

## **FNCCI to participate in the China-South Asia Business Forum and China South Asia Expo in 2015**



The 6 member CCPIT Yunnan Sub-Council delegation led by Mr. Wang Kailiang, Chairman of CCPIT Yunnan Sub-Council, met FNCCI President Mr. Pradeep Jung Pandey and invited FNCCI to participate in the China-South Asia Business Forum and China-South Asia Expo in June 2015, being organized by CCPIT in Kunming. .

In the meeting President Mr. Pandey informed that more and more Nepalese exhibitors are interested to participate in the expo, and requested the Chinese side to allocate more stalls in the Expo. Mr. Kailiang assured FNCCI that, since a new venue for the Expo is being constructed by Yunnan government for the expo, they will

try their best to allocate sufficient stalls to Nepal in the Expo.

Chairman of CCPIT Yunnan also thanked Mr. Pandey for FNCCI's active participation in the China South Asia Forum and China South Asia Expo in the past, especially in June 2014 for constructing 'Nepal Pavilion' and successfully organizing programs as being the 'Country of Honour' during the Forum and expo.

The Chinese side also lauded FNCCI's initiative in facilitating Nepalese high level delegation to the Forum and expo every year. They also expressed their satisfaction towards FNCCI's role in making the Forum

effective, and expressed their confidence that the Forum and Expo have been instrumental in building valuable business linkages between China and South Asia.

Mr. Pandey also extended its invitation to CCPIT Yunnan to participate in the forthcoming Nepal International Trade Fair (NITF 2015), organized by FNCCI in March 2015.

The meeting was participated by Vice President Mr. Kishore Kumar Pradhan, Chairman of Trade Fair Committee of FNCCI Mr. Keshav Raj Pandey, Director General Dr. Hemant Dabadi among other members of FNCCI.

## **FNCCI in the Asia-Pacific Ministerial Level LDCs Meeting**

Government of Nepal hosted the ministerial meeting of Asia-Pacific LDCs on Graduation and the Post-2015 Development Agenda in Kathmandu on 16-18 December 2014. The meeting was held to discuss on the ways for the LDCs to graduate by 2022.

In the meeting, Vice President of the FNCCI Dinesh Shrestha urged to set up an institutional framework among the LDCs' private sector which will voice the collective concerns of the business fraternity in the various high level platforms. Mr. Shrestha opined this remark in a session on "creating an enabling environment and the role of regional integration for reducing economic vulnerabilities". Discussion was held on how creating an enabling macro-economic environment, including for private sector development, and enhancing regional integration can help to reduce economic vulnerabilities and enhance prospects for sustainable graduation.

Vice President Shrestha further stated that to reduce economic vulnerabilities least developed countries should focus on creating a business environment whereby business could grow leading to the

sustainable economic growth which generates income and creates respectable jobs.

The three-days meeting was concluded with the 24 points Kathmandu declaration for sustainable graduation of Asia-Pacific LDCs

emphasizing that graduation from the LDC category should not be seen as the end goal, rather as a means to realize fundamental structural transformation, and build resilient economics which will help achieve to the sustainable development goals.

## **WB Country Manager Visits FNCCI**

The World Bank Country Manager Mr. Takuya Kamata met FNCCI President Mr. Pradeep Jung Pandey at FNCCI Secretariat and discussed about the economic environment of Nepal.

In the meeting- participated by FNCCI Vice President Mr. Kishore Kumar Pradhan and DG Dr. Hemant Dabadi, Mr. Pandey informed that the economic environment in Nepal is getting better and stated that it is a right time to invest in Nepal. He also lauded the role of the World Bank in Nepal's economic development and requested to focus on other potential investment sectors as well.

Mr. Pandey extended FNCCI's gratitude to



the World Bank for kindly facilitating in getting the commitment from all major leading parties in the hydropower development in Nepal as well as in successfully organizing the Nepal Economic Summit 2014.

