

Green Aspects of Nepal Trade Integration Strategy 2010 (NTIS 2010)

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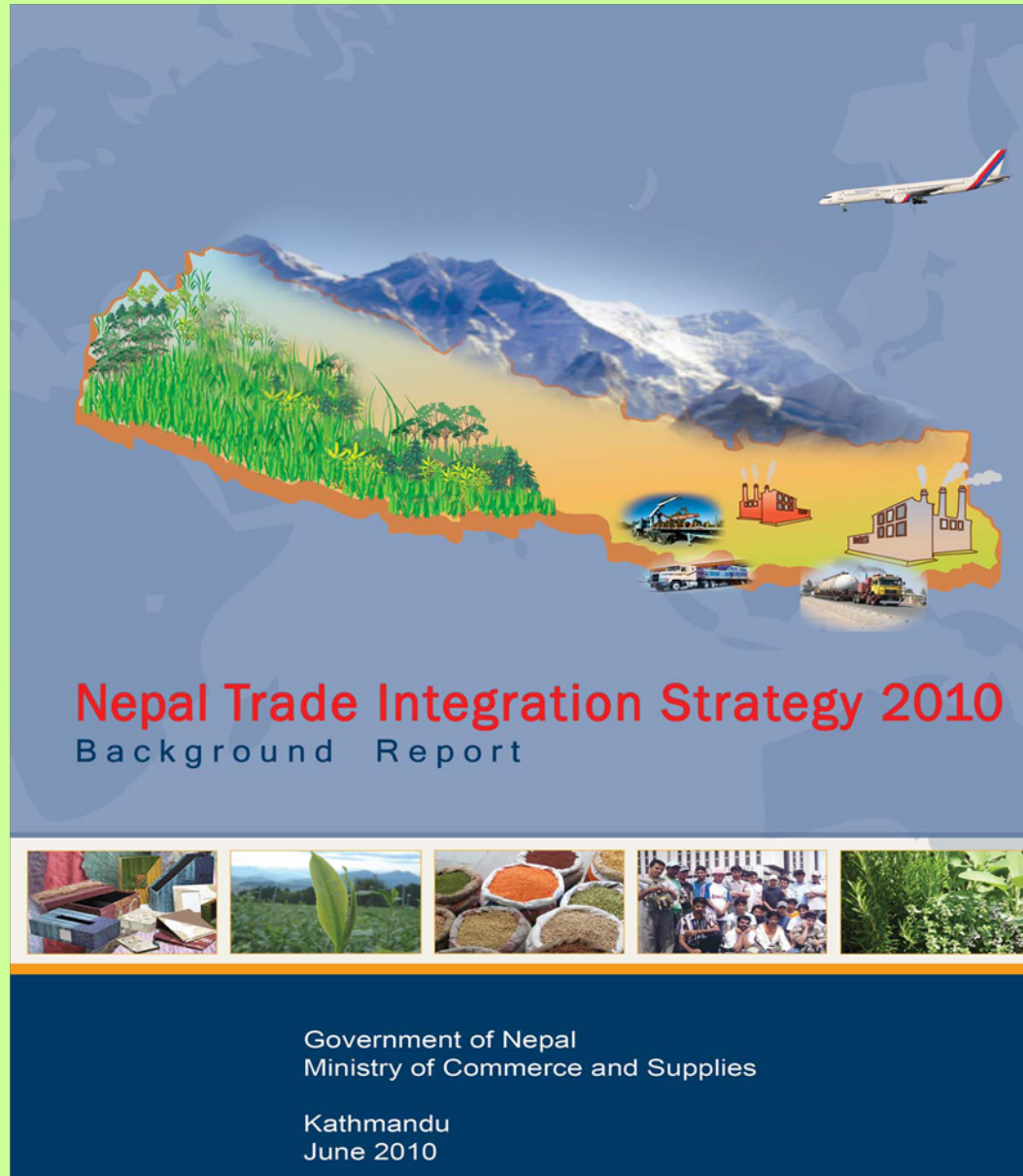
What is NTIS?

- National trade development strategy to enhance 'supply side capacity' of the country to maximize the benefits from international trading opportunities;
- Prioritized strategy launched by PM on 24 June 2010;
- 19 goods & services identified as priority export items;
- 5 other goods and services suggested as export potentials;
- 10 potential destination markets identified;
- Action Matrix (cross-cutting issues under 4 strategic objectives as well as product specific action matrix presented with responsible agencies for each action identified);
- 3-5 years period for implementation;
- Implementation arrangement/modality suggested.

