Training on International Trading Systems and Trade Development Opportunities in Nepal

International Marking Research and Market Access for Nepalese Products

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What, Why and How of International Marketing Research

Market Access Barriers

Preferential Market Access to Nepalese Export

Assessment of preferential access

Conclusion
International Marketing Research: WHAT?

Marketing research
- Systematic gathering, recording and analyzing of data & information

Research Objective
- Sound Marketing Decisions

Strategies
- Design and implement successful marketing programmes
International Marketing Research: WHY?

- Environmental impact
  - Trade and marketing environmental elements

- Competitive position
  - Rivals’ strategies and positions

- Consumption and demand pattern
  - Consumer behavior: Consumption pattern, income and expenditure

- Demand forecasting
  - Estimation of future demand and production strategy

- Market access
  - Trade barriers and preferential market access
International Marketing Research: HOW?

1. Research problem & research objective
2. Sources of Information
3. Collection of data and information
4. Analysis, interpretation & presentation
Breadth & Scope

General Information

Environmental Conditions:
- Economic
- Socio-culture
- Political & Legal
- Market Trends
- Market Access

Specific Information

For solving problems arising in marketing mix

Forecasting Information

Future marketing requirements by anticipating social, economic and consumer trends within specific markets & countries
Cross comparison

Environmental analysis:
- Economy
- Socio-cultural
- Political & legal

Marketing mix analysis:
- Product development
- Pricing decisions
- Promotion and advertisement
- Distribution
Market Access: Fair or Fare

Tariff
Duties imposed at border
- Ad valorem
- Specific
- Compound
- Retaliatory measures
- Countervailing
- Anti-dumping
- Safeguarding

Non-tariff
Regulatory barriers
- Quota
- VER
- Rules of origin
- Technical/administrative regulations (Standards, testing & certification (Product, SPS, Eco-labeling))
- Procurement policy
- Buy National policy
Market Access: Fairer or barrier

Tariffs
- Decreasing average tariffs
- Increasing bound tariffs
- Revenue or protective motive

Non-tariff
- Diverse in nature
- Non-transparent
- May overlap with tariffs
- Difficulty to quantify
- Difficulty to reciprocate
Dismantling barriers: Tumbling tariffs, rising non-tariffs

• **Tumbling tariffs**
  o Constant reduction in world average tariffs
  o Ongoing tariff reduction negotiations

• **Remaining tariffs**
  o High tariffs
  o Tariff peak
  o Tariff escalation

• **Prohibited NTBs**
  o Quantitative restrictions and VER
  o Tariffications of NTBs

• **Harmonization**
  o SPS
  o TBT

• **Contingency measures**
  o Countervailing
  o Anti-dumping
  o Safeguarding

• **Preferential tariffs**
  • GSP
  • FTA
  • BTA

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## Market access: Preferential Schemes

<table>
<thead>
<tr>
<th>GSP</th>
<th>FTA</th>
<th>Bilateral</th>
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<tbody>
<tr>
<td>• Reduced or zero rate over MFN</td>
<td>• Preferential access to member country markets</td>
<td></td>
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<tr>
<td>• Wider coverage and deeper cuts to LDCs</td>
<td>• Eg. SAFTA</td>
<td>• Negotiation on preferential access on reciprocity or non reciprocity basis</td>
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<tr>
<td>• Eg. Duty-free access to OECD/Quad countries</td>
<td>•</td>
<td>• Eg. Nepal-India bilateral trade treaty</td>
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Preferential treatments: Generous to Nepal

GSP (Quad)
- Unilateral
- Not bound
- Non-discriminatory
- Non-reciprocal
- Divergent

FTA (SAFTA)
- Reciprocal
- Tariff reduction
- Sensitive list
- Rules of origin
- NTBs
- Mechanism of compensation

Bilateral (India)
- Reciprocal on agriculture
- Non-reciprocal on industrial products
### Quad country privilege: Diverse and disguised

<table>
<thead>
<tr>
<th>Quad country</th>
<th>Scheme</th>
<th>Coverage</th>
<th>Features</th>
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</table>
| • CANADA     | • Improved Market Access for LDCs – 2003  
• EBA – 2000  
• GSP revised scheme – 2003-2014  
• GSP LDC status | • All products except selected poultry items  
• All products (gradual reduction in banana, rice & sugar)  
• All products (more industrial products included)  
• Sensitive items included (textiles, and clothing) | • Duty and quota free, improved ROO, cumulative system (all beneficiaries)  
• Duty free, quota free, unlimited period of time, certainty of market access, relaxed ROO for T & C  
• Duty free entry, exception from ceiling restriction  
• CNL, but exception to LDCs |
| • EU         | | | |
| • JAPAN      | | | |
| • USA        | | | |
Preferential market access share: In proportion

- SAPTA
- GSP
- Bilateral treaty with India
Preferential Access: Boon or bane

Blessing in disguise

- Competitive edge equal to duty advantage
- Preferential access to industrialized country markets
- Product development and market diversification

Discretionary in application

- Not binding: Can be withdrawn
- Strict rules of origin
- Subject to other conditions
Determinants of preferential access: Lost in luster
Preferential access benefits: Grabbing opportunities

- Extended coverage without discrimination
- Product diversification for maximum utilization
- Focus on existing high tariff items: Larger preference margins
- Increase the cake size: Specific market promotion strategy
- Market intelligence: Product, Price, Quality, Market Access, etc.
Conclusion

• Binding commitment?

• Harmonized set of rules of origin, taking into consideration of industrial status

• Preference matters!

• Preference only means, but not end!

• Preferential market access vs Supply-side preference!

Thank you!