

One-way traffic

Trade failure with China

NEWS that Nepal and China are soon holding another round of high level trade talks to deal with a number of problems that Nepali traders have been facing in exporting products to adjoining Tibetan markets is an encouraging development. This newspaper has long been urging the government to pay due attention to a range of problems that Nepali traders face while exporting products to booming cities in Tibet that are only a day-long road trip from the border. But, that advice seems to have fallen on deaf ears. The government's apathy toward implementing a number of understandings reached during last year's Nepali and China trade talks itself is an evidence of its flippancy toward addressing the problems.

Nepali traders have long been complaining about varieties of non-tariff barriers like delivery delays, higher transportation costs, customs and quarantine procedures, and lengthy payment settlement procedures that have been greatly hampering the country's slow but promising export potential to neighboring Tibetan cities. Thus, Nepal's export to China has been stagnant for many years. However, in the same time, Chinese exports to Nepal, like its exports to many other countries, has been growing at an exponential rate of 27 percent per year over the last seven years. As a result, the overall trade deficit with China is expected to touch Rs 40 billion during the current fiscal year.

A recent study on Nepal-China trade has pinpointed transportation cartels as the biggest hindrance to trade growth with China followed by inefficient customs and cumbersome procedures. Given the proximity of nearby Tibetan cities compared to mainland China, Nepal can gain by exporting products like fresh vegetables, tea, iron and steel products, herbs, lentils, ghee, ginger and handicraft, among others. It is the government's failure to seize the opportunity that has marred the country's export prospects.

We urge the government to shun such complacency and take concrete steps to remove both in-house and external obstacles. On the domestic front, the government must end transport syndicates that inflate cost and siphon away export potential. As building the supply capacity is crucial for giving impetus to export, it must set up cost-effective vegetables and other agro-collection centers, immediately enforce the special economic zone (SEZ) law and develop long-promised SEZ along the northern border in order to facilitate exporters. On beyond the border issues, the government must push China to recognize Nepali quality certifications, simplify its quarantine procedures, establish bank branches along the bordering cities to facilitate trade payment and set up a bilateral mechanism at the ground level to deal with day-to-day problems. Some of these solutions were agreed upon in the past as well, but remain unimplemented. Hence the government must be more proactive in making its Chinese counterpart deliver on its old promises. As the second largest economy in the world and as a good neighbor, China is eager to reach out to Nepal. What is needed now is clear priorities and tactfulness on the part of Nepal.