About Green Economy

- An economy with low carbon emission, resource efficient and socially inclusive.
- An economy that is responsive to poverty reduction and economic diversification objectives.
- An economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.
 - Environmentally sustainable
 - Socially just
 - Locally rooted

Green aspects of NTIS



NTIS 2010: The Priority Sectors

(Export Potentials sectors)

	Agro-Food
1	Cardamom
2	Ginger
3	Honey
4	Lentils
5	Tea
6	Noodles
7	Medicinal & Essential Oils

	Craft and Industrial Goods
8	Handmade Paper
9	Silver Jewelry
10	Iron and Steel
11	Pashmina
12	Wool Products

The Priority Sectors

(Export Potentials sectors)

	Services
13	Tourism
14	Labor Services
15	IT & BPO Services
16	Health Services
17	Education
18	Engineering
19	Hydro-electricity

Others Potential Exports	
20	Transit Trade Services
21	Sugar
22	Cement
23	Dairy Products
24	Transformers

NTIS 2010: Promoting Green Economy in Nepal

- **Recognized:**
 - Nepal is very rich in bio-diversity and natural resources, and such resources can play an instrumental role in the development and poverty reduction in the country.
 - Those resources/products can be harvested and utilized sustainably and can be traded internationally.
- **Most of the NTIS Priority Export Sectors fulfill the criteria of green economy:**
 - Environment friendly
 - High socio-economic impacts
 - Resource efficient and socially inclusive

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
	Agro-Food						
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
	Craft and Industrial Goods						
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
	Services						
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

Table 1.8
Export Potential compared to Socio-Economic Impact
19 Export Potential Goods and Services

Export Potential				
Low	Medium	High		
	Tea		High	Socio-Economic Impact
Handmade paper	Wool products	Tourism		
	Medicinal herbs	Labour services		
			Medium	
	Ginger			
	Pashmina products	Large cardamom		
	Honey	Lentils		
	Silver jewelry	Iron and steel products		
	IT and BPO services			
	Hydro-electricity		Low	
Health services	Engineering services	Instant noodles		
Education services				

Source: Chapter 2

Table 1.9
Impact of 19 Export Potentials on Water and Electricity Resources

No.	Sectors	Electricity intensity	Water intensity	Overall resource intensity
	Agro-food			
1	Large cardamom	low	medium	medium-low
2	Ginger	low	low	low
3	Honey	low	low	low
4	Lentils	medium	low	medium-low
5	Tea	low	low	low
6	Instant noodles	medium	medium	medium
7	Medicinal herbs/essential oils	low	low	low
	Craft and Industrial Goods			
8	Handmade paper	low	medium	medium-low
9	Silver jewelry	low	low	low
10	Iron and steel products	high	medium	medium-high
11	Pashmina products	medium	medium	medium
12	Wool products	medium	medium	medium
	Services			
13	Tourism	medium	medium	medium
14	Labour services	none	none	none
15	IT and BPO services	medium	low	medium-low
16	Health services	low	medium	medium-low
17	Education services	low	low	low
18	Engineering services	none	none	none
19	Hydro-electricity	low	high	medium

Green aspects of NTIS

(Promoting Inclusive export sectors)



