

Indo-Nepal Dialogue on Trade Facilitation and Commercial Access through Raxaul-Birgunj: Stakeholders Perspective

16 April 2015, Birgunj, Nepal

REPORT



1. INTRODUCTION

1.1 CUTS International, in partnership with Consulate General of India, Birgunj, Nepal has organised "**Indo-Nepal Dialogue on Trade Facilitation and Commercial Access through Raxaul-Birgunj: Stakeholders Perspective**" on 16 April 2015 at Birgunj, Nepal. The meeting, supported by The Asia Foundation and in association with Birgunj Chamber of Commerce and Industry, aimed at discussing infrastructural, regulatory and procedural barriers to India-Nepal Trade & Commerce through Raxaul-Birgunj corridor and eliciting stakeholders' recommendations for relevant and specific solutions.

1.2 Participants hailed from academic institutions, think tanks, border administration agencies including customs and security forces, exporter/importer, and media personnel among others.

1.3. The Chief Guest of the meeting was Smt Anju Ranjan, Consul General, Consulate General of India, Birgunj Nepal. The Guests of Honour were Shri Lok Raj Baral, Former Ambassador of Nepal to India and Shri Anuj Bhandari, Assistant Chief District Officer, Parsa, Nepal.

2. KEY REFLECTIONS

2.1. Anju Ranjan, Consul General, India underlined that India and Nepal should renew their relationship by converging on their trade and investment preferences across wide range of sectors/products on the economic spectrum. She stated that in order to reap the benefits of bilateral trade and investment potential the following may be considered:

- Bilateral pacts in agriculture & forest besides quarantine should be considered for standardisation of procedures, levies and testing requirements.
- Mutual Recognition Agreements in custom clearance, testing and other trade related services should be put in place as one of the components to achieve the objective of trade facilitation.
- Protocols on product specific rules of origin should be worked out to replace those with the broad standard definition.

She put emphasis on the need to expedite the process of land allocation and installation of essential equipment for accreditation of four testing laboratories in Nepal by National Accreditation Board for Testing and Calibration Laboratories, India as per the 2009 trade treaty.

Furthermore, she added that **Sub Regional Motor Vehicle Agreement** among Bangladesh, Bhutan, India and Nepal will prove to be an instrument to decrease time and therefore transaction cost and hence is expected to accelerate trade in both value and volume. Thus it should be signed and made operational sooner than later. Also, if allowed, Indo-China trade through Nepal can fetch substantial revenues to the land locked country, Nepal.

On investment aspect, she noted that there lies a huge investment potential in hydro-power, rail and road infrastructure, information and communication technology and other sectors/products of comparative advantage between India and Nepal.

2.2. S.M Akhter, Consul(Economic), Consulate General of India, Birgunj stressed the need to address regulatory, procedural standardisation deficit besides arguing that Nepal needs to identify clusters of agricultural commodities, manufacturing & industrial products where it can pitch for investments from India to create new production centres and develop regional value chain to supply within and outside the Indian territory. For example, there is investment potential in developing the manufacturing base of medicinal herbs, handicrafts, vegetable and fruits, he stated.

2.3. Omprakash Sharma, Acting President, Birgunj Chamber of Commerce and Industry, reiterated the reality of the downward trend in Nepal's export share as compared to its gross domestic product. Besides dealing with this detrimental factor for its economy, the government of Nepal should highlight the issues of congestion at the Kolkata port, infrastructural impediments at prominent land routes, and lack of testing facilities on the Indian side for their solution in spirit of generating cross border welfare dividends.

2.4. Lok Raj Baral, Former Ambassador of Nepal to India, highlighted that customs clearance and inspection process is not harmonised due to different regulatory systems. There is a need to have periodical joint consultations to gradually harmonise these systems. Lauding the construction of Integrated Check Post, he emphasised that it should be made functional at the earliest so as to minimise non-tariff barriers arising out of lack of coordination among different border administration agencies, warehousing & parking facility, testing and congestion. In the midterm, under cooperative federalism, the Government of India and the State Government of Bihar should pay heed towards transforming Raxaul into a smart city and improving connectivity including air, while making the border hassle free to enhance trade and attract cross border investments.

