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EU-Nepal Business Forum 2023

Building trade and investment relations between the EU and Nepal.

The European Union-supported Trade and Investment Programme (EU-TIP) facilitated the organisation of the first-ever EU-Nepal Business Forum on May 8-9 in Kathmandu, bringing together Nepali and European businesses and trade officials to discuss pathways for expanding trade relations between Nepal and the EU countries.

The Forum was organised in collaboration with the Ministry of Industry, Commerce and Supplies (MOICS) and the European Economic Chamber (EEC) Nepal, and sought to showcase trade and investment opportunities and provide a platform for dialogue and networking of stakeholders.

The forum was addressed by Nepal’s ministers of finance, and industry, commerce and supplies, and had participation of senior government officials, all Kathmandu-based EU Ambassadors, and diplomats

and trade representatives based in neighbouring countries.

The event was attended by 300 Nepali and over 30 foreign participants, including business leaders, entrepreneurs, students, academics, among others, who took part both in-person and virtually.

The opening session featured Dr. Prakash Sharan Mahat, Minister of Finance, H.E. Nona Deprez, Ambassador of the EU Delegation in Nepal and Dr. Swarnim Wagle, Member of Parliament, as key



Panel discussion on the Policy, Legal Environment and Infrastructure .

speakers, alongside speakers from the EEC-Nepal, Federation of Nepalese Chambers of Commerce and Industry, and Confederation of Nepalese Industries.

The two-day forum had eight sessions on trade and investment opportunities in Nepal; policy, law, and infrastructure support needed for investment-led growth; LDC Graduation and market entry requirements for Nepali products in the EU; experiences of successful FDI businesses in Nepal; and sector specific sessions – Investment opportunities in Agriculture/Agro-processing, Non-Timber Forest Products, Crafts, Manufacturing and Recycling; Investment opportunities in Tourism and related services; Investment opportunities in IT/BPO/Industry 4.0; and Investment opportunities in Energy.

Key messages that emerged from the Forum were:

- Nepal's readiness for business in an environment comprising of political stability, continued policy enhancements, macroeconomic stability, transparent regulations, young and skilled workforce, innovation and research capacity, social stability, and a sizable market.
- Strategic and costed, and an inclusive approach to improvements in the business environment following the adoption of the Nepal Trade Integration Strategy (NTIS) 2023 to build trade and investment for coping with the end of concessions available to LDCs after graduation in 2026.
- Need to review and work towards ratification of various international conventions for eligibility to concessional trade arrangements for developing countries such as the Generalised System of Preference (GSP) and enhanced GSP, and the need to explore new bilateral trade agreements with trade partner countries to offset the impacts of the end of concessions after LDC graduation.

- There have been both positive and negative experiences of EU-based investors in Nepal in finance, textiles, feed, and venture funds.
- Sector specific opportunities for investment in agriculture/ agro-processing, non-timber forest products, manufacturing, and recycling; tourism, Information Technology and Business Process Outsourcing; and clean energy.



Minister of Finance Dr Prakash Sharan Mahat addressing the opening session of the Forum.

Minister of Industry, Commerce and Supplies, Hon. Mr. Ramesh Rijal addressed the closing session saying, “We look forward to support from Europe to assist us in making a smooth and irreversible (LDC) graduation.” He added, “We have been continuously reforming trade and investment policies and are always open to suggestions from stakeholders.”

“This was a unique opportunity to show European unity and strength in support of Nepal,” said H. E. Nona Deprez, Ambassador, Delegation of the EU in Nepal, who had chaired the Closing Session.

This session also had ambassadors Dr. Thomas Prinz, Federal Republic of Germany; Riina-Rikka Heikka, Finland; and Katharina Wieser, Austria (New Delhi-based) as well as two Belgian trade commissioners Guillaume Arnoud R. De Bassompierre and Babette Desfossez, and Alessandro Liberatori, trade commissioner at the Embassy of Italy, New Delhi participating in the discussion.

Spreading knowledge on Chyangra fibre combing

EU-TIP-trained instructors are actively spreading modern techniques of fibre combing among local farmers.

