

Experiences of Nepal

International Support Measures for LDCs- Special and
Differential Treatment in WTO Provisions and Preferential
Market Access

Training Workshop- Trade Related Survey for LDCs
Organized by Committee for Development Policy (CPD)
Secretariat
(28-29 June , 2010, Geneva)

Presented by

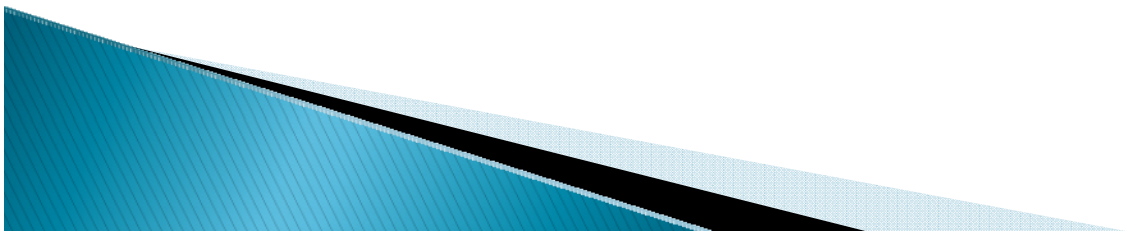
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Presentation outline

- ▶ Background : Nepal as an acceded country
- ▶ Outline of approach in finding responses and time taken
- ▶ Sources of information and Ministry/ Departments/ Agencies approached
- ▶ List of questions for which it was tough to collect information
- ▶ Main findings of the survey
- ▶ Few suggestions

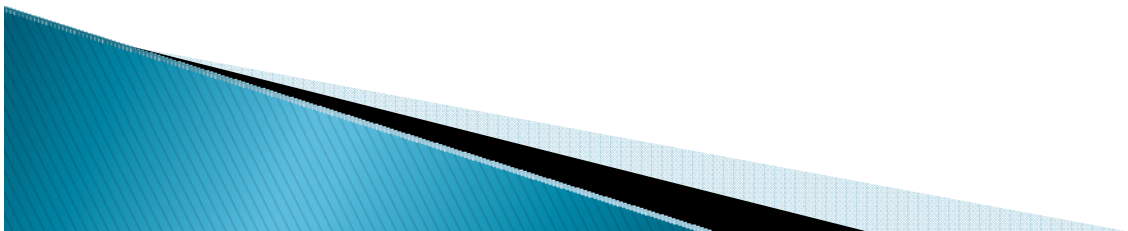


Background: Nepal renounced some support measures during accession

Nepal, 147th member, joined WTO in April 2004

WTO minus conditions

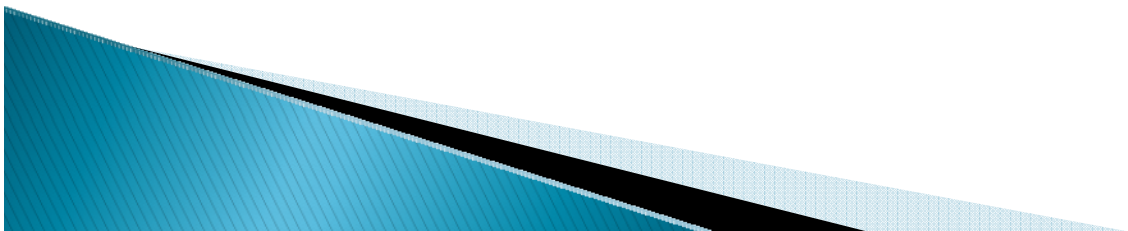
- ▶ Phasing out of other duties and charges (ODCs)
- ▶ Subsidies
 - Agriculture export subsidies
 - Subsidies contingent upon domestic content requirements
- ▶ Trade-related investment measures (TRIMs)
- ▶ Import licensing procedures
- ▶ Transition period



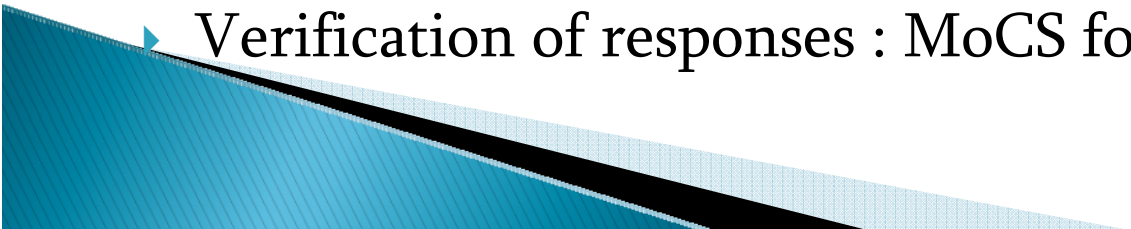
Background: Nepal renounced some support measures during accession

WTO plus commitments

- ▶ Judicial review
- ▶ Internal taxes and tariff policies
- ▶ Market liberalization
 - High binding coverage
 - Low bound rate
 - Phasing out tariffs on ITA products
 - High sectoral coverage in services commitments
- ▶ Transparency



