

## Policies from Nepal: The Process of Developing the National Trade Integration Strategy & Consideration for Bio-trade

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## Coverage

- Developing Process of Nepal Trade Integration Strategy (NTIS)
  - The criteria used to select exportable items
  - Participation of stakeholders
  - Other processes
- Consideration of Bio-Trade while formulating the NTIS
  - 'Biotrade' in global and Nepalese perspective
  - Major considerations applied
- Conclusions & lessons drawn

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## Developing Process of NTIS 2010

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### Export Potential and Socio-Economic Impact of 19 Products and Services

#	Sector	Nepali exports, 2008 (US\$ 1,000)	Index 1: Export performance	Index 2: World market conditions	Index 3: Domestic supply conditions	Overall export potential	Socio-economic impact
<b>Agro-food</b>							
1	Large cardamom	21,329	high	low	high	high	medium
2	Ginger	8,130	medium	low	medium	medium	medium
3	Honey	500	low	medium	medium	medium	medium
4	Lentils	22,258	medium	high	high	high	medium
5	Tea	16,805	high	low	medium	medium	high
6	Instant noodles	10,390	high	medium	high	high	low
7	Medicinal herbs / oils	11,000	low	medium	high	medium	high
<b>Craft and Industrial Goods</b>							
8	Handmade paper	4,000	low	low	high	low	high
9	Silver jewelry	9,519	low	high	medium	medium	medium
10	Iron & steel products	149,394	high	high	high	high	medium
11	Pashmina products	22,074	medium	medium	high	medium	medium
12	Wool products	16,450	medium	high	medium	medium	high
<b>Services</b>							
13	Tourism	352,000	high	high	high	high	high
14	Labor services	2,448,000	high	high	medium	high	high
15	IT & BPO services	10,000	medium	medium	medium	medium	medium
16	Health services	n/a	low	medium	low	low	low
17	Education services	10,000	medium	low	low	low	low
18	Engineering services	n/a	low	medium	medium	medium	low
19	Hydro-electricity	0	low	high	medium	medium	medium

## What are the Destination Markets?

10 Most Attractive Markets for 12 Goods and 4 Service Export Potentials

	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10
<b>Agro-food</b>										
Cardamom	Pakistan	Saudi Arabia	UAE	UK	USA	Malaysia	Japan	South Africa	Kuwait	Oman
Ginger	India	Pakistan	Bangladesh	USA	Netherlands	UK	Malaysia	Germany	Yemen	Vietnam
Honey	UK	France	Japan	USA	Germany	Belgium	Poland	Australia	Saudi Arabia	Slovakia
Lentils	Turkey	UAE	Sri Lanka	Algeria	Iran	Egypt	Saudi Arabia	Spain	UK	Pakistan
Tea	Egypt	UAE	Russia	USA	UK	Iran	Pakistan	Germany	Kazakhstan	Australia
Instant Noodles	China	Indonesia	Japan	USA	Vietnam	South Korea	Philippines	Thailand	Russia	India
Medicinal herbs	USA	France	Germany	Vietnam	Singapore	Japan	Italy	Russia	Belgium	South Korea
Essential oils	Singapore	Switzerland	India	France	Germany	USA	UK	Japan	China	Mexico

## Proceeding for NTIS (Feb 2009)

- DTIS 2004 – formulated under IF - to be updated felt strongly
- Organized a seminar with Government, Business, and DPs to discuss and endorse the TOR of NTIS
- Draft Chapters ToRs
- Chapter wise Team, Team Leader and consultants recruited
- Some chapters allocated to business/commodity associations
- Recruit UNDP as DF to secure additional funding from other DPs (DFID, Govt of Finland, IFC, ADB)
- India and China also visited by a team as for market analysis

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## Proceeding for NTIS (Sept 2009-May 2010)

- Different Technical Committees activated as suggested by EIF Institutional Mechanism
- Out of 12 chapters, each chapter team presented initial findings to relevant EIF Technical Committee for feedback
- 3 review workshops are organized with GoN, Business, DPs (September 2009, November 2009, March 2010)
- Separate focus group discussion were organized for some chapters (e.g. investment facilitation, SPS and TBT, Trade support institutions)

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## Prepare Action Matrix (April-June 2010)

- Team leader drafted ES+AM with chapters teams based on draft chapters
- Drafts of ES+AM sent to GoN concerned Ministries and Departments, private sector organizations and to DPs for comments
- Full report with detailed chapter studies to be completed shortly
- **FINALLY: NTIS 2010 ES +AM launched on 24 June 2010** in Kathmandu, Nepal

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## Conclusion

- The NTIS undergone through very participatory process
- The process is about creating “buy-in” from all key trade sector stakeholders (concerned ministries, business sectors, development partners, & others) in the strategy that is to emerge from the work
- The “PROCESS” is important in NTIS
- Preparing a trade sector development strategy with the participation of all stakeholders consumes time, resources, expertise and passion

**Conclusion: The process takes time & energy but is the key to future success.**

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## Consideration of Bio-Trade In the NTIS 2010

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### What is BioTrade?

BioTrade refers to those activities of **collection, production, transformation, and commercialization** of goods and services derived from native biodiversity under the **criteria of environmental, social and economic sustainability**.

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## What is biotrade?

**Biotrade** refers to those activities of collection, production, transformation, and commercialisation of goods and services derived from native biodiversity under the criteria of environmental, social and economic sustainability.

