

Tea, lentils facing export barriers

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KATHMANDU: Though lentils and tea have high and medium export potential, barriers to market access have not allowed for the expansion of exports of these two products.

"We have export barriers, market access barriers and tariff/non tariff barriers," said chief executive director of South Asia Watch on Trade, Economics and Environment Dr Ratnakar Adhikari during 'Public Private Dialogue on Export of Tea and Lentils from Nepal'.

"The government should reform the policy in the agricultural sector and make trade negotiations with India and Bangladesh," said Adhikari. The Indian government imposes three per cent customs on tea and lentils. Nepali traders also need to pay about Rs 3,000 per test per consignment at a Central Food Lab in India.

"Nepali containers heading to Bangladesh through Fulbari–Bangladesh route have to pay a certain amount to the local development authority between Siliguri and Panitanki of West Bengal, which is against the spirit of the Nepal-India Transit Treaty," said under secretary at the Ministry of Agriculture and Cooperatives Dr Pradyumna Raj Pandey.

Pandey also said that Nepal does not have the Pest Risk Analysis report and accreditation laboratories yet. "Bangladesh requires a test for fumigation of methyl bromide in exportable lentils," said Pandey. He also informed that India does not accept Nepal's lab test report for tea exports. Therefore, exporters need to go to food labs in Kolkata, Sunauli or Lucknow periodically.

"Nepali products have to go through customs related and other administrative hassles," he said. Nepali exporters do not receive cooperation at desired level from Indian administration, particularly customs officials and police.

Importing firms and Bangladeshi banks are often found to be delaying payments. An export consignment to Bangladesh faces three holidays in a week at three different customs offices through which the consignment passes. "There are also some restricted practices for Nepali products," said Pandey.

According to him, Nepali tea is not allowed to participate in the auction market in Kolkata. Therefore, they are compelled to sell their products at a lower rate and are losing the opportunity to establish their own brand in the Indian market.

Pandey also informed about the supply side constraints in expanding exports. He said, "The implementation of the government's security plan on the ground is weak." Poor security and law and order situation, physical threat to businessmen/industrialists, excessive labour unionism, and too much politics in the industries are the main reasons for supply side constraints, he said.

Other constraints are poor governance, unpredictability in policy, lack of storage facility, and wholesalers receiving a misappropriate share of the value in domestic market. According to him, Nepal should explore the option of providing subsidies to its farmers so that they can compete in the domestic and international markets.

Participants urged the government to negotiate with India to remove problems at customs, and the local development charge levied on Nepali cargo to

Bangladesh through Fulbari–Bangladesh route, open its auction market to Nepali tea, either remove testing requirement or accept report of Nepali laboratories or establish such laboratories at major customs points.