The Government of Nepal has launched a Pashmina Export Strategy that seeks to support the revival of the once booming industry, which has in recent years faced some setbacks. The objective of the strategy is increasing the export of Chyangra Pashmina to USD 75 million by 2026 -- almost 3.5 times the Rs 2.53 billion (USD 19.31 million) exported in 2021. Another government strategy – Nepal Trade Integration Strategy 2023 – has also prioritised Pashmina exports.

It is not possible to increase export earnings without ensuring strong backward linkages and raw material availability, preferably that produced in-country. As things now stand, the production of Chyangra fibre in Nepal is far below the demand.

To address this gap, the EU-funded TIP has been collaborating with the Nepal Pashmina Industries Association (NPIA) to support the capacity enhancement of local Chyangra raisers in fibre production in Mustang and Dolpa districts.

Three instructors – all trained by an international trainer last year – carried out a Training of Trainers (ToT) on fibre combing from Chyangra for farmers in Shey Phoksundo, Chharka Tansong and Dolpo Buddha Rural Municipalities of Dolpa district on 4-5 May.

“I feel proud to be a trainer to share my knowledge. I hope the participants will learn and adopt the scientific techniques learned at this training for enhancing their incomes from the fibre,” said Karma Wangyal Gurung, an instructor. Karma is one of 14 participants who’ve become trainers (from a total of 32 in the 2022 cohort) who are now promoting modern techniques of fibre combing.

Lakpa Rokaya, a Chyangra raiser in She Phoksundo Rural Municipality-8, Dolpa, said the training insightful and opened his eyes to applying modern techniques to obtain the fibre. “The training was an opportunity to learn modern ways of combing Chyangra fibre. The knowledge and techniques can help us increase fibre production.” Rokaya has 40 Chyangras in his flock.

Altogether 110 farmers were trained in three Rural Municipalities of Dolpa district. “From among them,

we have selected 11 participants (seven from Chharka Tansong and two each from Gosaikunda and Dolpo Buddha Rural Municipalities) to groom them as trainers,” said Sichan Shrestha, a master trainer with EU-Nepal TIP. “We found that they received the knowledge we shared well, and we can use them to spread knowledge among local farmers.”

Karma Chhoibel Gurung, chairman of Dolpo Buddha Rural Municipality, where

the district’s Chyangra population is concentrated said, “Modern knowledge on Chyangra farming and fibre production is necessary. Local bodies are interested in working with the concerned government agencies, farmers, Pashmina producers and development partners to commercialise Chyangra farming”

The project also handed over 90 modern combs to the Rural Municipalities for distribution to local Chyangra farmers free of cost.

The EU-TIP has also supported the MOICS to organize fibre combing trainings in Dolpa and Manang in May using instructors trained in the 2022 ToT. So far, the project has sent 1300 combing machines for distribution to farmers in Mustang, Dolpa and Manang districts.



Chyangra Pashmina fibre sampling training in Dolpa district

Upskilling officials for efficient trade negotiations

Nepali officials have been exposed to enhanced negotiation skills and knowledge of global trade.

The EU-TIP organised a training on “International Trade and Trade Policy” to enhance skills of government officials for effective trade negotiations with support from the Centre for WTO Studies (CWS) in New Delhi, India from 22 to 26 May.

The training was attended by 26 officials of the Government of Nepal, which is important in the context of Nepal’s graduation from a LDC in 2026 after which the country will need to find ways to enhance trade to make up for losses arising from the phasing out of trade-related concessions.

“We need to increase our readiness to deal with the situation after graduation when we will lose crucial trade privileges offered by major trade destinations,” said Gobinda Bahadur Karkee, Joint Secretary, MOICS. Karkee, also a trainee, added that such specialised trainings can be instrumental in developing the capacity and confidence of officials for effective presence at international trade talks.

Nepal needs to develop efficiency in negotiation with crucial trade partners to safeguard its interests, which is why such trainings are important.

