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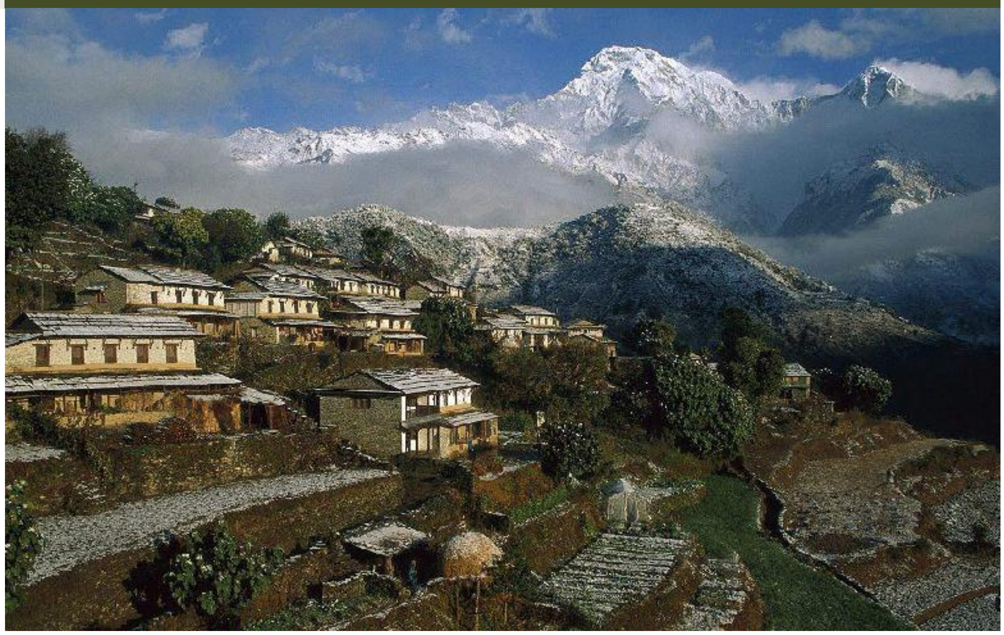
Beautiful Nepal



Ghandruk Village (Annapurna conservation Area)

Nepal can boost export in and out of region due to new arrangement

Nepal could boost its export, if the regional transit agreement, envisioned by the regional experts, comes into place. Earlier, Dhaka had proposed facilities to the Nepali exports, if it utilises Mongla Port, according to the sources.

Currently, Nepal's key point for export third country export is Kolkata Port. "If South Asian countries enter into regional transit agreement, Nepal could be connected to Bangladesh for the smooth exports without bureaucratic hassles," said trade expert Dr Ratnakar Adhikari.

The South Asian Transit Agreement could ensure no bureaucratic hassles with predictability and low cost of transportation with transparency, he said, adding that the agreement will not only help the landlocked developing countries like Nepal but also help coastal countries like India, Bangladesh and Pakistan, apart from more intra-regional trade that is now less than five per cent.

Despite Nepal having more competitive strength in some products in the region, it cannot boost its exports due to lack of connectivity. According to the Commerce Ministry also the regional transit framework could give Nepal more access to regional market.

Though, all 31 landlocked developing countries (LLDCs) of the world are facing the same problem of lack of direct access to the sea, isolation from major economic centers, inadequate transport infrastructure — both in LLDCs and transit nations — and cumbersome transit procedural as constrain for their growth prospects for international trade, countries like Nepal is hit hard due to its lack of transit access. "It has resulted in high transport costs, inflating landed import prices and eroding international competitiveness of exports," he added.

A World Bank study revealed that the median landlocked countries experience 42 per cent higher transport costs than the median coastal economy.

Regional connectivity is key also for all the South Asian countries as they all have geographical constraints. "However, on an average, LLDCs experience one per cent lower growth than coastal economies and a landlocked country with transport costs 50 per cent higher than a similar coastal economy can expect slower growth of about 0.3 per cent annually.

