

**REPORT ON  
LAUNCHING OF BIOTRADE  
GREEN ECONOMY STUDY**

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**Submitted to**

**ICIMOD**

**Prepared by**

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## 1. Introduction

On the 17th of September, a workshop was conducted by ICIMOD in collaboration with GTZ/INCLUDE at the GTZ-INCLUDE Office in Pulchowk, Lalitpur to bring together governmental and non governmental agencies and private companies that were thought relevant for the research. ICIMOD has been conducting research for a UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF) project on biotrade that addresses issues such as conservation and poverty reduction using the approaches of Green Economy and sustainable development.

The workshop was attended by participants from the Ministry of Commerce and Supplies (MOCS), Ministry of Agriculture (MOA), Department of Plant Resources (DPR) and other organizations such as Agro Enterprise Centre (AEC), Trade and Promotion Centre (TEPC), Asia Network for Sustainable Agriculture and Bio resources (ANSAB), Nepal Herbs and Herbal Products Association (NEHHPA) and South Asian Watch on Trade, Economics and Environment (SAWTEE). The detailed list of participants is provided in the Annex.

## 2. Objective of the Workshop

- To develop an understanding of how Nepal has looked at biotrade related sectors.
- To see how biotrade can be defined for Nepal, incorporating economic, social and environmental aspects with a focus on poverty reduction and employment generation.
- To get an overview of the policies and activities of various organizations as well as to analyze their roles in sectors related to biotrade.
- To gather suggestions on how to develop biotrade in Nepal based on the experience and knowledge of participants.

## 3. Proceedings

The workshop started with a brief description and introduction to biotrade and a presentation by the German Technical Co-operation Agency (GTZ) on the Green Economy Study and its progress in the three countries involved in the UNEP-UNCTAD CBTF project: Namibia, Peru and Nepal. Following the introductory presentation, participants from ministries and various organizations presented views and data based on activities relevant to biotrade. Presentations by GTZ, ICIMOD, DOA, AEC/FNCCI, ANSAB and TEPC and SAWTEE were each followed by discussion. The details of the proceedings are as follows:

### 3.1 GTZ

- Established that the study would focus on biotrade products that contribute to economic growth and employment generation that have a specific impact on poverty reduction.
- Cited the UNEP- UNCTAD CBTF definition of Biotrade:
  - *According to UNEP-UNCTAD CBTF, 'Biotrade' refers to those activities of collection/production, transformation, and commercialization of goods and*

*services derived from native biodiversity (genetic resources, species and ecosystems), under criteria of environmental, social and economic sustainability.*

- Agreed that the study would not be product specific.

### **3.2 ICIMOD**

- Presented the outline of the biotrade study being conducted
- Instigated discussion to establish a definition of biotrade and gather possible feedback on the criteria to identify possible biotrade sectors for the study.

### **3.3 DOA**

- Mentioned their focus on 30 Non-Timber Forest Products (NTFP) with the potential for trade.
- Briefly mentioned the existing trade related barriers and policy issues, focusing on those related to essential oils.
- Highlighted that establishing a healthy production environment before examining trade-related activities is the main focus of DOA

### **3.4 AEC/FNCCI**

- Mentioned their focus on NTFP.
- Pointed out that NTFP identification is conducted by AEC.
- Explained their activities, which include lobbying through the Chamber of Commerce, particularly for tax-related and quarantine issues.
- Highlighted constraints on the implementation of various policies, including:
  - Non existence of a biodiversity act,
  - Non existence of budget allocation as formal government not set up,
  - Non existence of biotrade policy, and
  - Multi layered tax system.

### **3.5 ANSAB**

- Focused on a few examples of biotradeable products - NTFPs in particular, and provided statistics on their contribution to the national economy and the success of Community Forest User Groups (CFUG's).
- Also mentioned they focused on disadvantaged groups based upon castes and socioeconomic status.

### **3.6 TEPC**

- Presented data on export, but underlined that the data is not classified specifically as biotrade but rather as NTFPs.
- Also highlighted their perception of biotrade and biotrade practices, which mostly related to medicinal and aromatic plants.

### 3.7 SAWTEE

- Explained their activities, which involve negotiating WTO issues at the multinational level.
- Mentioned a study conducted by SAWTEE related to NTFPs which identified five products with great trade potential, including honey, cardamom and tea.
- Identified tariff and non tariff barriers, including quality/certification standards.

