regulate and control the goods coming in a country. It is not needed to import most

industrial goods. However, some industrial goods require import licenses issued because of national or multilateral sanctions and controls. Goods related to animal and animal-related products are advised to have an import license. The fees for the service vary on the value of the goods in question.

Sanitary and phytosanitary requirements

This is a general adherence to food-related safety laws as established by the European Food Safety Authority. Exporters need to ensure adherence to the food-related regulations at all stages – production, processing, transport, and distribution. Further, importers of food and feed products must be able to identify the supplier in the country of origin. Specific marketing and labelling requirements may also apply depending on the specific product and factors such as rules on residues, use of pesticides, veterinary medicines, and possible contaminants.

Technical requirements

This section is concerned with product safety, technical standard-

ization and packaging and labelling. General health and safety and specifications can vary from product to product. Restrictions on certain chemicals need to be noted and all compositional data needs to be made clear. Certification and indication of environmentally friendly initiatives may also be important. The main purpose of technical harmonization within the EU is to remove technical barriers by mitigating diverging technical standards in its Member States. Harmonized standards apply differently to an array of products such as those concerned with accessibility, chemicals, construction, and energy efficiency among others.

Labelling

All labelling must be durable, legible, visible, and accessible. It must provide information related to the composition of the product, and assure all steps were taken to protect consumer health and safety. Product information such as content, instruction for safe use and special precautions should also be considered. Having the *Conformité Européenne* (CE) mark on a product would be ideal as it is a declaration that the product complies with the essential requirements of the relevant EU legislation on health, safety, and environmental protection. CE is a symbol of safety and a passport to the European market.

2. Packing

Packaging needs to be eco-friendly and fulfil specific provisions to prevent health risks to customers. These include general requirements related to packaging and packaging waste as well as specify provisions related to package size. Other special rules such as nominal quantities for pre-packed products and rules for material and articles intended to come into contact with foodstuffs also exist. Separate rules may also apply to packaging made of wood or other plant products.

Social responsibility

Social Responsibility is another consideration for all businesses. Exporters need to adhere to all labour-related laws. Child and forced or bonded labour is unacceptable, while all other labour standards of the International Labour Organisation also need to be upheld. All related stakeholders should be aware of the Codex Alimentarius, a benchmark for standards and safety for food-related items (<https://www.fao.org/3/i4354e/i4354e.pdf>). Further, all aspects of product creation must be socially just and environmentally sustainable.

The European Code of Export Compliance (EU-CEC)

Exporters should familiarize themselves with the EU-CEC which is based on EU-Export Compliance Framework (EU-ECF). It offers a general understanding of the guiding principles and practices of the EU concerning quality and lawful compliance.

Other requirements (where applicable)

Accredited Lab certification
Cultural factors
Licensing from specific quality compliance agencies, if applicable.
Anti-dumping and anti-subsidy duties

Products of animal origin

Products that are of animal origin must comply with general rules of animal and public health. The requirements differ depending on whether the animal product is made for consumption or not. Such products must guarantee a high level of health and safety through the food and feed chains and must have taken adequate steps to prevent the spread of infectious diseases. Applicable general health requirements needing compliance are as follows:

1. General requirements for feed hygiene
2. Country health approval and approved establishments
3. Official certificates
4. Official control
5. Marketing requirements

Plant health

The EU takes measures to make sure that plants and organisms harmful to other plants and animals are not spread into its territories. This means that any plant products that have the potential to harbour plant pests are subject to certain protective measures under Regulation (EU) 2016/2031. As per (CELEX 32016R2031) (Plant

Health Law) and Regulation (EU) 2019/2072 (CELEX 32019R2072). This could include import bans, phytosanitary certificate inspection and plant health checks, importers register and emergency measures. Inspections may also be needed and consist of documentary checks establishing that the required certificates, alternative documents or marks have been issued or satisfied identity checks establishing that the plants, plant products or other objects conform to the ones declared on the required documents; and plant health checks establishing that the plants, plant products or other objects, including their packing material, if any, comply with the specific requirements and phytosanitary measures and can be imported into the EU.

Phytosanitary certificate

Imports of plants and plant products listed in Annex XI and Annex XVII to Regulation (EU) 2019/2072 (CELEX 32019R2072) must be accompanied by an official phytosanitary certificate. This document certifies the phytosanitary conditions of plants and plants products, and that the shipment has been officially inspected, complies with statutory requirements for entry into the EU and is free of quarantine pests and other harmful pathogens. The exporting country's national plant protection authorities issue the phytosanitary certificates.

Once in the EU, a plant passport may replace the phytosanitary certificate for imported plants, plant products and other objects which are also listed in Annex XIII and Annex XIV. TRACES (Trade Control and Expert System) is the EU management tool for health certification of feed and food, products of animal and no animal origin, plants, seeds, and propagating materials in intra EU trade and imports to the EU. It aims at digitizing the entire sanitary certification process and linked procedures and allows for verification of the certificate of inspection issued in the country of origin.

General foodstuffs hygiene

The relevant hygiene rules of food which need to be respected by food business operators in third countries are contained in Regulation (EC) 852/2004 (CELEX 32004R0852). It demands a general obligation on the operator to monitor the food safety of products and processes under his responsibility and ensures all general hygiene provisions for primary production and detailed requirements for all stages of production, processing and distribution of food are met. Microbiological criteria for certain

products which are established in Regulation (EC) 2073/2005 (CELEX 32005R2073) are procedures based on Hazard Analysis and Critical Control Point (HACCP) principles.

Control of pesticide residues

Imports of plant and animal products must comply with such maximum residue limit (MRLs) set by the European Commission to protect consumers from exposure to unacceptable levels of pesticide residues. ■

For additional information please refer to the following links:

https://ec.europa.eu/growth/single-market/european-standards/harmonised-standards_en

https://ec.europa.eu/growth/single-market/european-standards/harmonised-standards/chemical-substances-reach_en

https://ecustoms.com/about-us/visual_trade_compliance_resources/eu_export_controls/

<https://www.exportcompliance.eu/index.php/en/eu-export-compliance-framework/eu-export-compliance-character-code>

<https://www.exportcompliance.eu/index.php/en/eu-export-compliance-register-eu-ecr>

<https://www.trade.gov/country-commercial-guides/eu-import-requirements-and-documentation>

<https://www.trade.gov/eu-standards>

<https://trade.ec.europa.eu/access-to-markets/en/content/health-and-consumer-protection-animal-and-plant-product>

<https://www.trade.gov/country-commercial-guides/eu-import-requirements-and-documentation>

<https://2016.export.gov/europeanunion/eustandardsandcertification/index.asp>

https://ec.europa.eu/taxation_customs/online-services/online-services-and-databases-customs/rex-registered-exporter-system_en

European Union (EU) Import procedures

Import procedures of EU

The EU consists of 27 countries, but when it comes to practical international trade issues, such as legal import requirements and border control, the EU Member States operate as one single market.

However, many of the EU Member States maintain their list of goods subject to import licensing. The import list also indicates whether the license is required under German or EU law. For information relevant to a Member State's

import license, please consult the relevant commercial guidelines of the individual countries. The import procedures must be complied with, by the importer, but it also helps Nepali exporters to be acquainted with these requirements.

STEP 1: Determination of the HS code

AGENCY INVOLVED	Department of trade/ commerce/ customs.
TIME	A few hours.
WHY	To comply with importing country's HS code requirement.

STEP 2: Registration as an economic operator (EORI number)

AGENCY INVOLVED	Customs authority in an EU country.
TIME	A few hours.
WHY	EORI number is a unique identifier assigned by a customs authority in an EU country to all economic operators (both companies and individuals) engaging in activities covered by EU customs legislation. Operators use this number in all communications with any EU customs authorities where an EU-based identifier is required, for example, in customs declarations.

