

Ninth Monthly Forum

IMPACT OF THE EARTHQUAKE ON FOREIGN TRADE

EVENT REPORT

KATHMANDU, 29 April 2018: Although Rasuwa is still unable to fully absorb traffic diverted from Tatopani, which remains shut due to the earthquake, still it has provided an opportunity for Nepal to diversify its trade route, trade experts discussed today. South Asia Watch on Trade, Economics and Environment (SAWTEE) organized a discussion forum to discuss the changed dynamics of Nepal-China trade in the aftermath of the 2015 earthquake that impacted the border connectivity between the two countries, here, today.

Rerouting of Nepal and China trade taking place through land border to sea via India due to shut down of Tatopani border after the earthquake coupled with inadequacy of the Rasuwa border to handle China trade is estimated to have incurred time cost equivalent to a tariff of 18 to 62 per cent, said Dr. Paras Kharel, Research Director, SAWTEE, pointed out while making presentation on the impact of earthquake on Nepal's trade with China titled 'Nepal-China trade after the 2015 earthquake'.

Regarding overall trade, Dr. Kharel pointed out that despite reconstruction activities and rebound in trade after the exogenous shock of earthquake and the immediate blockade at Nepal-India border, exports in 2015-16 were 20 per cent less than the figures projected by Post-Disaster Needs Assessment report and exports in 2016-17 were still less than exports in the pre-earthquake year, 2013/14.

Mr. Rabi Shankar Sainju, Joint Secretary, Ministry of Commerce, Keyrung will even be able to connect Nepal to Europe through Chinese Belt and Road Initiative. He, however, urged the traders to be more open to adapt new routes citing example of Vishkapatnam Port, which is offering efficient services in comparison to Kolkata or Haldia ports.

Former Joint Secretary at commerce Ministry who was involved in opening the Keyrung border for trade, Mr. Jib Raj Koirala pointed out that in order make the maximum use of the border, Nepal needs to ensure that there exist mutually accredited laboratories at the border, and diversify its product profile, among others.

Mr. Bachchu Poudel, President, Nepal Trans Himalaya Border Commerce Association, called attention to increased cost for the traders doing business with China through Tatopani. Further, shut down of the Tatopani has also brought the economy in Sindhupalchowk at standstill.

Mr. Prabhakar Thapa, General Manager, Him Electronics, said that sea route is likely to be the preferred and dominant route for Nepal's imports from China in the foreseeable future, while rail route could be viable only for certain niche products. He also added that to make transit trade less expensive for Nepal, more private players in freight handling in India should be involved.

Dr. Dilli Raj Khanal, senior economist and former Member of Parliament, also emphasized the need for export diversification in order to benefit from enhanced transport connectivity with China.

This is the ninth discussion forum organized by SAWTEE under the project 'Initiating dialogue on Post Disaster Reconstruction Experience' undertaken with support from The Asia Foundation (TAF).

Some 25 participants from various organizations, including research institutions, experts, activists and development partners, participated in the event.

SAWTEE has undertaken similar discussion forums related to post-disaster reconstruction under themes such as labour migration, expenditure tracking, urban spaces, conflict resolution, gender implications, macroeconomic impact etc.