The government of Nepal has planned to boost exports to Rs 100 billion in the current fiscal year from last fiscal year's exports of Rs 74.26 billion. The country had imported merchandise worth Rs 461.67 billion in the last fiscal year making a huge gap of Rs 387.41 billion also due to lack of transportation facility across the border and supply side constraints inside the country. ♦

Nepal-India Transit Treaty- Govt starts process for renewal

The government ultimately has initiated the process for renewing the Nepal-India Transit Treaty without making any changes, formally writing to India to renew the treaty as per its automatic renewal provision.

Though the Ministry of Commerce and Supplies (MoCS) had wanted to renew the treaty by incorporating five newly agreed transit routes, it was forced to roll back the plan as the government could not arrange the much-needed bilateral meeting to finalize their operating modality due to strong objection from the Ministry of Foreign Affairs (MoFA) over a provision of additional lock included in the new draft.

As the treaty is expiring on January 5, and there is little time to finalize the outstanding issues, MoCS had proposed to the cabinet to go for its automatic renewal. "The cabinet on Thursday endorsed our proposal, following which we have formally requested India through MoFA to automatically renew the treaty," said Commerce Secretary Lal Mani Joshi. The cabinet meeting also delegated authority to Joshi to sign the renewed treaty on behalf of the government.

Commerce Ministry begins groundwork for NTIS revision

The Ministry of Commerce and Supplies (MoCS) has begun homework to review the Nepal Trade Integration Strategy (NTIS) 2010 in a bid to promote exports and bring reforms in export-oriented businesses.

The existing strategy has prioritised 19 products having export potential, including seven agro items, five industrial products and seven service areas. The agro products include large cardamom, ginger, honey, lentils, tea, noodles, medicinal and essential oil.

The industrial products include handmade paper, silver jewellery, iron and steel, pashmina and wool products. Tourism, labour, health, education, IT & Business Process Outsourcing, engineering and hydro-electricity have been included in the service areas.

Buddhi Upadhya, national project manager of NTIS, said the ministry has begun holding consultations with stakeholders — Industry Ministry, Agriculture Ministry, Labour Ministry and Tourism Ministry, apex chambers of commerce and product associations and developing partners and donor agencies, among others. “Wide-level discussions will be launched from mid-January. After completing the discussions, the ministry will begin reviewing the raised issues and work on addressing the demands.” said Upadhya.

Ministry officials said the NTIS is being reviewed for the first time given the changing dynamism in the trade sector and industrialists’ demand for including other products like garment and carpets.

Toya Narayan Gyanwali, joint secretary of MoCS, said three major issues would be taken into consideration during the review process. “First, we will judge how many NTIS-recommended programmes have been implemented. On the basis of the evaluation of the recommendations, we will try to find out the strengths and weaknesses of the programme. In the second step, the ministry will evaluate the action plans developed to promote the 19 prioritised products in NTIS, according to Gyanwali.” said Gyanwali. “It is necessary to see if the developed actions plans hold significance in the present context. We will also try to add some action plans if needed,” he said, adding some more products will then be added to NTIS as per the stakeholders’ suggestions.

Exporters have repeatedly been demanding that the revise the priority list and include exportable products such as carpets and garment. Ministry officials said an updated NTIS will try to seek a regular source of budget to implement the programme in the long run and develop coordination between the line ministries. MoCS has planned to introduce the revised NTIS within the next six months.

NBSM mulls to ban chemical substances

Government has been planning to ban chemical substances in consumer goods. Nepal Bureau of Standard and Metrology (NBSM) has planned to take action to maintain consumer safety in consumer products. The department has been issuing Nepal Standard (NS) mark to companies only based on their quality. “But from today we will look into the chemical composition too,” said director general of the department Ram Adhar Shah. “We will monitor all the industries producing goods with chemicals contains,” he said, adding that it will be an integral part of evaluation of NS. The department has granted NS award to about 100 Nepali industries.

Ministry of Environment has also been planning to stop chemicals used in public hazardous industries. “We are controlling production of public hazardous chemicals, but it will take time,” said minister for Science and Technology Keshav Man Shakya in a programme that exposed lead and mercury contamination in public goods.

