

Nepal, India set to revisit Transit Treaty

POST REPORT

KATHMANDU, DEC 3

NEPAL and India are all set to revisit Treaty of Transit which confers transit rights through each other's territory on mutually agreed routes and modalities. The treaty, being revisited for the third time, was last renewed for seven years in March 2006.

The Ministry of Commerce and Supply (MoCS) has already forwarded the copy of letter of exchange (LoE) to revisit the treaty to the Ministry of Foreign Affairs (MoFA) about one and a half months ago, according to Commerce Secretary Lalmani Joshi.

issue and that he had assured to discuss it with Deputy Prime Minister and Minister for Foreign Affairs Narayan Kaji Shrestha soon and resolve it amicably.

Last year, India had imposed the double-lock system unilaterally to address their own concerns that containers headed for Nepal were being tampered with and that the one-time lock had been found broken many times to dump the goods in India.

Nepali businessmen were uncomfortable with the double-lock system initially as they had to go through a further administrative step, causing a delay in delivery.

However, a study carried out by South Asia Watch on Trade,



In its proposal, Nepal has requested India to provide transit facility through Vishakapattam port of India and opening up the Rohanpur-Singhabad route and asked India to facilitate it that links Nepal's trade with Bangladesh through rail route.

Nepali and Bangladeshi side are long waiting an approval from the Indian side for the use of Rohanpur-Singhabad rail route, substituting the Birol-Radhikapur rail route. Bangladesh has provided the Birol-Radhikapur rail route to Nepal to facilitate trade and transit, which is limited in volume.

Likewise, Nepal is seeking Indian nod for the use of Vishakapattam port besides Kolkata's Haldia to facilitate its trade. Nepal's transit trade is routed through twenty-two designated routes from India- Nepal border to the Kolkata port.

"The Indian side is also positive towards freight open container through Indian railways. At present, India only allows the operation of closed containers up to Nepali land," said Joshi.

According to MoCS officials, MoFA has put serious reservation to India's unilateral decision to impose a double-lock system on Nepal-bound cargo at Indian customs at the Kolkata port since last year. "MoFA has been saying that India's unilateral decision to impose a double-lock system has undermine Nepal's sovereignty. The ministry wants to revise it," said a senior official at the Ministry of Commerce.

The official said the Prime Minister Baburam Bhattarai had already been informed of the

Economy and Environment (SWATEE) this year has concluded that "system of double-lock has actually helped Nepal by ensuring quick delivery of goods unlike what was thought earlier with Indian police not checking cargo along the way."

Some government officials, given the view of Nepal's fluid political situation, have been advising against an amendment to the provision of the treaty. "The conflicting claim and argument has put us in awkward situation," added the Commerce Ministry official.

Meanwhile, Nepal has been positive to an Indian demand to allow movement of goods from one part of India to another via Nepal through simple customs undertaking. India had been seeking such a facility on a reciprocal basis for the transit facility extended to Nepal.

Since 1993, India has been allowing movement of goods from one part of Nepal to another via India through a simple process of customs undertaking. As Nepal's trade volume with India continues to grow, surging by 68 percent on the previous fiscal, the Nepali business community has been demanding to import goods that they used to be imported from third countries.

"With many multi-nationals now operating in India, the Nepali business community no longer need to import goods from third country. For instance cool, which the business community wants to import from India, nixing trade with third countries, a lengthy and time consuming process," added Joshi.