

**Statement by Hon'ble Mr. Romi Gauchan Thakali
Minister for Commerce of Nepal**

**The High-Level Meeting for the Euro-Asia Region on Improving
Cooperation on Transit, Trade Facilitation and the 2030 Agenda for
Sustainable Development**

7 March 2017, Hanoi, Vietnam

Mr. Chairperson,
H.E. Mr. Pham Binh, Deputy Prime Minister and Minister of Foreign Affairs of Vietnam
H.E. Mr. Gyan Chandra Acharya, UN USG and HR of OHRLLS
H.E. President of ECOSOC
Honorable Minister
Excellencies
Distinguished participants
Ladies and Gentlemen!

It is indeed a pleasure for me to attend the High-Level Euro-Asia Regional Meeting on Improving Cooperation on Transit, Trade Facilitation and the 2030 Agenda for Sustainable Development in this beautiful city of Hanoi.

Also would like to thank the Government of Vietnam, UN Office of High Representative for LDCs, LLDCs and SIDS, together with other organizations for organizing this important Meeting.

I am confident that this high-level meeting will reach to its fruitful conclusions.

Excellencies,

International trade agreements, especially under WTO, enabling cross-border flows of goods and services have been an important spur to the global economy, significantly reducing both tariff and non-tariff barriers to trade.

The cross-border flows of trade and finance have been a powerful source propelling global growth and can be attributed to lifting millions of people out of poverty, in particular from the developing world.

Recently, a milestone agreement - The Trade Facilitation Agreement (TFA) under the WTO has come into force. The TFA will have a major impact on Landlocked Developing Countries (LLDCs) like Nepal, as it aims to standardize and simplify customs procedures, slashing the time, cost and complexity of taking goods over borders, which could ultimately strengthen good governance

The share of least-developed countries (LDCs) in world exports doubled from 0.5 per cent of total trade in 1995 to 1.1 per cent in 2014. Sustainable Development Goals (SDGs) **Target 17.11** aims to significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020.

LLDCs like Nepal have to overcome tremendous challenges due to the high trade cost, constraints related to supply-side capacity and climate change. In this regard, the LLDCs and transit developing countries should make greater use of the Trade Facilitation Agreement by filing necessary notifications to get technical assistance, especially upgrading and international accreditation testing facilities and laboratories, and supports for capacity building, including that of private sector.

Distinguished participants, Ladies and Gentlemen,

The Government of Nepal is fully committed to enhance mutually beneficial cooperation with its transit neighbors, on transit and trade facilitation.

Speeding up processes by expediting the movement, release and clearance of goods, including goods in transit will have positive effect on Nepal's trade.

As an LLDC, about 90% of Nepal's trade is transported by road. Nepal has the lowest road density in the region. Cost of export per container in Nepal is USD 2,545 which is higher than LDCs average of USD 2,084 and more than double of the OECD average of USD 1,070.

Therefore, quality road infrastructure and improved cross-border connectivity, among others is the key to reduce trade cost and building competitiveness thereby helping LLDCs like Nepal to transform into land-linked country as envisaged by Vienna Program of Action 2014-2024. Nepal has focused on infrastructure development mostly road network, as country has geographical diversity.

Nepal has initiated for upgrading road infrastructures and port as well as the construction of Container Freight Station (CFS) in support of World Bank and adopting facilitation measures in collaboration with other development partners.

Small and medium-sized enterprises (SMEs) comprise a substantial part of the economic activity of Nepal. SMEs in Nepal face challenges due to higher cost, especially due to insufficient use of technology and inefficiencies in areas such as transport.

Reducing trade costs in productive sectors might boost productivity and potentially promoting production at a larger scale through reduction of average cost of production and utilize economies of scale. This could in turn support processing industries and building a critical mass of viable and competitive productive capacity in the country.

With the advent of **ICT and E-commerce**, it has created historic opportunities for SMEs operated by women and marginalized communities to participate in both regional and global value chains thereby, contributing to reduction of poverty and achieving the targets envisaged by Sustainable Development Goals by 2030.

To realize the benefits of globalization and participate in Global Value Chains (GVCs), Nepal needs investments in infrastructure development, especially transport and energy. These are the key sectors, among others, to reduce trade costs in Nepal. Lowering trade costs can help Nepal join Global Value Chains. This will enable SMEs in Nepal to “move up” to higher value-added activities.

The rivers of Nepal offer substantial hydroelectric potential. Out of estimated 43000 MW feasible capacity, Nepal has currently less than 1000 MW of installed capacity. This little-tapped resource could be developed to meet the energy demands of the region. I believe that we can harness this renewable energy resource for the benefit of the region through cooperation and synergy.

Excellencies,

With the promulgation of new Constitution of Nepal in September 2015, Nepal has been successful to institutionalize the democratic pluralism based on rule of law. We appreciate the goodwill, support and cooperation from the larger international community in our drive towards political stability, economic growth, and development.

The Government of Nepal has been bringing a series of regulatory reforms to enhanced enabling environment for businesses and private sector. The GoN has successfully brought about its third generation DTIS (Nepal Trade Integration Strategy 2016-2020). Recent progress on improving enabling environment such as the endorsement by the Parliament of some bills like the Industrial Enterprise Act and Special Economic Zone Act are important steps toward this goal.

Another crucial act, the Foreign Investment and Technology Transfer Act, is being reviewed which has provisions to establish a one-stop window to provide all the facilities for foreign investors to come, get registered, get approved and move forward with making their investments.

We can collectively accomplish sustainable development goals with greater collaboration, coordination, and through enhanced integration by utilizing regional initiatives, ***such as Regional Motor Vehicle agreement.***

Overcoming infrastructure bottlenecks and promoting connectivity in terms of road and railway networks, air-links, ports as well as communication networks must receive top priority on our agenda.

Through this High-level forum, I would also like to convey the message to the investors that Nepal is an attractive destination for investments, and the Government of Nepal is committed to guarantee the best possible environment for foreign investments, especially in hydroelectricity generation and transport infrastructures development.

I am confident that this forum will be successful in bringing collaboration and strengthening partnership amongst each other.

I wish great success of this meeting.

Thank you.