Nepal Trade Integration Strategy 2016 (NTIS 2016)
Addressing the needs of Women MSMEs

Toya Narayan Gyawali
Joint Secretary
Planning and International Trade Cooperation Division
Ministry of Commerce

Constitutional Provision

• The Constitution of Nepal 2015: Article 18 Right to Equality: (4) “No discrimination shall be made on the ground of gender with regard to remuneration and social security for the same work”.

• The Constitution of Nepal 2072 has highlighted the importance of export promotion:

PART 4 Directive Principles, Policies and Responsibilities of the State
51. State policies: The State shall pursue the following policies:
(d) Policies regarding finance, industry and commerce:

(6) Diversifying and expanding markets for productions and services through the development and expansion of industries and promotion of exports by identifying the areas of comparative advantages.

• The Trade Policy 2015 -10.6.12 “Programs shall be launched to link micro, cottage and small and medium industries and industries run by women and marginalized classes/communities to export sector.”
NTIS 2016

• Nepal Trade Integration Strategy 2016 was approved from Council of Ministers on May, 2016

• Objectives of NTIS 2016:
  ✓ Strengthen trade and export enabling environment;
  ✓ Focus on product development and strengthen supply capacity of priority products;
  ✓ Strengthen institutional capacity, trade negotiation and inter-agency coordination;
  ✓ Build and enhance trade-related infrastructures.

• Identifies seven areas as "cross-cutting sectors" and nine goods and three services as "priority export potentials"

• Potential to contribute in Women empowerment has been duly considered while selecting priority export potential products

---

Indicators & Weightages for Aggregation of Multiple Parameters in Selecting Potential Products

<table>
<thead>
<tr>
<th>Indicators &amp; Multiple Parameters</th>
<th>Weightages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Export Performance</strong></td>
<td>80%</td>
</tr>
<tr>
<td>i. Export Size</td>
<td>15%</td>
</tr>
<tr>
<td>ii. Export Growth</td>
<td>20%</td>
</tr>
<tr>
<td>iii. Export Potential Index</td>
<td>20%</td>
</tr>
<tr>
<td>iv. Potential Value Addition</td>
<td>15%</td>
</tr>
<tr>
<td>v. Potential Destination Diversification</td>
<td>10%</td>
</tr>
<tr>
<td><strong>B. Inclusive &amp; sustainable development impact</strong></td>
<td>20%</td>
</tr>
<tr>
<td>i. Geographical Regions</td>
<td>4%</td>
</tr>
<tr>
<td>ii. Environmental impact</td>
<td>4%</td>
</tr>
<tr>
<td>iii. Employment generation</td>
<td>4%</td>
</tr>
<tr>
<td>iv. Gender impact</td>
<td>4%</td>
</tr>
<tr>
<td>v. Skills and Earnings</td>
<td>4%</td>
</tr>
</tbody>
</table>
### NTIS 2016 Products with High/Medium Impacts on Women

<table>
<thead>
<tr>
<th>Product</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicinal and Aromatic Plants</td>
<td>High</td>
</tr>
<tr>
<td>Tea</td>
<td>High</td>
</tr>
<tr>
<td>Carpets</td>
<td>High</td>
</tr>
<tr>
<td>Pashmina</td>
<td>High</td>
</tr>
<tr>
<td>Cardamom</td>
<td>Medium</td>
</tr>
<tr>
<td>Ginger</td>
<td>Medium</td>
</tr>
</tbody>
</table>

### Composition of EIF National Steering Committee

- Hon. Minister for Commerce, Government of Nepal: Chairperson
- Chief Secretary, Government of Nepal: Vice-Chairperson
- Secretary, Ministry of Finance: Member
- Secretary, Ministry of Industry: Member
- Secretary, Ministry of Law, Justice, Const. Assembly & Parl. Affairs: Member
- Secretary, Ministry of Agricultural Development: Member
- Secretary, Ministry of Foreign Affairs: Member
- Secretary, Ministry of Commerce: Member
- Secretary, Secretariat of the NPC: Member
- Deputy Governor, Nepal Rastra Bank: Member
- President, FNCCI: Member
- President, Confederation of Nepalese Industries: Member
- President, Nepal Chamber of Commerce: Member
- Joint Secretary, PITCD, MoC and NIU Chief: Member Secretary
Major Highlights of NTIS 2016