Source: <http://www.biotrade.org/Intro/bti.htm>

- Since 2003 the UNCTAD's BioTrade Initiative has focused on enhancing **sustainable bio-resources management, product development, value adding processing and marketing**.

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As one recent Assumption, Bio-Trade for Nepal is:

- ❑ Non-timber forest products
- ❑ Organic agro products
- ❑ Eco-tourism

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## 7 Principles/Criteria of UNCTAD

- Conservation of biodiversity
- Sustainable use of biodiversity
- Equitable sharing of benefits derived from the use of biodiversity
- Socio-economic sustainability (management, production and markets) (*generally we are so much with*)
- Compliance with national and international legislation and agreements
- Respect for the rights of actors involved in BioTrade
- Clarity about land tenure, use and access to natural resources and knowledge

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## Major Considerations in the NTIS Design

- How to increase value addition?
- How to get high socio-economic impact (esp for women & disadvantaged groups)?
- How remained export performance over few yrs?
- How is world market condition for one?
- How is domestic supply conditions?

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## Major Considerations in the NTIS Design

- How to improve market access via bilateral negotiation/FTAs?
  - How to improve trade facilitation?
  - How to increase NTB related requirements?
  - How to make sure resources via Aft & TRTAs?
- Aim: To have improved **collection, production, transformation and commercialization**

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## Bio-Trade in Different Steps of NTIS

- Identification of agro-based and manufacturing goods and services, too:
  - 7 Agro-Food (large cardamom, ginger, honey, lentils, tea, instant noodles, medicinal herbs/essential oils)
  - 4 manufacturing items (handmade paper, silver jewelry, pashmina, wool products)
  - Tourism, Hydro-electricity and so on
- Identification of top 10 global markets for each of them

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## Bio-Trade in Different Steps of NTIS

- Identification actions for bilateral trade negotiation (FTAs)
- Identification actions for domestic technical capacity about NTBs, i.e., TBT, SPS
- Identification actions for rules & regulations
- Identification actions so as to generate 'inclusive growth' by examining socio-economic impact of each item

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## Bio-Trade in Different Steps of NTIS

- Identification actions for promoting investment environment
- Identification actions for trade facilitation
- Identification actions for possible IP vehicles for 12 goods
- Identification actions for capacity to coordinate AfT and TRTAs to implement NTIS

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## Product wise Few Tips of Ice

- Tea: By 2011 complete pesticide free, Geographical & climatic advantage, Moving for GI for orthodox tea
- Cardamom: Value addition with organic way, GI for Nepal's large Cardamom
- Ginger: Value addition with organic way
- Honey: On the way to pesticide free
- Lentils: Nepal's uniqueness & quality reputed, Fumigation treatment

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## Product wise Few Tips of Ice 2

- Medicinal herbs: Value addition with organic way
- *Pashmina*: Element of GI with *Chhyangra* (a typical sheep) – a local species - of Nepal
- Wool Products:

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## Himalayan Organic Tea in Nepal



Tea in a famous place Ilam, Nepal

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## Other Bio-Trade Items as NTIS



Large Cardamom

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Ginger

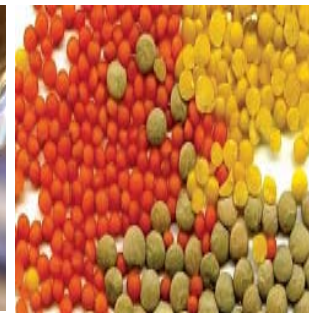
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## Other Bio-Trade Items as NTIS



Honey

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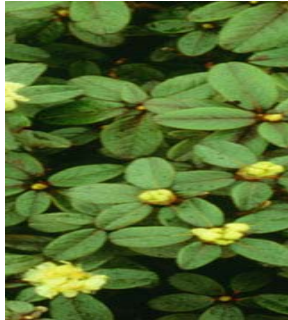
Lentils

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## Other Bio-Trade Items as NTIS



Instant Noodles



Medicinal Herbs

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## Other Bio-Trade Items as NTIS



Handmade Paper



Silver Jewelry

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## Other Bio-Trade Items as NTIS



Pashmina



Wool Products

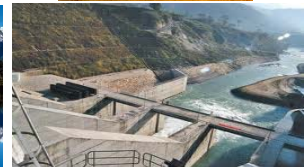
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## Other Bio-Trade Items as NTIS



Tourism as Service Trade



Hydro as Service Trade

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## Conclusion & Lessons Drawn

- Nepal is rich in biodiversity and keenly interested in developing a national capacity to promote biotrade;
- It has very strong trade strategy - NTIS 2010 with clear identification of products and destination markets;

- Still conceptualization about biotrade is in its infancy
- Nepal seeks to strengthen institutional capacity in order to:
  - develop supportive policy frameworks for biotrade;
  - provide concrete technical assistance to biotrade initiatives and other economic actors.

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## Conclusion & Lessons Drawn 2

- In line with the NTIS, Nepal desires to have BioTrade Initiative from any agency i.e. UNCTAD, UNEP and so on;

- Peru, Colombia, Ecuador, Uganda, Bolivia, Venezuela, Vietnam etc Nepal can learn from

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## Conclusion & Lessons Drawn 3

- Others also can learn from Nepal's **consideration of biodiversity and biotrade** while developing its NTIS 2010
- Others also can learn from Nepal's **sustainable practices** about production, transformation, commercialization, marketing