A study carried out by the International Trade Centre in 2022 shows that Nepal could lose 4.3 per cent of its exports because of tariff changes after graduation and has recommended targeted trade promotion and market diversification to enhance

exports for counterbalancing the impact.

The participants at the training came from the MOICS, Ministry of Agriculture and Livestock, National Bureau of Standards and Metrology, Nepal Rastra Bank, National Planning Commission, and the Nepal Administrative Staff College.

The five-day workshop offered an opportunity to reflect on the challenges and opportunities of international trade and WTO-related issues on agriculture, food security, market access, trade-related data, market analysis, trade negotiations, Nepal’s graduation-related challenges, and trade-related intellectual property rights, among others.

“The event has helped us familiarise with recent issues in the global trading system and has strengthened our negotiation skills through mock negotiation practices,” said Pratiksha Ghimire, an officer at the MOICS. The workshop drew on the knowledge of international experts and included simulation-based practical exercises.

“The EU has prioritised strengthening of Nepal’s capacity to cope with the changing trade situation after graduation,” said Mim Hamal, Senior Programme Manager at the EU Delegation to Nepal. “This training is crucial for Nepali trade-related officials for enhancing knowledge and skills on global trade dynamics.”



A workshop for senior officials of the Government of Nepal on international trade organized by EU-TIP on 22-26 May 2023 in Lalitpur.

Nurturing a green and circular economy

The EU-TIP has begun building awareness and supporting efforts towards adoption of a green, circular, and sustainable economy. The idea has been to promote the global understanding on green and circular economy (GCE) and how the ideas can be adopted and developed further in Nepal.



Consultation on Green and Circular Economy.

The EU’s implementing partner GiZ organised two consultations on the GCE on 25 April and 21 June; one focused on “exploring opportunities for women in the new economic model” and the other focused on youth and the economy. The objective of both consultations was to diffuse green economy concepts in Nepal, stimulate production and trade using these concepts, and to explore opportunities for women and youth.

In his opening remarks, Mim Hamal, Senior Programme Manager at the EU Delegation in Nepal, spoke about the European Green Deal, which hinges on greening the economy, and the EU-Nepal Trade and Investment Partnership (TIP), which aims to improve the investment climate and promote gender equality. He said there were several ongoing projects with similar approaches particularly in coffee processing and sustainable production of pashmina fibre.

The first event comprised three sessions.

One of the speakers at the consultation, Mr. Kai Hoffman, GiZ Thailand, made a presentation on successful models and case studies illustrating the circular economy as a solution to global environmental challenges. Another speaker, Ms. Anu Joshi Shrestha, ICIMOD Nepal, discussed economic opportunities and lessons learned in agriculture, tourism, trade, health, manufacturing, and energy in the Hindu Kush Himalaya region. The focus was on the need to transition to a green economy through sustainable agriculture and waste management, and inclusive enterprises. In a roundtable discussion that followed, the speakers stressed the role of different stakeholders, particularly women entrepreneurs, in promoting the green and circular economy and the challenges faced in handicrafts, organic farming, and sustainable fashion.



Panelists at the roundtable on Green and Circular Economy event.

The second consultation held at the Kathmandu University School of Management (KUSOM) focused on the youth economy and included keynote speeches from Dr. Bed Mani Dahal, Professor at KU and Mr. Chiranjibi Gautam, an environmental expert.

Dr. Dahal emphasised the need to shift from resource exploitation to sustainability for future generations, and the benefits of GCE in terms of environmental protection, reduced reliance on natural raw materials, job creation, and cost savings. This, he said, could be achieved by making products more durable, affordable, and renewable.

Similarly, Mr. Gautam spoke about the importance of sustainable consumption in addressing scarcity, and the collaboration that was needed among policy makers, businesses, and consumers/citizens.

Nepal's Constitution (Article 30) guarantees citizens the right to a clean environment, and the legislative framework includes the Environmental Protection Act of 2019 and the Extended Producer Responsibility policy of 2020. The latter focusses on ecological services to ensure sustainable waste management practices.

