

# **Market Access Barriers on Select Nepalese Agricultural Produce in the Post WTO Accession Era**

Presentation at a Panel  
Discussion in the Sidelines of the  
Hong Kong Ministerial

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# Overview of the Nepalese agriculture

- Significant contribution to the GDP (40%)
- Livelihood (80%)
- But the sector facing structural problems, e.g.,
  - low level of productivity
  - highly labour intensive
  - Low level of commercialisation
- A net importer of agro-produce
- Export trade highly concentrated
  - Product wise (both in primary and value added)
  - Destination wise (India, Germany and the US)

# Nepal's WTO membership and market access

- Membership on 23 April 2003
- Commitments on several areas to locking-in domestic reform agenda
- Membership has assured predictable market access
- AoA, SPS TBT important from the perspectives of market access of agro-produce
- Opportunities as well as challenges
  - Converting market access opportunities into entries
  - Need to tackle supply-side and policy constraints
  - Better negotiating strategy for addressing the demand side constraints

# Objectives and Methodology

## Objectives

- Study the existing tariff and non-tariff barriers on select agricultural produce of Nepal;
- Identify problems the Nepalese agricultural exports face in the international market; and
- Propose some measures at the international and regional levels to minimise, if not eliminate, export barriers.

## Limitations

- The study looks at multilateral trade issues, not the preferential market access, bilateral and regional trade issues
- The study looks at the demand side, i.e., market access barriers (tariff and non-tariff) and not focus on supply side .
- The data on NTBs are insufficient to indicate the overall trend of the imposition of NTBs because they only show the incidence by percentage and lack the examples of cases that were used to identify the incidence.

# Limitations and coverage

## Methodology

- Literature review
- Collection of data from the WTO Market Access Division and UNCTAD website
- Data on NTBs are insufficient as they only show the incidence of NTMs by percentage and lacks examples in many cases

## Coverage

### –Selected commodities

- Tea, Natural Honey, Floriculture, Vegetable Seed and Medicinal Plants

### –Selected markets

- Neighbouring countries
- Developing countries
- OECD countries

# Major findings

- **First, exports of all five products face tariff peaks in the neighbouring markets (except China).**
- **Moreover, the fact that members have the right to raise their tariffs to the bound level, if circumstances so dictate, the tariff barriers are very formidable. With bound tariffs as high as 200 percent maintained by neighbouring countries, they are almost like QRs.**
- **Second, though other developing (except Korea) and developed countries have not maintained high tariff barriers, the incidence of NTMs is high.**

# Measures at the international level

- Given the high incidence of NTMs, it is necessary to raise voice against such barriers.
- Nepal should join the LDC group to press for the binding of market access offers at the WTO.
- Nepal needs to mobilise support from various bilateral and multilateral donors to implement resource-demanding commitments.
- It is also important to seek support from UNCTAD for capacity building measures and market access.

# Measures at the regional level

- **If there is problem for neighbouring countries to lower their trade barriers on an MFN basis within the WTO, Nepal should take them into confidence to obtain better market access opportunities through SAFTA.**
- Nepal should join hands with other LDCs in the region to demand that agricultural products of export interests to LDCs are excluded from the sensitive list.
- While dealing with any bilateral treaties with its neighbouring countries, especially with India, the country should take note of the market access aspect.