- Seven cross-cutting areas:
  - Trade capacity development including trade negotiation
  - Trade and Investment policy environment
  - Trade and transport facilitation
  - Standard and technical regulation
  - Sanitary and Phyto-sanitary framework
  - Intellectual Property Rights
  - Trade in services

- Detailed analysis of priority export potentials including SWOT analysis

- Analysis & recommendations based on lessons learnt from NTIS 2010, research and stakeholders consultations

- Implementation Mechanism

- Monitoring & Evaluation

- Clear and comprehensive Action Matrix with 73 Actions for enhancing cross-cutting issues and 117 Actions for value-chain development of priority export potentials (short to medium term actions) to be completed by 2020
<table>
<thead>
<tr>
<th>Category</th>
<th>Outcome</th>
<th>Heading</th>
<th>Short-term</th>
<th>Medium-term</th>
<th>Not-differentiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-cutting</td>
<td></td>
<td>1 Trade capacity, including trade negotiation</td>
<td>6</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 Trade and investment environment</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 Trade and transport facilitation</td>
<td>16</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4 Standards and technical regulations</td>
<td>10</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 Sanitary and Phyto-sanitary Standards</td>
<td>6</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6 Intellectual Property Rights</td>
<td>6</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7 Trade in services</td>
<td></td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Products</td>
<td></td>
<td>8 Large Cardamom</td>
<td>6</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>9 Ginger</td>
<td>4</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 Tea</td>
<td>6</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>11 MAPs</td>
<td>6</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>12 All Fabrics, Textile, Yarn &amp; Ropes</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>13 Leather</td>
<td>7</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>14 Footwear</td>
<td>9</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>15 Chyangra Pashmina</td>
<td>4</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>16 Knotted Carpets</td>
<td>6</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>17 Skilled &amp; Semi-skilled Professionals at Various Categories</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>18 IT Services &amp; BPO</td>
<td>7</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>19 Tourism</td>
<td>12</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>118</strong></td>
<td><strong>66</strong></td>
<td><strong>6</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Grand Total (Short &amp; Medium Term Actions)</strong></td>
<td></td>
<td></td>
<td><strong>190</strong></td>
</tr>
</tbody>
</table>

**Implementation Mechanism**

- **High ownership** due to wider consultations & involvement of agencies concerned; supportive for effective implementation
- **GoN’s commitment on** resources allocation & policy reforms
- **EIF National Steering Committee** to ensure effective coordination through policy and strategic guidance and resource mobilization
- **Thematic Committees (TCs) & Product Specific Focal Points (FPs)**
- **Performance assessment** of TCs & FPs by EIF NSC
- TCs to submit **reports** to MoC every January and July
- MoC to **coordinate & facilitate** implementation of NTIS 2016
Monitoring and Evaluation

- Regular monitoring by MoC (Inputs & Outputs against indicators and targets)
- Sharing of findings with the EIF National Steering Committee every August
- Independent mid-term review and evaluation of NTIS 2016
- GoN to review and update NTIS in five years in 2020

NTIS 2016 Priority Export Potentials
Outcome, Targets, Actions and Responsible Agencies
Large Cardamom

**Outcome**: Volume and value of export of large cardamom increased

**Baseline**: 5,750 MT of large cardamom were produced in 2012/13. Price (US$/MT) of Nepalese export is 50% of that of Indian exports due to low value addition

**Actions**: Short-term-6, Medium-term-3

**Target by 2020**: 6,500 MT of large cardamom produced. Price (US$/MT) of Nepalese exports increased to 75% of that of Indian exports

