

Nepal marks 20 years in WTO: Experts highlight trade deficit and lack of competitive edge



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KATHMANDU: Experts and stakeholders have stated that Nepal has not been able to garner the anticipated benefits after becoming a member of the World Trade Organization (WTO). A discussion titled '20 Years of Nepal's Accession to WTO' was held on Sunday by the Kathmandu University School of Management (KUSOM) and the WTO Chairs Programme (WCP) Nepal.

Registrar of Kathmandu University, Prof Dr Achyut Wagle, underscored the escalating trade deficit each year and Nepal's inability to compete in trade as the primary issues. He stressed that these matters should be continuously discussed and that every policy and rule should be grounded in research and data.



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(NPC) and economist, Prof Dr Biswo Poudel, stated that the WTO has not delivered the desired benefits for Nepal. Despite the adoption of open market policies, these have not positively impacted Nepal's trade. He highlighted that the agriculture and energy sectors have particularly suffered from substantial trade deficits. Poudel noted the significant role of India and China in Nepal's international trade and suggested that bilateral trade should gradually transition into regional trade. He emphasised the need to prioritise the industrial sector, as the service sector's share is increasing while both the agriculture and industry sectors' contributions are decreasing. Currently, agriculture and petroleum products account for 40% of Nepal's total trade deficit.

Member Secretary of the NPC, Dr Toya Narayan Gyawali, acknowledged some benefits from WTO membership but highlighted Nepal's failure to produce competitive goods, resulting in a high trade deficit. He recounted Nepal's 34-year journey to WTO membership, which was achieved in 2004 as the 147th country. Despite being a least developed country, Nepal has struggled to leverage some benefits of WTO membership. Gyawali mentioned that while trade policies were previously unpredictable and non-transparent, there has been progress with technical support and expanded market access. He also referred to a report prepared by the NPC on the impact of Nepal's upgrade from a least developed country (LDC) and strategies for a smooth transition.

Purbanchal University Vice-Chancellor, Prof Dr Biju Kumar Thapaliya, emphasised the importance of the supply chain in foreign trade. He highlighted Nepal's significant role in reaching the international market through auction market management and identifying buyers. Thapaliya noted that auction market management is a common issue for landlocked countries and suggested that Nepal needs to address it through geopolitical discussions.

Executive Director of South Asia Watch on Trade and Environment (SAWTEE), Dr Paras Kharel, discussed the work done for trade facilitation since Nepal became a WTO member. He noted that trade liberalisation has encouraged both imports and exports. However, Nepal could not impose import duties due to various agreements, including bilateral treaties that exempted 50% customs duty on rice. Kharel stressed that Nepal's exports cannot be competitive unless the domestic market



Agriculture expert Dr Yamuna Ghale stated that government agencies have not sufficiently discussed the pros and cons of WTO membership in international forums. She pointed out that poor institutional memory capacity has hampered negotiations and that Nepal's food security is weakening due to a lack of production capacity. Ghale warned of potential crises if Nepal's food production remains under external control and highlighted the need for competitive export industries.

Immediate Past President of the Confederation of Nepalese Industries (CNI), Vishnu Kumar Agarwal, noted that Nepal now has easier access to a large global market. However, he criticised the government for not fulfilling promises on export promotion and facilitation. According to Agarwal, production and productivity have been adversely affected as export promotion programmes are frequently included in the budget but fail to deliver results.



Under Secretary at the Ministry of Industry, Commerce and Supplies, Liladhar Adhikari, stated that Nepal has failed to effectively promote Nepali products. He emphasised that being a WTO member implies consistent customs levels and suggested that priority should be given to domestic industry to expand trade by ensuring no higher tariffs are levied. Adhikari concluded that Nepali products need to become competitive in the domestic market to succeed globally.



WCP. Prof Dr Bijay KC, Dean of KUSOM, extended his heartfelt thanks to the organising committee, panel members, and participants, pledging to continue these discussions in the future.

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