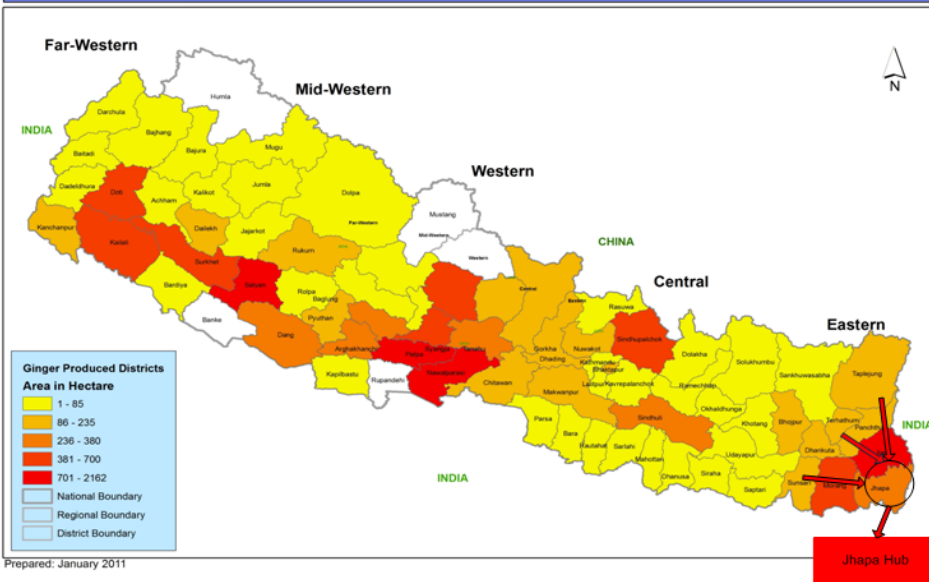
- Producers?
- Current Employment and Job-Creation Prospect?
- Gender Impact?
- Contribution to Skill Development?
- Impact on Development of Disadvantaged Regions?
- Energy and Water Constraints?
- Environmental Impact?

Green aspects of NTIS: Inclusive export sectors (e.g. Ginger)



- **Producers:** Most small holder farms in Nepal are involved in ginger production, but oft en only for household consumption. It is grown in all districts of Nepal (except in the high hill districts), but Salyan, Palpa, Tanahu, Syangja, Kaski, Nawalparasi, Bhojpur, and Ilam are the major ginger producing districts that are relatively easily accessible by road transport. Dried ginger is produced only in the western region of the country.

NEPAL Ginger Cultivated Districts



- A large number of private traders, assemblers, middlemen, wholesalers—are involved in the business. Most of the exporters are also wholesalers. There are a few cooperatives at farm level that are also undertaking domestic marketing. Those cooperatives are still not involved in export business. Practically, all farmers and processors along the supply chain are small family businesses.

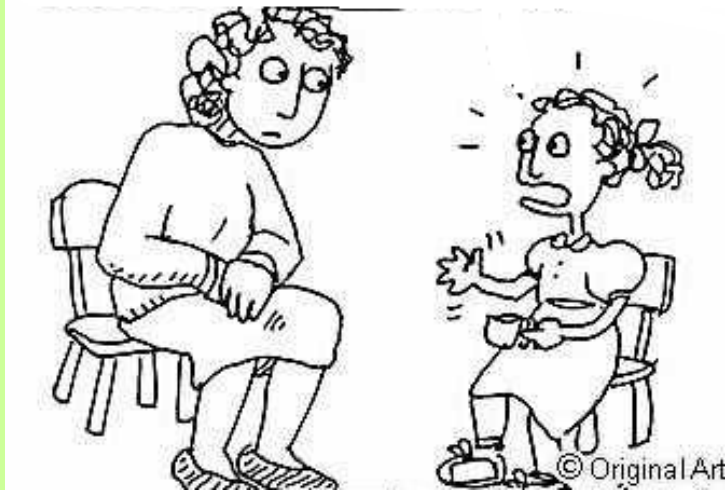
Inclusive export sectors (e.g. Ginger).....

- **Current Employment and Job-Creation Prospect:** A large number of farmers are dependent on this sector. It is estimated that as much as 15,000 small farm families are involved in its production in the eight main producing districts alone and three times number in term of agricultural labor at the farm level. It is estimated that more than 80 labor/day are involved to cultivate one hectare of ginger and market one MT of ginger. According to ITC (2007a), the estimated full-time employment equivalent is 11,000, based on production figures and estimates of labor productivity. However, it should be noted that ginger usually only plays a minor role for an individual farmer.

Inclusive export sectors (e.g. Ginger).....



- **Gender Impact:** Women actively participate in the farming of ginger, its marketing and other ginger related household decisions. However, it does not seem the sector favors women employment in particular.



