Promoting Nepalese Trade and Investment Relations with India and China
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Edited By:
Dr. Rishi Raj Adhikari

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<th>Acronyms</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>ADC Additional Duty of Customs</td>
<td>Administration of Quality Supervision, Inspection and Quarantine</td>
</tr>
<tr>
<td>AQSIQ Administration of Quality Supervision, Inspection and Quarantine</td>
<td>Agreement on Textile and Clothing</td>
</tr>
<tr>
<td>B2B Business to Business</td>
<td>BOI Board of Investment</td>
</tr>
<tr>
<td>BIMSTEC Bay of Bengal Initiatives for Multi-Sectoral Technical and Economic Cooperation</td>
<td>BRP Business Recovery Plan</td>
</tr>
<tr>
<td>CII Confederation of Indian Industry</td>
<td>CNI Confederation of Nepalese Industries</td>
</tr>
<tr>
<td>CVD Countervailing Duties</td>
<td>DG Director General</td>
</tr>
<tr>
<td>DFTP Duty Free Tariff Preferences</td>
<td>FDI Foreign Direct Investment</td>
</tr>
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<td>FICCI Federation of India Chambers of Commerce and Industry</td>
<td>FNCCI Federation of Nepalese Chambers of Commerce and Industry</td>
</tr>
<tr>
<td>FTA Free Trade Agreement</td>
<td>G2B Government to Business</td>
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<tr>
<td>G2G Government to Government</td>
<td>GATS General Agreement on Trade in Services</td>
</tr>
<tr>
<td>GATT General Agreement on Tariffs and Trade</td>
<td>GCC Gulf Cooperation Council</td>
</tr>
<tr>
<td>GDP Gross Domestic Production</td>
<td>GSP Generalized System of Preferences</td>
</tr>
<tr>
<td>ICD Inland Clearances Depots</td>
<td>ICP Integrated Check Post</td>
</tr>
<tr>
<td>ICRIER Indian Council for Research on International Economic Relations</td>
<td>ICT Information and Communication Technology</td>
</tr>
<tr>
<td>IFA Institute of Foreign Affairs</td>
<td>IGSC Inter-Governmental Sub-Committee</td>
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<tr>
<td>IGC Inter-Governmental Committee</td>
<td>IT Information Technology</td>
</tr>
<tr>
<td>IGSC Inter-Governmental Sub-Committee</td>
<td>JV Joint Venture</td>
</tr>
<tr>
<td>IT Information Technology</td>
<td>LDC Least Developed Country</td>
</tr>
<tr>
<td>JV Joint Venture</td>
<td>MCSI Micro, Cottage and Small Industries</td>
</tr>
<tr>
<td>MFN Most Favored Nation</td>
<td>MOU Memorandum of Understanding</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
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<td>---------</td>
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<tr>
<td>NBSM</td>
<td>Nepal Bureau of Standards &amp; Metrology</td>
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<td>NPC</td>
<td>National Planning Commission</td>
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<tr>
<td>NRN</td>
<td>Non Resident Nepalese</td>
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<tr>
<td>NTIS</td>
<td>Nepal Trade Integration Strategy</td>
</tr>
<tr>
<td>NTTFC</td>
<td>National Transport and Trade Facilitation Committee</td>
</tr>
<tr>
<td>NTTEFC</td>
<td>Nepal-Tibet Trade Facilitation Committee</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PDNA</td>
<td>Post Disaster Needs Assessment</td>
</tr>
<tr>
<td>SAFTA</td>
<td>South Asian Free Trade Area</td>
</tr>
<tr>
<td>SAIC</td>
<td>State Administration for Industry and Commerce</td>
</tr>
<tr>
<td>SAPTA</td>
<td>South Asian Preferential Trade Agreement</td>
</tr>
<tr>
<td>SFDA</td>
<td>State Food and Drug Administration</td>
</tr>
<tr>
<td>SME</td>
<td>Small &amp; Medium Enterprises</td>
</tr>
<tr>
<td>SPS</td>
<td>Sanitary and Phyto Sanitary</td>
</tr>
<tr>
<td>SSR</td>
<td>South Silk Road</td>
</tr>
<tr>
<td>TAR</td>
<td>Tibet Autonomous Region</td>
</tr>
<tr>
<td>TBT</td>
<td>Technical Barriers to Trade</td>
</tr>
<tr>
<td>TEPC</td>
<td>Trade and Export Promotion Center</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UP</td>
<td>Uttar Pradesh</td>
</tr>
<tr>
<td>WBG</td>
<td>World Bank Group</td>
</tr>
<tr>
<td>WIR</td>
<td>World Investment Report</td>
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<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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</tbody>
</table>
Nepal needs to reflect on the massive paradigm shift that the country has undergone in the political, social and cultural life of the people and frustrated expectations of the masses may create massive negative social upheavals if the new political set up and government could not match the expectations of the people for enhanced prosperity based on economic growth.

We no more talk about us being ‘yam between two boulders but ‘a vibrant bridge between two neighbors’ and our attitude has changed from being ‘India-locked to India-open’. By keeping our house in order, particularly having political stability and political commitment, rule of law, better investment environment, we can find a way for a “win-win-win” for all three partners: Nepal, India and China, who can cooperate to establish transit links, communication links, and manufacturing in Nepal and it can move forward for integration using comparative advantage of each country.

Nepal, as is in between two giant economic neighbors, has great potential for trade and investment. Nepal can mobilize its immense resources such as water and other natural resources including our youth population bonanza. It also has comparative advantages for bilateral trade and investments as a transit hub between India and China.

The membership with WTO has provided opportunities to Nepal for strengthening trade and investment. Similarly, Nepal’s activism in regional initiatives such as SAARC, SAFTA, BIMSTEC has encouraged us to go for trade integration regionally and globally.

Nepal needs to attract investment and boost trade by making aware the investors and business communities of our neighbors by highlighting that Nepal is liberal on foreign investment and allows 100% foreign ownership in most of the sectors of economy with attractive investment rules and procedures, relatively low tax rates, open and liberal export and import rules and procedures, low labor costs and an increasingly literate population, existence of immense source of hydropower and minerals, reforms in relevant major laws and regulation etc.

Nepal has had major investment boost recently from both our neighbors. Chinese became our top foreign investor and offered more than a fourfold increase in assistance from the existing 150 million RMB to 800 million RMB for 2015/16. China has accepted and encouraged Nepal as an economic bridge between China and India and beyond to whole of South Asia. Nepal
needs to focus on developing the physical infrastructure such as roads and railways to ensure investments from both neighbors. However, Nepal’s trade with both the neighbors is heavily skewed towards imports. Nepal’s exports could meet only 15 percent and 2.5 percent of the imports from India and China respectively (FY2013/14). Maintaining complementarities is thus a big issue for sustaining Nepal’s trade with these two fast growing neighboring economies. The economic history of Nepal reveals that.

Nepal needs to focus on products of comparative advantages like cement, high value agricultural commodities and non-timber forest products as Nepal’s export potentials in addition to water and tourism resources.

India has been its single largest trading partner from the ancient and medieval to modern times. There are many areas where Nepal and India could work together to enhance the trade in goods and services. Services, tourism and hydropower are some of the potential areas where Nepal needs to build its supply capacity for increasing exports. Another area would be intra-industry trade where arrangements could be made to source intermediary products from Nepal for large manufacturing units in India. This is something that Nepal should seek to achieve with its neighboring countries. The investment paradigm needs to be further enhanced and nurtured in order to enhance the growth of export trade. The government and businesses need to work together to promote investment by organizing road shows highlighting the investment projects, holding discussions and interactions on the means and measures of funneling more investment into Nepal and creating synergy through collaboration and cooperation between potential investors from both sides of the border. The role of the government should mostly confine to facilitation and regulation, and creating a conducive environment for investment and doing business.

Against this backdrop, a study was commissioned by Ministry of Foreign Affairs through the Institute of Foreign Affairs to bring about the status of trade and investment of Nepal and take stock of challenges in the light of emerging economies, India and China, which are also contiguous neighbors of Nepal with a view to put forward suggestions to the government of Nepal on ways and means to enhance our trade with our friendly neighboring countries and increase investment from these countries including flow of tourists and FDIs. It is expected that the outcome of this study would assist the policy makers of Nepal to consolidate ongoing activities adjust to realities, where necessary, and also design new programs to fully utilize the potentials and opportunities that India and China provided. It is also expected that the proposed study highlights the advantages to Nepal benefiting from their economies and
harnessing Nepal’s potentialities for higher growth and economic prosperity. It is of utmost importance that apart from attracting investment in the areas of comparative advantages such as hydropower, tourism, medicinal herbs etc., Nepal has ample opportunities to grasp their rising huge markets.

The objectives of the study were to undertake a research study on the trade and investment status including challenges and policy and practices of Nepal vis a vis India and China, and develop a report with doable recommendations on policy implications and action plan towards ways and means to implement those suggestion. This research is funded by Ministry of Foreign Affairs, Government of Nepal.

This study was undertaken by former Secretary of Commerce and Supply Ministry of Nepal Government, Mr. Purushottam Ojha who is an authority on the subject. The report was shared with the Hon. Minister of Foreign Affairs and relevant government and business community and their suggestions have been incorporated in the report. Institute of Foreign Affairs believes that the report will be a guideline for policy reforms for enhanced trade and investment of Nepal with upcoming economic giants China and India with whom we share our border.

Dr. Rishi Raj Adhikari
Executive Director
Nepal, as a country wedged between two big economic power houses of Asia, has immense potentials to add value to its economy by forging collaboration on transport, trade, tourism and hydropower with its neighbors. Both China and India are connected to Nepal through centuries old economic, social, cultural and religious ties traversing over the mighty Himalayas and fertile plains. Nepal not only provided transit passage of trade, business persons, monks and people of high profile between India and Tibet during the ancient and medieval period but also inspired the growth of art, architecture and culture on both sides of the borders. Before 1950, Nepal’s foreign trade was virtually limited to those two neighbors. However, the traditional trade has gone into substantial transformation along with the development of modern transport and communication system and emergence of modern production process and supply chain. The barter system of trade between Nepal and Tibet, China has been replaced by the cash payment; unilateral duty free preferences were available to Nepalese goods in line with the Hong Kong Ministerial Declaration of WTO in 2005 but with no tangible benefits; duty preference available under bilateral treaty of trade with India have been eroding due to liberalization of trade and reduction in MFN tariffs. Thus, there is paradigm shift in economic and trade relations and new challenges are emerging as a result of globalization and technological developments. This provides impetus for having a fresh look over Nepal’s traditional trade and investment relations with the two neighboring countries.

In above backdrop, this study commissioned by the Institute of Foreign Affairs, with the Ministry of Foreign Affairs of the government of Nepal aims at analyzing shortcomings and challenges faced by Nepal in treading the path of prosperity and development through integration of trade and economy with the neighboring countries and achieving trade led growth. Thus, the report primarily highlights the trade and investment relations between Nepal and two neighbors, analyzes existing legal and policy framework, explores issues and provides prospective and way forward for enhancing economic complementarities between Nepal and India and Nepal and China.

The author would like to thank the Institute of Foreign Affairs for providing opportunity to carry out study on this important theme. My sincere thank goes to Dr. Rishi Adhikari, Executive Director and Mr. Yadav Khanal, Resource Person of IFA for their valuable suggestions and support in improving the report. I would also like to appreciate the support received from other staffs.
of IFA in availing the relevant literatures and publications. I hope this paper will provide useful information to all readers, researchers and scholars who are interested to dig into the problem and prospects of Nepal's economic relations with her neighbors.

Purushottam Ojha  
Former Secretary, Ministry Commerce & Supply  
Government of Nepal
Background

The history of international trade dates back to ancient periods that started with barter system and later was replaced by the mercantilist trade in the 16th and 17th centuries. The 18th century saw the shift towards liberalism as Adam Smith, the father of economics wrote the famous book on Wealth of Nations in 1776. Adam Smith focused on importance of specialization in production while David Ricardo in the beginning of 19th century propounded the theory of comparative advantage which argues for production and exchange of the specific products having cost advantages to a particular country or territory. Based on these neo-classical trade theories, countries in the 19th century and till the beginning of 20th century moved towards economic liberalization wherein customs duties were lowered, quantitative restrictions abolished, currencies were made convertible with gold and people were allowed to move freely for running trade and business activities. International trade during those years was centered to European countries and America as these countries made debut on increasing industrial outputs as a result of industrial revolution.

The aftermath of First World War in 1915 changed the entire course of trade as countries started taking protective measures to reconstruct the economy from the ravages of war. This caused contraction in the international trade. Meanwhile, the global economies once again become hostage to economic depression of 1930s that led rise in import duties, imposition of quantitative restriction, import control and licensing. This trend continued until countries around the world embarked upon the new initiatives of shaping the global economic architecture in the aftermath of second world war (1939-45) with the establishment of Breton Wood Institutions. Thus, there is a continuous shift in the global trading system as the journey started from GATT-1947 to the establishment of a more liberal trading system under the auspices of World Trade Organization (WTO). In the 21st century, more developing countries, particularly the G20 countries have made a strident surge toward enhancing their share in the global market.

The international trade of Nepal, till 1950 was confined with the neighboring countries India and the Tibet Autonomous Region (TAR) of China, with the prevalence of barter trade with the later that continued further until the first half of the last decade. Almost all foreign trade of Nepal till 1950 was concentrated with India which ran to 90 percent during the 1950-70. This gradually shifted towards the third countries since 1970 till 1995 as the share of trade with India remained stagnant while the trade with rest of the world
started growing at an accelerated pace with a reversal in the direction of trade. The reasons behind this includes; growth of manufacturing industries in Nepal- various industries in the public and private sector were emerging to help diversification of export; GSP facilities provided by the developed countries in most of the export items of the least developed countries encouraged export of woolen carpets and handicraft and quota on garment under the Agreement on Textile and Clothing (ATC), thus made it possible to export garments and apparel from the country like Nepal. The signing of separate treaty of transit in 1978 also helped to build third country trade of Nepal as this facilitated the transit movement of goods through India. On the other side, the duty free access to Nepalese goods in the Indian market were constrained due to the stringent rules of origin criteria requiring domestic content of 90 percent in 1960 then gradually reduced to 50 percent in 1991 which was difficult to materialize due to the weak resource base of Nepal.

This scenario was reversed again after 1996 when Nepal and India made an amendment to the Protocol-V of the treaty of trade allowing the duty free market access to the Nepalese products based on the certification provided by the designated authority of the government of Nepal. The new arrangements made in the treaty triggered the flow of investment of multi-national companies into Nepal and subsequent rise in the volume of export. This trend of leap-frog growth of export continued until the bilateral treaty was amended in 2002 with the introduction of new rules of origin criteria, tariff rate quota and canalization of some products.

Nepal and China maintain a very long history of bilateral relation that dates back as early as 406 AD and commemorates the visit of a Chinese monk Fa Xian to Nepal and India. The cultural and social bonds are reflected in the matrimonial relations between the royalties of Nepal and Tibet Autonomous Region (TAR) of China as the Tibetan monarch Srong-Chan Gam Po married Nepalese princess Bhrikuti in the Seventh century and the famous Nepalese architect Arniko pioneered the construction of white pagoda temple in Beijing in the 14th century. The trade relations between Nepal and TAR flourished during the Malla rulers of Nepal and continued further during the latter part of eighteenth century. Nepal held the strategic position of facilitating transit trade between British India and Tibet-China. Trans-Himalayan trade was important both for Tibet and British India during those times. Thus, many trade delegations and the visit of Buddhist monks between the two countries used to take place through the territory of Nepal (Sharma-2009).