Country Manager Mr. Kamata stated that Nepal has a huge potential in hydropower development and the World Bank is very much focused to explore this potential for economic development of Nepal.

## **Prof. Asanuma at FNCCI**

The visiting professor of Hitotsubashi University Mr. Shinji Asanuma met with the office bearer of the FNCCI and discussed on the contemporary economic environment of Nepal.

Welcoming Mr. Asanuma, FNCCI Vice President Mr. Dinesh Shrestha expressed gratitude to the professor for his and JICA's support in successfully organizing Nepal Economic Summit last year. He further stated that since the last Economic Summit, business environment in Nepal has bettered and the recent developments in the economic sector, especially in energy sector, have enhanced the confidence of private sector.

FNCCI Director General Dr. Hemant Dabadi, along with Prof. Hisanobu Shishido of Tokyo Woman's Christian University, JICA Nepal Chief Mr Shimizu Tsutomu and Mr. Gopal Gurung and Mr. Iwano Junnosuke of JICA South Asia Division were present at the meeting.

## **French and Belgian Counsellor at FNCCI**

The First Secretary of Embassy of the Kingdom of Belgium Ms. Annelies Maricou and the Counsellor (Agriculture) of Embassy of France in India Mr. Cedric Prevost visited FNCCI and held separate discussion with the officers of the FNCCI. The meetings were focused on promoting bilateral economic relation between Nepal and Belgium and France.

During the meeting, the French Counsellor Mr. Prevost informed that the French agro enterprises, based in India, are planning to visit Nepal in February 2015 to explore investment and business opportunity and requested FNCCI to coordinate for the B2B meetings.

In the meeting, FNCCI officers apprised them about the enhancing economic

situation of Nepal and requested them to play a facilitating role in bringing foreign investors to Nepal. Furthermore, they urged them to collaborate with FNCCI in strengthening trade and investment relation between Nepal and Belgium and France.

## **FNCCI in China-South Asia Business Council Meeting**

FNCCI President Pradeep Jung Pandey and Director General Dr. Hemant Dabadi participated in the China-South Asia Business Council, jointly organized by the CCPIT and the SAARC CCI on December 18 in India. The Indian Chamber of Commerce hosted the meeting in Kolkata. The council discussed about matters relating to the 2015 China-South Asia Business Forum.

## **FNCCI interacts with recently appointed Nepalese Envoys**

Government of Nepal has appointed career diplomats Kali Prasad Pokharel, Amrit Bahadur Rai, Dipak Dhital, Khaganath Adhikari, Ambika Luitel and Yagya Bahadur Hamal as the Nepalese ambassadors to Canada, South Africa, Switzerland, Thailand, France, and Kuwait respectively.

FNCCI President Pradeep Jung Pandey and other office bearers held separate meetings with all these newly appointed Nepalese ambassador at the FNCCI and discussed about promoting bilateral economic relation



with these countries.

In the meetings, the ambassadors have assured to work closely with the FNCCI to

promote Nepalese export as well as bring foreign investment into Nepal. They further requested FNCCI to provide them with necessary information on business and investment opportunities and update on economic environment.

FNCCI President Pandey and other Office Bearers including Director General Dr. Hemant Dabadi requested the ambassadors to focus on the economic diplomacy and work towards increasing contacts among the private sector of the two countries.

## **CACCI reviews its fee structure**

The CACCI Council during the 84th CACCI Council Meeting (September 2014 in Kuala Lumpur) has reviewed its fee structure, being effective from January 1, 2015. The Council approved the four-tiered fee structure for Primary Members, based on the Per Capita GDP of the member countries in three implementation period.

