

UNLOCKING THE TRADE POTENTIAL

TRADE FACILITATION IN NEPAL
"PRIORITIES AND WAY FORWARD"

Asia Pacific Trade Facilitation Forum

Colombo

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PRESENTATION OUTLINE

- q Trade and Transit Status
 - § Trade Points/Transit Arrangements
- q Trade Facilitation and Nepal
- q Trade Facilitation Reform Initiatives
 - § Measures Undertaken
 - § Activities in Pipeline
- q Priority for Action
- q Way Forward : Recommendations

TRADE AND TRANSIT STATUS

- Ø **Landlocked** feature bordered by China to the north and India to the south, east and west
- Ø Big export import gap generating huge **trade deficit**
- Ø Export trade concentrated on **few products** (limited basket) and markets
- Ø **Trade policy 2009** consistent with the WTO principles and adheres to the principles of liberal, open and transparent economic system.
- Ø Trade Policy emphasizes on **Private Sector led** competitive economy.
- Ø **Nepal Trade Integration Study** in implementation to strengthen supply capacity

TRADE AND TRANSIT STATUS .. CONTD

- ∅ Bilateral **trade agreement** with 17 trading partners
- ∅ Acceded to **WTO** and joined to **SAFTA and BIMSTEC**
- ∅ SAARC agreement on Mutual Administrative **Assistance in Customs matters on 2nd Nov. 2005**
- ∅ Agreed routes for **mutual trade**
 - Nepal-**India** 27 bilateral trading points (Treaty of Trade)
 - Nepal-**China** 6 trading points(MOU)
- ∅ 2/3rd of foreign trade takes place with India thus remains a **leading trading partner**
- ∅ **Transit** facilitation agreement with India and Bangladesh
- ∅ **Kolkata/Haldia port** as the Gateway Port governed by Treaty of Transit and Rail Service Agreement with India.
- ∅ Kakrbhitta- Panitanki- Bangalabandh-Mongla route with **Bangladesh is govern by** Treaty of Transit with India and Bangladesh

TRADE FACILITATION AND NEPAL

- ∅ **High emphasis** accorded to enhance TF Measures
- ∅ **Adoption of TF** measures in consultation with private sector and cooperation with development partners
- ∅ **Aid for Trade** has been mobilized for trade facilitation
- ∅ Private sector has witnessed **significant improvement**
- ∅ Nepal faces many challenges due to **infrastructure, energy constraints - road infrastructure in particular, geographical difficulties and landlocked position, poor resource mobilization** for export capacity building, **inadequate TBT and SPS Measures**.
- ∅ Despite several attempts to streamline trade and transit procedures, Nepal ranks **162 out of 183 and 151 out of 155** according to the DBTAB and LP Index
- ∅ *Nepal Introduced series of reform programs in TF following the accession to WTO. Focusing on soft and hard they include*

REFORM INITIATIVES MEASURES UNDERTAKEN

ØInfrastructure Related:

- Four ICDs built and in operation along the Nepal-India border
- Construction of four ICPs underway along Nepal-India border
- One ICD being developed along Nepal-China border

ØImport Export Related

- Elimination of export import licensing
- Abolition of quantitative restriction and NTB on import
- Duty drawbacks and bonded warehouse facility for export
- Enactment of Multimodal Transport Act and Regulation
- Private Sector Development Committee and high level Nepal Business Forum (NBF) in operation
- Nepal Trade and Transport Facilitation Committee (NTTFC) established
- Investment Board, Board of Trade and Road Board constituted
- Trade Facilitation Committee in Customs HQ and Units in field offices
- Study on readiness to SW in Nepal

REFORM INITIATIVES MEASURES UNDERTAKEN

Ø Customs Related

- Asycuda with broker module to 13 major Customs points
- Payment Simplification
- Selectivity introduced in 6 major Customs
- Gap Analysis completed for Revised Kyoto Convention
- Client Service Center in HQ
- Customs Automation: Agent Module, valuation and passengers software development
- Transparency in Customs procedure and harmonization
- Harmonization in working days/hrs. at border customs
- Study on documents harmonization and simplification and rationalization of fees and charges
- Strategic Customs reform and modernization Action Plan
- Revised Customs Act and Regulation in effect.

REFORM INITIATIVES ACTIVITIES IN PIPELINE

- ∅ E-Customs Master Plan development
- ∅ Study on Logistic Development Plan, Multifunctional Lab, Institutional Development
- ∅ Exploring the feasibility of additional ICD at FWDR
- ∅ Feasibility study to establish regional hubs for products collection/processing /storage
- ∅ Implementation of E-Customs Master plan
- ∅ Study on Single Window and its implementation
- ∅ Accession to Revised Kyoto Convention on Customs Reform and Modernization
- ∅ Operationalization of additional transit Port
Visakhapatnam and Singhabad - Rohanpur transit corridor underway

PRIORITY FOR ACTION NATIONAL AND REGIONAL

- ∅ Development of Integrated Customs Clearance System Sub-regional level
- ∅ Formulate Master plan and develop juxtaposed cross-border infrastructure
- ∅ Strengthen technical and institutional capacity development
- ∅ Up gradation of existing transport infrastructure and carry out studies to connect northern and southern border points through multimodal transport means
- ∅ Initiate to expand transport and transit connectivity to develop Sub-regional Growth Triangle
- ∅ Development e-Customs system leading to Single Window

WAY FORWARD AND RECOMMENDATIONS

- ∅ New Strategic Framework and strong partnership for next decade
- ∅ Real time investment in multi-sector physical infrastructure together with focus on software aspect
- ∅ Trade Facilitation System Architecture for smooth movement of goods, vehicles and people
- ∅ Economic corridors to integrate trade prospective remote locations with major markets
- ∅ Scale up the technical and financial assistance from Development Partners to enhance infrastructure to build supply capacity
- ∅ Web based Customs clearance system application and Single Window as an effective instrument to streamline trade procedures and reduce transaction costs

TRADE FACILITATION TOWARDS SINGLE WINDOW

LONG TERM (5 Years)

National SINGLE WINDOW

Cross Border harmonization and exchange

Medium Term (3 years)

Infrastructure Improvements (Economic Corridors)

Implementation of e-customs Master plan

Readiness for SW of Trade Related Agencies

Process and procedure simplification for e-customs

Operation of additional Two ICPs and one ICD

Transshipment thorough DE for Transit Cargo

SHORT TERM (One year)

CTD automation of Kolkata Bound Transit Cargo

Accession to Revised Kyoto Convention

Trade Facilitation Framework Master Plan

Single Window Master Plan

Logistics Master Plan

e-Customs Master Plan

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Thank You