Approach in finding responses

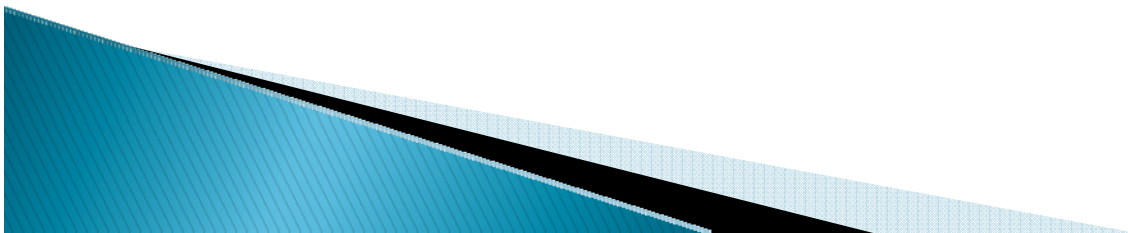
- ▶ Identification of the issues covered by the survey and review of relevant WTO provisions (2 days)
 - ▶ Establishment of contacts with Ministry of Commerce and Supplies (MoCS) and identification of focal person for the survey (1 day)
 - ▶ Identification of relevant government agencies (together with MoCS focal person) (1 day)
 - ▶ Informal interview with government officials (coordinated by MoCS focal person) and private sector: telephone and in person (3 days)
 - ▶ Collection and review of related official documents/ reports and preparation of responses (4 days)
 - ▶ Verification of responses : MoCS focal person (1 day)
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Ministry /Agencies approached

- ▶ Ministry of Commerce and Supplies (Focal Ministry for WTO) - Department of Commerce, Trade and Export Promotion Centre
 - ▶ Ministry of Agriculture- Department of Food Technology and Quality Control
 - ▶ Ministry of Industry- Nepal Bureau of Standards and Metrology, Department of Industry
 - ▶ Ministry of Finance -Foreign Aid Coordination Division
 - ▶ Ministry of Information -Nepal Telecommunication Authority
 - ▶ Federation of Nepalese Chamber of Commerce and Industries (FNCCI) –commodity associations
 - ▶ Relevant project offices
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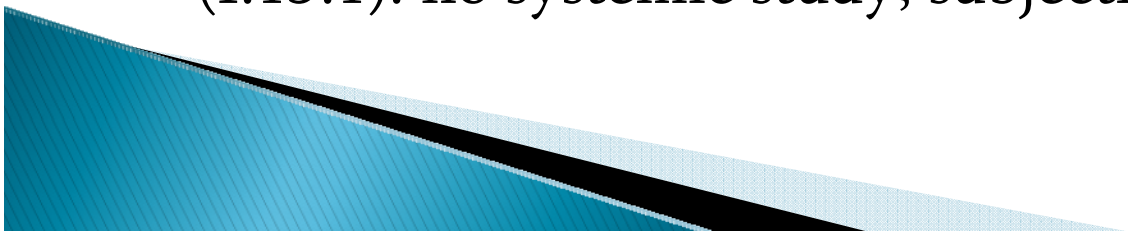
Sources of information

- ▶ Information provided by the respondents
- ▶ Government agencies : documents/ reports/ publications
- ▶ International agencies : WTO documents, UNCTAD, ITC, World Bank publications
- ▶ Publications of national research institutes and private sector



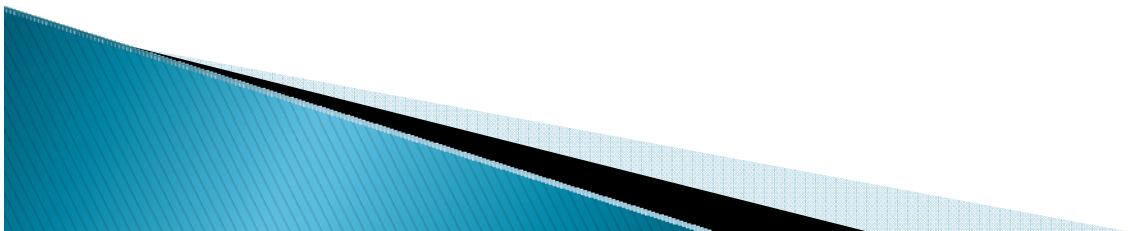
Question for which it was difficult to collect information

- ▶ Inability to comply with obligations (I. 2.1) : diverse sources of information and difficult to coordinate
- ▶ Food aid (I. 3.2): No consolidated information, relied on external sources
- ▶ Rejection of export due to non-compliance to SPS (I.4.3) : No government records, information gathered from private sector/ commodity associations
- ▶ Contentious and difficult issues in accession negotiation (I.14.4, I.14.5, I.14.6) : No record in the government, information provided by negotiators
- ▶ Suggestions on improving the quality of support measures (I.15.1): no systemic study, subjective view of respondents