Paints sold in market have high level of lead, so they are not good to public health, said executive director of the Center for Public Health and Environment Development Ram Charitra Singh. “Most of paints have excessive quantity of lead, so they are dangerous to public health,” he said, adding Nepal needs a mechanism to monitor industries producing lead and its import. Government has assured international community that it will adopt public health safety measures to ban lead and mercury by 2014.

Lumbini welcomed 758k tourists in 2012

The number of tourists visiting the birth place of Lord Buddha during the Lumbini Visit Year 2012 grew by almost one-third compared to 2011, but still the arrivals fell short of the target set by the government by over 24 percent.

The government had announced that it would bring a total of one million tourists, both domestic and foreign, in Lumbini when it announced Lumbini Visit Year 2012 last year. But as the year ended on Monday, Lumbini Development Trust said a total of 758,269 tourists visited Lumbini in 2012. Lumbini had welcomed 587,530 tourists in 2011.

The majority of tourists visiting Lumbini were domestic visitors. "Though we couldn´t achieve the target, the campaign proved instrumental in promoting the destination," Hari Dhwoj Rai, information officer of Lumbini Development Trust said. Lumbini welcomed tourists from 92 countries during the year, according to Rai.

A total of 509,073 Nepalis visited Lumbini during 2012, shows the Trust´s data. Likewise, India generated the largest volume of foreign tourists, followed by Sri Lanka and Thailand. A total of 113,195 Indian tourists visited Lumbini in 2012. Similarly, total arrivals from Sri Lanka numbered at 52,671, while 28,480 tourists from Thailand visited Lumbini during the year. "Tourists from Myanmar and China stood at 17,595 and 8,600, respectively," Rai added.

The UNESCO World Heritage site also attracted thousands of tourists from South Korea, Vietnam, the Netherlands, Japan, USA, UK, Germany, Switzerland and France, among others.

Tourist arrivals soar, but growth rate hits 3-yr

According to statistics of Nepal Tourism Board (NTB), a total of 598,204 foreign tourists entered the country via aerial route in 2012 However, the annual growth rate has sunk to a three-year low. According to NTB, growth was down to 9.76 percent in 2012 compared to 18.2 percent in 2010 and 22.1 percent in 2011.

The NTB and travel trade entrepreneurs said that the growth rate was far below their expectation. They said that the ambitious Nepal Tourism Year 2011 campaign had no impact in 2012, which was also Visit Lumbini Year. The NTB is in charge of promoting Nepal tourism in the international arena.

NTB spokesperson Aditya Baral cited three major reasons—political instability, poll announcement psychosis among visitors and lack of air connectivity—behind Nepal losing its comparative strength in tourism. “Announcement of the poll date by the government had an adverse effect on tourism.”

The statistics shows total arrivals from Asia, other than South Asia, grew by 15.1 percent during the year. The number of Chinese tourists posted the highest growth rate of 17.6 percent during the year. More than 53,000 Chinese tourists visited the country in 2012.

The European market saw minimal growth rate of 4.5 percent compared to last year. Nepal welcomed around 161,000 European tourists in 2012, according to the statistics.

“Arrivals from European market suffered because of prolonged economic crisis in the Euro Zone countries,” Suraj Lamichhane of Sita World Travels, said. “The economic crisis in Europe affected tourist movement globally in 2012.”

Likewise, tourist arrivals from Australia, New Zealand, Canada and USA grew by 24 percent, 20.3 percent, 7.5 percent and 4.9 percent, respectively.

Government of India considering curbing gold imports: Finance Minister P Chidambaram

The government of India is considering steps to reduce gold import by making it more expensive, Finance P Chidambaram said Wednesday. "Demand for gold must be moderated... We may be left with no choice but to make it more expensive to import gold. The matter is under government consideration," he said in New Delhi.

Gold import is a major constituent of India’s rising Current Account Deficit (CAD). The CAD, which represents the difference between exports and imports after considering cash remittances and payment, widened to a record high of 5.4 per cent of GDP, or $22.3 billion, in the July-September quarter.