Nepal’s trade relation with China is guided by a number of bilateral agreements and understandings. These are; Trade and Payment Agreement-1981, 

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Agreement on Road Transportation-1994, Agreement on Trade and other Related Matters-2002, MOU on Establishment of Nepal-Tibet Trade Facilitation Committee-2009, Letter of Exchange for granting Special Preferential Tariff Treatment-2010, and Cooperation on Developing Border Infrastructures-2012. The quantum of economic cooperation and trade between Nepal and China has been increasing over the past one and half decade.

**Direction of Trade**

Nepal has been pursuing open and market based economic and trade policy since 1990s with the abolition of licensing system in export and import, allowing full convertibility of Nepalese currency in current account, reduction of tariffs, removal of para-tariffs and development of transport and border infrastructures for facilitation of international trade. Nepal became a party to South Asian Preferential Trade Agreement (SAPTA) and Free Trade Area (SAFTA) in 1995 and 2004 respectively. Similarly, Nepal joined World Trade Organization as its 147th member and also became a party to Bay of Bengal Initiatives for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) economic cooperation group in 2004.

However, the external trade of Nepal presents a bleak picture particularly during and after the last decade as the trade deficit is on the rise at an unprecedented rate. The reasons are obvious; import is at increased speed while export shows a very tepid growth. The major production sectors like agriculture, forestry and small and medium enterprises are faltering due to stagnating production, increased external competition and inadequate government support. The equal number of work force entering into labor market each year is absorbed in the foreign markets in the agriculture, manufacturing and services sectors, particularly in Gulf countries and Malaysia. Villages and townships are gradually deserted as the young folk are leaving the productive works behind to the responsibilities of the elder citizens and women. The foreign currency remitted annually by the migrant workers is largely used to pay the imports of foreign goods and services. This in one way or the other is fuelling the imports mostly on luxurious goods and unproductive items and put inflationary pressure over the supply of goods and services.

India has remained the largest trading partner of Nepal at most of the times in history, particularly before 1970 and after 1996 as two-third of the Nepalese trade in recent years is taking place with India. But, trade with China is still very much imbalanced as export to this country has averaged 2.4% while the import averaged 11.4% during the past three years (2011/12-2013/14). The
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The following diagram illustrates the Nepalese trade with India, China and rest of the world (ROW).

**Export from Nepal**

NPR Millions

- **India**
- **China**
- **Others**

Source: Trade and Export Promotion Center

Nepalese export to India has increased at an annual average rate of 8.25 percent while it grew at the rate of 20.5 percent with China over the period of 11 years from 2002-03 to 2012-13. But in actual terms, the volume of export to China was just 2.47 billion rupees in comparison to 61.3 billion rupees in 2012-13.

**Import into Nepal**

NPR Millions

- **India**
- **China**
- **Others**

Source: Trade and Export Promotion Center

Import of the goods from India has increased at an average annual rate of 21.33 percent while the goods from China increased at the average rate of
20.68 percent over the past 11 year period, as indicated above. In overall, trade deficit has expanded from 44.5 billion rupees in 2002-03 to 398.5 billion rupees in 2012-13 with India and from 9.7 billion rupees to 75.8 billion rupees in the trade with China during the same period.

Besides, the data available from Trade and Export Promotion Center (TEPC) shows that the ratio of export and import of goods has changed drastically as the export-import ratio increased from 1:2.5 in 2002 to 1:7.9 in 2014 thus depicting a dismal picture of export trade over these years. The successive trade deficit in recent years can have a negative impact on foreign currency reserve leading to macro-economic instability.

Major export commodities of Nepal comprises of woolen carpets, ready-made garments, lentils, polyester and other yarn, textile, iron and steel, handicraft items, silver jewelry, noodles, tooth paste, cardamom, ginger, tea, handmade paper, pashmina and medicinal herbs. Similarly, the import items mainly comprises of; iron and steel, petroleum products, transport vehicles and their parts, electric and electronic goods, chemicals, machinery and parts, gold, crude palm oil and cement clinker, among others.

Besides, agricultural and medicinal herbs, manufacturing items like steel pipes and sheets, dentifrice, foot wear, Aurvedic medicines, fruit juices, cardamom and ginger are among the major export items to India meanwhile Nepalese export to China is mostly dominated by wheat flour, handicraft items, hide and skin, plant and parts of plant products, floor covering and woolen shawl. Similarly, imports from India comprises of petroleum products, agricultural goods, equipment and machinery, vehicle and parts and other consumable items; major imports from China consist of; machinery and equipments, computer and electronic goods, textile and garments, and fruits and spices. In overall, the export contains low value and labor intensive products while imports consist of relatively high value items.

A simple calculation of the terms of trade based on the trade figures of 2013-14 shows that in average per item export value, as measures of export intensity, remains NRs. 112.7 million and NRs. 5.13 million with India and China respectively. While the corresponding import intensity of these two countries comes around NRs. 113.08 million and 25.5 million. This reveals that trade with China takes place in many items with lower per unit export earnings\(^1\).

\(^1\) The export and import intensity has been calculated by dividing the total value of export and import by the number of items exported and imported in a particular year. In this case, export and import data of F.Y 2013-14 were considered for calculations.
Investment Scenario

Department of Industry data (2012-13) shows that total numbers of FDI Projects in Nepal were 2652 with a total investment of 216,091 million rupee that provides employment to 181,051 people. Majority of these industries are in services sector (845) followed by manufacturing (827), tourism (714), agriculture and forestry based (118), energy (57), minerals (48) and construction (43).

Of these, the Indian investment comprises of 566 industries (21 percent) with a total investment of 75,800 million rupee (35 percent) and employment to 61632 people (34 percent of total FDI projects). The number of projects/industries under Chinese investments are 575 (22 percent), with total capital investment of 20514 million rupee (9 percent) creating employment to 31594 people (17 percent). The third largest investment is from South Korea with a total 194 projects with total capital investment of 10735 million rupee, providing employment to 7696 people.

The total numbers of industries registered with the Department of Industry till the end of 2012-13 are 5274 with a total capital investment of 619,083 million rupee, providing employment to 458,278 people. These comprises of 614 large industries, 1254 medium and 3406 small scale industries (Industrial Statistics; DOI-2012/13).

The above statistics shows that India is the largest FDI source country for Nepal in terms of the size of investment capital and employment despite that this size in absolute terms is less in comparison to its true potentials. The Nepal-India joint venture (JV) industries like Arti Strips, Dabur Nepal, Surya Nepal and Unilever are the large exporters of Nepal. The following table shows the top ten source countries making investment in Nepal till the end of 2012-13.

**Table: Top ten countries as source of foreign direct investment in Nepal**

(In terms of value of investment)

<table>
<thead>
<tr>
<th>Country</th>
<th>No of Industries</th>
<th>Total Capital (in bill. NPR.)</th>
<th>Foreign Investment (in bill. NPR.)</th>
<th>Number of Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>566</td>
<td>75.8</td>
<td>37.6</td>
<td>61,632</td>
</tr>
<tr>
<td>China</td>
<td>575</td>
<td>20.5</td>
<td>10.6</td>
<td>31,594</td>
</tr>
<tr>
<td>S. Korea</td>
<td>194</td>
<td>10.7</td>
<td>6.7</td>
<td>7,696</td>
</tr>
<tr>
<td>USA</td>
<td>222</td>
<td>14.8</td>
<td>5.5</td>
<td>13,729</td>
</tr>
<tr>
<td>British V. Island</td>
<td>9</td>
<td>11.2</td>
<td>4.8</td>
<td>1,668</td>
</tr>
</tbody>
</table>
In the global map of FDI receiving countries, China stands second in ranking after USA, with a total investment amount of 124 billion USD while India ranks 14th position with a total inflow of foreign direct investment of USD 28 billion during 2013. Meanwhile, the FDI inflow in Nepal during the year remains only 74 million USD which is higher than that of Bhutan (21 million) and Afghanistan (69 million) but less than rest of the South Asian countries (UNCTAD-2014).

China is emerging as the potential source country for the foreign direct investment as the outward FDI from China has almost doubled from 55.9 billion to 101.0 billion USD since 2008 to 2013. Indian outward investment during the same period is waning at a faster pace (hitting down to 1.7 billion in 2013 from 21.6 billion in 2008; WIR-2014) but it is likely to pick up in the wake of high economic growth that India is targeting for the next decade. The geographical proximity and growing economic engagement between Nepal and India provide inducement in attracting more FDI from India in the days ahead.

Chinese investment in Nepal is now moving towards hydropower and telecommunications from the tourism sector like hotel and restaurant and traditional medicines and heath care. Meanwhile the Indian investments were concentrated in manufacturing and moving towards development of hydropower. There is immense potentiality of channeling the large size investment in manufacturing, development of infrastructures like expressway, railroads, ropeway, airports and dry-ports.

**Regulatory and Policy Framework**

The domestic trade and investment policies and the policies adopted by the neighboring countries naturally shapes up the bilateral trade and investment relations between those countries. The domestic trade and

Trade Policy bought out in April 2009 replaced the policy of 1992. The policy attempts addressing the emerging challenges in trade sector bought out by the globalization of Nepalese trade. The main objective of this policy is to increase the contribution of trade sector in the national economy; reduce poverty and accelerate economic growth. The trade policy, besides emphasizing trade in goods, also duly recognizes trade in services and intellectual property as equally potential areas of trade sector development. The policy includes an exhaustive list of measures from institutional to legal and procedural reforms in way of creating conducive environment for trade and investment in the country. These measures and provisions are supposed to enhance country’s trade internally and externally. The policy has broadly classified potential Nepalese exports into two categories; Special Focus Area and Thrust Area products. Four products are included under the special focus area, most of which have already been established in the export markets. The emerging fifteen products have been listed under the category of thrust area products (WTO-2012).

The trade policy has focused on developing north-south railway and road corridor for facilitating trade with India and China. It has further subsumed to develop special economic zones and the Inland Clearances Depots at the major border customs in North and South in order to enhance the export of Nepalese goods and facilitate trade. The review and revision of the bilateral Rail Services Agreement and the exploration of other potential ports for movement of transit traffic are also well presented in the policy document.

The Thirteenth Plan (2013-16) of the government of Nepal aims at bringing down the poverty level to 18 percent at the end of the plan with the projected annual growth of 4.5 percent in the agriculture sector. This target is also based on assumption that goods export will increase to 6 percent and combined export of goods and services to 12 percent of GDP. Besides, the plan has targeted to bring down the level of trade deficit to 20 percent from 33 percent of the GDP over a 3 year period. Export products identified in the Nepal Trade Integration Strategy-2010 is supposed to provide significant contribution to this ambitious target. Each of these products will expand the export coverage to reach at least 1 billion Rupees at the end of the plan period. Trade development strategies mentioned in the documents implies on; mainstreaming trade in the development program and harmonization
of sector specific policies, enhancing participation of the public and private sector and cooperatives, promotion of the products having comparative and competitive advantages, promotion of specific products in the value chain and mobilization of aid for trade for trade facilitation, trade infrastructure development and trade capacity building. Thus, the Thirteenth Plan focuses more on generic issues for trade development rather than enhancing export to specific countries.

Nepal Trade Integration Strategy (NTIS)-2010 charts out a possible course for the development of country’s export sector over a period of three to five years together with possible capacity development actions and selected short to medium term priorities that are supportive of ‘inclusive growth’. The strategy has identified four major challenges in building a competitive export sector in Nepal; first, ensuring proper market access through enhanced trade negotiation capacity, second, building domestic support institutions that can create a more business friendly environment and help the Nepalese exporters address the challenges of NTBs, third, enhancing supply side capacity for the products and services that are considered to be of export potential and fourth mobilizing overseas development assistance and aid for trade for implementing the previous three strategies. The document has identified 12 products and 7 services as the export potentials and suggested actions for their development and export promotion. The strategy is on the process of review and revision in order to make it flexible and adjustable to the changing need of market and product.

Industrial Policy-2010 aims at enhancing the contribution of industrial sector in the national economy and reducing poverty through the harmonized actions and interventions of the public, private and cooperative sector. Moreover, the policy emphasizes on increasing the export of industrial products, use of local resources, skill and raw materials in production, adoption of environmental friendly production process, effective protection of intellectual property rights and improvement of human resources skills and knowledge for creating business friendly environment. Thus, IP-2010 aims at transforming country as preferred destination for foreign direct investment (FDI).

Government of Nepal has bought out Foreign Investment Policy 2015 replacing the Foreign Investment and One Window Policy-1992. The new policy attempts to address the challenges in promoting the foreign investment through prioritizing the areas of investment, managing the investment of Non Resident Nepalese (NRN), promotion of portfolio investment, utilization of domestic capital markets, facilitation of investment in special economic zones and providing physical securities to the industries. The high level Board of
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Investment (BOI) under the chair of Prime Minister has been brought under the radar of this policy. The Foreign Investment Policy aims at making the national economy competitive and dynamic by attracting the foreign capital, technology, skill and knowledge for increasing the output and export of the industrial products.

The above presents generic legislative and policy framework in the areas of industry and trade. However, specific to the neighboring countries, Nepal has concluded bilateral trade treaty with India; the latest one signed in October 2009. This is a preferential trade agreement notified in the WTO under the enabling clause while Nepal has signed two memorandums with the government of China for availing the unilateral trade preferences to almost 8000 items in six digit customs tariff headings. Nepal has concluded a number of agreements with India that has direct bearing on trade and investment engagement between the two countries. These are; treaty of transit, signed in 1991 and gradually evolving with periodic revisions, agreement of cooperation to control unauthorized trade (2009), rail services agreement, double tax avoidance treaty, motor vehicle agreement, and bilateral investment protection and promotion agreement, among others. A bilateral air services agreement has also been signed between Nepal and India in 2010 that liberalizes the air transport services for passenger as well as for cargo services. Similarly, agreement with the government of China includes; the trade and payment agreement-1981, transport agreement-1994, agreement on trade and other related matters-2002, memorandum on formation and operation of Nepal-Tibet trade facilitation committee-2009 and agreement on border post development-2012. Nepal is now developing border posts facilities in the major border crossings in the south and north with the financial and technical assistance of India and China respectively. These infrastructures will go a long way in facilitating cross border trade with the neighboring countries.

Issues on Trade Development

Despite the geographical proximity, Nepal has not been able to reap benefits from the rising economic clout of its two neighbors. Both of these countries provide duty free market access to the Nepalese goods either under the bilateral trade agreements or under the unilateral tariff preferences schemes. The bordering province of Tibet Autonomous Region of China is still a small market in terms of the number of population. Mainland China is located far away and transport connectivity is the inhibiting factor for the growth of bilateral trade and investment relations. Meanwhile, highly populated states of India like Uttar Pradesh, Bihar and West Bengal are bordered with Nepal
but the export trade is restricted due to high non-tariff wall, lack of proper connectivity and regulatory barriers.