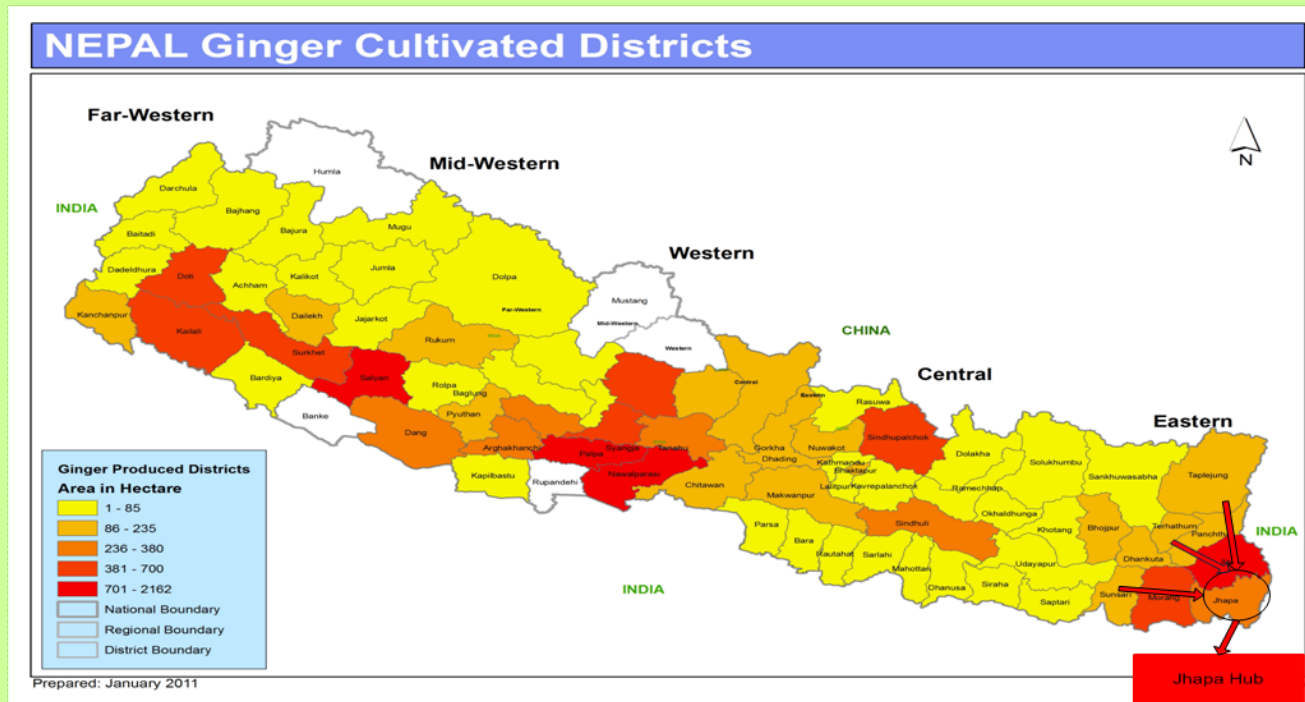
Inclusive export sectors (e.g. Ginger).....



- **Contribution to Skill Development:** Government's efforts to improve the ginger farming system using improved inputs are contributing towards farmer's skill development. Similarly, some wholesaler/exporters are providing post-harvest orientation to the farmers to reduce the breakage during transport from farm to road-head. Besides, the cooperatives and donor project are also channeling resources for skill development of farmers – farming as well as marketing.

Inclusive export sectors (e.g. Ginger).....

- **Impact on Development of Disadvantaged Regions:** The impact on poor and disadvantaged groups or regions is positive.



Inclusive export sectors (e.g. Ginger).....

- **Energy and Water Constraints:** The production of ginger does not rely on heavy use of scarce resources like energy and water. It is transported manually from the farm to road head. Energy is used only to transport from road head to major markets and the border.

Inclusive export sectors (e.g. Ginger).....

- **Environmental Impact:** Continuous farming of this crop in the same plot of land results into degradation of soil fertility. But the farmers are adopting crop rotation and using compost manure to avoid such negative impact. On the other hand, this crop contributes towards reducing soil erosion in the mid-hills. Another environmental impact from farming this crop is related to the use of “mulching” materials which usually comes from the forest. But the farmers argue that they are not destroying the forest as most of the mulching materials are “collected” and not “harvested” from the forest. Besides, they are using the plant materials from their own field. Thus, **the net environmental impact of this sector is not negative. Also, due to its simple production technology and the practice of inter-cropping with staple crops like maize and cash crop like coffee and fresh vegetables, ginger production is environment friendly and sustainable (ITC, 2007a).**