Meanwhile, the Council also decided to double the fee of the Affiliate Members from the current level of USD 300 to USD 600 annually. Similarly, the Lifetime Special Members fee has been raised from the current fee of USD 1,000 to USD 3,000, to be implemented as follows:



2014	2015	2016
Keep the fee at USD 1,000	Raise the fee to USD 2,000	Further raise the fee to USD 3,000

## **New Lifetime CACCI Special Members from Nepal**

Two new businessmen from Nepal have become Lifetime Special Members of the Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI), in facilitation of FNCCI. Mr. Lal Prasad Sanwa Limbu (President of Global Alliance Consultancy Service Pvt. Ltd) and Mr. Shiva Prasad Manandhar (Director of Club Bagmati Pvt. Ltd.) are the new CACCI Lifetime Special Members. With their membership, the total number of CACCI Lifetime Special Members from Nepal has now reached 35.

# National Business and Economic News

## 11th Nepal China Inter Governmental Economic and Trade Committee

The eleventh session of Nepal-China Inter Governmental Economic and Trade Committee was held in Beijing on 17-18 December 2014. The meeting reviewed the development of bilateral trade, economic and technical assistance and economic cooperation between Nepal and China in the recent years.

Both sides signed a memorandum of understanding (MoU) on Jointly Promoting the Silk Road Economic Belt under the Framework of China - Nepal Joint Committee on Economic and Trade



Cooperation and exchanged letters for providing a batch of providing and living materials under the grant assistance for the northern hilly region of Nepal. They also agreed for construction of two schools in Lamjung and Sindhupalchowk.

The Nepali delegation was led by finance secretary Suman Prasad Sharma and the Chinese side was headed by Gao Yin, the Vice Minister for Commerce of PR China.

The Chinese side responded positively on the issues such as harmonisation of working hours of customs offices, establishment and

upgradation of necessary infrastructures at customs points in Tatopani and Rasuwagadi and early expansion of Chinese railway network from Shigatse to Kerung so as to improve Nepalese export to China. Furthermore, both sides agreed to increase cooperation in tourism sector and decided to conduct technical level meeting to better harmonise the customs code and practices between two countries.

As a concrete step towards connecting Nepal with the new Silk Road Economic Belt, China and Nepal agreed to expand the Arniko Highway. Renovation of this Highway is a part of a four-point agreement signed during the meeting.

## Second Nepal-China Trade Route Opens

China officially opened the second land route for bilateral trade between Nepal and China at the Gyirong Port on the Rasuwagadhi border. Before that Tatopani was the only trade transit with China. The new route has historical importance as it was a busy trade link between Tibet and Nepal during the Lichchhavi and Malla periods. Besides, the newly opened route is linked with the Chinese government's railway project.

During the fifth Nepal-Tibet Trade Facilitation Committee (NTTFC) meeting in Lhasa in September 2014,

the Chinese side had agreed in principle to extend the Qinghai-Tibet railway to the Nepal border. Hari Prasad Bashyal, Nepal's consular general in Lhasa, and Dong Mingjun, vice-chairman of the Tibet Autonomous Region government, jointly inaugurated the facility.

The development is in line with the northern neighbour's commitment to support Nepal in upgrading six dry ports at major customs points, including Rasuwagadhi. China had agreed to strengthen these points under the agreement "Management of Ports on the China-Nepal Border" during the Nepal



visit of then Chinese Premier Wen Jiabao in January, 2012. China has agreed to strengthen Pular-Yari, Jilong-Rasuwa, Zangmu-Kodari, and Riwu-Olangchug Gola border crossings, among others.

(Courtesy: ekantipur.com)

## Studies on Cross border transmission lines planned

A joint technical team of Nepal and India will conduct studies on development and management of cross-border transmission lines to facilitate import and export of electricity between the two neighbouring countries.

The team will conduct short- and long-term studies on points from where transmission lines of the two countries could be linked. The team will also take into account locations where export-oriented hydro projects could be developed and areas that may have to

import power from India due to rise in population or number of industries.

A decision to conduct these studies was taken during Nepal-India meetings of secretary-level joint steering committee and joint secretary-level joint working group held in India last month. The steering committee and working group were formed as per the provision in the power trade agreement signed by Nepal and India in October, which has paved the way for the two countries to freely buy and sell electricity, and extend

cooperation in development of cross-border transmission lines.