The event also had a storytelling session where a Nepali tea entrepreneur spoke about the production process and the use of eco-friendly resources, including how the company creatively used the waste generated during the tea-making process.

The roundtable discussions covered government efforts to green the economy, including environmental protection requirements in laws and policies, like energy efficiency and tax incentives for pollution reduction. Mr. Khagendra Bahadur Basnet,

Director at the DOI attended the event.

Another participant, Mr. Bidhyabaridhi Sigdel, Managing Director, Dolma Impact Fund, spoke about its investments in hydropower and solar projects, as part of its commitment to green energy and added the need for trainings to promote sustainable practices. He also spoke about opportunities to generate energy from waste.

Another speaker, Nabin Bikash Maharjan, brought up the need to change mindsets from “waste” to “materials” management, which is important for a GCE. This means the need to do away with irresponsible urban waste disposal through mindful consumption and minimising waste generation. He called for focusing on individual responsibility by engaging youth, promoting use of technology, and encouraging collaborations.

Other speakers raised the issue of a disconnect between government agencies and academia for addressing the complex problems related to environmental degradation and climate change; and the marginalisation of youth, in any effort to change, even though they represent the generation that is likely to be affected most by the long-term impacts resulting from poor environmental conservation and management.

Both consultations suggested the need for preparing an action plan to begin addressing matters related to GCE. The plan that has resulted from the GCE Series I includes conducting more events on GCE to raise awareness, discussions with and involvement of GoN at all stages of planning of events; and amending government procurement policy to promote the use of local products, among others.

Efforts to enhance IP protection

The EU-TIP supported the Department of Industry (DOI) to organise an event on World Intellectual Property (IP) Day – 26 April – to discuss the situation of intellectual property protection in Nepal.

At the event, Mr. Baburam Gautam, Director General, DOI spoke about ongoing efforts to improve and draft IP-related laws to address current issues and challenges, and informed the gathering of the need to facilitate credit to encourage entrepreneurs involved in IP-related ventures.

Mr. Gautam spoke about the disruptive nature of technological advancements and emphasised the need to adapt to changing work patterns, while fostering an IP culture. Another recommendation was enacting IP-friendly laws and creating a platform for sharing innovative ideas.

The theme of IP Day 2023 was “Women and IP: Accelerating Innovation and Creativity.”

Another speaker, Dr. Sarita Khanal, Advocate, spoke on the need for strategies to enhance IP protection for women, particularly by enforcing a comprehensive IP law and by encouraging women's participation and engagement in IP-related activities.

Ms. Kamala Ghimire, Director, DOI, briefed the meeting on the status, problems, challenges, and solutions related to IP protection, particularly

industrial property, and copyrights. She spoke about existing laws, the conditions and criteria for patentability, importance of novelty of an invention, and its industrial applicability; and the need to transition to online platforms amidst a substantial backlog in the digitalization process.

The Registrar at the Nepal Copyright Registrar's Office Mr. Prahlad Prasad Pudasaini spoke about the status, problems, challenges, and potential solutions regarding copyright in Nepal. He suggested the need to include IP in the curriculum of colleges to enhance awareness and understanding, and the need to enhance the capacity of the Nepal Copyright Registrar's Office, focusing on research, digitalisation, and improving record management, among others.

Mr. Santosh Budhathoki, the Chief of the District Coordination Committee Office in Kathmandu, emphasized the role of the local government in improving IP enforcement and offered to coordinate with all the local governments in Kathmandu district for the purpose.



Discussion on IP protection in Nepal.

EEC Nepal attends the EBO Global Network

The European Economic Chamber (EEC) – Nepal (EEC-Nepal) participated in the European Commission’s European Business Organisations World Wide Network (EBOWWN) meeting held from 19 to 21 June in Brussels. The meeting focused on the Global Gateway Initiative, a worldwide strategy of the EU that is aimed at fostering sustainable and trusted connections for the benefit of people and the planet.

The Global Gateway Initiative seeks to address various global challenges such as climate change, and healthcare improvement, and to enhance competitiveness and security in global supply chains. The initiative aligns with the EU’s plans for strategic autonomy and aims to establish larger, more democratic, and sustainable trade networks for Europe and its partners.

