

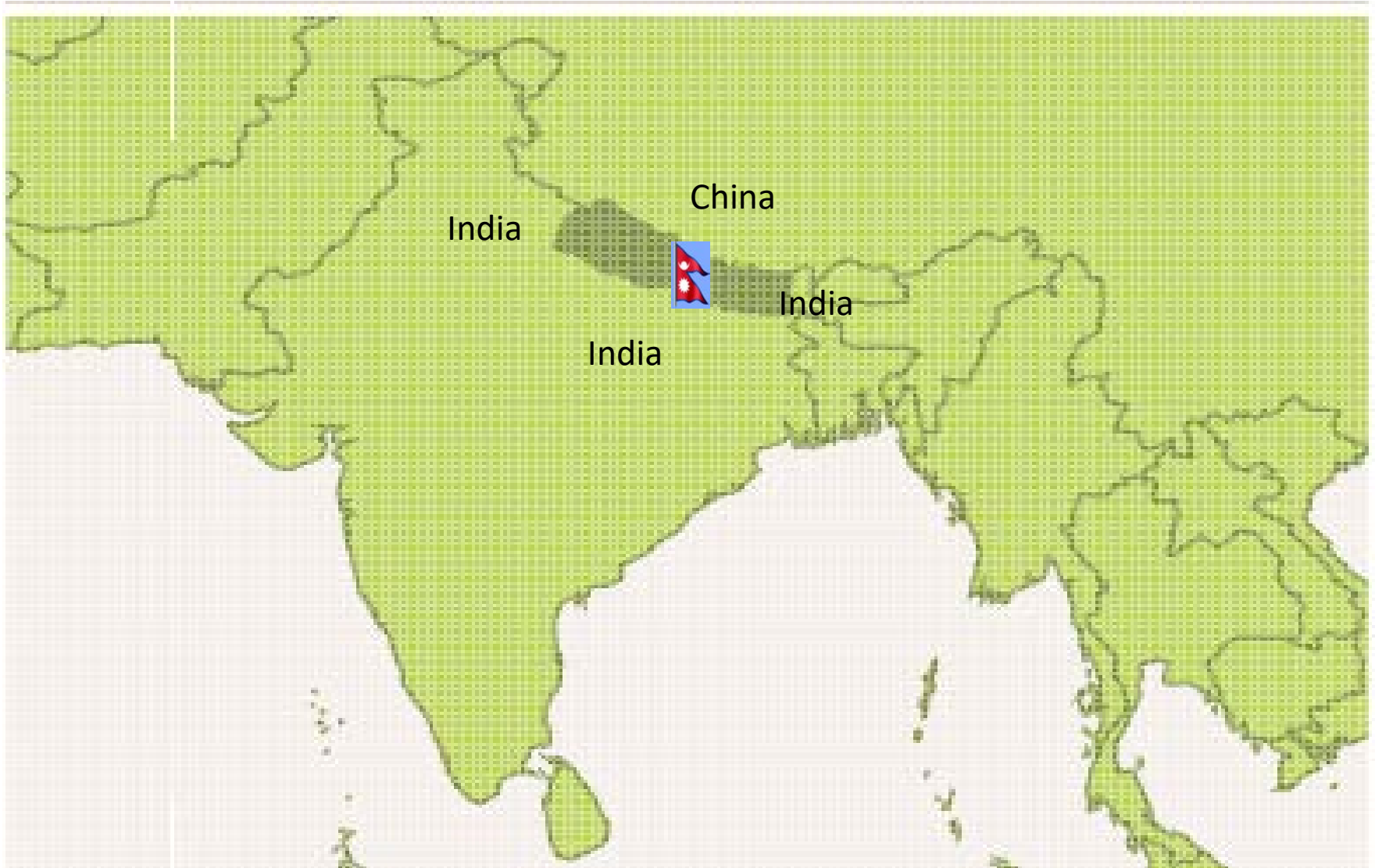
# **Fundamental Transit Policy Issues in Nepal (Priority 1)**