2.5 Jagdish Prasad Agrwal, Chairman Nimbus Group, lamented that issue based consultations have happened quite a number of times, however what has been lacking is reviewing and implementing a reformist plan of action. He stated that problem at the Kolkata port is not a new development as it has been enduring incremental congestion for last fifty years. The issue so far could persist as its capacity constraints was not systematically addressed. The Government of India has suggested several alternative ports including Chittagong in Bangladesh, Kandla, Paradeep and now Vishakhapatnam in India. This level of inconsistency and lack of serious consideration in identification and commissioning of viable ports for access by Nepal needs to be highlighted in the Indo-Nepal government level talks. In addition, he was of the view that stakeholders should be forthcoming on the following points:

- Besides dealing with the existing infrastructure and procedural transit bottlenecks, commercial viable port studies from business perspective should be undertaken and implemented.
- As per the provisions of 1996 protocol of the bilateral trade pact, 30 % value addition is essential for Nepal to further export its good to India in lieu of 50 % tariff reductions since that time. This provision has become irrelevant as tariffs have come down to almost zero but the 30 % value addition remains thus destroying the competitiveness of the Nepalese products into the Indian market.
- The focus should primarily be on advocating agricultural protocol; sector/product specific protocols with time bound specifications. A neutral study can pave the way in that regard.

2.6. Participants noted that herbal and other allied medicinal plants are facing different levels of state levies when entering into India. **National treatment** by India to such products exported by Nepal is strongly sought after. Also, cross-border trade other than the notified routes is not allowed. Nepalese farmers are facing difficulties in supplying their products like sugarcane to sugar mills in the Indian Territory because of that. There is urgent requirement of **special arrangement** for farmers to supply their farm products to the other side. Forest laws of Uttar Pradesh and Bihar are different, thus imposing different restrictions on the imports from Nepal. It should be harmonised to avoid such variation. It was argued that

Nepal forest product should also be entitled for national treatment by India over varied state levies.

2.7. Participants noted that for duty waiver, it is essential to add 30 per cent value on third country origin products, which, due to capacity constraints, is not possible for small and middle enterprises. Other than that, lack of time bound export-import guidelines make the costing and time unfair and unpredictable. Participants therefore urge for time bound export-import & testing guidelines, up gradation of plant quarantine facilities and relaxation in export- import licence requirement.

2.8. Participants also suggested to include overland trade routes in the mandate of **Custom Clearance Facilitation Centre** as its inclusion of land routes and subsequent implementation will definitely reduce the time and cost of doing cross border trade. Other than this, participants highlighted the need of synchronising holidays and work time of both Indian and Nepalese Customs to smoothen the import export activities and enhanced coordination. They also demanded that dry port of Birgunj should be included in International shipping Map.

2.9. Participants lauded the formation of state division at Ministry of External Affairs, Government of India however surmise that it will evolve by developing an effective coordination framework to oversee cross border trade and investment. In the context of Indo-Nepal trade, it is suggested that the state division could carry out **Cross Border Trade and Investment Mapping** in and out the bordering states of Uttarakhand, Bihar, Uttar Pradesh, West Bengal and Sikkim to Nepal.

2.10. On the security front, participants urged the need to establish joint security monitoring and review mechanisms, scaling up of the efforts like medical camps, vocational trainings programmes as confidence building measures. Security mechanism should encourage cross border community participation to tackle the issues of crimes and infringement.

2.11. The session titled “**Leveraging Open Border to Create Borderless Economy**” was appreciated for incorporating a futuristic approach in the **Indo-Nepal Economic Cooperation** programme to insulate bilateral propositions from the overhyped regional propaganda. In 2014, during Prime Ministerial visit by India to Nepal, both countries have agreed to overhaul the **1950 Treaty of Peace and Friendship** into a contextually relevant one; the objective of which, participants urge, could be defined as achieving the borderless economy in the long term.

2.12. The specific recommendations included maximising the usage of open border to create ‘**border economic zones**’ in line with ‘**maritime economic zones**’, developing ‘**border management law**’ and replace all the existing border regulatory frameworks with that. It will also require people’s mentality to be systematically influenced by way of training, exposure, awareness, sensitisation and participation.