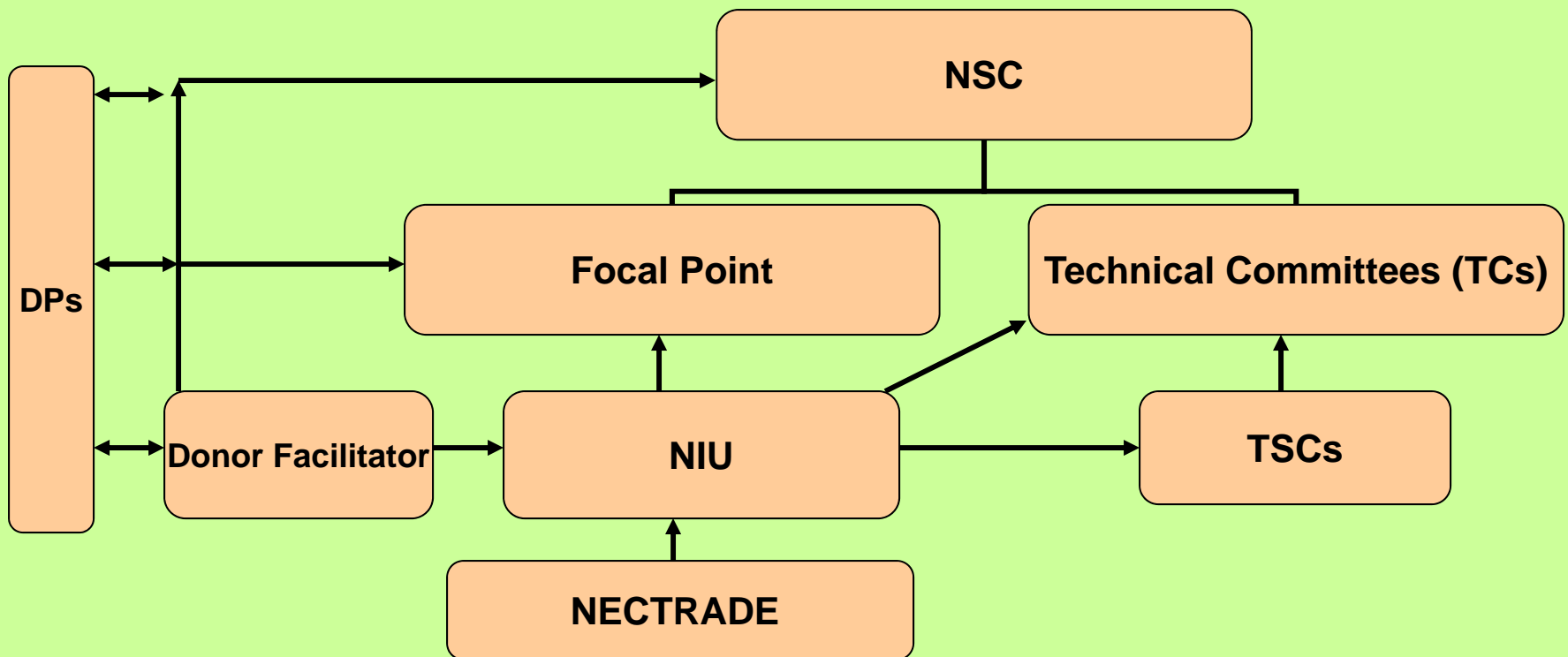


4 strategies of NTIS 2010

- I. Strengthening trade negotiation capacity (Market Access)
- II. Strengthening NTB related domestic capacity (Overall Supply Capacity.....trade facilitation/Product standards/quality/etc.)
- III. Strengthening supply capacity of "inclusive exports" (Supply Capacity of priority export sectors)
- IV. Strengthening capacity to manage AfT/TRTAs (Resource mobilization)

Having 87 *cross cutting* actions and 171 *product/service specific* & total 268 actions for implementation.

NTIS Implementation Arrangement in Nepal



Technical Committees (TC)

1. Agriculture, agro-industry, NTFP, and SPS
2. Private Sector Development (Manufacturing, SMEs, SEZ/EPZ and TBT)
3. Legislation and Intellectual Property Rights (IPRs)
4. Services and taxation
5. Cross-Cutting Issues and Trade-related Infrastructure Development

Technical Sub-Committees (TSC)

To be constituted by TC as required.

Way Forward



Together



Implement

Nepal Trade Integration Strategy 2010
Background Report

Government of Nepal
Ministry of Commerce and Supplies

Kathmandu
June 2010

Promote
Trade

BioTrade

**END
POVERTY**

Thank You!