Currently, around 13 cross-border transmission lines are being used to import electricity from India, of which three are of 132 kV and the remaining are 33 kV lines. Using these, Nepal can import up to 380 MW of electricity, although the country has currently been bringing in less than 200 MW of power due to incapacity of substations in the Indian side.

(Courtesy: The Himalayan Times)

## **Germany increases development cooperation with Nepal**

The German-Nepal government negotiations which were held on 1 and 2 December 2014 in Kathmandu focused on the three core areas of both countries' bilateral development cooperation, (1) Sustainable Economic Development and Trade; (2) Health; and (3) Energy Efficiency/Renewable Energy.

In the course of the friendly and constructively held negotiations, the delegations of both countries agreed on new commitments for the years 2014 and 2015 which amount to a total of € 48 million for measures of Technical and Financial Cooperation, an increase by EUR 6 million from the previous commitment. The lion's share of the committed funds will be allocated to the sectors Health (€ 25.5 million) and Sustainable Economic Development and Trade (€ 15 million). Altogether, the German financial support to Nepal amounts to approx. € 1.147 billion since 1961.

Both sides confirmed the approach of concentrating the bilateral cooperation portfolio in the three above mentioned core areas, which were already agreed upon in the government consultations in 2012. Sustainable development and poverty alleviation remain the central aims of the



cooperation. Nepal has registered significant improvements in some areas in terms of achieving Millennium Development Goals, while poverty alleviation and tackling inequalities remain the areas of further work. Therefore, the

**“focused on the three core areas”**

geographical focus of the cooperation is on the rural regions in Nepal's Mid and Far West.

Cooperation in the field of economic development and trade aims at creating sustainable income opportunities and jobs, in particular for disadvantaged groups. This aim is already reflected in the

implementation of the programs "INCLUDE" as well as the "Trade Promotion Programme". In the priority area of health, German Development Cooperation supports the implementation of the National Health Sector Development Plan. The German commitment focuses on improving the availability, usage and quality of health services, particularly those

**“implementation of the programs "INCLUDE" as well as the "Trade Promotion Programme"”**

concerned with maternal and children's health, as well as on supporting the Nepalese Government in its efforts to establish a universal health insurance system in Nepal.

Bilateral cooperation in the energy sector concentrates on the promotion of decentralised, renewable energy supply systems/energy supply solutions as well as energy-efficient transmission grids. Both sides consider the improvement of the current state of energy distribution as one of the most pressing concerns for Nepal's economic development. (Courtesy: The German Embassy at Kathmandu)

## **Nepal Selected for US Compact grant**

The United States Millennium Challenge Corporation (MCC) Board of Directors voted to make Nepal eligible for a compact, MCC's large-scale investment programme. The MCC Board meeting, held in Washington DC selected Nepal for the US government's multi-year agreements to fund specific programmes targeted at reducing poverty and stimulating economic growth.

The Board cited Nepal's consistent strong performance on MCC's eligibility scorecards as well as its progress in institutionalizing democratic progress. Nepal and MCC had been developing a Threshold Programme, and it is expected that the Compact will further build those efforts.

MCC is an innovative and independent US

foreign assistance agency that is helping lead the fight against global poverty. It forms partnership with some of the world's poorest countries, but only those committed to good governance, economic freedom and investments in their citizens.

**“make Nepal eligible for a compact”**

There are two primary types of MCC grants: Compacts and Threshold Programs. Compacts are multi-year agreements between the MCC and a country to fund specific programmes targeted at reducing poverty and stimulating economic growth. Threshold Programmes are smaller scale grants awarded to countries that may not



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CHALLENGE CORPORATION**  
UNITED STATES OF AMERICA

qualify for compact funding but are firmly committed to improving policy performance. (Courtesy: The Himalayan Times)

## Industries' capacity utilization 60 per cent last fiscal

The recent study conducted by Nepal Rastra Bank titled 'Study on Economic Activities' shows that capacity utilisation of industries has increased by marginal 1.49 per cent to 59.32 per cent on an average in 2013-2014. The study shows that industries producing products like wires, noodles, garment, and beer run in more than 80 percent capacity.

