

Exports to China jumps 220pc

POST REPORT

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NEPAL'S exports to China, Bangladesh, Turkey and Thailand grew significantly in the first seven months of current fiscal year, while shipments to traditional export destinations of the US and Germany dropped.

The latest statistics of the Trade and Export Promotion Centre (TEPC) show exports to China, Bangladesh, Turkey and Thailand surged by 219.8 percent, 62.6 percent, 315.8 percent and 95.1 percent, respectively, over the period, while those to the US and Germany were down 12.8 percent and 17.6 percent, respectively.

President of the Nepal-Turkey Chamber of Commerce and Industry Akhil Chapagain said that Nepal's exports to Turkey had jumped after the chamber was established which helped to boost trade. According to him, traditional handicraft items, yarns and fabrics and woollen carpets are among the major exportable items to Turkey. Chapagain said there was high potentiality for increasing exports to the country if the government worked to secure duty privileges and increase the supply capacity.

However, Nepal's trade deficit shot up to Rs 295.96 billion in the first seven months of the fiscal year with higher imports of oil, iron and steel, autos and parts, machinery and cereals.

According to the TEPC, the country bought petroleum products worth Rs 60.78 billion (up 22.1 percent), iron and steel products valued at Rs 34.12 billion (up 21.7 percent) and automobiles and

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parts worth Rs 19.69 billion (up 39.9 percent).

Similarly, imports of machinery and parts amounted to Rs 17.93 billion (up 26.9 percent) and cereals Rs 11.62 billion (up 89 percent). Nepal's total imports during the review period amounted to Rs 340.16 billion, a jump of 24.7 percent. Meanwhile, exports inched up 3.7 percent to Rs 44.20 billion.

The surge in the trade deficit has been attributed to the government's apathy towards promoting exports and lack of a friendly investment environment to boost production. Chief executive officer of the South Asia Watch on Trade, Economics and Environment Ratnakar Adhikari pointed to policy laxity and lack of investment environment to promote export-oriented businesses as being among the reasons for the growing trade deficit.

He said that lack of policy to put remittance in productive investment had also resulted in an insignificant growth in export earnings. "There is an urgent need for a national level discus-

sion on utilising remittance in the productive sector," added Adhikari.

Meanwhile, the increase in imports of cereals has raised alarm over declining food crops production in the country. Shortages of fertiliser, delays in the monsoon and declining productivity of farmland have also been blamed for the increasing import of food grain. Adhikari said that the government should also bring an effective policy on improving agricultural productivity.

Compared to the galloping rise in imports, the country's export growth was minimal. Iron and steel products, yarns (polyester, cotton and others), textiles, woollen carpets and lentils were placed in the list of the top five exportable goods. Exports of iron and steel products grew by a nominal sum to Rs 6.41 billion from Rs 6.23 billion.

Likewise, exports of textiles inched up 8.4 percent to Rs 3.03 billion. Lentil exports were the only sector that showed an appreciable growth, with shipments soaring 61.1 percent to Rs 2.23 billion. The other major exportable items including yarns, woollen carpets, pashmina products, readymade garments and handmade paper products witnessed a fall in exports.

With regard to Nepal's largest trading partners, India bought 65.61 percent of the exports. The southern neighbour contributed Rs 29 billion out of the total export earnings of Rs 44.20 billion.

Meanwhile, Nepal's imports from India accounted for 65.46 percent of the total imports worth Rs 340.16 billion. The country bought Rs 41.58 billion and Rs 22.06 billion worth of goods from China and the UAE.