EBOWWN is an officially recognised EU body based in Brussels that holds an annual meeting in coordination with the European Commission.

Mr. Narayan Bajaj, President of EEC-Nepal attended the EBO meeting where he spoke about the EEC-Nepal activities in the year 2022-23, particularly its collaboration with the EU to organise the EU-Nepal Business Forum, among others. According to Mr. Bajaj, chair of EBO acknowledged and appreciated the efforts and assured its affiliate continued support, particularly in the context of Nepal’s graduation from the LDC status.

The EBO meeting focused on the five main priorities of the Global Gateway Initiative: digitalization, climate and energy, transport, health, and education. The meeting brought together participants from 35 countries, including 10 from Africa, and included four workshops on best practices.

The workshops and meetings discussed renewable energy, considering the EU’s goal to use 42.5 per cent of this energy by 2035, and how the Union could meet its consumption through partnerships with other countries through renewable energy production agreements.

Other areas discussed included sustainable peace and integrity and the private sector’s preparedness for the upcoming challenges, investment by European companies abroad and Europe’s economic security.

The meeting also discussed how Europe’s

dependence on raw materials, particularly in areas such as semiconductors, animal feed, and fertilisers, could be reduced through collaborations for strategic raw materials supply and promoting partnerships to potentially relocate production to the EU.

The European Commission is working on setting up funds in collaboration with organisations such as the Agence Française de Développement (AFD) fund and KWF to support private sector investments, especially in high-risk areas.

The meeting emphasised the role of the EBOs in Brussels and in the Delegations. The EBOs were recognised as ideal partners for country screening, opportunity mapping, and problem-solving. The involvement of EBOs in bilateral European summits was deemed mandatory for successful upcoming events. EBOs were also encouraged to engage with newly nominated ambassadors to gain a better understanding of the business environment in their respective countries.

The meeting also discussed efforts required to establish a technical assistance team to support organisation of EU/Country forums with the Delegations. It also proposed that a budget line be established for assisting new EBOs worldwide.



Narayan Bajaj, President, EEC Nepal with the EBOWWN officials.

Harmonising Nepal's economic policies to promote export

The draft document has identified a host of existing policies that need synchronising with trade-policies

The Ministry of Industry, Commerce and Supplies (MOICS) has drafted a report on Trade Policy Harmonization for sensitising policy makers on the importance of encouraging growth of SMEs. The draft policy was developed with support of the European Union-funded EU-Nepal Trade and Investment Programme (TIP).

Nepal's small and medium-sized enterprises (SMEs) contribute 22 per cent to the country's gross domestic product (GDP) and employ 1.7 million people, according to a 2016 report of the Ministry of Finance. However, the lack of harmonisation between trade-related and other policy incentives for SMEs has been constricting their ability to scale up and boost Nepal's export capacity.

"We can't afford to ignore SMEs' role in

employment generation and industrial output. Our policies should address pressing problems facing SMEs," Chandra Ghimire, former commerce secretary, said at a public-private dialogue organised by the EU-Nepal TIP in collaboration with the MOICS, on 16 January. Ghimire was one of the editors of the draft report.

At the same event Kiran Dangol, Vice President of the Federation of Handicraft Associations of Nepal (FHAN), said, "Though the SMEs have been making a significant contribution to the economy, they are not receiving special incentives. Our economic policies have put big industries and SMEs in the same basket," he added, "SMEs need special protection and treatment to survive and thrive as they lack the capacity to compete with big businesses."



Participants of a consultation program on Trade policy harmonisation report organised by EU-TIP in Kathmandu.

Nepal is scheduled to graduate from the Least Developed Country (LDC) status in 2026, after which it will lose trade privileges available to LDCs and will need to rely significantly more on trade. SMEs should, therefore, be strengthened with necessary policy support to make them capable of tackling adversities arising from the loss of concessions after graduation.