The report also shows that the Pokhara region based manufacturing plants operated in high capacity at 87.13 per cent on an average compared to 74.65 per cent in the previous fiscal. Dhangadhi region based industries recorded second position in terms of capacity utilization (71.47 per cent followed by Kathmandu region based industries at 70.89 per cent. Similarly, Bhairahawa (Siddharthanagar) region based industries also utilised their capacity almost neck-to-neck with Kathmandu region based industries at 68.04 per cent.

Industries based on the industrial corridor of Tarai region, that is, Birgunj, Janakpur and Nepalgunj were found to be running in low

capacity.

As per the study report, Pokhara region based edible oil and biscuits industries; Kathmandu region based biscuits and noodles industries; Biratnagar and Bhairahawa based electric wire industries; Janakpur region based soft drinks industries have utilises capacity of more than 90 per cent.

Among the export-oriented industries, garments, pashmina and iron rod industries operated in capacity of more than 68 per cent. Garment production shot up in the review period compared to the previous fiscal. Capacity

utilisation of garment and pashmina industries stood at 83.73 per cent and 69.32 per cent, respectively in the review period compared to 66.69 per cent and 41.44 per cent in fiscal 2012-13.

Industrialists have said that although

### Utilization Capacity of Major Industries in 2013-2014

S.N.	Particulars	Unit	Actual Production (a)	Production Capacity (b)	Utilization Capacity (a)/(b)*100
1	Wire	MT	27,438	30,920	88.74
2	Noodles	MT	71,735	84,900	84.49
3	Garment	1K pcs	854	1,020	83.73
4	Beer	1K Lt	53,744	66,500	80.82
5	Biscuit	MT	15,204	20,300	74.90
6	Processed Tea	MT	4,366	6,000	72.77
7	Pashmina	1K pcs	26	38	69.32
8	Iron Rod	MT	313,821	461,250	68.04
9	Edible Oil	MT	59,393	91,350	65.02
10	Sugar	MT	148,394	232,250	63.89
11	Cement	MT	1,201,607	1,970,692	60.97
12	Alcohol	1K Lt	5,786	9,530	60.71
13	Cigarette	1000K cs	10,158	17,000	59.76
14	Soft Drinks	1K Lt	178,668	310,480	57.55
15	Paper	MT	21,774	48,050	45.32
16	Rice	MT	349	776	44.93
17	Animal Feed	MT	115,041	280,000	41.09
18	Soap	MT	11,639	30,600	38.04
19	Wheat Flour	MT	13,645	45,700	29.86
20	Brick	1000K pcs	4,640	16,364	28.35
21	Vanaspati Ghee	MT	6,824	24,900	27.40
Average					59.32

(Courtesy: Nepal Rastra Bank)

Nepali industries continue to be affected by crippling power shortages, improved labour relations in the recent days have improved the situation facing the industries.

(Courtesy: The Himalayan Times)

## China includes more Nepalese products in zero customs duty list

An agreement between Nepal and China was signed on December 5 on ease of access for more Nepali products to the Chinese market, which added more Nepali products to its zero-

customs duty list, taking the number of Nepali products enjoying the facility to above 8,000. According to the new agreement, 8,300 Nepali products will receive duty-free facility into China.

The deal will be fully implemented by the end of 2015. Previously, China extended the facility to 4,721 Nepali products in 2007 and in 2012, 7,787 Nepali products were on the list.