Some important issues on way of developing bilateral trade and investment relations are as follows;

**Existing Trade Agreements with the Neighboring Countries are Losing Relevance**

The Trade and Payment Agreement concluded between Nepal and People's Republic of China in 1981 has become obsolete as this agreement is framed on most favored nation (MFN) basis and also provides the list of few tradable items between the two countries. This stands no more relevance in context of both countries as the members of World Trade Organization (WTO) are bound to provide MFN treatment on a reciprocal basis. The memorandum signed on 2010 and 2014 on availing duty free tariff preferences to Nepalese products is basically the extension of unilateral preferences extended by China to all least developed countries in line with the announcement made in Hong Kong Ministerial in 2005. This arrangement provides no special dispensation for Nepal beyond the similar preferences extended to all least developed countries.

Similarly, the preferential trade agreement with India provides duty free access to all Nepalese goods in the Indian markets, except a very small negative list. The preferences available under the treaty are being eroded as the government of India has also announced duty free tariff preferences to all LDCs around the world with some products in the negative list. Preferences available to south Asian LDCs are more attractive in comparison with the provisions laid in the Nepal-India bilateral treaty. No substantial provisions are made in the treaty for addressing non-tariff and para-tariff barriers and trade facilitation issues.

The preferences available under the bilateral agreement or unilateral preferences are thus insufficient to address the growing challenges of export development in the wake of globalization and liberalization of trade and investment regimes.

**Non-tariff Barriers Taking Away the Benefits of Tariff Preferences**

Non-tariff barriers are the major causes behind the low performances of Nepalese trade. Lack of test laboratories at the land customs stations, non-accreditation of the Nepalese laboratories, prevalence of state taxes and various surcharges in export items are debilitating the export trade of Nepal. A burning example at the current stage is the imposition of transit fee by the
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Government of UP on medicinal and aromatic plant products from Nepal while crossing their borders. Besides, the applications of additional countervailing duties over and above the normal CVD are also deterring the export of ready made garments from Nepal. Similarly the application of Additional Duty of Customs (ADC) on some products including the ready-made garments is still unresolved.

Export of agricultural products both to India and China is largely affected due to the sanitary and phyto-sanitary requirements imposed through their national legislations. Nepal-India treaty of trade in Protocol to Article II mentioned that SPS certificate issued by the competent authority of one contracting party will be accepted by the other contracting party, subject to meeting the mandatory requirement of importing country. This provides space for seeking the measures for meeting the requirement of both countries entailing to harmonization of standards, testing and certification procedures. But, these are not really translated into action. Nepalese Bureau of Standards and Metrology and the Chinese Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) signed a memorandum in 2005 for enhancing cooperation on test and certification of the industrial products. But, this agreement has not still demonstrated any results of meaningful operation. First, there are very few industrial products exported from Nepal to China and secondly, there is no vitality in implementation. A memorandum was signed between the government of Nepal and government of China in 2012 for facilitating the export of citrus fruit from Nepal but it has not yet been implemented. Agreement and understandings are full of promises but are rarely implemented.

Getting through the maze of laws, regulations and institutions is a big problem for the Nepalese exporters of agricultural and food items. There are ten laws and regulations and seven decree of AQSIQ that are relevant to China’s SPS regimes. The SPS responsibilities are fragmented and distributed over five different agencies: Ministry of Health, Ministry of Agriculture, ADSTQ, State Administration for Industry and Commerce (SAIC) and State Food and Drug Administration (SFDA). Getting through these institutions and processes poses serious challenges in clearances of export.

Weak Production Base and Supply Side Constraint

Nepal as a land-locked country is faced with the challenges of enhancing the productive capacity of the economy and competitiveness of export product and services. The geographical disadvantages combined with poor state of transport infrastructure and border delays have resulted in high cost of doing
business Given low level of investment in the agricultural and manufacturing sector and low economies of scale, Nepal virtually does not provide any competitive and comparative advantages products to trade with its neighbors. Enabling investment climate is important for enhancing the production of goods and services that requires appropriate regulatory framework, rule of law, good governance and fair competition within the economy that helps in creating employment, growth and additional surplus for export. Rigidity of labor markets, sluggish industrial and agricultural growth, and weak production base, small economies of scale and inefficient factors of production has constrained the growth of export over the years.

**Inadequacy of Transport and Border Infrastructures**

Many production areas in Nepal are scattered in small townships and hamlets, and still deprived of connection with the national road network. By the end of 2013-14, Nepal has a total of 26446 km road length of which 11197 km are bituminous, 6086 km graveled and the remaining 9163 km earthen; serviceable only during the dry period. The road density is around 5.57 km per square kilometer, less even from the standards of South Asia. The rural roads constructed by the District Development Committee and Village Development Committees (53143 km) outnumber the length of strategic road networks under the Department of Roads but those rural roads are mostly unserviceable round the year due to lack of maintenance. Lack of connectivity has discouraged production due to constraint in supplying inputs and providing market access to the agricultural, non-timber forest products and the SME products. The development of border infrastructure is limited to four major border posts namely Kakarbhitta, Biratnagar, Birgunj and Bhairahawa, in the southern border. Two border posts in the northern border at Tatopani and Rasuwagarhi are in disarray due to the heavy damages caused by the earthquake of April and May 2015. Some other strategic border posts still lack proper physical facilities for operation. Congested spaces, lack of warehouses and parking facilities for containers and vehicles, insecure operation and choking traffic has caused delays, inefficiencies and high turnaround time for the vehicles and containers, increasing the cost of operation.

The railway network in Nepal exists in two stretches; first railway line of 52 km extends from Jayanagar (Indian station) to Janakpur. This is a meter gauge railway for the purpose of passenger movement as no trade traffic passes through this border crossing. The second railway line (Broad Gauge) passes

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through Raxaul to Birgunj ICD which has a total length of around 5 kms in the Nepalese territory with six full length rail lines built inside the ICD. This rail line serves the goods traffic mainly from gateway port and stations in India to Birgunj ICD. Domestic air transport is well developed as there are almost a dozen private air carriers and 32 short take off and landing (STOL) airstrips in various districts. No Inland Waterways Transport is yet in operation despite the three big river systems existing in the country.

**Cost of Transport and Logistics is High**

Nepal as a landlocked country is facing high transit transportation and logistics cost. Current system of transit movement through the port of Kolkata is heavy and burdensome as emerging concept on transit transportation and technologies provide for secure, fast and reliable transit services. Enormity of documents and complex procedures followed in clearance of cargo at the seaport and hassles in transit movement combined with the inadequacy of physical infrastructures poses greater challenges in reducing the overall transaction cost. The use of Visakhapatnam port, Singhabad-Rohanpur corridor, and simplification of the procedures for rail movement (pending review and revision of rail services agreement) and simplified operation of Kakarbhitta-Phulbari corridor are important in facilitating transit traffic but yet no serious attention has been given by the governments.

Nepal ranks 108 out of 189 countries in the Doing Business Report of the World Bank-2015 which is one position higher from the overall rank in 2014. The country has progressed in the parameters of dealing with construction permits from 126 to 91 and little improvement on the indicators of registering property (from 29 to 27) but fallen back in all other parameters. In the parameter of trading across border the performance is very much dismal as the position in 2015 has fallen back to 171st from the ranking of 169 in 2014. Cost of import of a container into Nepal has been calculated to be around USD 2650 while the cost of export per container is around USD 2545 which is higher from the average South Asian cost of USD 2117.8 and 1922.9 respectively (WBG-2015).

Physical infrastructures in the northern border crossings are in a very primitive stage and needs enhancement. Narrow road over the fragile slopes frequently damages the road and bridges almost every year during the monsoon season. Lack of modern facilities equipped with the warehouses, parking space and equipments in handling the traded cargo is making the task of trade and logistics expensive and ineffective. Government of Nepal has not yet considered the transit transport agreement with the government of China.
Slow progress on harmonization of customs and border agency cooperation

It has been a much debated issue at the bilateral, regional and multi-lateral forums and also reflected in the WTO trade facilitation agreement. The bilateral mechanisms between Nepal and India at the commerce secretary level and customs DG level have discussed this issue at length in the past. Limited progress were achieved in terms of harmonization of working hour and work days between cross-border customs, but the documents, work processes and regulatory mechanisms still stands in different settings. Moreover, the introduction of electronic lodging of the documents for speedy clearances of cargo and reliability of data is still under discussions, reeling under slow process. Mutual recognition of inspection, test and certification of the traded products could eliminate the need of repeating the same test across the borders. Border agency collaboration is not well defined in the bilateral trade agreement and the mechanisms built in the Nepal-India treaty of trade also does not function effectively.

The work processes, particularly the documents and procedures on border clearances on overland trade with China is not harmonized. However, the working hour has been made compatible for the workdays despite that weekend holidays does not comply with each other.

Erosion of Preferences Disproportionately Affected the Nepalese Exports

Nepal has been enjoying duty free market access in India for all products, except a small negative list. Nepalese export to India substantially increased during 1996 to 2002 which is mainly attributed to the arrangement made through amendment in the protocol V to the treaty of trade in 1996. The first decade of the current century witnessed paradigm shift in the pattern of global trade triggered by removal of tariff barriers by various countries. The preferences available to Nepal under the bilateral treaty has been eroded, primarily due to reduction in MFN tariff, secondly, preferential market access provided to other free trade area partners and third on account of India's Duty Free Tariff Preferences (DFTP) schemes for least developed countries (LDCs) that came into effect in August 2008. The scheme with its full operation since April 1, 2014, allows duty-free market access on about 96 percent of India's tariff lines and 2.2 percent of the lines under preferential duties. Only 1.8 percent of the tariff lines have been retained in the Exclusion List, with no duty concession³.

India has extended tariff advantages to South Asian LDCs well ahead of trade liberalization program under South Asian Free Trade Area (SAFTA)

agreement. Accordingly, all the South Asian LDCs are entitled to get duty free access to Indian markets except the alcohol and tobacco products. This has necessarily dragged Nepal in competition with rest of South Asian LDCs in the Indian markets and also diluted the preferences available under the bilateral treaties. Given the low level of competitive capacity, Nepalese exporters are disproportionately affected from erosion of available preferences.

Ineffective Institutional Mechanisms

Nepal-India treaty of trade has constituted the bilateral consultation mechanisms at the level of commerce Secretary and Joint Secretary, called Inter-Governmental Committee (IGC) and Inter-Governmental Sub-Committee (IGSC) and is supposed to meet at least once in a six month period. The meeting of IGC and IGSC is already overdue by one and half year. Given the number of issues cropping up for various exportable and processes, it is very much important to maintain the regularity of the meetings to get the problems addressed before it is too late. The institutional arrangements made under the bilateral treaty of trade are not functioning very much effectively. Some crucial issues like the CVD on readymade garments, requirement of country of origin for transited goods and review of the Rail Services Agreement could be settled without much chorus of wrangling if the consultations were held as frequently as provisioned in the bilateral agreement.

The current coordination mechanism is mostly limited to central level and no effective sub-national level mechanism has been construed to discuss the trade and economic cooperation issues.

Nepal and China concluded an agreement in September 2009 that established the Nepal-Tibet Trade Facilitation Committee (NTTFC). This committee was mandated to coordinate and facilitate cross-border overland trade between Nepal and Tibet, China. But, this coordination body has not yet been able to make any tangible accomplishment, following its terms of reference stated in the agreement.

Dealing with Informal Trade

Informal trade has been a part of life in the border area. Whenever, the cost of compliance for formal trade is high, people normally resort to taking the second route of informal trade that is impacting the revenue of both governments and inviting some other social problems as well. Surveillance over a long stretch of open area along the international border is a difficult task which has become more complicated due to closer and almost merging settlements across the Nepal-India border. As a result, the volume of informal trade is high and mostly unaccounted for. A survey done by ICRIER in 2000 reveals that food items mainly rice and pulses, consumer goods namely,
salt and cosmetics, textile and ready-made garments are normally traded informally from India to Nepal while electronics items, beetle nuts, and consumable items are traded informally through Nepal to India. Similarly, electronic goods, toys, textile and garments are informally traded from China while the medicinal herbs and plant products like Cordyceps, Chiraito, Buddha Chita, and Rudrakshya are traded informally from Nepal to China. There is no systematic study done to assess the volumes of informal trade taking place on both sides of the borders.

**Prospects and the Way Forward**

The potentials of Nepal-India trade and economic cooperation can be unleashed at three fronts. First, the existing agreements that serve the trade in goods should get a focus from new perspectives of increasing intra-industry trade, commercialization of production and quality enhancement of the products that requires addressing non-tariff barriers, increasing transport connectivity and implementing trade facilitation measures. Secondly, focus should be given on energy trade through development of hydro-power that requires creating a favorable investment climate in the country and thirdly, there should be collaboration for promoting the services sector, particularly tourism, education, health and ICT. This also requires creation of favorable investment climate for commercial presence under mode-3 of GATS and promotion of cross border consumption by the people (Mode-2) of each other country.

Despite that government of China provides zero duty treatment, the preferences largely remains unutilized due to supply side constraints, high production cost, low competitiveness and prevalence of host of non-tariff barriers. Besides, limited banking services, export concentration in Tibetan markets and limited promotional measures are the causes behind the poor performances of Nepalese export to China (Shakya-2014). Thus, export performances depends upon a number of factors like; minimizing transaction cost, enhancing FDI on export oriented industries, changes in industrial structure, market diversification other than Tibet (TAR), and concessional financing for industrial infrastructures are considered important elements for export development.

Both India and China provide potential markets for large range of export products from Nepal. Both countries are big markets vied by other exporting countries from around the world. The total volume of import into China in 2011 was 1.7 trillion USD which increased to 1.95 trillion USD in 2013. Similarly, the total merchandize import into India in 2011 was 369.8 billion that increased
to 450.2 billion in 2013. The share of Nepalese export in comparison to the total import of these two countries are negligible and provides opportunities for growth if right kind of policies are pursued.

Both India and China form the good sources for outflow of foreign direct investment despite that China is far ahead than India in making investment abroad. Meanwhile, China is reinforcing its role to become an important source of FDI as the outward flow of investment from China remained 70.1 billion USD in 2012 and large portion of this was funneled to Hong Kong (46.5 billion USD). For a country like Nepal, where the total FDI inflow is around 950 million USD till the end of 2012-13, both emerging economies in North and South could make inroads for enlarging investment in manufacturing, infrastructures, agriculture and services sectors.

Some important initiatives to enhance economic and trade integration with the neighboring countries are outlined below:

**Review and Revise the Bilateral Treaties**

The fundamentals of treaty of trade and transit with India are inherited from the provisions made in 1978 and no substantial changes have taken place in the treaties except some changes on its protocol or memorandum. The treaty of trade basically focuses on tariff concessions which are now superseded by the provisions of SAFTA agreement and consequently many provisions of the bilateral treaty have become irrelevant. Similarly, the provisions enshrined in the Almaty Program of Action-2003, Vienna Program of Action-2014, and WTO trade facilitation agreement has necessitated reviewing the provisions of treaty of transit framed back in 1991. The technological innovation and conceptual changes over the philosophy of trade and transit has infused the elements of dynamism in the methods of international trade. The treaty should be able to embrace the adaptation of these innovations and not confine to the rhetoric of tariff preferences and conventional wisdom of transit.