Mahalaxmi Shrestha, General Secretary of the Federation of Women Entrepreneurs Associations of Nepal (FWEAN) said,

SMEs often do not understand trade procedures or how to access foreign markets. “Our existing trade and other policies and rules have failed to support them, she said, “The government needs to promote SME exports, enhance market intelligence, brand their products and provide them a forum for business promotion.”

Participants at the dialogue attributed Nepal’s weak performance in trade to conflicting government

policies, supply-side constraints, low productivity, absence of market diversification, procedural hassles, weak trade infrastructure, insufficient incentives for exporters, and lack of a conducive business environment.

Himal Thapa, a trade expert said more than 90 per cent SMEs were unable to obtain existing export incentives owing to their inability to prepare the required documents and lack of adequate knowledge of the procedures.

Gobinda Bahadur Karkee, Joint Secretary, MOICS, summed up the discussion saying that while SMEs around the world contribute two-thirds of global exports, “the desired contribution of SMEs to Nepal’s export has not been realized for lack of sufficient measures to incentivize them.” He added that the government was making efforts to harmonize policies of trade, industry, foreign direct investment, and the macro-economic policy to deal with the issues raised by the stakeholders.

Enhancing the business climate through Radio PSAs

The Department of Industry (DOI) with the support from EU-Nepal Trade and Investment Programme (TIP) broadcasted four messages on radio for six months, as part of its efforts to garner public support for private investments. The four messages were broadcasted more than 197 spots (daily 3 spots in the program alternately) and all 4 PSAs were rotated to cover all the news program and timing on Ujyalo FM, from February 2023 to July 2023. The messages sought to also spread awareness about the importance of greening production.

The messages are available at:

PSA 1 - Production: <https://www.facebook.com/watch/?v=1245627829491006>

PSA 2 - Employment: <https://www.facebook.com/watch/?v=281767994293938>

PSA 3 - Business climate: <https://www.facebook.com/watch/?v=2381074272066746>

PSA 4 - Export: <https://www.facebook.com/watch/?v=727960245745676>

BRIEFS

Linking farmers with fibre processing

In what a major step towards ensuring the market for Chyangra Pashmina fibre and improving its quality, a fibre processing plant has come into operation in Bhaktapur, thanks to technical support from EU-Trade and Investment Programme (trade component) for linking Chyangra farmers and Pashmina entrepreneurs. Hon'ble Minister for Agriculture and Livestock Development Dr. Beduram Bhusal launched the



Pashmina fibre processing plant inauguration ceremony held on 9th June 2023.

operation of the plant, which has a capacity for processing annually 3-4 tons of raw fibre annually. The continued support of EU-TIP in backward and forward linkages in the Pashmina sector helped the Nepal Fibre Processing Company (NFPC) to begin operation. With this, 100 per cent-Nepal made Chyangra pashmina products can be produced and exported. Pashmina manufacturers have been collecting around 3 tons of raw Pashmina fibre annually from Mustang and Dolpa which are leading Chyangra farming districts. Around 1300 modern fibre-combing machines have been dispatched to Dolpa, Mustang and Manang districts to distribute to farmers free of cost to encourage them to apply modern techniques and knowledge on fibre combing. The

next steps would be finding ways to ensure sustainable production of the fibre.

Enhancing efficiency of the OSSC

The EU-TIP has initiated measures to enhance efficiency at the One Stop Service Centre (OSSC) at the DOI through a series of trainings for government officials that were identified by a capacity assessment study done in 2022. The first phase of knowledge enhancement trainings was held on 19-22 April in collaboration with the Nepal Administrative Staff College (NASC) and the second phase of the training was conducted on 30 June – July 2023.

The training covered topics ranging from understanding the role of OSSC and related institutions to exploring bilateral investment agreements and promoting effective communication. The programme also focused on problem-solving, decision-making, leadership, and integrity in the context of trade and investment. Other topics included recognising the roles of federal, provincial, and local governments, and that of international agencies in investment promotion and regulation.



Various senior government officials – Dr. Toya Narayan Gyawali, Secretary, MOICS and Dr. Rajan Khanal, Executive Director of NASC – attended the inaugural session and spoke about the importance of making the OSSC efficient and service-oriented for promoting investment.