In value terms, gold imports stood at $20.2 billion in the April-September period of the current fiscal, a decline of 30.3 per cent over the corresponding period a year ago. For the entire 2011-12 fiscal, gold imports stood at $56.2 billion. The decline was mainly on account of increase in customs duty on gold imports by government in January and March 2012.

In his Budget proposal, the then Finance Minister Pranab Mukherjee had doubled the basic customs duty on standard gold bars to four per cent and on non-standard gold to 10 per cent. He also imposed one per cent excise duty on unbranded jewellery, which was subsequently rolled back after protest from jewellers across the country.

Currently, the government of India is also making efforts to channelise investor money into equities and other financial instruments to reduce demand for the yellow metal. The CAD had risen to 4.2 per cent of GDP in the 2011-12 fiscal on account of high gold import and increasing prices of crude oil in international markets.. PTI– NEW DELH

Nepal-India
Chamber of Commerce & Industry

Text /Compilation /Dissemination
Marshal Rathour

Concept/Text / Research / Analysis/ Design /Edit
K M Singh

GPO Box 13245
Ace Apartments,
Narayanchaur, Naxal
Kathmandu, Nepal.

Phone: 977-1-4444607
Fax: 977-1-4444608
Email: secretariat@nicci.org

We're on web!
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GCPL subsidiary acquires Colgate-Palmolive's Soft & Gentle brand in UK

Godrej Consumer Products Ltd (GCPL) on Tuesday said its UK-based subsidiary has acquired Colgate- Palmolive's Soft & Gentle brand for an undisclosed amount. Keyline Brands Ltd, the company's UK-based unit, has acquired the Soft & Gentle brand from Colgate-Palmolive, GCPL said in a statement. Soft & Gentle, which is the UK's fourth largest female deodorant brand by market share, had posted sales of 21 million pounds in 2011, it added.

"The acquisition of Soft & Gentle by Keyline Brands will add profitable scale to our UK business. Over the last few years, Keyline Brands has delivered good performance and grown in double digits in very tough market environment that is witnessing little to no growth," GCPL Chairman Adi Godrej said.

The company said acquisition is being funded by low-cost debt and the impact on GCPL's consolidated debt equity ratio is 0.03. Godrej said the company's UK business has historically had a higher mix of distributed brands than owned brands.

"Strategically, we have been working on changing the mix towards owned brands and building more scale in the business. With the Soft & Gentle acquisition, the salience of owned brands will become greater than that of distributed brands," he added. Commenting on the acquisition Keyline Brands Managing Director Anand Rangaswamy said the company can use the strong latent brand equity combined with updating the fragrance technology to develop further range extensions within the female personal care category. PTI– NEW DELH

FMCG, pharma, private banks to remain in focus in 2013

After a year marked with big gains of over 25 per cent, the market experts are hoping that the rally will continue on Dalal Street in the new year and are particularly bullish on pharma, FMCG and private bank stocks.

Defensive sectors like FMCG, pharma and banking, particularly private banks, witnessed an upswing in investor interest in 2012 as well.

The BSE banking sector emerged as the best performer among the 13 sectoral indices, outperforming the stock market benchmark Sensex, in 2012. The gain of 56.13 per cent in BSE banking index was more than double the Sensex's over 25 per cent rise.

In terms of sectoral performance, BSE banking index was the top gainer, followed by real estate index which saw a smart jump of 52.52 per cent last year after suffering massive fall in 2011.

FMCG index saw a 48.94 surge, while the health care segment rose by 38.67 per cent in 2012.

"FMCG, pharma and private sector banks continue to be safer bets and can be bought in dips. They are already in uptrend and still have much potential for upside," Rakesh Goyal, Senior Vice President, Bonanza Portfolio said.

The BSE metal index gained 18 per cent in 2012. Market experts are of the opinion that signs of sluggish economy worldwide is of high concern. Indian markets have rallied on the back of recent reform measures in the country and positive news from global markets. However, any setback in any of these areas can lead to selling pressure, they said.

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secrtariat@nicci.org