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**The UNESCAP/UN-OHRLLS/UNECE Euro-Asian Regional  
Midterm Review of the Vienna Programme of Action for  
Landlocked Developing Countries for the Decade 2014-2024**

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Bangkok, Thailand

# Nepal : Geographical Location



Land Locked-East, West and South : India, North: China

# Nepal : Country Profile

## Country at a Glance

Area	1,47,181 sq. km
Population	30 million
GDP	US\$ 30 billion
Life Expectancy	70 years
Literacy Rate (15-24)	90%
HDI	0.558

# Indicators for LDC Graduation

Indicators	2014/15	2017/18
GNI per capita (US\$)	778 (1025)	<b>1012 (1230)</b>
Human Assets Index (HAI)	68.7 (66)	<b>71.2 (66)</b>
Economic Vulnerability Index (EVI)	26.8 (32)	<b>28.4 (32)</b>

- **Towards a Meaningful and Sustainable Graduation**

There is overall readiness of the country to graduate **meaningfully, smoothly, sustainably and irreversibly**. It is on these substantive grounds, and not technical criteria per se, that Nepal lags behind for reasons.

# Major Trading Partners of Nepal, 2017 (million USD)

S.N.	Import			Export		
	Country	Amount	% Value	Country	Amount	% Value
1	India	5850.38	65.74	India	396.51	57.12
2	China	1247.08	14.01	U.S.A.	88.48	12.75
3	U.A.E.	223.16	2.51	Germany	29.41	4.24
4	Indonesia	112.47	1.26	Turkey	27.49	3.96
5	Thailand	110.16	1.24	U.K.	24.66	3.55
6	U.S.A.	95.44	1.07	China P. R.	18.11	2.61
7	Japan	84.53	0.95	Bangladesh	12.92	1.86
8	Argentina	84.28	0.95	France	11.57	1.67
9	Malaysia	73.27	0.82	Japan	11.22	1.62
10	Vietnam	68.31	0.77	Italy	10.89	1.57
	Others	950.08	10.68	Others	62.84	9.05
	<b>Total</b>	<b>8899.17</b>	<b>100</b>	<b>Total</b>	<b>694.12</b>	<b>100</b>
Trade Deficit = 8205.05						
<b>Export Import Ratio= 1:13</b>						

# Key Means of Transportation

- Airways
  - Upgrade of existing airports
  - Regional international airports (Pokhara and Bhairahawa going to complete soon)
  - Nijgadh International Airport – potential for regional hub (planned)
- Roadways
  - Kathmandu Tarai Madhesh Expressway
  - East-west and North-South Highways
  - Tunnel ways (planned)
- Railways
  - Jayanagar (India)- Janakpur (Nepal)
  - Kerung (Tibet)-Rasuwagadhi-Kathmandu-Pokhara-Lumbini (Planned)
  - Raxaul (India)- Birgunj-Kathmandu (Planned)
  - East-West(Planned)
  - Metrorail, Monorail (Planned)
- Waterways in the Southern part (Planned)

# Transit Routes

- South Part is Plain and easier for **transit through India** (Land Ports: Birgunj, Bhairahawa, Nepalgunj, Dhangadhi, Kakadbhitta etc.)
- North Part is Himalayan Region with **High Mountains bordering China** (Land ports: Rashuwagadi-Kerung, Tatopani-Khasa, Korala-Tibet etc.)
- For **third country transit**, through **India** (Kolkata, Visakhapatnam etc.) and **China** (MOU in 2018)
- Using some ports of **Bangladesh**

# Fundamental Transit Policy Issues in Nepal

- Nepal has concentrated in **Improving Fundamental Transit Policy** through:
  - **Bilateral Agreements**
  - **Regional Agreements**
  - **Multilateral Agreements**
  - **Customs Cooperation**
  - **Harmonization of Standards**



# Fundamental Transit Policy Issues in Nepal

- **Nepal's Trade Policy 2015**
  - **Export Promotion**
  - **Strengthening Supply-side Capacity**
  - Increasing exports of value-added **Competitive Products and Services**
  - Increasing **access of Goods, Services, and Intellectual Property** to regional and world markets
  - **Trade Mainstreaming** in sectoral policies, **Aid for Trade**, etc.