EU-TIP supports Coffee Summit

The EU-TIP supported the National Coffee Summit and Expo 2023 held on 2-5 June in Kathmandu. The first-ever coffee summit was organised by Nepal Coffee Producers'



Association and was aimed at promoting the production, processing, consumption, and export of Nepali coffee, and exploring ways to strengthen the coffee value chain. The summit discussed challenges, opportunities, investment, competition, policy and legal provisions, innovative technologies, and research in the coffee sector. Exhibitors also showcased coffee products, relevant machinery, technologies, and coffee-making technics at the event.

GMP guideline for coffee

The EU-TIP has supported the preparation of a guideline on Good Manufacturing Practices (GMP) in coffee processing. A technical committee, headed by the Director General of

the Department of Food Technology and Quality Control, has finalised the draft "Guidelines for Processing and Packaging of Clean and Quality Coffee" which is now awaiting approval of the Ministry of Agriculture and Livestock Development.

Consultation on Industry 4.0

The EU-TIP supported the MOICS to organise a focus group discussion (FGD) on the concept of Industry 4.0., a data and technology-driven approach to enhancing production and competitiveness in trade by streamlining production processes, supply chain management,



and export promotion. The discussion, "Making Nepal 4.0" was held on 21 June, and sought to introduce the idea of Industry 4.0., explore existing challenges in industry and how Industry 4.0. could help address them and to plan a series of public-private dialogues around the concept. There were about 30 participants at the discussion.

Nepal-Mongolia sign MoU on collaboration for Pashmina promotion, research

MoU sets the ground for the nascent Pashmina sector to boost export with a smooth process of quality testing and analysis of cashmere and cashmere blends.

A memorandum of understanding (MoU) was signed between the Nepal Pashmina Industries Association (NPIA) and the Research and Development Institute of Light Industry (RDILI) of the Mongolian government in Ulaanbaatar on the sideline of the World Export Development Forum (WEDF) organized by International Trade Centre. Vijoy Dugar, the president of the NPIA, and Turmunkh Togmid, the Director of the RDILI, signed the MoU on behalf of the respective agencies. The major challenge of Nepal's Pashmina exports is a lack of quality testing and certification laboratories. Nepal needs a reliable lab for testing cashmere and cashmere blends to determine the quality and Mongolia has agreed to extend support for the

quality testing and analysis of products from Nepal. The process of testing and analyzing Nepali cashmere products is going to be simplified as Nepali Pashmina entrepreneurs and Mongolian officials reached an understanding to collaborate in testing, analyzing cashmere products, and sharing relevant research works.

The EU-funded EU-TIP made it possible for Nepali Pashmina Industry Association (NPIA) to participate in the four-day event that held on June 29 in Mongolian capital Ulaanbaatar. The NPIA was among the 130 organizations that participated in the B2B meetings during the WEDF that had 600 delegates including small business owners, women entrepreneurs, young innovators, policymakers, and international agencies representing 70 countries.

Under the MoU, Nepali pashmina entrepreneurs will get samples of pashmina fibre, semi-processed cashmere, and cashmere blends tested and analyzed



Vijoy Dugar, President of NPIA and Turmunkh Togmid, the Director of RDILI of the Mongolian government, after signing a Memorandum of Understanding (MoU) on 28th June in Ulaanbaatar. The MoU was signed in the presence of Madhu Kumar Marasini, Secretary at the Ministry of Industry, Commerce and Supplies, and Jambaltseren Tumur-Uya, State Secretary of the Ministry of Food, Agriculture and Light Industry of Mongolia.



Vijoy Dugar, NPIA taking part in B2B meeting on 27 June at WEDF in Ulaanbaatar of Mongolia.

by RDILI in Mongolia. Similarly, both parties have also agreed to share experiences, knowledge, and research works with each other. The five-year term MoU took effect from the day of the signing.

