

# Cost competitive products key to bridge trade gap

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Nepal needs to focus on cost competitive products that have a high demand in India to bridge ballooning trade deficit with India, according to economists.

"Nepal's trade deficit has been rising at an alarming rate," said senior economist Prof Dr Bishwambher Pyakuryal addressing a 'Policy Dialogue on Global Economic Turmoil and Asia-Pacific's Economic Prospects: Implications for Nepal' organised by UN Economic and Social Commission for Asia and the Pacific (ESCAP) and South Asia Watch on Trade, Economics and Environment here today.

In the 10 months of the current fiscal year, the country had witnessed merchandise exports of Rs 60.90 billion, whereas the country posted Rs 383.02 billion worth of merchandise imports creating a trade deficit of Rs 322.12 billion.

Increasing products, production and productive capacity through enhanced investment climate, smart industrial policy, investment on infrastructure with priority on agriculture will help boost exports, said former member of National Planning Commission Dr Posh Raj Pandey.

Apart from merchandise exports, promoting service trade will also help rebalance the economy, he said, adding that international trade, foreign aid, remittance and foreign direct investment are key to support growth. "Keeping an eye on the international market is also key as the country is looking for more foreign direct investments," said vice chair of National Planning Com-

mission Deependra Bahadur Kshetry. Similarly, expanding domestic market with increased production will also help propel growth, he added.

Former economic advisor at the Finance Ministry Keshav Acharya, on the occasion, opined that the scarcity of labour has pushed wages higher making domestic products uncompetitive. "Making money from money without production of goods and generating employment has also led to the crisis," he said, adding indirect transmission is costlier than direct transmission of crisis.

"The V-shaped recovery from the depths of the 2008-09 global financial crisis proved to be short-lived as the world economy entered a second stage of crisis in 2012 with a sharp deterioration in the global environment with the accentuation of the euro zone debt crisis and a continued uncertain outlook for the US economy," said director of ESCAP sub-regional office for South and South-West Asia Dr Nagesh Kumar, presenting the report *Economic and Social Survey of Asia and the Pacific 2012*.

"The growth rate of the developing economies of Asia-Pacific declined to seven per cent in 2011 from a robust rate of 8.9 per cent in 2010," he said, adding that the growth rate of the economies of the region is forecast to decline further to 6.5 per cent in 2012 with a slackening demand for its exports in advanced economies and as a result of higher costs of capital. "Regional market integration and cooperation will help promote growth in the region," said central bank governor Dr Yubaraj Khatiwada.