Duration of these treaties is limited to a time frame of seven years. Each time there are negotiations before renewal of the treaties; particularly in case of transit treaty, provisions are often amended which signal a sense of insecurity and unpredictability to the entrepreneurs and potential investors. The agreements should be for fairly long period, preferably perpetuating until modifications are warranted, that ensures goal of achieving further integration of the economies.

Stringent rules of origin criteria, combined with the increased SPS and TBT barriers offset the potential benefits of export trade. Enhancing customs cooperation and transport connectivity and addressing non- tariff barriers
are important measures to effectively connect markets on both ends. These complementary measures are needed to promote cross border trade in goods while there should be a concerted effort to enhance cooperation on trade in services, and investment that could be leveraged for containing the looming trade deficit. This requires navigating the trade agreements to the comprehensive package from simpler regime that requires considerable efforts targeting the non-tariff issues, trade capacity building, investment, trade facilitation, registration and protection of intellectual property rights (IPR) and simplified rules of origin criteria and even product specific rules whenever it is so warranted.

The unilateral trade preferences available under the Zero Tariff Scheme of China remains largely unused as the non-tariff issues, transport connectivity, transparency of the rules and regulations are not part of memorandum signed between Nepal and China. The rules of origin criteria are more stringent and difficult to qualify by all export potential products from Nepal.

Joint efforts in increasing production and output create synergy and induce bilateral trade. There should be exploration to the possibility of increasing intra-industry trade and creating a production network along value chain between Nepal and the bordering states of India or the TAR of China. Nepalese and Indian companies, in particular, should consider long term partnership for integrating their production process. For example, there is potentiality of making investment in the development of high value agricultural commodities and the non-timber forest products that in turn provides raw materials for the industries either located in Nepal or in India. Similar industrial cooperation could be sought in other sectors like production of ready-made garments, light engineering goods, wool products and IT services. This type of provisions should be duly acknowledged and accommodated in the revisions of treaty of trade.

**Consider Negotiating Bilateral FTA with China**

China has concluded 12 FTAs with over 20 States and regions. It is currently negotiating FTAs with the Gulf Cooperation Council (GCC) countries, Australia, Norway, the Republic of Korea, and Japan.

China provides duty free market access to the LDCs for more than 90 percent of products in six digits CTH classifications. Nepal is also a beneficiary country under the scheme but not able to harness benefits as there are inherent issues in realizing the export opportunities. Nepal should consider negotiating a bilateral free trade area/preferential trade agreements that not only covers duty preferences but also support Nepal's supply capacity
to enter into Chinese markets with Nepalese goods and services. Such an agreement should consider including investment, SPS support measures and trade facilitation activities that help in building the national capacity.

Promote Trilateral Cooperation on Transit, Transport and Energy

India and China are more than ever engaged in the bilateral economic and trade cooperation in the past decade and half. The bilateral trade between these two countries was just 3 billion dollar in 2000; it grew to 70 billion dollar in 2014 and expected to hit 100 billion dollar in 2015. To put this in perspectives, both countries have made a resolve to increase the trade to 500 billion dollar by 2019\(^4\). India and China are working towards increasing connectivity for enhanced economic engagement. The concept of South Silk Road (SSR) connecting Kunming city of Yunnan province, China with Kolkata, India via Myanmar and Bangladesh, also called BCIM corridor, has been mooted in recent years and a motor rally was successfully organized in 2014 to link those two big cities. Discussions at Track-II level have started to make this SSR initiative broader by connecting Nepal in the beltway connecting India and China. This requires developing world class highway between Kolkata and Lhasa passing through Nepal. This is possible if the neighbors on both sides are convinced on the need of enhancing trilateral economic engagement that would help to grow Nepal vis-à-vis its two neighboring countries. Nepal could serve as land link for revival of traditional trade route and meeting place for investment in tourism, hydropower, mineral and agro-based industries for the investors from India and China. The Track-II process which has begun in recent years should be continued and be able to prove that the process of trilateral economic cooperation would be a win-win game for the partnering countries that would help to take the process to Track-I level.

Work on Enhancing Connectivity and Border Infrastructures

The transport infrastructures at the bordering areas are mostly old and outdated. The national highways of India are not connected to Nepal-India border, rather linked through the feeder road. Most of the roads crossing India-Nepal border are narrow, congested and poorly maintained. The development of border infrastructures in the form of ICPs and ICDs has started in recent years but these infrastructures are yet to be fully developed and bought to operation.

Both governments should focus on developing cross border transport connectivity through the road as well as rail transportation that will help to

\(^4\) Such a resolve was made during the visit of President Xi Jinping to India in September 2014.
create competition on transport and reduce the cost of cross border trade. The proposed five cross-border railway link (a) New Jalpaigudi (NJP)-Kakarbhitta, (b) Jogbani-Biratnagar (c) Jaya Nagar-Bardibas (d) Nautanawa-Bhaiahawa and (e) Nepalgunj Road-Nepalgunj would help to create better transport linkages for cross border flow of goods and people between Nepal and India.

Cross border movement of Nepalese transport vehicles into India involves complex procedures and formalities. The movement of the passenger vehicles (public transport) between two cities of Nepal and India has been during the last year (2014). However, the goods transportation mechanisms still not made effective. The existing process needs to be simplified and made easy so that transportation will not be a barrier and the reason of high cost of trade. Improving transport operation along the transit corridors combined with upgrading of port and border infrastructure is essential to promote bilateral as well as overseas trade of Nepal.

Nepal has two serviceable roads connecting two (Tatopani and Rasuwagadhi) out of the six designated border crossings with Tibet of China. Both of these roads are now temporarily closed due to the earthquake of April-May 2015 and landslides triggered by quake and downpours. These two border posts also lack the adequate parking and warehousing facilities and allied infrastructures for speedy clearances of cargo. Government of Nepal has initiated the development of infrastructures on these border posts with the financial and technical assistance of the government of the People's Republic of China and construction work of Inland Clearances Depots (ICDs) was in progress in Tatopani customs. But, the ongoing construction works at this border post and plan of developing similar kind of facilities at Rasuwarahi has now been suspended due to natural calamities of quake and landslides. This has necessitated to develop at least two other border posts one in the eastern region and the other in the western region to maintain the regularity of exchanges of goods, services and facilitate the movement of people in case of natural disaster and also enhance the bilateral trade from those areas. It is important to upgrade the road standards and safety on the Nepalese side of the highway leading to the Nepal-China border in view of fragile geological settings and weakened mountains.

Road network on Tibet is well developed and the territory gets Railway system that runs in the highest elevation on earth. The Railway Network connects Xigatse, the second largest city in Tibet, south-west from Lhasa. Government of Nepal is seeking support from the government of China to connect this railway network to the northern border of Nepal that would help to enhance physical connectivity between the two countries.
Enhance Border Agency Cooperation and Trade Facilitation

Infrastructures like roads, transport arrangements, container yards, quarantine facilities and use of technological innovations are important for efficient border clearance processes. However, these are not sufficient conditions to improve cross border trade. Harmonization of documents and procedures of the border administration like customs, quarantine, and food safety agencies also play equally important role in reducing the cost of transaction.

The Nepal-India treaty of trade has made provisions of border agency cooperation with institutional mechanisms at the level of Customs Officer and similar arrangement is made with Tibet-China under the Nepal-Tibet Trade Facilitation Committee (NTTFC). But, both of these mechanisms are not found effective to address the border clearances problems. Similarly, the process, documentation and IT enabled services is still to be harmonized across the border. Thus, reducing delays and facilitating cross border trade demands cooperation under the bilateral treaty framework. Enhancing border agency cooperation, maintaining transparency and predictability in application of rules and regulations, introduction of cross border electronic data interchange for border control are some important measures for facilitating trade with the neighboring countries and beyond. Government of Nepal should take initiatives to make the border agency cooperation mechanism effective by reorganizing the existing committees and delineating the work scope and processes for these committees.

Improve Transit Transport Operation

As a landlocked country, the international trade of Nepal largely depends upon the transport infrastructures and the transit arrangement with the neighboring country, particularly with India. Traditionally government of India is providing transit services through the port of Kolkata and Haldia connected to Nepalese borders at 15 Land Customs Stations (LCS). Besides, transit services are available to Nepal to connect Bangladesh through the LCS of India at Panitanki-Phulbari and Radhikapore via road and rail route respectively. Thus, the cost of transit transportation is one of the determinants of the competitiveness of the Nepalese trade. Rationalizing the cost and improving transit services requires renegotiating transit treaties and the allied agreements like rail services agreement and operation modality of transport vehicles in the transit corridor. This requires strong skills and capacity of the government to negotiate transit related agreements, creating value for mutual benefits of both countries.
The WTO Trade Facilitation Agreement provides framework for streamlining trade facilitation and transit transport cooperation. Application of the risk management in inspection of goods, non-discrimination in test and certifications, rationalization of fees, pre-arrival processing and electronic payment of duties, taxes, fee etc. post clearance audit, publication of the average release time of goods, use of authorized operators are some important measures mentioned in the agreement. Similarly Nepal is in the process of becoming a party to Revised Kyoto Convention (RKC) which provides simplified but effective customs control mechanisms. India is already a party to this convention. Another important instrument is the Vienna Plan of Action-2014 agreed by the landlocked developing countries and their partner transit providing countries. Nepal should emphasize on building the transit procedures on the premises of these three international instruments while reducing the burden on trade and improving transit performances.

With the development of railway systems in Tibet, China and the prospective of Tibetan railway linking to the Nepalese borders in near future, government of Nepal may consider negotiating a transit agreement with the government of People's Republic of China. Allocations of transit corridors on both sides of the borders would be in the best interest of Nepal, for the longer run, though there may not be immediate gain in the short term.

**Develop Insititutional Mechanisms to Address the Non-tariff Issues**

There are synergetic relationships between standards and trade. Different levels of sanitary and phyto-sanitary and technical standards pose barriers to international trade. The cost on account of non-tariff barriers is normally higher in India and Bangladesh, two major trading partners of Nepal. A study done by CUTS India in 2013 reveals that aggregate potential savings from NTB reforms in India would come around 310.05 million dollar. Nepal as one of the exporting countries could be the beneficiary of this reform. Thus harmonization of standards, test and certification between the exporting and importing countries is needed in order to address the large part of non-tariff issues.

The framework of current trading arrangement between Nepal-India and Nepal-China does not cover the non-tariff measures. Nepal-India treaty of trade has mentioned works related with harmonization of standards and mutual recognition of SPS certificates but this has not yet been implemented.

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5 Reforming Non-Tariff Barriers: Case for a Participatory Approach in South Asia; CUTS International; July 2013
The agreement between NBSM of Nepal and AQSIQ of China on inspection and certification of industrial goods also remains tardy. Non-tariff barriers are often not transparent, unpredictable and discourage export. Dealing with NTBs requires greater collaborations and confidence building among the trading partners.

Hence, government of Nepal should consider on; concluding a complementary agreement with neighboring countries to address the SPS and TBT related non-tariff issues, carrying out legislative and institutional reforms for enhancing the capacity of the national quality infrastructures, and obtaining technical and financial support to strengthen the capacity of the Nepalese laboratories on quarantine and food safety. At the same time, it is essential to educate the Nepalese exporters on the SPS requirement of neighboring countries as part of capacity building measures.

Nepalese officials normally do not get prompt information on the new non-tariff measures applied by the importing countries. Such information is passed by the exporters to the government authorities whenever they face serious problems during export of goods. This kind of information asymmetry often results to unnecessary hurdles to exporters. The notifications issued by the Chinese government are normally in their language and interpreted by their officials. In such a condition, the Nepalese trader depends solely on the mercy of the border official as to the interpretation of the notifications. Thus, it is important to make mandatory to notify any trade policy measures promptly whenever it is issued and provide some lead time to implement the measures. There should be complete restriction in imposing any rules with retrospective effects.

Government should consider enhancing collaboration with the SPS and TBT authorities of both neighboring countries through constituting separate institutional mechanisms and enhancing bilateral cooperation for strengthening the Nepalese inspection, test and certification procedures. Such dialogue platform would help to chart out and implement plan for removal of the non-tariff and para-tariff barriers on both export and import.

**Enhance Cooperation on Development of Hydropower and Infrastructures**

Hydropower represents Nepal’s nature gifted endowment that has potentialities to take the economy on high growth trajectory. However, it has been a much talked issue but less attended on implementation. It is widely accepted that promotion of hydropower projects for power sharing, flood control and water management cooperation are essentially important in promoting complementarities and prosperity between Nepal and the bordering states of India.
Hydropower provides potential area wherein the Indian and Chinese investors could be invited for development of the project and sharing of benefits. Similarly, development of key infrastructures like express way, tunnel road, bridges, airport, exhibition ground, transmission lines, reservoir dam and dry port are important for enhanced trade opportunities. Nepal should seek development of such key infrastructures from the foreign direct investment, equity investment or loans. The policy of promoting joint venture projects in agriculture, manufacturing and services industry would help in complementing and justify the investment in infrastructures. Direct financial and technical support may be sought for selected vital infrastructures from the neighboring countries that will help in improving connectivity and developing complementarities of trade. There is growing interest from the investors from both neighboring countries to invest in development of hydropower and key infrastructures that needs creation of enabling and supportive environment backed by favorable policy and strategic measures.

**Promote Joint Tourism**

There are immense potentialities in promotion of joint tourism between Nepal-India and Nepal-Tibet, China. The landscape from the Indian Ocean to the highland of Tibet provides diverse climate, people, flora, fauna and culture that could be of great attraction to the tourist from other countries. Religious tourism possess one of the potentials in promoting linkage as the important Hindu and Buddhist shrines are found in Bodh Gaya, Benares, Ayodhya, Mathura, Brindawan, in India, Pashupatinath, Muktinath, Barahkshetra, Janakpur, Swyombhunath and Lumbini in Nepal and Kailash in Tibet. Similarly, Buddhist circuit could be developed and promoted to attract more visitors from other countries particularly countries from South East and East Asia as the joint tourism may extend from Bodh Gaya to Lumbini and further to Lhasa.

Nepal, India and Tibet China are rich in culture and traditions. Himalaya provides scenic beauty and the opportunity for adventure tourism like trekking and mountaineering. The rivers flowing down from the Himalayas at high gradient make good spot for rafting and kayaking. Natural forest, lakes, ponds and wetlands are the nature gifted resources for tourism promotion. Collaboration to promote joint tourism brings immense benefits to the people for improving their life and livelihoods.

**Mobilize Trade Related Technical Assistance**

As a least developed country, Nepal is entitled to receive the trade related technical assistance and the aid for trade to enhance its trade related
capacity. Such assistance is normally handed out by the OECD countries. As the emerging economies of Asia, India and China are providing duty free tariff preferences to the product of least developed countries including Nepal. Being the next door neighbor, Nepal should be able to reach out to these countries for trade related technical assistance to build up the national capacity. Both these countries are coming forward to support the least developed and other developing countries in improvement of infrastructures and building trade capacity. India has committed technical assistance under the service waiver provisions of WTO, particularly in financial services, insurance services, MSME sector, agriculture and rural development. As the important trade partners, India and China could be the best sources of trade related technical assistance and trade capacity building for Nepal and in a position to leverage the assistance for enlarging market access opportunities to the Nepalese products and services. Such support may be channelized for increasing production of the export-potential, enhancing quality of the products so as to comply with the quarantine/SPS standards as specified by their regulations. Similarly, the Nepalese traders could be educated on the customs/export-import procedures and rules to be pursued while exporting and importing goods from both neighboring countries.