## 4. Discussions/Outcome

After the presentations, inputs were taken from the participants, and it was agreed that an internationally accepted definition of biotrade does not exist. Given the broad scope of the term biotrade and lack of information regarding it, the possible sectors/products to be included under the term 'biotrade' were highly debated.

Following the discussions after the first presentation, the focus for the study was established to be biological products that contribute to economic growth and employment generation and have a specific impact on poverty reduction. Furthermore, an effort was made to come up with a working definition of biotrade in the context of this study, and it was agreed that UNEP-UNCTAD CBTF's current definition of 'biotrade' should be followed:

*'Biotrade' refers to those activities of collection/production, transformation, and commercialization of goods and services derived from native biodiversity (genetic resources, species and ecosystems), under criteria of environmental, social and economic sustainability.*

Although it was agreed that the best definition of biotrade was that of UNEP-UNCTAD CBTF, there was confusion over certain parameters mentioned in the definition. Issues were raised regarding the proper definition of 'service' and 'native species' in the context of biotrade. Even the definition of biodiversity and its components were debated, as questions were raised about whether or not to include hydropower as a biotradeable resource.

After these discussions on the definition of biotrade, possible goods and services to be included in the biotrade study were discussed. The following sectors were short-listed for discussion:

- Non Timber Forest Products
- Ecotourism/Rural tourism
- Organic agriculture
- Handicraft
- Timber
- Hydropower

The following set of criteria for selecting biotradable products was drafted:

- Sustainability and good management and utilization practices
- Utilizing marginal land
- Organic product not harmful to environment or affecting species on the endangered list

- Related to biodiversity
- Linked to poor people and disadvantaged communities with financial benefits involved
- Product image and recognition in importing countries
- Endemic and unique or native and established
- High market demand and supply
- Interest from demand side
- High commercial value potentiality of trade and export
- Surplus production and rich resource base
- Prospect of monitoring and certification
- Potentiality of Geographical Indicator (GI) claim
- Significant in IGA
- Having minimum requirements for business promotion
- Product certified by Forest Stewardship Council (FSC)/Fair Wild
- Defined by logo or signed by authorized agencies

NTFP and organic agriculture were prioritized among the sectors, according to the criteria. Timber, handicraft and hydropower were ruled out. During the discussion, questions about 'services' within the domain of biotrade were raised. This included ecotourism, which was discussed as being the only form of service that could directly be linked to biodiversity. Further suggestions were made in directing ecotourism towards rural tourism. Tourism was discussed as a sector with great potential for biotrade, but no further conclusion was reached because representatives from the tourism industry were not present.

Finally, a general consensus was reached to focus on NTFPs for the study and its strengths and weaknesses as a potential sector for biotrade were highlighted. The same was done for organic agriculture, but it was decided that the focus for the study would be on NTFPs and the immediate concern became finalizing the list of biotradeable NTFPs.

The discussions focused on the strengths and weaknesses of the two sectors, identified as follows:

<b>NTFP Strengths</b>	<b>NTFP Weaknesses</b>
Export potentiality	Lack of awareness about importance of NTFP
Remote mountain regions can profit	Lack of proper skills and knowledge
Production potential	Value addition through processing
High value medicinal flowers	Volume of production
High value low volume	Sustainability not assured
Employment generation for local people by collection and marketing	Absence of supporting legislation and implementing policies
Premium price for locals	Poor implementation of government policy related to NTFPs
Presence of resource base	Certification problem
Low labour cost	Lack of quality assurance
National Trade Integration Strategy (NTIS) survey, NTFP policy formulation already in	Lack of accurate data regarding exported NTFPs due to incorrect identification

place	
	Accessing International Markets

<b>Organic Agriculture Strengths</b>	<b>Organic Agriculture Weaknesses</b>
International market demand is high	No market guarantee
Niche product	Preservation and cultural practise is lacking
Consumer awareness	No government policy or standards for organic certification
Chances of value addition	International cost of accreditation too high
Quality product	Limited awareness of group certification among small & medium farmers
Income generation for local people	Small & medium farmers are not able to access international markets or certification bodies (CB)
Premium price for locals	Confusing labels and requirements in importing countries
Infrastructure of agriculture	Accessing international market
Low labour cost	

The discussion about NTFPs and organic agriculture found similar opportunities and constraints in both sectors. Employment generation for locals and development opportunities for remote regions, low labour costs yet premium prices, and