3. First Indo Nepal Border Summit: A Report by CUTS Link

http://www.cuts-citee.org/TCMSA/pdf/Report-India-Nepal_Border_Summit.pdf

4. AGENDA



CONSULATE GENERAL OF INDIA
BIRGUNJ, NEPAL

"Indo-Nepal Dialogue on Trade Facilitation and Commercial Access through Raxaul-Birgunj: Stakeholders Perspective"

16 April 2015, Hotel Makalu, Birgunj, Nepal



The Asia Foundation

AGENDA

0900-1000	Registration
1000-1045	Welcome Remarks <i>S.M.Akhter, Consul (Economic), Consulate General of India, Birgunj</i> <i>Omprakash Sharma, Acting President, Birgunj Chamber of Commerce and Industry</i> <i>Lok Raj Baral, Professor & Executive Chairman, Nepal Center for Contemporary Studies</i> <i>Prithviraj Nath, Policy Analyst & Centre Head, Calcutta Resource Centre, CUTS International</i> Address by the Guest of Honour <i>Anuj Bhandari, Assistant Chief District Officer, Parsa District, Nepal</i> Key Note Address by the Chief Guest <i>Anju Ranjan, Consul General, India, Birgunj</i>
1045-1100	Break for Group Photo and Tea/Coffee
1100-1200	Session 1: India-Nepal Trade through Raxaul-Birgunj Border: Issues and Challenges <i>Chair: S.M.Akhter, Consul (Economic), Consulate General of India, Birgunj</i> Panellists: <i>Prithviraj Nath, Policy Analyst & Centre Head, Calcutta Resource Centre, CUTS International</i> <i>Shripaksh Rao, Consultant, CUTS International</i> <i>Gopal Shrestha, Acting Chief Customs Officer, Department of Customs, Birgunj</i> <i>Sudheer Kumar, Superintendent, Land Custom Station, Raxaul</i> <i>A.K.Sinha, Associate Professor, Department of Botany, KCTC College Raxaul</i>
1205-1305	Session 2: Leveraging Open Border to create Borderless Economy: Challenges and Prospects <i>Chair: Lok Raj Baral, Professor & Executive Chairman, Nepal Center for Contemporary Studies</i> <i>Co-Chair: S.M.Akhter, Consul (Economic), Consulate General of India, Birgunj</i> Panellists: <i>Jagdish Prasad Agrawal, Chairman, Nimbus Group</i> <i>Pawan Tiwari, Editor, Lok Times Daily, Parsa, Nepal</i> <i>Ashok Temani, Former President, Birgunj Chamber of Commerce & Industry</i>
1305-1325	Open Floor
1325-1330	Vote of Thanks <i>Prashant Sharma, Programme Officer, Centre for International Trade, Economics & Environment, CUTS International</i>
1330	Lunch

5. MEDIA COVERAGE

प्रतीक दैनिक

२०७२/१/४

भारत-नेपाल व्यापारसम्बन्धी अन्तर्क्रिया
चालू आवभित्र आइसिपीको कार्य सम्पन्न हुन्छ -महावाणिज्यदूत रञ्जन

प्रस, वीरगंज, ३ वैशाख / उद्योगी, व्यापारी, सञ्चारकर्मी, भारतीय महावाणिज्य दूतावास, राजनीतिकर्मिले धारणा राखेका थिए।



कार्यक्रममा बायाँबाट सहायक प्रिजिअ अनुज भण्डारी, महावाणिज्यदूत अञ्जु रञ्जन र पूर्वराजदूत लोकराज बराल। तस्वीर: प्रतीक

वीरगंजको सहयोगमा भारत-नेपाल व्यापारसम्बन्धी समस्या समाधानको लागि विहीवार अन्तर्क्रिया कार्यक्रम वीरगंजमा सम्पन्न भएको छ।

नेपाल-भारतबीचको व्यापारसम्बन्धी समस्याबारे छलफल गर्ने उद्देश्यले आयोजित कार्यक्रममा वीरगंजका कार्यक्रमका प्रमुख अतिथि महावाणिज्यदूत अञ्जु रञ्जनले चालू आवभित्र एकीकृत भन्सार जाँच चौकी (आइसिपी)को कार्य सम्पन्न गरी नेपाल सरकारलाई हस्तान्तरण गर्ने बताइन्। आइसिपी निर्माण भएपछि दुई देशबीचको व्यापारसम्बन्धी समस्या समाधान हुने

उनको तर्क थियो। नेपाल-भारतबीचको १,८७५ किलोमिटर लामो खुला सीमामा २१ वटा नाकाले वैधानिकता पाएकोमा थप दुईवटा सिक्टा र इनर्वा नाकाले पनि वैधानिकता पाएपछि कृषि उत्पादनहरू आयात-निर्यात गर्न पहल शुरू भइसकेको रञ्जनले बताइन्।