Greater Role to Economic Diplomacy

Nepal pursued economic diplomacy as one of the instruments of foreign policy, particularly since the decade of 1990. Negotiating the terms of trade, transit, and investment, enhancing cooperation in the areas of tourism, services and development cooperation are some crucial tasks to be carried while treading along the economic development agenda of the country. Taking up this role would require enhancing the responsibilities of the Ministry of Foreign Affairs (MOFA) supported by capacity building program, specifically on negotiation skills and familiarization with the nuances of trade and transit. Besides, the coordination mechanisms between the economic ministries and MOFA should be strengthened. The Institute of Foreign Affairs (IFA) should be well equipped and geared towards taking up the tasks of supporting the foreign ministry on achieving the mission of economic diplomacy. A well organized training program should be developed and put into implementation as part of the annual work program of the institute.

The Nepalese mission, particularly the mission chief at the neighboring countries, should be made responsible for advancing the economic interest of the country; regular dialogue and trilateral coordination should be held among the Nepalese missions, MOFA and concerned ministries. The ministry
may consider developing an internal evaluation mechanism to evaluate the performance of each mission at the end of each fiscal year.

In view of the greater economic interest with the adjoining states of India, Nepal should consider opening Consulate Office at Patna and Lucknow, capital city of Bihar and Uttar Pradesh. Issues on Nepalese export and trade growth, in many case, have emanated due to the policy and regulatory environment of these neighboring states of India. National governments on both countries may also consider on making sub-national level coordination mechanisms for resolving the local level issues. Similarly, growing trade between Nepal and China, albeit fast growth of import, necessarily requires setting up a consulate office in Guanzhou city of Guangdong province. Such a mission can look into the problems faced by the Nepalese traders on one side and also facilitate the visit of Chinese investors and tourist into Nepal.

**Promote Public-Private Collaboration**

Private sector has an important role in realizing the objectives of trade led economic growth. The open and liberal economic and trade policies adopted by the country compelled the government to work in conjunction with the private sector and infused a new work culture in the bureaucracy as well. The engagement of the Chambers and industry associations is increasing in formulation of national economic policies and their implementation.

Enhancing public-private dialogue in broader economic issues is receiving increased attention as various forums like Industrial Promotion Board, Board of Investment, National Transport and Trade Facilitation Committee, Employment Promotion Board, Revenue Consultative Committee, and Tourism Promotion Board are in existence that carry out discussions on relevant issues and help in maintaining transparency, consistency and predictability of the government policies and their implementations. A number of cross border mechanism also exist between the governments to deal with various economic issues. Nepal and India have constituted such mechanisms in the areas of trade, transit, investment, transport, irrigation, and hydropower at the government level. Meanwhile the bilateral consultative mechanisms also exist between Nepal and China. Besides, there are Track-II mechanism, at the level of business organizations like FNCCI, and CNI of Nepal and CII and FICCI of India that discuss the contemporary economic issues and provide feedback to the respective governments. Exchange of business delegations and the mechanisms of cooperation between Nepalese and Chinese business entities have existed since last several years.
Two important institutional instruments are available under the WTO trade facilitation agreement; first is the National Transport and Trade Facilitation Committee (NTTFC) and the second Transit Coordinator. Nepal has already constituted NTTFC while India is in the process of constituting such body. Second, designating transit coordinator to some competent authorities on both sides would help to enhance the transit transport cooperation. It is important to develop institutional linkages between the two bodies which will provide platform to discuss common problems and enhance bilateral cooperation.

Nepal should focus on promoting G2G, G2B and B2B interactions and dialogues with the entities both in India and China. Regularity of the intergovernmental meetings should be maintained and exchange of business delegations should be encouraged. Governments should consider organizing trade fairs in Nepal as regular calendar of event and also encourage participation in the trade fairs in both neighboring countries with a view to promote Nepalese export potentials. It is also equally important to intensify contacts, cooperation, and collaboration between the private sector entities in both countries for promoting trade relations and fostering mutuality of interests and keeping the private sector abreast of regulatory requirement, facilities and incentives available in the neighboring countries.

Government to government collaboration at sub-national or provincial level, regular exchange of business delegations and formation of a business council with wider participation both from government and business sector could be considered in facilitating the works of G2G mechanism. This council could be shouldered with the responsibility of advising governments on actions related to promotion of bilateral trade and economic linkages, organize trade fair and identify projects and programs of common concern.

Post Disaster Needs

Industry, trade and commerce sector has experienced relatively a huge setback in the 14 highly affected districts in the wake of devastating earthquake of April and May 2015. Physical damages occurred mostly to the micro and small enterprises that were run at the household level due to the damages and collapse of the buildings and subsequent loss of raw materials and finished goods. The next damages occurred to the trade related infrastructures, particularly road, bridges, warehouses and the border infrastructures. The road linking to the northern borders of Tatopani and Rasuwagarhi has been badly damaged due to the landslide triggered by the quake and monsoon rain. This has affected the overland trade with Tibet-China in a serious way.
The total disaster effect (loss and damages) to the commercial and industrial establishment has been estimated to be 36.2 billion rupees. The recovery need for the commerce and industrial sector over a period of five years is estimated to be 20.1 and 7.4 billion rupees respectively (NPC 2015).

Micro, cottage and small (MCS) industries that are major sources of employment and income to the rural population are badly hit by the impact of earthquake. Export trade with the neighboring countries, particularly with China is severely affected due to losses and damages to a large number of MCS industries. In a post disaster situation, the MCS industries would require interventions in respect of assessment of damages to the production units, preparation and implementation of business recovery plan that include reconstruction of sheds and buildings, refinancing, training and retraining, and enhanced incentives for export among others.

Reconstruction and rehabilitation of the road, bridges and border infrastructures damaged by the earthquake and ensuing landslides, particularly linking the two northern border posts of Tatopani and Rasuwagarhi is equally important to bring resiliency to trade and investment. This, on one side, demands for removal of roadblocks for immediate transport operation and also taking recourses to carrying out research and develop designs of infrastructures that could stand and negotiate the fragile slope of the mountains, at the other. The ongoing works of ICD at Tatopani and the proposed one in Rasuwagarhi need a fresh look in technical designs in the aftermath of disaster. Government should consider developing two other border posts one in the eastern region and another in the western region to link Tibet with the national highway of Nepal. It is likely that government of China may come forward to provide assistance for recovery and rehabilitation of the trade routes linking Tibet with Nepal.

Special Economic Zones (SEZ) are important infrastructures for leveraging the benefits of transport connectivity and customs cooperation. Nepal has gone for developing these infrastructures in some key locations in the southern borders, but the work progress is very much slow. The construction works of Bhairahawa SEZ is substantially completed but has not come to operation due to lack of regulatory framework while the work progress in Simara SEZ is moving at a very slow pace. Government of Nepal should expedite the construction works on one side and focus on creating legal infrastructure for completing the incomplete tasks. It is highly probable to take up the tasks of developing two SEZ; one in Nuwakot/Rasuwa and the other one in Kabhrepalanchowk/Sindhupalchowk district, the EQ impacted district in
order to create employment to the local people and also expand the export trade with TAR of China.

**Summary and Conclusion**

Despite the geographical proximity and historic economic and social relationships, Nepalese trade neither could keep pace with the growing international trade of its two neighbors nor could meaningfully connect to those big markets. Nepal is losing its share in the traditional market of India, particularly after the past one and half decade due to increasing competition and loss of competitiveness of Nepalese products. Trade scenario is changing in the wake of liberalization of tariffs in South Asia or elsewhere. The effect is that now Indian and Chinese goods are cheaper in Nepal but Nepalese goods are expensive in those markets and not able to compete with other exporting countries.

It is very much pertinent for Nepal to work closely with its neighbors for increasing export trade, reducing the widening deficit and sustaining trade in the longer term that requires a coordinated effort to enhance the supply-side capacity and ensure that market access opportunities are increased through introducing reform on transport and trade facilitation. This requires a comprehensive review of the existing trade treaty with India with a provision of expanding cooperation on trade support measures, non-tariff, para-tariff, and trade facilitation issues within the framework of trade treaty. Negotiating a free trade agreement with the government of China should be considered as measures of reversing the waning trade and investment relations. Enhancing connectivity, addressing non-tariff and para-tariff barriers, increasing collaboration and cooperation at the government level and private sector service providers and traders, enhancing cooperation in services sector like tourism and hydropower are some crucial elements in forging better trade and economic relations with the two immediate neighbors. The government effort should be complemented by the Track-II process.

The potentials of Nepal-India trade and economic cooperation can be harnessed at three fronts simultaneously. The existing agreements that serve the trade in goods should get a focus from new perspectives of increasing intra-industry trade (trade in parts and linkages through production network), commercial production and quality enhancement of the export products along the value chain. Secondly, the focus should be given in energy trade through development of hydro-power that requires creating a favorable investment climate in the country and thirdly, there should be collaboration for promoting the services sector, particularly tourism, education, health and
ICT. This also requires creation of favorable investment climate for commercial presence under mode-3 of GATS and promotion of cross border consumption by the citizens (Mode-2) of each other country.

The current system of transit movement is becoming obsolete in the wake of emerging new concept and technologies that is based on dual notion of protecting legitimate interest and facilitating the flow of transit trade between the transit as well as landlocked developing countries. The reform in transit is not only associated with the enhancement of the port and border infrastructures and upgrading the transport system but also with a number of soft issues like reform in the laws and regulation, improvement in the governance system, use and application of ICT in transit movement of goods and services and enhancing dialogue and consultation mechanisms to reduce hassles and improve operations. Any reform in the transit treaty should be guided by the three international instruments namely; trade facilitation agreement of WTO, revised Kyoto convention and Vienna program of action. These reforms should be comprehensive with long term visions that help in integrating the markets of partnering countries.

Enhancing trade and investment linkages with the neighboring countries also require an intensive persuasion and diplomatic effort. Hence, efforts should be made for enhancing the technical knowledge and negotiating strength of the officials in the Ministry of Foreign Affairs and the concerned ministries to advance the economic interest of the country. As an organization, the Institute of Foreign Affairs is well placed to take up the responsibilities of analytical research and human resources development in the areas of economic diplomacy and international negotiation but is severely constrained due to lack of resources and appropriate institutional set up. Government should pay attention in reinvigorating the institute as a vibrant organization to live up to its assigned responsibilities. Similarly, the Nepalese missions in the neighboring countries should be mobilized and made responsible for advancing the economic interest of the country.
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1. पृष्ठभुक्ति

खुला एवं वजारोमुख बाणिज्य नीतिले स्रोत साधनको परिचालन, आधिक विकास र गर्वी निवारणमा सकारात्मक प्रगति पाई भने मान्यता बमोजिम नेपालले दुई दशक अघिचित यस्तो नीति अवलम्बन गरे आएको छ। बाणिज्य क्षेत्रमा बुझा र उदार आधिक नीतिको अवधारणा बमोजिम अघि बढाउने सिलसिलामा वि.सं. २०५९ मा बाणिज्य नीति जारी गरेको थियो। उक्त नीतिले बाणिज्य क्षेत्रलाई प्रतिस्पर्धात्मक र गतिशील विकास र बाणिज्य क्षेत्रमा निजी क्षेत्रको भूमिकालाई बढाउने कोषोदागको रूपमा कायम गरेको थियो। नेपालको बहुप्रयीन, क्षेत्रीय र द्विप्रयीन व्यापार प्राविधिकमा आवश्यक र अन्य समस्यामध्ये निवेशरुपलाई अवलम्बित गरे बाणिज्य नीति, २०६४ काल्पनिक नेपालमा न्यायको थियो। हाम्रा छिम्रै मुलुक लगायत नेपालजस्तो अविक्रम विकास्तित मुलुकले समेत अन्तर्राष्ट्रिय व्यापार अवलम्बित गरे नेपालको व्यापार धाटा दिनाउनुमा बढै गरेको परिस्थितिमा विद्यमान बहुप्रयीन, क्षेत्रीय र द्विप्रयीन व्यापार प्राविधिकातिस्त्रोतका अधिकारमा लागि लिन समस्यामध्ये निवेशरुपलाई समावेश गरी बाणिज्य नीति, २०७२ जारी गरिएको हो।

2. विवरण प्राविधिक

नेपालले वि.सं. २०४६ सालमा प्राविधिकको पुनःव्यवस्था पश्चात् खुला, उदार र वजारमुख अव्यवस्था अवलम्बन गर्दै आएको हो। आठ्घत्रिगोष्ठीय योजना (वि.सं.२०७२-२०५४) देखि नै बाणिज्य क्षेत्रको विकासका सार्थे अवलम्बनको स्वायत्त र समझौता नागरि खुला अवलम्बित विविध नीति तथा रणनीतिहरूलाई तजस्तु प्रकट गरिएको थिए। यसै कृमका बाणिज्य नीति, २०५९ काल्पनिक नेपालमा न्यायको थियो। अन्तर्राष्ट्रिय व्यापार र समूह बाणिज्य क्षेत्रका आएको गतिशीलता, बहुप्रयीन र क्षेत्रीय व्यापार प्राविधिकमा आवश्यक, द्विप्रयीन र एकतय स्वतन्त्र व्यापार क्षेत्रविस्तार र विकास निम्नलिखित क्रममा गरिएको थिए। उक्त निवेशसमयमा विवरण शोधक क्षेत्र र झाड दिग्द्रका क्रांतिकालमा विकास र लागि अन्तर्राष्ट्रिय व्यापार प्राविधिकमा अवलम्बित गरे नेपालको व्यापार, रणनीति तथा रणनीतिहरूलाई निवेशरुपलाई समावेश गरे समासमायमा व्यापार गर्नुवाला नेपाल नै रणनीतिको साकात्मक धाटा दिनाउनुका लागि निवेश गरि लागि निवेशरुपलाई समावेश गरे लगायत नेपालको कल्पित सम्बन्धी प्रक्रिया जारी रहेको छ।

* नेपाल वर्तमान (माध्यममा) को मिड २०५७/५८ गरेको व्यापारसम्बन्धी बाणिज्य नीति २०७२ स्वीकृत गरी जारी गरिएको, नेपाल वर्तमान बाणिज्य तथा आपूर्ति मन्त्रालय लिखाउने, काउन्सिल
3. Promoting Nepalese Trade and Investment Relations with India and China

4. Nepali Trade and Investment Relations with India and China

5. Nepali Trade and Investment Relations with India and China
Promoting Nepalese Trade and Investment Relations with India and China

6. दूरस्थि
निकाली प्रबंधन माफ्त राष्ट्रिय अर्थात्मक वाणिज्य क्षेत्रको योगदान भक्ति आधिक मृदू हासिल गरेको हो।

7. नक्ष
निकाली प्रबंधन गरी समाचारी र दियो आधिक बृद्धि हासिल गरेको हो।

8. उद्धरण
8.1. आरूपित्ने श्रमको सुधारकरण गरेको र विवेक बजारमा मूल्य आवृद्धिक प्रतिष्ठापक बस्तु तथा सेवाको निकाली बढाउँ व्यापार घाटा कम गरेको हो।
8.2. क्षेत्रीय तथा विवेक बजारमा वस्तु, सेवा र बौद्धिक सम्पत्तिको पहुँच बढी गरेको हो।
Promoting Nepalese Trade and Investment Relations with India and China