STEP 3: Obtaining import license and ENS declaration

AGENCY INVOLVED	Customs authority in an EU country.
TIME	Two to three working days.
WHY	<p>Import licenses allow the EU authorities to monitor trade flows and administer tariff quotas and safeguard measures. Import forms are contained in Commission Delegated Regulation (EU) No. 2015/2446.</p> <p>Starting on 1 January 2011, the carrier of goods entering the customs territory of the EU needs to lodge advance cargo information in the first customs office of entry to the EU. This information is provided through the Entry Summary Declaration (ENS) which needs to be lodged in advance by the carrier of the goods, although in some cases it can also be done by the importer-consignee or a representative of the carrier or importer. The ENS declaration must be lodged even if the goods are not going to be imported into the EU. The deadlines for the lodging of the ENS vary according to the mode of transport carrying the goods into the customs territory of the EU:</p> <p>Container maritime cargo: at least 24 hours before commencement of loading in the foreign load port.</p> <p>Bulk maritime cargo: at least 4 hours before arrival.</p> <p>Short sea shipping: at least 2 hours before arrival.</p> <p>Short-haul flights (less than 4 hours duration): at least by the time of the actual take-off of the aircraft.</p> <p>Long haul flights (4 hours or more): at least 4 hours before arrival at the first airport in the customs territory of the Union.</p> <p>Road traffic: at least 1 hour before arrival.</p> <p>Part of the information that the carrier must include in the ENS comes from documents originating from the exporter: bill of lading, and commercial invoices. These documents must reach the party responsible for the lodging of the ENS in a timely and accurate manner.</p>

STEP 4: Registration of entry summary declaration

AGENCY INVOLVED	Customs authority in an EU country.
TIME	Container maritime cargo: at least 24 hours before loading commences at the foreign port Bulk maritime cargo: at least 4 hours before arrival Short sea shipping: at least 2 hours before arrival Short-haul flights (less than 4 hours): at least by the actual time of take-off of the aircraft Long haul flights (4 hours or more): at least 4 hours before arrival at the first airport in the customs territory of the EU Road traffic: at least 1 hour before arrival.
WHY	The entry summary declaration contains advance cargo information about consignments entering the EU. It must be lodged at the first customs office of entry to the EU by the carrier of the goods (although in some cases it can be done by the importer-consignee or a representative of the carrier or importer) – even if the goods are not going to be imported into the EU.

STEP 5: Open L/C or remit advance payment

AGENCY INVOLVED	Importer's bank.
TIME	2 to 4 working days.
WHY	To comply with payment terms of exporting country and import duty of importing country.

STEP 6: Collect required paperwork

Agency involved	Customs broker, bank, and exporter.
Time	One working day.
Why	For customs clearing and import duty.

STEP 7: Receive shipment and pay tax

Agency involved	Customs department at the entry point.
Time	One day.
Why	Transfer of ownership and title of goods from exporter to importer. EU goods may be moved from one point to another within the customs territory of the EU without any change to their customs status. This includes transporting goods through another territory that is outside the EU customs territory.

STEP 8: Customs clearing and receiving shipment for storage or distribution

Agency involved	Customs premises with the help of a customs broker and transport company.
Time	One day.
Why	Transfer of ownership and title of goods from exporter to importer.
<p>The clearance procedures involve presenting the Single Administrative Document (SAD), quality-related certificates, and purchase value of the consignment. The SAD can be presented to the customs authorities by the importer or a representative, either electronically (each EU country has its system) or by delivery directly to the premises of the customs office. The SAD covers the placement of any goods whatever the mode of transport used and under any customs procedure, including export, import, transit where the new computerized transit system (NCTS) is not yet used, warehouses, temporary import, and inward and outward processing. The quality certificates need to contain the following details for the consignment to be cleared at the customs:</p> <ul style="list-style-type: none"> • The name and full address of the consignee. • The correct botanical name of the genus and species must be declared in the appropriate box. • Each shipment must be accompanied by a phytosanitary certificate. • Inspection of the products referred to in the certificate and the signing of the certificate must have occurred no more than 14 days before dispatch. • The certificates must be issued by the official plant protection service of the exporting country. • Provincial, regional, state, or local government certificates are not acceptable. • The certificates must be signed by an authorized officer of the plant protection service in the country of origin. • Certificates issued in a language other than English MUST be accompanied by a translation signed by the authorized officer. 	

STEP 9: Insurance claim process

AGENCY INVOLVED	Insurance company of importer.
TIME	2 to 5 days.
WHY	Claim if any damage during transportation and loss.

The information above is a summary. Detailed information on different requirements can be obtained through the following references.

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TRADE STATISTICS

FOREIGN TRADE COMPOSITION OF NEPAL

Value in '000 Rs.

DIRECTION	F.Y. 2018	% IN TOTAL	F.Y. 2019	% IN TOTAL	F.Y. 2020	% IN TOTAL
EXPORT						
India	Rs74,268,125.36	68.73%	Rs73,910,133.08	72.94%	Rs118,866,693.42	79.23%
China	Rs2,039,844.18	1.89%	Rs681,016.16	0.67%	Rs829,423.61	0.55%
Others	Rs31,746,138.98	29.38%	Rs26,741,993.91	26.39%	Rs30,334,455.70	20.22%
	Rs108,054,108.52	100.00%	Rs101,333,143.15	100.00%	Rs150,030,572.73	100.00%
IMPORT						
India	Rs875,713,047.71	63.10%	Rs741,223,482.45	64.21%	Rs864,709,575.58	60.91%
China	Rs218,431,389.18	15.74%	Rs158,723,568.29	13.75%	Rs213,298,870.87	15.02%
Others	Rs293,678,914.73	21.16%	Rs254,498,706.83	22.05%	Rs341,658,070.60	24.07%
	Rs1,387,823,351.62	100.00%	Rs1,154,445,757.56	100.00%	Rs1,419,666,517.05	100.00%
TRADE DEFICIT						
India	Rs801,444,922.35		Rs667,313,349.37		Rs745,842,882.16	
China	Rs216,391,545.00		Rs158,042,552.13		Rs212,469,447.26	
Others	Rs261,932,775.75		Rs227,756,712.92		Rs311,323,614.90	
	Rs1,279,769,243.10		Rs1,053,112,614.42		Rs1,269,635,944.32	

BALANCE OF TRADE WITH INDIVIDUAL COUNTRIES F.Y. 2020

EUROPEAN UNION					EUROPE				
Value in '000 Rs.					Value in '000 Rs.				
S.N.	COUNTRIES	EXPORTS	IMPORTS	BALANCE	S.N.	COUNTRIES	EXPORTS	IMPORTS	BALANCE
1	Austria	Rs180,634.70	Rs389,699.28	-Rs209,064.58	1	Andorra	Rs0.00	Rs15,915.83	-Rs15,915.83
2	Belgium	Rs296,003.65	Rs3,454,523.59	-Rs3,158,519.94	2	Iceland	Rs375.45	Rs12,960.01	-Rs12,584.56
3	Denmark	Rs476,802.56	Rs718,090.25	-Rs241,287.69	3	Norway	Rs129,841.55	Rs326,586.90	-Rs196,745.35
4	Finland	Rs47,766.02	Rs510,727.87	-Rs462,961.85	4	Russia	Rs165,368.16	Rs4,120,077.75	-Rs3,954,709.59
5	France	Rs1,154,698.63	Rs4,186,955.91	-Rs3,032,257.28	5	Switzerland	Rs321,657.56	Rs7,033,164.27	-Rs6,711,506.71
6	Germany	Rs2,710,455.04	Rs4,635,814.89	-Rs1,925,359.85	6	Turkey	Rs1,752,337.78	Rs8,674,015.04	-Rs6,921,677.25
7	Greece	Rs20,325.93	Rs49,881.61	-Rs29,555.68	7	Ukraine	Rs1,222.78	Rs16,579,537.42	-Rs16,578,314.65
8	Ireland	Rs102,946.40	Rs744,100.07	-Rs641,153.67	8	Belarus	Rs0.00	Rs159,452.57	-Rs159,452.57
9	Italy	Rs770,571.12	Rs1,938,665.58	-Rs1,168,094.46	9	Bosnia & Her- govina	Rs0.00	Rs1,042.87	-Rs1,042.87
10	Luxembourg	Rs0.00	Rs21,015.08	-Rs21,015.08	10	Georgia	Rs2,314.51	Rs114.89	Rs2,199.62
11	Netherlands	Rs513,460.28	Rs2,033,864.75	-Rs1,520,404.47	11	Gibraltar	Rs0.00	Rs0.00	Rs0.00
12	Portugal	Rs20,376.40	Rs54,504.65	-Rs34,128.25	12	Liechtenstein	Rs100.20	Rs4,841.03	-Rs4,740.83
13	Spain	Rs136,165.68	Rs136,165.68	Rs0.00	13	Monaco	Rs2,628.45	Rs30.47	Rs2,597.98
14	Sweden	Rs168,817.63	Rs291,596.67	-Rs122,779.04	14	Moldova	Rs0.00	Rs70,917.08	-Rs70,917.08
15	U.K.	Rs2,207,736.06	Rs2,764,465.24	-Rs556,729.18	15	St. Helena	Rs243.13	Rs0.00	Rs243.13
16	Bulgeria	Rs5,277.86	Rs58,097.76	-Rs52,819.90	16	San Marino	Rs0.00	Rs12.25	-Rs12.25
17	Croatia	Rs3,529.53	Rs5,826.79	-Rs2,297.25	17	Macedonia	Rs0.00	Rs0.00	Rs0.00
18	Czech Republic	Rs149,368.02	Rs545,861.97	-Rs396,493.95	18	Montenegro	Rs339.43	Rs17.72	Rs321.71
19	Cyprus	Rs839.10	Rs20,765.17	-Rs19,926.06		Total	Rs2,376,429.00	Rs36,998,686.10	-Rs34,622,257.10
20	Lithuania	Rs26,129.93	Rs513,585.80	-Rs487,455.87					
21	Hungary	Rs48,844.68	Rs161,236.12	-Rs112,391.45					
22	Poland	Rs78,531.73	Rs850,196.18	-Rs771,664.45					
23	Romania	Rs21,219.31	Rs31,743.51	-Rs10,524.20					
24	Slovenia	Rs9,683.84	Rs126,056.02	-Rs116,372.18					
25	Malta	Rs8,925.54	Rs9,661.30	-Rs735.76					
26	Slovakia	Rs9,683.84	Rs126,056.02	-Rs116,372.18					
27	Estonia	Rs2,843.10	Rs8,074.00	-Rs5,230.89					
28	Latvia	Rs7,128.68	Rs32,812.26	-Rs25,683.58					
	Total	Rs9,178,765.27	Rs24,420,044.00	-Rs15,241,278.73					

