

# 'New attractive policies must after Nepal's graduation from LDC'



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Experts at the webinar organized by SAWTEE on Tuesday.

## Experts discuss virtually on LDC graduation: What next for Nepal

Nepal's graduation from the least-developed country (LDC) status is a cause worth celebrating experts pointed out during a webinar organized by South Asia Watch on Trade, Economics and Environment (SAWTEE) on Tuesday.

The potential loss from losing preferential market access when Nepal graduates from the category of LDC can be overcome by negotiating better regional and trade deals in the next five-year transition phase, they added.

The graduation from the LDC category will allow Nepal to be considered a viable investment destination provided the country can devise an effective transition strategy for the next five years, said Lekh Raj Bhatt, Minister of Industry, Commerce and Supplies, while deliberating the further steps towards institutionalizing the LDC graduation in the webinar titled 'LDC Graduation: What next for Nepal?'.

"The need to prepare better policies to help strengthen Nepal's specialization and to strengthen the infrastructure to support those sectors," the Minister emphasized.

Addressing the concerns regarding the loss of duty-free-quota-free access to the foreign markets, the press release of the SAWTEE reads that, Dr. Posh Raj Pandey, Chairman, SAWTEE pointed out that the only market that will be affected by the removal of preferential access will be the EU, non-EU European countries, Canada and to some extent, the US.

"In this regard too, the WTO estimates show that the total loss of merchandise exports due to removal of preferential rates could be as low as 2.5 per cent of the existing exports, and the increase in tariffs could be about 0.9 per cent of exports," he added.

Gyan Chandra Acharya, former United Nations Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLS), pointed out that Nepal can negotiate with the major trade partners such as EU for the facilities such as Generalized Scheme of Preferences (GSP) Plus facilities and/or other similar mechanisms for the future.

Ms. Pushpa Bhushal, Member of Parliament and member of Parliamentary Committee on International Relations, pointed out the need to reassess the policies and priorities considering the new difficulties brought by the COVID-19 pandemic. "The policies need to focus on the impact of graduation on the different sectors and sections of society," she added.

Shekhar Golchha, President, Federation of Nepalese Chambers of Commerce and Industry (FNCCI), pointed out the possible fallout of the LDC graduation in the form of collapse of third-country exports which will disproportionately affect the small businesses in Nepal.

He also urged the policymakers to take the private sector along while framing policies for the transition period.

Ms. Darshana Shrestha, Vice President, Federation of Women Entrepreneurs' Association of Nepal, said that the transition policies need to take into account that a major part of the value chain of the items that are exported from Nepal to third countries include women.

Dr. Pushpa Raj Kadel, Vice Chairman, National Planning Commission, said that the graduation is not without risk, but it does not mean that Nepal should remain LDC.

"NPC would lead the transition strategy and ensure that the strategy will be implemented," he informed.

Kewal Prasad Bhandari, Member-Secretary, National Planning Commission, informed that the NPC is mobilizing an inter-ministerial mechanism to integrate the LDC graduation with the national plans and policies introducing programmes in the coming fiscal year's budget.

"There is not much to be pessimistic about graduation since it will open up new avenues such as international capital markets for resources," he assured.

Gauri Pradhan, Global Coordinator, LDC Watch, said that the progress reported in the economic and environmental vulnerability index and human assets index depicts socio-economic progress made by Nepal but now the question is whether they are sustainable.

Following the recommendation of the United Nations Committee for Development Policy in late February 2021, Nepal has been launched on the path to graduate from LDC category by the year 2026. Nepal is on track towards graduation without meeting the per capita income criterion, having met two graduation criteria—in terms of vulnerability and human assets, the release added.