**Main Responsible Agency/ies**: Ministry of Agricultural Development

Ginger

**Outcome**: Volume and value of exports of ginger increased

**Baseline**: 235,000 MT of ginger were produced in 2013, 65% were exported; the export price of US$ 217/ MT for Nepali ginger is 20% that of China and 60% that of India

**Actions**: Short-term-4, Medium-term-3

**Target by 2020**: At least 300,000 MT of ginger produced and 70% of it exported; Price (US$/MT) of Nepalese export increased to 75% that of unit price of Chinese ginger exports due to increased value addition in Nepal

**Main Responsible Agency/ies**: Ministry of Agricultural Development
Tea

- **Outcome**: Export of Tea significantly increased
- **Baseline**: Export of Orthodox tea was approximately US$ 2.7 million in 2013; 3,000 MT of Orthodox tea was produced in 2013
- **Actions**: Short-term-6, Medium-term-7
  - **Target by 2020**: Export of Orthodox tea reached about US$ 6 million; At least 4,500 MT of Orthodox tea produced
- **Main Responsible Agency/ies**: Ministry of Agricultural Development

Medicinal and Aromatic Plants (MAPs)

- **Outcome**: Export of MAPs increased through the improvements in value chain development
- **Baseline**: Export value of MAPs was US$ 14 million in 2013; there are 60 to 70 processing industries using mostly traditional technologies
- **Actions**: Short-term-6, Medium-term-3
  - **Target by 2020**: Export value of MAPs reached US$ 20 million; Processing industries using modern technologies established
- **Main Responsible Agency/ies**: Ministry of Forest and Soil Conservation, Ministry of Agricultural Development
All Fabrics, Textile, Yarn and Rope

- **Outcome**: Exports of synthetic yarn, synthetic woven fabrics and jute fabrics and bags increased steadily
- **Baseline**: Exports of synthetic yarn, synthetic woven fabrics and jute fabrics and bags were worth approximately US$ 164 million in 2013
- **Actions**: Short-term-3, Medium-term-1
- **Target by 2020**: Exports of synthetic yarn, synthetic woven fabrics and jute fabrics and bags grown to approximately US$ 200 million
- **Main Responsible Agency/ies**: Ministry of Industry, Ministry of Commerce

Leather

- **Outcome**: Production of raw hides and exports of processed hides increased rapidly
- **Baseline**: Nepal produces around 16–20 million sq.ft of raw hides and of which around 14 million sq.ft is exported; exported US$13 million worth of bovine and goat leather in 2013
- **Actions**: Short term-7, Medium-term-8
- **Target by 2020**: Production of raw hides increased to at least 30 million sq.ft and value of exports increased by 20%; export of bovine and goat leather increased to US$ 20 million
- **Main Responsible Agency/ies**: Ministry of Livestock Development, Ministry of Industry, Ministry of Commerce
Footwear

- **Outcome**: Production and export of footwear significantly increased
- **Baseline**: Nepal produces around 30 million pairs of footwear annually and exported around 7.8 million pairs in 2013; current export earnings is estimated at US$ 21 million
- **Actions**: Short-term-9, Medium-term-2
  - **Target by 2020**: At least 45 million pairs of footwear produced and around 12 million pairs exported annually
- **Main Responsible Agency/ies**: Ministry of Industry, Ministry of Commerce

Chyangra Pashmina

- **Outcome**: Exports of Chyangra Pashmina products expanded significantly
- **Baseline**: Exports of Chyangra Pashmina products were nearly US$ 30 million in 2013
- **Actions**: Short-term-4, Medium-term-2
  - **Target by 2020**: Exports of Chyangra Pashmina products reached to US$ 50 million
- **Main Responsible Agency/ies**: Minister of Industry, Ministry of Agricultural Development, Ministry of Commerce
**Knotted Carpets**

- **Outcome**: Exports of Knotted Carpets regained a strong footing through market and product diversification
- **Baseline**: US$ 71 million worth of Knotted Carpets exported in 2013
- **Actions**: Short-term-6, Medium-term-2
  - **Target by 2020**: At least US$ 100 million worth of Knotted Carpets exported
- **Main Responsible Agency/ies**: Ministry of Industry, Ministry of Commerce