TRADE STATISTICS

EUROPE & EU TRADING PARTNERS OF NEPAL

Value in '000 Rs.

S.N.	COUNTRIES		F.Y. 2018	F.Y. 2019	F.Y. 2020
1	Andorra	Import	Rs327.17	Rs53.45	Rs15,915.83
		Export	-	-	-
2	Austria	Import	Rs559,281.59	Rs536,359.83	Rs389,699.28
		Export	Rs220,953.08	Rs186,848.36	Rs180,634.70
3	Belarus	Import	Rs11,104.50	Rs582,610.30	Rs159,452.57
		Export	-	-	-
4	Belgium	Import	Rs2,695,102.36	Rs1,151,952.20	Rs3,454,523.59
		Export	Rs246,831.70	Rs246,712.73	Rs296,003.65
5	Bosnia & Hergovina	Import	Rs1,905.61	Rs306.11	Rs1,042.87
		Export	Rs1,090.08	Rs1,549.21	-
6	Bulgaria	Import	Rs443,977.38	Rs259,326.57	Rs58,097.76
		Export	Rs8,384.58	Rs1,759.83	Rs5,277.86
7	Croatia	Import	Rs29,061.86	Rs6,026.48	Rs5,826.79
		Export	Rs10,963.63	Rs3,215.02	Rs3,529.53
8	Cyprus	Import	Rs45,483.06	Rs20,424.30	Rs20,765.17
		Export	Rs232.98	Rs849.25	Rs839.10
9	Czech Republic	Import	Rs947,398.19	Rs357,308.86	Rs545,861.97
		Export	Rs95,596.64	Rs121,309.04	Rs149,368.02
10	Denmark	Import	Rs433,453.01	Rs314,679.13	Rs718,090.25
		Export	Rs336,711.89	Rs374,482.50	Rs476,802.56
11	Estonia	Import	Rs2,267.14	Rs6,117.39	Rs8,074.00
		Export	Rs6,867.06	Rs3,993.40	Rs2,843.10
12	Finland	Import	392282.094	260454.511	Rs510,727.87
		Export	Rs74,375.15	Rs73,185.77	Rs47,766.02
13	France	Import	Rs8,561,795.11	Rs8,557,691.01	Rs4,186,955.91
		Export	Rs1,352,632.07	Rs1,143,761.00	Rs1,154,698.63
14	Georgia	Import	Rs2,727.30	Rs6,932.12	Rs114.89
		Export	Rs988.15	Rs308.74	Rs2,314.51
15	Germany	Import	Rs7,554,857.30	Rs4,891,190.03	Rs4,635,814.89
		Export	Rs3,188,397.21	2800.399.879	Rs2,710,455.04
16	Gilbralter	Import	-	-	-
		Export	-	-	-
17	Greece	Import	Rs32,897.99	Rs37,303.74	Rs49,881.61
		Export	Rs29,617.30	Rs23,652.69	Rs20,325.93
18	Hungary	Import	Rs97,639.78	Rs85,978.40	Rs161,236.12
		Export	Rs47,364.25	Rs27,500.86	Rs48,844.68
19	Iceland	Import	Rs604.04	Rs4,724.65	Rs12,960.01
		Export	Rs4,570.36	Rs14,831.86	Rs375.45
20	Ireland	Import	Rs503,929.60	Rs489,627.32	Rs744,100.07
		Export	Rs41,456.15	Rs68,396.40	Rs102,946.40
21	Italy	Import	Rs4,536,899.51	Rs1,872,481.90	Rs1,938,665.58
		Export	Rs1,014,757.92	Rs662,823.76	Rs770,571.12
22	Latvia	Import	Rs51,851.49	Rs21,422.89	Rs32,812.26
		Export	Rs23,862.10	Rs17,464.27	Rs7,128.68

S.N.	COUNTRIES		F.Y. 2018	F.Y. 2019	F.Y. 2020
23	Liechtenstein	Import	Rs2,489.59	Rs3.56	Rs4,841.03
		Export	Rs302.38	Rs353.16	Rs100.20
24	Lithuania	Import	Rs247,467.59	Rs347,140.62	Rs513,585.80
		Export	Rs5,371.08	Rs10,810.44	Rs26,129.93
25	Luxembourg	Import	Rs42,172.71	Rs11,561.81	Rs21,015.08
		Export	Rs1,223.08	Rs728.65	-
26	Macedonia	Import	Rs2,196.11	Rs5.97	-
		Export	-	-	-
27	Malta	Import	Rs57,629.18	Rs9,805.41	Rs9,661.30
		Export	Rs3,037.31	Rs724.25	Rs8,925.54
28	Moldova	Import	Rs33,248.96	Rs8,766.37	Rs70,917.08
		Export	-	-	-
29	Monaco	Import	Rs1,373.19	Rs78.45	Rs30.47
		Export	Rs5,443.11	Rs4,604.80	Rs2,628.45
30	Netherlands	Import	Rs1,701,863.12	Rs1,931,918.57	Rs2,033,864.75
		Export	Rs435,140.67	Rs434,959.84	Rs513,460.28
31	Norway	Import	Rs164,770.50	Rs328,209.14	Rs326,586.90
		Export	Rs191,074.65	Rs141,939.57	Rs129,841.55
32	Poland	Import	Rs3,645,418.80	Rs1,104,422.03	Rs850,196.18
		Export	Rs36,183.18	Rs31,158.91	Rs78,531.73
33	Portugal	Import	Rs71,202.97	Rs50,340.50	Rs54,504.65
		Export	Rs37,992.60	Rs32,732.19	Rs20,376.40
34	Romania	Import	Rs840,477.85	Rs432,783.13	Rs31,743.51
		Export	Rs16,423.37	Rs11,701.32	Rs21,219.31
35	Russia	Import	Rs2,183,781.81	Rs1,711,085.21	Rs4,120,077.75
		Export	Rs200,144.53	Rs136,431.68	Rs165,368.16
36	Slovakia	Import	Rs26,405.67	Rs44,878.27	Rs126,056.02
		Export	Rs11,093.54	Rs7,334.71	Rs9,683.84
37	Slovenia	Import	Rs37,373.92	Rs15,918.24	Rs50,733.50
		Export	Rs18,952,475.00	Rs19,074.60	Rs13,857.98
38	Spain	Import	Rs815,657.28	Rs589,379.05	Rs136,165.68
		Export	Rs343,554.89	Rs192,819.43	-
39	St. Helena	Import	Rs1,161.88	-	-
		Export	-	-	Rs243.13
40	Sweden	Import	Rs495,191.38	Rs741,365.00	Rs291,596.67
		Export	Rs127,622.89	Rs172,154.43	Rs168,817.63
41	Switzerland	Import	Rs10,841,563.02	Rs2,695,265.65	Rs7,033,164.27
		Export	Rs442,382.28	Rs409,873.73	Rs321,657.56
42	Turkey	Import	Rs6,213,005.65	Rs5,212,551.72	Rs8,674,015.04
		Export	Rs2,715,465.75	Rs1,456,440.16	Rs1,752,337.78
43	U.K.	Import	Rs3,561,634.78	Rs2,267,586.47	Rs2,764,465.24
		Export	Rs2,493,669.18	Rs2,031,244.21	Rs2,207,736.06
44	Ukraine	Import	Rs9,919,938.23	Rs10,759,665.25	Rs16,579,537.42
		Export	Rs19,330.60	Rs2,763.20	Rs1,222.78

Source: Trade & Export Promotion Center
www.nepaltradeportal.gov.np

EUROPEAN BUSINESS ORGANIZATION WORLDWIDE NETWORK

EBO Worldwide Networks (EBOWWN) based in Brussels, is the body of European Chambers operating in different parts of the world and coordinates activities in regard to the development and expansion of European businesses, especially small and medium-sized enterprises (SMEs).