उनले नेपाल-भारतका जनताबीच सम्बन्ध राम्रो भएपनि व्यापार सम्बन्धमा भारत र नेपालबीचको सम्बन्ध राम्रो नरहेको बताइन्। लामो समयदेखि लेबोरेटरी स्थापनाको लागि भारत सरकारले पहल गरे पनि नेपाल सरकारले चासो नदेखाएको कारण कृषि उत्पादनहरू आयात-निर्यातमा समस्या भइरहेको उनले बताइन्। नेपालबाट निर्यात भएका गराउन पठाउँदा धेरै समय लाग्ने बताउँदै उनले नेपाल सरकारले नै आफ्नो उत्पादन (बाँकी अन्तिम पातामा)

भारत-नेपाल
 परीक्षण गर्न लेबोरेटरी स्थापना नगर्नु दुःख भएको बताइन्। कृषि उत्पादन परीक्षण गर्न लेबोरेटरी स्थापना गर्न भारत सरकारले प्रतिबद्धता जनाए पनि नेपाल सरकारको लापबर्हीले स्थापना हुन नसकेको उनले खुलासा गरिन्।

खुला सीमाको कारण साना व्यापारीहरूले दुई देशबीचको व्यापारमा समस्या उत्पन्न गरेको कारण भारत सरकारले नेपाली व्यापारीसँग ३० प्रतिशत रोयाल्टी लिने गरेको बताइन्।

महावाणिज्यदूत रञ्जनले भारत सरकारले रोयाल्टीमा छुट दिएको वस्तुको उत्पादनमा वृद्धि गर्नुको साटो विदेशबाट आयातित उत्पादनहरूलाई नेपालले आफ्नो उत्पादन बताइ भारत पठाउने गरेको कारण ३० प्रतिशत रोयाल्टी कायमै राखेको उनले प्रस्ट पारिन्।

तेस्रो मुलुकबाट आयात भएको सामान नेपालले आफ्नो उत्पादन भनेर भारत पठाउनु गलत भएको उनले बताइन्। यसबाट नेपाललाई फाइदा नहुने उनको तर्क थियो।

तेस्रो मुलुकको तुलनामा नेपालमा पूर्वाधारको कमीका साथै विद्युत् समस्या रहेको कारण व्यापार घाटा बढ्दै गएको उनको तर्क थियो।

कार्यक्रममा सेन्टर अफ इन्टरनेशनल ट्रेड इकोनोमिक एन्ड इन्भारमेन्टका संयोजक पृथ्वी राजले बङ्गलादेश र नेपालबीच व्यापार सम्झौता हुनुपर्ने बताए। भारतमा तेस्रो मुलुकबाट आएका सामानहरू भारतको बाटो भएर नेपाल आउँदा विभिन्न समस्याहरू आउने गरेको कारण बङ्गलादेश र नेपालबीच व्यापारिक सम्बन्ध स्थापना गर्न उनले आग्रह गरेका थिए।

त्यस्तै पूर्वराजदूत लोकराज बरालले नेपालका मुख्य शहरहरू बिराटनगर, वीरगंज, भैरहवा देशको सबैभन्दा बढी राजस्व दिने नाका भएको बताए। उनले अहिलेसम्म तेस्रो मुलुकबाट व्यापार सम्झौता भएका सामानहरू भारतको बाटो भएर आउँदा समस्या पर्ने गरेकोमा दुःख व्यक्त गरे। कोलकाता बन्दरगाहबाट रेलमार्गबाट आएका सामानहरू बीच बाटोमा रोकिएर करोडौं खर्चो बर्सेनि व्यापारीहरूले जरिवाना तिर्नु दुःख रहेको उनले बताए।

कार्यक्रमका विशिष्ट अतिथि सहायक प्रिजिअ अनुज भण्डारीले नेपाल-भारतबीच हुँदै गरेको व्यापार सम्झौताबीचको परिणाम आफूसमक्ष आएमा नेपाल सरकारलाई समस्या समाधानको लागि आग्रह गर्ने प्रतिबद्धता व्यक्त गरेका थिए। समस्या समाधानको लागि नै पटकपटक छलफल हुने गरेको उनको तर्क थियो।

