



DIALOGUE

EXPERT SPEAK

15 APRIL 2020

“REVISITING TRADE AND TRANSIT OF NEPAL AMID CRISIS”

ABSTRACT

Due to coronavirus led crisis, economy is worst hit. It was therefore prudent to discuss Nepal’s economic diplomacy with the neighbourhood countries. Under economic diplomacy, trade and transit treaties between two nations play a very vital role. In this interview, Mr. Rajan Sharma throws light on some of the weak models of trade and transit in and across Nepal. Amid crisis, these weak models are further going to hamper the economy of Nepal, if not taken seriously.

EXPERT



Mr. Rajan Sharma
Former President of Nepal Freight Forwarders Association (NFFA)

About the Expert :

Mr. Rajan Sharma is the Former President of Nepal Freight Forwarders Association. He served as a Board Member at Nepal Intermodal Transport Development Board under the Ministry of Commerce. His areas of expertise are trade, transit & commerce.

TRANSCRIPT OF THE TALK

Q1. What has been the Impact of Covid19 on Nepal's trade?

Ans. COVID-19 has severely affected trade. It has brought down charter rates and disrupted supply chains worldwide. Nepal is likely to suffer immensely from these developments as the government is yet to chart out plans to ensure smooth operation and ease connectivity at transit points within the country and beyond borders. This is because of lack of proper consultation among stakeholders and government's know-all attitude.

Q2. How should Nepal be handling its trade and transit challenges?

Ans. Nepal should strive to become an export-driven economy rather than an import-dependent country. Unfortunately, this agenda neither tops priority list of the government nor private sector organisations like CNI, FNCCI or Nepal Chamber of Commerce. Nepal should devise a plan to expeditiously handle import and export cargoes that arrive at transit ports or our own customs points.

This means faster clearance of goods; reduction in paperwork or automation of documentation process with no involvement of personal contacts; and possibility of automatic transfer of mode of transport (please explain) from logistic centres. In transit points there are number of procedure that need human presence and those should be avoided.

For example, while changing mode of transport from sea to road. In such case Nepal and transit warehouse company having ownership of government should be involved with the Indian government authorities as NTWCL is also Nepal government company and trust is established).

Q3. Which institution are major stakeholders and what could be their role during this crisis?

Ans. The role of each participant in the supply chain is critical. Actors of supply chain and their activities need to be organised with other government agencies, creating more holistic approaches toward epidemic control. Cross functional, inter-agency collaboration and the role of practitioners should also be considered. Use of state-owned agencies for facilitating trade within and across borders is a must when private service providers are reluctant to provide service due to fear and non-availability of right gears to operate under the given context.

Q4. Could you point out some of the problems with government's response to Covid19 crisis management?

Ans. There are a lot of issues with the government preparedness. Government of Nepal is not yet prepared for smooth operations and easy connectivity at transit points beyond borders and within. This is because of lack of proper consultancy and know all feel of those operating within government agencies. Supply chain for pandemic and supply chain disaster during pandemic' must be looked differently. The complex and multidisciplinary nature of epidemics containment effort calls for synergies between epidemiologists and logisticians.

Q5. What measures would you suggest the government during this crisis?

Ans. The complex and multidisciplinary nature of epidemic containment effort calls for synergies between epidemiologists and logisticians. Enhance the understanding of how cost could be minimised while achieving a higher level of efficiency in terms of time response. Right decision of the mode and means with the right INCO (needs explanation of the abbreviation) international chamber of commercial terms, related to transfer of risk of goods , transfer of money, transfer of risk and liability)terms appropriate for the country.

There is a gap between policies and modelling approaches, therefore, follow standards and guidelines published by healthcare organisations when developing epidemic logistics mathematical models. Inventories of essential medical supplies will deplete, therefore, deal with the replenishment aspects. The warehousing provisions with identification of type of warehouse, condition, capacity and locations. (Please explain)

Epidemic control supply chains lack any kind of performance measurement. Therefore, research is needed to suit our context for the development of specific performance indicators. Management of information regarding the supply chain and relevant sourcing decisions is very important. Information about the flow of goods, flow of money and flow of documents is very important.

Q6. World is becoming protectionist. Countries are isolating themselves from the other world. How do you think small countries like Nepal should do?

Ans. Certainly, countries are getting isolationist. The crisis is such that it's not a crisis of one or two country alone. Almost all the countries in the world are affected. Due to this, small countries like Nepal will have to find out ways for self-sustenance. We need to build models that suit our needs. As far as global institutions are concerned, these institutions should change their norms based on the needs of small countries like Nepal.

Q7. Do you see any hidden opportunities for Nepal’s manufacturing sector during crisis?

Ans. In the future, we should be able to manufacture our own goods and towards being export-driven rather than import-driven but unfortunately that has not been the governments priority nor if the highest business support organisation like the CNI and FNCCI or any Chamber of Commerce. So far, government authorities are hugely focussing on just revenue generation (irrespective of its long term sustainability). It is time to think beyond just election tenure for the country.

Q.8. How will Nepal become export driven economy?

Ans. Presently, most of the Nepal’s export do not reach international market for two reasons. One is the quality and second is the quantity. Nepal doesn’t have accredited labs to test their products based on International Norms. Due to this, most of Nepal manufactured products do not see international markets. When we develop such labs, we would be able to test more and thereby export more good abroad. Nepal is a resource rich country. However, these resources are not getting efficiently exploited.

Secondly, the minimum quantity for exporting goods should be set differently for different countries. In most of the Nepal manufactured goods, the goods fail to reach international market because they are not produced in that bulk. There is a need for the global institutions to re-think on these norms.

Q9. How do you see the global order transforming after this crisis?

Ans. Countries will now have to focus more on Sustainable development goals. We need to think of models that are concerned with SDGs. Be it small or big country, SDGs are going to be a focus for all. In Nepal’s case, which was highly dependent on Imports, its time to develop a self- sustainable economy. An economy, in which we need not stay dependent on other countries for basic goods.

About the Interviewer:

Ms. Anjali Gupta is a Research Intern in Asian Institute of Diplomacy and International Affairs, located at Kathmandu, Nepal. She has done her Masters in International Relations from Jawaharlal Nehru University, New Delhi. Currently living in Kathmandu, Nepal. Her core areas of interests are Nepal, India and China’s Foreign Policy and Diplomatic Affairs.



About Expert Speak:



Expert Speak is an initiative by Asian Institute of Diplomacy and International Affairs (AIDIA), Kathmandu. It is one of the ways we are conducting Dialogue between the curious and the expert. These experts are from different fields with different experiences. Similar is the case with the interviewers. Under the project, Expert Speak, we are undertaking a series of interviews, not just in Nepal but from experts worldwide. The project intends to dwell on the key challenges to Nepal's Foreign and Economic Policies. Also, the project intends to understand Nepal's geopolitical challenges opportunities.