Established in 2001, the EBOWWN ASBL is the sole organization representing EU business interests in non-EU countries. In April 2011 the organization was formally registered in Brussels, Belgium. EBOWWN provides a common platform for European Business in non-EU markets and shares information and best practices between the network and its stakeholders in order to provide first-rate services to European businesses outside the EU. The EBOWWN as a network and individual members is the "Voice of European Businesses Abroad".

The network member organizations promote exchange of views with host countries, maintain closer relationships with the European Commission and work to raise awareness on EU policy priorities and activities and improve market access. Another goal of the EBOWWN is to provide a lobbying, information, and networking platform for European businesses.

The growing network of the EBOWWN connects European business associations and chambers located in Argentina, Armenia, Australia, Brazil, Cambodia, Chile, China, Ghana, Macedonia, Moldova, Hong Kong, India, Indonesia, Kazakhstan, Korea, Laos, Malaysia, Nepal, Philippines, Russia, Sri-Lanka, Taiwan, Thailand, Trinidad and Tobago, Ukraine, Dominican Republic, Ivory Coast, Myanmar, New Zealand, Papua New Guinea, Senegal, Singapore, Taiwan, Tanzania, Thailand, and Vietnam.

EBOWWN

EUROPEAN ECONOMIC CHAMBER OF NEPAL

The European Economic Chamber of Nepal (EEC-Nepal) aims to strengthen the socio-economic ties between Nepal and the member states of the European Union (EU). It serves as a bridge between the two geographies to enhance their business and social relations with the goal of providing realistic solutions, and information to develop and address the various factors of trade and economic development between Nepal and the EU. EEC-Nepal is a network of business professionals who aim to integrate Nepali and European business through the promotion of commercial relations.

EEC-Nepal was established in 2005 and has been involved with organising workshops, consultations, and other engagements to connect suppliers and buyers and assist them to form trade relationships. It also arranges visits for Nepali delegates to companies across the EU, invites international delegates to speak in Nepal, coordinates information and maintains data on Nepal-EU trade, conducts training programs, disseminates information about relevant EU legislations, and assists Nepali enterprises to participate in international exhibitions and trade promotion events.

In the past EEC has been involved in projects to help small and medium enterprises (SMEs) in Nepal have a wider reach in the European market. Projects such as the Enhancing the Capacity of Intermediary Business Organisations in Nepal (ECIBON) and the Asia Invest Programs, have helped many

Nepali businesses through capacity building and matchmaking initiatives.

The ECIBON project was implemented with the objective of enhancing the abilities of Intermediate Business Organisations (IBOs) to make the SME sector more capable of competing in global markets. The goal of ECIBON was offering business development services through capacity building, policy analysis and networking opportunities. The outdated technology of SMEs in the least developed nations makes it impossible for them to compete in global markets. Providing them with capacity support in the fields of marketing and promotion, helping them understand foreign legislation, and providing them with a better network of businesses to work has helped Nepali SMEs to mitigate the various barriers they faced in international trade. ECIBON also helped Nepali businesses under-

stand the importance of tech-related integration to enhance growth and fostered a community of innovation through dedicated networking channels.

The project partnership between EEC-Nepal and the Federation of National Cottage and Small Industries Nepal, (FNCSIN), London Chamber of Commerce and Industries (LCCI) and the Danish Federation of Small and Medium-Sized Enterprises, (DFSME) facilitated international cooperation and also provided opportunities to work with district committees, chambers of commerce and industries, and commodity associations in floriculture, handicrafts, carpets, and coffees.

ECC was engaged with the Asia Invest Program from 1997 to 2000. It was an initiative to strengthen the business relations between Nepal and the EU. It also assisted intermediary business organisations to strengthen mutually beneficial

partnerships between companies in the EU, South and South-East Asia and China. The initiative carried out matchmaking activities, private sector development programmes and institutional reinforcement solutions. Among others, the project also assisted the tourism industry of Nepal in linking Nepal to the EU with various capacity enhancement activities and study tours where participants met with all EU country partners as well as those in Asia – Afghanistan, Bangladesh, Bhutan, Cambodia, China, East Timor, India, Indonesia, Laos, Malaysia, Maldives, Mongolia, Nepal, North Korea, Pakistan,

Philippines, Sri Lanka, Thailand, and Vietnam.

The EEC-Nepal has remained vigilant and has continuously lobbied for a better environment for SMEs in Nepal through export promotion and enhancement. It has partnered with the Trade and Investment Programme (TIP) to publish detailed guides for the export of coffee and pashmina. Over the years its activities have helped in increasing market access for Nepali SMEs to countries like the United States, Switzerland, Japan, South Korea, the United Kingdom, and the European Union.

EEC-Nepal as member of European Business Organisation (EBO) has been participating in its activities and looks forward to generating more cooperation through the support of EBO, which has close ties with the European Parliament’s International Trade Committee (INTA). The EBO, through its export group, has been providing companies fora to inform the EU on exactly which issues to lobby for with third country governments to improve the business environment. ■



NEPAL FOR LIFETIME EXPERIENCES!

From the highest peaks in the Himalaya to the lowest Terai gorges; from numerous temples and monasteries to the deeply intriguing heritage sites and cultural treasures; from the famous Nepali hospitality to the authentic Nepali experiences, Nepal is a land that transforms you forever. Nepal awaits to welcome you back to its mystical and magical lifetime experiences!

Tour the capital city of Kathmandu for a peek into the microcosm of the colourful Nepali life. Enjoy oriental stories that echo the past and engage with art and architecture that bespeak its history and culture.

Relish unique ancient carnivals celebrating the joy-loving Nepali spirit, and taste authentic Nepali food prepared through recipes passed across generations.

Relax in quaint Pokhara and replenish. Discover peace in Lumbini, Birthplace of the Buddha, and follow his footsteps. Find delight in the company of nature next to the lush teeming with wildlife in Chitwan.

Go trekking to the mountains; seek life amidst the wilderness of pure nature. Experience the heritage and culture of rural and real Nepal in one of the homestays. Walk through the gigantic mountains and marvel at the workings of the universe. Seek friendship among the best of men in the little hamlets along the trail.

If you're an adventure lover you have a range of options to choose from:

rafting, paragliding, ultralight flying, skydiving, bungee jumping, canyoning, ziplining, cable car rides to hill-top getaways, mountain biking, the list is endless.

Nepal is also one of the best wellness destinations in the world. From tailor-made spiritual tours of temples and monasteries to the practice of yoga and meditation;

from trying wholesome plant-based organic cuisine to healing with the Ayurveda; there are umpteen options for holistic healing in this Himalayan country.

Now that Nepal has opened its doors to everyone who wishes to visit, visit Nepal and create memories for lifetime.

WELLNESS EXPERIENCES IN NEPAL YOU DON'T WANT TO MISS

Yoga and meditation - When in Nepal, do not miss a session of yoga or meditation, to embrace its healing effects on yourself amidst the pleasant, natural space in one of our yoga or meditation centers! Nepal Himalaya has been a favourite place for yoga and meditation even among Rishis and Maharishis (great saints and ascetics) through centuries, well documented in many ancient Hindu scriptures! Both yoga and meditation are believed to be therapeutic and are recommended by alternate health care providers for balance of the

body, mind and soul to enhance the quality of life. Both are a part of Nepali culture and have been practised here for many centuries.

Ayurveda - If you are looking for holistic physical healing Ayurveda could be of interest to you. Nepal has a great tradition of Ayurveda, and it is considered to be part of the cultural and scientific heritage of the country. Options are plenty for natural Ayurvedic treatments. Come to learn, be treated or discover centuries-old natural treatments for rejuvenation. Traditional



makers of Ayurvedic medicines still carry on their practice using ancient tools. Researching ancient knowledge on Ayurvedic practices may also be interesting for researchers.