9. रणनीति
आपूर्तिजन्य श्रमताको सुदृढ़करण गर्ने र विश्व बजारमा मूल्य अभिवृद्धिक ध्रुवक्षु प्रतिस्पर्धी वस्तु तथा सेवाको निकायी बढाई व्यापार घटाको कम गर्ने सम्भाविक रणनीति

9.1. सरकारले सहजकर्ताले, उद्योगकर्ताले र नियामको भूमिका निवाह गर्दै निजी श्रेणीको संक्रमण सहभागिता अभिवृद्धि गरेको

9.2. तुलनात्मक र प्रतिस्पर्धी लाभकको वस्तुहरूको प्रतिस्पर्धी क्षमता अभिवृद्धि गरी नियामक प्रबोधन गरेको

9.3. आपूर्तिजन्य श्रमता सुदृढ्करण गर्दै व्यापार घटाको कम गरेको

9.4. नियामकको सेवा क्षेत्रहरूको प्रतिस्पर्धी क्षमता अभिवृद्धि गरेको

9.5. व्यापार सहजीकरण तथा संस्थागत सुदृढ्करणको माध्यमबाट कारोबार लागत घटाउने

9.6. व्यापारलाई अंतरराष्ट्रिय मूल्य सम्बन्धको रूपमा स्थापित गरेको मूलप्रबाहीकरण

क्षेत्रीय तथा विश्व बजारमा वस्तु, सेवा र बैठिक सम्पत्तिको पहुँच बढिदै गर्ने सम्भाविक रणनीति

9.7. व्यवस्थित, क्षेत्रीय र इंटरनेशनल संयुक्त तथा व्यापार कूटनीतिको माध्यमबाट वजार विकसार र व्यापारजन्य क्षमता अभिवृद्धि गरेको

9.8. वस्तु र सेवा व्यापारलाई प्रतिस्पर्धी एवं सुदृढ बनाई एक अर्कोको सम्पूर्णको रूपमा क्षेत्रीय तथा विश्वव्यापी उत्पादन सम्पन्नतमा आवश्यक गरेको

9.9. व्यापार सम्बन्ध बैठिक सम्पत्ति सम्बन्धी अधिकारको प्रबोधन र संरक्षण गरी विश्व बजारमा नेपाली उत्पादनको पहुँच बढाउने

10. नीति तथा कार्यनीति

10.1. सरकारले सहजकर्ताले, उद्योगकर्ताले र नियामको भूमिका निवाह गरी निजी श्रेणीको संक्रमण सहभागिता अभिवृद्धि गरेको

10.1.1. निजी श्रेणीको अगुवाईका नियामक व्यापारलाई वस्तुगत एवं विश्वव्यापी प्रतिस्पर्धी बनाउन सरकारको सहजकर्ताले, उद्योगकर्ताले र नियामको भूमिका निवाह गरिएको

10.1.2. नेपाली संगठन र अन्तर्राष्ट्रिय व्यापारबाट अधिकतम लाभ लिन नेपाल व्यापार एकीकृत रणनीतिको समस्यामा पुनरावलोकन गरी कार्यनिष्ठ गरिएको

10.1.3. नेपालीको नियामक व्यापार अभिवृद्धिका लागि प्रतिस्पर्धी व्यवस्थामा समयानुसार सुधार गरी सरल र उत्साही बनाइएको

10.1.4. नियामक व्यापारसंग समन्वित निजी श्रेणी र गैरसरकारी संस्थाको संयोजन क्षमता अभिवृद्धि गरिएको

10.1.5. उत्पादको प्रमाणपत्र जारी गर्ने व्यवस्थालाई र प्रभावकारी बनाउन कार्यरत तयार गरी लागू गरिएको

10.1.6. उद्धेद, व्यवसायी, व्यापारिक संस्थाहरूको संयोजन सामाजिक उत्तरदायित्वको विषयलाई लागू गरी प्राथमिकता दिइएको
10.1.7 यापारलाई समायन्त्र, नियोजकीय र भर्तिदेखि यापारको प्रवद्धन गरिने ।

10.1.8 नियोजन यापार प्रवद्धन र विस्तार गर्न मुख्य नियांकितहरू र विशेषज्ञ नेपाली वस्तुका मुख्य आयातकाहरूलाई समायन गरिने ।

10.1.9 प्राथमिकता प्राप्त नियांकितहरू वस्तुका उत्पादक र नेपालीकालाई मूल्य अभिवृद्धि का आधारमा छूट र प्रोत्साहनको व्यवस्था गरिने ।

10.1.10 नियांकितहरू प्रोत्साहन गर्न नियांकित ऋण योजना र धीमा योजना कार्यान्वयनमा ऊँचाई बढाइँदै ।

10.1.11 कृपाकार, यस्तै पैदावार लागायतका व्यवसायीक खेती गर्न लिजा सजागी उपलब्ध गरुने व्यवस्था बिलाई रहने ।

10.1.12 नियांकितहरूलाई उद्वेगन अथायात गरेको वा स्थानीयस्तरमा खितर गरेको केही पदार्थ र अहिरंको केही पदार्थमा लागेको र नियांकित परिवर्तनको आधारमा कितां प्रवद्धन गरिने ।

10.1.13 स्थानीय उद्योगसम्य नियांकितहरू उद्योग र कमनील स्थान गरी खिलिद गरेको बस्तुलाई नियांकित प्रभाव नियांकित परिवर्तनको आधारमा उत्पादकलाई मूल्य अभिवृद्धि कर र अन्तर्न्युक्त कितां प्रवद्धन गरिने ।

10.1.14 नियांकितहरूलाई उद्योगहरूलाई नयासमय प्रबिक्षिकहरूको आधारमा प्रोत्साहन र व्यावहारिक उपलब्ध गराइँदै ।

10.1.15 नियांकित हुने बस्तु र संयोगको लागि चाइने केही पदार्थ, मैतिसन लागायतका समायन मुनुकविभिन्न माध्यमपस्थान गराइएको कुनै किसिमको शुष्क नलाई व्यवस्था बिलाई रहने ।

10.1.16 नियांकितहरूलाई उद्योगहरूले स्वदेशी केही पदार्थ प्रयोग गरेको छ ।

10.1.17 आयातलाई व्यवस्थापन गर्न मानव, पशुपति तथा बनस्थित स्वास्थ्य र वातावरणमा प्रतिकूल असर गरेको लागायतका वस्तुहरूको व्यवस्थापन जाँच लागायत गैर भूमिकान्य उपयोग (Non Tariff Measures) को प्रभावकारी प्रयोग गरिने । साँचे एंटीडिमीशन, काउंटरमेटिलिंग र सेमिनाउर समक्षीय कार्य व्यापै रहने ।

10.1.18 देशमा रोजगारी सुरक्षा र अधिक बृद्धि सहयोग पुनः गरी नियांकितहरूले बस्तु र संयोगको अन्तर्बन्ध सम्बन्ध (Forward and Backward Linkage) लाई सुरु गरिने ।

10.1.19 देशभित्र स्थापना भएका उद्योगहरूको संरक्षण, प्रवद्धन र विकासका लागि व्यापक स्वास्थ्य यापार समक्षीय अनुकूल हुने गरी उपयुक्त उपयोगको अवलम्बन गरिने ।

10.2. तुलनात्मक र प्रतिस्पर्धाको लाभको वस्तुहरूको प्रतिस्पर्धी क्षमता अभिवृद्धि गरी नियांकित प्रवद्धन गर्ने ।

10.2.1 विश्वबाजारको माणै अनुपस्थित तुलनात्मक लाभ र प्रतिस्पर्धी क्षमताबाट वस्तुहरूको पहिचान, छोटी, विकास, प्रवद्धन र नियांकितका लागि निजी श्रेणिको समन्वय गरिने ।
Promoting Nepalese Trade and Investment Relations with India and China

10.2.2 Nepali exporters have to comply with the rules of origin for exports to India and China. The Government of Nepal has introduced a new set of rules of origin to facilitate exports to these countries.

10.2.3 The rules of origin are based on the country of manufacture, value addition, and the percentage of local content. The rules are designed to encourage exports of goods that are manufactured in Nepal.

10.2.4 The government has also introduced a scheme to provide incentives to exporters who export goods to India and China. The scheme includes tax exemptions, duty drawbacks, and subsidies.

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10.3.

Promoting Nepalese Trade and Investment Relations with India and China

10.3.1

Nepal and India have had a long history of trade and investment relation. The country enjoys a number of economic and political advantages that make it an attractive destination for investment. The government of Nepal has been actively promoting foreign investment in various sectors, including tourism, agriculture, manufacturing, and services. The country has a number of free trade zones and industrial estates that offer tax incentives and other benefits to investors. There is also a growing number of business and investment opportunities in the country, particularly in the infrastructure and construction sectors.

10.3.2

India is one of Nepal's most important trading partners, with a significant trade deficit in favor of India. However, there is potential for increased trade and investment between the two countries. The government of Nepal has been working to improve regulatory frameworks and infrastructure to facilitate trade and investment. The country is also a hub for regional transportation and logistics, with a number of ports and airports that serve as gateways to other countries in the region.

10.3.3

China is another key partner for Nepal, with significant investments in key sectors such as hydroelectric power generation and manufacturing. The government of Nepal has been working to establish closer economic ties with China, including through the Belt and Road Initiative. The country is also a hub for regional transportation and logistics, with a number of ports and airports that serve as gateways to other countries in the region.

10.3.4

Overall, the prospects for trade and investment between Nepal and India and China are promising. The government of Nepal is committed to promoting economic growth and development, and is working to create a conducive environment for business and investment. With the support of its partners, the country is well positioned to take advantage of the opportunities presented by the global economy.

10.3.5

As a result of these efforts, we can expect to see continued growth in trade and investment between Nepal and India and China in the coming years. The government of Nepal is committed to creating a more stable and predictable business environment, and is working to attract foreign direct investment in key sectors such as manufacturing, tourism, and infrastructure. With the support of its partners, the country is well positioned to take advantage of the opportunities presented by the global economy.
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10.4. निर्यातजन्य सेवा क्षेत्रहरूको प्रतिस्थापका क्षमता अभिवृद्धि गर्न

10.4.1 सेवा व्यापारलाई सरल, सहज र सहजकारी बनाउन नीतिगत तथा संयुक्त व्यवस्था एवं प्रक्रियागत सरलीकरण गरिन्छ।

10.4.2 सेवा व्यापार प्रबंधनको लागि विभागीय कानूनहरू परिवर्तन र आयोजनका नयाँ कानूनहरू तब्दीली गर्न सम्बन्धित निर्देशनहरू समन्वय गरिन्छ।

10.4.3 सेवा व्यापार सम्पर्क स्वतंत्र स्वतन्त्र रूपमा काम गर्न राँचिय तथा आपूर्ति मन्त्रालयको क्षमता अभिवृद्धि गरिन्छ।

10.4.4 व्यापारबाट र व्यापारबाट स्धरमा हुने सम्बन्धित तथा बातहरूमा सेवा व्यापार प्रबंधनलाई अभिलम्बित दिइन्छ।

10.4.5 सुचना प्रबिधितमा Business Process Outsourcing लगायतका सेवा निर्यातकहरूलाई सरल र सहज ढुंगावा भूमिका प्राप्त गर्न व्यवस्था भित्रस्थापन गरिन्छ।

10.4.6 नेपाल व्यापार एकीकृत रणनीतिले परिवर्तन गरे लगायतका सेवा क्षेत्रहरूको निर्यात व्यवस्था समन्वय निकायहरू समन्वय र सहकार्य गरिन्छ।

10.4.7 विवेक व्यापार संगठन र क्षेत्रीय व्यापार समक्षिताको भएको प्राधिकार अनुरूप चीफ मोड (Mode-4) अन्तर्गतको सेवा व्यापार विस्तार गरने अधिकार / दश जनराल प्रयास गरिन्छ।

10.4.8 विवेक व्यापार संगठनको सेवा व्यापार सम्बन्धित प्राधिकार व्यवस्था विभागीय प्राधिकार विकसित मुलुकले अंतिम विकसित मुलुक (LDCs) लाई रिलाई सेवा व्यवस्था प्रदेश (Service Waiver) बाट अधिकतम फाइडा लिन सो सम्बन्धित श्रेणी / उपश्रेणी/ मोडको परिवर्तन गरी वर्तमा तथा समक्षिता गरिन्छ।

10.4.9 सेवा व्यापार प्रबंधनमा निजी क्षेत्रहरू प्रसाधित गरी आवश्यकता अनुसार व्यवस्था तथा विवेकी प्राधिकार परिवर्तन गरिन्छ।
10.4.10 निर्यात सम्मान सेवा क्षेत्र र उपक्रमक विविधता मोड़के मार्फत सेवा निर्यात करने अन्तरराष्ट्रीय बजारमा प्रवेश र विकासका कार्यक्रम संचालन गरिनेछ।

10.4.11 वैकल्पिक रोजिमालीको अवसर उपलब्ध गराएका देण्डैखरूसंग खम सम्भव्यता गदाँ रोजिमाल प्रदायक देशहरूले उनीहरूलाई राष्ट्रीय व्यवहार र अति सीमितपूर्ण राष्ट्रको व्यवहार गर्न व्यवस्थाको सुधारितताका लागि आवश्यक पहल तथा सहजीकरण गरिनेछ।

10.4.12 नेपालका विश्वविद्यालय तथा प्रारंभिक/व्यावसायिक तालिम केन्द्रहरूबाट जारी गरिएका शैक्षिक उपाधि, योग्यताका प्रमाणपत्रहरूलाई मात्रा विद्वानको लागि पारस्परिक मात्रात सम्भवता गर्न सम्बन्धित लिकायतहरूसंग समन्वय गरिनेछ।

10.4. व्यापार सहजीकरण तथा संश्लेषण सुविधा|को माध्यमबाट कारोबार लागत बढाउने

10.4.1 निर्यात प्रवेश तथा व्यापार सहजीकरणका लागि गुरुत्वाकर्षण बनाइएको र संश्लेषण

10.4.2 विवि व्यापार संगठनको नवी मन्त्रिस्तरीय सम्मेलनले पारित गरेको व्यापार सहकर्ता कार्यान्वयन गर्न सहजीकरण व्यवस्था भार वार्ता विवि तथा प्रारंभिक सहायता गरिएको लिंग व्यापार सहजीकरण सम्बन्धी प्रवाहपत्रहरूलाई विकल्पकरण गरिनेछ।

10.4.3 अन्तरराष्ट्रीय व्यापार प्रणाली अनुरूपको भन्नसार मूल्यविवि विवि अनुरूपि प्रकरणालाई सरल, आधुनिक र प्रभावकारी बनाइएको र संश्लेषण

10.4.4 भन्नसार जाऊपास प्रकरणालाई सरल एवं चुत बनाउन छिमकी गटका भन्नसार विवि रूपसंग समूह समन्वय गरी एकीकृत जोड जूैतको निम्नांकण र विस्तार गरिनेछ।

10.4.5 आयात निर्यातको सम्भव प्रकरणालाई सरल, छिमको र लागत प्रभावकारी बनाइएको र संश्लेषण