कार्यक्रममा वीजवासडुघका पूर्वअध्यक्ष अशोक बैद्यले व्यापार समस्या समाधानको लागि भारत सरकारले विभिन्न समयमा पटकपटक छलफल गर्ने गरेको बताए। छलफलको क्रममा समस्या समाधान हुने गरेको कारण अहिले भारत सरकारले छलफलको कार्यक्रम आयोजना गरेको बताए।

कार्यक्रममा महावाणिज्य दूतावासका वाणिज्यदूत एसएम अख्तरले खुला सीमाको कारण धर्म, संस्कृति, बेटी-रोटी सम्बन्ध बढे पनि व्यापारिक सम्बन्धमा चिसोपन आएको बताए। नेपालमा उत्पादित वस्तुहरू लेबोरेटरीको समस्याको कारण हलौँ सीमा क्षेत्रमा रोक्नु दुःख भएको उनले बताए। नेपालबाट फुड प्रोडक्ट, हर्बल, हेन्डीक्राफ्ट जस्ता वस्तुहरू भारत निर्यात हुने गरेको बताए।

कार्यक्रममा उवासडुघका निमित्त अध्यक्ष ओमप्रकाश शर्मा, अशोक टेमानी, ओमप्रकाश सिकरियालगायतले मन्तव्य राखेका थिए।

वीरगञ्ज सन्देश दैनिक

२०७२/१/४

नेपाल भारत व्यापार समस्या समाधानबारे अन्तरक्रिया

प्रदिप चौरसिया
वीरगञ्ज ३ बैशाख

नेपाल भारत व्यापार अन्तरक्रिया कार्यक्रम होटल मकालु मा सम्पन्न भएको छ । खुला

लाग्ने भएकोले व्यापारीहरूको गुनासो बढेको छ । भन्सार शुल्कमा क्वीन्टल , टन, न भइ मेट्रिक टनको हिसाबले भन्सार शुल्क लिनु पर्ने मा उद्योगीहरूले जोड दिनु भएको थियो

अन्तरक्रिया कार्यक्रममा विरगञ्ज उद्योग वाणिज्य संघ पर्साले सहजी कारण गरिएको थियो । अतिथीहरूमा पूर्व राजदुत लोकराज बराल, भारतिय दुतावास पर्स विरगञ्जकी



फोटो नेहाल खान

सिमाना बिरगञ्ज रक्सौल भएता पनि उद्योगी व्यापारीहरू लाइ कच्चा पदार्थ ल्याउन निक्कै कठिनाई भएको पर्सका उद्योगपतिहरूले गुनासो व्यक्त गरेका छन । भारतको कोलकोता मुम्बई र देली जास्ता शहरहरू बाट मालसमान ल्याउन १ महिना पिपराकोठी सम्म लाग्छ भने पिपरा कोठी बाट रक्सौल र बिरगञ्ज ल्याउन पनि एक महिना नै

। विगतमा रेल सुविधाबाट मालसमानहरू नेपालमा मगाउदा सस्तो पर्न जान्थ्यो तर आज भोलि रेल महगो र ट्रान्सपोर्टेशनबाट मगाउदा सस्तो परेको ले वीरगञ्ज उद्योग वाणिज्य संघका निमित्त अध्यक्ष ओम प्रकाश शर्मा ले भारतिय महावाणिज्य दुतावासका दुत अन्जु रञ्जनको ध्यान केन्द्रित पार्नु भएको थियो । नेपाल भारत

अन्जु रञ्जन, कन्सुलार एस. एम. अख्तर, बिरगञ्ज उद्योग वाणिज्य संघ का निमित्त अध्यक्ष ओम प्रकाश शर्मा, कोलकत्ता रिसर्च सेन्टरका पृथ्वीराज नाथ, पर्सका साहायक प्रमुख जिल्ला अधिकारी अनुज भण्डारी कन्सलटेन्सी कट्स इन्टरनेशनलका श्रीप्रकाश राव, भन्सार प्रमुख गोपाल श्रेष्ठ, कस्टल स्टेशन रक्सौल प्रमुख बाकी अन्तिम पृष्ठमा

नेपाल भारत व्यापार....

शुधिर कुमार, केसी टिसी कलेज र रक्सौलका ए.के.सिन्हा, सि.ए.का सदस्य सुरेन्द्र चौधरी र वीरगञ्ज उद्योग वाणिज्य संघका उपाध्यक्ष गोपाल केडिया लगायत को उपस्थिति रहेको थियो ।