Nepali cuisine – If you are a food lover, you are in for an adventure of the senses: the hot, the spicy, and the mouth watering, you name it. Taste the heritage Nepali Cuisines with wholesome, organic, plant-based ingredients and complementary combinations. Enjoy the essence and aroma of the Himalayan spices in the authentic recipes. Apart from tingling the taste buds, the spices, both subtle and strong, do good to the body and mind as well. Along with the traditional Dal-Bhat (rice and lentil soup) Ne-



pal now offers exquisite fine dining with typical Nepali-style cooking, ready to entice even the classic food connoisseur. Even vegan

travellers will find that Nepal has plenty of animal-free food options, along with a number of dishes that can easily be modified.



Traditional healers - Experience the magic and mysticism of the Himalayan culture through the practice of the shaman or traditional healer. The ancient practice of Shamanism works on the concept of energy and vibration honouring the earth and respecting the spirit believed to reside in all. Faith healing in Nepal dates back to prehistoric times and is still practised in different parts of the country. The Jhankris or shamans wear garlands of tiny bells around their necks and tremble and chant at the beat of the drum or metal plate, which they play during the invocation. Several rituals are performed which are believed to eventually lead to miraculous cure of the body or mind of the subject.



Sound healing - Meditate with the vibration of singing bowls. Among the various techniques of meditation, sound meditation is unique and popular among the tourists. People have been practising sound meditation for decades now, to acquire a sense of mental and physical tranquillity. Compared to various techniques of meditation practised around the world, sound meditation is unique as it uses instruments like singing bowls, gongs, bells to stimulate the mind. The sound and vibrations created during this process is said to serve as a form of therapy that helps people feel positive and mindful.





Pashupati Aarati - One of the most peaceful rituals at Pashupatinath Temple is the evening Aarati on the banks of River Bagmati.

Every evening, designated priests perform the Aarati making devotional offerings to Lord Pashupatinath, highly revered by Nepali people. Everyone can be part of the Aarati and enjoy the blissful space of light, music and the ambiance. Bagmati Aarati, which began many centuries ago, was revived as a regular tradition from 2006. Since then, this Aarati has been a regular practice enjoyed by thousands of people every year. Many people

come to be a part of the Aarati during holidays, on Mondays and during festivals.

Lumbini - Birthplace of Buddha, is one of the world's most revered spiritual sites and attracts thousands of pilgrims from around the world. You feel close to the Buddha in Lumbini, but that is not all. In addition to being spiritually uplifting, the Lumbini experience in Nepal is a historical, archaeological experience as you walk through centuries old remains and structures. While Mayadevi Temple birth spot of Sakyamuni Buddha,

is the heart of the Lumbini Garden, several monasteries in distinct architecture and designs are additional attractions on the tour. Tour of the monasteries and meditation centres in the premises give visitors the option for further spiritual pursuits. Experience of Lumbini and the nearby Buddhist Circuit (that encompasses Tilaurakot or Kapilvastu, Kudan, Kotihawa, Niglihawa, Sagarhawa, Ramgram, Devdaha) is also an encounter with Nepal's vast Terai landscape, its rich vegetation and fauna, and colourful culture of the country's southern belt. ■ (Advertorial)

BUSINESS SUPPORT ORGANIZATIONS FOR TRADE TO THE EU IN NEPAL

NEPAL FREIGHT FORWARDERS ASSOCIATION (NEFFA):

Address: Naxal, Narayanchaur Sadak, Kathmandu, Nepal
Phone number: 01-4419769
Email: neffacontact@gmail.com
neffa@mail.com.np

FEDERATION OF NEPALESE CHAMBER OF COMMERCE AND INDUSTRIES (FNCCI):

Address: Teku, Sahid Shukra Marg, Kathmandu, Nepal
Phone number: 01-5362061
Email: fncci@mos.com.np

EXPORT COUNCIL OF NEPAL (ECON):

Address: Thamel, Bhagwati Marg, Kathmandu, Nepal
Phone number: 01-4441337
Email: info@nepalexport.org.npcom

CONFEDERATION OF NEPALESE INDUSTRY (CNI):

Address: Thapathali, Trade Tower, Kathmandu, Nepal
Phone number: 01-5111122
Email: cni@cnind.org

FEDERATION OF HANDICRAFT ASSOCIATION OF NEPAL (FHAN):

Address: Maiti Ghar, Prastuti Griha Marg, Kathmandu, Nepal
Phone number: 01-5344231
Email: info@fhan.org.np

FWEAN :

Address: Bishalnagar, House No.: 40, Kathmandu, Nepal
Phone Number: 014443085, 014410775
Email: info@fwean.org.np

TRADE AND EXPORT PROMOTION CENTER (TEPC):

Address: Jawlakhel, Lalitpur, Kathmandu, Nepal
Phone number: 01-5551157
Email: info@tepc.gov.np

MINISTRY OF INDUSTRY, COMMERCE AND SUPPLIES:

Address: Singha Durbar, Kathmandu, Nepal
Phone number: 014211579
Email: info@moics.gov.np

DEPARTMENT OF COMMERCE:

Address: Babarmahal, Kathmandu, Nepal
Phone number: +977-1-5343939
Email: mail@doc.gov.np

COMPANY REGISTRATION OFFICE:

Address: Kantipath, Kathmandu, Nepal
Phone number: 01-4215077
Email: info@ocr.gov.np

DEPARTMENT OF COTTAGE AND SMALL INDUSTRIES (DCSI):

Address: Kantipath, Kathmandu, Nepal
Phone number: 01-4259842
Email: info@dcsi.gov.np

DEPARTMENT OF INDUSTRY

Address: Tripureshwor, Kathmandu, Nepal
Phone number: 01-5361302-4261203
Email: info@doind.gov.np

DEPARTMENT OF CUSTOMS

Address: Tripureshwor, Kathmandu, Nepal
Phone number: 01-4117225
Email: csd@customs.gov.np

Phytosanitary Certification Agency:

MINISTRY OF AGRICULTURE AND LIVESTOCK DEVELOPMENT

Address: Singha Durbar, Kathmandu, Nepal
Phone number: +977-1-4211905
Email: info@moald.gov.np

DEPARTMENT OF AGRICULTURE

Address: Harihar Bhawan, Kathmandu, Nepal
Phone number: +977-1-5424226
Email: doa.agri2014@gmail.com



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HONORARY CONSULS IN NEPAL OF EUROPEAN COUNTRIES

S.N	Country	Title	Name
1	Austria	Honorary Consul	Mr. Rajesh Babu Shrestha
2	Belgium	Honorary Consul	Mr. Ang Tshering Sherpa
3	Bulgaria	Honorary Consul	Mr. Bholu Bikram Thapa
4	Croatia	Honorary Consul	Mr. Amir Pratap JB Rana
5	Cyprus	Honorary Consul	Mr. Padma Jyoti
6	Czech Republic	Honorary Consul General	Mr. Vishnu Kumar Agarwal
7	Denmark	Honorary Consul	Mr. Hari Prasad Dharel
8	Estonia	Honorary Consul	Mr. Nava Raj Dahal
9	Greece	Honorary Consul General	Mr. Bikram Pandey Kaaji
10	Hungary	Honorary Consul General	Mr. Arun Kumar Chaudhary
11	Ireland	Honorary Consul	Mr. Manoj B. Shrestha
12	Italy	Honorary Consul General	Mrs. Pratima Rana Pande MBE
13	Latvia	Honorary Consul	Mr. Karan Vaidya
14	Lithuania	Honorary Consul	Mr. Shovakar Neupane
15	Luxembourg	Honorary Consul General	Mr. Shree Ram Lamichhane
16	Malta	Honorary Consul	Mr. Dinesh Shrestha
17	Netherlands	Honorary Consul	Mr. Deepak Raj Sapkota
18	Poland	Honorary Consul General	Mr. Lokmanya Golchha
19	Portugal	Honorary Consul	Mr. Rajendra K. Khetan
20	Romania	Honorary Consul	Mr. Narayan Bajaj
21	Slovenia	Honorary Consul	Mr. Hari Bhakta Sharma
22	Spain	Honorary Consul	Mrs. Ambica Shrestha
23	Sweden	Honorary Consul General	Mrs. Moushumi Shrestha

Source: Ministry of Foreign Affairs, Nepal, 2019.