*Happy New Year*  
**2015**



Federation of Nepalese Chambers of  
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# International Business and Economic News

## China becomes the World Largest Economy

The recent figures published by the IMF shows that Chinese economy has surpassed the US economy suggesting China becoming the world largest economy. The IMF figures show that Chinese economy is worth 17.6 trillion USD, while that of US is 17.4 trillion USD. The IMF further estimates that China's economy will be worth a whopping USD 27 trillion in 2019.

It is for the first time in 142 years that US became the second largest economy in the world. The US has been the global leader since it overtook Britain in 1872.

The new IMF analysis is based on a 'purchasing power parity' (PPP), which makes adjustments for the fact that goods are cheaper in China and other countries relative to the US. Without these

cost adjustments factored in, the Chinese economy is still smaller than that of the U.S., at \$10.3 trillion.

According to the IMF publication, PPP measure of output makes India the third largest economy, followed by Japan in fourth place and Germany in fifth. Russia, Brazil, France, Indonesia and the UK make up the rest of the top 10 in the that order.

Meanwhile, the recent report published by the Centre for Economic and Business Research (Cebr) forecast that China will overtake the US in 2025 as the number one economy in the world.

The Cebr Global World Economic League Tables					
2014			2029		
Rank	Country	GDP (\$)	Rank	Country	GDP (\$)
1	United States	17,528	1	China	40,225
2	China	10,028	2	United States	32,761
3	Japan	4,846	3	India	9,430
4	Germany	3,794	4	Japan	6,236
5	United Kingdom	2,828	5	Brazil	5,275
6	France	2,827	6	Germany	4,324
7	Brazil	2,216	7	United Kingdom	4,281
8	Italy	2,127	8	Korea	3,456
9	India	1,996	9	France	3,395
10	Russia	1,932	10	Russia	3,295

## Lima Call for Climate Action Puts World on Track to Paris 2015

A new 2015 agreement on climate change, that will harness action by all nations, took a further important step forward in Lima following two weeks of negotiations by over 190 countries. Nations concluded by elaborating the elements of the new agreement, scheduled to be agreed in Paris in late 2015, while also agreeing the ground rules on how all countries can submit contributions to the new agreement during the first quarter of next year.

These Intended Nationally Determined Contributions (INDCs) will form the foundation for climate action post 2020 when the new agreement is set to come into effect.

During the two week 20th Conference of the

Parties, countries also made significant progress in elevating adaptation onto the same level as action to cut and curb emissions.

The Lima Climate Conference achieved a range of other important outcomes and decisions and "firsts" in the history of the international climate process.

- Pledges were made by both developed and developing countries prior to and during the COP that took the capitalization of the new Green Climate Fund (GCF) past an initial \$10 billion target.
- Levels of transparency and confidence-building reached new heights as several



industrialized countries submitted themselves to questioning about their emissions targets under a new process called a Multilateral Assessment.

- The Lima Ministerial Declaration on Education and Awareness-raising calls on governments to put climate change into school curricula and climate awareness into national development plans.

(Courtesy: <http://newsroom.unfccc.int>)

## EIF Mandate Extended till 2022

The Enhanced Integrated Framework (EIF) Steering Committee, on 18 December 2014, decided to extend the mandate of EIF- a multi-donor programme that helps the poorest countries be more active in global trade - till 2022.

The EIF Steering Committee, which includes representatives of all least-developed countries (LDCs) and the donor community as well as EIF partner agencies, decided to

extend the mandate of the programme into a second phase, starting from 2016. The Steering Committee urged the EIF to build on the achievements of the first phase while addressing the need for reforms in key areas in order to improve the efficiency, effectiveness and sustainability of the programme. The EIF is currently helping 50 of the poorest countries worldwide. The WTO is one of six partner agencies of the

programme and also hosts the Executive Secretariat.

Dr. Ratnakar Adhikari, Executive Director of EIF posted his pleasure in his facebook account and stated that it would help them to contribute towards building and strengthening trade capacity in the least developed countries to integrate themselves into the global trading system in a meaningful manner.



Trade & International Affairs  
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