# Fundamental Transit Policy Issues in Nepal

**Nepal Trade Integration Strategy (NTIS, 2016):** enhances Nepal's export competitiveness through seven cross-cutting strategic areas:

- **Trade capacity**
- **Trade and investment environment**
- **Trade and transport facilitation**
- **Standards and technical regulations**
- **Sanitary and Phyto-Sanitary (SPS) measures**
- **Intellectual property rights**
- **Trade in services** and developing export strategies for selected products

# Fundamental Transit Policy Issues in Nepal

- **A New Transit Policy:** in the process of drafting
- **Nepal Trade and Transit Facilitation Committee (NTTFC)**, led by Secretary of Ministry of Industry, Commerce and Supplies (MoICS): **addresses the transit policy issues faced by the country.**
- **A central-level Board of Trade chaired by the Minister for Industry, Commerce and Supplies** with the participation from the private sector, public sector as well as academicians: provide necessary assistance in trade and transit **policy formulation, policy monitoring and inter-agency coordination.**

# Bilateral Transit Issues

## India

- **Nepal-India Inter Governmental Committee (IGC) and Inter-Governmental Sub- Committee (IGSC)** were formed to discuss issues on trade, transit and cooperation to regulate unauthorized trade.
- **Nepal-India Oversight Mechanism-** to facilitate implementation of ongoing bilateral projects within defined timeline.
- The latest sixth meeting of the Oversight Mechanism- **completion of all bilateral economic and development cooperation projects** by addressing the challenges arising during the project implementation such as the cross-border rail projects, Integrated Check Points (ICPs), Terai Road Project, and Cross Border transmission lines, among others.
- An **agreement with India to develop inland waterways** for cost-effective and efficient cargo movement.

# Bilateral Transit Issues

**China:** Nepal and China signed the **Transit Transport Agreement in 2016** and the framework agreement on **Belt and Road Initiative with China in 2017,**

**Trade and Transit Agreement** between Nepal and China, 2015,

**MOU on Cooperation in Railway Projects, 2018.**

**Bangladesh:** Nepal is using **two ports** since 1976 and **five transit points** for Nepali transit cargoes.

## Regional/Sub-regional Transit Issues

- Nepal signed the Bangladesh, Bhutan, India, Nepal **(BBIN) Motor Vehicles Agreement (MVA)** along with Bangladesh, Bhutan and India to further strengthen sub-regional connectivity.
- The operationalization of **LLDC Think Tank** and the **LDC Technology Bank** in the recent years has enhanced scope for partnering and receiving relevant cooperation.

## Multilateral Transit Issues

- Nepal endorsed the implementation of the **Trade Facilitation Agreement (TFA)** of the World Trade Organization (WTO).
- Nepal acceded to the **Revised Kyoto Convention (RKC)**.
- **Playing Active Role** in multilateral negotiations on LLDCs matters.

# Customs Reforms

- The Department of Customs has installed a total of **18 automated web-based systems** (**15 are ASYCUDA World, 3 are ASYCUDA++**)
- **Integrated Check Posts (ICPs)** are being built in main border-crossing points between India and Nepal, namely **Bhairahawa (Rupandehi), Nepalgunj (Banke) and Biratnagar (Morang)**. The ICP in **Birgunj** has also come into operation.
- Nepal also has four **Inland Container Depots (ICDs)** in operation, namely **Bhairahawa, Birgunj, Biratnagar and Kakarbhitta (Jhapa)**.
- An **Electronic Cargo Tracking System (ECTS)** was set up at the inland clearance depot in **Birgunj**.



# Thank you