NEPAL EMBASSIES IN EU

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Fax: +33-1-4227 0865

Email: eonparis@mofa.gov.np,
nepalinparis@noos.fr,
dl_nepal@unesco.org,

nepalembassyparis@mofa.gov.np

Website: www.nepalembassyparis.gov.np

GERMANY

Guericke Strasse 27,
10587 Berlin-Charlottenburg
Federal Republic of Germany

Phone Number: +49-30-3435 9920-22

Fax: +49-30-3435 9906

Email: berlin@mofa.gov.np,
berlin@nepalembassy.de,
nepembgermany@gmail.com

Website: www.nepalembassy-germany.de

SPAIN

Manuel Gascon-4, 28043, Hortaleza,
28043 Metroline-8, Pinar del Ray Madrid, Spain

Phone Number: +34-911038285

Fax: +34-911038289

Email: eonmadrid@mofa.gov.np

Website: <https://sp.nepalembassy.gov.np>

IMPORT RELATED AND OTHER SUPPORT AGENCIES IN THE EU

IMPORT PROMOTION DESK EUROPE

Website: <https://www.importpromotiondesk.com/en/>

ENABEL DEVELOPMENT AGENCY

Website: <https://www.enabel.be/>

INTERNATIONAL TRADE CENTRE

Website: <https://intracen.org/>

MAKE TRADE

Website: <https://maketrade.se/>

VIRKE

Website: <https://www.virke.no/>

GIZ

Website: <https://www.giz.de/>

FINNPARTNERSHIP

Website: <https://finnpartnership.fi/>

SWITZERLAND GLOBAL ENTERPRISE

Website: <https://www.s-ge.com/>

SWISS IMPORT PROMOTION PROGRAMME

Website: <https://www.sippo.ch/>

EU EMBASSIES IN NEPAL

EMBASSY OF FINLAND

Banshidhar Marg, Kathmandu,
Nepal

Phone Number: 980-8055118

Email: sanomat.kat@formin.fi

EMBASSY OF FRANCE

Lazimpat Road, Kathmandu, Nepal

Phone Number: 01-4412332

Email: info@ambafrance-us.org

EMBASSY OF GERMANY

Gyaneshwar Marg 690, Gyaneshwar,
Kathmandu

Phone number: +977 1 441 27 86,

+977 1 441 65 27, +977 1 441 68 32,

+977 1 441 66 55

Email: info@kathmandu.diplo.de

DELEGATION OF THE EUROPEAN UNION TO NEPAL

Lazimpat, Neelsaraswoti Marg,
Kathmandu

Phone number: +977 1 4429445

4429446 **Fax:** + 977 1 4423541

Email: delegation-nepal@eeas.europa.eu

BUSINESS CONTACTS IN THE EU

Austrian Federal Economic Chamber: <https://bit.ly/33M63PV>

Belgian Chambers: <https://bit.ly/3yigfOo>

Bulgarian Chamber of Commerce and Industry: <https://bit.ly/2SMt5E6>

Chamber de Commerce Luxembourg: <http://www.cc.lu/>

Chamber of Commerce and Industry of Romania: <https://bit.ly/3yiqwd9>

Chamber of Commerce and Industry of Slovenia: <https://eng.gzs.si/>

Chamber of Commerce, Industry, and Crafts in Lithuania: <https://www.kcci.lt/en/ccic-in-lithuania/>

Chambers Ireland: <https://www.chambers.ie/>

Commercial banks - <http://nepalbankers.com.np/member/>

Confederation of Nepalese Industries - <http://cnind.org>

Consulate General of Nepal to the US - <https://nyc.nepalconsulate.gov.np/>

Croatian Chamber of Economy: <https://bit.ly/2RWDltg>

Customs Offices - <https://archive.customs.gov.np/en/contactcustomsofficesdetails.html>

Cyprus Chamber of Commerce and Industry: <https://ccci.org.cy/>

Czech Chamber of Commerce: <https://www.komora.cz/en/>

Denmark Chamber of Commerce: <https://bit.ly/33OMG94>

Department of Agriculture - www.doanepal.gov.np

Department of Commerce, Supplies and Consumer Protection - www.doc.gov.np

Department of Cottage and Small Industries - <https://dcsi.gov.np/en>

Department of Customs - <https://www.customs.gov.np/>

Department of Food Technology and Quality Control - <http://www.dftqc.gov.np/>

Department of Industry - <https://www.doind.gov.np/>

Estonian Chamber of Commerce and Industry: <https://www.koda.ee/en/about-chamber-commerce>

Federation of Indian Chambers of Commerce & Industry - <https://ficci.in/>

Federation of Nepalese Chamber of Commerce and Industries - <https://www.fncci.org/>

Finland Chamber of Commerce: <https://kauppakamari.fi/en/>

French Chamber of Commerce and Industry: <https://bit.ly/3uOT0y2>

Germany Chamber of Industry and Commerce: <https://www.ihk-lueneburg.de/service/en/>

Greece Chamber of Commerce: <https://greecechamber.org/>

Hungarian Chamber of Commerce and Industry: <https://mkik.hu/en>

Inland Revenue Offices at different locations - <https://ird.gov.np/contact-info>

International Coffee Organization - <https://www.ico.org/>

Italian Chambers of Commerce and Industry: <https://icciaus.com.au/>

Kolkata Port Trust - <https://www.kolkataporttrust.gov.in/>

Latvian Chamber of Commerce and Industry: <https://www.ltrk.lv/en>

Ministry of Finance - <https://mof.gov.np/en/>

Ministry of Foreign Affairs - <https://mofa.gov.np/>

National Tea and Coffee Development Board - www.teacoffee.gov.np

Nepal Chamber of Commerce - <https://www.nepalchamber.org/>

Nepal Coffee Producers Association - <http://www.coffeenepal.org.np/>

Nepal Freight Forwarders Association - <https://www.face-book.com/pages/category/Government-Organization/Nepal-Freight-Forwarders-Association-178984742175736/>

Nepal Intermodal Transport Development Board - <https://nitdb.gov.np/en/>

Nepal Transit & Warehousing Company Limited - <https://nepaltransit.com/>

Netherlands Chamber of Commerce: <https://www.kvk.nl/english/>

Office of the Company Registrar - <http://ocr.gov.np/>

Polish Chamber of Commerce: <https://bit.ly/2Qp9skJ>

Portuguese Chamber of Commerce and Industry: <https://www.ccip.pt/en/about-us/history>

Slovak Chamber of Commerce and Industry: <http://www.sopk.sk>

Spanish Chamber of Commerce: <https://www.camara.es/en>

SPS National Enquiry Point - <http://www.spsenquiry.gov.np/english/>

Sweden's Chamber of Commerce: <https://www.swedish-chambers.se/>

The Malta Chamber: <https://www.maltachamber.org.mt/>

Trade and Export Promotion Centre - <https://www.tepc.gov.np/>

Activities of EEC-Nepal





ACTIVITIES





ACTIVITIES



ACTIVITIES



ACTIVITIES



ACTIVITIES





EEC-NEPAL MEMBER'S PROFILE

AIRPORT HOTEL

Sinamangal, Kathmandu

P.O.Box: 1095

Tel: +977-1-4112636/39, Fax: +977-1-4462975

Email: binayak.shah@airporthotel.com.np

Web: www.hotelnepal.com

Major Business Activities: Hospitality

Business Relation with EU: Hospitality

Represented by: Binayak Shah, Managing Director

ALOHA HIMALAYA INVESTMENT PVT. LTD.

GPO Box No. 21974, Kathmandu, Nepal

Tel: +977-1-4795931,

Email: dipenprada@gmail.com | alohahimalaya.inv@gmail.com

Web: www.alohahimalaya.com

Major Business Activities: Export/Import; International Trade & Investment Consultation (Research & Development)

Business Relation with EU: Importer of different ranges of Wine. Enhancing market access of Nepalese food-products/ liquors in the European market.

Foreign Collaborations: M.M International / Global Wines

Represented by: Dipendra P. Pradhananga, Managing Director

AYURVEDA HEALTH HOME PVT.LTD

Dhapasi-7, Tilingatar, Kathmandu, Nepal

GPO - 2869

Tel: +977-1-4358761/4380457

Email: info@ayurveda.com.np

Web: www.ayurveda.com.np

Major Business Activities: Ayurveda Health Services

Represented by: Badri Koirala, Founder Managing Director

BUDDHIST CIRCUITS.COM

Nuwakott GHAR, Sanepa Chowk, Lalitpur-2, Nepal

P.O. Box:105

Tel: +977-1-5539900/5545900/5544999,

Fax: +977-1-5549682

Email: buddhas.life@buddhistcircuits.com, Web: www.buddhistcircuits.com

Web: www.buddhistcircuits.com

Major Business Activities: Travel Tourism

Business Relation with EU: Excellent

Represented by: Bikram Pandey KAAJI, Managing Director

DELTA CORE

Baneshwore, Kathmandu, Nepal

P.O.Box: 4212

Tel: +977-1-4488622,

Fax: +977-1-4490366

Email: deltacoresid@gmail.com,

Web: www.itrademarket.com/deltacore

Major Business Activities: Trading

Core Competence: Under taking Government contract

through competitive bidding, value addition,

Representative Business and Liason

Business Relation with EU: Energy, Transmission, Distribution, Security, Printing, Telecommunication, Defense, Law Enforcement

Represented by: Siddhartha Raj Pandey, Executive Director

DURGA BHAWANI SAVINGS & CREDIT COOPERATIVE SOCIETY LTD.