10.4.6 नेपालको अन्तरराष्ट्रीय व्यापार सम्बन्धी सूचना सिम्याको सम्बन्ध र संश्लेषणहरूलाई प्रभावकारी बनाइएको र संश्लेषण

10.4.7 व्यापारीक नाकाहरूलाई रेखागर्न तथा फराकिला राजमार्गबाट जोड नियन्त्रण गराउनका साथी विवि विभाग उत्तर-दक्षिण चार मार्गहरूको सुधार र स्थानांतरण गरिनेछ।

10.4.8 भारत र चीनको स्थलमार्गबाट हुने द्विग्रीत व्यापार नेपाललाई राष्ट्रीय गटको रूपमा विवि गर्न उद्देश्यबाट पहिचान गरिएका मुख्य भन्नसार नाका तथा अन्तर सम्बन्धत व्यापारहरूलाई पूर्वाधर निम्नांकण गरिनेछ।

10.4.9 काटिमाण्डौको अन्तरराष्ट्रीय विभागबाट काग़ा कमनेस्लाई सूचनाहरूलाई र अन्य मुलुकका काग़ा विमानहरूको उडानमा बुझ्न गर्न पहल गरिनेछ।
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10.4.10 सङ्ख्या बन्दरगाह, शीत भण्डार, कंटेनर फ्रेट स्टेज, सड़क लगावका यात्राजन्य पुर्वांग्रहको अन्तरराष्ट्रिय मार्गलङ्क अनुरूप निर्माण तथा स्तरीकरण गरिएका。

10.4.11 आवागमन नियामको नियमन, भाषा सुन्दर तथा जाँचपास, गृहपत्र परीक्षा तथा प्रमाणीकरण लगावका सेवाहरू विश्वविद्यालय व्यापार हुने गरी एकधा प्रणालीको स्थापना गरिएका।

10.4.12 पारम्परिक सेवालाई प्रभावित व्यवसायी सीमावर्ती भस्मसर नाकार्यात्मक गोमत्र सुविधा, भस्मसर समावेशी सुचना प्रवाहमा वृद्धि र दुबारी एवं Clearing and Forwarding को सेवा विस्तार गरिएका।

10.4.13 छिमेरको राष्ट्रहरूको बन्दरगाहबाट सरल र सहस्त्र इंटर्नेट कार्यालय सामान बाहुल्यता दुबारी सेवाका आधारमा नेपालको भन्नसार/सुक्वा बन्दरगाहसम्म लागू पाउने व्यवस्था गर्न आवश्यक व्यवस्था निर्माण गरिएका।

10.4.14 सीमा तथा अन्तरराष्ट्रिय विमानस्थलीक सम्बन्ध भस्मसर कार्यालयको नापतील मेमिन, एससे मेमिन, ल्यामोर्टी, कम्प्युटर डाटा व्यवस्थापन, एकाई इंटर्नेट प्रारंभिक संचालन तथा शीत भण्डारको सेवामा विस्तार गरिएका।

10.4.15 निर्माणस्थल सुक्वा बन्दरगाह लगावका यात्राजन्य पुर्वांग्रहहरूको निर्माण यात्रासमग्रमा सम्पन्न गर्न तथा विवाह सुक्वा बन्दरगाहहरूको प्रभावितको साधनालाई उपयोग गरिएका। साथै आवश्यकतामा ध्येय सुक्वा बन्दरगाह निर्माण गरिएका।

10.4.16 विवाह सेवा नेपाल-भारत यात्रासम्बन्ध रेल सम्बन्धमा पुनरावलोकन तथा परिमाणमा गरी प्रभावितको कार्यान्वयन गरिएका। साथै अप्रै सम्भावित बिनहरूमा समेत रेलसेवा विस्तार गर्न पहलाः गरिएका।

10.4.17 नेपालहरू स्थापना भएका र हुने सुक्वा बन्दरगाह, कंटेनर फ्रेट स्टेज, एकीकृत जोड चौकीको व्यवस्थापन र साधनालाई नियमन गर्न आवश्यक सांगठनिक संचालन र जनरलिक सहितको इंटरमॉडल यात्रासमग्र विकास प्रभावितको स्थापना गरिएका।

10.4.18 आवागमन वंदेेज र परिमाणीकरण वंदेेज लागैछ एक वस्तु वैदिक प्रणाली माफेक आयात गर्दछ इन्जुनाइट-पटर नियामित व्यवस्था गरिएका।

10.4.19 वित्तीय अंतर्लाई नेपाली नियामकतलाई नियाम आदेशका लागि पटरएको कृति वस्तुमा भस्मसर महसुल लगावका कृति पनि कर तथा शुल्क लगाइने छैन।

10.4.20 निर्माणित वस्तुहरू वित्तीय आयातकतलाई अन्तर्राष्ट्रिय भएका नियामित भएको अवस्थामा नियामित भएको प्रमाणित गर्ने कार्यालयहरूको आधारमा त्यसको वस्तुहरूमा भस्मसर महसुल र अन्य कर तथा शुल्क नियामित व्यवस्था गरिएका।

10.4.21 रेली भएका क्लिक पडार्थ तथा सहायक क्लिक परिवहनबाट उत्तरित बस्तु नियामित भएका आयातमा तिर्नेछ भस्मसर महशुल फिर्ता हुनेछ। साथै बैक ग्यारिंडी राखिको सम्बन्धित भस्मसर कार्यालयले फूकुवा गर्नेछ।
10.9.22 आयात वा नियातको इनामी वार्षिक मद्दत एवं जीममा सरल र शीष्य रूपमा इनामी-पत्र दिने यद्यपि यस मिलाइने।

10.9 आयातलाई अर्थात्तको मुख्य सम्बन्धको रूपमा स्थापित गर्न मूल्यवाहीकरण गर्नेछ।
10.9.1 राष्ट्रिय, क्षेत्रीय र व्यावसायिकको विकास योजना, नीति, कार्यक्रम तथा आयोजनाहरूको टंगमा, कार्यालयान, अनुगमन र तथा मूल्याङ्क प्रक्रियामा व्यापार प्रबलहरूलाई विशेष प्राथमिकता दिइने।
10.9.2 व्यापार मूल्यवाहीकरणका लागि सम्बन्धित निर्धारणहरूको नीतिगत, संस्थागत र मानविकीय शक्ति अभिवृद्धि गर्न सम्बन्धित गरिने।
10.9.3 निर्धारित क्षेत्रको छान्व संगठनहरूको नीति तथा रणनीतिको व्यापार मूल्यवाहीकरण गर्न प्रोत्साहन गरिने।
10.9.4 व्यापार तथा सेवा व्यापारसंग्रह सम्बन्धित मननयहरूको योजना, नीति, कार्यक्रम र वार्षिक बजेटमा व्यापारसम्बंध विषयमात्र मूल्यवाहीकरण गरिने।
10.9.5 बाणिज्य व्यवस्था विनियोजन बजेटको कार्यान्वयन अवस्था र भावनाको आरामको रूपमा लेखाजोखा गरिने।
10.9.6 विविधविभागहरूका पारिवर्तनको विश्व व्यापार संगठनका प्रमुख सम्बन्धको तथा कार्यान्वयन, नेपालको व्यापारसम्बंध संगठन सम्मिलनको, तिनका मुख्य प्रबलहरू र नियम प्रबलहरू लगायतका विषयको मूल्यवाहीकरण गरिने।
10.9.7 व्यापार मूल्यवाहीकरणका लागि विभाग सन्तोष माध्यमसे प्रति सालिमात्मक कार्यक्रम सन्तोष गरिने।
10.9.8 बाणिज्य तथा आयुक्त मन्त्रिलाई, व्यापार तथा नियातको प्रबलहरू संबंधमा, विभाग निर्धारणहरू संबंधको विश्व व्यापार संगठन सम्मिलन, मननयहरू अन्तर्गत रहेको विभाग सम्मिलन तथा WTO Reference Centre को शक्ति अभिवृद्धि गरिने।
10.9.9 निर्धारित तथा मौजूद, विशेषता लगानी, जीवनीयकृत, पूर्वायु, कार्यक्रम, बन, मौजूद कृतिका प्रबलहरू लगायतका नीतिहरू र बाणिज्य नीतिको सामाजिक कार्यक्रम गरिने।
10.9.10 व्यापारको लागि सहायताको प्रमाण्राको परिचालन गरी नियमान्त प्रबलहरूलाई जोड विश्व विकास सामाजिक संस्थान व्यवस्था बढाउने कृतिका अभ्यक्तण लागू गरिने।
10.9.11 मूल्यवाहीमा आउन नसकेका वर्ग, समुसाह र खरीदको परम्परागत पेशा, व्यवसायको आधुनिकीकरण, व्यवस्थापनकरण तथा वजीरकरण गरी नियात प्रबलहरू गर्न सम्बन्धित गरिने।
10.9.12 लघु, घनेको तथा साना र मौजूदा उद्योगहरू एवं महिला तथा सीमावधिक वर्ग समुसाह व्यवस्था सामाजिक उद्योगहरूलाई नियात प्रबलहरू गर्न कार्यक्रमहरू सन्तोष गरिने।
10.9.13 नेपाली क्रांति, संस्कृति र मौजूद कृतिका प्रवाहके बस्तुहरूको उत्पादन वृद्धि र नियात प्रबलहरू गर्न प्रोत्साहित गरिने।
10.7 बुधवारी, क्षेत्रीय र द्विपक्षीय संबन्ध तथा व्यापार कृत्तिको माध्यमबाट बजार
विस्तार र आयारिज्ञ अभाला अभिलेख गर्न।
10.71 व्यापार प्रबंधनलाई आर्थिक कृत्तिको मूलक अंगको सुरुमा
कार्यान्वयन गरिएको छ।
10.72 अन्तर्राष्ट्रिय व्यापारमा पहुँच विस्तार गर्न तुलनात्मक रूपमा बढी
व्यापारिक सम्बन्ध निर्माण भएका मुलक तथा क्षेत्रीय संगठनहरूसँग स्वतंत्र
व्यापार सम्बन्ध (Free Trade Agreement) गरिएको छ।
10.73 व्यापारसम्बन्ध लगानी प्रबंधनका लागि आवश्यकता अनुसार द्विपक्षीय
लगानी सम्बन्ध गरिएको छ।
10.74 अन्तर्राष्ट्रिय व्यापारको लागत कम गन्न पारभन देशहरू र छिमेकी
मुलकहरूको बैठकीय पारभन मार्गहरू तथा बन्दरगाहहरूको
भौगोलिक व्यवस्थाधीन, बहुविधक दुर्बली सुविधा, यातायात सुविधा र लागत
अध्ययन गरी उपयुक्त पारभन मार्गको प्रयोग गन्न सन्धि/सम्बन्ध
गरिएको छ।
10.75 बुधवारी, क्षेत्रीय र द्विपक्षीय व्यापार सन्धि/सम्बन्धबाट उपलब्ध
अवसरहरूको उपयोग गन्न समान व्यापार व्यवस्था भएका अन्य
मुलकहरूसँग सहकार्य गरिएको छ।
10.76 दक्षिण एशियाली क्षेत्रीय सहयोग संगठनका सदस्यहरूबीच गन्न
एकीकरण गन्न व्यापार, लगानी, सदक सञ्जाल, ऊर्जा व्यापार,
प्रबंधनका जस्ता क्षेत्रका उपलब्धि हासिल गन्न सम्बन्धकारी सदस्य
देशहरूबीच सहकार्य गरिएको छ।
10.77 नेपालको आर्थिक तथा व्यापारिक हित प्रबंधन गन्न गरी बुधवारी
प्रबंधको तथा आर्थिक सहयोगका लागि बंगालको खाडीका देशको
प्रयास (विमानसेवामा) को कार्यान्वयन गरिएको छ।
10.78 नेपालको सदस्य राष्ट्रहरू एवं व्यापार साम्बन्ध मुलकहरूसँग मिलने
गरी नेपालको भाषाबाट, पारभन र गुणस्तर प्रभावितसिधिक नयावर्ती
प्रक्रिया, मापवेदन तथा नीति निम्नलिङ्गमा एकुण्ड्डता ध्यानमात्र गरिएको छ।
10.79 नेपालको निकायी व्यापारमा देखि पेशका गैरस्वार्थता अर्थहरू हटाउन बुधवारी,
क्षेत्रीय र द्विपक्षीय तहमा बातांत तथा सम्बन्ध
गरिएको छ।
10.710 नेपाली गुणस्तरलाई अन्तर्राष्ट्रिय महत्त्व विलासन क्षेत्रीय र द्विपक्षीय
तहमा पारस्परिक माह्यता सम्बन्ध गरिएको छ।
10.711 दक्षिण एशियाली नेपाल, भारत, बांग्लादेश र भुटानलाई जोडिएको
अन्तर्राष्ट्रियस्तरको सञ्जालमा प्रभावितसिधिको उपक्षेत्रीय विकास
अभावालको कार्यान्वयन माफित नियात अभिलेख गरिएको छ।
10.712 विशेष व्यापार र क्षेत्रीय व्यापार पथोलोजीले विकासशील तथा अतिक्रम
विकास वेदना देखि लागि व्यवस्था गरेको भाषाबाट तथा कोटा रहित सुविधा
लगायतका विशेष तथा पूर्वक व्यवहारको अधिकतम उपयोग
गरिएको छ।
10.713 विशेषतः नेपाली नियोग तथा वाणिज्य व्यवस्थाहरूलाई व्यापार
कृत्तिको, बजार अनुसूचान, नगरी सम्पादन र नियात प्रबंधनका
विविध पक्षहरूमा प्रभावकारी ढुङ्गेले परिचालन गरिएको छ।
10.7.14 Nepali business and trade with states like India and China has been promoted.

10.7.15 However, the process is slow and requires a lot of coordination.

10.7.16 Of late, the government has taken several steps to facilitate trade, including the establishment of the Nepal Trade Cell in 2015.

10.7.17 The Trade Cell has been instrumental in streamlining the process of obtaining trade documents and reducing the time taken for trade transactions.

10.7.18 The cell has also worked towards improving the infrastructure and facilitating easier access to markets.

10.7.19 As a result, the number of trade-related transactions has increased, and more businesses are looking to expand their operations into these two major economies.

10.8 While the Trade Cell has been successful in promoting trade, there is still room for improvement.

10.8.1 Many businesses are still facing challenges in obtaining necessary documents and navigating the bureaucratic processes.

10.8.2 The government needs to continue its efforts to create a more business-friendly environment and facilitate trade further.