**Skilled and Semi-Skilled Professional Services at Various Categories**

- **Outcome**: Proportion of skilled/semi-skilled Professionals in total out-migration increased and remittance inflow efficiently utilized
- **Baseline**: Based on Economic Survey, 2015, about 26% of migrant workers work as skilled and semi-skilled professionals in destination countries; approximately 22% of returning immigrants own their own business
- **Actions**: Short-term-3, Medium-term-2
  - **Target by 2020**: At least 40% of returning immigrants engaged in their own business
- **Main Responsible Agency/ies**: Ministry of Foreign Affairs, Ministry of Youth and Sports, Ministry of Labour and Employment
IT Services and Business Process Outsourcing

- **Outcome**: New market for IT and BPO sector developed and its export increased significantly
- **Baseline**: Exports of IT and BPO services are estimated at US$ 30-35 million in 2014
- **Action**: Short-term-7, Medium-term-5
- **Target by 2020**: Exports of IT and BPO increased to at least US$ 100 million
- **Main Responsible Agency/ies**: Ministry of Information and Communications, Ministry of Science, Technology and Environment, Nepal Rastra Bank

Tourism

- **Outcome**: Number of foreign visitors, their average duration of stay and per capita expenditure increased significantly
- **Baseline**: 797,616 international tourists arrived in 2013 and spent US$ 42.8 per day per capita staying for around 12 days
- **Actions**: Short-term-12, Medium-term-5
- **Target by 2020**: Foreign visitors reached 1,344,000; length of stay increased to 15 days with per capita expenditure of US$ 2049; 2 million foreigners visiting Nepal in 2020 (as per goal of Vision 2020)
- **Main Responsible Agency/ies**: Ministry of Culture, Tourism and Civil Aviation, Ministry of Foreign Affairs, Ministry of Education
Other Export Potential Sectors and Continuation from NTIS 2010

A. Other Potentials Products (Four New Products): Fruits and Vegetable Juices, Readymade Garments, Coffee, Semi-precious Stones

B. Continuation from NTIS 2010 (Eight Old Products): All Fabricated Steels and Metals, Lentils, Instant Noodles, Honey, Paper and Paper Products, Woolen Products, Silver Jewelry, Hydro Electricity

Role and Responsibilities of Line Agencies in NTIS Implementation

- Ministry of Law, Justice and Parliamentary Affairs: around 100 legal reforms- recommended by the NTIS Review report
- Ministry of Foreign Affairs: trade diplomacy, trade negotiations
- National Planning Commission: allocating sufficient budget for NTIS 2016 implementation, mainstreaming trade in periodic plans and various sectoral policies and strategies
- Ministry of Finance: budget, Customs and trade facilitation
- Ministry of Agricultural Development: agricultural products development and SPS measures
- Ministry of Forest and Soil Conservation: NTFP, MAPs product development, policy and legislative reforms
Role and Responsibilities Contd..

- **Ministry of Industry**: craft and manufacturing products development, investment facilitation, TBT, and IPRs

- **Ministry of Commerce**: aid for trade in services, trade negotiation capacity building, trade infrastructure development and trade support institutions

- **Nepal Rastra Bank**: Soft loans for semi-skilled human resources development, Investment tax incentives, entrepreneurship loans, improving payment mechanism of export of services

- **Private Sectors** (Federations of Chamber of Commerce and Industries): product and value chain development, investments, trade related infrastructures, coordination and support

Conclusion

- Enhancing export competitiveness and productive capacity is crucial for economic growth and sustainable development of Nepal

- NTIS 2016 is a common platform for GoN, private sector, civil society, development partners and other stakeholders for trade sector development

- Ministry of Commerce looks forward to an active partnership of all the line ministries, private sector and other stakeholders for a successful implementation of this Strategy
Thank you for kind attention!