Dhumbarahi, Kathmandu

P.O.Box: 20661

Tel: +977-1-4437768/4811079/Mobile: +977-9851066462

Fax: +977-1-4432711

Email: spghimire@gmail.com/lionshambhu@gmail.com

Major Business Activities: Manufacturer, Cement Production & Distribution.

Represented by: Shambhu Pd.Ghimire, Chairperson

GLOBAL ASSISTANCE NEPAL PVT.LTD.

Pratik Bhawan, Sitapaila, Kathmandu

P.O. Box: 1331

Tel: +977-1-4272264/4273740,

Fax: +977-1-4272164

Email: globasst@mos.com.np/pushpa@globasst.com,

Web: www.globasst.com.np

Major Business Activities: Rescue Operation, Funeral Services, Repatriation, Travel Medical Insurance, Air Assistance, Transport Assistance, Hospital Assistance, Hotel Assistance, Vehicle Services, Private Ambulance, Insurance Claim Services and Valuation Services

Business Relation with EU: All over the world

Represented by: Pushpa Das Shrestha, Managing Director

GLOBAL IME BANK

Kamaladi, Kathmandu, Nepal

P.O.Box Box: 19327

Tel: +977-1-4215509/4215219,

Fax: +977-1-4228036

Email: info@gibl.com.np/Janak Sharma@gibl.com.np,

Web: www.globalimebank.com

Major Business Activities: Commercial Banking, Deposit, Lending, Trade Finance, Remittance, SWIFT transfers etc.

Business Relation with EU: Correspondent Banking

Represented by: Ratna Raj Bajracharya, CEO

GLOBAL REACH

C/O GLOBAL EDUCATION SERVICES PVT.LTD.

Punya Mansion, Dilli Bazar, Next to Batule ghar,

Kathmandu, Nepal

Tel:+977-1-4444071/72/81

Email: narayan@globalreachonline.com/bajajnarayan11@gmail.com,

Web: www.globalreachonline.com

Major Business Activities: Student Recruitment for Educational Institutions representing 450+universities worldwide in USA, UK, Australia, New Zealand, Canada, Sweden, Denmark, Switzerland, Ireland, Cyprus, Singapore Germany, France, Italy etc.

Business Relation with EU: Representing Educational Institutions from Europe

Represented by: CA Narayan Bajaj, Head of Nepal Operations "Winner of International Education Agency of the year 2017"

GORKHA BREWERY P. LTD

Hattisar, Kathmandu, Nepal
 PO Box: 4140
 Tel: +977-1-4448445
 Fax +9771-4844443
 Email info@gorkhabrewery.com
 Web: www.gorkhabrewery.com
 Major Business Activities: Industry
 Business Relation with EU: Carlsberg Group acquisition
 Represented by: Prabin Adhikari, Director

GRAVITY DE CONSULT

West Wing Third Floor, Hiti Sadan, 495 Narayanhiti Path, Kathmandu, Nepal
 P.O. Box 1907
 Tel: +977-1-4437020/4442015/4438633
 Fax: +977-1-4437844
 Email: consult@gravity.com.np.
 Web: www.gravity-consult.de
 Major Business Activities: International liaison, civil construction, supply of electrical and mechanical equipment
 Business Relation with EU: Local representation of various EU companies
 Represented by Sulochan Raj Rajbhandary, Managing Director

HERITAGE FASHION

Imadol 4, Balkumari, Lalitpur
 Tel: +977-1-5201840/5200918, Fax: NA
 Email: fashion@mos.com.np, Web: NA
 Major Business Activities: Readymade Garment export
 Business Relation with EU: Exporter of readymade garment to EU
 Represented by Sanjai K. Agrawal, Proprietor

HONEY ENTERPRISES

Naxal, Kathmandu, Nepal
 P.O. Box: 12487
 Tel: +977-1-4415907/4415005, Fax: +977-1-4425968
 Email: dpshrestha@gmail.com
 Web:
 Major Business Activities: Representation and Liaison
 Business Relation with EU:
 Foreign Collaborations:
 Represented by: Dinesh Shrestha, Managing Director

IME GENERAL INSURANCE LTD.

Naxal, Narayon Chaur, Kathmandu
 P.O. Box: 21746
 Tel: +977-3-4411520/4411510/4411735/4425508/4425509
 Fax: 4411796
 Email: yugeshbb@yahoo.com/info@iginepal.com,
 Web: www.iginepal.com
 Major Business Activities: General Insurance Services (Fire/Property, Moter/Vehicle Marine, Engineering, Aviation, Medical)
 Business Relation with EU:
 Represented by: Yugesh Bhakta Bade Shrestha, Chief Executive Officer

JAWALAKHEL GROUP OF INDUSTRIES

Jawalakhel, Lalitpur
 PO Box: 423
 Tel: +977-1-5522010/5536050
 Fax: +977-1-5538236
 Email: info@iginepel.com
 Web: www.jginepal.com
 Major Business Activities: Manufacturer of Alcoholic Beverages
 Business Relation with EU: Importer of Scotch Whiskey, manufacturer & importer of German Beer Brands
 Represented by: Raj B. Shah, Managing Director

K & K INTERNATIONAL TRADING COMPANY

Ward No.10, Thapagau
 GPO Box: 4981, Kathmandu, Nepal
 Tel: +977-1-4441866/4412329/441223
 Fax: +977-1-44418667
 Email: knkinternationaltrade@gmail.com
 Web: www.knk.com.np
 Major Business Activities: Trading & Commerce
 Business Relation with EU:
 Represented by Karuna Kar Ghimire, Chairman / Managing Director

KUMARI BANK

Tangal, Kathmandu, Nepal
 P.O.Box: 21128
 Tel: +977-1-4443077/4443078
 Email: info@kbl.com.np
 Web: www.kumaribank.com
 Major Business Activities: Banking Services (Deposits, Loans, Remittance, Foreign Trade, L/C, Bank Guarantee, E-banking, SMS banking, Mobile Cash transactions, Visa electron debit cards, Internet banking, Utility bill payment, ATMs)
 Business Relation with EU: Correspondent Banking: Australia, Denmark, Germany, Dubai, London, India, Japan, USA, etc.
 Foreign Collaborations:
 Represented by: Ram Chandra Khanal, CEO

LAXMI WOOD CRAFT UDYOG

108/15 Budhanilkantha Marg, Bansbari, Ring Road-3, Kathmandu
 Tel: +977-1-4371440
 Fax: +977-1-4442557
 Email: lwcw@wlink.com.np/laxmiwoodcraft@gmail.com
 Major Business Activities: Manufacturing and Exporting Natural Clothing Buttons and Handicraft Items Made of Buffalo's Horn & Bone, Wood, Pashmina Goods
 Represented by: Laxmi Sharma, Proprietor

M.A.W ENTERPRISES PVT.LTD.

Tripureshwor, Kathmandu
 PO Box 1452
 Tel: +977-1-4261160/4261847
 Fax: +977-1-4258935,
 Email: info@mawnepal.com
 Web www.mawnepal.com
 Major Business Activities: Authorised Distributors of Yamaha Motorcycles, Skoda Cars, JCB Heavy Equipment Mettler Toledo, Greaves, Yamaha Music etc.
 Business Relation with EU Distributors for Skoda Cars, JCB Heavy Equipment
 Represented by: Vishnu Kumar Agarwal, Managing Director

NABIL BANK LIMITED

Teendhara, Durbar Marg, Kathmandu, Nepal
 PO Box 3729
 Tel: +977-1-4227181/4221718
 Fax: +977-1-4226905
 Email: info@nabilbank.com
 Web: www.nabilbank.com
 Major Business Activities: Banking
 Represented by: Anil Shah, CEO

NANGLO INTERNATIONAL

Sanepa, Lalitpur, Nepal
 P.O.Box: 4384
 Tel: +977-1-5444365/5444263
 Email: mail@nanglo.com.np
 Web: www.nanglo.com.np
 Major Business Activities: Tourism & Hospitality

NEPAL CONSTRUCTION & ENGINEERING CORPORATION PVT. LTD.