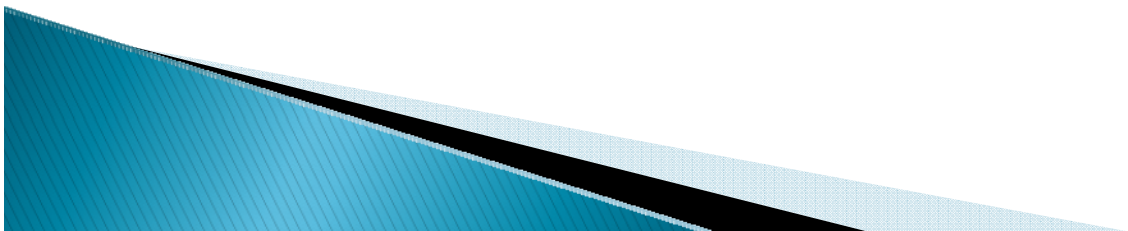
Question for which it was difficult to collect information

- ▶ Factor inhibiting utilizing LDC preferences (II.1.6) : no systematic study, subjective views of respondents
- ▶ Major exports covered by MFN (II 1.9) : No information with the government, need to rely on external source and verify with private sector.
- ▶ Aid for Trade programme and technical assistance (II 1.15): no consolidated information, data to be collected from relevant agencies/projects




Key findings

- ▶ Increasing trade opportunities
 - ▶ GSP in operation but exclude few exportable products (garments in US and handmade carpet in turkey)
 - ▶ Also rules of origin, non-tariff measures and supply-side constraints also inhibiting to exploit increased opportunities.
- ▶ Safeguard the interest of LDCs
 - ▶ Accession package terms and conditions diluted some of the measures
 - ▶ Lack of information, adequate institutional structure and human resources impeded the use of such measures.
- ▶ Flexibilities in rules and disciplines governing trade measures
 - ▶ Flexibilities in rules dealing export subsidies and trade related investment measures were rescinded in accession negotiation
 - ▶ But, lack of financial resources and tight budget had constrained in utilizing flexibilities to promote trade and industry



Key findings (contd..)

- ▶ Transition periods
 - ▶ Agreement on Customs Valuation : until 31 December 2006,
 - ▶ Agreement on Technical Barriers to Trade : until 31 December 2006,
 - ▶ Agreement on Sanitary and Phyto-Sanitary Standards : until 31 December 2006,
 - ▶ Agreement on Trade-Related Aspects of intellectual Property Rights: until 31 December 2006,
 - ▶ Tariff reduction on some products: until 31 December 2007 for information technology products and until December 2012 for vehicles,
 - ▶ Abolition of Other Duties and Charges : until 31 December 2012,
 - ▶ Implementation of some of the commitments in services sector: branch banking and additional telecom service provider until 31 December 2009.
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Key findings (contd..)

▶ Technical assistance

- ▶ Preparation of Nepal : Nepal prepared Action Plans for compliance with WTO rules, Diagnostic Trade Integration Study (DTIS) 2003, Nepal Service Policy Review, 2009.

- ▶ Major technical assistance programmes:

- ▶ Accession negotiation : UNDP, UNCTAD and WTO Secretariat

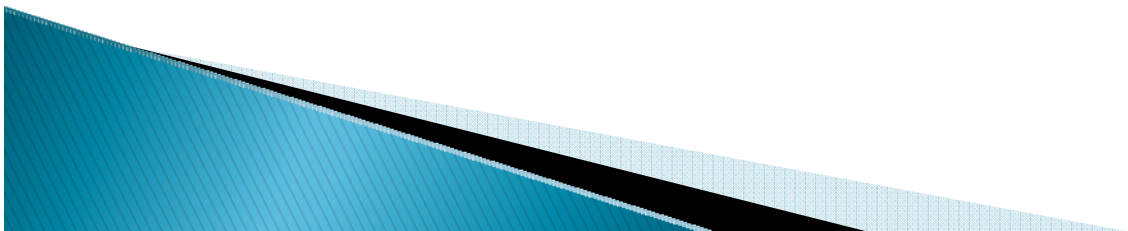
- ▶ Post- WTO membership : Multilateral Trade Integration and Human Development in Nepal; Integrated Framework (IF) window I and II; Enhancing Nepal's Trade Related Capacity Building; EC-Nepal WTO Technical Assistance Programme; Nepal Enhanced Capacities for Trade and Development Project. Other development partners-ADB, GTZ, DfID, USAID are also engaged.

- ▶ Food aid programmes



Few suggestions

- ▶ Identification of issues and relevant agencies
- ▶ Formation of a Group coordinated by ministry of Commerce (Focal Ministry for WTO issues) with representation from relevant agencies
- ▶ Organization of meeting of the Group and identification of required information and possible sources
- ▶ Collection of information from various agencies
- ▶ Preparation of responses to the questions under the guidance of Ministry of Commerce
- ▶ Validation of responses by the Group



Thank you for your kind attention.