“This MoU provided an opportunity for Nepali Pashmina entrepreneurs to benefit from the long experience and expertise of Mongolia, which is a leading producer and exporter of Cashmere and woolen products. “I”, said Vijoy Dugar, President, NPIA, “am also thankful to EU-Nepal TIP for arranging our participation in WEDF that set the ground for B2B meeting and networking”.

“The MoU is a significant step towards securing benefits from Mongolia’s experience in woolen and Cashmere production and export and allowing for exchanges on recent research and innovation in this field,” said Secretary Marasini at the MoU signing event.”

Jambaltseren Tumor-Uya, Director of RDILI, said, “The MoU has paved the way for Mongolia’s support on quality testing and analysis of Nepali Cashmere products, expansion of business relations between the two countries and, exchange of knowledge and research works in this field.”

Nepal- Mongolia discuss LLDC-issues

Commerce Secretary Marasini, and State Secretary of Mongolia Jambaltseren Tumor-Uya discussed the challenges of and opportunities to raise awareness of Landlocked Developed Countries (LLDCs) at international forums. Both senior officials also stressed the need to establish solidarity among LLDCs to uphold their common interests and agenda and shared views on making the 3rd conference of LLDCS being held in Kigali, Rwanda in 2024, productive and fruitful.

Quality check of Chyangra Pashmina fibre

Fibre quality determination will support in identifying quality of Nepali Chyangra fibre and appropriate breeds to enhance fibre quality

The EU-Nepal TIP provided technical support and collaborated with Nepal Animal Breeding and Genetic Research Centre of Nepal Agriculture Research Council (NARC), Nepal Pashmina Industries Association (NPIA), and Chyangra Pashmina Farmers Association to organise a training of fibre sample collectors on March 22-27.

The trainees were local farmers and veterinary technicians. Nine persons from the trainee pool were selected for collecting samples in Mustang district – the largest producer of the Chyangra fibre – from March 28 to 5 April. It was the first attempt ever to determine the quality of Chyangra fibre that is used to make pashmina garments.

Himalayan Chyangra (*Capra Hircus*) Pashmina is well-known for its quality and has already established a foothold in international markets, with exports in 2019 making up around 1.3 per cent of the world exports, according to the MOICS.

Nepal needs to enhance the quality of the fibre – the raw material for Pashmina -- obtained from the mountain goats to increase the income of the goat herders and to ensure a sustainable supply of raw material, which is largely imported.

Production of Chyangra fibre in Nepal is nominal even though there is potential to produce it in over 15 Himalayan districts, where the MOICS estimates that the Chyangra population is already over 100,000.

Determining the quality of the fibre scientifically is important as high-grade fibre can assist goat raisers to secure better prices and help Nepali exporters to produce higher-quality goods. Producing raw materials locally is also important in the context of building a supply chain

to support Nepal's efforts to differentiate the product, and expand and diversify exports.

The samples have been collected from various locations – Lomanthang, Lo-Ghekar Damodarkunda, Baragung-Muktichhetra and Gharapihong Rural Municipalities of Mustang district.

“We collected samples by visiting Chyangra herds belonging to different farmers. We found diverse types of fibre,” said Manisha GC, a veterinary technician.

Eight hundred samples have been collected from herds belonging to 160 farmers.

Five Chyangra adults were selected from each farm for sampling and the samples were collected from goats of different weights, colour, age, sex, and geographies.

The fibre quality will be determined through scientific analysis and lab testing based on various parameters warmth, lightness, diameter, and length.

“The samples have been sent to an internationally accredited laboratory and the Nepal Bureau of Standards and Metrology (NBSM) for testing. “This sampling program is a significant step to determine the quality of Nepali Chyangra Pashmina and for getting better prices for the final products,” said Dr. Carol Kerven, and international trainer. “We can then identify the breeds of Chyangra for producing better quality fibre and higher yield,” she added.

Dhan Prasad Lamichhane, Vice-president of (NPIA), and Chief Executive Officer of Nepal Fibre Processing Pvt Ltd, said, “We are ready to offer attractive prices to farmers for quality fibre. We can retain farmers in Chyangra farming if we support them in increasing their incomes.”

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