10.8.3 The Trade Cell is working towards these goals, and with continued support from the government, we can expect to see significant progress in the coming years.
10.9.1 व्यापारसम्बन्ध बीमिजक सम्पत्ति सम्बन्धी अधिकारको प्रवर्धन र संरक्षण गरी विशेषज्ञार्मा नेपाली उत्पादनको पहचाउने

10.9.2 व्यापारसम्बन्ध बीमिजक सम्पत्ति अधिकार सम्बन्धी सम्मोह (TRIPS) को धारा 69.1 अन्तर्गत नेपाली अधिकार विकसित सदस्यको हैसियतको राष्ट्र गर्ने छुटको अधिकारो अभिवृद्धि उपलब्ध कराउने उद्देश्यको लागि अत्यन्त राष्ट्रीय स्तरमा पहल गरिनेछ।

10.9.3 नियामक सम्बन्धी बस्तुहरूको भौगोलिक सांस्कृतिक, टेक्निकल, सामाजिक व्यापारिक, डिजाइन, पटकोट, गोष्ठी व्यापारिक सुचना (Undisclosed Information/Trade Secrets), प्रतिलिपि अधिकार लगायतका बीमिजक सम्पत्ति अंतर्राष्ट्रीय बजारमा दर्ज तथा संरक्षणका लागि प्रोत्साहन, सहयोग र सम्बन्ध गरिनेछ।

10.9.4 नेपाली बीमिजक सम्पत्ति अधिकारका क्षेत्र कार्य गर्ने सरकारी, गैरसरकारी का तथा निजी क्षेत्रको संस्थागत अभिवृद्धि गरिनेछ।

10.9.5 व्यापारसम्बन्ध बीमिजक सम्पत्ति अधिकारका क्षेत्रमा गर्ने सरकारी, गैरसरकारी तथा निजी क्षेत्रको संस्थागत अभिवृद्धि गरिनेछ।

10.9.6 व्यापारसम्बन्ध बीमिजक सम्पत्ति संबंधी र प्रबंधनको अधिकारको लान्न सम्बन्ध निकायहरुको बाट लागि उद्योग र अनुसंधानमुलक संस्था एवं विश्वविद्यालयको सहयोगका अनुसरण गरिनेछ।
11. संस्थागत व्यवस्था

11.1. बोध अफ ट्रेड

11.1.1. व्यापार प्रवाहप्रणाली का लागि आवश्यक नीति तंत्रज्ञा कायांमा सहयोग पुनःउत्पादन, व्यापार सहजीवन गर्न एवं नीतिले अनुमति र अन्तर-निकाय समन्वय गर्न निजी क्षेत्र समेतको सहभागितामा केन्द्रीयाक्षरमा देखाउ बोध अफ होल्ड गठन गरिनेछ।

<table>
<thead>
<tr>
<th>बाणिज्य तथा आपूर्ति मन्त्री / राज्यमन्त्री</th>
<th>अध्यक्ष</th>
</tr>
</thead>
<tbody>
<tr>
<td>वाणिज्य तथा आपूर्ति मन्त्री</td>
<td>सदस्य</td>
</tr>
<tr>
<td>मुख्य सचिव, नेपाल सरकार</td>
<td>सदस्य</td>
</tr>
<tr>
<td>सदस्य, राज्यस्तरीय योजना आयोग (बाणिज्य क्षेत्र हेतु)</td>
<td>सदस्य</td>
</tr>
<tr>
<td>गाभु, नेपाल राष्ट्र वैकल्य</td>
<td>सदस्य</td>
</tr>
<tr>
<td>सचिव, प्रधानमन्त्री तथा मन्त्रीपरिषदको कार्यालय (आधिक तथा पूर्वांशी हेतु)</td>
<td>सदस्य</td>
</tr>
<tr>
<td>सचिव, अंतर मन्त्रालय</td>
<td>सदस्य</td>
</tr>
<tr>
<td>सचिव, उद्योग मन्त्रालय</td>
<td>सदस्य</td>
</tr>
<tr>
<td>सचिव, कानून, व्यापार, सिविलिन सम्बन्ध तथा संस्थान मामिला मन्त्रालय</td>
<td>सदस्य</td>
</tr>
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<td>सचिव, कुर्सिव काराग्राम मन्त्रालय</td>
<td>सदस्य</td>
</tr>
<tr>
<td>सचिव, परास्त्र मन्त्रालय</td>
<td>सदस्य</td>
</tr>
<tr>
<td>सचिव, बाणिज्य तथा आपूर्ति मन्त्रालय</td>
<td>सदस्य</td>
</tr>
<tr>
<td>महानिर्देशक, बाणिज्य तथा आपूर्ति व्यवस्थापन विभाग</td>
<td>सदस्य</td>
</tr>
<tr>
<td>कार्यकारी निर्देशक, व्यापार तथा निकासी प्रवाहन केन्द्र</td>
<td>सदस्य</td>
</tr>
<tr>
<td>अध्यक्ष, नेपाल परावर्तन तथा गोदाम व्यवस्था के. लि.</td>
<td>सदस्य</td>
</tr>
<tr>
<td>अध्यक्ष, नेपाल उद्योग बाणिज्य महासंघ</td>
<td>सदस्य</td>
</tr>
<tr>
<td>अध्यक्ष, नेपाल उद्योग परिसंघ</td>
<td>सदस्य</td>
</tr>
<tr>
<td>अध्यक्ष, नेपाल बैंक अफ कसाई</td>
<td>सदस्य</td>
</tr>
<tr>
<td>अध्यक्ष, नेपाल धनरत्न तथा सान्ता उद्योग महासंघ</td>
<td>सदस्य</td>
</tr>
<tr>
<td>अध्यक्ष, सुनिधान रल्ल महासंघ</td>
<td>सदस्य</td>
</tr>
<tr>
<td>बाणिज्य वा अर्थशास्त्र, विश्वस्थिति विश्वस्थिति हामिल गरिका राइट्युस्टरका विश्वव्यापारिका भाषापक वा सहभाग्याधारक मध्यवर्त नमोनित विभेद २ जना</td>
<td>सदस्य</td>
</tr>
<tr>
<td>बाणिज्य तथा आपूर्ति मन्त्रीवाद मनोनित अवधि, बाणिज्य र आधिक कृत्तीतिको थेका विवाहित समयमात्र क्षेत्रमा २ जना महिला सहित ४ जना</td>
<td>सदस्य</td>
</tr>
<tr>
<td>सहसचिव, योजना तथा अन्तरिक्ष्य व्यापार सहयोग महायात्क, बाणिज्य तथा आपूर्ति मन्त्रालय</td>
<td>सदस्य-सचिव</td>
</tr>
</tbody>
</table>

11.1.2. उल्लिखित पदेन सदस्यहरू बोड्डेक बाणिज्य तथा आपूर्ति मन्त्री / राज्यमन्त्रीले आवश्यकतानुसार कुनै व्यक्ति वा विकल्प बैठकमा भएको तर आवश्यक गर्न सकिन्छ। नेपाल सरकारले बोड्डका सदस्यहरूमा आवश्यकतानुसार थपथप र हरेका गर्न सकिन्छ। बोड्डको बैठक
कमितमा दुई महिनामा एक पटक बसेको । बैठक सम्बन्धी कार्यविधि बोल्दै तय गरे बमोजिम हुनेछ ।

11.1.3. बोईको मूल ग्राम बाणीय नीतिको कार्यवाणिमा समन्वय गरेका, परिभाषनको लागि सरकारलाई वित्तीयरूपमा र कार्यवाणिमा परम्परो बाधा-व्यवस्थण हटाउन सरकारलाई सुकाम दिने हुनेछ ।

11.1.4. बोईले आयाम प्रवासमा देखि एका वाण-व्यवस्थणहरू हटाउन निर्णय गरेको ज्यामा व्यपार सहजीकरणका लागि आवश्यक अन्य कायमहरू समेत गरिनेछ ।

11.1.5. बोईको कामलाई यस्त्रै प्रभावकारी बनाउन आवश्यकता अनुसार उप-समितिहरू गठन गर्ने सकिनेछ ।

11.1.6. मनोनित सहकर्मीको पदार्थविद्या २ वर्षको हुनेछ ।

11.2. व्यापार प्रवेक्षण प्रश्नांक

नियोजनसँग बस्त्र तथा सेवा र बजारको विकासका लागि प्रभावकारी भूमिका खेलन सहीरी भौसुका व्यापार तथा निलामी प्रवेक्षन केन्द्रलाई आवश्यक सामग्रिक संरचना र बोल्देरण सहितको व्यापार प्रवेक्षण प्रश्नांक नाममा स्वायत्त संस्थामा रूपांतरण गरिनेछ । सेवा व्यपारको प्रवेक्षनको लागि प्रशिक्षण अन्तर्गत छुट्े सेवा व्यपार सम्बन्धी स्थान स्थापना गरिनेछ । व्यपार प्रवेक्षण प्रश्नांकले निम्न कार्यहरू गरिनेछः

11.2.1. व्यपार सम्बन्धी अध्ययन, अनुसंधान, बस्तु विकास र निलामी प्रवेक्षन सम्बन्धी कार्य गरेका,
11.2.2. व्यपार प्रवेक्षनका लागि आलापिका एवं बाह्य सूचना तथा जानकारी र व्यपार सम्बन्धी तथ्यां साधन, प्रशिक्षण, विश्लेषण तथा सूचना सम्मेलन गरेका मुख्य संस्थाको रूपमा काम गरेका,
11.2.3. सामाजिक ग्राह्यता पद्धति (Generalized System of Preference) र जी.एस.टी.पी (Global System of Trade Preference) सुविधाका सम्मथमा नियमित रूपमा अंबिलख राखे तथा व्यवसायीहरूलाई जानकारी प्रदान गरेका
11.2.4. अन्तर्राष्ट्रिय व्यपारको प्रश्न, वर्तमान अवस्था तथा भाष्करी कार्यविधि र नेपालले सो सम्बन्धमा लितपनेको नीतिगत कस्महरूका विश्लेषणमा स्थान दिनसको गरेका अनुसंधानमूलक संस्थाको रूपमा कार्य गरेका,
11.2.5. विद्युतीको, चैत्यीको तथा डिप्लोमको व्यपार सिद्धिको सम्बन्ध र व्यवस्थाहरूमा उपलब्धिको अवस्था र उत्पाद वृद्धीतहरूलाई सम्बन्धमा सूचना सम्मेलन गरेका,
11.2.6. निर्माता र आयामको व्यवस्थण सम्बन्धी सम्पूर्ण कार्यो तथा प्रशासनिक प्रश्नांकहरू, भन्त्र सरकार तथा मैत्रीमाध्यम प्रवेशको अवस्था र तथ्याङ्क सामावेश भएको टेंड पोइल को विकास र सम्बलन गरेका,
11.2.7. निर्माता प्रवेक्षनको लागि आवश्यक पनि बजार सम्बन्धी सूचनाको साधन, प्रशिक्षण एवं वितरण गरेका,
12. **Aartik Pak**

Yasa Prasitka, 2072 ko karthayvanam kriht kshetrago kshetram kriht gare 

13. **Karuniki Vyvasta**

Pratidin kshetrago karthayvanam kriht, samvad, vyvastha 

14. **Anugaman Joo Udyayan Samghiki Vyvasta**

Vaniyam kriht, 2072 ko karthayvanam kriht, vyvastha 

15. **Joojhim Jaa Anugaman**

15.1 **Joojhim**

Bhutan ko uttar karthayvanam kriht kshetrago kshetrago karthayvanam kriht vyvastha 

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**Promoting Nepalese Trade and Investment Relations with India and China**

11.2.8. Niyoant dhe Aayatlatai Vyavastha Garna ko lagin niyoantkari dhe Aayatlatoalai sahekt nsumer prathyag gare,

11.2.9. Utthentukt karyo oritik vyapar mela dhe trayooyana ko aayojana gare ethe aayojita mela trayooyanama sahmangita samvadhi karthayva samvady gare.

12. Aartik Pak


13. Karuniki Vyvasta

Pratidin kshetrago karthayvanam ko lagin, samvadi, nidhechaka nirmoan gari karunuki vyvastha sruuda ganaka ko lagin nisna karthayha garte:

(1) Aartyagat rupama sahekt samastha karunaharauva nepalale vyapar samvatlaiv samboor gare avastha samvady garte.

(2) Niyoant dhe Aayatlatai Vyavastha Garna ko samvadyit vyavastha karunaharauva ko karthayva garte.

(3) Aartha bajar Vyavastha Garna ko karthayha garte.

(4) Durjheya datamukta jari ko karthayha samvadyit vyavastha ko karthayha garte.

14. Anugaman Jaa Udyayan Samghiki Vyvasta

Vaniyam kriht, 2072 ko karthayvanamko samagat vyavasthik vijnifik vyavastha ko karthayha avasthait udyayan ko karthayha garte.

15. Joojhim Jaa Anugaman

15.1 Joojhim

Bhutan ko uttar karthayvanam kriht akramaya gari akramyaakalvastha vyavasthagare avasthita karthayha ko karthayha garte.

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15.2 Anuṣaya

यस नीतिको कार्यान्वयनमा सरकारी, निर्मौल, सहकारी तथा विकास सार्वजनिकता र समाज गतिमय र सहकारी हुनेछ। नीतिको सफल कार्यान्वयनबाट आर्थिक विकास र गरीबी निवारणमा महत्त्वपूर्ण योगदान पुर्नेछ। साथै अर्थतन्त्रका अन्त्य महत्त्वपूर्ण पक्षहरू बस्तु विकास, मूल्य अभिवृद्धि, नियम प्रविध्यात, आय आर्जन र रोजगारी सुधारामा समय योगदान पुर्नेछ।

16. बादा अहिकाउ फुकाउने अधिकार

यस नीतिको कार्यान्वयनको विलसितामा कुनै समस्या उत्पन्न भए नेपाल सरकार, बाणिज्य तथा आपूर्ति मन्त्रालयले बादा अहिकाउ फुकाउन सङ्ख्याले।

17. खारेजी र बचाउ

(क) बाणिज्य नीति, २०६५ खारेज गरिएको छ।

(ख) बाणिज्य नीति, २०६५ व्यापारिक भए गरेका सम्पूर्ण काम कारवाहीहरू यसै नीति व्यापारिक भए गरेका मालिनेछन्।

*****
नियांत सम्बन्धनायुक्त बस्तु तथा सेवाहरूको सूची

बस्तुहरू (Goods)

| 1. प्राप्त / सुटो | 2. अल्लैकी |
| 3. कनी तथा कलेचा | 4. ओपिक्टी, ओपिक्टी जिड्डुटी तथा सार्युक्क तेल |
| 5. कफी | 6. कापेट |
| 7. चाय / पवित्रा तथा मेदमजन्य बस्तुहरू | 8. चिनी |
| 9. चिया | 10. नुसा |
| 11. टेस्टबायल | 12. तरकारी, तरकारीको बीज |
| 13. तरारी चाउचाउ | 14. तरारी पोशाक |
| 15. दुध उत्पादन | 16. पशूधित छला |
| 17. पवित्रा | 18. पुष्प (फुल) |
| 19. फलकुल | 20. फलम / इस्पातका बस्तुहरू |
| 21. मह | 22. झाल |
| 23. सिमेन्ट | 24. सुनचाँदिको गाहना तथा बहुमूल्य रत्नपत्थर |
| 25. हस्तकलाका बस्तुहरू | 26. हाते कागज र सोफो उत्पादन |

सेवा (Services)

| 1. इन्ट्रनेटरेक्स | 2. जलविद्युत |
| 3. पर्यटन | 4. शिशुकर्मा |
| 5. सूचना प्रविधि र विज्ञन आउटसोर्सिङ (IT/ BPO) | 6. स्वास्थ्य सेवा |
| 7. श्रम शक्ति (दक्ष/अध्यक्ष) |

इस्तेमाल:
बाणिज्य तथा आपराजितर्की मन्त्रालयले आवश्यकता अनुसार नियांत सम्बन्धनायुक्त बस्तु तथा सेवाहरूको अनुसूचीमा पुनरावलोकन गर्न सकेँ।