527/16 Ram Mandir Marg, Battisputali, Kathmandu, Nepal
 P.O. Box: 156, Kathmandu
 Tel: +977-1-4574898/4575898
 Email: siddharth@ncec.com.np/office@ncec.com.np
 Web: www.ncec.com.np
 Major Business Activities: Representation, Liaison, Distributorship, Dealership, Agents, Engineering Services, Construction Services etc.
 Foreign Representation: Atlas Copco Sweden, Dynapac-Favlar Group (Germany & France), Epiroc Sweden, Fichtner Germany and Buhler Group Germany.
 Represented by: Siddharth Mani Rajbhandari, Director

NEPAL CRYSTAL LEGEND LINKS

Thamel, Kwabahal
 GPO Box: 10781, Kathmandu 29, Nepal
 Tel: +977-1-5320368
 E-mail: binodtamrakar@hotmail.com
 Web: www.crystallegend.com
 Major Business Activities: Crystal Carving & Jewellery (Manufacturer & Suppliers)
 Business Relation with EU: Trading
 Represented by: Binod Bir Singh Tamrakar, Proprietor

NEPAL OVERSEAS MARKETING COMPANY PVT. LTD.

Ramji Vision Tower, Sudakuwa Marg, Ravibhawan, Lampati, Lalitpur
 P.O. Box: 7864
 Tel: +977-1-4240694/4240689
 Email: admin@nepaloverseas.com.np, Web: www.nepaloverseas.com.np
 Major Business Activities: Import and Distribution
 Business Relation with EU: Imports from PZ, Cussons UK, Perfumes Parour, Milton Lloyd, Schwarzkopf Wella Intercosmetics etc.
 Foreign Collaborations:
 Represented by: Pawan Kumar Agrawal, Managing Director

NMB BANK

Babarmahal, Kathmandu, Nepal
 PO Box 11543
 Tel: 077-3-4246160
 Fax: +977-3-4246156
 Email: call@nmb.com.np
 Web: www.nmb.com.np
 Major Business Activities: Commercial Bank
 Business Relation with EU: Banking transactions
 Represented by: Sunil K.C., CEO

PUBLIC SUTRADHAR MULTIPURPOSE CO-OPERATIVE

SOCIETY LTD.

Mid-Baneswore, Kathmandu
 Tel: 011-663974
 Fax: 011-664536
 E-mail: bidhan132@gmail.com
 Major Business Activities: Service Industry, Proprietorship, Private Limited Company, Cooperative Partnership, Public Limited Company.
 Represented by: Vidhan Joshi, CEO

QUALITY FREIGHT SERVICE PVT.LTD.

Siris Marg, House No.35/4, Dillibazar-29, Kathmandu, Nepal
 P.O. Box: 20025
 Tel: +977-1-4430817/4411961
 Mobile: +977-9851020211
 Email: qfs@mail.com.np
 Major Business Activities: Freight Forwarding/Trade Consultancy/Transport Consultancy
 Business Relation with EU: Working for EU Carpet buyer, Export of Handicraft Products ETC.
 Represented by: Rajan Sharma, CEO

RADISSON HOTEL KATHMANDU

Lazimpat, Kathmandu, Nepal
 P.O.Box: 2269
 Tel: +977-1-4411818
 Fax: +977-1-4411720,4422330
 Email: bidhata@radkat.com.np/corporate@radkat.com.np
 Web: www.radisson.com/Kathmandu
 Major Business Activities: Travel and Trade, Hotel
 Represented by: Bidhata Shrestha, Joint Managing Director

ROLPA CARPET INDUSTRIES

Ramhiti, Bouddha-6, Kathmandu, Nepal
 P.O.Box: 5722
 Tel: +977-1-4820053
 Fax: 4821086
 Email: rolpa@wlink.com.np/rolpasbthapa@gmail.com
 Major Business Activities: Handknotted Nepalese Woolen Carpets Manufacturer and Exporter
 Business Relation with EU: Nepalese Carpets
 Represented by: Shambhu Bikram Thapa, Proprietor

SAGARMATHA INSURANCE COMPANY LTD.

Naxal, Kathmandu, Nepal
 P.O.Box: 12211
 Tel: +977-1-4412367/4413683
 Fax: +977-1-4412378
 Email: info@sagarmathainsurance.com.np
 Web: www.sagarmathainsurance.com.np
 Major Business Activities: General Insurance
 Represented by: Chunky Chhetry, Chief Executive Officer

SALT TRADING CORPORATION

Kalimati, Kathmandu, Nepal
 P.O.Box: 483
 Tel: +977-1-4271014
 Fax: +977-1-4271704
 Email: admin@stcnepal.com
 Web: www.stcnepal.com
 Major Business Activities: Salt, Sugar, Rice, Aata, Suji, Tyre, STC Gas, Paper
 Represented by: Urmila Shrestha, General Manager

SEA & SKY TOURS & TRAVELS (P.) LTD.

1st Floor house no. 51, Shifal 7, Chabahil, Kathmandu, Nepal

P.O.Box: 8348

Phone No: +977-1-4469263/4469293/4496066

Fax No: +977-1-4469468

Cell No: +977-98510-27330/9501027330

Email: seanskytoursnepal@gmail.com/snstoursnepal@gmail.com

Web: www.seanskytours.com

Major Business Activities: Tours & Travels Trekking & Expedition, Domestic & International Ticketing, Honeymoon Tour, Educational Tour, Private Tour, Inbound & Outbound tour arrangement to Nepal, Bhutan, India, Tibet, China, Sri Lanka, Thailand, Malaysia, Dubai, and Singapore

Represented by: Achyut Guragain, CEO & Chairman

SENON CARPET INDUSTRIES

Ekantakuna, Jawalakhel, Lalitpur

P.O.Box: 6535,

Tel: +977-1-5522665/5532533

Fax: +977-1-5524029

E-mail: senon@wlink.com.np

Web: www.senongroup.com

Major Business Activities: Manufacturer and exporter of hand-knotted carpets and Hospitality, Recreation and Sports Center

Business Relation with EU: Export of woolen carpets to Europe

Represented by: Senon D. Lama, Chairman & Managing Director

GMK INTERNATIONAL FREIGHT PVT. LTD.

Amrit Marg, Thamel, GPO Box: 11829 Kathmandu-29, Nepal

Tel: 977-1-4155492/4155493

Email: amk@gmkintlfreight.com

Web: www.gmkintlfreight.com

Major Business Activities: Service Industry, International Freight Forwarding

Business Relation with EU:

Foreign Collaborations: Panalpina World Transport

Represented by: Ashok Man Kapali, Executive Chairperson.

TARA ORIENTAL

Lazimpath, Kathmandu, Nepal

P.O. Box: 8975, EPC 4060

Tel: +977-1-4436315

Fax: +977-1-5250472

Email: anin@taraoriental.com/md@taraoriental.com

Web: www.taraoriental.com

Major Business Activities: Finest Quality Cashmere Scarves, Knitwear and Cashmere accessories manufacturer & exporter

Business Relation with EU: Exporter of cashmere products to EU

Represented by: Anin Rajbhandari, Managing Director

TIBETAN WOOL CRAFTS

GPO Box: 2177, Naradevi, Kathmandu-18, Nepal

Tel: +977-1-4250700, Mob: 9851030055

Email: twc1980@gmail.com/two@wlink.com.np

Web: www.tibetanwoolcrafts.com

Major Business Activities: Manufacturer & Exporter of knitwear(all natural yarns) & garments.

Represented by: Krishna Jyoti Shakya, Proprietor/Managing Director

Vaidya Group

Dandibaba Marg, Tangal, Kathmandu

Tel: +977-1-4416544

E-mail: thevaidyagroup@gmail.com

Web: vaidya-group.com

Major Business Activity: Real-Estate, Hospitality, Trade, Construction, Pharmaceuticals, Automobiles

Foreign Collaborations: Honorary Consul for the Republic of Latvia.

Member Representative: Karan Vaidya



A Milestone Achieved

First time ever
in the Nation's History



Member of
Global Alliance for
Banking on Values



nepal

Lifetime Experiences!

The best
**WELLNESS
DESTINATION**

Mayadevi Temple, Lumbini

The birthplace of Buddha



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nepaltourismb
f nepaltourismboard
www.ntb.gov.np